

Block, Inc.

Proxy Statement

Notice of 2025 Annual Meeting of Stockholders



JUNE 17, 2025

BLOCK, INC.
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held at 12:00 p.m. (U.S. Pacific Time) on Tuesday, June 17, 2025

Dear Stockholders of Block, Inc.:

We cordially invite you to attend the 2025 annual meeting of stockholders (the “Annual Meeting”) of Block, Inc., a Delaware corporation, which will be held virtually on **Tuesday, June 17, 2025, at 12:00 p.m. (U.S. Pacific Time)**. You can attend the Annual Meeting by visiting www.virtualshareholdermeeting.com/XYZ2025, where you will be able to listen to the meeting live, submit questions, and vote your shares online during the meeting, just as you could at an in-person meeting.

We are holding the Annual Meeting for the following purposes, as more fully described in the accompanying proxy statement:

1. To elect three Class I directors to serve until our 2028 annual meeting of stockholders and until their successors are duly elected and qualified;
2. To approve, on an advisory basis, the compensation of our named executive officers;
3. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2025;
4. To approve the Block, Inc. 2025 Equity Incentive Plan;
5. To approve the Block, Inc. Amended and Restated 2015 Employee Stock Purchase Plan; and
6. To transact such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

Our board of directors has fixed the close of business on April 21, 2025 (U.S. Eastern Time) as the record date for the Annual Meeting. Only stockholders of record at the close of business on April 21, 2025 (U.S. Eastern Time) are entitled to notice of, and to vote at, the Annual Meeting. A list of stockholders entitled to vote at the Annual Meeting will be available for examination by any stockholder for any purpose germane to the Annual Meeting for a period of ten days ending the date prior to the date of the Annual Meeting at 1955 Broadway, Suite 600, Oakland, CA 94612. Further information regarding voting rights, the matters to be voted upon, and instructions to attend the Annual Meeting is presented in the accompanying proxy statement.

The Notice of Internet Availability of Proxy Materials containing instructions on how to access the proxy statement and our annual report is first being mailed on or about April 25, 2025 to all stockholders entitled to vote at the Annual Meeting. The accompanying proxy statement and our annual report can be accessed by visiting www.proxyvote.com. You will be asked to enter the 16-digit control number located on your Notice of Internet Availability of Proxy Materials, your proxy card, or the instructions that accompanied your proxy materials to attend the Annual Meeting.

Holders of record of Chess Depository Interests (“CDIs”) as of the close of business on April 21, 2025 (U.S. Eastern Time) may vote the shares of our Class A common stock underlying their CDIs through our CDI Depository, CHESSE Depository Nominees Pty Ltd (“CDN”). Each CDI holder may instruct CDN to vote on behalf of such CDI holder at the Annual Meeting by either voting online at www.investorvote.com.au or contacting Computershare Australia using the details on the Notice of Access Letter to request a hard copy of the CDI voting form to be sent in the mail to their registered address. The CDI Notice of Access Letter is being mailed or emailed from Australia to CDI holders on or about April 28, 2025 (Australia time).

YOUR VOTE IS IMPORTANT. Whether or not you plan to attend the Annual Meeting, we urge you to submit your vote via the Internet, telephone, or mail as soon as possible to ensure your shares are represented. For additional instructions on attending the Annual Meeting or voting your shares (or directing CDN to vote if you hold your shares in the form of CDIs), please refer to the section entitled “Questions and Answers About Our Proxy Materials and the Annual Meeting” in this proxy statement. Returning the proxy does not deprive you of your right to attend the Annual Meeting or to vote your shares at the Annual Meeting.

We appreciate your continued support of Block.

By order of the Board of Directors,



Jack Dorsey
Block Head and Chairperson of the Board of Directors

Approximate Date of Mailing of Notice of Internet Availability of Proxy Materials: April 25, 2025

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EXECUTIVE SUMMARY

This summary highlights information regarding the 2025 annual meeting of stockholders of Block, Inc., a Delaware corporation (referred to herein as the “Company,” “Block,” “we,” “us” or “our”) contained elsewhere in this proxy statement. This summary does not contain all of the information you should consider, and you should read the entire proxy statement carefully before voting. Throughout this proxy statement, we refer to our 2025 annual meeting of stockholders (and any postponements, adjournments, or continuations thereof) as the “Annual Meeting.”

Information about our 2025 Annual Meeting of Stockholders

Date and Time: Tuesday, June 17, 2025, at 12:00 p.m. (U.S. Pacific Time).

Location: The Annual Meeting will be a completely virtual meeting. You can attend the Annual Meeting by visiting www.virtualshareholdermeeting.com/XYZ2025, where you will be able to listen to the meeting live, submit questions, and vote your shares online during the meeting.

Record Date: April 21, 2025 (U.S. Eastern Time).

Voting Matters

	Proposals	Board Recommendation	Page Number for Additional Information
1	To elect Jack Dorsey, Paul Deighton, and Neha Narula to serve as our Class I directors until our 2028 annual meeting of stockholders and until their successors are duly elected and qualified.	FOR	17
2	To approve, on an advisory basis, the compensation of our named executive officers.	FOR	18
3	To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2025.	FOR	19
4	To approve the Block, Inc. 2025 Equity Incentive Plan.	FOR	22
5	To approve the Block, Inc. Amended and Restated 2015 Employee Stock Purchase Plan.	FOR	30

We will also transact such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof. As of the date of this proxy statement, we have not received notice of any such business.

Information contained on or accessible through our website is not incorporated by reference in this proxy statement, and references to our website address in this proxy statement are inactive textual references only.

Corporate Governance Highlights

We are committed to having sound corporate governance principles that we believe promote long-term value and serve the best interests of all our stockholders, sellers, customers and other stakeholders. Some highlights of our corporate governance practices are listed below:

- Proactive approach to board of directors pipeline management
- 6 out of 10 current directors are independent
- 3 out of 10 current directors are women; 2 out of 10 current directors identify as underrepresented minorities
- 2 out of 6 current executive officers are women
- Lead Independent Director
- Strong risk oversight by full board of directors and committees
- Annual board of directors, committee, and individual director evaluations
- Significant stock ownership requirements for directors and executive officers
- Insider Trading Policy prohibits hedging and pledging transactions
- All board committees are 100% independent
- Comprehensive clawback policies for our executive officers

Our 2025 Director Nominees

Each of our Class I director nominees currently serves on our board of directors and demonstrates a mix of experiences and perspectives.

Name	Director Since	Experience	Independent	Board and Committee Positions	Other Current Public Company Boards
Jack Dorsey	2009	Block Head and Chairperson of the Board of Directors, Block, Inc.		Chairperson, Board of Directors	None
Paul Deighton	2016	Chairperson, Goldman Sachs International and Goldman Sachs International Bank	X	Chair, Audit and Risk Committee; Compensation Committee	None
Neha Narula	2023	Director, Digital Currency Initiative at the Massachusetts Institute of Technology	X	Audit and Risk Committee; Nominating and Corporate Governance Committee	None

Executive Compensation Philosophy and Highlights

Our Compensation Philosophy

At Block, we are building an ecosystem dedicated to economic empowerment and unlocking access to the financial system for more people around the world. We do this by building the most relevant products and tools for the communities we serve including sellers, consumers, artists, fans, and developers. Our brands work together cohesively, often positively reinforcing one another and creating resonant relationships with people who use our products to meet multiple needs across the different aspects of their lives. As we scale, we are investing in building deeper connections between our ecosystems and increasing the resilience of our company.

Our compensation programs are designed to attract, retain, and grow the best teams that are aligned with this purpose and embody the essential values of our company culture, centered around the following core principles:

- *Market Competitive:* We have a data-driven approach to ensure we stay competitive by benchmarking against industry peers, recognizing that compensation is just one element of our broader value proposition.
- *Performance Driven:* Our programs reward individual and team performance, aligning efforts with corporate success. Through stock-based compensation, we link rewards to shareholder value and create a merit-based system that recognizes and celebrates impact.
- *Equitable:* We value and differentiate pay based on responsibilities, skills, capability, performance, and experience. Simultaneously, we take steps to mitigate the potential influence of bias on compensation decisions, with the goal to foster an inclusive and fair compensation environment.
- *Simple:* Our compensation programs are clear and easy for our employees to understand, minimizing complexity for straightforward communication and administration.

Executive Compensation Highlights

- **Block Head (our version of Chief Executive Officer) Compensation.** At his request, Jack Dorsey receives no cash or equity compensation except for an annual salary of \$2.75.
- **Annual “Say-on-Pay” Vote.** We conduct an annual advisory vote on the compensation of our named executive officers. At our 2024 annual meeting of stockholders, approximately 98% of the votes cast on the “say-on-pay” proposal were voted in favor of the named executive officers’ compensation.
- **Robust Clawback Policies.** In addition to the financial restatement clawback policy mandated by the U.S. Securities and Exchange Commission (the “SEC”) and the listing standards of the New York Stock Exchange (the “NYSE”) for Section 16 officers, all covered employees who receive severance via a change of control and severance agreement, including our executive officers, are subject to a severance clawback policy, which permits us to recover certain severance compensation if an employee engages in certain misconduct.
- **Independent Compensation Consultant.** Our compensation committee engages its own independent compensation consultant to advise on executive and outside director compensation matters.
- **Alignment of Compensation with Company Success.** A substantial percentage of our executive officers’ compensation aligns with the long-term success of the company through grants of stock options and stock-based awards.
- **Risk Oversight.** Strong oversight by our compensation committee mitigates risk and exposures.
- **Stock Ownership Guidelines.** Our stock ownership guidelines require significant stock ownership levels and are designed to align the long-term interests of our executives and outside directors with those of our stockholders.

BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

We are committed to having sound corporate governance principles. Our business affairs are overseen by our board of directors, which is currently composed of 10 members. All of our current directors, other than Messrs. Carter, Dorsey, Eisen, and McKelvey, are independent within the meaning of the listing standards of the NYSE. Our board of directors is divided into three staggered classes of directors. At each annual meeting of stockholders, a class of directors will be elected for a three-year term to succeed the class whose term is then expiring.

The following table sets forth the names, ages as of April 25, 2025, and certain other information for each of the members of our board of directors with terms expiring at the Annual Meeting, who are also nominees for election as a director at the Annual Meeting, and for each of the other current members of our board of directors.

Name	Class	Age	Position	Director Since	Current Term Expires	Expiration of Term For Which Nominated
Directors with Terms Expiring at the Annual Meeting/Nominees						
Jack Dorsey	I	48	Block Head and Chairperson	2009	2025	2028
Paul Deighton ^{(1) (2)}	I	69	Director	2016	2025	2028
Neha Narula ^{(2) (3)}	I	43	Director	2023	2025	2028
Continuing Directors						
Roelof Botha ^{(1) (2)}	II	51	Lead Independent Director	2011	2026	—
Amy Brooks ⁽³⁾	II	50	Director	2019	2026	—
Shawn Carter	II	55	Director	2021	2026	—
James McKelvey	II	59	Director	2009	2026	—
Anthony Eisen	III	53	Director	2025	2027	—
Randall Garutti ^{(1) (3)}	III	50	Director	2017	2027	—
Mary Meeker ⁽¹⁾	III	65	Director	2011	2027	—

(1) Member of our compensation committee.

(2) Member of our audit and risk committee.

(3) Member of our nominating and corporate governance committee.

Director Nominees

Jack Dorsey is our co-founder and has served as our principal executive officer and as a member of our board of directors since July 2009, having previously served as our Chief Executive Officer and President from July 2009 until his title changed to Block Head as of April 2022. Mr. Dorsey has also served as Chairperson of our board of directors since October 2010. For 2023 and a portion of 2024, Mr. Dorsey also served as our Square Head. From May 2007 to October 2008, Mr. Dorsey served as President and Chief Executive Officer of Twitter, Inc. (“Twitter”). Mr. Dorsey returned to serve as Chief Executive Officer of Twitter from July 2015 until November 2021. He served on the board of directors of Twitter from May 2007 to May 2022.

Mr. Dorsey was selected to serve on our board of directors because of the perspective and experience he provides as one of our founders and our Block Head, as well as his extensive experience with technology companies and innovation.

Paul Deighton has served as a member of our board of directors since May 2016. Mr. Deighton has served as Chairman of Goldman Sachs International and Goldman Sachs International Bank since April 2024. Mr. Deighton has served as the non-executive Chairperson of The Economist Group since July 2018, the non-executive Chairman of Heathrow Airport Holdings Limited, the owner of Heathrow Airport in the United Kingdom, since June 2016, and the non-executive Chairperson of Hakluyt Company Limited, an advisory firm, since January 2016. From December 2012 to May 2015, Mr. Deighton served as Commercial Secretary to the Treasury and as a member of the House of Lords in the United Kingdom. Mr. Deighton previously served as the Chief Executive Officer of the London Organising Committee of the Olympic and Paralympic Games and held various roles at Goldman Sachs. Mr. Deighton holds a B.A. in Economics from Trinity College, Cambridge University.

Mr. Deighton was selected to serve on our board of directors because of his financial and business expertise, as well as his international perspective and his government and regulatory experience.

Neha Narula has served as a member of our board of directors since July 2023. Dr. Narula has served as a Director of the Digital Currency Initiative at the Massachusetts Institute of Technology (“MIT”) Media Lab, an interdisciplinary research lab focusing on cryptocurrencies and blockchain technology, since January 2017, and she previously was the Director of Research in digital currency at MIT Media Lab from May to December 2016. Prior to joining MIT, Dr. Narula was a Senior Software Engineer at Google. Dr. Narula currently serves on the Financial Industry Regulatory Authority’s FinTech Industry Committee and the Federal Reserve Bank of New York’s Innovations Advisory Council. She also previously served on PayPal’s Blockchain, Crypto, and Digital Currencies Advisory Council. Dr. Narula holds a B.A. in Mathematics and Computer Science from Dartmouth College and a Master’s degree and a Ph.D. in Computer Science from MIT.

Dr. Narula was selected to serve on our board of directors because of her experience with distributed systems, cryptography, cryptocurrencies, and programmable money.

Continuing Directors

Roelof Botha has served as a member of our board of directors since January 2011 and as our Lead Independent Director since June 2022. Since January 2003, Mr. Botha has served in various positions at Sequoia Capital, a venture capital firm, including as a Senior Steward and as a Managing Member of Sequoia Capital Operations, LLC. From 2000 to 2003, Mr. Botha served in various positions at PayPal Holdings, Inc., including as Chief Financial Officer. Mr. Botha serves on the boards of directors of Unity Software Inc., Natera, Inc., MongoDB, Inc. and a number of privately held companies. Mr. Botha previously served on the boards of directors of Bird Global, Inc., from June 2018 to December 2022, Eventbrite, Inc., from October 2009 to June 2022, and 23andMe Holding Co. from September 2017 to September 2024. Mr. Botha holds a B.S. in Actuarial Science, Economics and Statistics from the University of Cape Town and an M.B.A. from the Stanford Graduate School of Business.

Mr. Botha was selected to serve on our board of directors because of his financial and managerial experience.

Amy Brooks has served as a member of our board of directors since October 2019. Since January 2024, Ms. Brooks has served as President, New Business Ventures at the National Basketball Association, after serving as President, Team Marketing & Business Operations and Chief Innovation Officer from

November 2017 to December 2023, the Executive Vice President from May 2014 to November 2017, and Senior Vice President from January 2010 to May 2014. Ms. Brooks also serves on the boards of directors of a number of privately held companies and charitable organizations. Ms. Brooks holds a B.A. in Political Science and Communication from Stanford University and an M.B.A. from the Stanford Graduate School of Business.

Ms. Brooks was selected to serve on our board of directors because of her sales and marketing experience as well as her expertise in growing a global brand.

Shawn Carter has served as a member of our board of directors since May 2021. Known professionally as Jay-Z, Mr. Carter is a musician, songwriter, record executive, producer, and entrepreneur. He has served as the co-founder and majority owner of Roc Nation LLC and founder of Marcy Media LLC, a full-service agency and entertainment company, since 2008 and co-founder and Manager of Marcy Venture Partners, L.P., a venture capital and private equity firm, since March 2019. Mr. Carter founded TIDAL, which is now majority owned by Block, in March 2015, and remains a shareholder and artist of the music streaming service. Since 2014, Mr. Carter has served as the co-founder, Manager, and board member of Ace of Spades Holdings, LLC, a luxury champagne company, and serves on the boards of directors of a number of privately held companies. Since 2003, Mr. Carter has served as the founder of the Shawn Carter Scholarship Foundation, a charitable organization focused on education. He also serves on the board of directors of REFORM, a philanthropic organization advocating for criminal justice reform. Mr. Carter previously served as the Chief Visionary Officer of TPCO Holding Corp. (“TPCO Holding”) from November 2020 to 2023, and as the Chief Brand Strategist of CMG Partners, Inc., or Caliva, from July 2019 until its acquisition by TPCO Holding in November 2020.

Mr. Carter was selected to serve on our board of directors because of his entrepreneurial experience and expertise in the music industry, which is valuable for our TIDAL business.

James McKelvey is our co-founder and has served as a member of our board of directors since July 2009. Since March 2025, Mr. McKelvey has served as the Chief Executive Officer of Fastrials, Inc. (“Fastrials”), a clinical trial management company, of which he is also the co-founder. In addition, Mr. McKelvey has served in various positions at Mira Smart Conferencing, Inc., a digital conferencing company since March 2012. Mr. McKelvey currently serves on the board of directors of Emerson Electric Co. and previously served as Chair of the St. Louis Federal Reserve. He also serves on the boards of directors of a number of privately held companies. Mr. McKelvey holds a B.S. in Computer Science and a B.A. in Economics from Washington University in St. Louis.

Mr. McKelvey was selected to serve on our board of directors because of the perspective and experience he brings as one of our founders.

Anthony Eisen has served as a member of our board of directors since February 2025. Since January 2025, Mr. Eisen has served as the Chief Executive Officer of Reshop US, Inc. (“Reshop”) where he also serves as Chairman of the Board. Prior to becoming Chief Executive Officer of Reshop, Mr. Eisen previously served as Block’s co-lead of Afterpay from January 2022, when Block acquired Afterpay Limited (“Afterpay”), to November 2024 and served as a consultant to aid in the transition of his duties until his election to our board of directors. Prior to the acquisition of Afterpay, Mr. Eisen served as the co-Chief Executive Officer and a member of the board of directors of Afterpay, which he co-founded in November 2014. Mr. Eisen currently serves on the board of directors of the Technology Council of Australia. Mr. Eisen holds a Bachelor of Commerce degree in Accounting & Finance from UNSW Australia and is a member of the Chartered Accountants in Australia.

Mr. Eisen was selected to serve on our board of directors because of his financial services and fintech expertise, specifically in Buy Now, Pay Later services, and experience as one of the co-founders of Afterpay.

Randall Garutti has served as a member of our board of directors since July 2017. From April 2012 to May 2024, Mr. Garutti served as Chief Executive Officer and was on the board of directors of Shake Shack Inc. (“Shake Shack”). Prior to becoming Chief Executive Officer of Shake Shack, Mr. Garutti served as its Chief Operating Officer since January 2010. Before Shake Shack, Mr. Garutti was the Director of Operations for Union Square Hospitality Group, LLC, overseeing the operations for all its restaurants. Additionally, Mr. Garutti previously served on the boards of directors of USHG Acquisition Corp. from February 2021 to December 2022 and the Columbus Avenue Business Improvement District, a not-for-

profit organization, from October 2008 to May 2024. Mr. Garutti holds a B.S. in Hotel Administration from Cornell University's School of Hotel Administration.

Mr. Garutti was selected to serve on our board of directors because of his business expertise and leadership of a global brand.

Mary Meeker has served as a member of our board of directors since June 2011. Since January 2019, Ms. Meeker has served as a General Partner of Bond Capital. From December 2010 to December 2018, Ms. Meeker served as a General Partner of Kleiner Perkins Caufield & Byers. From 1991 to 2010, Ms. Meeker served as Managing Director and Research Analyst with Morgan Stanley. Ms. Meeker previously served on the board of directors of Nextdoor Holdings, Inc. from September 2019 to June 2024, and currently serves on the board of directors of a number of privately held companies. Ms. Meeker holds a B.A. in Psychology from DePauw University and an M.B.A. from Cornell University.

Ms. Meeker was selected to serve on our board of directors because of her extensive experience advising and analyzing technology companies.

Director Independence

Our Class A common stock is listed on the NYSE. Under NYSE listing standards, independent directors must comprise a majority of a listed company's board of directors. In addition, NYSE listing standards require that, subject to specified exceptions, each member of a listed company's audit, compensation, and nominating and corporate governance committees be independent. Under NYSE listing standards, a director will only qualify as an "independent director" if, in the opinion of that listed company's board of directors, that director does not have a material relationship with the company (either directly or as a partner, shareholder, or officer of an organization that has a relationship with the company). As noted in the commentary to the listing standards, the concern is independence from management.

Audit and risk committee members must also satisfy the additional independence criteria set forth in Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and NYSE listing standards. Compensation committee members must also satisfy the additional independence criteria set forth in Rule 10C-1 under the Exchange Act and NYSE listing standards.

Our board of directors has reviewed the independence of each of our directors. Based on information provided by each director concerning their background, employment, and affiliations, our board of directors has determined that none of Ms. Brooks and Meeker; Dr. Narula; or Messrs. Botha, Deighton, and Garutti has a material relationship with the Company and that each of these current directors is "independent" as that term is defined under NYSE listing standards. Former directors Dr. Lawrence Summers and Sharon Rothstein, who served on our board of directors until February 2024 and June 2024, respectively, were each also determined to be independent within the meaning of the NYSE listing standards during their period of service on our board of directors. In making the determination of the independence of our directors, the board of directors considered relevant transactions between Block and entities associated with our directors or members of their immediate families, including transactions involving Block and payments made to or from companies and entities in the ordinary course of business where our directors or members of their immediate families serve as partners, directors, or as a member of the executive management of the other party to the transaction, and determined that none of these relationships constitute material relationships that would impair the independence of our directors. In addition, each member of our audit and risk committee and our compensation committee meets the enhanced independence standards required for such committee members under the applicable rules and regulations of the SEC and the NYSE listing standards.

Board of Directors Leadership Structure and Role of Our Lead Independent Director

Our board of directors does not have a policy as to whether the roles of the Chairperson of our board of directors and our Block Head should be separate or combined. Our board of directors believes that it should have the flexibility to make this determination as circumstances require and in a manner that it believes is best to provide appropriate leadership for our company. Currently, Mr. Dorsey serves as both the Chairperson of our board of directors and our principal executive officer. As our co-founder and Block Head, Mr. Dorsey is best positioned to identify and drive strategic priorities, oversee product development, identify key areas of risk for the Company, lead critical discussions, and execute our business plans.

Our board of directors has adopted Corporate Governance Guidelines that provide that one of our independent directors should serve as our Lead Independent Director at any time when the Chairperson of our board of directors is not independent. Because Mr. Dorsey is our Chairperson and is not an “independent” director as defined in NYSE listing standards, our board of directors has appointed Roelof Botha as our Lead Independent Director. Mr. Botha, a director since 2011, has served as our Lead Independent Director since June 2022. As a seasoned director with extensive experience in the financial technology industry, Mr. Botha has played an essential role in advising our senior management in key strategic areas and has provided independent oversight in his roles as a member of both our audit and risk committee and our compensation committee, and our board of directors believes that he is a strong, independent, and effective Lead Independent Director.

As our Lead Independent Director, Mr. Botha is responsible for, among other matters:

- presiding at all meetings of the board of directors at which the Chairperson is not present, including executive sessions of the independent directors;
- calling, determining the agenda for, and serving as chairperson of meetings of independent directors;
- facilitating discussion and open dialogue among the independent directors during board of directors’ meetings, executive sessions, and outside of meetings of our board of directors;
- reporting to our Block Head and Chairperson of our board of directors regarding feedback from executive sessions;
- serving as liaison between the Chairperson of our board of directors and our independent directors, without inhibiting direct communication between them;
- approving meeting agendas for regularly scheduled meetings of the board of directors and providing feedback on the board meeting schedule;
- in consultation with our nominating and corporate governance committee, reviewing and reporting on the results of our board of directors’ and its committees’ performance self-evaluations;
- serving as spokesperson for the Company as requested;
- alongside the Chair of our audit and risk committee, consulting with our Block Head and Chairperson on risk matters requiring the consideration of our board of directors;
- providing input on the composition of our board of directors; and
- performing such other responsibilities as may be designated by a majority of our independent directors from time to time.

We believe that our leadership structure of Mr. Dorsey serving as both Chairperson of our board of directors and Block Head, with a separate Lead Independent Director, is appropriate because it provides a balance between Mr. Dorsey’s company-specific experience, leadership, and insight and our independent directors’ experience, leadership, oversight, and expertise from outside our company. This structure also enables strong leadership, creates clear accountability, and enhances our ability to communicate our strategy clearly and consistently to stockholders while ensuring robust, independent oversight by our board of directors and our independent directors, led by our Lead Independent Director.

Board of Directors Meetings, Attendance, and Committees

During our fiscal year ended December 31, 2024, our board of directors held four meetings, and each director attended at least 75% of the aggregate of (i) the total number of meetings of our board of directors held during the period for which such director has served as a director and (ii) the total number of meetings held by all committees of our board of directors on which such director has served during the periods that such director has served as a committee member.

We do not have a formal policy regarding attendance by members of our board of directors at our annual meeting of stockholders. Five directors who were serving as directors at the time attended our 2024 annual meeting of stockholders.

Our board of directors has established an audit and risk committee, a compensation committee, and a nominating and corporate governance committee. The composition and responsibilities of each of the committees of our board of directors is described below. Members serve on these committees until their resignation or until otherwise determined by our board of directors.

Audit and Risk Committee

Our audit and risk committee currently consists of Messrs. Botha and Deighton and Dr. Narula, with Mr. Deighton serving as Chair.

Each of our current audit and risk committee members meets the requirements for independence for audit committee members under NYSE listing standards and SEC rules and regulations. Each member of our audit and risk committee also meets the financial literacy and sophistication requirements of NYSE listing standards. In addition, our board of directors has determined that each of Messrs. Botha and Deighton is an audit committee financial expert within the meaning of Item 407(d) of Regulation S-K under the Securities Act of 1933, as amended (“Regulation S-K”). Our audit and risk committee is, among other matters, responsible for the following:

- selecting and hiring a qualified independent registered public accounting firm to audit our financial statements;
- helping to ensure the independence and performance of the independent registered public accounting firm;
- reviewing our financial statements and discussing the scope and results of the independent audit and quarterly reviews with the independent registered public accounting firm, and reviewing, with management and the independent registered public accounting firm, our interim and year-end results of operations and the reports and certifications regarding internal controls over financial reporting and disclosure controls;
- preparing, reviewing, and approving the audit and risk committee report that the SEC requires to be included in our annual proxy statement;
- reviewing the adequacy and effectiveness of our disclosure controls and procedures, and overseeing procedures established for employees to submit concerns anonymously about questionable accounting or audit matters;
- reviewing and discussing with management our program and policies on risk assessment and risk management, including risks associated with data privacy, data security, and cybersecurity;
- reviewing and discussing with management the overall adequacy and effectiveness of our legal, regulatory, and compliance programs;
- reviewing and overseeing related party transactions for which review or oversight is required by applicable law or required to be disclosed in our financial statements or SEC filings; and
- approving or, as required, pre-approving, all audit and all permissible non-audit services and fees to be performed by the independent registered public accounting firm.

Our audit and risk committee operates under a written charter that satisfies the applicable rules and regulations of the SEC and NYSE listing standards. A copy of the charter of our audit and risk committee is available on our investor relations website at <https://investors.block.xyz>. Information on or accessible through our website is not incorporated by reference in this proxy statement. During 2024, our audit and risk committee held eleven meetings.

Compensation Committee

Our compensation committee consists of Ms. Meeker and Messrs. Botha, Deighton, and Garutti, with Ms. Meeker serving as Chair. Mr. Garutti was appointed to our compensation committee in April 2024. Each of our compensation committee members meets the requirements for independence for compensation committee members under NYSE listing standards and SEC rules and regulations, including Rule 10C-1 under the Exchange Act. Each of Ms. Meeker and Messrs. Botha, Deighton, and Garutti is also a “non-

employee director” as defined pursuant to Rule 16b-3 promulgated under the Exchange Act. Our compensation committee is, among other matters, responsible for the following:

- reviewing and approving, or making recommendations to our board of directors regarding, the compensation of our Section 16 officers;
- overseeing our overall compensation philosophy and compensation policies, plans, and benefits programs, including those for our Section 16 officers, to ensure the programs support our business and culture;
- evaluating the compensation of the non-employee directors and making recommendations to our board of directors regarding director compensation; and
- administering our equity compensation plans.

Our compensation committee operates under a written charter that satisfies the applicable rules and regulations of the SEC and NYSE listing standards. A copy of the charter of our compensation committee is available on our investor relations website at <https://investors.block.xyz>. During 2024, our compensation committee held six meetings.

Our compensation committee may delegate its authority and duties to subcommittees or individuals as it deems appropriate and in accordance with applicable laws and regulations. Our compensation committee has delegated authority to our management equity committee, which during 2024 consisted of our Block Head and People Lead, to make equity grants within predetermined guidelines to employees and consultants who are not our Section 16 officers or members of our management equity committee. In addition, our compensation committee may establish, and has from time to time established, a subcommittee comprised of members of our compensation committee, which has the nonexclusive authority to grant equity and other awards under our compensation plans, including, if applicable, awards that comply with Section 16 of the Exchange Act, including Rule 16b-3 thereunder.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee currently consists of Ms. Brooks, Dr. Narula, and Mr. Garutti, with Mr. Garutti serving as Chair. Each of our nominating and corporate governance committee members meets the requirements for independence under NYSE listing standards and SEC rules and regulations. Our nominating and corporate governance committee is, among other matters, responsible for the following:

- identifying, evaluating, and making recommendations to our board of directors regarding nominees for election to our board of directors and its committees;
- evaluating the performance of our board of directors, individual directors, and our Block Head;
- considering and making recommendations to our board of directors regarding the composition of our board of directors and its committees;
- reviewing and making recommendations to our board of directors regarding our Corporate Governance Guidelines and our Code of Business Conduct and Ethics;
- overseeing our process for stockholder communications with the board of directors;
- overseeing our commitment to inclusion and diversity (“I&D”), including our I&D policies and programs, and conducting a periodic review of our I&D efforts with our People Lead and Inclusion and Diversity Lead;
- conducting periodic reviews of our environmental, social, and governance (“ESG”) programming and corporate responsibility initiatives;

- reviewing and monitoring compliance with our Code of Business Conduct and Ethics and other actual and potential conflicts of interest of our board of directors and corporate officers, other than transactions with related parties reviewed by our audit and risk committee; and
- reviewing the succession planning and performance for our Block Head, as well as each of our other members of our executive management team.

Our nominating and corporate governance committee operates under a written charter that satisfies the applicable NYSE listing standards. A copy of the charter of our nominating and corporate governance committee is available on our investor relations website at <https://investors.block.xyz>. During 2024, our nominating and corporate governance committee held five meetings.

Compensation Committee Interlocks and Insider Participation

None of the current members of our compensation committee, or any member that served during the past fiscal year, is or has been an officer or employee of our company, or had any relationship requiring disclosure under Item 404 of Regulation S-K. None of our executive officers currently serves, or in the past fiscal year has served, as a member of the board of directors or compensation committee (or other board committee performing equivalent functions) of any entity that has one or more of its executive officers serving on our compensation committee. None of our executive officers currently serves, or in the past fiscal year has served, as a member of the compensation committee (or other board committee performing equivalent functions) of any entity that has one or more of its executive officers serving on our board of directors.

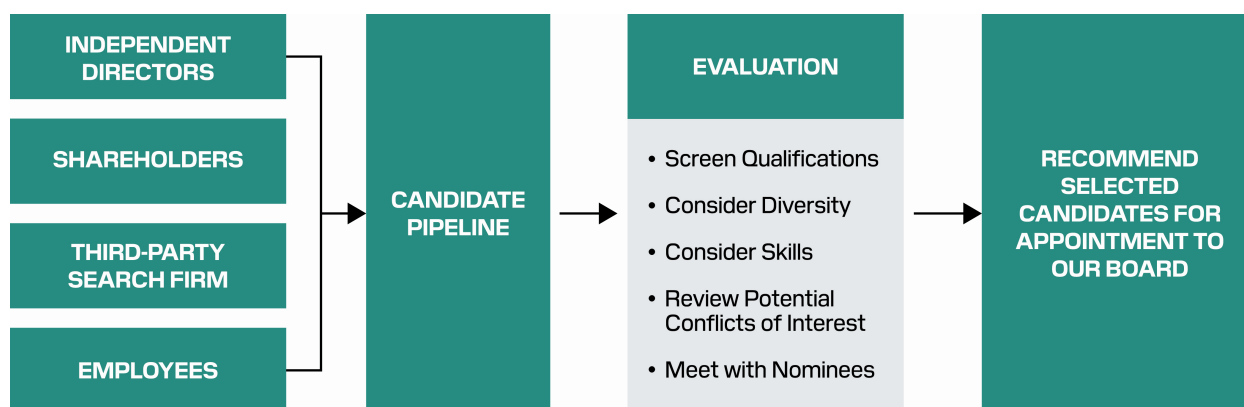
Considerations in Evaluating Director Nominees

Our nominating and corporate governance committee uses a variety of methods for identifying and evaluating director nominees, which may include reviewing candidates whom our stockholders have properly submitted for recommendation or retaining a third-party executive search firm to identify and review candidates. We maintain policies and procedures for director candidates, which require our nominating and corporate governance committee to evaluate director candidates in light of the current size and composition, organization, and governance of our board of directors and the needs of our board of directors and its committees. There is no difference in the evaluation process of a director candidate recommended by a stockholder as compared to the evaluation process of a candidate identified by any other means. Some of the qualifications that our nominating and corporate governance committee considers include, without limitation:

- *Character, integrity, and judgment:* Nominees must have the highest personal and professional ethics.
- *Diversity:* Although our board of directors does not have specific requirements with respect to board diversity, it believes that representation and diverse perspectives are important in furthering our purpose of economic empowerment and how we build for the customers we serve.
- *Area of expertise:* Nominees must also have the ability to offer advice and guidance to our Block Head and other members of management based on proven achievement and expertise in their fields.
- *Potential conflicts of interest and other commitments:* Nominees must understand the fiduciary responsibilities that are required of a member of our board of directors and have sufficient time available to perform all board of director responsibilities. Members of our board of directors are expected to prepare for, attend, and participate in all board of directors' meetings.
- *Other individual qualities and attributes:* Our nominating and corporate governance committee may also consider such other factors as it may deem, from time to time, to be in our and our stockholders' best interests.

After completing its review and evaluation of director candidates, our nominating and corporate governance committee recommends to our full board of directors the director nominees for selection. While

factors relating to diversity were considered for our current directors, no single factor was determinative with respect to any of our current directors.



Stockholder Recommendations and Nominations to Our Board of Directors

Our nominating and corporate governance committee will consider director candidates recommended by stockholders holding the lesser of: (i) \$2,000 in market value or (ii) one percent (1%) on a fully diluted basis of the Company’s securities continuously for at least twelve (12) months prior to the date of the submission of the recommendation, so long as such recommendations comply with our amended and restated certificate of incorporation, our amended and restated bylaws and any applicable laws, rule, and regulations, including those promulgated by the SEC. Our nominating and corporate governance committee will evaluate such recommendations in accordance with its charter, our amended and restated bylaws, and our policies and procedures for director candidates, as well as the director nominee criteria described above that is applicable to all director candidates. This process is designed to ensure that our board of directors includes members with diverse backgrounds, skills, and experience, including appropriate financial and other expertise relevant to our business. Eligible stockholders may recommend a candidate for nomination by submitting the recommendation in writing to our Chief Legal Officer and Corporate Secretary or legal department at Block, Inc., 1955 Broadway, Suite 600, Oakland, CA 94612. Such recommendation must include information about the candidate, a statement of support by the recommending stockholder, evidence of the recommending stockholder’s ownership of our capital stock, and a signed letter from the candidate confirming willingness to serve on our board of directors. Our nominating and corporate governance committee has discretion to decide which individuals to recommend for nomination as directors.

Under our amended and restated bylaws, stockholders may also directly nominate persons for our board of directors. Any nomination must comply with the requirements set forth in our amended and restated bylaws and should be sent in writing to our Corporate Secretary at Block, Inc., 1955 Broadway, Suite 600, Oakland, CA 94612. To be timely for our 2026 annual meeting of stockholders, our Corporate Secretary must receive the nomination no earlier than the close of business on February 17, 2026 and no later than the close of business on March 19, 2026, or in the event that we hold our 2026 annual meeting of stockholders more than 30 days before or more than 60 days after the one-year anniversary of the Annual Meeting, no earlier than the close of business on the 120th day before our 2026 annual meeting of stockholders and no later than the close of business on the later of either (i) the 90th day prior to our 2026 annual meeting of stockholders or (ii) the 10th day following the day on which public announcement of the date of our 2026 annual meeting of stockholders is first made if such first public announcement is less than 100 days prior to the date of our 2026 annual meeting of stockholders. Any notice of director nomination submitted must include the information required by Rule 14a-19(b) under the Exchange Act.

Communications with Non-Management Members of Our Board of Directors

Interested parties wishing to communicate with our non-management members of our board of directors may do so by writing to the particular non-management member or members of our board of directors and mailing the correspondence via registered or overnight mail to our Chief Legal Officer and Corporate Secretary at Block, Inc., 1955 Broadway, Suite 600, Oakland, CA 94612. Each communication should set forth (i) the name and address of the interested party (as it appears on our books, if applicable) and, if the shares of our common stock are held by a nominee, the name and address of the beneficial

owner of such shares, and (ii) the class and number of shares of our common stock that are owned of record by the record holder and beneficially by the beneficial owner.

Our Chief Legal Officer and Corporate Secretary, or legal department, in consultation with appropriate members of our board of directors as necessary, will review all incoming communications and, if appropriate, forward such communications to the appropriate non-management member or members of our board of directors, or if none is specified, to the Chairperson of our board of directors or the Lead Independent Director if the Chairperson of our board of directors is not independent.

Corporate Governance Guidelines and Code of Business Conduct and Ethics

Our board of directors has adopted Corporate Governance Guidelines that address items such as the qualifications and responsibilities of our directors and director candidates and the responsibilities of members of committees of our board of directors. In addition, our board of directors has adopted a Code of Business Conduct and Ethics that applies to all our employees, officers, and directors, including our Block Head, Chief Financial Officer, and other executive and senior financial officers. The full texts of our Corporate Governance Guidelines and our Code of Business Conduct and Ethics are posted on our investor relations website at <https://investors.block.xyz>. We will post amendments to our Corporate Governance Guidelines and our Code of Business Conduct and Ethics and any waivers of our Code of Business Conduct and Ethics for directors and executive officers on the same website.

Insider Trading Policy and Compliance

Our board of directors has adopted an Insider Trading Policy governing the purchase, sale, and/or other disposition of our securities by directors, officers, employees, and other covered persons. We believe this policy is reasonably designed to promote compliance with insider trading laws, rules, and regulations and the exchange listing standards applicable to us. A copy of our Insider Trading Policy was filed as Exhibit 19.1 to our Annual Report on Form 10-K for the year ended December 31, 2024.

From time to time, we may engage in transactions in our own securities. We strive to comply with all applicable securities laws when engaging in transactions in our securities.

Risk Management

Our board of directors recognizes the oversight of risk management as one of its primary responsibilities and central to maintaining an effective, risk-aware, and accountable organization. The oversight responsibility of our board of directors and its committees is supported by management reporting processes that are designed to provide visibility to our board of directors regarding the identification, assessment, and management of risks and management's strategic approach to risk mitigation. The Chair of our audit and risk committee meets with our Internal Audit Lead, Chief Financial Officer, Head of Enterprise Risk Management, Chief Risk Officer, Chief Compliance Officer and Chief Legal Officer periodically to identify and discuss risks and exposures and escalates potential issues to our audit and risk committee or board of directors, as appropriate.

As part of our overall risk management process, we conduct an annual Enterprise Risk Assessment ("ERA"), which is shared and reviewed with our board of directors. The ERA is developed through discussions and research with key management and outside advisors, as appropriate, and is designed to ensure the Company maintains robust processes for identifying, assessing, monitoring, and reporting risks. The ERA is reported to the audit and risk committee on an annual basis. Key risks surfaced through the ERA are reviewed by management and discussed with the board of directors, as appropriate. These areas include strategic, operational, people, financial, and compliance. We address risks such as cybersecurity, financial reporting, and external events within each of these areas.

While our board of directors maintains ultimate responsibility for the oversight of risk, it has implemented a multi-layered approach that delegates certain responsibilities to the appropriate board committees to ensure that these primary areas of focus are discussed in appropriate detail and that a full understanding of the applicable risk is obtained. Our board of directors and its committees oversee risks associated with their respective areas of responsibility, as summarized below. Each board committee meets in executive session with key management personnel and representatives of outside advisors as required or requested. Our board of directors may delegate additional risk areas to its committees in the future.

Board of Directors / Committee	Primary Areas of Risk Oversight
Full Board of Directors	Strategic, financial, and execution risks and exposures associated with our business strategy; policy matters; succession planning; data privacy, data security, and cybersecurity; artificial intelligence; significant litigation and regulatory exposures; and other current matters that may present material risk to our financial performance, operations, infrastructure, plans, prospects or reputation; acquisitions and divestitures; and our operational infrastructure.
Audit and Risk Committee	Risks and exposures associated with financial matters, particularly financial reporting, tax, accounting, disclosure controls and procedures, internal control over financial reporting, investment guidelines and credit and liquidity matters, operational security and reliability, our programs and policies relating to legal and regulatory compliance, material regulatory matters, and related regulatory investigations or examinations. In addition, our audit and risk committee assists our board of directors with oversight of certain matters related to privacy, data security, and cybersecurity.
Nominating and Corporate Governance Committee	Risks and exposures associated with director and executive succession planning; director and corporate officer conflicts of interest, other than transactions with related persons reviewed by our audit and risk committee; environmental, social, corporate governance, inclusion and diversity, and corporate responsibility matters; and overall board and committee effectiveness and composition.
Compensation Committee	Risks and exposures associated with leadership assessment; retention and succession; executive compensation programs and arrangements; and our compensation philosophy and practices.

Board’s Role in Data Privacy and Cybersecurity Oversight

Our board of directors recognizes the oversight of risk management as one of its primary responsibilities and central to maintaining an effective, risk-aware, and accountable organization. While our board of directors maintains ultimate responsibility for the oversight of our data privacy and cybersecurity program and risks, it has delegated certain oversight responsibilities to our audit and risk committee. Our board of directors and audit and risk committee’s principal role is one of oversight, recognizing that management is responsible for the design, implementation, and maintenance of an effective program for protecting against and mitigating data privacy and cybersecurity risks. The audit and risk committee assists the board of directors in enhancing its understanding of data privacy and cybersecurity issues by overseeing our data privacy and information security programs, strategy, policies, processes, and material risks, as well as overseeing responses to security and data incidents, as appropriate.

Our full board of directors receives an annual information security update by our Chief Information Security Officer (“CISO”) and an annual privacy update, which covers, among other matters, our privacy and cybersecurity programs and risks. Our audit and risk committee receives updates, at least quarterly, on significant data privacy and security risks, including any significant incidents, relevant industry developments, threat vectors, and significant risks identified in periodic penetration tests or vulnerability scans. The updates also include significant legal and legislative developments concerning data privacy and security, our approach to complying with applicable law, and significant engagement with regulators concerning data privacy and cybersecurity. Our audit and risk committee provides regular updates to the board of directors on such reports. For additional information regarding our cybersecurity governance, please refer to our Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

ESG and Corporate Responsibility

Our nominating and corporate governance committee oversees our corporate responsibility initiatives. We maintain our steadfast focus on driving economic empowerment through our broad spectrum of products and services. In alignment with this product-driven focus on financial inclusion, we believe that operating in a responsible and sustainable manner helps support long-term shareholder value, builds a more resilient and efficient company, and helps us mitigate against potential environmental risk factors. Our strong commitment to social responsibility is designed to amplify the reach and depth of the positive impact we strive to deliver through each of our brands. This holds true for both our internal and external stakeholders including customers, sellers, artists, developers, employees, key suppliers, and our investor community.

We take an integrated approach to managing ESG performance and disclosure:

- *Functional Leadership:* Corporate responsibility is managed at a functional level across each of our teams, with responsibility for oversight rolling up to our senior executives.
- *Operational Leadership:* We maintain a cross-functional working group from multiple business areas that serves as the central coordinating body for our corporate responsibility efforts. This team is led by an ESG Lead who oversees the broader ESG program, connects our key stakeholders, and reports up to senior leadership and our nominating and corporate governance committee.
- *Board Oversight:* Our nominating and corporate governance committee is responsible for overseeing ESG and corporate responsibility matters of significance to us and receives both quarterly reports and updates on these matters from our ESG Lead. The nominating and corporate governance committee also receives quarterly inclusion and diversity reports from our People Lead and Inclusion and Diversity Lead.

Key areas of focus for our ESG strategy are:

- *Our Customers and Communities:* In September 2020, we announced our intent to invest \$100.0 million towards impact investments that further our purpose of economic empowerment. As of December 31, 2024, we have invested \$67.9 million in aggregate towards this initiative, of which \$23.6 million was invested in the year ended December 31, 2024.
- *Global Climate Action:* In 2024, we continued to scale our climate action program. We expanded our decarbonization portfolio, retiring 125,000 tons of high-quality carbon removal credits, worked towards internal carbon emission reductions, and continued our commitment to transparency with our climate risk and opportunity disclosures through CDP (previously the Carbon Disclosure Project). We have received verification of our internal carbon reduction goals from the Science-Based Targets Initiative and added disclosures in compliance with California climate disclosure requirement AB 1305 to our Investor Relations website. We believe we are on pace towards our goal of reaching net zero carbon for operations by 2030. We continue to target increased efficiencies across our entire value chain.
- *Our People:* We consider it a business requirement to build a company that reflects the customers and communities we serve. Inclusion and fairness are at the heart of the workplace we are building. We continue to provide transparency regarding our workforce, including continuing to share our EEO-1 consolidated report. Our ongoing efforts to foster inclusion and operate with fairness include: establishing company-wide manager expectations, including their responsibility to break down silos and hierarchy, maintain psychological safety and seek divergent perspectives, dedicating resources to our employee resource groups, and embedding checks and analyses across our employee programs to ensure hiring promotion and compensation decisions are based on merit alone.
- *Corporate Governance:* In 2024, we continued corporate governance practices that we believe promote long-term value, engender public trust, and serve the best interests of our stockholders, sellers, customers, and other stakeholders. Some highlights of our corporate governance practices are our Lead Independent Director, who has a comprehensive scope of responsibilities; a board of directors that is comprised of a majority of independent directors with a wide range of expertise; annual review of our corporate governance policies and charters; robust process for developing a pipeline for potential director candidates; strong risk oversight by the full board and committees;

annual board, committee, and individual director self-assessments; and significant stock ownership requirements for directors and executive officers.

Director Compensation

Pursuant to our Outside Director Compensation Policy, our outside directors receive compensation in the form of equity granted under the terms of our 2015 Equity Incentive Plan, as amended and restated (the “2015 Plan”), and cash, as described below.

Our compensation committee periodically reviews our Outside Director Compensation Policy, including review of competitive practices provided by an independent compensation consulting firm engaged by our compensation committee. In 2024, based on data provided by Compensia, Inc. (“Compensia”), our average total direct compensation per director (including annual cash retainer and equity awards) approximated the 10th percentile amongst our compensation peer group identified below in the section entitled “*Executive Compensation—Compensation-Setting Process—Competitive Positioning.*”

As a result of the compensation committee’s annual review, our board of directors, upon recommendation from our compensation committee, approved the following changes to the Outside Director Compensation Policy, effective April 1, 2025:

General Board Service		Prior Policy		Amended Policy
Annual Cash Retainer	\$	40,000	\$	50,000
Annual Equity Retainer	\$	250,000	\$	275,000
Total Annual Cash and Equity Retainer	\$	290,000	\$	325,000
Additional Committee Chair Retainers				
Audit and Risk	\$	20,000	\$	35,000
Compensation	\$	15,000	\$	25,000
Nominating and Corporate Governance	\$	10,000	\$	20,000
Additional Committee Member Retainers				
Audit and Risk	\$	10,000	\$	17,500
Compensation	\$	5,000	\$	12,500
Nominating and Corporate Governance	\$	2,500	\$	10,000

Equity Compensation

Our 2015 Equity Incentive Plan (the “2015 Plan”) contains maximum limits on the size of the equity awards that can be granted to each of our outside directors in any fiscal year, but those maximum limits do not reflect the intended size of any potential grants or a commitment to make any equity award grants to our outside directors in the future. The only commitment to make equity award grants to our outside directors is under our Outside Director Compensation Policy, as it may be amended from time to time. The maximum limits under our 2015 Plan provide that no outside director may be granted, in any fiscal year, equity awards having a grant date fair value (determined in accordance with generally accepted accounting principles (“GAAP”)) of more than \$1 million, provided that, under the 2015 Plan, the limit is \$2 million in connection with the director’s initial service as an outside director. Equity awards granted to an individual while they were an employee or a consultant, but not an outside director, do not count for purposes of these limits. If our stockholders approve the proposed Block, Inc. 2025 Equity Incentive Plan (the “2025 Plan”) at our Annual Meeting, grants on and after the date of our Annual Meeting will be made under our 2025 Plan. As described further below, the 2025 Plan will provide that no outside director may be granted, in any fiscal year, equity awards having a grant date fair value (determined in accordance with GAAP) of more than \$1 million, including with respect to the year in which an outside director commences service as an outside director. See the section entitled “*Proposal No. 4 - Approval of the Block, Inc. 2025 Equity Incentive Plan.*”

Initial Award. Subject to any limits in our 2015 Plan, or, once approved, our 2025 Plan, each person who first becomes an outside director will receive an initial grant of restricted stock units (“RSUs”) on the date of their appointment having a grant date fair value (determined in accordance with GAAP) equal to \$250,000 (increased to \$275,000 as of April 1, 2025) multiplied by a fraction: (i) the numerator of which is (x) 12 minus (y) the number of months between the date of the last annual meeting of stockholders and the date the outside director becomes a member of our board of directors and (ii) the denominator of which is 12. However, if a person first becomes an outside director on the day of an annual meeting of stockholders,

they will only receive an annual award (described below) on such date but will not receive an initial award. The shares of our Class A common stock underlying the RSUs vest in full upon the earlier of (i) the first anniversary of the grant date or (ii) the date of the next annual meeting of stockholders, in each case subject to continued service through the vesting date. If the appointment date is the same as the date of annual meeting, then such outside director will only be granted an annual award.

Annual Award. On the date of each annual meeting of stockholders, and subject to any limits in our 2015 Plan, or, if approved, our 2025 Plan, each of our outside directors is granted RSUs having a grant date fair value (determined in accordance with GAAP) equal to \$250,000 (increased to \$275,000 as of April 1, 2025). The shares of our Class A common stock underlying the RSUs vest in full upon the earlier of (i) the first anniversary of the grant date or (ii) on the date of the next annual meeting of stockholders, in each case subject to continued service through the vesting date.

Our Lead Independent Director receives an annual grant of RSUs, in addition to the annual grant provided to all outside directors, on the date of each annual meeting of stockholders having a grant date fair value (determined in accordance with GAAP) of \$70,000, subject to any limits in our 2015 Plan or, if approved, our 2025 Plan. The shares of our Class A common stock underlying the RSUs vest in full upon the earlier of (i) the first anniversary of the grant date or (ii) the date of the next annual meeting of stockholders, in each case subject to continued service through the vesting date.

The awards granted to an outside director under our Outside Director Compensation Policy will become fully vested upon a “change in control” as defined in our 2015 Plan or 2025 Plan, as applicable.

Cash Compensation

In 2024, each of our outside directors received an annual cash retainer of \$40,000 for serving on our board of directors. In addition, each outside director received the cash fees (as outlined above) for service on the committees of our board of directors.

Subject to any limits under our 2015 Plan, or, if approved, our 2025 Plan, each outside director may elect to convert any cash compensation that they would otherwise be entitled to receive under our Outside Director Compensation Policy into an award of RSUs under our 2015 Plan or 2025 Plan, as applicable. If the outside director makes this election in accordance with the policy, each such award of RSUs will be granted on the first business day following the last day of the fiscal quarter for which the cash compensation otherwise would be paid under the policy, will be fully vested on the grant date, and will cover a number of shares equal to (A) the aggregate amount of cash compensation otherwise payable to the outside director on that date divided by (B) the closing price per share as of the last day of the fiscal quarter for which the grant relates.

2024 Compensation

The following table provides information regarding the total compensation that was earned by each of our outside directors in 2024. Dr. Lawrence Summers and Ms. Sharon Rothstein served as directors until February 9, 2024 and June 18, 2024, respectively. Mr. Eisen was appointed in 2025 and, therefore, did not receive compensation as a director in 2024.

The amounts under the “Stock Awards” column represent the aggregate of initial or annual equity compensation provided under the Outside Director Compensation Policy, and equity grants made in lieu of cash compensation, each as detailed in footnotes 2 and 3, respectively. The aggregate number of stock awards outstanding for each director as of December 31, 2024 are included in footnote 2 below.

Director	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) ^{(1) (2) (3)}	All Other Compensation (\$)	Total (\$)
Roelof Botha	—	372,928	—	372,928
Amy Brooks	—	290,917	—	290,917
Shawn Carter	—	288,535	—	288,535
Paul Deighton	65,000	249,952	—	314,952
Randall Garutti	52,170 ⁽⁴⁾	249,952	—	302,122
James McKelvey	10,000	278,776	—	288,776
Mary Meeker	—	302,981	—	302,981
Neha Narula	—	297,576	—	297,576
Sharon Rothstein	32,266	—	—	32,266
Larry Summers	17,995	—	—	17,995

- (1) The amounts included in the “Stock Awards” column represent the aggregate grant date fair value of RSU awards calculated in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 (“ASC 718”). The amount does not necessarily correspond to the actual value recognized by the outside director. The valuation assumptions used in determining such amounts are described in the section entitled “Share-based Compensation” of Note 16, *Stockholders’ Equity* in the Notes to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024.
- (2) The amounts included in the “Stock Awards” column includes the annual awards or initial awards of RSUs, as applicable, granted to our outside directors in 2024. Each of our outside directors (other than Mr. Botha) received a grant of 4,038 RSUs on June 18, 2024, with a grant date fair value of \$249,952. Mr. Botha received a grant of 5,168 RSUs on June 18, 2024, with a grant date fair value of \$319,899. Each of these RSU awards vest and settle on the earlier of the first anniversary of the grant date or the date of our Annual Meeting, subject to the director’s continued service through the vesting date.
- (3) The amounts included in the “Stock Awards” column includes the awards of RSUs granted to our outside directors in lieu of cash retainers in 2024, which are described below. Each of these awards vested and settled in full on the grant date.
- (4) Mr. Garutti was appointed to our compensation committee in April 2024, and his cash retainer was prorated accordingly.

<u>Name</u>	<u>Grant Date</u>	<u>Number of RSUs Granted</u>	<u>Grant Date Fair Value (\$)</u>	<u>Total Cash Retainer Forgone (\$)</u>
Roelof Botha	January 2, 2024	177	12,783	13,750
	April 1, 2024	162	13,197	13,750
	July 1, 2024	213	13,598	13,750
	October 1, 2024	204	13,452	13,750
Amy Brooks	January 2, 2024	137	9,894	10,625
	April 1, 2024	125	10,183	10,625
	July 1, 2024	164	10,470	10,625
	October 1, 2024	158	10,419	10,625
Shawn Carter	January 2, 2024	129	9,316	10,000
	April 1, 2024	118	9,612	10,000
	July 1, 2024	155	9,895	10,000
	October 1, 2024	148	9,759	10,000
James McKelvey	January 2, 2024	129	9,316	10,000
	April 1, 2024	118	9,612	10,000
	July 1, 2024	155	9,895	10,000
Mary Meeker	January 2, 2024	177	12,783	13,750
	April 1, 2024	162	13,197	13,750
	July 1, 2024	213	13,598	13,750
	October 1, 2024	204	13,452	13,750
Neha Narula	January 2, 2024	135	9,750	10,455
	April 1, 2024	148	12,056	12,548
	July 1, 2024	203	12,959	13,125
	October 1, 2024	195	12,858	13,125

Directors may be reimbursed for their reasonable expenses for attending board and committee meetings. Directors who are also our employees receive no additional compensation for their service as directors. During 2024, only Mr. Dorsey was an employee and a director of the Company. For additional information regarding Mr. Dorsey's compensation, refer to the section entitled "Executive Compensation."

Stock Ownership Guidelines

Our board of directors has adopted stock ownership guidelines to ensure ongoing alignment of the interests of our directors and executive officers with the long-term interests of our stockholders. Our guidelines require that (i) each non-employee director own a number of shares of our common stock with a value equal to at least five times their annual cash retainer, (ii) each executive officer (other than the Block Head) own a number of shares of our common stock with a value equal to at least three times their annual base salary, and (iii) the Block Head own a number of shares of our common stock with a value equal to at least the greater of (x) five times their annual base salary and (y) \$2 million. Each non-employee director and executive officer is required to comply with our stock ownership guidelines within five years from their promotion or hiring as an executive officer or election to our board of directors. Until a non-employee director or executive officer has satisfied their applicable level of ownership, they are required to retain an amount equal to fifty percent (50%) of the net shares received from any new equity award granted after the adoption of the guidelines. As of December 31, 2024, all our non-employee directors and executive officers had met or were on track to comply with these stock ownership guidelines within the applicable time periods.

**PROPOSAL NO. 1
ELECTION OF DIRECTORS**

In accordance with our amended and restated certificate of incorporation, our board of directors is divided into three staggered classes of directors. Three of our Class I directors, Messrs. Dorsey and Deighton and Dr. Narula, are standing for election at the Annual Meeting for a three-year term.

Each director's term continues until the election and qualification of their successor, or such director's earlier death, resignation, or removal. Any increase or decrease in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of our directors.

Nominees

Our nominating and corporate governance committee has recommended, and our board of directors has approved, Messrs. Jack Dorsey and Paul Deighton and Dr. Neha Narula as nominees for election as Class I directors at the Annual Meeting. If elected, Messrs. Dorsey and Deighton and Dr. Narula will serve as Class I directors until our 2028 annual meeting of stockholders and until their successors are duly elected and qualified. Each of the nominees is currently a director of the Company. Dr. Narula is standing for election by our stockholders for the first time. She was initially recommended by a member of management. For additional information regarding our nominees for the board of directors, refer to the section entitled "*Board of Directors and Corporate Governance*."

If you are a stockholder of record and you sign your proxy card or vote by telephone or over the Internet, but do not give instructions with respect to the voting of directors, your shares will be voted "**FOR**" the election of Messrs. Dorsey and Deighton and Dr. Narula. Messrs. Dorsey and Deighton and Dr. Narula have each agreed to serve as a director if elected; however, in the event that a director nominee is unable or declines to serve as a director at the time of the Annual Meeting, the proxies will be voted for any nominee designated by our board of directors to fill such vacancy. If you are a street name stockholder and you do not give voting instructions to your broker or nominee, your broker will leave your shares unvoted on this matter.

Vote Required

The election of directors requires a plurality of the voting power of the shares of our common stock present virtually or by proxy at the Annual Meeting and entitled to vote thereon to be approved. Broker non-votes will have no effect on this proposal.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" EACH OF THE NOMINEES NAMED ABOVE.

PROPOSAL NO. 2
ADVISORY VOTE ON THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”) enables our stockholders to vote, on an advisory or non-binding basis, on the compensation of our named executive officers as disclosed pursuant to Section 14A of the Exchange Act. This proposal, commonly known as a “Say-on-Pay” proposal, gives our stockholders the opportunity to express their views on our named executive officers’ compensation. This vote is not intended to address any specific item of compensation or any specific named executive officer, but rather the overall compensation of all our named executive officers and the philosophy, policies, and practices described in this proxy statement. We currently hold our Say-on-Pay vote every year.

The Say-on-Pay vote is advisory, and therefore is not binding on us, our compensation committee, or our board of directors. The Say-on-Pay vote will, however, provide information to us regarding investor sentiment about our executive compensation philosophy, policies, and practices, which our compensation committee will consider when determining executive compensation for the remainder of the current fiscal year and beyond. Our board of directors and our compensation committee value the opinions of our stockholders. To the extent there is any significant vote against the compensation of our named executive officers as disclosed in this proxy statement, we will endeavor to communicate with stockholders to better understand the concerns that influenced the vote and consider our stockholders’ concerns, and our compensation committee will evaluate whether any actions are necessary to address those concerns.

We believe that the information provided in the section entitled “*Executive Compensation*,” and in particular the information discussed in the section entitled “*Executive Compensation—Compensation Philosophy*,” demonstrates that our executive compensation program was designed appropriately and is working to ensure management’s interests are aligned with our stockholders’ interests to support long-term value creation. Accordingly, we ask our stockholders to vote “**FOR**” the following resolution at the Annual Meeting:

“RESOLVED, that the stockholders approve, on an advisory basis, the compensation paid to our named executive officers, as disclosed in the proxy statement for the Annual Meeting pursuant to the compensation disclosure rules of the SEC, including the compensation discussion and analysis, compensation tables and narrative discussion, and other related disclosure.”

Vote Required

The approval, on an advisory basis, of the compensation of our named executive officers requires the affirmative vote of a majority of the voting power of the shares of our common stock present virtually or by proxy at the Annual Meeting and entitled to vote thereon. Abstentions will have the effect of a vote against this proposal, and broker non-votes will have no effect on this proposal.

As an advisory vote, the result of this proposal is non-binding. Although the vote is non-binding, our board of directors and our compensation committee value the opinions of our stockholders and will consider the outcome of the vote when making future compensation decisions for our named executive officers.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” THE APPROVAL, ON AN ADVISORY BASIS, OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS.

**PROPOSAL NO. 3
RATIFICATION OF APPOINTMENT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Our audit and risk committee has appointed Ernst & Young LLP (“EY”) as our independent registered public accounting firm to audit our consolidated financial statements for our fiscal year ending December 31, 2025. During our fiscal year ended December 31, 2024, EY served as our independent registered public accounting firm.

Notwithstanding the appointment of EY, and even if our stockholders ratify the appointment, our audit and risk committee, in its discretion, may appoint another independent registered public accounting firm at any time during our fiscal year if our audit and risk committee believes that such a change would be in the best interests of our company and our stockholders. At the Annual Meeting, our stockholders are being asked to ratify the appointment of EY as our independent registered public accounting firm for our fiscal year ending December 31, 2025. Although not required by applicable law or listing rules, our audit and risk committee is submitting the appointment of EY to our stockholders because we value our stockholders’ views on our independent registered public accounting firm and as a matter of good corporate governance. Representatives of EY will be present at the Annual Meeting, and they will have an opportunity to make a statement and will be available to respond to appropriate questions from our stockholders.

If our stockholders do not ratify the appointment of EY, our audit and risk committee may reconsider the appointment.

Fees Paid to the Independent Registered Public Accounting Firm

The following table presents fees for professional audit services and other services rendered to our company by EY for our fiscal years ended December 31, 2023, and December 31, 2024, respectively.

	<u>2023</u>	<u>2024</u>
	<u>(in thousands)</u>	
Audit Fees ⁽¹⁾	\$ 13,533	\$ 14,178
Audit-Related Fees ⁽²⁾	—	—
Tax Fees ⁽³⁾	902	2,059
All Other Fees ⁽⁴⁾	3	15
Total Fees	<u>\$ 14,438</u>	<u>\$ 16,252</u>

- (1) Consist of professional services rendered in connection with the audit of our annual consolidated financial statements, including audited financial statements presented in our Annual Report on Form 10-K for the fiscal years ended December 31, 2023 and 2024 and services that are normally provided by the independent registered public accountants in connection with statutory and regulatory filings or engagements for those fiscal years.
- (2) Consist of fees for professional services for assurance and related services that are reasonably related to the performance of the audit or review of our consolidated financial statements and are not reported under “Audit Fees.” These services could include accounting consultations concerning financial accounting and reporting standards, due diligence procedures in connection with acquisitions, and procedures related to other attestation services.
- (3) Consist of fees for professional services for tax compliance, tax advice, and tax planning. These services include consultation on tax matters and assistance regarding federal, state, and international tax compliance.
- (4) Consist of license fees for the use of accounting research software.

Auditor Independence

In our fiscal year ended December 31, 2024, there were no other professional services provided by EY, other than those listed above, that would have required our audit and risk committee to consider their compatibility with maintaining the independence of EY.

Audit and Risk Committee Policy on Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm

Our audit and risk committee has established a policy governing our use of the services of our independent registered public accounting firm. Under this policy, our audit and risk committee is required to pre-approve all audit, internal control-related services, and permissible non-audit services performed by our independent registered public accounting firm to ensure that the provision of such services does not impair the public accountants' independence. All services provided by EY for our fiscal years ended December 31, 2023 and 2024, were pre-approved by our audit and risk committee pursuant to this policy.

Vote Required

The ratification of the appointment of EY as our independent registered public accounting firm for our fiscal year ending December 31, 2025, requires the affirmative vote of a majority of the voting power of the shares of our common stock present virtually or by proxy at the Annual Meeting and entitled to vote thereon. Abstentions will have the effect of a vote against this proposal. Because this is a routine proposal, we do not expect broker non-votes on this proposal.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.

REPORT OF THE AUDIT AND RISK COMMITTEE

The audit and risk committee is a committee of our board of directors comprised solely of independent directors as required by New York Stock Exchange (“NYSE”) listing standards and the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”). The composition of the audit and risk committee, the attributes of its members, and the responsibilities of the audit and risk committee, as reflected in its charter, are intended to be in accordance with applicable requirements for corporate audit committees. With respect to our financial reporting process, our management is responsible for (1) establishing and maintaining internal controls and (2) preparing our consolidated financial statements. Our independent registered public accounting firm, Ernst & Young LLP (“EY”), is responsible for performing an independent audit of our consolidated financial statements. It is the responsibility of the audit and risk committee to oversee these activities. It is not the responsibility of the audit and risk committee to prepare our financial statements. These are the fundamental responsibilities of management. In the performance of its oversight function, the audit and risk committee has:

- reviewed and discussed the audited financial statements for the fiscal year ended December 31, 2024 with management and EY;
- discussed with EY the matters required to be discussed by the applicable requirements of the Public Accounting Oversight Board (“PCAOB”) and the SEC; and
- received the written disclosures and the letter from EY required by applicable requirements of the PCAOB regarding the independent accountant’s communications with the audit and risk committee concerning independence, and has discussed with EY its independence.

Based on the audit and risk committee’s review and discussions with management and EY, the audit and risk committee recommended to the board of directors that the audited financial statements be included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2024, for filing with the SEC.

Respectfully submitted by the members of the audit and risk committee of the board of directors:

Paul Deighton (Chair)
Roelof Botha
Neha Narula

This report of the audit and risk committee is required by the SEC and, in accordance with the SEC’s rules, will not be deemed to be part of or incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933, as amended (“Securities Act”), or under the Securities Exchange Act of 1934, as amended (“Exchange Act”), except to the extent that we specifically incorporate this information by reference, and will not otherwise be deemed “soliciting material” or “filed” under either the Securities Act or the Exchange Act.

PROPOSAL NO. 4
APPROVAL OF THE BLOCK, INC. 2025 EQUITY INCENTIVE PLAN

We are asking our stockholders to approve the Block, Inc. 2025 Equity Incentive Plan (the “2025 Plan”), which was approved by the board of directors on April 24, 2025, subject to its approval by our stockholders. The 2025 Plan has been established to replace, on a prospective basis, the 2015 Equity Incentive Plan (the “2015 Plan”). The 2015 Plan was approved by our stockholders in 2015.

Reason for the Proposal

In connection with the approval of the 2025 Plan, our board of directors carefully considered projected future equity needs, our current equity granting practices and the advice of our independent compensation consultant. On the basis of these considerations, as well as other factors considered by our board of directors, our board of directors believes that it is in the best interests of the Company and its stockholders to approve the 2025 Plan.

The 2025 Plan authorizes the issuance of equity- and cash-based incentive awards to retain personnel for positions with the Company, to provide additional incentive to employees, directors, and consultants (collectively, “EIP Participants”), and to promote the success of the Company’s business. The board of directors believes that the adoption of the 2025 Plan will enable us to attract and retain the best available talent to grow our business.

If approved by our stockholders, the 2025 Plan will become effective as of the date of such stockholder approval and will replace the 2015 Plan for any new grants made after the date of such stockholder approval. Accordingly, upon approval of the 2025 Plan by our stockholders, (i) no further awards will be granted under the 2015 Plan, and (ii) any awards granted under the 2015 Plan prior to the date the 2025 Plan is approved by our stockholders will remain outstanding under such plans and will continue to vest and/or become exercisable in accordance with their original terms and conditions. Awards under the 2015 Plan that are forfeited or cancelled will not be recycled or otherwise again become available for issuance under the 2025 Plan or the 2015 Plan.

As described in more detail below, the maximum number of shares of our common stock requested for stockholder approval under the 2025 Plan is 80,000,000 shares in the aggregate, which represents an incremental dilution of approximately 13% of our outstanding shares as of April 21, 2025. Our board of directors believes the number of shares reserved for issuance under the 2025 Plan represents an amount of shares that balances stockholder and Company interests.

Considerations for the Approval of the 2025 Plan

The 2025 Plan incorporates certain corporate governance best practices to further align our equity compensation program with the interests of our stockholders. The following is a list of some of these best practices, which are intended to protect the interests of our stockholders:

What the 2025 Plan Includes and Good Governance Policies

- *Stock options and stock appreciation rights.* Stock options and stock appreciation rights are granted with an exercise price per share not less than the fair market value of our ordinary shares on the grant date.
- *Award limits on outside directors.* We have imposed a limit on awards to our outside directors.
- *Stock ownership guidelines.* We have adopted stock ownership guidelines for our executive officers and board of directors.
- *Clawback policy.* We maintain a financial restatement clawback policy in accordance with SEC and NYSE requirements, in addition to a severance clawback policy, which permits us to recover certain severance compensation paid to any covered individual subject to a severance agreement in the case of misconduct.

What the 2025 Plan Does Not Include

- *No repricing without stockholder approval.* Repricing of options and share appreciation rights is not permitted without stockholder approval, except for adjustments with respect to certain specified extraordinary corporate transactions.
- *No evergreen.* The 2025 Plan does not contain an “evergreen” feature pursuant to which the shares authorized for issuance under the 2025 Plan is increased automatically without stockholder approval.
- *No excise tax gross-ups.* No EIP Participant is entitled under the 2025 Plan to any tax gross-up payments for any excise tax pursuant to Sections 280G or 4999 of the Code.
- *Single-trigger vesting upon a change in control.* The 2025 Plan does not provide for single-trigger vesting of any awards upon a change in control (other than with respect to outside directors).
- *No liberal change in control definition.* The change in control definition under the 2025 Plan is only triggered in those instances where an actual change in control occurs (see the section entitled “*Effect of a Change in Control*” below).

Description of the Material Features of the 2025 Plan

The following is a description of the material features of 2025 Plan, which such description is qualified in its entirety by the full text of the 2025 Plan, a copy of which is filed herewith as Appendix A.

Share Reserve; Incentive Stock Option Limits

Subject to adjustment upon the occurrence of various corporate events as described in the 2025 Plan, the maximum number of shares requested for stockholder approval under the 2025 Plan is 80,000,000 shares, which is equal to approximately 13% of common shares outstanding. Shares to be issued under the 2025 Plan may be authorized but unissued shares or shares issued and then reacquired by the Company.

If an award of stock options or stock appreciation rights expires or becomes unexercisable without having been exercised in full, or is surrendered pursuant to an exchange program or an award of restricted stock, RSUs, or stock-settled performance awards or other stock-based awards is forfeited to us, tendered or withheld for tax withholding, or reacquired by us due to failure to vest, the unissued shares (or for awards other than stock options or stock appreciation rights, the forfeited or repurchased shares) will become available for future grant or sale under the 2025 Plan. With respect to stock appreciation rights, the net shares issued will cease to be available under the 2025 Plan and all remaining shares will remain available for future issuance under the 2025 Plan. Shares withheld to pay the exercise price of an award or satisfy the withholding obligations related to an award will again become available for future grant or sale under the 2025 Plan. To the extent an award is paid out in cash rather than shares, such cash payment will not result in a reduction in the number of shares available for issuance under the 2025 Plan.

The aggregate maximum number of shares of common stock that may be issued pursuant to the exercise of incentive stock options is 80,000,000.

In addition, awards under the 2025 Plan granted in substitution for equity compensation awards outstanding under a plan maintained by an entity acquired by the Company will not decrease the number of shares available for issuance under the 2025 Plan.

Administration

The 2025 Plan will be administered by the board of directors or a committee of directors or other individuals appointed by the board of directors (the “EIP Administrator”). It is currently intended that the compensation committee of the board of directors will serve as the EIP Administrator. The EIP Administrator generally has the authority to administer the 2025 Plan including, among other things, to:

- interpret the 2025 Plan and awards granted thereunder;
- create, amend, and revoke rules relating to the 2025 Plan, including creating sub-plans;
- determine EIP Participants and the terms of the awards to be granted under the 2025 Plan;

- approve the forms of award agreements for use under the 2025 Plan;
- determine the terms and conditions, consistent with the 2025 Plan, of any award granted thereunder, including fair market value, the exercise price applicable to stock options or stock appreciation rights (“SARs”), the vesting criteria and any applicable acceleration rights and whether awards may be settled or exercised in cash, shares, other awards, other property or by net settlement; and
- take any other actions necessary for the administration of the 2025 Plan.

The EIP Administrator also has the authority to amend existing awards, to allow EIP Participants the opportunity to transfer outstanding awards to a financial institution or other person or entity selected by the EIP Administrator, and to institute an exchange program by which outstanding awards may be surrendered in exchange for awards of the same type which may have a higher or lower exercise price or different terms, awards of a different type, and/or cash. Subject to the terms of the 2025 Plan, the EIP Administrator may waive any terms, conditions or restrictions with respect to awards. The EIP Administrator need not take the same action or actions with respect to awards or portions thereof or with respect to EIP Participants in the 2025 Plan.

Subject to applicable law, the board of directors or the applicable committee may delegate to one or more officers the ability to grant awards under the 2025 Plan to employees who are not officers of the Company.

Eligibility

Employees of the Company and its parent and subsidiaries (including prospective employees who have accepted an offer of employment), as determined by the EIP Administrator, members of our board of directors, and certain consultants are eligible to participate in the 2025 Plan, which, as of April 21, 2025, included approximately 11,300 employees, nine outside directors and 2,500 consultants.

The basis for participation in the 2025 Plan is the EIP Administrator’s decision, in its sole discretion, that an award to an eligible person will further the purposes of the 2025 Plan, including to attract and retain personnel, to provide additional incentive to employees, directors and consultants, and to promote the success of our business. In exercising its discretion, the EIP Administrator will consider the recommendations of management and the purposes of the 2025 Plan.

Limit on Outside Director Awards

No outside director may be granted, in any fiscal year, awards under the 2025 Plan with a grant date fair value of more than \$1 million. Awards granted to an individual while he or she was an employee, or while he or she was a consultant, but not an outside director, will not count for purposes of this limitation.

Forms of Awards

The following types of awards may be made under the 2025 Plan.

Stock Options. Stock options may be granted under the 2025 Plan, which may be structured as either a stock option intended to qualify as an incentive stock option under Section 422 of the Internal Revenue Code (an “ISO”) or a nonstatutory stock option. The exercise price of a stock option granted under the 2025 Plan must be at least equal to the fair market value of a share of the Company’s Class A common stock (“Share”) on the date of grant. The term of a stock option may not exceed ten years, except that with respect to any EIP Participant who owns more than 10% of the voting power of all classes of our outstanding stock, the term of an ISO must not exceed five years and the exercise price of an ISO must equal at least 110% of the fair market value on the grant date subject to the provisions of the 2025 Plan. The EIP Administrator will determine the methods of payment of the exercise price of a stock option, which may include, to the extent permitted by applicable law, cash, shares, or other property acceptable to the EIP Administrator, as well as other types of consideration, subject to the provisions of the 2025 Plan.

SARs. A SAR is a right to receive upon exercise of the SAR an amount in cash, shares or a combination, in value equal to the product of (i) the excess of the fair market value of one share over the exercise price per Share subject to the applicable SAR, multiplied by (ii) the number of shares in respect of which the SAR has been exercised. A SAR’s exercise price may not be less than 100% of the fair market value of a Share on the grant date. The award agreement with respect to the SAR will set forth the

applicable expiration date. The EIP Administrator shall have the authority to determine whether SARs will be settled in cash, shares or a combination thereof.

Restricted Stock. Restricted stock awards are grants of shares that vest in accordance with terms and conditions established by the EIP Administrator. Shares of restricted stock may not be sold, transferred, pledged, assigned or otherwise alienated prior to vesting. Recipients of restricted stock awards generally will have voting rights but not dividend rights with respect to unvested shares of restricted stock, unless the EIP Administrator provides otherwise. Shares of restricted stock that do not vest are subject to our right of repurchase or forfeiture.

RSUs. An RSU is an award that covers a number of shares and that may be settled upon vesting by the issuance of the underlying Shares or payment in cash or a combination of shares and cash. Subject to the provisions of the 2025 Plan, the EIP Administrator will determine the terms and conditions of RSUs, including the vesting criteria (which may include accomplishing specified performance criteria or continued service to us) and the form and timing of payment.

Performance Awards. Performance may be granted under the 2025 Plan. Performance awards that will result in a payment to an EIP Participant only if performance goals established by the EIP Administrator are achieved and the awards otherwise vest. The EIP Administrator will establish organizational or individual performance goals or other vesting criteria in its discretion, which, depending on the extent to which they are met, will determine the number and/or the value of performance awards to be paid out to EIP Participants. After the grant of a performance award, the EIP Administrator, in its sole discretion, may reduce or waive any performance criteria or other vesting provisions for such performance award. Performance units will have an initial dollar value established by the EIP Administrator on or prior to the grant date. Performance shares will have an initial value equal to the fair market value of a share on the grant date. Performance awards will have threshold, target, and maximum payout values established by the EIP Administrator on or prior to the grant date. The EIP Administrator, in its sole discretion, may pay earned performance awards in the form of cash, shares, or some combination thereof.

Other Stock-Based Awards. The EIP Administrator is authorized to grant other stock-based awards, which may be denominated in shares or factors that may influence the value of our shares, including convertible or exchangeable debt securities, other rights convertible or exchangeable into shares, purchase rights for shares, dividend rights or dividend equivalent rights or awards with value and payment contingent on our performance or that of our business units or any other factors that the EIP Administrator designates. Other stock-based awards may also include awards issued pursuant to any “matching program” adopted by the Company in connection with any employee stock purchase plan or program we maintain from time to time.

Other Cash-Based Awards. The EIP Administrator is authorized to grant other cash-based awards (including cash awarded as a bonus or upon the attainment of specified performance criteria or otherwise as permitted under the 2025 Plan), either independently or as an element of or supplement to any other award under the 2025 Plan.

Dividend Equivalents. Dividend equivalent rights may be granted as a separate award or in connection with another award under the 2025 Plan, provided that dividend equivalent rights may not be awarded on any stock option or SAR. Any dividends and/or dividend equivalents will be paid at such times and subject to such terms and conditions as determined by the EIP Administrator in its discretion.

Deferrals

Subject to compliance with Section 409A of the Code, the EIP Administrator in its sole discretion may permit or require EIP Participants to defer certain amounts or shares paid or issued in respect of awards.

Adjustments

If any extraordinary dividend or other extraordinary distribution (whether in cash, shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of shares or other securities of the Company, issuance of warrants or other rights to acquire securities of the Company, other change in the corporate structure of the Company affecting the shares, or any similar equity restructuring transaction, as that term is used in FASB Topic 718 affecting the shares occurs (including, without limitation, a change in control), the EIP Administrator, to prevent diminution or enlargement of the benefits or potential benefits

intended to be provided under the 2025 Plan, will adjust the number and class of shares (including the identity of the issuer) that may be delivered under the 2025 Plan and/or the number, class (including the identity of the issuer), and price of shares covered by each outstanding award, and the number of shares reserved for issuance under the 2025 Plan, in each case in such a manner as it deems equitable.

Effect of a Change in Control

Under the 2025 Plan, in the event of a “change in control,” the EIP Administrator may, in its sole discretion, take any one or more of the following actions with respect to outstanding awards held by EIP Participants who are not outside directors:

- continuation or assumption of the award by the successor or surviving entity (or its parent);
- substitution or replacement of the award by the successor or surviving entity (or its parent) with cash, securities, rights or other property to be paid or issued, as the case may be, by the successor or surviving entity (or a parent or subsidiary thereof) with substantially the same terms and value as the award (including any applicable performance targets or criteria);
- acceleration of the vesting of the award and the lapse of any restrictions thereon, and in the case of stock options and SAR awards, acceleration of the right to the award during a specified period (and the termination of such stock option or SAR award without payment of any consideration therefor to the extent the award is not timely exercised), in each case, upon either (i) the failure of the successor or surviving entity (or its parent) to continue, assume or substitute the award or (ii) or service (including an involuntary termination of the participant’s employment without “cause” or, solely to the extent set forth in an applicable service agreement or award agreement or otherwise determined by the EIP Administrator in its discretion, the participant for “good reason” and/or due to the participant’s death or “disability”, as such terms may be defined in the applicable award agreement and/or the participant’s employment agreement, offer letter or severance agreement, as the case may be) on or within a specified period following such change in control determined by the EIP Administrator in its sole discretion, (but not to exceed 24 months);
- in the case of a performance award, determination of the level of attainment of any applicable performance conditions, which shall be the greater of the actual level of performance through the date immediately prior to the date of the change in control (to the extent determinable) and the target performance (100%), unless otherwise determined by the EIP Administrator or as set forth in an award agreement; and/or
- cancellation of the award at the time of the change in control, in consideration of a payment that is at least equal to the value of the consideration that would be received in such change in control by the holders of the Company’s securities, with the form of such payment determined by the EIP Administrator in its sole discretion, provided that the EIP Administrator may, in its sole discretion, terminate any stock option or SAR for which the exercise or hurdle price equals or exceeds the per share value of the consideration to be paid in the change in control transaction, without payment of consideration therefor.

Upon a change in control, all awards held by outside directors will immediately vest and/or become exercisable, as applicable, and any restrictions thereon will lapse.

Under the 2025 Plan, a “change in control” generally means the occurrence of any of the following events, each as set forth in more detail in the 2025 Plan: (i) a change in the ownership of the Company in which any one person, or more than one person acting as a group (a “Person”), acquires ownership of the stock of the Company that constitutes more than 50% of the total voting power of the stock of the Company; (ii) a change in the effective control of the Company which occurs on the date a majority of members of the board of directors is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the board of directors prior to the appointment or election; or (iii) a change in the ownership of a substantial portion of the Company’s assets which occurs on the date that any Person acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such Person or Persons) assets from the Company that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions. For any award that that provides for accelerated distribution on a change in control of amounts that constitute “deferred compensation” (as defined in Section

409A of the Code), a transaction will not be a change in control (A) unless the transaction qualifies as a change in control event within the meaning of Section 409A of the Code; or (B) if its sole purpose is to (1) change the state of the Company's incorporation, or (2) create a holding Company owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

Termination of Employment

Subject to provisions of the 2025 Plan regarding permitted leaves of absence, an EIP Participant's status as a service provider will end at midnight on the last day the EIP Participant is actively providing services to the Company, its parent or subsidiaries. Unless otherwise expressly provided in the applicable award agreement or otherwise determined by the EIP Administrator, a EIP Participant's right to vest in any award will cease as of such termination of status and will not be extended by any notice period.

Transferability

Unless determined otherwise by the EIP Administrator, as required by applicable law or as otherwise set forth in the 2025 Plan, an EIP Participant may not sell, pledge, assign, hypothecate, transfer, dispose of, or otherwise alienate awards under the 2025 Plan other than by will, the laws of descent, and distribution.

Forfeiture Events

All awards granted under the 2025 Plan will be subject to recoupment under any clawback policy that we are required to adopt under applicable law. In addition, the EIP Administrator may provide in an award agreement that the EIP Participant's rights, payments, and benefits with respect to such award shall be subject to reduction, cancellation, forfeiture, or recoupment upon the occurrence of specified events. In the event of any accounting restatement, the recipient of an award will be required to repay a portion of the proceeds received in connection with the settlement of an award earned or accrued under certain circumstances.

Cancellation or "Clawback" of Awards

Any award granted under the 2025 Plan, and any shares, cash or other property that may be issued, delivered or paid in respect of such an award, and any consideration that may be received in respect of a sale or other disposition of any such shares or property, are subject to any recoupment, "clawback" or similar provisions of applicable law, as well as any recoupment, "clawback" or similar policies of the Company that may be in effect from time to time (including, without limitation, the Block, Inc. Financial Restatement Clawback Policy and the Block, Inc. Severance Clawback Policy (each as may be amended from time to time), subject in each case to the EIP Administrator's authority to grant exceptions in such circumstances as it may determine to be appropriate or specify additional or different rules as to any particular award (subject to compliance with applicable law).

Prohibition on Repricing

Subject to the adjustment provision described above, the EIP Administrator may not directly or indirectly, through cancellation or regrant or any other method (including through the repurchase of stock options or SAR awards (that are "out of the money") for cash and/or other property), reduce, or have the effect of reducing, the exercise or hurdle price of any award established at the time of grant without approval of our stockholders.

Term of the 2025 Plan; Plan Amendment or Termination

The 2025 Plan will continue in effect until the tenth anniversary of the effective date, or until an earlier termination as permitted under the 2025 Plan.

The board of directors or the compensation committee thereof has the authority to amend, suspend, or terminate the 2025 Plan, provided that such action does not materially impair the existing rights of any EIP Participant without such EIP Participant's written consent or as otherwise permitted by the 2025 Plan. Stockholder approval of any amendment to the 2025 Plan will be required to the extent required by applicable law.

U.S. Federal Income Tax Consequences

The information set forth below is a summary under current law of certain United States federal income tax consequences to the Company and EIP Participants who are citizens or individual residents of the United States relating to awards granted under the 2025 Plan and does not purport to be complete. Because the tax consequences to any recipient may depend on his or her particular situation, each recipient should consult the recipient's tax adviser regarding the federal, state, local, and other tax consequences of the grant or exercise of an award or the disposition of stock acquired as a result of an award. The 2025 Plan is not qualified under the provisions of Section 401(a) of the Code and is not subject to any of the provisions of the Employee Retirement Income Security Act of 1974.

Nonstatutory Stock Options. A EIP Participant generally will not recognize taxable income when granted a non-qualified stock option. When the EIP Participant exercises the stock option, he or she generally will recognize taxable ordinary income equal to the excess of the fair market value of the shares received on the exercise date over the aggregate exercise price of the shares. The EIP Participant's tax basis in the shares acquired on exercise of the option will be increased by the amount of such taxable income. We generally will be entitled to a federal income tax deduction in an amount equal to the ordinary income that the EIP Participant recognizes, subject to any limits imposed under Section 162(m) of the Code. When the EIP Participant sells the shares acquired on exercise, the EIP Participant generally will realize long-term or short-term capital gain or loss, depending on whether the EIP Participant holds the shares for more than one year before selling them.

Incentive Stock Options. A EIP Participant generally will not have taxable income when granted an ISO or when exercising the option. However, the exercise of an ISO may result in an alternative minimum tax liability to the employee. If the EIP Participant exercises the option and does not dispose of the shares until the later of two years after the grant date and one year after the exercise date, the entire gain, if any, realized when the EIP Participant sells the shares generally will be taxable as long-term capital gain. We generally will not be entitled to any corresponding tax deduction. If an EIP Participant disposes of the shares received upon exercise of an ISO within the one-year or two-year periods described above, it will generally be considered a "disqualifying disposition," and the option will be treated as a nonstatutory stock option for federal income tax purposes. Generally, if an EIP Participant exercises an ISO more than three months after the EIP Participant's employment or service with us terminates, the option will be treated as a nonstatutory stock option for federal income tax purposes. We are not allowed an income tax deduction with respect to the grant or exercise of an ISO or the disposition of a Share acquired on exercise of an ISO after the required holding period. If there is a disqualifying disposition of a Share, however, we are generally allowed a deduction in an amount equal to the ordinary income includible in income by the optionholder.

Stock Appreciation Rights. An EIP Participant generally does not recognize income at the time a SAR is granted. At the time cash or stock representing the amount of the appreciation is transferred to the EIP Participant pursuant to exercise of the SAR, the EIP Participant will generally be required to recognize as income an amount equal to the amount of cash or fair market value of the shares paid or transferred to the EIP Participant. Such amount will be taxable as ordinary income and we generally will be entitled to a corresponding tax deduction, subject to any limits imposed under Section 162(m) of the Code.

Restricted Stock. An EIP Participant generally will not recognize any income upon the receipt of unvested shares or restricted stock unless the EIP Participant elects under Section 83(b) of the Code, within 30 days after receipt of the shares, to recognize ordinary income in an amount equal to the fair market value of the shares at the time of receipt, less any amount paid for the shares, and the Company generally will be allowed a corresponding tax deduction at that time, subject to any limits imposed under Section 162(m) of the Code. An EIP Participant who makes the election will not be allowed a deduction for the value of any shares subsequently forfeited. An EIP Participant who does not make the election generally will recognize ordinary income on the date of the lapse of the restrictions applicable to the shares, which may be at the time of grant, in an amount equal to the fair market value of the shares on such date, less any amount paid for the shares. Generally, upon a sale or other disposition of restricted stock with respect to which an EIP Participant has recognized ordinary income (i.e., a Section 83(b) election was previously made or the restrictions previously lapsed), the EIP Participant will recognize capital gain or loss in an amount equal to the difference between the amount realized on such sale or other disposition and the basis in such shares. Any gain or loss recognized is generally treated as a capital gain or loss (short-term or long-term depending on the applicable holding period).

Restricted Stock Units. An EIP Participant generally does not recognize income at the time a RSU is granted. At the time of settlement of the award, the EIP Participant will generally recognize ordinary income equal to the fair market value of the RSUs at the time of settlement of the award, and the Company generally will be allowed a corresponding tax deduction at that time, subject to any limits imposed under Section 162(m) of the Code. Any gain or loss recognized upon a subsequent sale or exchange of the shares (if settled in shares) is generally treated as a capital gain or loss (short-term or long-term depending on the applicable holding period).

Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”). Section 162(m) of the Code generally limits the federal income tax deduction for compensation paid to “covered employees” (in general, currently the CEO, the CFO, and the three other most highly-compensated executive officers for the year at issue and any person who was part of that group for any other year beginning after December 31, 2016) to \$1,000,000. Thus, certain compensation attributable to awards may be nondeductible to us due to the application of Section 162(m) of the Code.

Registration with the SEC

If our stockholders approve the 2025 Plan, we will file with the SEC a registration statement on Form S-8, as soon as reasonably practicable after the approval, to register the shares available for issuance under the 2025 Plan.

Vote Required

The approval of our 2025 Equity Incentive Plan requires the affirmative vote of a majority of the voting power of the shares of our common stock present virtually or by proxy at the Annual Meeting and entitled to vote thereon. Abstentions will have the effect of a vote against this proposal, and broker non-votes will have no effect on this proposal.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” THE APPROVAL OF THE BLOCK, INC. 2025 EQUITY INCENTIVE PLAN.

PROPOSAL NO. 5
APPROVAL OF THE BLOCK, INC. AMENDED AND RESTATED 2015 EMPLOYEE STOCK PURCHASE PLAN

We are asking our stockholders to approve the Block, Inc. Amended and Restated 2015 Employee Stock Purchase Plan (the “Amended Employee Stock Purchase Plan”), which was approved by the Board on April 24, 2025 upon the recommendation of the compensation committee, subject to approval by our stockholders. The Amended Employee Stock Purchase Plan will amend and restate, on a prospective basis, the Block, Inc. 2015 Employee Stock Purchase Plan, as amended and restated (the “2015 Employee Stock Purchase Plan”). The 2015 Employee Stock Purchase Plan was approved by our stockholders in 2015.

Reasons for the Proposal

The Amended Employee Stock Purchase Plan is intended to provide eligible employees of the Company and its affiliates that participate in the Amended Employee Stock Purchase Plan with an opportunity to acquire a proprietary interest in the Company through the purchase of shares at a discounted rate. The Amended Employee Stock Purchase Plan includes two components, a component that is intended to qualify as an “employee stock purchase plan” under Section 423 of the Code (such component, the “423 Component”) and a component that is not intended to qualify as an “employee stock purchase plan” under Section 423 of the Code (the “Non-423 Component”). The Amended Employee Stock Purchase Plan will be interpreted in a manner that is consistent with that intent.

The maximum number of shares of our common stock requested for stockholder approval under the Amended Employee Stock Purchase Plan is 34,000,000 shares in the aggregate, which represents the same number of shares remaining available for issuance under the 2015 Employee Stock Purchase Plan as of April 21, 2025 (which does not give effect to any evergreen increase for the fiscal year ending December 31, 2024). Our board of directors believes that the interests of the Company and its stockholders will be advanced if we can continue to offer employees the opportunity to acquire or increase their ownership interests in the Company. Accordingly, we are asking stockholders to approve the Amended Employee Stock Purchase Plan, which will amend and restate, on a prospective basis, the 2015 Employee Stock Purchase Plan.

If approved by our stockholders, the Amended Employee Stock Purchase Plan will become effective as of the date of such stockholder approval and will amend and restate the 2015 Employee Stock Purchase Plan for any offering period beginning after such date.

Description of the Material Features of the Amended Employee Stock Purchase Plan

The following is a description of the material features of the Amended Employee Stock Purchase Plan, which such description is qualified in its entirety by the full text of the Amended Employee Stock Purchase Plan, a copy of which is filed herewith as Appendix B.

Share Reserve

Subject to adjustment upon the occurrence of various corporate events as described in the Amended Employee Stock Purchase Plan, the maximum number of shares available for purchase under the Amended Employee Stock Purchase Plan is 34,000,000 in the aggregate. The Amended Employee Stock Purchase Plan does not contain an “evergreen” feature pursuant to which the shares authorized for issuance under the plan can be increased automatically without stockholder approval.

Administration

The Amended Employee Stock Purchase Plan is administered by the board of directors or by a committee of the board of directors that is constituted to comply with applicable laws and designated by the board of directors to administer the Amended Employee Stock Purchase Plan (the “ESPP Administrator”). It is currently intended that the compensation committee of the board of directors will continue to serve as the ESPP Administrator.

The ESPP Administrator generally has the authority to administer the Amended Employee Stock Purchase Plan including, among other things, to interpret and apply the terms of the Amended Employee Stock Purchase Plan, to delegate ministerial duties to our employees, to designate separate offerings under

the Amended Employee Stock Purchase Plan, to designate affiliates and subsidiaries of the Company as participating in the 423 Component or Non-423 Component, to determine eligibility, and to establish such procedures that are necessary for the administration of the Amended Employee Stock Purchase Plan, including creating sub-plans.

Eligibility

Generally, employees (including officers) who are employed for at least 20 hours per week and more than five months in any calendar year by Block or an affiliate or subsidiary of Block that has been designated by the ESPP Administrator are eligible to participate in the 423 Component and the Non-423 Component, subject to certain limitations imposed by Section 423 of the Code and limitations on stock ownership as set forth in the Amended Employee Stock Purchase Plan (as set forth in more detail below). All employees who provide services to us are eligible to participate in the Non-423 Component, subject to the ESPP Administrator's discretion to determine such employees' eligibility to participate (such employees who participate in the 423 Component and Non-423 Component, the "ESPP Participants").

As of April 21, 2025, approximately 7,948 employees are eligible to participate in the 423 Component of the Amended Employee Stock Purchase Plan and 2,436 employees are eligible to participate in the Non-423 Component of the Amended Employee Stock Purchase Plan. The basis for participation in the Amended Employee Stock Purchase Plan is the ESPP Administrator's decision, in its sole discretion, that the individual's employer should be the Company (as defined in the Amended Employee Stock Purchase Plan) designated under the Amended Employee Stock Purchase Plan. In exercising its discretion, the ESPP Administrator will consider the purposes of the Amended Employee Stock Purchase Plan and such other factors it deems relevant.

No ESPP Participant shall be granted an option to purchase shares under the Amended Employee Stock Purchase Plan if (i) immediately after the grant such ESPP Participant would own stock and/or holds outstanding options to purchase stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of Block or of any of its parents or subsidiaries, or (ii) such option to purchase shares would permit such employee to accrue at a rate which exceeds \$25,000 of fair market value of such shares for each calendar year in which such option is outstanding at any time, as determined in accordance with Section 423 of the Code.

Offering Periods

The Amended Employee Stock Purchase Plan provides for 12-month offering periods, which start on the first trading day on or after May 15 and November 15 of each year. Each offering period includes two purchase periods, which begin on the first trading day on or after November 15 and May 15, and end on the last trading day on or before May 15 and November 15, respectively. The ESPP Administrator may designate separate offerings under the Amended Employee Stock Purchase Plan (the terms of which need not be identical).

Contributions; Purchase Price

The Amended Employee Stock Purchase Plan permits ESPP Participants to purchase shares through payroll deductions of up to 25% of their eligible compensation. Amounts deducted and accumulated by the ESPP Participant are used to purchase shares at the end of each purchase period. The purchase price of the shares is 85% of the lower of the fair market value of the shares the first trading day of each offering period or on the exercise date (or such other amount designated by the ESPP Administrator, subject to compliance with Section 423 of the Code and the terms of the Amended Employee Stock Purchase Plan). An ESPP Participant may purchase a maximum of 2,000 shares during a purchase period. ESPP Participants may end their participation at any time during an offering period and will be paid their accrued contributions that have not yet been used to purchase shares. We may, in our discretion, also make contributions on behalf of participants under the Non-423 Component.

Non-Transferability

ESPP Participants are generally not permitted to transfer rights granted under the Amended Employee Stock Purchase Plan, including any rights with respect to their contributions to the Amended Employee Stock Purchase Plan, their exercise of an option to purchase shares, or to receive shares pursuant to the Amended Employee Stock Purchase Plan, other than by will, the laws of descent and distribution.

Adjustments

In the event of certain changes to the corporate structure of the Company affecting the shares, as set forth in the Amended Employee Stock Purchase Plan, to prevent diminution or enlargement of the benefits or potential benefits available under the Amended Employee Stock Purchase Plan, the ESPP Administrator will adjust the number and class of shares that may be delivered under the Amended Employee Stock Purchase Plan and/or the number, class and price of shares covered by each outstanding award, and the numerical share limits set forth in the Amended Employee Stock Purchase Plan.

Dissolution or Liquidation

In the event of a proposed liquidation or dissolution, the offering period then in progress will be shortened, and a new exercise date will be established to occur before the date of the proposed dissolution or liquidation, unless otherwise provided by the ESPP Administrator. The ESPP Administrator will notify each ESPP Participant that the exercise date has been changed and that the ESPP Participant's option to purchase shares will be exercised automatically on the new exercise date unless prior to such date the ESPP Participant has withdrawn from the offering period.

Merger or Change in Control

The Amended Employee Stock Purchase Plan provides that in the event of a merger or change in control (as defined below), a successor corporation may assume or substitute each outstanding purchase right. If the successor corporation refuses to assume or substitute for the outstanding purchase right, the offering period then in progress will be shortened, and a new exercise date occurring before the date of the merger or change in control will be set. The ESPP Administrator will notify each ESPP Participant that the exercise date has been changed and that the ESPP Participant's option will be exercised automatically on the new exercise date unless prior to such date the ESPP Participant has withdrawn from the offering period.

Under the Amended Employee Stock Purchase Plan, a "change in control" generally means the occurrence of any of the following events, each as set forth in more detail in the Amended Employee Stock Purchase Plan: (i) a change in the ownership of the Company in which any one Person, acquires ownership of the stock of the Company that constitutes more than 50% of the total voting power of the stock of the Company; (ii) a change in the effective control of the Company which occurs on the date a majority of members of the board of directors is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the board of directors prior to the appointment or election; or (iii) a change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions. A transaction will not be a Change in Control (A) unless the transaction qualifies as a change in control event within the meaning of Section 409A of the Code; or (B) if its sole purpose is to (1) change the state of the Company's incorporation, or (2) create a holding Company owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

Term; Amendment; Termination

The ESPP Administrator has the authority to amend, suspend, or terminate the Amended Employee Stock Purchase Plan, subject to applicable law. The Amended Employee Stock Purchase Plan will continue in effect for a term of twenty years following the effective date of the 2015 Employee Stock Purchase Plan, unless the ESPP Administrator terminates it sooner.

Termination of Employment

Subject to our Leave Policy, upon an ESPP Participant's ceasing to be eligible to participate in the Amended Employee Stock Purchase Plan for any reason, contributions credited to such ESPP Participant's account during the applicable offering period but not yet used to purchase shares under the Amended Employee Stock Purchase Plan will be returned to such ESPP Participant (or, in the case of his or her death, to the ESPP Participant's designated beneficiaries), and such ESPP Participant's option for the purchase of shares will be automatically terminated.

New Plan Benefits

The benefits to be received by those employees who are eligible to participate in the Amended Employee Stock Purchase Plan are not determinable, since the amounts of future purchases by ESPP Participants are based on elective ESPP Participant contributions and also depend on the value of the Company's common stock. No options have been granted, and no shares have been issued, under the Amended Employee Stock Purchase Plan.

Registration with the SEC

If our stockholders approve the Amended Employee Stock Purchase Plan, we will file with the SEC a registration statement on Form S-8, as soon as reasonably practicable after the approval, to register the shares available for issuance under the Amended Employee Stock Purchase Plan.

Material Federal Income Tax Consequences

The following is a general, brief summary of the principal federal income tax consequences of certain awards and transactions under the Amended Employee Stock Purchase Plan. The following summary is based upon an interpretation of present federal tax laws and regulations and may be inapplicable if such laws and regulations are changed. This summary is not intended to be exhaustive or constitute tax advice and does not describe state, local or foreign tax consequences, nor does it describe the consequences to any particular ESPP Participant.

It is Block's intent that the 423 Component of the Amended Employee Stock Purchase Plan will qualify as an employee stock purchase plan under Section 423 of the Code. The provisions of the Amended Employee Stock Purchase Plan, accordingly, will be construed so as to extend and limit participation in a manner consistent with the requirements of that section of the Code. Block believes that the following federal income consequences normally will apply with respect to the Amended Employee Stock Purchase Plan.

The payroll deductions withheld from an ESPP Participant's pay under the Amended Employee Stock Purchase Plan will be taxable income to the ESPP Participant and must be included in the ESPP Participant's gross income for federal income tax purposes in the year which such amounts otherwise would have been received.

An ESPP Participant will not be required to recognize any income for federal income tax purposes at the time the ESPP Participant is granted an option to purchase shares. In addition, ESPP Participants in the 423 Component will not be required to recognize any income for federal income tax purposes at the time the ESPP Participant exercises the option to purchase shares. The federal income tax consequences of a sale or disposition of shares acquired under the 423 Component of the Amended Employee Stock Purchase Plan depend in part on the length of time the shares are held by an ESPP Participant before such sale or disposition. If an ESPP Participant sells or otherwise disposes of shares acquired under the 423 Component of the Amended Employee Stock Purchase Plan (other than any transfer resulting from death) within two (2) years after the first day of the applicable offering period or one (1) year after the shares are acquired (the "Holding Period"), the ESPP Participant must recognize ordinary compensation income in the year of such disposition in an amount equal to the excess of (i) the fair market value of the shares on the date such shares were acquired over (ii) the price paid for the shares by the ESPP Participant. The amount of "ordinary" compensation income recognized by the ESPP Participant will be added to the ESPP Participant's basis in such shares for purposes of determining any additional gain or loss realized by the ESPP Participant on the sale of the shares. Any such additional gain or loss will be taxed as capital gain or loss, long or short, depending on how long the ESPP Participant held the shares.

If an ESPP Participant sells shares acquired under the 423 Component of the Amended Employee Stock Purchase Plan after the Holding Period or if the ESPP Participant dies, the ESPP Participant or the ESPP Participant's estate must include as ordinary compensation income in the year of sale (or the taxable year ending upon death) an amount equal to the lesser of (i) the excess of the fair market value of the shares on the first day of the offering period over the option price (determined as if the option had been exercised on the first day of the offering period), or (ii) the excess of the fair market value of the shares at the time of sale of the shares or on the date of death over the price paid for the shares by the ESPP Participant. Except in the case of a transfer as a result of death, the amount of ordinary income recognized by the ESPP Participant will be added to the ESPP Participant's basis in such shares. Any gain realized

upon the sale in excess of such basis will be taxed as a long-term capital gain. Any loss realized will be treated as long-term capital loss.

Upon an ESPP Participant's purchase of shares under the Non-423 Component of the Amended Employee Stock Purchase Plan, the ESPP Participant will recognize ordinary compensation income. The amount of income recognized will be equal to the difference between the purchase price paid for the stock and the fair market value of a share on the purchase date. When the ESPP Participant sells any shares purchased under the Non-423 Component of the Amended Employee Stock Purchase Plan, the ESPP Participant will have capital gain or loss equal to the difference, if any, between the proceeds of the sale and the participant's basis in the stock. The capital gain rate will depend on how long the common stock was held by the ESPP Participant.

The Company will not receive any income tax deduction as a result of issuing shares pursuant to the Amended Employee Stock Purchase Plan, except to the extent that an ESPP Participant is required to include as ordinary income amounts arising upon the acquisition, sale or disposition of such shares as discussed above.

Vote Required

The approval of our Amended Employee Stock Purchase Plan requires the affirmative vote of a majority of the voting power of the shares of our common stock present virtually or by proxy at the Annual Meeting and entitled to vote thereon. Abstentions will have the effect of a vote against this proposal, and broker non-votes will have no effect on this proposal.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE APPROVAL OF THE BLOCK, INC. AMENDED AND RESTATED 2015 EMPLOYEE STOCK PURCHASE PLAN.

EXECUTIVE OFFICERS

The following table identifies certain information about our executive officers as of April 25, 2025. Our executive officers are appointed by, and serve at the discretion of, our board of directors.

Name	Age	Position
Jack Dorsey	48	Block Head and Chairperson
Amrita Ahuja	45	Foundational Lead, Chief Financial Officer, and Chief Operating Officer
Chrysty Esperanza	46	Counsel Lead, Chief Legal Officer, and Corporate Secretary
Brian Grassadonia	42	Ecosystem Lead
Owen Britton Jennings	35	Business Lead
Dhanji R. Prasanna	44	Technology + Engineering Lead

For biographical information for Jack Dorsey, refer to the section entitled “*Board of Directors and Corporate Governance*.”

Amrita Ahuja has served as our Foundational Lead and Chief Operating Officer since February 2023, and as our Chief Financial Officer since January 2019. From March 2018 to January 2019, Ms. Ahuja served as the Chief Financial Officer of Blizzard Entertainment, Inc., a division of Activision Blizzard, Inc. Beginning in June 2010, she served in various positions at Activision Blizzard, Inc., including as Senior Vice President of Investor Relations from January 2015 to May 2018, Vice President, Finance and Operations from August 2012 to January 2015 and Vice President, Strategy and Business Development from June 2010 to August 2012. Ms. Ahuja currently serves on the boards of directors of Airbnb, Inc. and a privately held company. She holds a B.A. in economics from Duke University and an M.B.A. from Harvard Business School.

Chrysty Esperanza has served as our Counsel Lead, Chief Legal Officer and Corporate Secretary since February 2023. From September 2024 to March 2025, Ms. Esperanza served as our Interim Chief Compliance Officer and BSA/AML Compliance Officer. From December 2021 to February 2023, Ms. Esperanza served as our General Counsel, having previously served as our Assistant Corporate Secretary from June 2021. From October 2013 to December 2021, Ms. Esperanza held various positions within the Counsel team. Ms. Esperanza currently serves on the board of trustees for the San Francisco Friends School and the board of directors of the San Francisco Public Library. Ms. Esperanza holds a B.A. in Mass Communication/Business Administration from the University of California, Los Angeles and a J.D. from the University of California College of the Law, San Francisco (formerly known as the UC Hastings College of Law).

Brian Grassadonia has served as our Ecosystem Lead since August 2024, having previously served as the CEO of Cash App (formerly referred to as Cash App Lead) since January 2013. From May 2012 to January 2013, Mr. Grassadonia served as our Director of Product Development, as well as our Director of Growth from February 2011 to May 2012. He joined the Company in September 2010 and served as Product Manager until February 2011. Mr. Grassadonia currently serves on the board of directors of a privately held company. Mr. Grassadonia holds a Bachelor of Applied Science (BASc) in Management Science from the University of California, San Diego.

Owen Britton Jennings serves as our Business Lead, having previously served as the Chief Operating Officer of Cash App from June 2022 until August 2024 and Head of Product and Business of Cash App from July 2021 until June 2022. From November 2016 to July 2021, Mr. Jennings served in various roles within the product and business function of Cash App. He holds a B.A. in philosophy from Dartmouth.

Dhanji R. Prasanna has served as our Technology + Engineering Lead since August 2024, having previously served as one of our engineering leads since November 2023. From January 2023 to November 2023, Mr. Prasanna served as the Chief Scientist of TBD, as well as a Scientist for the Company from March 2019 to November 2023. Mr. Prasanna served as the Head of Engineering for Cash App from June 2015 to April 2019. Mr. Prasanna holds a B.S. in Computer Science from Marquette University.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis summarizes the material components of our executive compensation program and our executive compensation policies, practices, and compensation decisions for 2024 for our “named executive officers.” Our named executive officers for 2024 were:

Jack Dorsey	Block Head
Amrita Ahuja	Foundational Lead, Chief Financial Officer, and Chief Operating Officer
Brian Grassadonia	Ecosystem Lead
Owen Britton Jennings	Business Lead
Dhanji R. Prasanna	Technology + Engineering Lead

Compensation Philosophy

At Block, we are building an ecosystem dedicated to unlocking access to the financial system for more people around the world. We do this by building the most relevant products and tools for the communities we serve including sellers, consumers, artists, fans, and developers. Our brands work together cohesively, often positively reinforcing one another and creating resonant relationships with people who use our products to meet multiple needs across the different aspects of their lives. As we scale, we are investing in building deeper connections between our ecosystems and increasing the resilience of our company.

Our compensation programs are designed to attract, retain, and grow the best teams that are aligned with this purpose and embody the essential values of our company culture, centered around the following core principles:

- *Market Competitive:* We have a data-driven approach to ensure we stay competitive by benchmarking against industry peers, recognizing that compensation is just one element of our broader value proposition.
- *Performance Driven:* Our programs reward individual and team performance, aligning efforts with corporate success. Through stock-based compensation, we link rewards to shareholder value and create a merit-based system that recognizes and celebrates impact.
- *Equitable:* We value and differentiate pay based on responsibilities, skills, capability, performance, and experience. Simultaneously, we take steps to mitigate the potential influence of bias on compensation decisions, with the goal to foster an inclusive and fair compensation environment.
- *Simple:* Our compensation programs are clear and easy for our employees to understand, minimizing complexity for straightforward communication and administration.

Compensation Design and Objectives

In 2024, we continued to maintain a simplified approach to employee and executive compensation. Compensation for our named executive officers consists largely of base salary and equity awards intended to align incentives to grow our business. Equity incentives are provided through a combination of stock options and RSUs. We believe that this combination provides an appropriate mix of performance-driven appreciation opportunities through stock options, and alignment of rewards with the long-term interests of our stockholders through RSUs. We have not implemented a company-wide performance-based cash incentive plan for our employees, including our named executive officers, in order to maintain a simplified compensation program that focuses on delivering long-term growth rather than short-term results.

The primary objective of our executive compensation program is to drive long-term stockholder value. We seek to achieve this objective by designing our executive compensation programs to:

- recruit and retain talented individuals who can develop, implement and deliver on long-term value creation strategies by using competitive pay packages focused on long-term executive retention;
- motivate our executives to deliver the highest level of individual, team, and Company performance; and

- provide heavier weighting (over 90% of aggregate named executive officer compensation during 2024) towards equity-based compensation directly tied to the long-term value and growth of our company and to align the interests of our executives with those of our stockholders.

For 2024, we made the following executive compensation decisions:

- *Block Head Compensation:* Mr. Dorsey requested that our compensation committee continue to provide him with no cash or equity compensation except for an annual base salary of \$2.75. Our compensation committee considered Mr. Dorsey's request in light of his significant ownership position, determined that Mr. Dorsey's financial incentives are strongly aligned with the interests of long-term stockholders without further compensation and, therefore, approved Mr. Dorsey's request. Mr. Dorsey continues to participate in several company-wide benefit programs, such as our disability insurance coverages, on the same basis as our other salaried, full-time employees.
- *Base Salaries:* In April 2024, we did not adjust the base salary levels of Ms. Ahuja or Messrs. Grassadonia and Prasanna after consideration of a competitive market analysis. In December 2024, the compensation committee approved an increase in Mr. Jennings' base salary in connection with his promotion to Business Lead.
- *Equity Awards:* Annual equity awards were made through a combination of stock options and RSUs to each of our named executive officers (other than our Block Head) to provide them with additional incentives to remain with us and to maintain alignment of our total compensation programs with the competitive market. Additionally in October 2024, Messrs. Jennings and Prasanna each received a promotional RSU grant in connection with their appointments to the positions of Business Lead and Technology + Engineering Lead, respectively.
- *Clawback Policies:* We maintain a financial restatement clawback policy in accordance with SEC and NYSE requirements, in addition to a severance clawback policy, which permits us to recover certain severance compensation paid to any covered individual subject to a severance agreement in the case of misconduct.

We conduct a comprehensive review of our compensation philosophy, objectives, and design, including a review of our executive compensation program, on an annual cycle. We may implement new compensation plans and arrangements for our named executive officers and/or employees where we deem necessary or appropriate, including to attract or retain high-caliber talent to our organization or provide incentives for them to drive Block's success.

Impact of 2024 Stockholder Advisory Vote on Executive Compensation

In June 2024, we conducted a non-binding, advisory vote on the compensation of our named executive officers, commonly referred to as a "say-on-pay" vote, at our 2024 annual meeting of stockholders. Our stockholders overwhelmingly voted to approve the compensation of the named executive officers, with approximately 98% of the votes cast in favor of our executive compensation program.

Our compensation committee was mindful of this strong support, and after considering this advisory vote result and evaluating our executive compensation policies and practices throughout 2024, determined that we should maintain the compensation philosophy and objectives from prior years and retain our general approach to executive compensation. As a result, our compensation committee decided to continue to provide compensation with an emphasis on equity compensation that rewards our most senior executives when they deliver value for our stockholders.

Consistent with the recommendation of our board of directors and the approval of our stockholders in connection with the advisory vote on the frequency of future say-on-pay votes conducted at our 2022 annual meeting of stockholders, the board of directors has determined to hold annual advisory votes on the compensation of our named executive officers. Accordingly, the next advisory vote to approve executive compensation will occur at the 2026 annual meeting of stockholders. The next advisory vote on the frequency of future say-on-pay votes will occur at our 2028 annual meeting of stockholders.

Compensation-Setting Process

Role of Our Compensation Committee

Our compensation committee administers and determines the parameters of the executive compensation program. Our compensation committee currently consists of Ms. Meeker and Messrs. Botha, Deighton, and Garutti, with Ms. Meeker serving as Chair. Mr. Garutti was appointed to our compensation committee in April 2024. Each of our compensation committee members qualifies as an “independent director” for purposes of the listing standards of the NYSE. Each of Ms. Meeker and Messrs. Botha, Deighton, and Garutti also qualify as a “non-employee director” as defined pursuant to Rule 16b-3 promulgated under the Exchange Act. Our compensation committee may establish, and has from time to time established, a subcommittee to which it delegates authority to grant and administer equity awards, to help promote compliance with Section 16 of the Exchange Act. For purposes of the discussion below, references to “compensation committee” shall mean the “subcommittee” for all actions taken with respect to such awards in 2024, except as otherwise noted.

Under its charter, our compensation committee reviews, approves, and determines, or makes recommendations to our board of directors regarding, executive officer compensation. For additional information on our compensation committee, including its authority, refer to the section entitled “*Board of Directors and Corporate Governance—Board Meetings and Committees—Compensation Committee.*”

Role of Management

Our Block Head, People Lead, and members of our People team provide our compensation committee with information on corporate and individual performance, market data, and their perspectives and recommendations on compensation matters. No named executive officer participates in deliberations regarding their own compensation.

For named executive officers who are hired externally, their initial compensation arrangements are determined through negotiations with each named executive officer. Typically, our Block Head provides input on the terms of these arrangements, with the oversight and final approval of our board of directors or our compensation committee. Compensation for individuals promoted into named executive officer positions is recommended by our Block Head and our People Lead and reviewed and approved by the compensation committee.

In reviewing compensation for existing named executive officers, our compensation committee solicits input from our Block Head and our People Lead. Our compensation committee reviews their input on capability, job complexity, and overall assessment of individual performance and contributions of each executive. Our compensation committee values our Block Head’s perspective and input on each named executive officer’s performance and contributions to our business. The input of our Block Head is an important factor that our compensation committee uses in making its executive compensation decisions, along with input from our external compensation advisors on market trends.

Role of Compensation Consultant

Our compensation committee has the authority to engage its own advisors to assist in carrying out its responsibilities. In July 2024, our compensation committee transitioned from its existing independent compensation consultant, Compensia,, and engaged a new independent compensation consultant, Pay Governance LLC (“Pay Governance”), to assist with its duties, including providing advice relating to our compensation peer group selection as well as providing support and specific analyses with regard to compensation data and formulation of recommendations for executive and outside director compensation. Compensia previously reported, and Pay Governance reports, directly to our compensation committee and not to management. Neither Compensia nor Pay Governance have provided any services to us other than the services provided to our compensation committee.

Our compensation committee has assessed the independence of both Compensia and Pay Governance, taking into account, among other matters, the enhanced independence standards and factors set forth in Exchange Act Rule 10C-1 and the applicable listing standards of the NYSE, and concluded that there are no conflicts of interest regarding the work that Compensia performed and Pay Governance performs for our compensation committee.

Competitive Positioning

In determining the compensation for our named executive officers, our compensation committee, with assistance from the committee's independent compensation consultant, reviews the compensation practices and levels of our compensation peer group. This compensation peer group analysis is used to assess whether our executive compensation program and individual compensation levels for our named executive officers are appropriately positioned to attract and retain high-performing talent.

Our compensation peer group is set forth below and was established for 2024 with input from Compensia. The compensation peer group was developed using a rules-based/mechanical approach and reflects publicly-traded companies with similar industry, geography, and financial characteristics as us (including revenues of approximately forty percent (0.4x) to two and one half times (2.5x) and a market capitalization of approximately one quarter (0.25x) to four times (4.0x) Block's respective levels at the time the peer group was selected). The group was further refined to include companies with one-year organic revenue growth greater than 10% or market capitalization per employee greater than \$3 million. Our compensation committee intends to regularly review our compensation peer group and the underlying criteria to assess whether it remains appropriate for review and comparison purposes.

Following a review of our 2023 peer group companies, the Committee approved the following changes to the peer group for 2024. Two companies, Adobe and Twitter, that had met the criteria for inclusion in our peer group in 2023 no longer met those criteria in 2024 and were removed from our 2024 peer group. Similarly, companies that were outside our scoping metrics in 2023 but within them in 2024 were added to our compensation peer group. Those companies are noted by a * in the list below. Accordingly, the compensation peer group used to inform our 2024 compensation decisions were:

Affirm	eBay	PayPal	Twilio
Airbnb	Fiserv	ServiceNow	Uber
Autodesk	Global Payments	Shopify	Workday
Coinbase	Intuit	Snap	Zoom
DoorDash*	Palo Alto Networks	Toast*	

Relative to our compensation peer group above, at the time of approval of our peer group in July 2023, Block ranked at the 88th percentile on a trailing four quarters GAAP revenue basis and at the 45th percentile on a market capitalization basis.

In addition to the companies listed above, our compensation committee reviewed the executive compensation programs and practices of Adobe, Alphabet, Amazon, Apple, IBM, Intel, Meta, Microsoft, Robinhood and Salesforce for reference purposes only. We compete for talent with these reference companies, and our compensation committee believed it was important to understand their compensation practices in order to remain competitive.

Our compensation committee supplemented the compensation data from our compensation peer group with analysis of data from the Radford Compensation Survey. For this additional analysis, our compensation committee reviewed aggregate data from the Radford survey participants that were also members of our compensation peer group.

Though its analysis of competitive market data informs its decisions, our compensation committee also applies its subjective judgment in determining the pay levels of individual named executive officers. Additional factors our compensation committee considers when making its compensation decisions include input from our Block Head and our People Lead, company performance, individual performance and experience, individual skills and expertise, each named executive officer's role, and/or retention and incentive objectives.

Elements of Executive Compensation

Consistent with our compensation philosophy, our executive compensation program consists of only two primary elements: base salary and long-term incentive compensation in the form of equity awards.

During 2024, we provided no cash-based incentive compensation opportunities to our named executive officers, instead focusing on linking compensation to stockholder value by using equity awards as the primary means of incentive compensation. We do not use specific formulas or weightings in determining the allocation between base salary and long-term incentive compensation; instead, each named executive officer's compensation has been individually designed to provide a combination of fixed and at-risk compensation to provide incentives to achieve our objectives.

We also provide severance and change of control benefits for our named executive officers as part of our executive compensation program. To remain consistent with our compensation goals of fairness and simplicity, each named executive officer (other than our Block Head) is entitled to severance and change of control benefits based on the same formulas.

Our named executive officers also participate in several company-wide health and welfare benefit plans that are generally available to our other employees.

Base Salary

Base salary for our named executive officers is the fixed component of our executive compensation program. We use base salary to compensate our named executive officers for services rendered during the year and to recognize the experience, skills, knowledge, and responsibilities required of each named executive officer. We apply no specific formula to determine adjustments to base salary. We continue to provide base salaries that are conservative relative to competitive market pay levels.

In April 2024, our compensation committee reviewed the base salaries of Ms. Ahuja and Messrs. Grassadonia and Prasanna, taking into consideration a competitive market analysis performed by Compensia, the recommendations of our Block Head and our People Lead, the desire to retain our highly qualified executive team, and the other factors described above. Following this review, our compensation committee decided to keep the annual base salary levels for Ms. Ahuja and Messrs. Grassadonia and Prasanna unchanged from their 2023 levels. In addition, our compensation committee determined that it was appropriate to keep our Block Head's 2024 base salary level at \$2.75 per year, at the request of our Block Head and with compensation committee approval.

In December 2024, the compensation committee approved an increase in Mr. Jennings' base salary to \$565,000 in connection with his promotion to Business Lead and to align his base salary with Ms. Ahuja and Mr. Grassadonia.

The annualized base salaries of our named executive officers as of December 31, 2024, compared to December 31, 2023, were:

Named Executive Officer	Annual Base Salary as of December 31, 2023	Annual Base Salary as of December 31, 2024	Percentage Increase
Jack Dorsey	\$ 2.75	\$ 2.75	0%
Amrita Ahuja	\$ 565,000	\$ 565,000	0%
Brian Grassadonia	\$ 565,000	\$ 565,000	0%
Owen Britton Jennings	\$ 485,000	\$ 565,000	16%
Dhanji R. Prasanna ⁽¹⁾	\$ 540,220	\$ 540,220	0%

(1) Mr. Prasanna's base salary has been converted from AUD to USD at an exchange rate of 1.61 AUD to 1.00 USD, using the exchange rate as of December 2024.

Equity Compensation

We believe that sustainable long-term corporate performance is achieved with a corporate culture that encourages a long-term focus by all our employees. We seek to incentivize this focus in our employees, including our named executive officers, through the use of equity-based awards, the value of which depends on the performance of our stock.

Equity awards are central to our executive compensation program, which is designed to promote fairness, maintain simplicity, and provide rewards based on demonstrable performance. Equity ownership aligns the interests of our named executive officers with the interests of our stockholders by enabling them to participate in the long-term appreciation of the value of our common stock. Additionally, equity awards provide an important tool for us to retain our named executive officers, as awards are subject to vesting over a multi-year period subject to continued service with the Company. Typically, these awards vest over four years, contingent on continued service, and the awards to our named executive officers in 2024 followed this practice.

Our executive compensation program provides equity incentives through a mix of stock options and RSUs. Stock options provide executives with an opportunity to participate in stock price appreciation above their exercise price, creating incentives that closely align with our stockholders' interests, promote pay for performance and reward executives for driving continued growth. Awards of RSUs create alignment with our long-term stockholders by providing both upside and downside subject to our stock price performance. A mix of award types is also consistent with competitive practice among our peers. In determining the mix of stock options and RSUs for 2024, our compensation committee, with input from our Block Head, our People Lead, and Compensia, considered competitive market practices as well as the retention and performance incentives of outstanding equity holdings and determined that a mix of approximately 50% stock options and 50% RSUs, based on the target grant date value of the awards, provided appropriate incentives for the named executive officers in 2024. We do not have an established set of criteria for granting equity awards. Instead, our compensation committee has exercised its judgment and discretion, in consultation with our Block Head and our People Lead, and considered, among other factors, the role and responsibility of each named executive officer, competitive factors, the amount of equity compensation already held by our named executive officer (and the extent to which it was vested), and the cash compensation to be received by our named executive officer, to determine and approve the size and terms of new equity awards.

In 2024, we granted annual equity awards to our named executive officers described in the table below. In determining the size and terms of these annual equity awards, our compensation committee, with input from our Block Head, our People Lead, and Compensia, considered the past and expected future key contributions of each of these named executive officers, the extent to which their existing equity awards were vested, and the competitive market data for similarly situated executives. Our compensation committee believed it was appropriate to grant each of them new equity awards to help achieve our retention goals and further align their compensation with the competitive market.

In February 2024, Mr. Prasanna received an RSU grant in connection with his November 2023 promotion. Additionally, in October 2024, Messrs. Jennings and Prasanna each received a promotional RSU grant in connection with their appointments to Business Lead and Technology + Engineering Lead, respectively.

Named Executive Officer	Number of Securities		Grant Date Fair Value (\$)
	Underlying Options (#) ⁽¹⁾	RSUs (#)	
Amrita Ahuja	162,712	100,273 ⁽²⁾	14,876,624
Brian Grassadonia	141,017	86,903 ⁽²⁾	12,893,051
Owen Britton Jennings	—	86,903 ⁽²⁾	6,433,429
		54,162 ⁽³⁾	3,866,625
Dhanji R. Prasanna	65,085	40,109 ⁽²⁾	5,950,644
		69,637 ⁽³⁾	4,971,385
		47,241 ⁽⁴⁾	3,227,033

(1) One forty-eighth of the shares subject to the option vest each month beginning April 20, 2024, subject to continued service with the Company. The award is subject to certain acceleration of vesting provisions under Ms. Ahuja's and Messrs. Grassadonia's and Prasanna's change of control and severance agreements.

(2) One-sixteenth of the RSUs vest in equal quarterly installments over four years beginning May 20, 2024, subject to continued service with the Company. The RSUs are subject to certain acceleration of vesting provisions under Ms. Ahuja's and Messrs. Grassadonia's, Jennings', and Prasanna's change of control and severance agreements.

- (3) Reflects a promotional award to Messrs. Jennings and Prasanna in October 2024. One-sixteenth of the RSUs vest in equal quarterly installments over four years beginning November 20, 2024, subject to continued service with the Company. The RSUs are subject to certain acceleration of vesting provisions under Messrs. Jennings' and Prasanna's change of control and severance agreements.
- (4) Reflects a promotional award to Mr. Prasanna in February 2024. One-sixteenth of the RSUs vest in equal quarterly installments over four years beginning February 20, 2024. The RSUs are subject to continued service with the Company and subject to certain acceleration of vesting provisions under Mr. Prasanna's change of control and severance agreements.

Mr. Dorsey did not receive any equity awards in 2024 at his request, and because our compensation committee believed that his existing equity ownership position sufficiently aligned his interests with those of our stockholders.

Equity Grant Timing Practices

The compensation committee has adopted an Equity Award Grant Policy that provides for the timing of grants of annual equity awards to our executive officers that is consistent with our annual compensation cycle. Pursuant to this practice, the compensation committee or its subcommittee approves the intended dollar value of annual equity awards to be granted to our executive officers during its first regularly scheduled meeting held during the first quarter of our fiscal year. The compensation committee or its subcommittee then approves the grant of the annual equity awards to our executive officers, including the vesting schedule and other terms and conditions applicable thereto, during its regularly scheduled meeting in the second quarter of our fiscal year. The number of shares to be awarded as part of the annual grants is generally determined by dividing the intended award value by (i) in the case of options, the Black Scholes valuation of an option as of the date of grant and (ii) in the case of RSUs, the average trading price for a share of the Company's Class A common stock over the 30 trading days preceding the grant date. The dates for these committee meetings are typically set more than a year in advance on a fairly consistent cadence year over year. Our compensation committee also has delegated authority to our management equity committee, which during 2024 consisted of our Block Head and People Lead, to make equity grants within predetermined guidelines to employees and consultants who are not our Section 16 officers or members of our management equity committee. Awards to our non-employee directors are granted automatically pursuant to our outside director compensation policy.

Occasionally, we may also grant equity awards outside our annual grant cycle, including for new hires, promotions, or other special circumstances. The timing of any equity grants to executive officers in connection with any such new hires, promotions, or other non-routine grants is tied to the event giving rise to the award (such as an executive officer's commencement of employment or promotion effective date).

In all cases, the timing of grants of equity awards, including stock options, is intended to occur independent of the release of any material non-public information, and we do not otherwise time the grant of equity-based awards to take advantage of the release of material non-public information or time the disclosure of material non-public information for the purpose of affecting the value of executive equity-based compensation.

During 2024, we did not grant stock options to any named executive officers during the period(s) beginning four business days before and ending one business day after the filing of any Company periodic report on Form 10-Q or Form 10-K, or the filing or furnishing of any Company Form 8-K that disclosed any material non-public information.

No Special Retirement, Health, or Welfare Benefits

Our named executive officers are eligible to participate in our employee benefit programs on the same basis as our other salaried employees. We maintain a tax-qualified retirement plan ("401(k) Plan") that provides eligible employees with an opportunity to save for retirement on a tax-advantaged basis. Eligible employees are able to participate in the 401(k) Plan as of the date they meet the 401(k) Plan's eligibility requirements, and participants are able to defer up to 65% of their eligible compensation subject to applicable annual tax limits. All participants' interests in their deferrals are 100% vested when contributed. The 401(k) Plan permits us to make matching contributions and profit-sharing contributions. For the plan year beginning on January 1, 2024, we made a matching contribution equal to 100% of participants' pre-tax and Roth contributions up to \$2,000 and after that, 50% of participants' pre-tax and Roth contributions up to a maximum matching contribution of \$5,000 per participant. We have not made any profit-sharing contributions to date.

Our health and welfare benefits include medical, dental, and vision; disability insurance; basic life insurance coverage; accidental death and dismemberment insurance and a monthly wellness allowance. We design our employee benefits programs to be affordable and competitive in relation to the market and compliant with applicable laws and practices. We adjust our employee benefits programs as needed based upon changes in applicable laws and market practices.

Limited Perquisites and Other Personal Benefits

We do not provide perquisites or other personal benefits to our named executive officers, except in limited situations where we believe it is appropriate to assist an individual in the performance of their duties, to make our named executive officers more efficient and effective, and for recruitment and retention purposes.

Post-Employment Compensation

We have entered into change of control and severance agreements with our named executive officers that provide for certain specified payments and benefits if a termination of employment occurs under specified circumstances, including following a change of control of our company. We believe these protections are necessary to provide our valuable executives with incentives to forgo other employment opportunities and remain employed with us and to maintain continued focus and dedication to their responsibilities to maximize stockholder value, including if there is a potential transaction that could involve a change of control. In addition, these protections are available only if a named executive officer executes and does not revoke a general release of claims in our favor. The terms of these agreements were determined by our compensation committee, with input from our management team, following a review of analysis prepared by our independent compensation consultants of relevant market data for other companies with whom we compete for executive talent.

For a summary of the material terms of the change of control and severance agreements and an estimate of the payments and benefits that may be received by our named executive officers under these arrangements, refer to the section entitled "*Potential Payments upon Termination or Change of Control.*"

Other Compensation Information

Hedging and Pledging Prohibitions

We have an Insider Trading Policy, which, among other matters, prohibits our employees, including officers, or directors from making short sales, engaging in transactions in publicly traded options (such as puts and calls) and other derivative securities relating to our common stock, pledging any of our securities as collateral for a loan, and holding any of our securities in a margin account, whether such securities are granted as compensation or are held, directly or indirectly, by the employee or director. This prohibition extends to any hedging or similar transaction designed to decrease the risks associated with holding our securities.

Deductibility of Executive Compensation

Section 162(m) of the Code, generally limits the amount we may deduct from our federal income taxes for compensation paid to our Block Head and certain other executive officers to \$1 million per executive officer per year, subject to certain exceptions. Neither our compensation committee nor any authorized subcommittee, as applicable, has adopted a policy that all equity or other compensation must be deductible.

When approving the amount and form of compensation for our executive officers, we generally consider all elements of the cost to us of providing such compensation, including the potential impact of Section 162(m) of the Code, as well as our need to maintain flexibility in compensating executive officers in a manner designed to promote our goals. Our compensation committee or its authorized subcommittee, as applicable, may, in its judgment, authorize compensation payments that will or may not be deductible when it believes that such payments are appropriate to attract, retain, or motivate executive talent.

Taxation of Parachute Payments and Deferred Compensation

We do not provide, and have no obligation to provide, any of our named executive officers with a “gross-up” or other reimbursement payment for any tax liability they might owe because of the application of Sections 280G, 4999, or 409A of the Code. If any of the payments or benefits provided for under the change of control and severance agreements or otherwise payable to a named executive officer would constitute “parachute payments” within the meaning of Section 280G of the Code and could be subject to the related excise tax, they would receive either full payment of such payments and benefits or such lesser amount that would cause no portion of the payments and benefits being subject to the excise tax, whichever results in the greater after-tax benefits to our named executive officer.

Accounting for Share-Based Compensation

Our compensation committee considers accounting effects in designing compensation plans and arrangements for our executive officers and other employees. Chief among these is ASC 718, the standard that governs the accounting treatment of stock-based compensation awards. ASC 718 requires companies to measure the compensation expense for all share-based payment awards made to employees and directors, including stock options and restricted stock-based awards, generally based on the grant date “fair value” of these awards. This calculation is performed for accounting purposes and reported in the compensation tables below, even though our executive officers may realize no value from their awards. ASC 718 also requires companies to recognize the compensation cost of their share-based payment awards in their income statements over the period that an executive officer is required to render service in exchange for the option or other award.

Stock Ownership Guidelines

We maintain stock ownership guidelines for our executive officers to ensure ongoing alignment of the interests of our executive officers with the long-term interests of our stockholders. For additional information concerning these guidelines, see the section entitled “*Board of Directors and Corporate Governance—Stock Ownership Guidelines.*”

Compensation “Clawback” Policy

Our compensation committee recommended, and our board of directors adopted, a financial restatement clawback policy in accordance with SEC and NYSE requirements, which became effective as of October 2, 2023 (the “Financial Restatement Clawback Policy”). Consistent with these requirements, the Financial Restatement Clawback Policy provides that, subject to the limited exemptions permitted under these requirements, if we are required to prepare an accounting restatement due to our material noncompliance with financial reporting requirements under applicable securities laws, we must recover from covered executive officers any incentive-based compensation received by them while they were an executive officer, after October 2, 2023 and during the applicable recoupment period (which generally includes the three completed fiscal years prior to the date we conclude, or reasonably should have concluded, that we are required to prepare, or the date on which a court, regulator, or other legally authorized body directs us to prepare, a financial restatement) that was in excess of what they would have received had their incentive compensation been determined based on the restated amounts. A copy of our Financial Restatement Clawback Policy was filed as Exhibit 97.1 to our Annual Report on Form 10-K for the year ended December 31, 2024.

In addition to the Financial Restatement Clawback Policy, our board of directors adopted a severance clawback policy in October 2023, which permits us to recover certain severance compensation paid to any covered individual subject to a severance agreement in the case of certain misconduct.

Compensation Committee Report

The compensation committee has reviewed and discussed with management the Compensation Discussion and Analysis provided above. Based on its review and discussions, the compensation committee recommended to the board of directors that the Compensation Discussion and Analysis be included in this proxy statement and our Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

Compensation Committee

Mary Meeker (Chair)

Roelof Botha

Paul Deighton

Randy Garutti

Compensation Risk Assessment

Our management team and our compensation committee each play a role in evaluating and mitigating any risk that may exist relating to our compensation programs, policies, and practices for all executive employees, including our named executive officers. In connection with their oversight, Compensia and management conducted a risk review of our executive compensation plans and arrangements in which our executives (including our named executive officers) participate to determine whether these plans and arrangements have any features that might create undue risks or encourage inappropriate and excessive risk taking that could threaten our value. In this review, we considered numerous factors and design elements that enable us to monitor, manage, and mitigate risk without diminishing the effect of the incentive nature of compensation, including our practice of awarding long-term incentive compensation in equity awards to our named executive officers to directly tie their compensation to their contributions to the long-term value of our company and other risk mitigators such as the Insider Trading Policy prohibiting stock pledging and hedging, formal stock ownership guidelines, and a clawback/compensation recovery policy.

Based on our review, we have concluded that any potential risks arising from our executive compensation programs, policies, and practices are not reasonably likely to have a material adverse effect on Block.

Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Stock Awards (\$) ⁽¹⁾	Option Awards (\$) ⁽¹⁾	All Other Compensation (\$) ⁽²⁾	Total Compensation (\$)
Jack Dorsey <i>Block Head</i>	2024	2.75	—	—	—	2.75
	2023	2.75	—	—	—	2.75
	2022	2.75	—	—	—	2.75
Amrita Ahuja <i>Foundational Lead, Chief Financial Officer and Chief Operating Officer</i>	2024	565,000	7,423,210	7,453,414	5,000	15,446,624
	2023	559,259	7,997,873	7,986,849	5,000	16,548,981
	2022	518,750	5,279,934	5,887,809	5,000	11,691,493
Brian Grassadonia <i>Ecosystem Lead</i>	2024	565,000	6,433,429	6,459,622	5,000	13,463,051
	2023	555,000	5,736,827	5,751,323	5,000	12,048,150
	2022	518,750	6,071,968	6,771,040	5,000	13,366,758
Owen Britton Jennings <i>Business Lead</i>	2024	526,042	10,300,054	—	5,000	10,831,096
Dhanji R. Prasanna <i>Technology + Engineering Lead</i>	2024	540,220	11,167,687	2,981,375	17,800	14,707,082

(1) The amounts included in the “Stock Awards” and “Option Awards” columns represent the aggregate grant date fair value of RSUs and option awards calculated in accordance with ASC 718. Such grant date fair value does not take into account any estimated forfeitures related to service-vesting conditions. The valuation assumptions used in determining the grant date fair value of the RSUs and option awards reported in these columns are described in the “Share-based Compensation” section of Note 16, *Stockholders’ Equity* in the Notes to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

(2) For 2024, amounts disclosed in this column include the aggregate incremental costs of perquisites and other personal benefits, including (i) the 401(k) employer match for Ms. Ahuja and Messrs. Jennings and Grassadonia and (ii) superannuation fund amounts required by Australian law for Mr. Prasanna.

Grants of Plan-Based Awards in 2024

The following table sets forth information regarding grants of awards made to our named executive officers during 2024. We did not grant any plan-based cash awards during 2024.

Name	Grant Date	Number of Securities Underlying RSUs (#)	Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$) ⁽¹⁾
Jack Dorsey	—	—	—	—	—
Amrita Ahuja	4/24/2024	100,273	162,712	74.03	14,876,624
Brian Grassadonia	4/24/2024	86,903	141,017	74.03	12,893,051
Owen Britton Jennings	4/24/2024	86,903	—	—	6,433,429
	10/23/2024	54,162	—	—	3,866,625 ⁽²⁾
Dhanji R. Prasanna	2/7/2024	47,241	—	—	3,227,033 ⁽²⁾
	4/24/2024	40,109	65,085	74.03	5,950,644
	10/23/2024	69,637	—	—	4,971,385 ⁽²⁾

(1) The amounts included in this column represent the aggregate grant date fair value of RSUs and option awards calculated in accordance with ASC 718. The valuation assumptions used in determining the grant date fair value of the RSUs and option awards reported in this column are described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

(2) Represents promotional awards to Messrs. Jennings and Prasanna in October 2024 in connection with their appointments to the positions of Business Lead and Technology + Engineering Lead, respectively. The February 2024 award to Mr. Prasanna represents an RSU grant in connection with his November 2023 promotion.

Outstanding Equity Awards at 2024 Year-End

The following table lists all outstanding equity awards held by our named executive officers as of December 31, 2024. For additional information regarding the impact of certain employment termination scenarios on outstanding equity awards, refer to the section entitled “*Potential Payments upon Termination or Change of Control.*”

Name	Grant Date ⁽¹⁾	Option Awards				Stock Awards	
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$) ⁽²⁾	Option Expiration Date	Number of Shares of Stock That Have Not Vested (#)	Market Value of Shares of Stock That Have Not Vested (\$) ⁽³⁾
Jack Dorsey	—	—	—	—	—	—	—
Amrita Ahuja	1/24/2019 ⁽⁴⁾	30,532	—	73.94	1/23/2029	—	—
	4/21/2020 ⁽⁵⁾	77,975	—	57.40	4/20/2030	—	—
	4/27/2021 ⁽⁵⁾	33,630	3,058	253.79	4/26/2031	—	—
	4/27/2021 ⁽⁶⁾	—	—	—	—	2,430	206,526
	4/19/2022 ⁽⁵⁾	56,040	28,021	125.62	4/18/2032	—	—
	4/19/2022 ⁽⁷⁾	—	—	—	—	15,762	1,339,612
	3/20/2023 ⁽⁵⁾	78,300	100,673	74.50	3/19/2033	—	—
	3/20/2023 ⁽⁸⁾	—	—	—	—	60,387	5,132,291
	4/24/2024 ⁽⁵⁾	30,508	132,204	74.03	4/23/2034	—	—
	4/24/2024 ⁽⁹⁾	—	—	—	—	81,472	6,924,305
Brian Grassadonia	4/19/2017 ⁽⁵⁾	137,122	—	17.20	4/18/2027	—	—
	4/25/2018 ⁽¹⁰⁾	109,026	—	44.75	4/24/2028	—	—
	4/21/2020 ⁽⁵⁾	99,224	—	71.99	4/20/2030	—	—
	4/21/2020 ⁽⁵⁾	169,001	—	57.40	4/20/2030	—	—
	4/27/2021 ⁽⁵⁾	33,630	3,058	253.79	4/26/2031	—	—
	4/27/2021 ⁽⁶⁾	—	—	—	—	2,430	206,526
	4/19/2022 ⁽⁵⁾	64,447	32,224	125.62	4/18/2032	—	—
	4/19/2022 ⁽¹¹⁾	—	—	—	—	18,126	1,540,529
	4/26/2023 ⁽⁵⁾	69,081	88,820	60.57	4/25/2033	—	—
	4/26/2023 ⁽¹²⁾	—	—	—	—	53,277	4,528,012
4/24/2024 ⁽⁵⁾	26,440	114,577	74.03	4/23/2034	—	—	
4/24/2024 ⁽¹³⁾	—	—	—	—	70,610	6,001,144	
Owen Britton Jennings	4/21/2020 ⁽¹⁴⁾	11,368	—	57.40	4/20/2030	—	—
	4/21/2020 ⁽⁵⁾	10,312	—	57.40	4/20/2030	—	—
	4/23/2021 ⁽¹⁵⁾	—	—	—	—	945	80,316
	4/19/2022 ⁽¹⁶⁾	—	—	—	—	14,186	1,205,668
	10/19/2022 ⁽¹⁷⁾	—	—	—	—	26,818	2,279,262
	4/26/2023 ⁽¹⁸⁾	—	—	—	—	33,069	2,810,534
	4/24/2024 ⁽¹⁹⁾	—	—	—	—	70,610	6,001,144
	10/23/2024 ⁽²⁰⁾	—	—	—	—	50,777	4,315,537
Dhanji R. Prasanna	4/26/2023 ⁽²¹⁾	—	—	—	—	20,062	1,705,069
	2/7/2024 ⁽²²⁾	—	—	—	—	35,432	3,011,366
	4/24/2024 ⁽²³⁾	—	—	—	—	32,590	2,769,824
	4/24/2024 ⁽⁵⁾	12,203	52,882	74.03	4/23/2034	—	—
	10/23/2024 ⁽²⁴⁾	—	—	—	—	65,285	5,548,572

- (1) Each of the outstanding equity awards was granted pursuant to our 2009 Stock Plan (the “2009 Plan”) or 2015 Plan.
- (2) This column represents the fair market value of a share of our Class A common stock on the date of grant, as determined by our board of directors.
- (3) Calculated by multiplying (i) \$84.99, the fair market value of our Class A common stock per share on December 31, 2024, as determined using the closing price on the New York Stock Exchange, by (ii) the number of shares of Class A common stock that have not yet vested.
- (4) One-fourth of the shares subject to the option vest on the first anniversary of the option’s vesting commencement date and one forty-eighth of the shares vest monthly thereafter, subject to continued service with us.

- (5) One forty-eighth of the shares subject to the option vest monthly from the date of the vesting commencement date, subject to continued service with us.
- (6) Each share is subject to an RSU representing a contingent right to receive one share of our Class A common stock upon settlement. One-sixteenth of the total 19,433 shares subject to the RSUs vested on July 1, 2021, and one-sixteenth of the RSUs vest every three months thereafter until the RSU is fully vested as of April 1, 2025, subject to continued service with us.
- (7) Each share is subject to an RSU representing a contingent right to receive one share of our Class A common stock upon settlement. One-sixteenth of the total 42,031 shares subject to the RSUs vested on July 1, 2022, and one-sixteenth of the RSUs vest every three months thereafter until the RSU is fully vested as of April 1, 2026, subject to continued service with us.
- (8) Each share is subject to an RSU representing a contingent right to receive one share of our Class A common stock upon settlement. One-sixteenth of the total 107,354 shares subject to the RSUs vested on May 20, 2023, and one-sixteenth of the RSUs vest every three months thereafter until the RSU is fully vested as of February 20, 2027, subject to continued service with us.
- (9) Each share is subject to an RSU representing a contingent right to receive one share of our Class A common stock upon settlement. One-sixteenth of the total 100,273 shares subject to the RSUs vested on May 20, 2024, and one-sixteenth of the RSUs vest every three months thereafter until the RSU is fully vested as of February 20, 2028, subject to continued service with us.
- (10) One-twelfth of 10% of the options vest monthly beginning on May 1, 2018 for 12 months, and the remaining one-thirty-sixth of 90% of the shares vest monthly thereafter, subject to continued service with us.
- (11) Each share is subject to an RSU representing a contingent right to receive one share of our Class A common stock upon settlement. One-sixteenth of the total 48,336 shares subject to the RSUs vested on July 1, 2022, and one-sixteenth of the RSUs vest every three months thereafter until the RSU is fully vested as of April 1, 2026, subject to continued service with us.
- (12) Each share is subject to an RSU representing a contingent right to receive one share of our Class A common stock upon settlement. One-sixteenth of the total 94,714 shares subject to the RSUs vested on May 20, 2023, and one-sixteenth of the RSUs vest every three months thereafter until the RSU is fully vested as of February 20, 2027, subject to continued service with us.
- (13) Each share is subject to an RSU representing a contingent right to receive one share of our Class A common stock upon settlement. One-sixteenth of the total 86,903 shares subject to the RSUs vested on May 20, 2024, and one-sixteenth of the RSUs vest every three months thereafter until the RSU is fully vested as of February 20, 2028, subject to continued service with us.
- (14) One-twelfth of 10% of the options vest monthly beginning on May 1, 2020 for 12 months, and the remaining one-thirty-sixth of 90% of the shares vest monthly thereafter, subject to continued service with us.
- (15) Each share is subject to an RSU representing a contingent right to receive one share of our Class A common stock upon settlement. One-sixteenth of the total 7,558 shares subject to the RSUs vested on July 1, 2021, and one-sixteenth of the RSUs vest every three months thereafter until the RSU is fully vested as of April 1, 2025, subject to continued service with us.
- (16) Each share is subject to an RSU representing a contingent right to receive one share of our Class A common stock upon settlement. One-sixteenth of the total 37,828 shares subject to the RSUs vested on July 1, 2022, and one-sixteenth of the RSUs vest every three months thereafter until the RSU is fully vested as of April 1, 2026, subject to continued service with us.

- (17) Each share is subject to an RSU representing a contingent right to receive one share of our Class A common stock upon settlement. One-sixteenth of the total 61,297 shares subject to the RSUs vested on November 20, 2022, and one-sixteenth of the RSUs vest every three months thereafter until the RSU is fully vested as of August 20, 2026, subject to continued service with us.
- (18) Each share is subject to an RSU representing a contingent right to receive one share of our Class A common stock upon settlement. One-sixteenth of the total 58,788 shares subject to the RSUs vested on May 20, 2023, and one-sixteenth of the RSUs vest every three months thereafter until the RSU is fully vested as of February 20, 2027, subject to continued service with us.
- (19) Each share is subject to an RSU representing a contingent right to receive one share of our Class A common stock upon settlement. One-sixteenth of the total 86,903 shares subject to the RSUs vested on May 20, 2024, and one-sixteenth of the RSUs vest every three months thereafter until the RSU is fully vested as of February 20, 2028, subject to continued service with us.
- (20) Each share is subject to an RSU representing a contingent right to receive one share of our Class A common stock upon settlement. One-sixteenth of the total 54,162 shares subject to the RSUs vested on November 20, 2024, and one-sixteenth of the RSUs vest every three months thereafter until the RSU is fully vested as of August 20, 2028, subject to continued service with us.
- (21) Each share is subject to an RSU representing a contingent right to receive one share of our Class A common stock upon settlement. One-sixteenth of the total 35,665 shares subject to the RSUs vested on May 20, 2023, and one-sixteenth of the RSUs vest every three months thereafter until the RSU is fully vested as of February 20, 2027, subject to continued service with us.
- (22) Each share is subject to an RSU representing a contingent right to receive one share of our Class A common stock upon settlement. One-sixteenth of the total 47,241 shares subject to the RSUs vested on February 20, 2024, and one-sixteenth of the RSUs vest every three months thereafter until the RSU is fully vested as of November 20, 2027, subject to continued service with us.
- (23) Each share is subject to an RSU representing a contingent right to receive one share of our Class A common stock upon settlement. One-sixteenth of the total 40,109 shares subject to the RSUs vested on May 20, 2024, and one-sixteenth of the RSUs vest every three months thereafter until the RSU is fully vested as of February 20, 2028, subject to continued service with us.
- (24) Each share is subject to an RSU representing a contingent right to receive one share of our Class A common stock upon settlement. One-sixteenth of the total 69,637 shares subject to the RSUs vested on November 20, 2024, and one-sixteenth of the RSUs vest every three months thereafter until the RSU is fully vested as of August 20, 2028, subject to continued service with us.

Option Exercises and Stock Vested in 2024

The following table sets forth the number of shares of common stock acquired during 2024 by our named executive officers upon the exercise of stock options or upon the vesting of RSUs as well as the value realized upon such equity award transactions.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$) ⁽¹⁾	Number of Shares Acquired on Vesting of RSUs (#) ⁽²⁾	Value Realized on Vesting of RSUs (\$) ⁽³⁾
Jack Dorsey	—	—	—	—
Amrita Ahuja	—	—	69,246	5,164,201
Brian Grassadonia	712,816	43,225,894	65,154	4,855,055
Owen Britton Jennings	—	—	64,391	4,875,128
Dhanji R. Prasanna	—	—	32,596	2,484,635

- (1) Calculated by multiplying (i) the fair market value of our Class A common stock on the exercise date, which was determined using the closing price on the New York Stock Exchange of a share of our Class A common stock on the date of exercise, or if such day is a holiday, on the immediately preceding trading day less the option exercise price paid for such shares of common stock, by (ii) the number of shares of Class A common stock acquired upon exercise.

- (2) Reflects the aggregate number of shares of Class A common stock underlying RSUs that vested in 2024. Of the amount shown for Ms. Ahuja and Messrs. Grassadonia and Jennings, 33,879, 28,206, and 27,119 shares, respectively, of Class A common stock were sold to cover tax withholding obligations upon vesting.
- (3) Calculated by multiplying (i) the fair market value of Class A common stock on the vesting date, which was determined using the closing price on the New York Stock Exchange of a share of common stock on the date of vest, or if such day is a holiday or otherwise a non-trading day, on the immediately preceding trading day, by (ii) the number of shares of common stock acquired upon vesting. Of the amount shown for Ms. Ahuja and Messrs. Grassadonia and Jennings, \$2,502,377, \$2,073,159, and \$2,028,853, respectively, represents the value of shares sold to cover tax withholding obligations upon vesting.

Pension Benefits

Aside from our 401(k) Plan, we do not maintain any pension plan or arrangement under which our named executive officers are entitled to participate or receive post-retirement benefits.

Non-Qualified Deferred Compensation

We do not maintain any non-qualified deferred compensation plans or arrangements under which our named executive officers are entitled to participate.

Potential Payments upon Termination or Change of Control

Each of our named executive officers was subject to a change of control and severance agreement during their employment with us in 2024. The terms of the change of control and severance agreements (the "COC agreements") are described below, and key differences that apply to our Block Head are highlighted. Under the COC agreements, if, before a change of control, the Company decides to terminate a named executive officer's employment with the Company without cause (excluding by reason of death or disability), the Company may make a written request that the named executive officer continue to remain employed with the Company or its subsidiaries for a specified transition period not to exceed 180 days from the date of the request (the "Transition Period"). During the Transition Period, the named executive officer will be expected to perform such transition and other duties as reasonably requested by the Company (or its subsidiaries) in its discretion. During the Transition Period, the named executive officer will continue to be paid their base salary, vest in their equity awards in accordance with their terms, and be eligible to participate in our bonus or commission plans (if any) and employee benefit plans, each in accordance with their terms. The Block Head's change of control and severance agreement does not contain these Transition Period related terms.

If our named executive officer's employment is terminated by us without "cause" or due to their death or "disability" (as such terms are defined in their change of control and severance agreement), in either case, (i) outside the Change of Control Period (as defined below), and (ii) under the COC agreements (but not under the Block Head's agreement) the named executive officer has completed any Transition Period requested by the Company (excluding the named executive officer's early cessation of any such Transition Period due to their death or disability, or the termination of the Transition Period by us other than for cause before its scheduled expiration), they will be eligible to receive these payments and benefits if they timely sign and do not revoke a release of claims:

- a lump-sum payment equal to base salary (as of immediately before their termination or, if the termination is due to a resignation for good reason based on a material reduction in base salary, then as of immediately before such reduction) for a number of days equal to (i) 180 minus (ii) the number of days in the entire Transition Period (or if, during the Transition Period, the named executive officer's employment is terminated by us without cause or due to their death or disability, the number of days in (ii) will be the actual days worked during the Transition Period) (the "Severance Period"). Under the Block Head's change of control and severance agreement, the Block Head will instead be entitled to a lump-sum payment equal to 75% of his annual base salary;
- a lump-sum payment equal to a pro rata portion (based on the number of full months the executive has worked during the performance period, measured as of the notice date we make a request for a Transition Period, if any) of the annual bonus that our named executive officer would have earned for the year of their termination if they had remained employed until eligible to receive the bonus;
- a taxable lump-sum payment equal to the monthly COBRA premium required to continue health insurance coverage for our named executive officer and their eligible dependents through the end

of the Severance Period regardless of whether our named executive officer elects COBRA coverage. Under the Block Head's change of control and severance agreement this taxable lump sum is equal to 9 months of such monthly COBRA premiums;

- if the termination is due to reasons other than cause (excluding by reason of death or disability), each of the named executive officer's then-outstanding time-based equity awards will immediately vest and become exercisable as to the number of shares subject to the time-based equity award that were otherwise scheduled to vest and become exercisable had the named executive officer remained employed with the Company through the end of the Severance Period and no change of control occurred during the Severance Period. This provision does not apply to the Block Head's change of control and severance agreement; and
- if a termination (including an early termination of any company-requested Transition Period) occurs due to death or disability only, fully accelerated vesting and exercisability of all outstanding equity awards, and, with respect to equity awards with performance-based vesting, all performance goals or other vesting criteria will be deemed achieved at 100% of target levels.

If, (i) within the three-month period before a change of control until the end of the 12-month period following such change of control (such period, the "Change of Control Period"), our named executive officer's employment is terminated by us without cause or due to their death or disability or our named executive officer resigns for "good reason" (as defined in their change of control and severance agreement), and (ii) (but not under the Block Head's agreement), our named executive officer has completed any company-requested Transition Period (excluding our named executive officer's early cessation of any such Transition Period due to their death or disability, or the Company's termination of the Transition Period other than for cause before its schedule expiration), our named executive officer will be entitled to these benefits if they timely sign and do not revoke a release of claims:

- a lump-sum payment equal to 100% of their annual base salary as of immediately before their termination (or, if the termination is due to a resignation for good reason based on a material reduction in base salary, then as of immediately before such reduction), or, if such amount is greater, as of immediately before the change of control;
- a lump-sum payment equal to 100% of their target annual bonus (for the year of their termination);
- a taxable lump-sum payment equal to 12 months of the monthly COBRA premium required to continue health insurance coverage for our named executive officer and their eligible dependents regardless of whether our named executive officer elects COBRA coverage; and
- 100% accelerated vesting of all outstanding equity awards, and, with respect to equity awards with performance-based vesting, all performance goals or other vesting criteria will be deemed achieved at the greater of actual performance or 100% of target levels.

In addition, if any of the payments or benefits provided for under the change of control and severance agreements or otherwise payable to our named executive officer would constitute "parachute payments" within the meaning of Section 280G of the Code and could be subject to the related excise tax, they would be entitled to receive either full payment of such payments and benefits or such lesser amount that would cause no portion of the payments and benefits being subject to the excise tax, whichever results in the greater after-tax benefits to our named executive officer. The change of control and severance agreements do not require us to provide any tax gross-up payments to our named executive officers.

The following table summarizes the estimated payments and benefits that would be provided to our named executive officers who were employed with us on December 31, 2024 upon termination and a change of control under our plans and arrangements with our named executive officers described above. For purposes of this table, for each named executive officer (other than Mr. Dorsey) the “Severance Period” defined above is assumed to last the maximum 180-day period.

Name	Termination Without Cause Outside Change of Control Period			Termination by Death or Disability	Termination Without Cause or Termination for Good Reason Within Change of Control Period		
	Cash Compensation (\$) ⁽¹⁾	Health Care Benefits (\$) ⁽²⁾	Acceleration of Equity Vesting (\$) ^{(3) (4)}	Acceleration of Equity Vesting (\$) ^{(4) (5)}	Cash Compensation (\$) ⁽⁶⁾	Health Care Benefits (\$) ⁽⁷⁾	Acceleration of Equity Vesting (\$) ^{(4) (8)}
Jack Dorsey	2.06	222	—	—	2.75	443	—
Amrita Ahuja	282,500	16,986	3,316,406	16,107,750	565,000	33,972	16,107,750
Brian Grassadonia	282,500	16,520	3,324,672	15,700,959	565,000	33,039	15,700,959
Owen Britton Jennings	282,500	16,986	3,093,721	16,692,461	565,000	33,972	16,692,461
Dhanji R. Prasanna	270,110	—	2,135,900	13,614,418	540,220	—	13,614,418

- (1) Cash compensation consists of a lump-sum payment equal to 180 days of annual base salary (for Mr. Dorsey, 75% of annual base salary) (as of immediately before their termination or, if the termination is due to a resignation for good reason based on a material reduction in base salary, then as of immediately before such reduction) and a lump-sum payment equal to a pro rata portion of the annual bonus that our named executive officer would have earned for the year of their termination if they had remained employed until eligible to receive the bonus at December 31, 2024.
- (2) Health care benefits consist of a taxable lump-sum payment equal to six months of the monthly COBRA premium required to continue health insurance coverage for our named executive officer and their eligible dependents regardless of whether our named executive officer elects COBRA coverage. Mr. Dorsey does not receive health insurance coverage from the Company.
- (3) For each named executive officer, other than our Block Head, we assumed 180 days of accelerated vesting of time-based equity awards. The Block Head’s change of control and severance agreement does not include this provision.
- (4) For each named executive officer, the estimated benefit amount of unvested RSUs was calculated by multiplying the number of unvested RSUs by the closing price of our Class A common stock on December 31, 2024, which was \$84.99. The estimated benefit amount of unvested stock options was calculated by multiplying the number of unvested stock options subject to acceleration held by the applicable named executive officer by the difference between the exercise price of the option and the closing price of our Class A common stock on December 31, 2024, the last trading day of 2024, which was \$84.99.
- (5) For each named executive officer, in the event of a termination due to death or disability, fully accelerated vesting and exercisability of all outstanding equity awards.
- (6) Cash compensation consists of a lump-sum payment equal to 100% of each named executive officer’s annual base salary as of immediately before their termination (or, if the termination is due to a resignation for good reason based on a material reduction in base salary, then as of immediately before such reduction), or, if such amount is greater, as of immediately before the change of control, and a lump-sum payment equal to 100% of their target bonus for the year ended December 31, 2024.
- (7) Health care benefits consist of a taxable lump-sum payment equal to 12 months of the monthly COBRA premium required to continue health insurance coverage for our named executive officer and their eligible dependents regardless of whether our named executive officer elects COBRA coverage. Mr. Dorsey does not receive health insurance coverage from the Company.
- (8) For each named executive officer, we assume 100% accelerated vesting of all outstanding equity awards.
- (9) For additional information, refer to the section entitled “*Potential Payments upon Termination or Change of Control.*”

EQUITY COMPENSATION PLAN INFORMATION

The following table summarizes our equity compensation plan information as of December 31, 2024. Information is included for equity compensation plans approved by our stockholders. We do not have any equity compensation plans not approved by our stockholders.

Plan Category	(a) Class of Common Stock	(b) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	(c) Weighted Average Exercise Price of Outstanding Options, Warrants and Rights ⁽¹⁾	(d) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by stockholders	Class A ⁽²⁾	39,325,219	\$ 80.71	172,403,149 ⁽³⁾
	Class B ⁽⁴⁾	331,156	\$ 14.24	—
Equity compensation plans not approved by stockholders	—	—	—	—
Total	Class A and Class B	39,656,375	\$ 72.17	172,403,149

- (1) The weighted average exercise price is calculated based solely on outstanding stock options. It does not take into account the shares of our common stock underlying RSUs, which have no exercise price, or any rights granted under our 2015 Employee Stock Purchase Plan.
- (2) Includes the following plans: our 2015 Plan and our 2015 Employee Stock Purchase Plan. Our 2015 Plan provides that on the first day of each fiscal year beginning in fiscal 2016 and ending on the 10th anniversary of the date the 2015 Plan was adopted by the board of directors, the number of shares of Class A common stock available for issuance thereunder is automatically increased by a number equal to the least of (i) 40,000,000 shares, (ii) 5% of the outstanding shares of all classes of our common stock as of the last day of our immediately preceding fiscal year, or (iii) such other amount as our board of directors may determine. Our 2015 Employee Stock Purchase Plan provides that on the first day of each fiscal year beginning in fiscal 2016, the number of shares of Class A common stock available for issuance thereunder is automatically increased by a number equal to the least of (i) 8,400,000 shares, (ii) 1% of the outstanding shares of all classes of our common stock as of the last day of our immediately preceding fiscal year, or (iii) such other amount as our board of directors may determine.
- (3) Consists of 34,119,317 shares of Class A common stock available under our 2015 Employee Stock Purchase Plan, including shares subject to outstanding rights that were under offering periods in progress as of December 31, 2024, and 138,283,832 shares of Class A common stock available under our 2015 Plan.
- (4) Consists of shares outstanding under awards made under our 2009 Plan. Block no longer grants awards from this plan.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of March 31, 2025, for:

- each of our current directors and nominees for director;
- each of our named executive officers;
- all of our current directors and executive officers as a group; and
- each person or group known by us to be the beneficial owner of more than 5% of our Class A or Class B common stock.

We have determined beneficial ownership in accordance with the rules of the SEC, and thus it represents sole or shared voting or investment power with respect to our securities. Unless otherwise indicated below, to our knowledge, the persons and entities named in the table have sole voting and sole investment power with respect to all shares that they beneficially owned, subject to community property laws where applicable.

We have based our calculation of the percentage of beneficial ownership on 559,548,869 shares of our Class A common stock and 60,048,763 shares of our Class B common stock outstanding as of March 31, 2025. We have deemed shares of our common stock subject to stock options that are currently exercisable or exercisable within 60 days of March 31, 2025, or issuable pursuant to RSUs that are subject to vesting conditions expected to occur within 60 days of March 31, 2025 to be outstanding and to be beneficially owned by the person holding the stock option or RSU for the purpose of computing the percentage ownership of that person. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person.

Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o Block, Inc., 1955 Broadway, Suite 600, Oakland, California 94612. The information provided in the table is based on our records, information filed with the SEC, and information provided to us, except where otherwise noted.

Name of Beneficial Owner	Class A Common Stock		Class B Common Stock+		Percent of Total Voting Power
	Number	Percent	Number	Percent	
5% Stockholders:					
The Vanguard Group ⁽¹⁾	53,575,478	9.6%	—	*	4.6%
BlackRock, Inc. ⁽²⁾	29,075,247	5.2%	—	*	2.5%
Named Executive Officers and Directors:					
Jack Dorsey ⁽³⁾	1,000,000	*	47,844,566	79.7%	41.3%
Amrita Ahuja ⁽⁴⁾	463,832	*	—	*	*
Brian Grassadonia ⁽⁵⁾	1,187,564	*	—	*	*
Owen Britton Jennings ⁽⁶⁾	46,760	*	—	*	*
Dhanji R. Prasanna ⁽⁷⁾	82,554	*	—	*	*
Roelof Botha ⁽⁸⁾	1,700,480	*	—	*	*
Amy Brooks ⁽⁹⁾	17,167	*	—	*	*
Shawn Carter ⁽¹⁰⁾	42,426	*	—	*	*
Paul Deighton ⁽¹¹⁾	39,242	*	—	*	*
Anthony Eisen ⁽¹²⁾	2,163,187	*	—	*	*
Randall Garutti ⁽¹³⁾	27,658	*	—	*	*
James McKelvey ⁽¹⁴⁾	129,088	*	11,940,025	19.9%	10.3%
Mary Meeker ⁽¹⁵⁾	417,732	*	—	*	*
Neha Narula ⁽¹⁶⁾	4,021	*	—	*	*
All current executive officers and directors as a group (15 persons) ⁽¹⁷⁾	7,412,977	1.3%	59,792,091	99.6%	52.1%

* Represents beneficial ownership of less than one percent (1%) of the outstanding shares of our common stock.

+ The Class B common stock is convertible at any time by the holder into shares of Class A common stock on a share-for-share basis, such that each holder of Class B common stock beneficially owns an equivalent number of Class A common stock.

- (1) Based solely on a Schedule 13G/A, reporting beneficial ownership as of September 30, 2024, filed with the SEC on November 12, 2024, with sole dispositive power over 51,569,764 shares of Class A common stock, shared dispositive power over 2,005,714 shares of Class A common stock, and shared voting power over 1,043,657 shares of Class A common stock. The address for The Vanguard Group is 100 Vanguard Blvd., Malvern, PA 19355.
- (2) Based solely on a Schedule 13G, reporting beneficial ownership as of March 31, 2025, filed with the SEC on April 17, 2025 with sole dispositive power over 29,075,247 shares of Class A common stock and sole voting power over 25,593,195 shares of Class A common stock. The address for BlackRock, Inc. is 50 Hudson Yards, New York, NY 10001.
- (3) Consists of (i) 603,969 shares of Class A common stock held of record by The Jack Dorsey 2024 Annuity Trust U/A/D May 28, 2024 a grantor retained annuity trust for which Mr. Dorsey serves as co-trustee, (ii) 396,031 shares of Class A common stock held of record by The Jack Dorsey 2023 Annuity Trust U/A/D May 26, 2023, a grantor retained annuity trust for which Mr. Dorsey serves as co-trustee, (iii) 35,763,992 shares of Class B common stock held of record by the Jack Dorsey Revocable Trust U/A/D 12/8/10, for which Mr. Dorsey serves as trustee, and (iv) 12,080,574 shares of Class B common stock held of record by Start Small, LLC, for which Mr. Dorsey serves as sole member.
- (4) Consists of (i) 92,621 shares of Class A common stock held of record by Ms. Ahuja, (ii) 354,392 shares of Class A common stock subject to options exercisable within 60 days of March 31, 2025, of which 335,888 shares are vested as of such date, and (iii) 16,819 shares of Class A common stock subject to RSUs that vest within 60 days of March 31, 2025.
- (5) Consists of (i) 419,741 shares of Class A common stock held of record by Mr. Grassadonia, (ii) 752,236 shares of Class A common stock subject to options exercisable within 60 days of March 31, 2025, of which 734,989 shares are vested as of such date, and (iii) 15,587 shares of Class A common stock subject to RSUs that vest within 60 days of March 31, 2025.

- (6) Consists of (i) 5,920 shares of Class A common stock held of record by Mr. Jennings, (ii) 21,680 shares of Class A common stock subject to options exercisable within 60 days of March 31, 2025, of which all shares are vested as of such date, and (iii) 19,160 shares of Class A common stock subject to RSUs that vest within 60 days of March 31, 2025.
- (7) Consists of (i) 51,530 shares of Class A common stock held of record by Mr. Prasanna, (ii) 18,983 shares of Class A common stock subject to options exercisable within 60 days of March 31, 2025, of which 16,271 shares are vested as of such date, and (iii) 12,041 shares of Class A common stock subject to RSUs that vest within 60 days of March 31, 2025.
- (8) Consists of (i) 24,961 shares of Class A common stock held of record by Mr. Botha, (ii) a total of 684,741 shares of Class A common stock held of record by Mr. Botha's estate planning vehicle, (iii) 1,862 shares of Class A common stock held of record by Sequoia Capital U.S. Growth Fund IV, L.P., (iv) 77 shares of Class A common stock held of record by Sequoia Capital USGF Principals Fund IV, L.P. (the funds (iii)-(iv) collectively, the "SC GFIV Funds"), (v) 11,388 shares of Class A common stock held of record by Sequoia Capital U.S. Venture Fund XV, L.P., (vi) 1,750 shares of Class A common stock held of record by Sequoia Capital U.S. Venture XV Principals Fund, L.P., (vii) 479 shares of Class A common stock held of record by Sequoia Capital U.S. Venture Partners Fund XV (Q), L.P., (viii) 171 shares of Class A common stock held of record by Sequoia Capital U.S. Venture Partners Fund XV, L.P. (the funds (v)-(viii) collectively, the "SC USV XV Funds"), (ix) 540,646 shares of Class A common stock held by Sequoia Capital US/E Expansion Fund I, L.P., and (x) 434,405 shares of Class A common stock held by SC US/E Expansion Fund I Management, L.P. SC US (TTGP), Ltd. is the general partner of (i) SC U.S. Venture XV Management, L.P., which is the general partner of the SC USV XV Funds, (ii) SC US/E Expansion Fund I Management, L.P. which is the general partner of Sequoia Capital US/E Expansion Fund I, L.P., and (iii) the general partner of SCGF IV Management, L.P., which is the general partner of the SC GFIV Funds. Mr. Botha, one of our directors, is a managing member of SC US (TTGP), Ltd. and, as a result may be deemed to share beneficial ownership of the shares held by the Sequoia Capital entities referred to above. Mr. Botha expressly disclaims beneficial ownership of the shares held by such Sequoia Capital entities. The address of each Sequoia entity is 2800 Sand Hill Road, Suite 101, Menlo Park, CA 94025.
- (9) Consists of 17,167 shares of Class A common stock held of record by Ms. Brooks.
- (10) Consists of (i) 19,539 shares of Class A common stock held of record by Mr. Carter, (ii) 1,779 shares of Class A common stock held of record by an immediate family member, (iii) 20,812 shares of Class A common stock held of record by SC Panther, LLC, and (iv) 296 shares of Class A common stock held of record by SC Vessel 5, LLC, both of which Mr. Carter is the sole member.
- (11) Consists of 39,242 shares of Class A common stock held of record by Mr. Deighton.
- (12) Consists of 2,163,187 shares of Class A common stock held of record by Mr. Eisen.
- (13) Consists of 27,658 shares of Class A common stock held of record by Mr. Garutti.
- (14) Consists of (i) 4,088 shares of Class A common stock held of record by Mr. McKelvey, (ii) 11,940,025 shares of Class B common stock held of record by the James McKelvey, Jr. Revocable Trust dated July 2, 2014, for which Mr. McKelvey serves as trustee, and (iii) 125,000 shares of Class A common stock held of record by the Anna Elefteria Ntenta Revocable Trust dated November 30, 2017.
- (15) Consists of (i) 411,915 shares of Class A common stock held of record by Ms. Meeker and (ii) 5,817 shares of Class A common stock held in the name of KPCB sFund Associates, LLC ("sFund Associates"), where Ms. Meeker is a member, which is the managing member of KPCB sFund, LLC ("sFund") and, therefore, Ms. Meeker may be deemed to share voting or investment control with respect to the shares held by sFund Associates and sFund. The address of each is 2750 Sand Hill Road, Menlo Park, CA 94025.
- (16) Consists of 4,021 shares of Class A common stock held of record by Dr. Narula.
- (17) Consists of (i) 6,150,945 shares of Class A common stock and 59,784,591 shares of Class B common stock held of record by our current executive officers and directors, (ii) 1,193,603 shares of Class A common stock subject to options exercisable within 60 days of March 31, 2025, of which 1,150,959 are vested as of such date, (iii) 7,500 shares of Class B common stock subject to options exercisable within 60 days of March 31, 2025, all of which are vested as of such date, and (iv) 68,429 shares of Class A common stock subject to RSUs that vest within 60 days of March 31, 2025.

PAY VERSUS PERFORMANCE

As required by Item 402(v) of Regulation S-K, we are providing the following information regarding the relationship between executive compensation and our financial performance for each of the last five completed calendar years. In determining the “compensation actually paid” to our named executive officers, we are required to make various adjustments to amounts that have been reported in our Summary Compensation Table (“SCT”), as the SEC’s valuation methods for this section differ from those required in our SCT. The table below summarizes compensation values reported in our SCT, as well as the adjusted values required in this section for the applicable years presented. For our named executive officers other than our principal executive officer (“non-PEO NEOs”), compensation is reported as an average of compensation for our non-PEO NEOs.

The primary objective of our executive compensation program is to drive long-term stockholder value. Compensation for our named executive officers is heavily weighted toward equity-based compensation, which is directly tied to our long-term value and growth and aligns the interests of our executives with our stockholders. For additional information regarding our compensation philosophy, please refer to the section entitled “*Compensation Discussion & Analysis*.”

In 2024, we did not use any financial performance measures to link compensation “actually paid” to Company performance in a manner that can act as a “Company-Selected Measure” under the relevant rules. As such, we do not have a “Company-Selected Measure.” We therefore do not provide a tabular list of such performance measures.

Pay Versus Performance Table

Year (a)	Summary compensation table total for PEO (\$) (b) ⁽¹⁾	Compensation actually paid to PEO (\$) (c) ⁽¹⁾	Average summary compensation table total for Non-PEO NEOs (\$) (d) ⁽²⁾	Average compensation actually paid to Non-PEO NEOs (\$) (e) ^{(2) (3) (4) (5) (6)}	Value of initial fixed \$100 investment based on:		
					Total shareholder return (\$) (f) ⁽⁷⁾	Peer group total shareholder return (\$) (g) ^{(7) (8)}	Net Income (Loss) (in thousands) (\$) (h) ⁽⁹⁾
2024	2.75	2.75	13,619,601	15,718,794	135.85	260.04	2,897,047
2023	2.75	2.75	10,767,701	11,468,047	123.64	191.10	9,772
2022	2.75	2.75	11,692,439	(10,751,801)	100.45	118.60	(540,747)
2021	2.75	2.75	9,560,445	(2,467,273)	258.17	183.47	166,284
2020	2.75	2.75	8,448,700	66,001,569	347.89	145.15	213,105

(1) Reflects compensation amounts reported in our SCT for our Block Head and PEO, Jack Dorsey, for the respective years shown. Mr. Dorsey was our PEO for all applicable years presented. Mr. Dorsey did not receive or hold any equity-based awards or participate in any defined benefit or actuarial pension plans, for any of the years presented and, therefore, no amounts have been deducted or added to calculate the Compensation Actually Paid (“CAP”) to the PEO.

(2) Non-PEO NEOs include (a) Amrita Ahuja, Brian Grassadonia, Alyssa Henry, Jacqueline Reses, and Sivan Whiteley for the year ended December 31, 2020; (b) Amrita Ahuja, Brian Grassadonia, Alyssa Henry, and Sivan Whiteley for the years ended December 31, 2021 and 2022; (c) Amrita Ahuja, Brian Grassadonia, Alyssa Henry, and Chrysty Esperanza for the year ended December 31, 2023; and (d) Amrita Ahuja, Brian Grassadonia, Owen Britton Jennings, and Dhanji R. Prasanna for the year ended December 31, 2024.

(3) Dollar amounts reported do not reflect the actual amount of compensation earned by or paid to our non-PEO NEOs during the applicable year. We calculate CAP in accordance with the methodology prescribed under SEC guidance to Item 402(v) of Regulation S-K and as shown in the adjustment table below. Average CAP for our non-PEO NEOs is calculated by, as described in more detail under footnote (6) below, (a) taking the average SCT total compensation, less (b) the grant date fair value of equity granted during

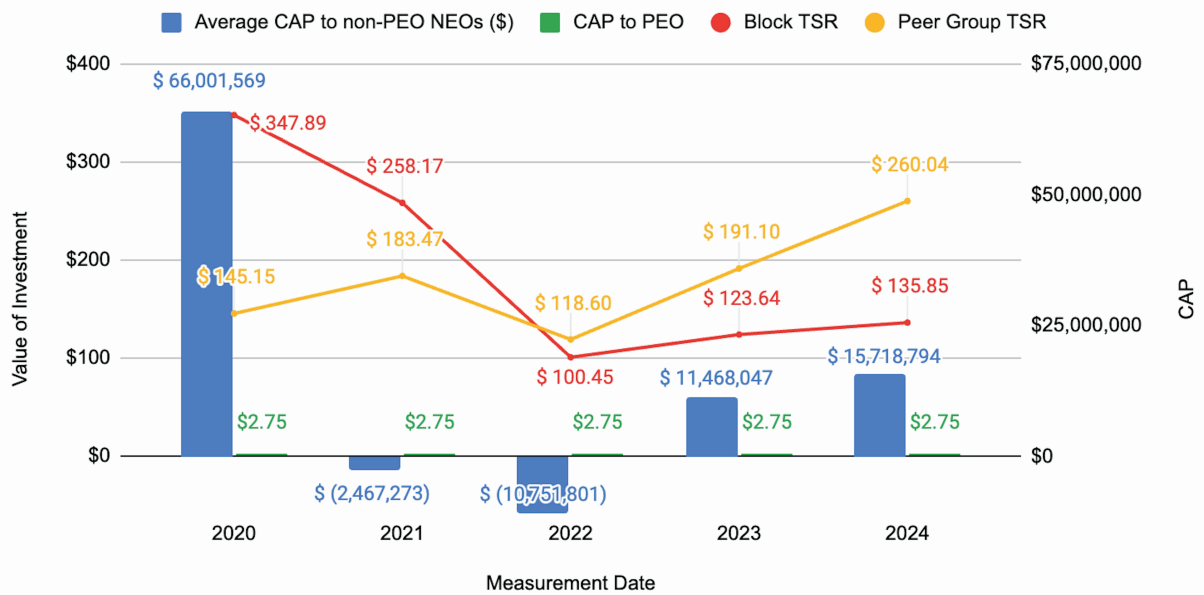
the year, plus (c) the following: (i) the year-end fair value of outstanding, unvested equity awards granted during the applicable year; (ii) for equity awards granted in prior years that are outstanding and unvested at the end of the year, the difference between the year-end fair value and the immediately prior year-end fair value; (iii) the vesting date fair value of any equity awards that were granted and vested in the same covered fiscal year; and (iv) for awards granted in prior years that vested during the applicable year, the difference between the fair value as of the vesting date and the immediately prior year-end fair value, less (d) the fair value at the end of the prior fiscal year for awards granted in prior years that were forfeited during the covered fiscal year. We have not paid dividends historically and do not sponsor any pension arrangements; thus no adjustments are made for these items.

- (4) For purposes of calculating the average CAP to our non-PEO NEOs, compensation related to equity awards was remeasured. For RSUs, the fair values and the change in fair values were determined by the closing price of our common stock at each applicable year-end date or, in the case of vested awards, the stock price on vesting date. For stock options, a Black-Scholes-Merton option valuation model (“BSM model”) was used as of the applicable year-end date or, in the case of vested options, the vesting date. The BSM model requires us to make assumptions and judgments regarding the variables used in the calculation, including the expected remaining term, expected volatility, and the expected risk-free rate. The valuation assumptions used to calculate fair value of equity awards were materially consistent with those used to calculate the grant date fair value of such award and those used to calculate our share-based compensation expense, as disclosed in the “Share-based Compensation” section of Note 16, *Stockholders’ Equity* of the Notes to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024. For stock options, the fair value amounts of stock options for 2024 reflected in the table above were calculated using the “historical” method for determining the expected term of the options under the BSM model. For stock option fair value amounts for prior years, we used the “simplified method” for determining the expected term of the options under the BSM model. There is no material difference in the reported years as a result of the change in methodology.
- (5) Changes in the market price of our Class A common stock following the date of grant of an award can impact CAP to our non-PEO NEOs. For the portion of the average CAP that is based on year-end stock prices, the following prices from the last trading day of the applicable year were used: (a) \$62.56 for 2019; (b) \$217.64 for 2020; (c) \$161.51 for 2021; (d) \$62.84 for 2022; (e) \$77.35 for 2023; and (f) \$84.99 for 2024.
- (6) Reflects the following adjustments, reported as averages, to the average of the total compensation of our non-PEO NEOs as reported in our SCT for each fiscal year listed:

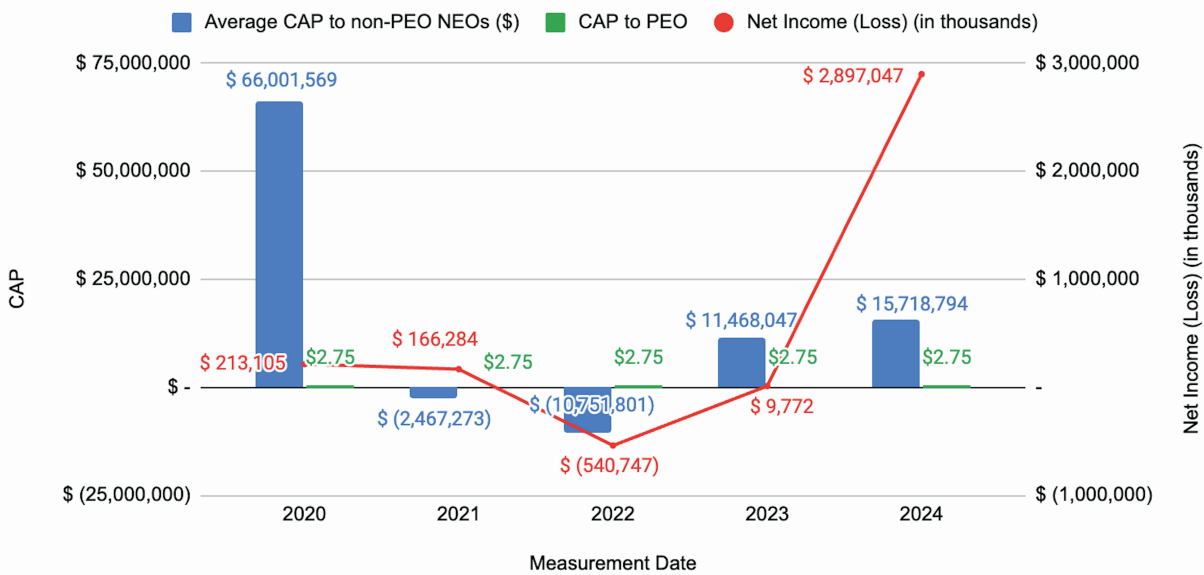
	Year Ended				
	December 31,				
	2020	2021	2022	2023	2024
Total Average Compensation to non-PEO NEOs per SCT (\$)	8,448,700	\$ 9,560,445	11,692,439	10,767,701	13,619,601
Less: Amounts reported in SCT as equity award amounts, which are based on grant date fair values	(7,889,459)	(9,060,750)	(11,167,810)	(10,175,781)	(13,054,698)
Plus: Year-end fair value of any equity awards granted in the covered fiscal year that were outstanding and unvested as of the end of the covered fiscal year	34,248,558	4,257,552	4,103,883	9,579,411	12,556,990
Plus: Change in fair value as of the end of the covered fiscal year (from the end of the prior fiscal year) of any equity awards granted in prior years that were outstanding and unvested as of the end of the covered fiscal year.	21,341,479	(10,385,340)	(9,746,528)	775,615	901,216
Plus: Vesting date fair value of any equity awards that were granted and vested in the same covered fiscal year	3,816,699	1,135,500	700,050	1,618,086	2,250,501
Plus: Change in fair value from the end of the prior fiscal year to the vesting date for awards granted in prior years that vest in the covered fiscal year	6,815,721	2,025,319	(6,333,836)	(126,602)	(554,816)
Less: Fair value at the end of the prior fiscal year for awards granted in prior years that were forfeited during the covered fiscal year	(780,129)	—	—	(970,382)	—
Total Adjustments	<u>57,552,869</u>	<u>(12,027,719)</u>	<u>(22,444,241)</u>	<u>700,347</u>	<u>2,099,193</u>
Total Average CAP to non-PEO NEOs for Fiscal Year	66,001,569	(2,467,273)	(10,751,801)	11,468,047	15,718,794

- (7) Total shareholder return ("TSR") reflects what year-end cumulative value of \$100 would be, including reinvestment of dividends until the last day of each reported fiscal year, if such amount were invested on December 31, 2019. The Company has not paid dividends historically.
- (8) We used the S&P North American Technology Index for our peer group TSR, as used in our stock performance graph required by Item 201(e) of Regulation S-K and included in our Annual Report on Form 10-K for the year ended December 31, 2024.
- (9) The dollar amounts reported are the Company's net income (loss) attributable to common stockholders for the applicable year as presented in the audited Consolidated Statements of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2024.

Relationship Between Compensation Actually Paid, Block Total Shareholder Return and Peer Group Total Shareholder Return



Relationship Between Compensation Actually Paid and Net Income (Loss)



Block TSR is calculated based on an assumed investment of \$100 on December 31, 2019.

PAY RATIO DISCLOSURE

As required by Section 953(b) of the Dodd-Frank Act and Item 402(u) of Regulation S-K, we are providing the following information about the relationship of the annual total compensation of our employees and the annual total compensation of Mr. Dorsey, our Block Head.

For 2024, our last completed fiscal year:

- the median of the annual total compensation of all our employees (determined as described below, and other than our Block Head) was \$202,981; and
- the annual total compensation of our Block Head, as reported in the Summary Compensation Table included elsewhere in this proxy statement, was \$2.75.

Based on this information, for 2024, the annual total compensation of our Block Head was less than 0.0001 times that of the median of the annual total compensation for all employees. This pay ratio is a reasonable estimate calculated in a manner consistent with Item 402(u) of Regulation S-K.

To identify the median of the annual total compensation of all our employees, as well as to determine the annual total compensation of our median employee and our Block Head, we took the following steps:

1. We determined that, as of December 31, 2024, our employee population consisted of 11,367 individuals working at our parent company and consolidated subsidiaries with approximately 10,954 of these individuals located in the U.S., Australia, Canada, Ireland, and the U.K. (approximately 8,744 in the U.S., 1,023 in Australia, 665 in Canada, 298 in Ireland, and 224 in the U.K.). This population consisted of our full-time and part-time employees, but not any independent contractors or temporary workers.
2. We have chosen to exclude the approximately 413 employees located outside the U.S., Australia, Canada, Ireland, and the U.K. (129 in Japan, 90 in Norway, 43 in Moldova, 32 in China, 30 in Germany, 21 in Spain, 18 in Mexico, 17 in the Netherlands, 10 in New Zealand, 7 in France, 6 in Sweden, 4 in Taiwan, 2 in Lithuania, 2 in Poland, 1 in Greece, and 1 in Brazil) from the determination of the “median employee,” given the relatively small number of employees in those jurisdictions and the estimated costs of obtaining their compensation information. In total, we excluded certain non-U.S. employees comprising less than 5% of our total workforce from the identification of the “median employee,” as permitted by SEC rules.
3. To identify the “median employee” from our U.S., Australia, Canada, Ireland, and the U.K. employee population, we combined the actual salary, bonus, commissions, and other taxable benefits (other than related to equity awards and our 2015 Employee Stock Purchase Plan) as reflected in our payroll records as reported to the Internal Revenue Service on Form W-2, the Australian Taxation Office, the Canada Revenue Agency on Form T4, the Ireland Revenue Agency on the Statement of Liability, and His Majesty’s Revenue and Customs office on Form P60 through its electronic processes for 2024, as well as the match paid to our U.S employees under our 401(k) Plan and the aggregate grant date fair value of equity awards granted to employees in 2024.
4. We identified our median employee using this compensation measure, which was consistently applied to all our employees included in the calculation. We did not make any cost-of-living adjustments in identifying the “median employee.”
5. Once we identified our median employee, we combined all the elements of such employee’s compensation for 2024 in accordance with the requirements of Item 402(c)(2)(x) of Regulation S-K, resulting in annual total compensation of \$202,981.
6. With respect to the annual total compensation of our Block Head, we used the amount reported in the “Total Compensation” column of our 2024 Summary Compensation Table included in this proxy statement.

CERTAIN RELATIONSHIPS, RELATED PARTY AND OTHER TRANSACTIONS

We describe below transactions and series of similar transactions, since the beginning of our last fiscal year, to which we were a participant or will be a participant, in which:

- the amounts involved exceeded or will exceed \$120,000; and
- any of our directors, nominees for director, executive officers, or beneficial holders of more than 5% of any class of our outstanding capital stock, or any immediate family member of, or person sharing the household with, any of these individuals or entities, had or will have a direct or indirect material interest.

Our audit and risk committee reviewed and approved each of the transactions described below pursuant to our related person transactions policy. All dollar amounts are as of March 31, 2025.

Roc Nation

We engage Roc Nation LLC (“Roc Nation”) to provide certain artist, marketing and concert services (the “Roc Nation Services”). Payments to Roc Nation in connection with the Roc Nation Services proposed for 2025 may exceed \$120,000.

Shawn Carter, a member of our board of directors, has an ownership interest in Roc Nation and is its co-founder. As a result, Mr. Carter may be deemed to have an indirect material interest in the Roc Nation Services.

Shake Shack

We are party to an amended and restated enterprise services agreement and a Cash App offerings (formerly “boosts”) agreement with Shake Shack Enterprises, LLC, a subsidiary of Shake Shack, pursuant to which we provide certain products and services related to payment processing, software as a service, hardware, and instant rewards (collectively, the “Shake Shack Services”). For 2024, we received approximately \$12.4 million in revenue from the Shake Shack Services and Cash App offerings partnership.

Randall Garutti, a member of our board of directors, was a director and Chief Executive Officer of Shake Shack until May 2024. As a result, Mr. Garutti may be deemed to have an indirect material interest in the Shake Shack Transactions.

St. Louis Lease

We are party to a lease agreement with 900 N. Tucker Building, LLC (“900 N. Tucker”) for a 15.5-year lease of office space in St. Louis, Missouri (the “St. Louis Lease”). During the fiscal year ended December 31, 2024, we made approximately \$1.1 million in payments in connection with the St. Louis Lease. In addition, during the three months ended March 31, 2025, we expanded the square footage we lease under the St. Louis Lease. During the fiscal year ending December 31, 2025, we expect to make monthly lease payments in accordance with the terms of the St. Louis Lease, as well as associated costs such as parking fees, management fees, and annual direct expenses (e.g., operating and tax expenses). We expect these lease payments will be offset, in part, by tenant improvement allowances under the terms of the St. Louis Lease. During the three months ended March 31, 2025, we made approximately \$0.4 million in payments toward the St. Louis Lease.

James McKelvey, our co-founder and a member of our board of directors, is affiliated with 900 N. Tucker. As a result, Mr. McKelvey may be deemed to have an indirect material interest in the St. Louis Lease.

Other Transactions

We have entered into change of control and severance agreements with our current executive officers that, among other matters, provide for certain severance and change of control benefits. For additional information, refer to the section entitled “*Executive Compensation—Potential Payments upon Termination or Change of Control.*”

We have entered into indemnification agreements with our directors and executive officers. The indemnification agreements, our amended and restated certificate of incorporation, and amended and

restated bylaws require us to indemnify our directors and executive officers to the fullest extent permitted by Delaware law.

A family member of Brian Grassadonia, our Ecosystem Lead, is employed by us in a non-executive position. The approximate dollar value of the employee's total cash and equity compensation for the year ended December 31, 2024 was \$207,395. The family member also receives benefits consistent with other employees serving in the same capacity.

Other than as described above, since January 1, 2024, we have not entered into any transactions, nor are there any currently proposed transactions, between us and a related party where the amount involved exceeds, or would exceed, \$120,000, and in which any related person had or will have a direct or indirect material interest.

Policies and Procedures for Related Party Transactions

Our audit and risk committee has the primary responsibility for reviewing and approving or disapproving "related party transactions," which are transactions between us and related persons in which the aggregate amount involved exceeds or may be expected to exceed \$120,000 and in which a related person has or will have a direct or indirect material interest. The charter of our audit and risk committee provides that our audit and risk committee shall review and approve any related party transaction for which review or oversight is required by applicable law or that is required to be disclosed in our financial statements or SEC filings.

We have a formal written policy providing that our audit and risk committee must pre-approve any transaction that exceeds \$120,000 and in which any related person has a direct or indirect material interest. In approving or rejecting any such transaction, our audit and risk committee is to consider the relevant facts and circumstances available and deemed relevant to our audit and risk committee, including, but not limited to, whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances, whether such transaction would impair the independence of an outside director, whether such transaction would present an improper conflict of interest for any director or executive officer of our Company, whether the transaction is part of the ordinary course of business, and the extent of the related person's interest in the transaction. Any member of our audit and risk committee who has an interest in a potential related party transaction under discussion will abstain from voting on the approval of such transaction. If a related party transaction will be ongoing, our audit and risk committee may establish guidelines for us to follow in our ongoing dealings with the related party.

QUESTIONS AND ANSWERS ABOUT OUR PROXY MATERIALS AND THE ANNUAL MEETING

This proxy statement and the enclosed form of proxy are furnished in connection with the solicitation of proxies by our board of directors for use at the Annual Meeting. The Annual Meeting will be held on Tuesday, June 17, 2025, at 12:00 p.m. (U.S. Pacific Time) as a completely virtual meeting. Stockholders can attend the Annual Meeting by visiting www.virtualshareholdermeeting.com/XYZ2025, where you will be able to listen to the meeting live, submit questions and vote your shares online during the meeting. CDI holders can attend the Annual Meeting by visiting www.virtualshareholdermeeting.com/XYZ2025 as a guest, where you will be able to listen to the meeting live. The Notice of Internet Availability of Proxy Materials (the “Notice”) containing instructions on how to access this proxy statement and our annual report is first being mailed on or about April 25, 2025 (U.S. Eastern Time), to all stockholders entitled to vote at the Annual Meeting, and the CDI Notice of Access Letter is being mailed or emailed from Australia to CDI holders on or about April 28, 2025 (Australia time).

The information provided in the “question and answer” format below is for your convenience only and is merely a summary of the information contained in this proxy statement. You should read this entire proxy statement carefully.

What matters am I voting on?

You will be voting on:

- the election of three Class I directors to serve until our 2028 annual meeting of stockholders and until their successors are duly elected and qualified;
- the approval, on an advisory basis, of the compensation of our named executive officers;
- the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2025;
- the approval of the Block, Inc. 2025 Equity Incentive Plan;
- the approval of the Block, Inc. Amended and Restated 2015 Employee Stock Purchase Plan; and
- the transaction of such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

How does the board of directors recommend I vote on these proposals?

Our board of directors recommends a vote:

- **“FOR”** the election of Jack Dorsey, Paul Deighton, and Neha Narula as Class I directors;
- **“FOR”** the approval, on an advisory basis, of the compensation of our named executive officers;
- **“FOR”** the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2025;
- **“FOR”** the approval of the Block, Inc. 2025 Equity Incentive Plan; and
- **“FOR”** the approval of the Block, Inc. Amended and Restated 2015 Employee Stock Purchase Plan.

Who is entitled to vote?

Holders of our Class A common stock and holders of our Class B common stock as of the close of business on April 21, 2025 (U.S. Eastern Time), the record date for the Annual Meeting, may vote at the Annual Meeting. Shares of our Class A common stock also trade on the Australian Stock Exchange (“ASX”) in the form of CDIs. Holders of our CDIs as of the close of business on April 21, 2025 (U.S. Eastern Time), may attend the Annual Meeting as guests but cannot vote at the Annual Meeting; instead, CDI holders must vote the Class A common stock underlying their CDIs before 9:00 a.m. (Australian Eastern Standard Time) on Thursday, June 12, 2025. Each CDI represents a beneficial interest in one share of our Class A common stock. As of the record date, there were 555,574,403 shares of our Class A common stock outstanding (including 54,270,668 CDIs exchangeable into shares of our Class A common stock) and 60,042,763

shares of our Class B common stock outstanding. Our Class A common stock and Class B common stock will vote as a single class on all matters described in this proxy statement for which your vote is being solicited. Stockholders are not permitted to cumulate votes with respect to the election of directors. Each share of Class A common stock is entitled to one vote on each proposal, and each share of Class B common stock is entitled to 10 votes on each proposal. Our Class A common stock and Class B common stock are collectively referred to in this proxy statement as our “common stock.”

Registered Stockholders. If shares of our common stock are registered directly in your name with our transfer agent, you are considered the stockholder of record with respect to those shares, and the Notice was provided to you directly by us. As the stockholder of record, you have the right to grant your voting proxy directly to the individuals listed on the proxy card or to vote live at the Annual Meeting. Throughout this proxy statement, we refer to registered stockholders as “stockholders of record.”

Street Name Stockholders. If shares of our common stock are held on your behalf in a brokerage account or by a bank or other nominee, you are considered to be the beneficial owner of shares that are held in “street name,” and the Notice was forwarded to you by your broker, bank, or other nominee, who is considered to be the stockholder of record with respect to those shares. As the beneficial owner, you have the right to direct your broker, bank, or other nominee as to how to vote your shares. You are also invited to attend the Annual Meeting; however, because you are not the stockholder of record, you cannot vote your shares at the Annual Meeting unless you first request and obtain a valid proxy from your broker, bank, or other nominee. Throughout this proxy statement, we refer to stockholders who hold their shares through a broker, bank, or other nominee as “street name stockholders” or “beneficial owners.”

CDI Holders. If you own our CDIs, then you are the beneficial owner of one share of our Class A common stock for every CDI you own. Legal title is held by our CDI Depository, CHESSE Depository Nominees Pty Ltd, or CDN. CDN is considered the stockholder of record for purposes of voting at the Annual Meeting. As the beneficial owner, you have the right to direct CDN as to how to vote your shares. You are also invited to attend the Annual Meeting; however, because you are not a stockholder of record, you cannot vote the shares underlying your CDIs at the Annual Meeting. We encourage you to direct CDN to lodge your votes online prior to the Annual Meeting by using the details on your Notice of Access Letter to request that Computershare Australia send you a hard copy of the CDI voting form to their registered address, or by lodging your votes through our online voting site at www.investorvote.com.au before 9:00 a.m. (Australian Eastern Standard Time) on Thursday, June 12, 2025.

How many votes are needed for approval of each proposal?

- *Proposal No. 1:* The election of directors requires a plurality of the voting power of the shares of our common stock represented virtually or by proxy at the Annual Meeting and entitled to vote at the Annual Meeting to be approved. “Plurality” means that the nominees who receive the largest number of votes cast “**FOR**” such nominees are elected as directors until all board of directors seats are filled. As a result, any shares not voted “**FOR**” a particular nominee, whether as a result of a “**WITHHOLD**” vote or a broker non-vote (described below), will not be counted in such nominee’s favor and will have no effect on the outcome of the election. You may vote “**FOR**” or “**WITHHOLD**” on each of the nominees for election as a director.
- *Proposals No. 2, 4, and 5:* The non-binding advisory vote on our executive compensation, the approval of the Block, Inc. 2025 Equity Incentive Plan, and the approval of the Block, Inc. Amended and Restated 2015 Employee Stock Purchase Plan each require the affirmative vote of a majority of the voting power of the shares of our common stock represented virtually or by proxy at the Annual Meeting and entitled to vote thereon to be approved. You may vote “**FOR**,” “**AGAINST**,” or “**ABSTAIN**” with respect to these proposals. Abstentions are considered shares represented and entitled to vote on these proposals and, thus, will have the same effect as a vote “**AGAINST**” these proposals. Because these proposals are considered non-routine such that a broker, bank, or nominee may not vote without instructions on this matter, there may be broker non-votes in connection with these proposals. To the extent there are any broker non-votes, because broker non-votes will not count as shares represented and entitled to vote on these proposals, they will have no effect on the outcome of these proposals.
- *Proposal No. 3:* The ratification of the appointment of the independent registered public accounting firm requires the affirmative vote of a majority of the voting power of the shares of our common stock represented virtually or by proxy at the Annual Meeting and entitled to vote thereon to be

approved. You may vote “**FOR**,” “**AGAINST**,” or “**ABSTAIN**” with respect to this proposal. Abstentions are considered shares represented and entitled to vote on this proposal, and, thus, will have the same effect as a vote “**AGAINST**” this proposal. This proposal is considered a routine matter such that a broker, bank, or other nominee can generally vote in its discretion; therefore, no broker non-votes are expected in connection with this proposal.

The proposal to approve the compensation of our executives is an advisory vote, meaning the results will not be binding on our board of directors, our compensation committee, or the Company. However, our board of directors and our compensation committee will consider the outcome of the vote on executive compensation when determining named executive officer compensation.

What is a quorum?

A quorum is the minimum number of shares required to be present at the Annual Meeting to properly hold an annual meeting of our stockholders and conduct business under our amended and restated bylaws and Delaware law. The presence, virtually or by proxy, of a majority of the voting power of all issued and outstanding shares of our common stock entitled to vote at the Annual Meeting will constitute a quorum at the Annual Meeting. Abstentions, “**WITHHOLD**” votes, and broker non-votes are counted as shares present and entitled to vote for purposes of determining a quorum at the Annual Meeting.

How do I vote?

If you are a stockholder of record, there are four ways to vote:

- by Internet at www.proxyvote.com or via the QR code on your Notice or proxy card, 24 hours a day, seven days a week, until 11:59 p.m. (U.S. Eastern Time) on June 16, 2025 (please have your Notice or proxy card in hand when you visit the website);
- by toll-free telephone at 1-800-690-6903, until 11:59 p.m. (U.S. Eastern Time) on June 16, 2025 (please follow the instructions on your proxy card);
- by completing and mailing your proxy card (if you received printed proxy materials) to be received prior to the Annual Meeting; or
- by attending the Annual Meeting by visiting www.virtualshareholdermeeting.com/XYZ2025, where you may vote and submit questions during the meeting (please have your Notice, proxy card, or the instructions that accompanied your proxy materials in hand when you visit the website).

Even if you plan to attend the Annual Meeting, we recommend that you also vote by proxy so that your vote will be counted if you later decide not to attend the Annual Meeting.

If you are a street name stockholder, you will receive voting instructions from your broker, bank, or other nominee. You must follow the voting instructions provided by your broker, bank or other nominee in order to direct your broker, bank, or other nominee on how to vote your shares. Street name stockholders should generally be able to vote in advance of the Annual Meeting by returning a voting instruction form and may be able to vote by telephone or on the Internet, depending on the voting process of your broker, bank, or other nominee. As discussed above, if you are a street name stockholder, you may not vote your shares live at the virtual Annual Meeting unless you obtain a legal proxy from your broker, bank, or other nominee.

If you are a CDI holder, you may instruct CDN to vote the Class A common stock underlying your CDIs on your behalf by using the details on the Notice of Access Letter to request that Computershare Australia send a hard copy of the CDI voting form in the mail to your registered address, or you may lodge your votes through our online voting site at www.investorvote.com.au before 9:00 a.m. (Australian Eastern Standard Time) on Thursday, June 12, 2025.

Can I change my vote or revoke my proxy?

Yes. If you are a stockholder of record, you can change your vote or revoke your proxy any time before the Annual Meeting by:

- entering a new vote by Internet or by telephone;
- completing, signing, and returning a later-dated proxy card;
- notifying the Corporate Secretary of Block, Inc., in writing, at Block, Inc., 1955 Broadway, Suite 600, Oakland, CA 94612; or
- attending and voting at the Annual Meeting (although attendance at the Annual Meeting will not, by itself, revoke a proxy).

If you are a street name stockholder, your broker, bank, or other nominee can provide you with instructions on how to change or revoke your vote.

If you own CDIs, you can change or revoke your vote by visiting our online voting site at www.investorvote.com.au before 9:00 a.m. (Australian Eastern Standard Time) on Thursday, June 12, 2025.

What do I need to do to attend and participate in the Annual Meeting?

All holders of our common stock as of the record date will be able to attend the Annual Meeting by visiting www.virtualshareholdermeeting.com/XYZ2025 and entering the 16-digit control number included on the Notice, proxy card, or voting instruction form; however, only stockholders of record and street name stockholders with a legal proxy from their broker, bank, or other nominee will be able to vote their shares electronically at the meeting or submit questions during the meeting, with a limit of one question per stockholder. CDI holders can attend the Annual Meeting by visiting www.virtualshareholdermeeting.com/XYZ2025 as a guest, where you will be able to listen to the meeting live. CDI holders can visit our online voting site at www.investorvote.com.au and submit a question before 9:00 a.m. (Australian Eastern Standard Time) on Thursday, June 12, 2025. We will answer as many questions submitted in accordance with the meeting rules of conduct as possible in the time allotted for the meeting. Only questions that are relevant to our business operations will be answered.

The Annual Meeting webcast will begin promptly at 12:00 p.m. (U.S. Pacific Time). We encourage you to access the meeting prior to the start time. Online check-in will begin at 11:45 a.m. (U.S. Pacific Time), and you should allow ample time for the check-in procedures.

What if during the check-in time or during the meeting I have technical difficulties or trouble accessing the virtual meeting website?

We will have technicians to assist you if you experience technical difficulties accessing the Annual Meeting. If you encounter any difficulties accessing the meeting during the check-in or meeting time, please call 844-986-0822 (domestic) or 303-562-9302 (international).

What is the effect of giving a proxy?

Proxies are solicited by and on behalf of our board of directors. Jack Dorsey, Amrita Ahuja, and Chrysty Esperanza have been designated as proxy holders by our board of directors. When proxies are properly dated, executed, and returned, the shares represented by such proxies will be voted at the Annual Meeting in accordance with the instructions of the stockholder. If no specific instructions are given, however, the shares will be voted in accordance with the recommendations of our board of directors as set forth above. If any matters not described in this proxy statement are properly presented at the Annual Meeting pursuant to our amended and restated bylaws, the proxy holders will use their own judgment to determine how to vote the shares. If the Annual Meeting is adjourned or postponed, the proxy holders can vote the shares on the new Annual Meeting date unless you have properly revoked your proxy instructions, as described above.

Why did I receive a Notice of Internet Availability of Proxy Materials instead of a full set of proxy materials?

In accordance with the rules of the SEC, we have elected to furnish our proxy materials, including this proxy statement and our annual report, primarily via the Internet. The Notice, which contains instructions on how to access our proxy materials via the Internet, is first being mailed on or about April 25, 2025 (U.S. Eastern Time), to all our stockholders of record as of the record date. Stockholders in street name will receive the Notice from their broker, bank, or other nominee. All stockholders will have the ability to access the proxy materials on the website referred to in the Notice (www.proxyvote.com). Stockholders may also request to receive proxy materials for this Annual Meeting or future meetings of our stockholders in printed form by mail or electronically by email by following the instructions contained in the Notice. We encourage stockholders to take advantage of the availability of our proxy materials on the Internet to help reduce the environmental impact and cost of our annual meetings of stockholders.

Why did I receive a Notice of Access Letter instead of a full set of proxy materials?

Holders of our CDIs, which are listed on the ASX, will receive a Notice of Access Letter from Computershare Australia. If you received the Notice of Access Letter by electronic mail, you will not automatically receive a printed copy of the proxy materials in the mail. The Notice of Access Letter tells you how to use the Internet to access and review this proxy statement and our annual report, and how you may submit your proxy via the Internet or request a hard copy of the CDI voting form to be sent in the mail to your registered address.

How are proxies solicited for the Annual Meeting?

Our board of directors is soliciting proxies for the Annual Meeting. We will bear the entire cost of proxy solicitation, including the preparation, assembly, printing, mailing, and distribution of our proxy materials. Copies of solicitation materials will also be made available upon request to brokers, banks, and other nominees to forward to the beneficial owners of the shares of our common stock that are held of record by such brokers, banks, or other nominees. The original solicitation of proxies may be supplemented by solicitation by telephone, electronic communications, or other means by our directors, officers, or employees. No additional compensation will be paid to these individuals for any such services, although we may reimburse such individuals for their reasonable out-of-pocket expenses in connection with such solicitation.

How may my brokerage firm or other intermediary vote my shares if I fail to provide timely directions?

Brokerage firms and other intermediaries holding shares of our common stock in street name for beneficial owners are generally required to vote such shares in the manner directed by such beneficial owners. In the absence of timely directions, your broker or other intermediary will have discretion to vote your shares on our sole “routine” matter, which is the proposal to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2025. Your broker or other intermediary will not have discretion to vote on any other proposals, which are all “non-routine” matters, absent direction from you. We refer to the absence of a vote on a non-routine proposal for which a broker has not received instructions as a “broker non-vote.”

Why is the Annual Meeting being conducted as a virtual meeting?

The Annual Meeting will again be a completely virtual meeting of stockholders, which we believe provides the opportunity for participation by a broader group of stockholders while reducing the environmental impact and the costs associated with in-person meetings. We designed the format of the virtual Annual Meeting to ensure that our stockholders are afforded the same rights and opportunities to participate as they would have at an in-person meeting and to enhance stockholder access, participation, and communication through online tools. The virtual format facilitates stockholder attendance and participation by enabling stockholders to participate from any location around the world.

Where can I find the voting results of the Annual Meeting?

We will announce preliminary voting results at the Annual Meeting. We will also disclose voting results on a Current Report on Form 8-K that we will file with the SEC within four business days after the Annual Meeting. If final voting results are not available to us in time to file a Current Report on Form 8-K within four

business days after the Annual Meeting, we will instead file a Current Report on Form 8-K with the preliminary results within four business days after the Annual Meeting and an amendment to the Current Report on Form 8-K with the final results as soon as such final results become available.

I share an address with another stockholder, and we received only one paper copy of the proxy materials. How may I obtain an additional copy of the proxy materials?

We have adopted a procedure, which the SEC has approved, called “householding.” Under this procedure, we deliver a single copy of the Notice and, if applicable, our proxy materials to multiple stockholders who share the same address, unless we have received contrary instructions from one or more of such stockholders. Applicable stockholders who have not provided instructions against householding will continue to receive the Notice and, if applicable, our proxy materials in this manner in subsequent years until they are notified otherwise or until they revoke their consent. This procedure reduces our printing and mailing costs and fees. Stockholders who participate in householding will continue to be able to access and receive separate proxy cards.

Upon the written or oral request of a stockholder of record, we will promptly deliver a separate copy of the Notice and, if applicable, our proxy materials to such stockholder at the shared address to which we delivered a single copy of any of these materials. To receive a separate copy, or, if a stockholder of record is receiving multiple copies, to request that we only send a single copy of the Notice and, if applicable, our proxy materials, such stockholder may contact Broadridge Financial Solutions, Inc. (“Broadridge”):

- by mail: Broadridge Financial Solutions, Inc., Household Department, 51 Mercedes Way, Edgewood, NY 11717
- by telephone: 1-800-579-1639
- by email: sendmaterial@proxyvote.com

Street name stockholders may contact their broker, bank, or other nominee to request information about householding.

If you are a CDI holder, you will receive your Notice of Access Letter from Computershare Australia. If you received the Notice of Access Letter by electronic mail or mail, you will not automatically receive a printed copy of the proxy materials in the mail. Multiple CDI holders who share the same address will receive their own copy of the Notice of Access Letter so long as each CDI holder is registered separately on the register or with the ASX.

What is the deadline to propose actions for consideration or to nominate individuals to serve as directors at next year’s annual meeting of stockholders?

Stockholder Proposals

Stockholders may present proper proposals for inclusion in our proxy statement and for consideration at our 2026 annual meeting of stockholders by submitting their proposals in writing to our Corporate Secretary in a timely manner. For a stockholder proposal to be considered for inclusion in our proxy statement for our 2026 annual meeting of stockholders, our Corporate Secretary must receive the written proposal at the address below not later than December 26, 2025 (U.S. Eastern Time). In addition, stockholder proposals must comply with the requirements of Rule 14a-8 of the Exchange Act regarding the inclusion of stockholder proposals in company-sponsored proxy materials. Stockholder proposals should be addressed to:

Block, Inc.
Attention: Corporate Secretary
1955 Broadway, Suite 600
Oakland, California 94612

Our amended and restated bylaws also establish an advance notice procedure for stockholders who wish to present a proposal before an annual meeting of stockholders but do not intend for the proposal to be included in our proxy statement. Our amended and restated bylaws provide that the only business that may be conducted at an annual meeting of stockholders is business that is (i) specified in our proxy materials with respect to such annual meeting, (ii) otherwise properly brought before such annual meeting by or at the direction of our board of directors, or (iii) properly brought before such annual meeting by a stockholder of record entitled to vote at such annual meeting who has delivered timely written notice to our Corporate Secretary, which notice must contain the information specified in our amended and restated

bylaws. To be timely for our 2026 annual meeting of stockholders, our Corporate Secretary must receive the written notice at the address above:

- no earlier than the close of business on February 17, 2026; and
- no later than the close of business on March 19, 2026.

In the event that we hold our 2026 annual meeting of stockholders more than 30 days before or more than 60 days after the one-year anniversary of the Annual Meeting, notice of a stockholder proposal that is not intended to be included in our proxy statement must be received no earlier than the close of business on the 120th day before the first anniversary of the Annual Meeting and no later than the close of business on the later of the following two dates:

- the 90th day prior to our 2026 annual meeting of stockholders; or
- the 10th day following the day on which public announcement of the date of our 2026 annual meeting of stockholders is first made if such first public announcement is less than 100 days prior to the date of our 2026 annual meeting of stockholders.

If a stockholder who has properly notified us of their or its intention to present a proposal at an annual meeting of stockholders does not appear to present their or its proposal at such annual meeting, we are not required to present the proposal for a vote at such annual meeting.

Nomination of Director Candidates

Our amended and restated bylaws permit stockholders to nominate directors for election at an annual meeting of stockholders. To nominate a director, the stockholder must provide the information required by our amended and restated bylaws. Any notice of director nomination submitted must include the information required by Rule 14a-19(b) under the Exchange Act. In addition, the stockholder must give timely notice to our Corporate Secretary in accordance with our amended and restated bylaws, which, in general, require that such notice be received by our Corporate Secretary within the time periods described above under the section entitled “*Stockholder Proposals*” for stockholder proposals that are not intended to be included in a proxy statement.

Availability of Bylaws

A copy of our amended and restated bylaws is available on our website at <https://investors.block.xyz> and via the SEC's website at <https://www.sec.gov>. Information contained on or accessible through our website is not incorporated by reference in this proxy statement. You may also contact our Corporate Secretary at the address set forth above for a copy of the relevant bylaw provisions regarding the requirements for making stockholder proposals and nominating director candidates.

OTHER MATTERS

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires that our executive officers and directors, and persons who own more than 10% of our common stock, file reports of ownership and changes of ownership with the SEC. Such directors, executive officers, and 10% stockholders are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file.

SEC regulations require us to identify in this proxy statement anyone who filed a required report late during the most recent fiscal year. Based on our review of forms we received, or written representations from reporting persons stating that they were not required to file these forms, we believe that during our fiscal year ended December 31, 2024, all Section 16(a) filing requirements were satisfied on a timely basis, except with respect to one Form 4 filing for Amrita Ahuja that underreported the total number of shares sold due to an administrative error.

Fiscal Year 2024 Annual Report and SEC Filings

Our financial statements for our fiscal year ended December 31, 2024, are included in our Annual Report on Form 10-K, which we will make available to stockholders along with this proxy statement. This proxy statement and our annual report are posted on our website at <https://investors.block.xyz> and are available from the SEC at its website at <https://www.sec.gov>. You may also obtain a copy of our annual report without charge by sending a written request to Block, Inc., Attention: Investor Relations, 1955 Broadway, Suite 600, Oakland, CA 94612.

* * *

The board of directors does not know of any other matters to be presented at the Annual Meeting. If any additional matters are properly presented at the Annual Meeting, the persons named in the enclosed proxy card will have discretion to vote the shares of our common stock they represent in accordance with their own judgment on such matters.

It is important that your shares of our common stock be represented at the Annual Meeting, regardless of the number of shares that you hold. You are therefore urged to vote by telephone or by using the Internet as instructed on the enclosed proxy card or executing and returning, at your earliest convenience, the enclosed proxy card in the envelope that has also been provided.

THE BOARD OF DIRECTORS

April 25, 2025

BLOCK, INC.

2025 EQUITY INCENTIVE PLAN

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1. Purposes of the Plan.

The purposes of this Plan are to attract and retain personnel for positions with the Company, to provide additional incentive to Employees, Directors and Consultants (collectively, "Service Providers"), and to promote the success of the Company's business.

The Plan permits the grant of Incentive Stock Options to Employees and the grant of Nonstatutory Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Awards, Other Cash- Based Awards and Other Stock-Based Awards to any Service Provider.

2. Shares Subject to the Plan.

- (a) *Allocation of Shares to Plan.* The maximum aggregate number of Shares that may be issued under the Plan is:
 - (i) 80,000,000 Shares, *plus*
 - (ii) any additional Shares that become available for issuance under the Plan under Sections 2(b) and 2(e).

The Shares may be authorized but unissued Common Stock, shares of Common Stock held in treasury or Common Stock issued and then reacquired by the Company.

- (b) Lapsed Awards.
 - (i) *Options and Stock Appreciation Rights.* If an Option or Stock Appreciation Right expires or becomes unexercisable without having been exercised in full or is surrendered under an Exchange Program, the unissued Shares subject to the Option or Stock Appreciation Right will become available for future issuance under the Plan.
 - (ii) *Stock Appreciation Rights.* Only Shares actually issued pursuant to a Stock Appreciation Right (i.e., the net Shares issued) will cease to be available under the Plan. All remaining Shares originally subject to the Stock Appreciation Right will remain available for future issuance under the Plan.
 - (iii) *Full-Value Awards.* Shares issued pursuant to, or underlying, Awards of Restricted Stock, Restricted Stock Units, stock-settled Performance Awards or Other Stock-Based Awards that are reacquired by the Company due to failure to vest or are forfeited to the Company will become available for future issuance under the Plan.
 - (iv) *Withheld Shares.* Shares withheld to pay the Exercise Price of an Award or to satisfy tax withholding obligations related to an Award will become available for future issuance under the Plan.
 - (v) *Cash-Settled Awards.* If any portion of an Award under the Plan is paid to a Participant in cash, rather than Shares, that cash payment will not reduce the number of Shares available for issuance under the Plan and the Shares underlying such Award (or portion thereof) will again become available for future issuance under the Plan.
- (c) *Incentive Stock Options.* The maximum number of Shares that may be issued upon the exercise of Incentive Stock Options will equal 80,000,000 Shares.
- (d) *Adjustment.* The numbers provided in Sections 2(a) and 2(c) will be adjusted as a result of changes in capitalization referred to in Section 12.

- (e) *Substitute Awards.* If the Administrator (as defined below) grants Awards in substitution for equity compensation awards outstanding under a plan maintained by an entity acquired by or consolidated with the Company, the grant of those Substitute Awards will not decrease the number of Shares available for issuance under the Plan.

3. Administration of the Plan.

- (a) Procedure.
 - (i) *General.* The Plan will be administered by the Board or a Committee (the “Administrator”). Different Administrators may administer the Plan with respect to different groups of Service Providers. The Board may retain the authority to concurrently administer the Plan with a Committee and may revoke the delegation of some or all authority previously delegated.
 - (ii) *Further Delegation.* To the extent permitted by Applicable Laws, including, without limitation, Section 157(c) of the Delaware General Corporation Law, the Board or a Committee may delegate to one or more Officers the authority to grant and administer Awards to Employees of the Company or any of its Subsidiaries who are not Officers; *provided* that the delegation must specify any limitations on the authority required by Applicable Laws, including the total number of Shares that may be subject to the Awards granted by such Officer(s). Such delegation may be revoked at any time by the Board or Committee.
- (b) *Powers of the Administrator.* Subject to the terms of the Plan, any limitations on delegations specified by the Board, and any requirements imposed by Applicable Laws, the Administrator will have the authority, in its sole discretion, to make any determinations and perform any actions deemed necessary or advisable to administer the Plan including:
 - (i) to determine the Fair Market Value;
 - (ii) to approve forms of Award Agreements for use under the Plan (*provided* that all forms of Award Agreement must be approved by the Board or the Committee of Directors acting as the Administrator), which need not be identical for each Participant;
 - (iii) to select the Service Providers to whom Awards may be granted and grant Awards to such Service Providers;
 - (iv) to determine the number of Shares to be covered by each Award;
 - (v) to determine the terms and conditions, consistent with the Plan, of any Award granted, which such terms and conditions may include, but are not limited to, the Exercise Price, the time(s) when Awards may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Award or the Shares relating to an Award;
 - (vi) to determine whether, to what extent, under what circumstances and by which methods Awards may be settled or exercised in cash, Shares, other Awards, other property, net settlement (including broker-assisted cashless exercise and “sell-to-cover”), or any combination thereof, or canceled, forfeited or suspended;
 - (vii) to institute and determine the terms and conditions of an Exchange Program;
 - (viii) to interpret the Plan and make any decisions necessary to administer the Plan;

- (ix) to establish, amend and rescind rules relating to the Plan, including rules relating to sub-plans established to satisfy laws of jurisdictions other than the United States or to qualify Awards for favorable tax treatment under laws of jurisdictions other than the United States;
 - (x) to interpret, modify or amend any outstanding Award (subject to Sections 18 and 19), including extending the Expiration Date and the post-termination exercisability period of such modified or amended Awards;
 - (xi) to allow Participants to satisfy tax withholding obligations in any manner permitted by Section 14;
 - (xii) to delegate ministerial duties to any of the Company's Employees;
 - (xiii) to authorize any Person to take any steps and execute, on behalf of the Company, any documents required for an Award previously granted by the Administrator to be effective;
 - (xiv) to allow Participants to defer the receipt of the payment of cash or the delivery of Shares otherwise due to any such Participants under an Award; and
 - (xv) to make any other determination and take any other action that the Administrator deems necessary or desirable for the administration of the Plan and due compliance with Applicable Laws, stock market or exchange rules and regulations or accounting or tax rules and regulations.
- (c) Termination of Status.
- (i) Unless a Participant is on a leave of absence approved by the Company as set forth in Section 10, the Participant's status as a Service Provider will end at midnight at the end of the last day the Participant actively provides services for a member of the Company Group (the "Termination of Status Date"). The Administrator has the sole discretion to determine the date on which a Participant stops actively providing services and whether a Participant may still be considered to be providing services while on a leave of absence and the Administrator may delegate this decision, other than with respect to Officers, to the Company's senior human resources officer.
 - (ii) This termination of status as a Service Provider will occur regardless of the reason for such termination, even if the termination is later found to be invalid, in breach of employment laws in the jurisdiction where Participant is providing services, or in violation of the terms of Participant's employment or service agreement, if any such agreement exists.
 - (iii) Unless otherwise expressly provided in an Award Agreement or otherwise determined by the Administrator, a Participant's right to vest in any Award under the Plan will cease as of the Termination of Status Date and will not be extended by any notice period, whether arising under contract, statute or common law, including any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where the Participant is providing services.
- (d) *Grant Date*. The grant date of an Award ("Grant Date") will be the date that the Administrator makes the determination granting such Award or may be a later date if such later date is designated by the Administrator on the date of the determination or under an automatic grant policy.
- (e) *Waiver*. Subject to Sections 19 and 20(a), the Administrator may waive any terms, conditions or restrictions that are applicable to any Awards.

- (f) *Electronic Delivery.* The Company may deliver by e-mail or other electronic means (including posting on a website maintained by the Company or by a third party under contract with the Company or another member of the Company Group) all documents relating to the Plan or any Award and all other documents that the Company is required to deliver to its security holders (including prospectuses, annual reports and proxy statements).
- (g) *Tandem Awards.* Other than as set forth in Section 4(h), Awards may, in the discretion of the Administrator, be granted either alone or in addition to or in tandem with any other Award or any award granted under any other plan of the Company. Awards granted in addition to or in tandem with other Awards, or in addition to or in tandem with awards granted under any other plan of the Company, may be granted either at the same time as or at a different time from the grant of such other Awards or awards.
- (h) *Effect of Administrator's Decision.* The Administrator's decisions, determinations and interpretations will be final and binding on all Participants and any other holders of Awards.

4. Stock Options and Stock Appreciation Rights.

- (a) *Stock Option and Stock Appreciation Right Award Agreement.* Each Option and Stock Appreciation Right will be evidenced by an Award Agreement that will specify the number of Shares subject to the Option or Stock Appreciation Right, its per share exercise price ("Exercise Price"), its Expiration Date, and such other terms and conditions as the Administrator determines. Each Option will be designated in the Award Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. An Option not designated as an Incentive Stock Option is a Nonstatutory Stock Option.
- (b) *Exercise Price.* The Exercise Price for the Shares to be issued upon exercise of an Option or Stock Appreciation Right will be determined by the Administrator; *provided, however,* that, except in the case of Substitute Awards, such exercise price shall not be less than 100% of the Fair Market Value of a Share on the date of grant of such Option or Stock Appreciation Right.
- (c) *Form of Consideration for Options.* The Administrator will determine the acceptable forms of consideration for exercising an Option and those forms of consideration will be described in the Award Agreement. The consideration may consist of any combination of the following, to the extent permitted by Applicable Laws:
 - (i) cash;
 - (ii) check or wire transfer;
 - (iii) promissory note;
 - (iv) other Shares that have a Fair Market Value on the date of surrender equal to the aggregate Exercise Price of the Shares as to which such Option will be exercised. To the extent not prohibited by the Administrator, this shall include the ability to tender Shares to exercise the Option and then use the Shares received on exercise to exercise the Option with respect to additional Shares;
 - (v) consideration received by the Company under a cashless exercise arrangement (whether through a broker or otherwise) implemented by the Company for the exercise of Options that has been approved by the Board or a Committee of Directors;

- (vi) consideration received by the Company under a net exercise program under which Shares are withheld from otherwise deliverable Shares that has been approved by the Board or a Committee of Directors; or
 - (vii) any other consideration or method of payment to issue Shares (*provided* that other forms of considerations may only be approved by the Board or a Committee of Directors).
- (d) *Payment for Stock Appreciation Rights.* When a Participant exercises a Stock Appreciation Right, he or she will be entitled to receive a payment from the Company equal to:
- (i) the difference between the Fair Market Value on the date of exercise and the Exercise Price, *multiplied by*
 - (ii) the number of Shares with respect to which the Stock Appreciation Right is exercised.

Payment upon Stock Appreciation Right exercise may be made in cash, in Shares of equivalent value, or any combination of cash and Shares, with the determination of form of payment made by the Administrator. Shares issued upon exercise of a Stock Appreciation Right will be issued in the name of the Participant. Until Shares are issued (as evidenced by the entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder will exist with respect to the Shares subject to a Stock Appreciation Right, despite the exercise of the Stock Appreciation Right. The Company will issue (or cause to be issued) such Shares promptly after the Stock Appreciation Right is exercised. A Stock Appreciation Right may not be exercised for a fraction of a Share. Exercising a Stock Appreciation Right in any manner will decrease (x) the number of Shares thereafter available under the Stock Appreciation Right by the number of Shares as to which the Stock Appreciation Right is exercised and (y) the number of Shares thereafter available under the Plan by the number of Shares issued upon such exercise.

- (e) Incentive Stock Option Limitations.
- (i) Incentive Stock Options may be granted only to Employees of the Company or of a Parent or Subsidiary corporation (as defined in Section 424(a) of the Code);
 - (ii) The Exercise Price of an Incentive Stock Option may not be less than 100% of the Fair Market Value on the Grant Date.
 - (iii) To the extent that the aggregate Fair Market Value of the shares with respect to which Incentive Stock Options under Section 422(b) of the Code are exercisable for the first time by a Participant during any calendar year (under all plans and agreements of the Company Group) exceeds \$100,000, the Incentive Stock Options whose value exceeds \$100,000 will be treated as Nonstatutory Stock Options. Incentive Stock Options will be considered in the order in which they were granted. For this purpose, the Fair Market Value of the shares subject to an option will be determined as of the grant date of each option.
 - (iv) The following rules apply to Incentive Stock Options granted to Participants who own stock representing more than 10% of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary of the Company:
 - (1) the Expiration Date of the Incentive Stock Option may not be after the day prior to the 5th anniversary of the Grant Date; and

- (2) the Exercise Price may not be less than 110% of the Fair Market Value on the Grant Date.

If an Option is designated in the Administrator action that granted it as an Incentive Stock Option but the terms of the Option do not comply with Section 4(e)(i) through 4(e)(iv), then the Option will not qualify as an Incentive Stock Option. All Options granted under the Plan are Nonstatutory Stock Options unless specifically designated as Incentive Stock Options in the Award Agreement pursuant to which such Options are granted.

- (f) *Exercise of Option.* An Option is exercised when the Company receives: a notice of exercise (in such form as the Administrator may specify from time to time) from the Person entitled to exercise the Option and full payment for the Shares with respect to which the Option is exercised (together with applicable withholding taxes). Shares issued upon exercise of an Option will be issued in the name of the Participant. Until the Shares are issued (as evidenced by the entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder will exist with respect to the Shares subject to an Option, despite the exercise of the Option. The Company will issue (or cause to be issued) such Shares promptly after the Option is exercised. An Option may not be exercised for a fraction of a Share. Exercising an Option in any manner will decrease the number of Shares thereafter available, both for purposes of the Plan and for purchase under the Option, by the number of Shares as to which the Option is exercised.
- (g) *Expiration of Options and Stock Appreciation Rights.* The Expiration Date of an Option or a Stock Appreciation Right will be set forth in the Award Agreement. Subject to Section 4(e)(iv)(1), the Expiration Date of an Option will be the day prior to the 10th anniversary of the Grant Date or any earlier date provided in the Award Agreement. An Option or Stock Appreciation Right may expire before its expiration date under Sections 13 or 16(e) or under the Award Agreement.
- (h) *Tandem Awards.* Stock Appreciation Rights may be granted under the Plan to Participants either alone or in addition to other Awards granted under the Plan and may, but need not, relate to a specific Option granted under this Section 4.
- (i) *No Dividends or Dividend Equivalents.* No grant of Options or Stock Appreciation Rights may be accompanied by a tandem award of dividend equivalents or provide for dividends, dividend equivalents or other distributions to be paid on such Options (except as provided under Section 12(a)).
- (j) *Automatic Exercise.* To the extent set forth in the applicable Award Agreement, if, as of the last day of the term of an Option, the Fair Market Value of one Share exceeds the per Share exercise or strike price applicable to such Option and such Option has not previously been exercised as to all of the Shares subject thereto, then the Option shall be automatically deemed to have been exercised by the Participant on such date (the "Automatic Exercise Date"), which such automatic exercise shall be made on a "net exercise" basis to cover the applicable exercise or strike price applicable to such Option and any applicable tax withholding obligations; *provided* that, to the extent determined by the Committee and set forth in the applicable Award Agreement, this Section 4(j) shall not apply to any Option held by a Participant who has incurred a termination of service on or before the Automatic Exercise Date.
- (k) *Tolling of Expiration.* Subject to Section 409A of the Code, if exercising an Option or Stock Appreciation Right prior to its expiration is not permitted because of Applicable Laws, other than the rules of any stock exchange or quotation system on which the Common Stock is listed or quoted, the Option or Stock Appreciation Right will remain exercisable until 30 days after the first date on which exercise would no longer be prevented by such provisions. If this would result in the Option or Stock Appreciation

Right remaining exercisable past its Expiration Date, then, subject to Section 409A of the Code, it will remain exercisable only until the end of the later of (x) the first day on which its exercise would not be prevented by Section 20(a) and (y) its Expiration Date.

5. Restricted Stock.

- (a) *Restricted Stock Award Agreement.* Each Award of Restricted Stock will be evidenced by an Award Agreement that will specify the Period of Restriction (if any), the number of Shares granted, and such other terms and conditions as the Administrator determines. Unless the Administrator determines otherwise, Shares of Restricted Stock will be held in escrow until the end of the Period of Restriction applicable to such Shares. All grants of Restricted Stock and interpretative decisions about Restricted Stock may only be made by the Administrator.
- (b) Restrictions:
 - (i) Except as provided in this Section 5 or the Award Agreement, Shares of Restricted Stock may not be sold, transferred, pledged, assigned or otherwise alienated until the end of the Period of Restriction applicable to such Shares.
 - (ii) During the Period of Restriction, Participants holding Shares of Restricted Stock may exercise full voting rights with respect to those Shares, unless the Administrator determines otherwise.
 - (iii) Except as otherwise provided in this Section 5 or an Award Agreement, Shares of Restricted Stock covered by each Restricted Stock Award made under the Plan will be released from escrow when practicable after the last day of the applicable Period of Restriction.
 - (iv) During the Period of Restriction, Participants holding Shares of Restricted Stock will not be entitled to receive dividends and other distributions paid with respect to such Shares, unless the Administrator provides otherwise. If the Administrator provides that dividends and distributions will be received and any such dividends or distributions are paid in cash they will be subject to the same provisions regarding forfeitability as the Shares of Restricted Stock with respect to which they were paid and if such dividend or distributions are paid in Shares, the Shares will be subject to the same restrictions on transferability and forfeitability as the Shares of Restricted Stock with respect to which they were paid and, unless the Administrator determines otherwise, the Company will hold such Shares until the restrictions on the Shares of Restricted Stock with respect to which they were paid have lapsed.
 - (v) The Administrator may impose, prior to grant, or remove any restrictions on Shares of Restricted Stock.
 - (vi) The Administrator may provide in an Award Agreement that an Award of Restricted Stock is conditioned upon the Participant making or refraining from making an election with respect to the Award under Section 83(b) of the Code. If a Participant makes an election pursuant to Section 83(b) of the Code with respect to an Award of Restricted Stock, such Participant shall be required to file promptly a copy of such election with the Company and the applicable Internal Revenue Service office.

6. Restricted Stock Units.

- (a) *Restricted Stock Unit Award Agreement.* Each Award of Restricted Stock Units will be evidenced by an Award Agreement that will specify the terms, conditions and restrictions related to the grant, including the number of Restricted Stock Units, the vesting schedule and the delivery schedule (which may include deferred delivery later than the vesting date).

- (b) *Vesting Criteria and Other Terms.* The Administrator will set vesting criteria that, depending on the extent to which the criteria are met, will determine the number of Restricted Stock Units paid out to the Participant. The Administrator may set vesting criteria based upon the achievement of Company-wide, divisional, business unit, or individual goals (that may include continued employment or service) or any other basis determined by the Administrator in its sole discretion.
- (c) *Earning Restricted Stock Units.* Upon meeting the applicable vesting criteria, the Participant will have earned the Restricted Stock Units and will be paid as determined in Section 6(d). The Administrator may reduce or waive any criteria that must be met to earn the Restricted Stock Units.
- (d) *Form and Timing of Payment.* Payment of earned Restricted Stock Units will be made when practicable after the date set forth in the Award Agreement and determined by the Administrator. The Administrator may settle earned Restricted Stock Units in cash, Shares, or a combination of both.
- (e) *Rights to Shares.* A Restricted Stock Unit shall not convey to a Participant the rights and privileges of a shareholder with respect to the Shares subject to such Restricted Stock Unit, such as the right to vote or the right to receive dividends, unless and until and to the extent a Share is issued to such Participant to settle such Restricted Stock Unit.

7. Performance Awards.

- (a) *General.* Performance Awards may be denominated as a cash amount, number of Shares or units or a combination thereof and are Awards that may be earned upon achievement or satisfaction of performance conditions specified by the Administrator. In addition, the Administrator may specify that any other Award shall constitute a Performance Award by conditioning the grant to a Participant or the right of a Participant to exercise the Award or have it settled, and the timing thereof, upon achievement or satisfaction of such performance conditions as may be specified by the Administrator. Subject to the terms of the Plan, the performance goals to be achieved during any Performance Period, the length of any Performance Period, the amount of any Performance Award granted and the amount of any payment or transfer to be made pursuant to any Performance Award shall be determined by the Administrator.
- (b) *Award Agreement.* Each Performance Award will be evidenced by an Award Agreement that will specify the Performance Period and the material terms of the Award.
- (c) *Performance Goals.* The Administrator may use such business criteria and other measures of performance as it may deem appropriate in establishing any performance conditions. Performance criteria may be measured on an absolute (e.g., plan or budget) or relative basis, and may be established on a corporate-wide basis, with respect to one or more business units, divisions, Subsidiaries or business segments, or on an individual basis. If the Administrator determines that a change in the business, operations, corporate structure or capital structure of the Company, or the manner in which the Company conducts its business, or other events or circumstances render the performance objectives unsuitable, the Administrator may modify the performance objectives or the related minimum acceptable level of achievement, in whole or in part, as the Administrator deems appropriate and equitable such that it does not provide any undue enrichment or harm. Performance measures may vary from Performance Award to Performance Award and from Participant to Participant, and may be established on a stand-alone basis, in tandem or in the alternative. The Administrator shall have the power to impose such other restrictions on Awards subject to this Section 7(c) as it may deem necessary or appropriate to ensure that such Awards satisfy all requirements of any Applicable Laws, stock market or exchange rules and regulations or accounting or tax rules and regulations. The Administrator may designate any business criteria on which the performance criteria may be based or adjust, modify or amend the performance criteria applicable to any

Award, including to take into account actions approved by the Board or a committee thereof that affect the achievement of the original performance criteria. Performance criteria may include a threshold level of performance below which no Award will be earned, a level of performance at which the target amount of an Award will be earned and a level of performance at which the maximum amount of the Award will be earned.

- (d) *Settlement.* Settlement of Performance Awards shall be in cash, Shares, other Awards, other property, net settlement, or any combination thereof, as determined in the discretion of the Administrator. Settlement of earned Performance Awards will be made when practicable after the end of the applicable Performance Period or the satisfaction of other applicable vesting criteria. The Administrator may, in its discretion, increase or reduce the amount of a settlement otherwise to be made in connection with a Performance Award.

8. Other Cash-Based Awards and Other Stock-Based Awards.

- (a) *General.* The Administrator is authorized, subject to limitations under Applicable Laws, to grant Other Cash-Based Awards (either independently or as an element of or supplement to any other Award under the Plan) and Other Stock-Based Awards. Other Stock-Based Awards may include, without limitation, Awards issued pursuant to any “matching program” adopted by the Company in connection with any employee stock purchase plan or program maintained by the Company from time to time. The Administrator shall determine the terms and conditions of such Awards. Shares delivered pursuant to an Award in the nature of a purchase right granted under this Section 8 shall be purchased for such consideration, and paid for at such times, by such methods and in such forms, including cash, Shares, other Awards, other property, net settlement, broker-assisted cashless exercise or any combination thereof, as the Administrator shall determine; *provided* that the purchase price therefor shall not be less than the Fair Market Value of such Shares on the date of grant of such right.

9. Outside Director Limitations.

- (a) *General.* No Outside Director may be granted, in any fiscal year of the Company, Awards with a grant date fair value (determined under U.S. generally accepted accounting principles) of more than \$1,000,000. Awards granted to an individual while he or she was an Employee, or while he or she was a Consultant but not an Outside Director, will not count for purpose of this limitation.

10. Leaves of Absence/Transfer Between Locations/Change of Status.

- (a) *General.* Unless otherwise provided by the Administrator, a Participant will not cease to be an Employee in the case of any leave of absence approved by the Company or other member of the Company Group employing such Employee or any transfer between locations of the Company or members of the Company Group.
- (b) *Vesting.* Unless a leave policy approved by the Administrator provides otherwise or it is otherwise determined by the Administrator or required by Applicable Laws, vesting of Awards granted under the Plan will continue only for Participants on an approved leave of absence, subject to any terms and conditions determined by the Administrator from time to time.
- (c) *Incentive Stock Option Status.* If a Participant’s leave of absence approved by the Company or other member of the Company Group employing such Employee exceeds three months and reemployment upon expiration of such leave is not guaranteed by statute or contract, then three months following the first day of such leave the Participant will no longer be an Employee for Incentive Stock Option purposes. If reemployment upon expiration of such leave of absence is not guaranteed by statute or contract, then six months following the 1st day of such leave any Incentive Stock Option held by the

Participant will cease to be treated as an Incentive Stock Option and will be treated for tax purposes as a Nonstatutory Stock Option.

- (d) **Protected Leaves.**
 - (i) Any leave of absence by a Participant will be subject to any Applicable Laws that apply to leaves of absence.
 - (ii) For a Participant on a military leave, if required by Applicable Laws, vesting will continue for the longest period that vesting continues under any other statutory or Company- approved leave of absence. When a Participant returns from military leave (under conditions that would entitle him or her to such protection under the Uniformed Services Employment and Reemployment Rights Act), the Participant will be given vesting credit to the same extent as if the Participant had continued to provide services to the Company or other member of the Company Group, as applicable, through the military leave.
- (e) **Changes in Status.** If a Participant who is an Employee has a reduction in hours worked, the Administrator may unilaterally:
 - (i) make a corresponding reduction in the number of Shares or cash amount subject to any portion of an Award that is scheduled to vest or become payable after the date of such extend leave or reduction in hours; and
 - (ii) in lieu of or in combination with such a reduction, extend the vesting or payment schedule applicable to such Award.

If any such reduction occurs, the Participant will have no right to any portion of the Award that is reduced.
- (f) **Determinations.** The effect of a Company-approved leave of absence, a transfer, or a Participant's reduction in hours of employment or service on the vesting of an Award shall be determined, under policies reviewed by the Administrator, by the Company's senior human resources officer or other Person performing that function or, with respect to Directors or Officers by the Compensation Committee of the Board, and any such determination will be final.

11. Transferability of Awards.

- (a) **General Rule.** Unless determined otherwise by the Administrator, or otherwise required by Applicable Laws, an Award may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Participant, only by the Participant. If the Administrator makes an Award transferable, the Award will be limited by any additional terms and conditions imposed by the Administrator. Any unauthorized transfer of an Award will be void.
- (b) **Domestic Relations Orders.** If approved by the Administrator, an Award may be transferred under a domestic relations order, official marital settlement agreement or other divorce or separation instrument as permitted by Treasury Regulations Section 1.421-1(b) (2). An Incentive Stock Option may be converted into a Nonstatutory Stock Option as a result of such transfer.
- (c) **Limited Transfers for the Benefit of Family Members.** The Administrator may permit an Award or Share issued under this Plan to be assigned or transferred subject to the applicable limitations, set forth in the General Instructions to Form S-8 Registration Statement under the Securities Act, if applicable, and any other Applicable Laws.

- (d) *Permitted Transferees.* Any individual or entity to whom an Award is transferred will be subject to all of the terms and conditions applicable to the Participant who transferred the Award, including the terms and conditions in this Plan and the Award Agreement. If an Award is unvested then the service of the Participant will continue to determine whether the Award will vest and any Expiration Date.
- (e) *Beneficiaries.* A Participant may designate a beneficiary or change a previous beneficiary designation only at such times as prescribed by the Administrator, in its sole discretion, and only by using forms and following procedures approved or accepted by the Administrator for that purpose.

12. Adjustments; Dissolution or Liquidation.

- (a) *Adjustments.* If any extraordinary dividend or other extraordinary distribution (whether in cash, Shares, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, issuance of warrants or other rights to acquire securities of the Company, other change in the corporate structure of the Company affecting the Shares, or any similar equity restructuring transaction, as that term is used in Statement of Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any of its successors) affecting the Shares occurs (including, without limitation, a Change in Control), the Administrator, to prevent diminution or enlargement of the benefits or potential benefits intended to be provided under the Plan, will adjust the number and class of shares (including the identity of the issuer) that may be delivered under the Plan and/or the number, class (including the identity of the issuer), and price of shares covered by each outstanding Award, and the numerical Share limits in Section 2 in such a manner as it deems equitable. Notwithstanding the foregoing, the conversion of any convertible securities of the Company and ordinary course repurchases of shares or other securities of the Company will not be treated as an event that will require adjustment.
- (b) *Dissolution or Liquidation.* In the event of the proposed dissolution or liquidation of the Company, the Administrator will notify each Participant when practicable prior to the effective date of such proposed transaction. To the extent it has not been previously exercised, an Award will terminate immediately prior to the consummation of such proposed action.

13. Change in Control.

- (a) *Treatment of Outstanding Awards Upon a Change in Control.* In the event of a Change in Control, the Administrator may, in its sole discretion, and on such terms and conditions as it deems appropriate, take any one or more of the following actions with respect to any outstanding Award (except as otherwise provided in the applicable Service Agreement or Award Agreement and subject to Section 13(d) below), which need not be uniform with respect to all Participants and/or Awards:
 - (i) continuation or assumption of such Award by the Company (if it is the surviving corporation) or by the successor or surviving entity or its Parent;
 - (ii) substitution or replacement of such Award by the successor or surviving entity or its Parent with cash, securities, rights or other property to be paid or issued, as the case may be, by the successor or surviving entity (or a Parent or Subsidiary thereof), with substantially the same terms and value as such Award (including any applicable performance targets or criteria with respect thereto);
 - (iii) acceleration of the vesting of such Award and the lapse of any restrictions thereon and, in the case of an Option or SAR Award, acceleration of the right to exercise such Award during a specified period (and the termination of such Option or SAR

Award without payment of any consideration therefor to the extent such Award is not timely exercised), in each case, either:

- (1) if such Award is assumed, continued or substituted by the Company (if it is the surviving corporation) or by the successor or surviving entity or its Parent in accordance with clauses (i) or (ii) above, in the event a Participant incurs an involuntary termination of service by the Company (or the successor or surviving entity or its Parent), including as determined by the Administrator in its discretion or set forth in an Award Agreement, upon a termination of the Participant's employment or service by the Company (or a successor corporation or its Parent) without Cause, or, solely to the extent set forth in an applicable Service Agreement or Award Agreement or otherwise determined by the EIP Administrator in its discretion, by the Participant for "good reason" and/or due to a Participant's death or "disability" (as such terms may be defined in the applicable Award Agreement and/or a Participant's Service Agreement, as the case may be), in each case on or within a specified period determined by the Administrator or set forth in an Award Agreement (but not to exceed 24 months following the Change in Control); or
 - (2) if such Award is not assumed, continued or substituted in accordance with clauses (i) or (ii) above, immediately upon the occurrence of the Change in Control;
- (iv) in the case of a Performance Award, determination of the level of attainment of the applicable performance condition(s), which shall be at the greater of (x) the actual level of performance through the date of the Change in Control (to the extent determinable) and (y) target performance (100%), unless otherwise determined by the Administrator or as set forth in the applicable Award Agreement; and
- (v) cancellation of such Award at the time of the Change in Control in consideration of a payment to the Participant of cash, securities, rights and/or other property or a combination thereof, as determined by the Administrator in its sole discretion, that is at least equal to the value of the consideration that would be received in such Change in Control by the holders of the Company's securities in respect of the Shares underlying such Awards (or, in the case of Options or Stock Appreciation Rights, the excess, if any, of the price or implied price per Share in the Change in Control over the Exercise Price of such Option or Stock Appreciation Right, multiplied by the number of Shares covered by such Award); *provided* that in the case of an Option or Stock Appreciation Right, such payment shall be limited as necessary to prevent the Option or Stock Appreciation Right from being subject to tax under Section 409A of the Code. Such payment shall be made promptly following such Change in Control or on a specified date or dates following such Change in Control; *provided* that the timing of such payment shall comply with Section 409A of the Code.
- (b) *Termination of Underwater Options and SARs.* For the avoidance of doubt, in the event of a Change in Control, the Administrator may, in its sole discretion, terminate any Option or Stock Appreciation Right for which the Exercise Price equals or exceeds the per Share value of the consideration to be paid in the Change in Control transaction, without payment of consideration therefor.
- (c) *Administrator Authority to Modify Outstanding Awards.* Without limiting the generality of the foregoing, the Administrator will have the authority to modify Awards in connection with a Change in Control:

- (i) in a manner that causes them to lose their tax-preferred status;
 - (ii) to terminate any right a Participant has to exercise an Option prior to vesting in the Shares subject to the Option (i.e., “early exercise”), so that following the closing of the transaction the Option may only be exercised to the extent it is vested;
 - (iii) to suspend a Participant’s right to exercise an Option during a limited period of time preceding and/or following the closing of the transaction without Participant consent if such suspension is administratively necessary or advisable to permit the closing of the transaction; and
 - (iv) to reduce of the Exercise Price subject to the Award in a manner that is disproportionate to the increase in the number of Shares subject to the Award, as long as the amount that would be received upon exercise of the Award immediately before and immediately following the closing of the transaction is equivalent and the adjustment complies with Treasury Regulation Section 1.409A-1(b)(v)(D).
- (d) *Service Agreements.* Notwithstanding anything to the contrary in the Plan or any Award Agreement, the terms and conditions set forth in the Participant’s Service Agreement (if any) regarding the treatment of any Awards granted under the Plan upon a termination of status as a Service Provider or in connection with a Change in Control shall apply in lieu of the terms set forth herein or in an Award Agreement to the extent such terms in the applicable Service Agreement are more favorable to the Participant than those set forth in the Plan and the Award Agreement with respect to such Awards, in each case unless the terms of an Award Agreement expressly provide that such Award Agreement supersedes the Participant’s Service Agreement with respect to the applicable Award governed thereby.
- (e) *Outside Director Awards.* Notwithstanding Section 13(a), with respect to Awards granted to an Outside Director, as of immediately preceding the Change in Control, each Outside Director will fully vest in and have the right to exercise Options and/or Stock Appreciation Rights as to all of the Shares underlying such Award, including those Shares not otherwise vested or exercisable, all restrictions on Restricted Stock and Restricted Stock Units will lapse, and, with respect to Awards with performance-based vesting, all performance goals or other vesting criteria will be treated as achieved at the greater of (x) the actual level of performance through the date of the Change in Control (to the extent determinable) and (y) target performance (100%), unless otherwise determined by the Administrator or as set forth in the applicable Award Agreement and all other terms and conditions deemed met.

14. Tax Matters.

- (a) *Withholding Requirements.* Prior to the delivery of any Shares or cash under an Award (or exercise thereof) or such earlier time as any tax withholding obligations are due, the Company may deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy any taxes (including the Participant’s social tax obligations) required to be withheld with respect to such Award (or exercise thereof).
- (b) *Withholding Arrangements.* The Administrator, in its sole discretion and under such procedures as it may specify from time to time, may permit or may require a Participant to satisfy such tax withholding obligations, in whole or in part by (without limitation) (i) paying cash, (ii) electing to have the Company withhold otherwise deliverable cash (including cash from the sale of Shares issued to Participant) or Shares having a Fair Market Value equal to the minimum statutory amount required to be withheld or a greater amount to the extent such withholding would not result in liability classification of such Award (or any portion thereof) pursuant to FASB ASC Subtopic 718-10, (iii)

delivering to the Company already-owned Shares having a Fair Market Value equal to the minimum statutory amount required to be withheld, or (iv) requiring the Participant to engage in a cashless exercise transaction (whether through a broker or otherwise) implemented by the Company in connection with the Plan. The Fair Market Value of the Shares to be withheld or delivered will be determined as of the date the taxes must be withheld.

15. Section 409A of the Code.

- (a) *General.* With respect to Awards subject to Section 409A of the Code, the Plan is intended to comply with the requirements of Section 409A of the Code, and the provisions of the Plan and any Award Agreement shall be interpreted in a manner that satisfies the requirements of Section 409A of the Code, and the Plan shall be operated accordingly. If any provision of the Plan or any term or condition of any Award would otherwise frustrate or conflict with this intent, the provision, term or condition shall be interpreted and deemed amended so as to avoid this conflict. Notwithstanding anything in the Plan to the contrary, if the Board considers a Participant to be a “specified employee” under Section 409A of the Code at the time of such Participant’s “separation from service” (as defined in Section 409A of the Code), and any amount hereunder is “deferred compensation” subject to Section 409A of the Code, any distribution of such amount that otherwise would be made to such Participant with respect to an Award as a result of such “separation from service” shall not be made until the date that is six months after such “separation from service,” except to the extent that earlier distribution would not result in such Participant’s incurring interest or additional tax under Section 409A of the Code. If an Award includes a “series of installment payments” (within the meaning of Section 1.409A-2(b)(2)(iii) of the Treasury Regulations), a Participant’s right to such series of installment payments shall be treated as a right to a series of separate payments and not as a right to a single payment, and if an Award includes “dividend equivalents” (within the meaning of Section 1.409A-3(e) of the Treasury Regulations), a Participant’s right to such dividend equivalents shall be treated separately from the right to other amounts under the Award. Notwithstanding the foregoing, the tax treatment of the benefits provided under the Plan or any Award Agreement is not warranted or guaranteed, and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by a Participant on account of noncompliance with Section 409A of the Code.

16. Other Terms.

- (a) *No Effect on Employment or Service.* Neither the Plan nor any Award will confer upon a Participant any right regarding continuing the Participant’s relationship as a Service Provider with the Company or member of the Company Group, nor will they interfere with the Participant’s right, or the Participant’s employer’s right, to terminate such relationship with or without cause, to the extent permitted by Applicable Laws.
- (b) *No Claim to Awards.* No Employee, Consultant, Director, Participant or other Person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Employees, Participants or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to each recipient. Any Award granted under the Plan shall be a one-time Award that does not constitute a promise of future grants. The Company, in its sole discretion, maintains the right to make available future grants under the Plan.
- (c) *Benefit Entitlements.* No payment pursuant to the Plan shall be taken into account in determining any benefits under any severance, pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company, except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

- (d) *Other Compensatory Arrangements.* Nothing contained in the Plan shall prevent the Company or any Affiliate from adopting or continuing in effect other or additional compensation arrangements, including the grant of options and other stock-based awards, and such arrangements may be either generally applicable or applicable only in specific cases.
- (e) *Forfeiture Events.*
 - (i) All Awards (including, without limitation, any proceeds, gains or other economic benefit actually or constructively received by a Participant upon any receipt or exercise of any Award or upon the receipt or resale of any Shares underlying the Award) granted under the Plan will be subject to recoupment under any clawback policy that the Company is required to adopt pursuant to the listing standards of any national securities exchange or association on which the Company's securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other Applicable Laws, including, without limitation, the Block, Inc. Financial Restatement Clawback Policy (as may be amended from time to time). In addition, all Awards granted under the Plan will be subject to any additional clawback policies that the Company maintains, including, without limitation, the Block, Inc. Clawback Policy and the Block, Inc. Severance Clawback Policy (each as may be amended from time to time). In addition, the Administrator may impose such other clawback, recovery or recoupment provisions in an Award Agreement as the Administrator determines necessary or appropriate, including but not limited to a reacquisition right regarding previously acquired Shares or other cash or property. Unless this Section 16(e) is specifically mentioned and waived in an Award Agreement or other document, no recovery of compensation under a clawback policy or otherwise will give a Participant the right to resign for "good reason" or "constructive termination" (or similar term) under any agreement with the Company.
 - (ii) The Administrator may specify in an Award Agreement that the Participant's rights, payments and benefits with respect to an Award will be subject to reduction, cancellation, forfeiture, or recoupment upon the occurrence of specified events, in addition to any otherwise applicable vesting or performance conditions of an Award. Such events may include, but will not be limited to, termination of such Participant's status as Service Provider for cause or any act by a Participant, whether before or after such Participant's Termination of Status Date, which would constitute cause for termination of such Participant's status as a Service Provider.
 - (iii) If the Company is required to prepare an accounting restatement due to the material noncompliance of the Company, as a result of misconduct, with any financial reporting requirement under securities laws, any Participant who (i) knowingly or through gross negligence engaged in the misconduct or who knowingly or through gross negligence failed to prevent the misconduct or (ii) is one of the individuals subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002 must reimburse the Company the amount of any payment in settlement of an Award earned or accrued during the 12-month period following the first public issuance or filing with the United States Securities and Exchange Commission (whichever first occurred) of the financial document embodying such financial reporting requirement.
- (f) *Evidence of Awards.* Any Award may be evidenced in such manner as the Administrator may deem appropriate, including book-entry registration.
- (g) *Consideration.* Awards shall be granted for such cash or other consideration, if any, as the Administrator determines; *provided* that in no event shall Awards be issued for less than such minimal consideration as may be required by Applicable Laws.

- (h) *Form of Payment.* Subject to the terms of the Plan, payments or transfers to be made by the Company upon the grant, exercise or settlement of an Award may be made in the form of cash, Shares, other Awards, other property, net settlement, or any combination thereof, as determined by the Administrator in its discretion at the time of grant, and may be made in a single payment or transfer, in installments or on a deferred basis, in each case in accordance with rules and procedures established by the Administrator. Such rules and procedures may include provisions for the payment or crediting of reasonable interest on installment or deferred payments or the grant or crediting of dividend equivalents in respect of installment or deferred payments.
- (i) *Award Certificates.* All certificates, if any, for Shares and/or other securities delivered under the Plan pursuant to any Award or the exercise or settlement thereof shall be subject to such stop transfer orders and other restrictions as the Administrator may deem advisable under the Plan or the rules, regulations and other requirements of the Securities and Exchange Commission, any stock market or exchange upon which such Shares or other securities are then quoted, traded or listed, and any applicable securities laws, and the Administrator may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.
- (j) *Restrictive Covenants.* The Administrator may impose restrictions on any Award with respect to non-competition, non-solicitation, confidentiality and other restrictive covenants, or requirements to comply with minimum share ownership requirements, as it deems necessary or appropriate in its sole discretion, which such restrictions may be set forth in any applicable Award Agreement or otherwise.
- (k) *Severability.* If any provision of the Plan or any Award Agreement is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction, or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Administrator, such provision shall be construed or deemed amended to conform to Applicable Laws, or if it cannot be so construed or deemed amended without, in the determination of the Administrator, materially altering the intent of the Plan or the Award Agreement, such provision shall be stricken as to such jurisdiction, Person or Award, and the remainder of the Plan and any such Award Agreement shall remain in full force and effect.
- (l) *No Fiduciary Relationships.* Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company and a Participant or any other Person. To the extent that any Person acquires a right to receive payments from the Company pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company.
- (m) *No Fractional Shares.* No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Administrator shall determine whether cash or other securities shall be paid or transferred in lieu of any fractional Shares, or whether such fractional Shares or any rights thereto shall be canceled, terminated or otherwise eliminated.
- (n) *Non-U.S. Participants.* Awards may be granted to Participants who are non-United States nationals or employed or providing services outside the United States, or both, on such terms and conditions different from those applicable to Awards to Participants who are employed or providing services in the United States as may, in the judgment of the Administrator, be necessary or desirable to recognize differences in local law, tax policy or custom. The Administrator also may impose conditions on the exercise or vesting of Awards in order to minimize the Company's obligation with respect to tax equalization for Participants on assignments outside their home country.

17. Term of Plan.

- (a) *General.* Subject to Section 21, the Plan will become effective on the Effective Date. It will continue in effect until the earliest of (a) tenth anniversary of the Effective Date, (b) the maximum number of Shares available for issuance under the Plan have been issued or (c) the Plan is terminated in accordance with Section 18. However, unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award theretofore granted may extend beyond such date, and the authority of the Administrator to amend, alter, adjust, suspend, discontinue or terminate any such Award, or to waive any conditions or rights under any such Award, and the authority of the Board or the Compensation Committee of the Board to amend the Plan, shall extend beyond such date.

18. Amendment and Termination of the Plan.

- (a) *Amendment and Termination.* The Board or Compensation Committee of the Board may amend, alter, suspend or terminate the Plan.
- (b) *Stockholder Approval.* The Company will obtain stockholder approval of any Plan amendment to the extent necessary or desirable to comply with Applicable Laws.
- (c) *Consent of Participants Generally Required.* Subject to Section 18(d), no amendment, alteration, suspension or termination of the Plan or an Award will materially impair the rights of any Participant without a signed, written agreement between the Participant and the Company. Termination of the Plan will not affect the Administrator's ability to exercise the powers granted to it regarding Awards granted under the Plan prior to such termination.
- (d) *Exceptions to Consent Requirement.*
 - (i) A Participant's rights will not be deemed to have been impaired by any amendment, alteration, suspension or termination if the Administrator, in its sole discretion, determines that the amendment, alteration, suspension or termination does not materially impair the Participant's rights; and
 - (ii) Subject to any limitations of Applicable Laws, the Administrator may amend the terms of any one or more Awards without the affected Participant's consent even if it does materially impair the Participant's right if such amendment is done:
 - (1) in a manner permitted under the Plan,
 - (2) to maintain the qualified status of the Award as an Incentive Stock Option under Section 422 of the Code,
 - (3) to change the terms of an Incentive Stock Option, if such change results in impairment of the Award only because it impairs the qualified status of the Award as an Incentive Stock Option under Section 422 of the Code,
 - (4) to clarify the manner of exemption from Section 409A of the Code or compliance with any requirements necessary to avoid the imposition of additional tax under Section 409A(a)(1)(B) of the Code, or
 - (5) to comply with other Applicable Laws.

19. Prohibition on Repricing.

- (a) *General.* Except as provided in Section 2(d), the Administrator may not, without shareholder approval, seek to effect any repricing of any previously granted "underwater" Option, Stock Appreciation Right or similar Award (including, without limitation, through an Exchange Program) by: amending or modifying the terms of the Option, Stock Appreciation Right or similar Award to lower the exercise price; canceling

the underwater Option, Stock Appreciation Right or similar Award and granting either replacement Options, Stock Appreciation Rights or similar Awards having a lower exercise price or Restricted Shares, RSUs, Performance Awards or Other Share-Based Awards in exchange; or canceling or repurchasing the underwater Options, Stock Appreciation Rights or similar Awards for cash or other securities. An Option, Stock Appreciation Right or similar Award will be deemed to be “underwater” at any time when the Fair Market Value of the Shares covered by such Award is less than the exercise price of the Award.

20. Conditions Upon Issuance of Shares.

- (a) *Legal Compliance.* Shares will not be issued pursuant to the exercise of an Award unless the exercise of such Award and the issuance and delivery of such Shares will comply with Applicable Laws. If required by the Administrator, issuance will be further subject to the approval of counsel for the Company with respect to such compliance. The inability of the Company to obtain authority from any regulatory body having jurisdiction or to complete or comply with the requirements of any Applicable Laws will relieve the Company of any liability regarding the failure to issue or sell such Shares as to which such authority, registration, qualification or rule compliance was not obtained and the Administrator reserves the authority, without the consent of a Participant, to terminate or cancel Awards with or without consideration in such a situation.
- (b) *Investment Representations.* As a condition to the exercise of an Award, the Company may require the Person exercising such Award to represent and warrant during any such exercise that the Shares are being purchased only for investment and with no present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.
- (c) *Failure to Accept Award.* If a Participant has not accepted an Award or has not taken all administrative and other steps (e.g., setting up an account with a broker designated by the Company) necessary for the Company to issue Shares upon the vesting, exercise or settlement of the Award prior to the first date the Shares subject such Award are scheduled to vest, then the Award will be canceled on such date and the Shares subject to such Award immediately will revert to the Plan for no additional consideration unless otherwise provided by the Administrator.

21. Stockholder Approval.

- (a) *General.* The Plan will be subject to approval by the stockholders of the Company within 12 months after the date the Plan is adopted by the Board. Such stockholder approval will be obtained in the manner and to the degree required under Applicable Laws.

22. Stockholder Rights.

- (a) *General.* An Award shall not convey to a Participant the rights and privileges of a shareholder with respect to the Share subject to such Award, such as the right to vote (except as relates to Restricted Stock) or the right to receive dividends, unless and until and to the extent a Share is issued to such Participant to settle such Award. The Administrator, in its sole discretion, may provide that an Award of Restricted Stock Units or Restricted Stock shall convey the right to receive dividend equivalents on the Shares subject to such Award with respect to any dividends declared during the period that such Award is outstanding, which such dividend equivalents shall be paid at such times and subject to such terms and conditions as determined by the Administrator in its discretion.

23. Data Protection.

- (a) *General.* In connection with the Plan, the Company may need to process personal data provided by the Participant to the Company or its affiliates, third-party service providers

or others acting on the Company's behalf. Examples of such personal data may include, without limitation, the Participant's name, account information, social security number, tax number and contact information. The Company may process such personal data in its legitimate business interests for all purposes relating to the operation and performance of the Plan, including but not limited to:

- (i) administering and maintaining Participant records;
 - (ii) providing the services described in the Plan;
 - (iii) providing information to future purchasers or merger partners of the Company or any Affiliate, or the business in which such Participant works; and
 - (iv) responding to public authorities, court orders and legal investigations, as applicable.
- (b) *Permitted Transferees.* The Company may share the Participant's personal data with affiliates, trustees of any employee benefit trust, registrars, brokers, third-party administrators of the Plan, third party service providers acting on the Company's behalf to provide the services described above or regulators and others, as required by law. If necessary, the Company may transfer the Participant's personal data to any of the parties mentioned above in a country or territory that may not provide the same protection for the information as the Participant's home country. Any transfer of the Participant's personal data to recipients in a third country will be made subject to appropriate safeguards or applicable derogations provided for under Applicable Laws.
- (c) *Retention of Data.* The Company will keep personal data collected in connection with the Plan for as long as necessary to operate the Plan or as necessary to comply with any legal or regulatory requirements.
- (d) *Employee Privacy Notice.* Further information on those safeguards or derogations can be obtained through the contact set forth in the Employee Privacy Notice (the "Employee Privacy Notice") that previously has been provided by the Company or its applicable Affiliate to the Participant. The terms set forth in this Section 23 are supplementary to the terms set forth in the Employee Privacy Notice (which, among other things, further describes the rights of the Participant with respect to the Participant's personal data); *provided* that, in the event of any conflict between the terms of this Section 23 and the terms of the Employee Privacy Notice, the terms of this Section 3 shall govern and control in relation to the Plan and any personal data of the Participant to the extent collected in connection therewith.
- (e) *Rights of Participants.* A Participant has a right to request access to and rectification or erasure of the personal data provided, request the restriction of the processing of his or her personal data, object to the processing of his or her personal data, receive the personal data provided to the Company and transmit such data to another party and lodge a complaint with a supervisory authority.

24. Choice of Law; Choice of Forum.

- (a) *General.* The Plan, all Awards and all determinations made and actions taken under the Plan, to the extent not otherwise governed by the laws of the United States, will be governed by the laws of the State of Delaware without giving effect to principles of conflicts of law. For purposes of litigating any dispute that arises under this Plan, a Participant's acceptance of an Award is his or her consent to the jurisdiction of the State of Delaware, and agreement that any such litigation will be conducted in Delaware Court of Chancery, or the federal courts for the United States for the District of Delaware, and no other courts, regardless of where a Participant's services are performed.

25. Definitions.

The following definitions are used in this Plan:

- (a) "Applicable Laws" means the requirements relating to the administration of equity-based awards and the related issuance of Shares under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and, only to the extent applicable with respect to an Award or Awards, the tax, securities or exchange control laws of any jurisdictions other than the United States where Awards are, or will be, granted under the Plan. Reference to a section of an Applicable Law or regulation related to that section shall include such section or regulation, any valid regulation issued under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.
- (b) "Affiliate" means any entity that, directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with, the Company.
- (c) "Award" means, individually or collectively, a grant under the Plan of Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Awards, Other Cash- Based Awards or Other Stock-Based Awards.
- (d) "Award Agreement" means the written or electronic agreement setting forth the terms applicable to an Award granted under the Plan. The Award Agreement is subject to the terms of the Plan.
- (e) "Board" means the Board of Directors of the Company.
- (f) "Cause" is as defined in the Participant's Service Agreement, if any, or if not so defined, means the Participant's:
 - (i) willful and continued failure to perform or gross negligence in the performance of Participant's job responsibilities;
 - (ii) conviction of or pleading guilty or *nolo contendere* to any crime that involves dishonesty;
 - (iii) unauthorized use or disclosure of any proprietary information or trade secrets of any Company Group member or any other party to whom the Participant owes an obligation of nondisclosure as a result of the Participant's relationship with the Company Group except as required by law;
 - (iv) conflict of interest that causes harm or cost to the Company Group;
 - (v) violation of any Company policy, including but not limited to those prohibiting sexual harassment, unlawful discrimination, dishonesty or workplace violence, or any material breach of any written agreement with any Company Group member;
 - (vi) actions or behavior that is reasonably likely to cause serious harm to the reputation of the Company;
 - (vii) willful and continued failure to perform or gross negligence in the performance of job responsibilities; or
 - (viii) job abandonment.
- (g) "Change in Control" means the occurrence of any of the following events:

- (i) A change in the ownership of the Company which occurs on the date that any Person acquires ownership of the stock of the Company that, with the stock held by such Person, constitutes more than 50% of the total voting power of the stock of the Company; *provided* that for this subsection, the acquisition of additional stock by any one Person, who prior to such acquisition is considered to own more than 50% of the total voting power of the stock of the Company will not be considered a Change in Control. Further, if the stockholders of the Company immediately before such change in ownership continue to retain immediately after the change in ownership, in substantially the same proportions as their ownership of shares of the Company's voting stock immediately prior to the change in ownership, direct or indirect beneficial ownership of 50% or more of the total voting power of the stock of the Company, such event shall not be considered a Change in Control under this Section 25(f)(i). For this purpose, indirect beneficial ownership shall include, without limitation, an interest resulting from ownership of the voting securities of one or more corporations or other business entities which own the Company, as the case may be, either directly or through one or more Subsidiary corporations or other business entities; or
- (ii) A change in the effective control of the Company which occurs on the date a majority of members of the Board is replaced during any 12-month period by Directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the appointment or election. For this Section 25(f)(ii), if any Person is in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Change in Control; or
- (iii) A change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such Person or Persons) assets from the Company that have a total gross Fair Market Value equal to or more than 50% of the total gross Fair Market Value of all of the assets of the Company immediately prior to such acquisition or acquisitions; *provided* that for this Section 25(f)(iii), the following will not constitute a change in the ownership of a substantial portion of the Company's assets:
 - (1) a transfer to an entity controlled by the Company's stockholders immediately after the transfer, or
 - (2) a transfer of assets by the Company to:
 - (A) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's stock,
 - (B) an entity, 50% or more of the total value or voting power of which is owned, directly or indirectly, by the Company,
 - (C) a Person, that owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Company, or
 - (D) an entity, at least 50% of the total value or voting power of which is owned, directly or indirectly, by a Person described in subsections 25(f)(i) through 25(f)(iii).

For this definition, gross Fair Market Value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. For this definition, Persons will be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

A transaction will not be a Change in Control:

- (iv) with respect to any Award that provides for accelerated distribution on a Change in Control of amounts that constitute “deferred compensation” (as defined in Section 409A of the Code), if the event that constitutes such Change in Control does not also constitute a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the Company’s assets (in either case, as defined in Section 409A of the Code); or
- (v) if its sole purpose is to (1) change the state of the Company’s incorporation, or (2) create a holding company owned in substantially the same proportions by the Persons who held the Company’s securities immediately before such transaction.
- (h) “Code” means the Internal Revenue Code of 1986. Reference to a section of the Code or regulation related to that section shall include such section or regulation, any valid regulation issued under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.
- (i) “Committee” means a committee of Directors or of other individuals satisfying Applicable Laws appointed by the Board.
- (j) “Common Stock” means the Class A common stock of the Company.
- (k) “Company” means Block, Inc., a Delaware corporation, or any of its successors.
- (l) “Company Group” means the Company, any Parent or Subsidiary of the Company, and any entity that, from time to time and at the time of any determination, directly or indirectly, is in control of, is controlled by or is under common control with the Company.
- (m) “Consultant” means any natural Person engaged by a member of the Company Group to render bona fide services to such entity or who has accepted an offer of service or consultancy from the Company or any Subsidiary; *provided* the services are not in connection with the offer or sale of securities in a capital raising transaction, and do not directly promote or maintain a market for the Company’s securities. A Consultant must be a Person to whom the issuance of Shares registered on Form S-8 under the Securities Act is permitted.
- (n) “Director” means a member of the Board.
- (o) “Effective Date” means the date on which stockholder approval of the Plan is obtained.
- (p) “Employee” means any Person, including Officers and Directors, employed by the Company or any member of the Company Group or any prospective employee or Officer who has accepted an offer of employment from the Company or any Subsidiary, with the status of employment determined based upon such factors as are deemed appropriate by the Administrator in its discretion, subject to any requirements of the Code or Applicable Laws. However, with respect to Incentive Stock Options, an Employee must be employed by the Company or any Parent or Subsidiary of the Company.
- (q) “Exchange Act” means the U.S. Securities Exchange Act of 1934.
- (r) “Exchange Program” means a program under which outstanding Awards are surrendered or canceled in exchange for awards of the same type (which may have higher or lower Exercise Prices and different terms), awards of a different type and/or cash, Participants would have the opportunity to transfer any outstanding Awards to a financial institution or other Person or entity selected by the Administrator, and/or the Exercise Price of an outstanding Award is increased or reduced. The Administrator will

determine the terms and conditions of any Exchange Program in its sole discretion, subject to the terms of the Plan (including Section 19 hereof).

- (s) “Expiration Date” means the last possible day on which an Option or Stock Appreciation Right may be exercised. Any exercise must be completed by midnight California Time between the Expiration Date and the following date.
- (t) “Fair Market Value” means, as of any date, the value of a Share, determined as follows:
 - (i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the New York Stock Exchange, the NASDAQ Global Select Market, the NASDAQ Global Market or the NASDAQ Capital Market of The NASDAQ Stock Market, the Fair Market Value will be the closing sales price for a Share (or the closing bid, if no sales were reported) as quoted on such exchange or system on the day of determination, as reported by such source as the Administrator determines to be reliable;
 - (ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value of a Share will be the mean between the high bid and low asked prices for the Common Stock on the day of determination (or, if no bids and asks were reported on that date, on the last Trading Day such bids and asks were reported), as reported by such source as the Administrator determines to be reliable;
 - (iii) Absent an established market for the Common Stock, the Fair Market Value will be determined in good faith by the Administrator.

Notwithstanding the foregoing, if the determination date for the Fair Market Value occurs on a weekend, holiday or other non-Trading Day, the Fair Market Value will be the price as determined under subsections (i) or (ii) above on the immediately preceding Trading Day, unless otherwise determined by the Administrator. In addition, for purposes of determining the fair market value of shares for any reason other than the determination of the Exercise Price of Options or Stock Appreciation Rights, fair market value will be determined by the Administrator in a manner compliant with Applicable Laws and applied consistently for such purpose. Note that the determination of fair market value for purposes of tax withholding may be made in the Administrator’s sole discretion subject to Applicable Laws and is not required to be consistent with the determination of Fair Market Value for other purposes.
- (u) “Incentive Stock Option” means an Option that is intended to qualify and does qualify as an incentive stock option within the meaning of Section 422 of the Code.
- (v) “Nonstatutory Stock Option” means an Option that by its terms does not qualify or is not intended to qualify as an Incentive Stock Option.
- (w) “Officer” means a Person who is an officer of the Company within the meaning of Section 16 of the Exchange Act.
- (x) “Option” means a stock option to acquire Shares granted under Section 4.
- (y) “Other Cash-Based Award” means an Award granted pursuant to Section 8, including cash awarded as a bonus or upon the attainment of specified performance criteria, as a result of an employee choice or election program or otherwise as permitted under the Plan.
- (z) “Other Stock-Based Award” means an Award granted pursuant to Section 8 that may be denominated or payable in, valued in whole or in part by reference to, or otherwise

based on, or related to, Shares or factors that may influence the value of Shares, including convertible or exchangeable debt securities, other rights convertible or exchangeable into Shares, purchase rights for Shares, dividend rights or dividend equivalent rights or Awards with value and payment contingent upon the attainment of specified performance criteria or otherwise as permitted under the Plan.

- (aa) "Outside Director" means a Director who is not an Employee.
- (bb) "Parent" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.
- (cc) "Participant" means the holder of an outstanding Award.
- (dd) "Performance Awards" means an Award granted pursuant to Section 7.
- (ee) "Performance Period" means the period established by the Administrator with respect to any Performance Award during which the performance goals specified by the Administrator with respect to such Award are to be measured.
- (ff) "Period of Restriction" means the period during which the transfer of Shares of Restricted Stock is subject to restrictions, and therefore, the Shares are subject to a substantial risk of forfeiture. Such restrictions may be based on the passage of time, the achievement of target levels of performance, or the occurrence of other events as determined by the Administrator.
- (gg) "Person" has the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Section 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d) thereof.
- (hh) "Plan" means this 2025 Equity Incentive Plan, as may be amended from time to time.
- (ii) "Restricted Stock" means Shares issued under an Award granted under Section 5 or issued as a result of the early exercise of an Option.
- (jj) "Restricted Stock Unit" means a bookkeeping entry representing an amount equal to the Fair Market Value, granted under Section 6. Each Restricted Stock Unit represents an unfunded and unsecured obligation of the Company.
- (kk) "Securities Act" means the Securities Act of 1933, as amended.
- (ll) "Service Agreement" means any employment, severance, consulting or similar agreement between any Company Group member and a Participant.
- (mm) "Service Provider" means an Employee, Director or Consultant.
- (nn) "Share" means a share of Common Stock.
- (oo) "Stock Appreciation Right" means an Award granted (alone or in connection with an Option) under Section 4.
- (pp) "Subsidiary" means a "subsidiary corporation" as defined in Section 424(f) of the Code.
- (qq) "Substitute Award" means an Award granted in assumption of, or in substitution for, an outstanding award previously granted by a company or other business acquired by the Company or with which the Company combines.
- (rr) "Trading Day" means a day on which the applicable stock exchange or national market system is open for trading.

APPENDIX B

BLOCK, INC. AMENDED AND RESTATED 2015 EMPLOYEE STOCK PURCHASE PLAN

BLOCK, INC. AMENDED AND RESTATED 2015 EMPLOYEE STOCK PURCHASE PLAN

1. *Purpose.* The Block Inc. 2015 Employee Stock Purchase Plan was originally established effective as of November 17, 2015 (the “Original Effective Date”). Effective as of the Amendment Effective Date, the Board has adopted this amendment and restatement of the Block Inc. 2015 Employee Stock Purchase Plan on the terms and conditions set forth herein (as amended from time to time, the “Plan”). The purpose of the Plan is to provide employees of the Company and its Designated Companies with an opportunity to purchase Common Stock through accumulated Contributions. The Company intends for the Plan to have two components: a component intended to qualify as an “employee stock purchase plan” under Section 423 of the Code (the “423 Component”) and a component that is not intended to qualify as an “employee stock purchase plan” under Section 423 of the Code (the “Non-423 Component”). The provisions of the 423 Component will be construed so as to extend and limit Plan participation in a uniform and nondiscriminatory basis consistent with the requirements of Section 423 of the Code. An option granted under the Non-423 Component will be granted under rules, procedures, or sub-plans adopted by the Administrator designed to achieve tax, securities laws, or other objectives for Eligible Employees and the Company. Except as otherwise provided in the Plan, the Non-423 Component will operate and be administered in the same manner as the 423 Component.

2. *Definitions.*

- (a) “Administrator” means the Board or any Committee.
- (b) “Affiliate” means any entity, other than a Subsidiary, in which the Company has an equity or other ownership interest.
- (c) “Amendment Effective Date” means the date this amendment and restatement is approved by the Company’s stockholders.
- (d) “Applicable Laws” means the requirements relating to the administration of equity-based awards under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted, and the applicable law of any foreign country or jurisdiction where options are, or will be, granted under the Plan.
- (e) “Board” means the Board of Directors of the Company.
- (f) “Change in Control” means the occurrence of any of the following events:
 - (i) A change in the ownership of the Company, which occurs when any one person or more than one person acting as a group (in either case, a “Person”) acquires ownership of the stock of the Company that, together with the stock held by such Person, constitutes more than 50% of the total voting power of the stock of the Company; provided that the acquisition of additional stock by any one Person, who is considered to own more than 50% of the total voting power of the stock of the Company is not a Change in Control; or
 - (ii) A change in the effective control of the Company, which occurs when a majority of members of the Board is replaced during any 12-month period by Directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election; provided that if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person is not a Change in Control; or

- (iii) A change in the ownership of a substantial portion of the Company's assets, which occurs when any Person acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided that the following will not constitute a change in the ownership of a substantial portion of the Company's assets: a transfer to an entity that is controlled by the Company's stockholders immediately after the transfer, or a transfer of assets by the Company to: a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's stock, an entity, 50% or more of the total value or voting power of which is owned, directly or indirectly, by the Company, a Person, that owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Company, or an entity, at least 50% of the total value or voting power of which is owned, directly or indirectly, by a Person described in this subsection (iii)(B)(3). For purposes of this subsection, gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

Persons are considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase, or acquisition of stock, or similar business transaction with the Company.

A transaction is not a Change in Control unless the transaction qualifies as a change in control event within the meaning of Code Section 409A, as it has been and may be amended from time to time, and any proposed or final U.S. Treasury Regulations and Internal Revenue Service guidance that has been promulgated or may be promulgated under Code Section 409A from time to time.

In addition, a transaction is not a Change in Control if its sole purpose is (i) to change the state of the Company's incorporation or (ii) to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

- (g) "Code" means the U.S. Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code will include such section, any U.S. Treasury Regulation promulgated under such section, any other official applicable guidance promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing, or superseding such section or regulation.
- (h) "Committee" means a committee of the Board that is constituted to comply with Applicable Laws and designated by the Board to administer the Plan.
- (i) "Common Stock" means the Class A common stock of the Company.
- (j) "Company" means Block, Inc., a Delaware corporation, or any of its successors.
- (k) "Company Leave Policy" means the Company's Stock Award Vesting and ESPP Participation During Company-Approved Leave of Absence Policy, as may be in effect or amended from time to time.
- (l) "Compensation" means an Eligible Employee's base straight time gross earnings and commissions (solely to the extent commissions are an integral recurring part of compensation); *provided, however*, for the avoidance of doubt, "Compensation" excludes incentive compensation (whether cash or equity), overtime and shift premiums, bonuses, equity compensation and other compensation or benefits (whether paid by the Company, the Employer or a

third party), including, but not limited to (1) a leave of absence “top-up” payment (unless Applicable Law requires such top-up payment to be included, in which case, it will be treated as “Compensation”), which is any amount the Company or the Employer pays to an Eligible Employee on account of a Leave of Absence as an employee benefit and (2) payments from external sources, including government agencies or insurance carriers, such as disability insurance payments or paid family leave payments. For this purpose, “Leave of Absence” is any leave of absence approved by the Company or the Employer in which the Eligible Employee does not receive salary continuation through the Company’s or the Employer’s Paid Time Off program. The Administrator, in its discretion, may, on a uniform and nondiscriminatory basis, establish a different definition of Compensation for a subsequent Offering Period.

- (m) “Contributions” means (i) the payroll deductions and other additional payments that the Company may permit to be made by a Participant to fund the exercise of options granted under the Plan and (ii) solely to the extent determined by the Administrator in its discretion, contributions by the Company on behalf of a Participant under the Non-423 Component to fund the exercise of options granted under the Plan.
- (n) “Contribution Period” means unless the Administrator provides otherwise, the periods between May 1st and April 30th and November 1st and October 31st of each year; each Contribution Period will be made up of two parts: (i) the period from May 1st through October 31st for the Purchase Period commencing on the first Trading Day on or after May 15 and terminating on the last Trading Day on or before November 15 of the same year and (ii) the period from November 1st through April 30th for the Purchase Period commencing on the first Trading Day on or after November 15 and terminating on the last Trading Day on or before May 15 of the following year.
- (o) “Designated Company” means any Affiliate or Subsidiary of the Company that has been designated by the Administrator from time to time in its sole discretion as eligible to participate in the Plan. For purposes of the 423 Component, only the Company and its Subsidiaries may be Designated Companies, provided, however, that at any given time, a Subsidiary that is a Designated Company under the 423 Component will not be a Designated Company under the Non-423 Component.
- (p) “Director” means a member of the Board.
- (q) “Eligible Employee” means any individual who is a common law employee providing services to the Company or a Designated Company and is customarily employed for at least 20 hours per week and more than 5 months in any calendar year by the Employer, or any lesser number of hours per week and/or number of months in any calendar year established by the Administrator (if required under applicable local law) for purposes of any separate Offering or the Non-423 Component. For purposes of the Plan, the employment relationship will be treated as continuing intact while the individual is on sick leave or other leave of absence that the Employer approves or is legally protected under Applicable Laws. If the period of leave exceeds 3 months and the individual’s right to reemployment is not guaranteed either by statute or by contract, the employment relationship will be considered terminated three 3 months and 1 day following the commencement of such leave. The Administrator has the discretion to determine (on a uniform and nondiscriminatory basis or as otherwise permitted by U.S. Treasury Regulation Section 1.423-2), prior to an Enrollment Date for all options to be granted on such Enrollment Date, whether the definition of Eligible Employee will or will not include an individual that: (i) has not completed at least 2 years of service since his or her last hire date (or such lesser period of time that the Administrator

determines), (ii) customarily works not more than 20 hours per week (or such lesser period of time that the Administrator determines), (iii) customarily works not more than 5 months per calendar year (or such lesser period of time that the Administrator determines),

(iv) is a highly compensated employee within the meaning of Section 414(q) of the Code, or (v) is a highly compensated employee within the meaning of Section 414(q) of the Code with compensation above a certain level or is an officer or subject to the disclosure requirements of Section 16(a) of the Exchange Act, provided the exclusion is applied with respect to each Offering in an identical manner to all highly compensated individuals of the Employer whose Eligible Employees are participating in that Offering. Each exclusion will be applied with respect to an Offering in a manner complying with U.S. Treasury Regulation Section 1.423-2(e)(2)(ii).

- (r) "Employer" means the employer of the applicable Eligible Employee(s).
- (s) "Enrollment Date" means the first Trading Day of an Offering Period.
- (t) "Enrollment Window" means the period established by the Administrator to allow Eligible Employees to make Contribution elections for participation in the Plan with respect to an Offering Period.
- (u) "Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended, including the rules and regulations promulgated under such act.
- (v) "Exercise Date" means the last Trading Day of a Purchase Period. If an Offering Period is terminated prior to its expiration under Section 20(a), the Administrator has the discretion to determine that any Purchase Period also terminating under such Offering Period will terminate without options being exercised on the Exercise Date that otherwise would have occurred on the last Trading Day of the Purchase Period.
- (w) "Fair Market Value" means, as of any date and unless the Administrator determines otherwise, the value of a share of Common Stock determined as follows:
 - (i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the New York Stock Exchange, NASDAQ Global Select Market, the NASDAQ Global Market or the NASDAQ Capital Market of The NASDAQ Stock Market, the Fair Market Value will be the closing sales price for a share of Common Stock (or the closing bid, if no sales were reported) as quoted on such exchange or system on the date of determination, as reported in any source the Administrator deems reliable;
 - (ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value will be the mean between the high bid and low asked prices for a share of Common Stock on the date of determination (or if no bids and asks were reported on that date, as applicable, on the last Trading Day such bids and asks were reported), as reported in any source the Administrator deems reliable; or
 - (iii) In the absence of an established market for the Common Stock, the Fair Market Value will be determined in good faith by the Administrator.
- (x) "New Exercise Date" means a new Exercise Date if the Administrator shortens any Offering Period then in progress.
- (y) "Offering" means an offer under the Plan of an option that may be exercised

during an Offering Period as further described in Section 4. For purposes of the Plan, the Administrator may designate separate Offerings under the Plan (the terms of which need not be identical) in which Eligible Employees of one or more Employers will participate, even if the dates of the applicable Offering Periods of each such Offering are identical, and the provisions of the Plan will separately apply to each Offering. To the extent permitted by U.S. Treasury Regulation Section 1.423-2(a)(1), the terms of each Offering need not be identical as long as the terms of the Plan and an Offering together satisfy U.S. Treasury Regulation Section 1.423-2(a)(2) and (a)(3).

- (z) "Offering Periods" means the periods of approximately 12 months during which an option granted under the Plan may be exercised. Offering Periods will commence on the first Trading Day on or after May 15 and November 15 of each year and terminate on the last Trading Day on or before May 15 and November 15 (approximately 12 months later). The duration and timing of Offering Periods may be changed under Sections 4, 19, and 20.
- (aa) "Parent" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.
- (bb) "Participant" means an Eligible Employee that participates in the Plan.
- (cc) "Plan" means this Block, Inc. Amended and Restated 2015 Employee Stock Purchase Plan, as may be amended and restated from time to time.
- (dd) "Purchase Periods" means the periods in an Offering Period during which shares of Common Stock may be purchased on a Participant's behalf in accordance with the terms of the Plan. Unless the Administrator provides otherwise, Purchase Periods for all Offering Periods will commence on the first Trading Day on or after May 15 and November 15 and terminate on the last Trading Day on or before November 15 of the same year and May 15 of the following year, respectively.
- (ee) "Purchase Price" means an amount equal to 85% of the Fair Market Value on the Enrollment Date or on the Exercise Date, whichever is lower. The Administrator may set a different Purchase Price for subsequent Offering Periods subject to compliance with Section 423 of the Code (or any successor rule or provision or any other Applicable Law, regulation or stock exchange rule) or under Section 20.
- (ff) "Subsidiary" means a "subsidiary corporation," whether now or hereafter existing, as defined in Section 424(f) of the Code.
- (gg) "Trading Day" means a day on which the national stock exchange upon which the Common Stock is listed is open for trading.
- (hh) "U.S. Treasury Regulations" means the Treasury regulations of the Code. Reference to a specific U.S. Treasury Regulation will include such Treasury Regulation, the section of the Code under which such regulation was promulgated, any other official applicable guidance promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing, or superseding such section or regulation.

3. *Eligibility.*

- (a) Any individual who is an Eligible Employee as of the last day of the Enrollment Window that ends before a given Enrollment Date and through the Enrollment Date will be eligible to participate in the Plan with respect to the Offering Period that begins on that Enrollment Date, subject to the requirements of Section 5.
- (b) Eligible Employees who are citizens or residents of a non-U.S. jurisdiction (without regard to whether they also are citizens or residents of the United States

or resident aliens (within the meaning of Section 7701(b)(1)(A) of the Code)) may be excluded from participation in the Plan or an Offering if the participation of such Eligible Employees is prohibited under the laws of the applicable jurisdiction or if complying with the laws of the applicable jurisdiction would cause the Plan or an Offering to violate Section 423 of the Code. In the case of the Non-423 Component, Eligible Employees may be excluded from participation in the Plan or an Offering if the Administrator has determined that participation of such Eligible Employees is not advisable or practicable.

- (c) No Eligible Employee will be granted an option under the Plan to the extent that, immediately after the grant, such Eligible Employee (or any other person whose stock would be attributed to such Eligible Employee under Section 424(d) of the Code) would own capital stock of the Company or any Parent or Subsidiary of the Company and/or hold outstanding options to purchase such stock possessing 5% or more of the total combined voting power or value of all classes of the capital stock of the Company or of any Parent or Subsidiary of the Company, or to the extent that his or her rights to purchase stock under all employee stock purchase plans (as defined in Section 423 of the Code) of the Company or any Parent or Subsidiary of the Company accrues at a rate which exceeds \$25,000 worth of stock (determined at the Fair Market Value of the stock at the time such option is granted) for each calendar year in which such option is outstanding at any time, as determined in accordance with Code Section 423 and the regulations under Code Section 423.

4. *Offering Periods.* The Plan will be implemented by consecutive, overlapping Offering Periods with a new Offering Period commencing on the first Trading Day on or after May 15 and November 15 each year or on such other date as the Administrator determines. The Administrator has the power to change the duration of Offering Periods (including the commencement dates of such Offering Periods) with respect to future Offerings without stockholder approval if such change is announced prior to the scheduled beginning of the first Offering Period to be affected, but no Offering Period may last more than 27 months.

5. *Participation.* An Eligible Employee may participate in the Plan under Section 3(a) by (i) submitting to the Company's stock administration office (or its designee) a properly completed subscription agreement authorizing Contributions in the form provided by the Administrator for such purpose or (ii) following an electronic or other enrollment procedure determined by the Administrator, in either case on or before a date determined by the Administrator prior to the end of the applicable Enrollment Window.

6. *Contributions.*

- (a) When a Participant enrolls in the Plan under Section 5, he or she will elect to have Contributions (in the form of payroll deductions or otherwise, to the extent permitted by the Administrator) made on each pay day during the applicable Contribution Period in an amount not exceeding 25% of the Compensation that the Participant receives on the pay day. The Administrator has the discretion to permit all Participants in a specified Offering to contribute amounts to the Plan through payment by cash, check, or other means set forth in the subscription agreement or other electronic or other enrollment procedure determined by the Administrator, as applicable, prior to each Exercise Date of each Purchase Period. A Participant's subscription agreement or the terms of a Participant's electronic enrollment or enrollment through other procedures determined by the Administrator, as applicable, will remain in effect for successive Offering Periods unless terminated as provided in Section 10.
- (b) If Contributions are made in the form of payroll deductions, such payroll deductions for a Participant will commence on the first pay day on or after the beginning of the applicable Contribution Period and will end on the last pay day on or prior to the end of such Contribution Period, unless sooner terminated by the Participant under Section 10 or unless determined otherwise by the

Administrator prior to the commencement of the applicable Contribution Period. Unless determined otherwise prior to the commencement of the applicable Contribution Period, Contributions made in the form of payroll deductions

credited to the first Purchase Period of an Offering Period (the “then-current Offering Period”) will begin with the first pay day during the Contribution Period and end with the last pay day on or prior to the start of the Contribution Period for the next Offering Period, and the remaining Contributions in the form of payroll deductions during the Contribution Period for the then-current Offering Period will be applied to the second Purchase Period of the then-current Offering Period.

(c) All of a Participant’s Contributions will be credited to his or her account under the Plan, and Contributions will be made in whole percentages of his or her Compensation only. The Participant may not make any additional payments into such account.

(d) A Participant may discontinue his or her participation in the Plan as provided under Section 10. Unless otherwise determined by the Administrator, during a Purchase Period, a Participant may not increase the rate of his or her Contributions, but he or she may (i) make a one-time decrease in the rate of his or her Contributions and/or (ii) stop making Contributions. Any such decrease or discontinuation during a Purchase Period or any change to the Participant’s rate of Contributions for future Purchase Periods requires the Participant to (i)

properly complete and submit to the Company’s stock administration office (or its designee) a new subscription agreement or following the applicable electronic or other enrollment procedures determined by the Administrator authorizing the change in Contribution rate in the form provided by the Administrator for such purpose or (ii) follow an electronic or other procedure prescribed by the Administrator, in each case on or before a date determined by the Administrator prior to the applicable Exercise Date or Enrollment Date, respectively. If the Participant has not followed such procedures to change the rate of Contributions or stop making Contributions, he or she will continue to make Contributions at the originally elected rate throughout the Purchase Period and future Offering Periods and Purchase Periods (unless the Participant’s participation is terminated as provided in Sections 10 or 11). The Administrator has the discretion to amend the nature and/or number of Contribution rate changes that may be made by Participants during any Offering Period or Purchase Period and may establish other conditions or limitations as it deems appropriate for Plan administration. Any change in Contribution rate or discontinuation of Contributions made under this Section 6(d) will be effective on a date selected by the Administrator (in a manner complying with U.S. Treasury Regulation Section 1.423-2(e)(2)(ii)) that is as soon as administratively feasible following the date on which the change is made by the Participant, but in no event later than the first full payroll period following 5 business days after the date on which the change is made by the Participant. If a Participant stops making Contributions under this Section 6(d), he or she will be withdrawn from the Plan immediately after the exercise of his or her option on the applicable Exercise Date.

(e) To the extent necessary to comply with Section 423(b)(8) of the Code, a Participant’s Contributions may be decreased to zero percent at any time during a Purchase Period. Subject to Section 423(b)(8) of the Code, Contributions will recommence at the rate the Participant’s most recent elected rate effective as of the beginning of the first pay day occurring on or after the beginning of the Contribution Period that is scheduled to end in the following calendar year, unless terminated by the Participant as provided in Section 10.

(f) The Administrator may allow Eligible Employees to participate in the Plan via cash contributions instead of payroll deductions if payroll deductions are not permitted

under applicable local law, the Administrator determines that cash contributions are permissible under Section 423 of the Code, or the Eligible Employees are participating in the Non-423 Component.

- (g) At the time the option is exercised, in whole or in part, or at the time some or all of the Common Stock issued under the Plan is disposed of (or any other time that a taxable event related to the Plan occurs), the Participant must make adequate provision for the Company's or Employer's federal, state, local or any other tax liability payable to any authority including taxes imposed by jurisdictions outside of the U.S., national insurance, social security or other tax withholding obligations, if any, which arise upon the exercise of the option or the disposition of the Common Stock (or any other time that a taxable event related to the Plan occurs). At any time, the Company or the Employer may, but will not be obligated to, withhold from the Participant's compensation the amount necessary for the Company or the Employer to meet applicable withholding obligations, including any withholding required to make available to the Company or the Employer any tax deductions or benefits attributable to sale or early disposition of Common Stock by the Eligible Employee. In addition, the Company or the Employer may, but will not be obligated to, withhold from the proceeds of the sale of Common Stock or any other method of withholding the Company or the Employer deems appropriate to the extent permitted by U.S. Treasury Regulation Section 1.423-2(f).

7. *Grant of Option.* On the Enrollment Date of each Offering Period, each Eligible Employee participating in such Offering Period will be granted an option to purchase on each Exercise Date during such Offering Period (at the applicable Purchase Price) up to a number of shares of Common Stock determined by dividing such Eligible Employee's Contributions accumulated prior to such Exercise Date and retained in the Eligible Employee's account as of the Exercise Date by the applicable Purchase Price, up to a maximum of 2,000 shares of Common Stock (subject to any adjustment under Section 19) in each Purchase Period and subject to the limitations in Section 13. The Eligible Employee may accept the grant of such option by electing during an Enrollment Window to participate in the Plan in accordance with the requirements of Section 5. The Administrator may, for future Offering Periods, change the maximum number of shares of Common Stock that an Eligible Employee may purchase during each Purchase Period or Offering Period. The option will expire on the last day of the Offering Period.

8. *Exercise of Option.*

- (a) Unless a Participant withdraws from the Plan as provided in Section 10, the Participant's option for the purchase of shares of Common Stock will be exercised automatically on each Exercise Date, and the maximum number of full shares subject to the option will be purchased for such Participant at the applicable Purchase Price with the accumulated Contributions from the Participant's account. No fractional shares of Common Stock will be purchased; any Contributions accumulated in a Participant's account that are not sufficient to purchase a full share will be returned to the Participant. During a Participant's lifetime, a Participant's option to purchase shares under the Plan is exercisable only by the Participant.
- (b) If the Administrator determines that, on a given Exercise Date, the number of shares of Common Stock with respect to which options are to be exercised may exceed the number of shares of Common Stock that were available for sale under the Plan on the Enrollment Date of the applicable Offering Period or the number of shares of Common Stock available for sale under the Plan on such Exercise Date, the Administrator may in its sole discretion (x) provide that the Company will make a pro rata allocation of the shares of Common Stock available for purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a manner as will be practicable and as it will determine in its sole discretion to be equitable among all Participants exercising options to purchase Common Stock on such Exercise Date and continue all Offering Periods then in effect or (y)

provide that the Company will make a pro rata allocation of the shares of Common Stock available for purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a manner as will be practicable and as it will determine in its sole discretion to be equitable among all participants exercising options to purchase Common Stock on such Exercise Date and terminate any or all Offering Periods then in effect under Section 20. The Company may make a pro rata allocation of the shares available on the Enrollment Date of any applicable Offering Period under the preceding sentence even if there is an authorization of additional shares for issuance under the Plan by the Company's stockholders subsequent to such Enrollment Date.

9. *Delivery.* As soon as reasonably practicable after each Exercise Date on which a purchase of shares of Common Stock occurs, the Company will arrange the delivery to each Participant of the shares purchased upon exercise of his or her option in a form determined by the Administrator (in its sole discretion) and under rules established by the Administrator. The Company may permit or require that shares be deposited directly with a broker designated by the Company or to a designated agent of the Company, and the Company may utilize electronic or automated methods of share transfer. The Company may require that shares be retained with such broker or agent for a designated period of time and/or may establish other procedures to permit tracking of disqualifying dispositions of such shares. No Participant has any voting, dividend, or other stockholder rights with respect to shares of Common Stock subject to any option granted under the Plan until such shares have been purchased and delivered to the Participant as provided in this Section 9.

10. *Withdrawal.*

- (a) A Participant may withdraw all but not less than all of the Contributions credited to his or her account and not yet used to exercise his or her option under the Plan at any time during a Contribution Period by submitting to the Company's stock administration office (or its designee) a written notice of withdrawal in the form determined by the Administrator for such purpose (which may be similar to the form attached to the Plan as Exhibit B) or following an electronic or other withdrawal procedure determined by the Administrator. All of the Participant's Contributions credited to his or her account will be paid to such Participant on the first payroll date on or after receipt of notice of withdrawal and such Participant's option for the Offering Period will be automatically terminated, and no further Contributions for the purchase of shares will be made for such Offering Period. If a Participant withdraws from an Offering Period, Contributions will not resume at the beginning of the succeeding Offering Period, unless the Participant re-enrolls in the Plan in accordance with the provisions of Section 5.
- (b) A Participant's withdrawal from an Offering Period will not have any effect on the Participant's eligibility to participate in any similar plan adopted by the Company or in succeeding Offering Periods that commence after the termination of the Offering Period from which the Participant withdraws.

11. *Termination of Employment.* Unless otherwise set forth in the Company Leave Policy, upon a Participant's ceasing to be an Eligible Employee for any reason, the Participant will be withdrawn from the Plan and the Contributions credited to such Participant's account during the Offering Period but not yet used to purchase shares of Common Stock under the Plan will be returned to such Participant (or, in the case of the Participant's death, to the person or persons entitled to receive such Contributions under Section 15), and such Participant's option will be automatically terminated. A Participant whose employment transfers between entities through a termination with an immediate rehire (with no break in service) by the Company or a Designated Company will not be treated as terminated under the Plan; however, if a Participant transfers from an Offering under the 423 Component to the Non-423 Component, the exercise of the option will be qualified under the 423 Component only to the extent it complies with Section 423 of the Code.

12. *Interest.* No interest will accrue on the Contributions of a participant in the Plan, except as may be required by Applicable Law, as determined by the Company, and if so required by the laws of a

particular jurisdiction, will apply to all Participants in the relevant Offering under the 423 Component, except to the extent otherwise permitted by U.S. Treasury Regulation Section 1.423-2(f).

13. *Stock.*

- (a) Subject to adjustment upon changes in capitalization of the Company as provided in Section 19, the maximum number of shares of Common Stock that may be issued under the Plan on or following the Amendment Effective Date will be 34,000,000 shares of Common Stock.
- (b) Until the shares of Common Stock are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), a Participant has only the rights of an unsecured creditor with respect to such shares, and no right to vote or receive dividends or any other rights as a stockholder will exist with respect to such shares.
- (c) Shares of Common Stock to be delivered to a Participant under the Plan will be registered in the name of the Participant or in the name of the Participant and the Participant's spouse.

14. *Administration.* The Administrator has full and exclusive discretionary authority to construe, interpret, and apply the terms of the Plan, to delegate ministerial duties to any of the Company's employees, to designate separate Offerings under the Plan, to designate Affiliates and Subsidiaries of the Company as participating in the 423 Component or Non-423 Component, to determine eligibility, to adjudicate all disputed claims filed under the Plan, and to establish such procedures that it deems necessary for the administration of the Plan (including, without limitation, to adopt such procedures and sub-plans as are necessary or appropriate to permit the participation in the Plan by employees who are foreign nationals or employed outside the U.S., the terms of which sub-plans may take precedence over other provisions of this Plan, with the exception of Section 13(a), but unless otherwise superseded by the terms of such sub-plan, the provisions of this Plan will govern the operation of such sub-plan). Unless otherwise determined by the Administrator, the Eligible Employees eligible to participate in each sub-plan will participate in a separate Offering or in the Non-423 Component. Without limiting the generality of the foregoing, the Administrator is specifically authorized to adopt rules and procedures regarding eligibility to participate, the definition of Compensation, handling of Contributions, making of Contributions to the Plan (including, without limitation, in forms other than payroll deductions), establishment of bank or trust accounts to hold Contributions, payment of interest, conversion of local currency, obligations to pay payroll tax, determination of beneficiary designation requirements, withholding procedures and handling of stock certificates that vary with applicable local requirements. The Administrator also is authorized to determine that, to the extent permitted by U.S. Treasury Regulation Section 1.423-2(f), the terms of an option granted under the Plan or an Offering to citizens or residents of a non-U.S. jurisdiction will be less favorable than the terms of options granted under the Plan or the same Offering to employees who reside solely in the United States. Every finding, decision, and determination made by the Administrator will, to the full extent permitted by law, be final and binding upon all parties.

15. *Designation of Beneficiary.*

- (a) If permitted by the Administrator, a Participant may file a designation of a beneficiary who is to receive any shares of Common Stock and cash, if any, from the Participant's account under the Plan in the event of such Participant's death subsequent to an Exercise Date on which the option is exercised but prior to delivery to such Participant of such shares and cash. In addition, if permitted by the Administrator, a Participant may file a designation of a beneficiary who is to receive any cash from the Participant's account under the Plan in the event of such Participant's death prior to exercise of the option. If a Participant is married and the designated beneficiary is not the spouse, spousal consent will be required for such designation to be effective.
- (b) Such designation of beneficiary may be changed by the Participant at any time by notice in a form determined by the Administrator. In the event of the death of a Participant and in the absence of a beneficiary validly designated under the

Plan who is living at the time of such Participant's death, the Company will deliver such shares and/or cash to the executor or administrator of the estate of the Participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares and/or cash to the spouse or to any one or more dependents or relatives of the Participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

- (c) All beneficiary designations will be in such form and manner as the Administrator may designate from time to time. The Company and/or the Administrator may decide not to permit such designations by Participants in non-U.S. jurisdictions to the extent permitted by U.S. Treasury Regulation Section 1.423-2(f).

16. *Transferability.* Neither Contributions credited to a Participant's account nor any rights with regard to the exercise of an option or to receive shares of Common Stock under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 15) by the Participant. Any such attempt at assignment, transfer, pledge or other disposition will be without effect, except that the Company may treat such act as an election to withdraw funds from an Offering Period in accordance with Section 10.

17. *Use of Funds.* The Company may use all Contributions received or held by it under the Plan for any corporate purpose, and the Company will not be obligated to segregate such Contributions except under Offerings or for Participants in the Non-423 Component for which Applicable Laws require that Contributions to the Plan by Participants be segregated from the Company's general corporate funds and/or deposited with an independent third party. Until shares of Common Stock are issued, Participants have only the rights of an unsecured creditor with respect to such shares.

18. *Reports.* Individual accounts will be maintained for each Participant in the Plan. Statements of account will be given to participating Eligible Employees at least annually, which statements will set forth the amounts of Contributions, the Purchase Price, the number of shares of Common Stock purchased, and the remaining cash balance, if any.

19. *Adjustments, Dissolution, Liquidation, Merger, or Change in Control.*

- (a) *Adjustments.* In the event that any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Common Stock or other securities of the Company, or other change in the corporate structure of the Company affecting the Common Stock occurs, the Administrator, in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, will, in such manner as it may deem equitable, adjust the number and class of Common Stock that may be delivered under the Plan, the Purchase Price per share and the number of shares of Common Stock covered by each option under the Plan that has not yet been exercised, and the numerical limits of Sections 7 and 13.
- (b) *Dissolution or Liquidation.* In the event of the proposed dissolution or liquidation of the Company, any Offering Period then in progress will be shortened by setting a New Exercise Date, and will terminate immediately prior to the consummation of such proposed dissolution or liquidation, unless provided otherwise by the Administrator. The New Exercise Date will be before the date of the Company's proposed dissolution or liquidation. The Administrator will notify each Participant in writing or electronically, prior to the New Exercise Date, that the Exercise Date for the Participant's option has been changed to the New Exercise Date and that the Participant's option will be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 10.
- (c) *Merger or Change in Control.* In the event of a merger or Change in Control, each outstanding option will be assumed or an equivalent option substituted by the

successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the option, the Offering Period with respect to which such option relates will be shortened by setting a New Exercise Date on which such Offering Period will end. The New Exercise Date will occur before the date of the Company's proposed merger or Change in Control. The Administrator will notify each Participant in writing or electronically prior to the New Exercise Date, that the Exercise Date for the Participant's option has been changed to the New Exercise Date and that the Participant's option will be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 10.

20. *Amendment or Termination.*

- (a) The Administrator, in its sole discretion, may amend, suspend, or terminate the Plan, or any part of the Plan, at any time and for any reason. If the Plan is terminated, the Administrator, in its discretion, may elect to terminate all outstanding Offering Periods either immediately or upon completion of the purchase of shares of Common Stock on the next Exercise Date (which may be sooner than originally scheduled, if determined by the Administrator in its discretion), or may elect to permit Offering Periods to expire in accordance with their terms (and subject to any adjustment under Section 19). If the Offering Periods are terminated prior to expiration, all amounts then credited to Participants' accounts that have not been used to purchase shares of Common Stock will be returned to the Participants (without interest thereon, except as otherwise required under Applicable Laws, as further set forth in Section 12) as soon as administratively practicable.
- (b) Without stockholder consent and without limiting Section 20(a), the Administrator will be entitled to change the Offering Periods, Purchase Periods, or Contribution Periods, designate separate Offerings, limit the frequency and/or number of changes in the amount withheld during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit Contributions in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the Company's processing of properly completed Contribution elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each Participant properly correspond with Contribution amounts, and establish such other limitations or procedures as the Administrator determines in its sole discretion advisable that are consistent with the Plan.
- (c) Without limiting Section 20(a), in the event the Administrator determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Administrator may, in its discretion and, to the extent necessary or desirable, modify, amend or terminate the Plan to reduce or eliminate such accounting consequence including, but not limited to:
 - (i) amending the Plan to conform with the safe harbor definition under the Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any of its successors), including with respect to an Offering Period underway at the time;
 - (ii) altering the Purchase Price for any Offering Period or Purchase Period including an Offering Period or Purchase Period underway at the time of the change in Purchase Price;
 - (iii) shortening any Offering Period or Purchase Period by setting a New Exercise Date, including an Offering Period or Purchase Period underway at the time of the Administrator action;

- (iv) reducing the maximum percentage of Compensation a Participant may elect to set aside as Contributions; and
- (v) reducing the maximum number of shares of Common Stock a Participant may purchase during any Offering Period or Purchase Period.

Such modifications or amendments will not require stockholder approval or the consent of any Participants.

21. *Notices.* All notices or other communications by a Participant to the Company under or in connection with the Plan are given when received in the form and manner specified by the Company at the location, or by the person, designated by the Company for the receipt of such notices or other communications.

22. *Conditions Upon Issuance of Shares.* Shares of Common Stock will not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such shares complies with all applicable provisions of law, domestic or foreign, including, without limitation, the U.S. Securities Act of 1933, as amended, the Exchange Act, the rules and regulations promulgated under such acts, and the requirements of any stock exchange upon which the shares may then be listed, and will be further subject to the approval of counsel for the Company with respect to such compliance.

As a condition to the exercise of an option, the Company may require the person exercising such option to represent and warrant at the time of any such exercise that the shares are being purchased only for investment and without any present intention to sell or distribute such shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned applicable provisions of law.

23. *Code Section 409A.* The 423 Component of the Plan is exempt from the application of Code Section 409A, and any ambiguities in the Plan will be interpreted so that the Plan is exempt from Code Section 409A. If the Administrator determines that an option granted under the Plan may be subject to Code Section 409A or that any provision in the Plan would cause an option under the Plan to be subject to Code Section 409A, the Administrator may amend the terms of the Plan and/or of an outstanding option granted under the Plan or take such other action the Administrator determines is necessary or appropriate, in each case without the Participant's consent, to exempt any outstanding option or future option that may be granted under the Plan from or to allow any such options to comply with any requirements necessary to avoid the imposition of additional tax under Code Section 409A(a)(1)(B), but only to the extent any such amendments or action by the Administrator would not violate Code Section 409A. The Company has no liability to a Participant or any other party if the option to purchase Common Stock under the Plan that is intended to be exempt from Code Section 409A or compliant with any requirements necessary to avoid the imposition of additional tax under Code Section 409A(a)(1)(B) is not so exempt or compliant or for any action taken by the Administrator with respect to such option. The Company makes no representation that the option to purchase Common Stock under the Plan complies with any requirements necessary to avoid the imposition of additional tax under Code Section 409A(a)(1)(B).

24. *Term of Plan.* The Plan became effective on the Original Effective Date and will continue in effect until the twentieth (20th) anniversary of the Amendment Effective Date, unless sooner terminated under Section 20.

25. *Stockholder Approval.* The Plan will be subject to approval by the stockholders of the Company within 12 months after the date the Plan is adopted by the Board. Such stockholder approval will be obtained in the manner and to the degree required under Applicable Laws.

26. *Governing Law.* The Plan and all determinations made and actions taken under the Plan, to the extent not otherwise governed by the laws of the United States, will be governed by the laws of the State of Delaware without giving effect to principles of conflicts of law. For purposes of litigating any dispute that arises under this Plan, a Participant's participation in the Plan is the Participant's consent to the jurisdiction of the State of Delaware, and agreement that any such litigation will be conducted in Delaware Court of Chancery, or the federal courts for the United States for the District of Delaware, and no other courts, regardless of where a Participant's services are performed.

27. *No Right to Employment.* Participation in the Plan by a Participant will not be construed as giving a Participant the right to be retained as an employee of the Company or an Affiliate or Subsidiary of the Company, as applicable. Further, the Company or an Affiliate or Subsidiary of the Company may dismiss a Participant from employment at any time, free from any liability or any claim under the Plan.

28. *Severability.* If any provision of the Plan is or becomes or is deemed to be invalid, illegal, or unenforceable for any reason in any jurisdiction or as to any Participant, such invalidity, illegality or unenforceability will not affect the remaining parts of the Plan, and the Plan will be construed and enforced as to such jurisdiction or Participant as if the invalid, illegal or unenforceable provision had not been included.

29. *Recoupment.* All options granted or Shares of Common Stock of delivered under the Plan (including, without limitation, any proceeds, gains or other economic benefit actually or constructively received by a Participant upon any receipt or exercise of any option or upon the receipt or resale of any Shares underlying such option) granted under the Plan will be subject to recoupment under any clawback policy that the Company is required to adopt pursuant to the listing standards of any national securities exchange or association on which the Company's securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other Applicable Laws, including, without limitation, the Block, Inc. Financial Restatement Clawback Policy (as may be amended from time to time).

30. *Compliance with Applicable Laws.* The terms of this Plan are intended to comply with all Applicable Laws and will be construed accordingly.

31. *Automatic Transfer to Low Price Offering Period.* To the extent permitted by Applicable Laws, if the Fair Market Value on any Exercise Date in an Offering Period is lower than the Fair Market Value on the Enrollment Date of such Offering Period, then all Participants in such Offering Period automatically will be withdrawn from such Offering Period immediately after the exercise of their option on such Exercise Date and automatically re-enrolled in the immediately following Offering Period as of the first day of such following Offering Period.

32. *Data Protection.*

(a) In connection with the Plan, the Company may need to process personal data provided by the Participant to the Company or its Affiliates, third party service providers or others acting on the Company's behalf. Examples of such personal data may include, without limitation, the Participant's name, account information, social security number, tax number and contact information. The Company may process such personal data in its legitimate business interests for all purposes relating to the operation and performance of the Plan, including but not limited to:

(i) administering and maintaining Participant records;

(ii) providing the services described in the Plan;

(iii) providing information to future purchasers or merger partners of the Company or any Affiliate, or the business in which such Participant works; and

(iv) responding to public authorities, court orders and legal investigations, as applicable.

(b) The Company may share the Participant's personal data with Affiliates, trustees of any employee benefit trust, registrars, brokers, third party administrators of the Plan, third party service providers acting on the Company's behalf to provide the services described above or regulators and others, in order to comply with a legal obligation.

(c) The Company will keep personal data collected in connection with the Plan for as long as necessary to operate the Plan, as necessary to comply with any legal or regulatory requirements, or as otherwise dictated by the Company's Data Retention Standard.

(d) If necessary, the Company may transfer the Participant's personal data to any of the parties

mentioned above in a country or territory that may not provide the same protection for the information as the Participant's home country. Any transfer of the Participant's personal data to recipients in a third country will be made subject to appropriate safeguards or applicable derogations provided for under Applicable Law.

(e) Further information on those safeguards or derogations can be obtained through the contact set forth in the Block Employee Privacy Notice (the "Employee Privacy Notice") that previously has been provided by the Company or its applicable Affiliate to the Participant. The terms set forth in this are supplementary to the terms set forth in the Employee Privacy Notice (which, among other things, further describes the rights of the Participant with respect to the Participant's personal data); provided that, in the event of any conflict between the terms of this and the terms of the Employee Privacy Notice, the terms of this shall govern and control in relation to the Plan and any personal data of the Participant to the extent collected in connection therewith.

(f) A Participant has a right to (i) request access to and rectification or erasure of the personal data provided, (ii) request the restriction of the processing of his or her personal data, (iii) object to the processing of his or her personal data, (iv) receive the personal data provided to the Company and transmit such data to another party, and (v) to lodge a complaint with a supervisory authority.

**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 December 31, 2024

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 001-37622**

BLOCK, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

80-0429876

(I.R.S. Employer
Identification Number)

**1955 Broadway, Suite 600
Oakland, CA 94612¹**

(Address of principal executive offices, including zip code)

(415) 375-3176

(Registrant's telephone number, including area code)

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

Title of Each Class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, \$0.0000001 par value per share	XYZ	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

¹ We have adopted a distributed work model and, therefore, have no formal headquarters. This address represents our "principal executive office," which we are required to identify under Securities and Exchange Commission rules.

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the 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 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 a share of the registrant's Class A common stock on June 30, 2024 as reported by the New York Stock Exchange on such date was approximately \$37.8 billion. Shares of the registrant's Class A common stock and Class B common stock held by each executive officer, director and holder of 5% or more of the outstanding Class A common stock and Class B common stock have been excluded in that such persons may be deemed to be affiliates. This calculation does not reflect a determination that certain persons are affiliates of the registrant for any other purpose.

As of February 18, 2025, the number of shares (in thousands) of the registrant's Class A and Class B common stock outstanding were 559,431 and 60,049, respectively.

Portions of the registrant's Definitive Proxy Statement relating to the Annual Meeting of Stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. Such Definitive Proxy Statement will be filed with the Securities and Exchange Commission within 120 days after the end of the registrant's fiscal year ended December 31, 2024.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as “may,” “will,” “appears,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential,” or “continue,” or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans, or intentions. Forward-looking statements contained in this Annual Report on Form 10-K include, but are not limited to, statements about our future financial and operating performance, our expectations regarding transaction and loan losses, the adequacy of our allowance for loan losses on loans held for investment, or increased delinquencies, and the impact of inaccurate estimates or inadequate reserves, our anticipated growth and growth strategies and our ability to effectively manage that growth, our ability to invest in and develop our products and services to operate with changing technology, the expected benefits of our products to our customers and the impact of our products on our business, our expectations regarding product launches, trends in our markets and the continuation of such trends, our expectations related to our plans to cap our employee base, our plans with respect to patents and other intellectual property, our expectations regarding litigation and regulatory matters, the adequacy of reserves for such matters and the impact of any such matters or settlements thereof on our business, our expectations regarding share-based compensation, our expectations regarding the impacts of accounting guidance and the timing of our compliance therewith, our expectations regarding restricted cash, and the sufficiency of our cash and cash equivalents and cash generated from operations to meet our working capital and capital expenditure requirements.

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

All forward-looking statements are based on information and estimates available to us at the time of filing this Annual Report on Form 10-K and are not guarantees of future performance. We undertake no obligation to update any forward-looking statements made in this Annual Report on Form 10-K to reflect events or circumstances after the date of this Annual Report on Form 10-K or to reflect new information or the occurrence of unanticipated events, except as required by law.

PART I

ITEM 1. BUSINESS

Our Business

At Block, Inc. (together with its subsidiaries, "Block" or "we"), we are building an ecosystem dedicated to economic empowerment and unlocking access to the financial system for people around the world. We do this by building the most relevant products and tools for the communities we serve including sellers, consumers, artists, fans and developers. Our brands work together cohesively, often positively reinforcing one another and creating resonant relationships with people who use our products to meet multiple needs across the different aspects of their lives. As we scale, we are focused on investing in building deeper connections between our ecosystems and increasing the resilience of our company.

On December 1, 2021, we changed our corporate name from Square, Inc. to Block, Inc. Block is the name for the company as a corporate entity. Since our start in 2009 with the Square business, we have added Cash App, and relatively nascent businesses with TIDAL and two bitcoin businesses, Bitkey and Proto.

Our two reportable segments are Square, formerly referred to as Seller, and Cash App, which reflects our two primary ecosystems and the manner in which the Company's chief operating decision maker ("CODM") reviews and assesses performance.

Square Ecosystem

We started Block with the Square ecosystem in February 2009 to enable businesses ("sellers") to accept card payments, an important capability that was previously inaccessible to many businesses. As our company grew, we recognized that sellers need a variety of solutions to thrive and saw how we could apply our strength in technology and innovation to help sellers. We have since expanded Square into a cohesive commerce ecosystem that provides more than 30 distinct products and services to help our sellers start, run, and grow their businesses. We combine software, hardware, and financial services to create products and services that are cohesive, fast, self-serve, and elegant. These attributes differentiate Square in a fragmented industry that traditionally forced sellers to stitch together products and services from multiple vendors, and often rely on inefficient non-digital processes and tools. Our ability to add new sellers efficiently, help them grow their business, and cross-sell our products and services has historically contributed to our long-term growth.

Cash App Ecosystem

Cash App provides an ecosystem of financial products and services to help consumers manage their money. Cash App's goal is to redefine the world's relationship with money by making it more relatable, instantly available, and universally accessible. While Cash App started with the single ability to send and receive money, it now provides an ecosystem of financial services focused on helping consumers make their money go further by enabling customers to store, send, receive, spend, invest, buy now, pay later ("BNPL"), borrow or save their money with Cash App. Similar to our Square ecosystem, we believe the aggregation of these products into one app differentiates Cash App from competitors and provides greater utility for customers, allowing Cash App to build retentive relationships with its customers. Over time, with its bank partners, Cash App is aiming to become one of the top providers of banking services to households in the United States that earn up to \$150,000 per year.

TIDAL Ecosystem

TIDAL expands our purpose of economic empowerment to artists. TIDAL is a global platform for musicians and their fans that uses unique content, experiences, and features to bring fans closer to artists and to provide artists with tools to succeed as entrepreneurs. TIDAL offers an extensive catalog of more than 162 million songs and 927,000 high-quality videos. TIDAL has a global presence with listeners in more than 60 countries and relationships with more than 300 labels and distributors.

Bitcoin Ecosystem

Our bitcoin ecosystem includes our bitcoin hardware projects, which include Bitkey, a self-custody bitcoin wallet, Proto, a bitcoin mining system, as well as Spiral, an independent team focused on contributing to bitcoin open source work. We believe our bitcoin ecosystem can help address inefficiencies in the current financial system, especially with respect to identity and trust. In the fourth quarter of 2024, we announced our decision to wind down TBD, which was an open developer platform for decentralized finance.

Our Customers

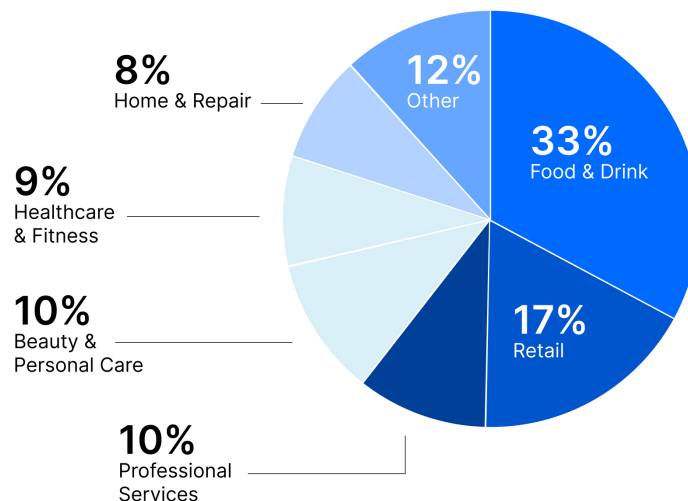
Our Square Sellers

Square sellers represent a diverse range of industries (including services, food-related, and retail businesses) and sizes, ranging from sole proprietors to multinational businesses. Square sellers span geographies, including the United States, Canada, Japan, Australia, the United Kingdom, Ireland, France, and Spain. We believe the diversity of our sellers underscores the accessibility and flexibility of our offerings. We have also increasingly served mid-market sellers, which we define as sellers that generate more than \$500,000 in annualized Square Gross Payment Volume (“Square GPV”), due to our ability to offer more flexible and complex solutions than traditional alternatives, as well as a growing product suite. For the years ended December 31, 2024, 2023, and 2022, none of our customers accounted for greater than 5% of Square GPV. We define Square GPV as the total dollar amount of all card and bank payments processed by sellers using Square, net of refunds.

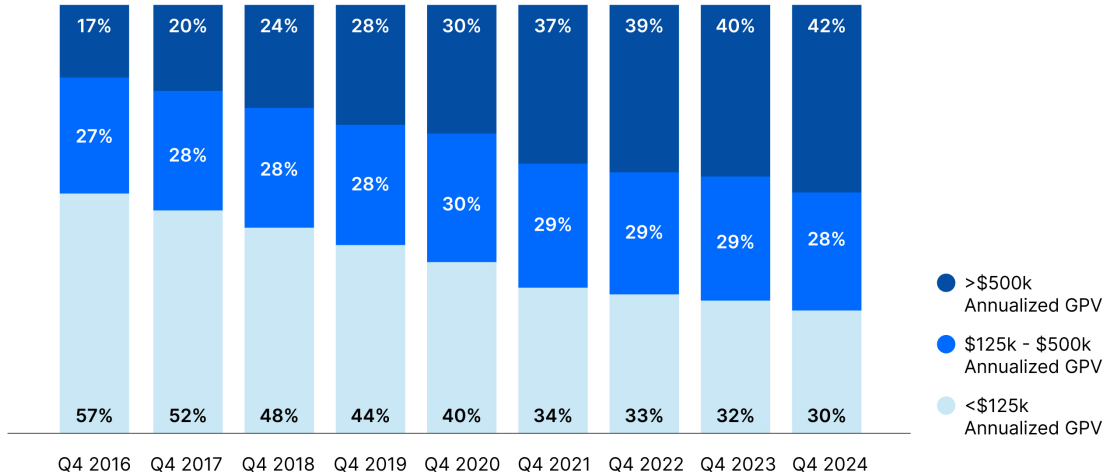
In the year ended December 31, 2024, more than 4 million sellers used the Square ecosystem to make 5.2 billion individual sales transactions totaling \$228 billion of Square GPV. These sales transactions originated from more than 800 million payment cards, across more than 300 million buyer profiles.

The charts below show the percentage mix of our Square GPV by seller industry and seller size for the year ended December 31, 2024:

Square GPV by Industry Chart



Square GPV Mix by Seller Size

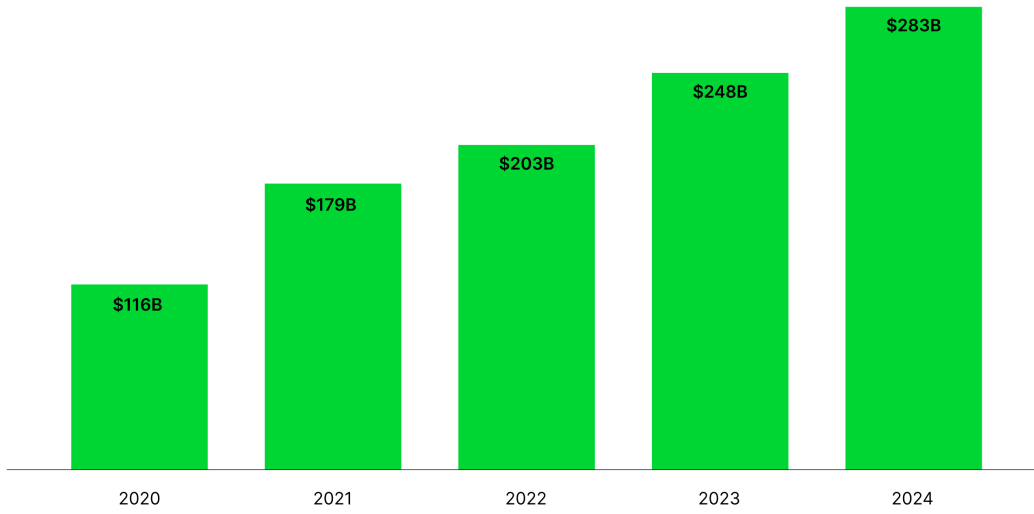


Our Cash App Customers

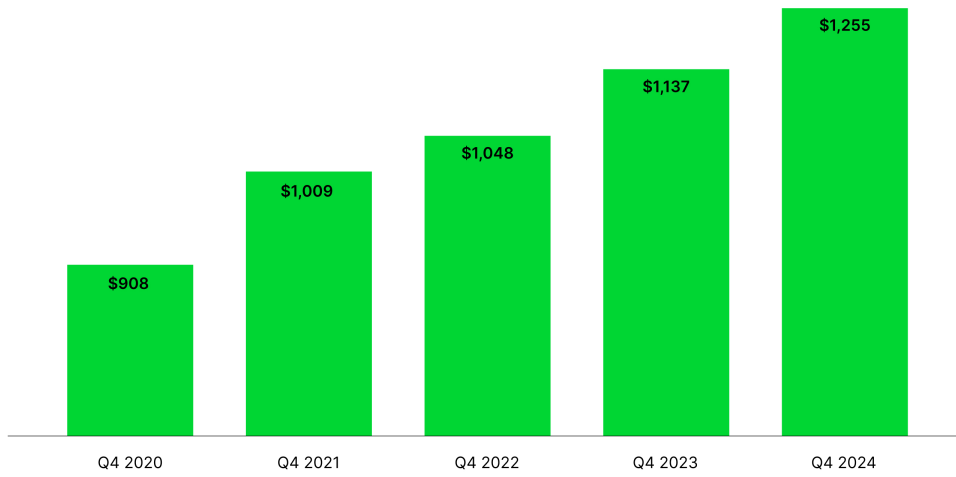
As of December 2024, Cash App had 57 million monthly transacting actives across the United States. In 2024, Cash App was the number one finance app on Google Play and number two finance app on iOS based on downloads in the United States. Cash App has a diverse mix of customers and, in the United States, had monthly transacting actives in each of the 50 states and nearly every county as of December 2024.

In 2024, Cash App transacting actives brought \$283 billion in inflows into Cash App. Customers can fund their Cash App accounts with inflows in a variety of ways, including by receiving money from another Cash App customer through the app's core peer-to-peer transfer service, transferring money from a bank account, depositing mobile checks, adding physical cash at participating retailers, and receiving a recurring paycheck by direct deposit. In the fourth quarter of 2024, our Cash App monthly transacting actives brought in an average of \$1,255 of inflows during the quarter. A transacting active is a Cash App account that has at least one financial transaction using any product or service within Cash App during the specified period. Examples of transactions include sending or receiving a peer-to-peer payment, transferring money into or out of Cash App, making a purchase using Cash App Card, earning a dividend on a stock investment, and paying back a loan, among others. Certain of these accounts may share an alias identifier with one or more other transacting active accounts. This could represent, among other things, one customer with multiple accounts or multiple customers sharing one alias identifier (for example, families).

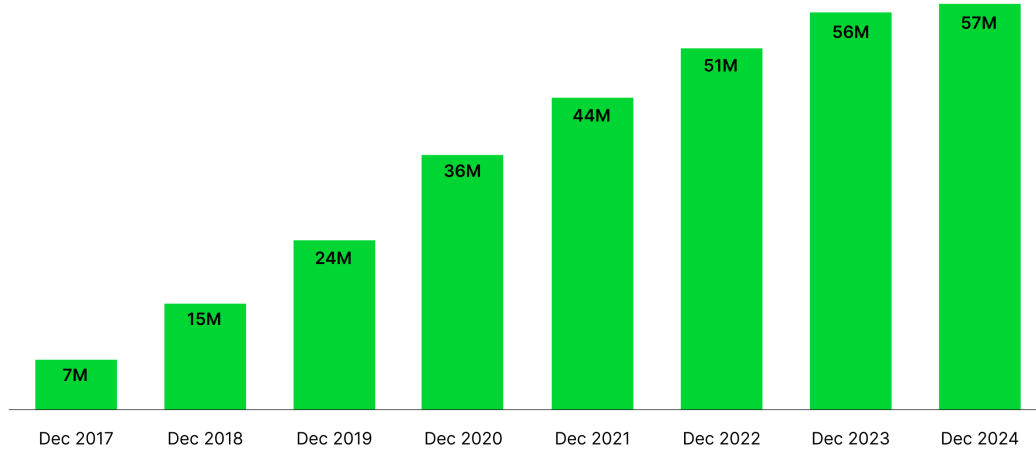
Cash App Annual Inflows



Cash App Inflows Per Active



Cash App Monthly Transacting Actives



Our Products and Services

Square Ecosystem

Our Square ecosystem consists of more than 30 distinct software, hardware, and financial services products. Our products are designed to be self-serve and intuitive to make initial setup and new employee training fast and easy, although we also offer full-service setup and support. Our products are also flexible enough to serve the needs of both small, single location and large, complex multi-location sellers. Our products are integrated to create a seamless experience and enable a holistic view of sales, customers, employees, and finances. We believe the breadth and depth of our products and services provide us unique advantages in best serving the needs of our sellers through a holistic view of their businesses. We supplement these first party capabilities with our open developer platform that enables integrations with third-party applications. We monetize these products through a combination of transaction, subscription, and service fees.

Strategic Priorities

Our focus for Square is on four priorities: maintaining our secure, and flexible multi-product platform, providing a “local” experience to sellers of all sizes, growing with artificial intelligence (“AI”), and further developing our banking offering.

- **Platform:** It is critical that we have a strong foundation to build upon to serve external customers through our developer platform and partner ecosystem, and our internal team's first party products. This includes increasing reliability of our platform and also introducing products and features that are most important to our customers.
- **Local:** Our go-to-market strategy is focused on verticals with a local approach, specifically restaurants and services-based businesses. Growing upmarket has shown us that even larger sellers want to feel authentic to their buyers. We can enable this type of robust offering through our technology and by improving the onboarding process through sales and account management.
- **Artificial Intelligence (AI):** We are focused on enabling growth by leveraging AI to increase productivity and outcomes for our sales and marketing, customer service, and engineering efforts, in addition to building features that help sellers grow their businesses.

- **Banking:** Our robust banking offering primarily helps our sellers manage cash flow and grow their business through our lending capabilities. We will continue to drive trust with our sellers, and build products and features that help with sellers accessing funds securely and timely.

Commerce

Square's commerce products help sellers make sales and track orders, inventory, and fulfillment across in-person and online channels, as well as first-party and third-party channels. Most of our Square commerce products have a free tier (without a subscription fee), which we monetize only through transaction fees on card payments. Some commerce products also have premium tiers with additional functionality, which we monetize through subscription fees in addition to transaction fees on payments.

Square Point of Sale is our primary commerce application for sellers, and provides an easy-to-use, customizable point-of-sale solution that adapts across business types and stages. Over the past year, we have modernized and simplified our Point of Sale applications, combining our vertical software solutions into one Square Point of Sale app, which now includes:

- A vertical solution tailored for both quick-service and full-service restaurants. It includes table, order, and course management; a kitchen display system; and revenue and cost reporting.
- A vertical solution tailored for appointment-based businesses that need a point-of-sale application with integrated booking capabilities. Our features include a free online booking site so buyers can easily schedule appointments and select their preferred time, service, and staff member. It is also integrated with Square Assistant, an AI-enabled automated messaging tool designed to respond to buyers efficiently and professionally, saving sellers' time and helping prevent missed appointments.
- A vertical solution tailored for sellers in the retail industry. It includes advanced inventory management, cost of goods sold reporting, purchase orders, vendor management, and barcode scanning.
- A customizable digital invoicing solution with integrated and secure online payment acceptance. This eliminates the need to print and mail statements to customers and wait for checks to arrive. Sellers use Square Invoices for upcoming, recurring, or previously delivered goods and services, such as catering orders, contractor services, lessons, and retail orders. Square Invoices also lets sellers send estimates and collect partial payments for goods and services.

Our commerce products also include:

- **Square Online** makes it easy to build a website and online store as well as sell on Instagram and Facebook. The online store is mobile responsive, delivering an app-like ordering experience on a buyer's phone. With integrated support for QR code ordering, sellers can also streamline their in-store operations by posting the QR code and having their buyers order from their own phones. Fulfillment options include pickup, delivery managed by our sellers, and integrations with partner delivery platforms. The system is designed for orders, items, inventory, and customer data to stay in sync when selling both online and in-person.
- **Square Online Checkout** makes it easy to sell online without a website by allowing sellers to create a checkout link with only a name and price for their good or service.
- **Square Virtual Terminal** allows sellers to use a computer as a card terminal. Sellers can take a payment, set up recurring billing, record sales, and send digital receipts for payments, including those made by check and bank transfer.
- **Risk Manager** gives sellers insight into online payment fraud patterns and enables them to set custom rules and alerts to manage risk. Machine-learning algorithms are designed to automatically identify fraud patterns and adapt to fit a seller's operations.
- **Order Manager** allows sellers to manage online orders that originate from Square Online, their own website on another platform, and third-party websites including online marketplaces such as DoorDash. Order Manager enables tracking open orders, managing prep times and busy times, and marking orders as completed.

- **Payment APIs** (application programming interfaces) and SDKs (software development kits) support in-person, online, and mobile payments. Square Reader SDK enables developers to seamlessly integrate Square hardware with a seller’s custom point of sale, allowing them to build unique checkout experiences such as self-ordering kiosks powered by Square’s managed payments service. With Square’s online payments APIs, developers can integrate Square payments into a seller’s e-commerce website or online store. Square’s In-App Payments SDK enables developers to build consumer mobile apps that use Square to process payments. These products are monetized primarily through transaction fees on payment volumes.
- **Commerce APIs:** Square offers more than 30 commerce APIs, through which developers can create and manage orders, subscriptions, product catalogs, inventory, customer profiles, employees, loyalty programs, gift cards, and more to build applications that enrich and integrate with Square’s ecosystem of products. In addition, these APIs enable developers to build integrations with their existing business systems such as accounting, customer relationship management (“CRM”), employee management, and enterprise resource planning (“ERP”) software.

For card payments, Square acts as the merchant of record for the transaction as well as the payment service provider (“PSP”). As the merchant of record, Square is the party responsible for settling funds with the seller and helps manage transaction risk loss on behalf of the seller. Square’s managed payments offering for sellers includes payment dispute management, data security, and PCI compliance for a transparent transaction fee paid by sellers. Square has negotiated terms and entered into contractual arrangements directly with other service providers of transaction processing services, including the acquiring processors and card networks, and indirectly with issuing banks. These contracts include negotiated terms, such as more favorable pricing, that are generally not available to sellers if they were to contract directly with these sub-service providers. Square’s position as the merchant of record helps us better serve our sellers. For example, as the merchant of record, we can more efficiently onboard new sellers through our website, leveraging our risk assessment models, and we have insights into transaction-level data that we use to inform our sellers and launch new products.

Software

Most of our Square software products have a free tier (without a subscription fee), which we monetize only through transaction fees on card payments. Most software products also have premium tiers with additional functionality, which we monetize through subscription fees in addition to transaction fees on payments.

Square’s Customer capabilities help sellers grow their business. By linking customer data together with online and in-person commerce data, Square can offer sellers integrated omnichannel capabilities to acquire, engage, and retain customers. Square transaction data and reporting allows sellers to easily assess performance and return on investment. We typically monetize these products via service and software fees.

- **BNPL** helps drive net new demand to sellers via discovery in the Afterpay app and has historically increased average conversion rates and average transaction sizes for new and existing customers across online and in-store channels.
- **Square Loyalty** helps sellers keep their buyers coming back. We have found that buyers that enroll in a Square Loyalty program have been more than three times as likely to be repeat customers and spend 50% more on average.
- **Square Marketing** helps sellers drive traffic by sending emails or texts to promote in-store events, new products, last-minute deals, or seasonal offers. Sellers can set up recurring automated campaigns to welcome new customers, wish them a happy birthday, send abandoned-cart reminders, or reach out to lapsed customers.
- **Square Gift Cards** help sellers bring in new buyers when their customers purchase gift cards for their friends and family.

Square's staff management products give sellers digital tools to streamline their operations. These tools are designed to seamlessly integrate with other Square products eliminating the latent, time-consuming, and error-prone processes typically used to copy and sync data between disparate systems. We typically monetize these products via software fees.

- **Square Team Management** makes it easy to schedule staff and view team performance and sales analytics in real time. It also enables limiting access to Square software features per employee or role. The Square Team App enables team members to clock in and out, view and adjust their schedules, and see timecards, hours worked, and estimated pay from their mobile phone.
- **Square Payroll** allows sellers to pay wages and associated employee taxes, and offer employee benefits (e.g. 401(k) accounts). The Square ecosystem drives competitive differentiation for our Payroll product with the ability to use Payroll in conjunction with our point-of-sale products, Team Management, and Cash App.

Financial Services

Through our wholly-owned subsidiary bank, Square Financial Services, Inc. ("Square Financial Services") and with our third-party bank partners, we offer a growing number of banking services that make it easier for sellers to manage cash flow and get faster access to funds.

- **Square Lending** provides a platform of lending products to qualified Square sellers. Square Loans (formerly Square Capital) facilitates loans to qualified Square sellers through Square Financial Services, which is an industrial loan company ("ILC"). Square Loans eliminates the lengthy (and often unsuccessful) loan application process. We are able to approve sellers for these loans by using our unique data set of the seller's Square transactions to help facilitate loan underwriting and collections, which mitigates risks. Generally, loan repayment occurs automatically through a fixed percentage of every card transaction a seller takes. Loans are sized to be less than 20% of a seller's expected annual Square GPV and, by simply running their business, sellers historically have repaid their loans within nine months on average. We currently fund a majority of these loans from arrangements with institutional third-party investors who purchase these loans on a forward-flow basis, which mitigates our balance sheet and liquidity risk. Since its public launch in May 2014, Square Loans has facilitated more than 3.1 million loans and advances, representing more than \$25.8 billion in principal amount loaned or advanced. We launched Square Credit Card in 2023 to provide another lending option to qualified Square sellers.
- **Instant Transfer** enables sellers to receive funds from their payments instantly or later that same day. Instant Transfer is an important tool for sellers that need faster access to their funds in order to better manage their cash flow or working capital.
- **Square Checking** provides sellers with an account provided by our bank partner that is eligible for FDIC deposit insurance if certain conditions are met. Square Checking gives sellers instant access to their sales and the ability to immediately use those funds via a debit card (Square Debit Card), withdraw funds from an ATM, or transfer funds via ACH.
- **Square Savings** is an FDIC-insured, interest earning business savings account at Square Financial Services, with no monthly fees or minimums, designed to make cash flow management easier for sellers. With Square Savings, sellers can easily and automatically put aside a portion of their sales in their savings account while also organizing their money within folders, streamlining the process of saving funds for specific goals and priorities, such as quarterly tax obligations.

Hardware

Square custom-designs hardware that can process all major card payment forms, including magnetic stripe, EMV chip, and NFC (contactless). Sellers are able to accept cards issued by Visa, Mastercard, American Express, Discover, JCB (in Japan), Interac Flash (in Canada), e-Money (in Japan), and eftpos (in Australia). Square hardware can be integrated with additional accessories such as cash drawers, receipt printers, scales, and barcode scanners to provide sellers with a comprehensive point-of-sale solution. Square's hardware portfolio includes the following:

- **Square Register** is an all-in-one offering that combines our hardware, point-of-sale software, and payments technology. The dedicated hardware consists of two screens: a seller display and a customer display with a built-in card reader that accepts tap, dip, and swipe payments.
- **Square Terminal** is a portable, all-in-one payments device and receipt printer to replace traditional keypad terminals. It accepts tap, dip, and swipe payments, enabling payments anywhere in the store.
- **Square Stand** enables an iPad to be used as a payment terminal or full point-of-sale solution. It features an integrated contactless and chip reader.
- **Square Reader for contactless and chip** accepts EMV chip cards and NFC payments, enabling acceptance via Apple Pay, Google Pay, and other mobile wallets.
- **Square Reader** for magstripe enables swiped transactions of magnetic-stripe cards by connecting with an iOS or Android smartphone or tablet via the headphone jack or Lightning connector.

Cash App Ecosystem

With Cash App, we are building an ecosystem of financial products and services that helps consumers manage their money by making it more relatable, instantly available, and universally accessible. Cash App is primarily in the United States and has a diverse set of customers across demographics and regions. We use our inflows framework to assess the performance of Cash App across transacting actives, inflows per active, and the monetization rate on inflows.

Strategic Priorities

Cash App sits at the intersection of three traditionally-distinct use cases: financial services, community based transactions (peer-to-peer payments) and commerce. Our approach for Cash App is to combine these three areas together in a unique manner to define a new product category and reinvent banking for our customers. With its bank partners, Cash App aims to become one of the top providers of banking services to households in the United States that earn up to \$150,000 per year. To achieve this, we have a three-part strategy: **(1) bank our base, (2) move upmarket by serving families, and (3) build the next-generation social bank.** The majority of our near term focus and current investments are on Banking our Base, the first part of our strategy, where we see the most direct opportunity to drive meaningful top line growth for Cash App. As part of our strategy we plan to continue to build **trust** with our customers and enhance our safety, security, and support for current and prospective customers.

- **Bank Our Base:** Cash App Card is generally customers' entry point into a deeper banking relationship with Cash App. Beyond Cash App Card, we want to provide other banking services to our customers through our third-party bank partners. Cash App offers a compelling financial services offering to eligible customers that utilize direct deposit on a monthly basis, including an attractive savings rate, free in-network ATM withdrawals, free overdraft coverage up to a certain amount, and priority phone support. We plan to continue launching additional products and features to strengthen our value proposition and also to invest in incentives and marketing to drive awareness and adoption of direct deposit.

- **Move Upmarket by Serving Families:** Over the last few years, we made Cash App available to individuals aged 13 and older, first starting with Cash App Card and peer to peer transfers and then expanding into additional banking features. We've been focused on building trust and safety for teens and their parents by giving parents transparency into their family's activity, allowing them to set permissions, and offering a robust set of oversight and controls. Through this effort, we're positioning Cash App for long-term growth by serving families in the near-term and then growing with our teen customer base as they mature, their income grows, and they engage more deeply with the full suite of banking products and financial services that Cash App offers through our third-party bank partners.
- **Build the Next-Generation Social Bank:** We are continuing to invest in building our social-driven feature set through areas like expanded profile functionality, sharing/recommendations, and exploring new ways for our customer base to transact together through financial services that have historically been disconnected from the community. A big part of this vision is linking Square's local priority with Cash App. We want to enable more local commerce by connecting our two largest ecosystems, with Cash App customers buying from Square sellers.

Inflows and Outflows

Customers can use Cash App to inflow funds in a variety of ways, including by receiving money from another Cash App customer through the app's core peer-to-peer transfer service, transferring money from a bank account, depositing mobile checks, adding physical cash at participating retailers, receiving a recurring paycheck by direct deposit, and through other inflow channels. These funds can then be sent to another customer through the app, spent anywhere that accepts Visa cards or Cash App Pay, withdrawn from an ATM using the Cash App Card, invested in stocks or exchange-traded funds ("ETFs"), used to buy bitcoin, or transferred to a bank account (either instantly for a fee or for free in one to three days).

Trust

We serve our customers through a broad suite of financial services, and earning their trust is a key factor in how we can deepen our financial relationship with them. The breadth of our financial service offerings allows us to increase our share of wallet as well as expand our customer base to serve a wider variety of demographics. We develop trust with customers by offering reliable, easy, and secure access to their accounts and convenient support. We also adapt the amount of funds a customer can bring in through specific channels based on risk profile, and as we improve our understanding of a customer's identity. We believe building and maintaining deep trust with our customers will drive greater product adoption and increased inflows into our ecosystem.

Product Categories

Banking Services

Through third-party bank partners, we offer a growing number of banking services that are designed to make it easier for customers to manage cash flow and provide them with fast access to funds.

- **Cash App Card** is a debit card, issued by our bank partner, and linked directly to a customer's Cash App balance. Customers can order a Cash App Card for free and use it anywhere that accepts Visa cards to make purchases, drawing down from the funds stored in their Cash App balance. Cash App earns interchange fees when individuals make purchases with their Cash App Card. Customers can select new or promotional Cash App Card designs for a fee, and can also withdraw funds from an ATM using the Cash App Card. Customers can also purchase and send gift cards at specific merchants to other customers, and recipients can spend them with their Cash App Card.
- **Direct deposit** capabilities, in alliance with our bank partner and system processor, allow customers to receive their recurring paycheck, tax refund, or government disbursement into their Cash App account, which they can then use to send, spend, store, or invest.
- **Savings** allows customers to hold a separate savings balance at our bank partner, and easily set and track towards financial goals. Customers can add money to Savings using their Cash App balance, a linked debit card, or through Round Ups on purchases with Cash App Card.

- **Cash Offers (formerly Boost)** is a free and instant rewards program that offers customers discounts at specific businesses (e.g., 10% off a purchase on DoorDash) or at certain business types (e.g., grocery stores). Customers can select the Cash Offers they want to apply to their Cash App Card, and the discount is instantly applied to their Cash App balance for eligible transactions. Some Cash Offers are selected and funded by Cash App, while others are funded by our partners. Costs related to the Cash App rewards program that are funded by Cash App are recognized as reductions to revenue.
- **Cash App Borrow:** We believe credit is an area within our financial services offerings where we can provide simple, fair, and accessible products that promote financial health. Cash App Borrow, our first credit product for consumers, allows customers to access short-term loans for a small fee. The product offers eligible Cash App customers up to \$1,000 at any one time that they can pay back in scheduled installments or as a percentage of what they receive into Cash App. We determine a Cash App customer's eligibility based on prudent risk management by using our unique data set that includes a customer's inflows and engagement on Cash App. The average Cash App Borrow loan was repaid in less than four weeks in 2024.

BNPL Platform

Cash App is focused on driving greater commerce between consumers and merchants. Our BNPL platform facilitates commerce between retail merchants and consumers by allowing its retail merchant clients to offer their customers the ability to buy goods and services on a BNPL basis. Our BNPL platform provides consumers the ability to get desired items now but pay for them later, while simultaneously helping merchants increase sales and order values. We have a range of products across our BNPL platform.

- **Pay in 4:** Through the use of our BNPL platform, consumers can split their purchases into generally three or four installments, typically due in two-week increments, without paying fees (if payments are made on time). We pay retail merchants the full order value up front (less a percentage fee) and assume the risk of non-payment from the consumer.
- **Monthly Payment Solution:** We also offer the ability for consumers to pay for larger transaction sizes over a six- or twelve-month period using a monthly payment option. The structure of the product includes no late fees and no compounding interest with a cap on total interest owed. Similar to Pay in 4, we pay retail merchants the full order value up front (less a percentage fee) and assume the risk of non-payment from the consumer.
- **Advertising and affiliate:** Our BNPL platform generates hundreds of millions of leads each year for merchants and has channeled this demand towards scaling an ads and affiliate program for its merchants: for affiliate relationships, we receive a commission when a consumer begins their shopping journey in the Afterpay App and makes a purchase. We may also receive digital advertising revenue based on clicks to a merchant site from the Afterpay App as well as flat fees for premium ad placements.
- **Shop directory:** We operate an online shop directory, which allows consumers to search by product category for stores that offer Afterpay as a payment option.
- **Afterpay Card, Afterpay Plus Card:** We offer two in-store cards that allow consumers to pay in 4 for in-person transactions at a merchant's point of sale. The Afterpay Card allows consumers to shop in-store at Afterpay merchants and is free for the consumer. The Afterpay Plus Card is currently available to select Afterpay consumers in certain regions for a monthly fee and allows them to shop in-store anywhere that Apple Pay or Google Pay is accepted.

Community

Peer-to-peer payments form the basis of our Community development pillar because customers engage in financial transactions with other members of the Cash App community. When customers use peer-to-peer, they are inviting their friends, family, and coworkers to download Cash App so that they can send each other money. Peer-to-peer becomes more useful for our customers as their communities expand, so our customers are naturally incentivized to bring more people into their networks. We offer the peer-to-peer service to our Cash App customers for free when a linked debit account is used to fund a transaction, as we consider peer-to-peer to be a marketing tool to encourage Cash App usage. We charge a fee to the sender when transactions are funded using a credit card, and a fee to the recipient if it is a business account.

Instant Deposit was the first feature we started monetizing on Cash App. Customers are able to instantly transfer funds from Cash App to a bank account for a small fee. We believe our customer base values fast access to funds, and this speed is one example of how we differentiate our ecosystem.

Cash App Pay

Cash App Pay is a simple, mobile-friendly way for Cash App customers to pay at merchants across online and in-person channels. Cash App Pay allows customers to seamlessly pay with a Cash App account at participating merchants like DoorDash, Lyft, Google Play Store, Temu, and many more, including thousands of Square sellers. For in-person and desktop web transactions customers simply scan a merchant's QR code at checkout. On mobile devices, customers can click the Cash App Pay button at checkout for a payment process that is fast, elegantly designed, and secure.

Bitcoin

We have a simple bitcoin exchange and custody solution that provides customers with an onramp and offramp to buy and sell bitcoin with Cash App for as little as \$1 and a custodial account to store it securely without needing to keep track of any private keys. Our solution offers features that allow customers to complete auto buys and custom limit orders, as well as direct deposit to auto-convert their paycheck into bitcoin and earn instant bitcoin rewards on Cash App Card purchases.

We have also focused on payments through bitcoin. Given our network scale, we believe Cash App can help bitcoin evolve beyond an asset class and enable transactional utility, which is why we launched our offering in 2018 with the ability to deposit and withdraw bitcoin across the blockchain. We have since added the ability for customers to send bitcoin across the Cash App network to any phone number or \$Cashtag, creating an easy-to-use off-chain network for bitcoin payments that settles instantly between transacting actives. We also allow U.S. actives to send and receive bitcoin to/from anyone with a compatible wallet via the Lightning Network. The Lightning Network is a second layer technology applied to the bitcoin blockchain that enables faster transactions with little to no fees.

Tax Preparation

Cash App Taxes provides a seamless, mobile-first solution for consumers to file their taxes for free.

Stock Brokerage

Customers can also use Cash App to invest their funds for free in U.S. listed stocks and ETFs. We believe this makes investing more accessible by giving customers access to hundreds of listed stocks and ETFs that they can purchase using their Cash App balance or a linked debit card for as little as \$1. Once the order is filled, all investments are viewable through the stocks applet.

Business Accounts

Cash App allows business accounts to collect payments for their business by accepting peer-to-peer transactions for a fee, while allowing higher weekly limits and providing relevant tax reporting forms.

Sales and Marketing

Square Ecosystem

The Square ecosystem has a strong brand affinity among its sellers. Our Net Promoter Score ("NPS") has averaged 53 over the past four quarters, which is notably higher than the average score for banking providers. Our high NPS means Square sellers recommend our services to others, which we believe strengthens the Square brand and helps drive efficient customer acquisition.

Direct marketing, online and offline, has also been an effective customer acquisition channel. These tactics include online search engine optimization and marketing, online display advertising, direct mail campaigns, direct response television advertising, mobile advertising, and affiliate and seller referral programs.

Our direct sales and account management teams also contribute to the acquisition and support of larger sellers. Historically, our sales team was primarily focused on converting inbound leads from interest generated through other acquisition channels, and in more recent years, we have built out an outbound sales team focused on outreach to new prospective sellers. These outbound sales were traditionally done remotely via telephone. In the fourth quarter of 2024, we began hiring a field sales team to focus exclusively on in-person seller outreach to further increase acquisition of larger sellers.

Our direct, ongoing interactions with our sellers help us tailor offerings to them, at scale, and in the context of their usage. We use various scalable communication channels such as email marketing, in-product notifications and messaging, and Square Communities, our online forum for sellers, to increase the awareness and usage of our products and services with little incremental sales and marketing expense. Our customer support team also helps increase awareness and usage of our products as part of helping sellers address inquiries and issues.

In addition to direct channels, we work with third-party developers and other partners who offer our solutions to their customers. Partners expand our addressable market to sellers with individualized or industry-specific needs. Through the Square App Marketplace, Square partners are able to expand their own addressable market by reaching the millions of sellers using Square. As of December 31, 2024, Square had more than 900 managed partners connected to its platform.

Cash App Ecosystem

Cash App has also developed a strong brand, which can be traced back to our compelling features, self-serve experience, unique design, and engaging marketing.

Peer-to-peer transactions serve as the primary acquisition channel for Cash App. Peer-to-peer transactions have powerful network effects as every time a customer sends or requests money, Cash App can potentially acquire a new customer or re-engage an existing customer. We have enhanced the efficiency of peer-to-peer transfers by streamlining the onboarding process for Cash App, enabling customers to sign up in minutes. We offer the peer-to-peer service to our Cash App customers for free, and we consider it to be a marketing tool to encourage the usage of Cash App. We do not generate revenue on the majority of peer-to-peer transactions and for these transactions we characterize card issuance costs, peer-to-peer costs, and risk loss as a sales and marketing expense.

Cash App also uses paid marketing, including referrals, advertising spend, partnerships, and social media campaigns, to expand its network, as these programs help reach new customers, enhance its brand, and improve retention among existing customers. Cash App has a dedicated sales team focused on products like BNPL, Monthly Payment Solution, Cash App Pay, and other new and emerging products. This team builds relationships with several of the largest and most well known merchants in the US and relevant international markets for BNPL.

Additionally, we see the launch and advertising of new Cash App features as an important way to attract new customers and engage existing customers. Features such as Cash App Card and Offers rewards, bitcoin buying and selling, investing in stocks and ETFs, Cash App Pay, and a tax preparation service enhance Cash App's utility for customers and provide reasons for consumers to try Cash App.

Product Development and Technology

We design both our Square and Cash App products and services to be cohesive, fast, self-serve, and elegant, and product development is a cross-functional effort combining individuals from product management, engineering, data science, analytics, design, and product marketing. Our products and services are platform-agnostic with most supporting iOS, Android, and web. We frequently update our software products and have a rapid software release schedule with improvements deployed regularly. Our services are built on a scalable technology platform, and we place a strong emphasis on data analytics and machine learning to maximize the efficacy, efficiency, and scalability of our services.

In our Square ecosystem, this technology platform enables us to capture and analyze billions of transactions per year and automate risk assessment for more than 99.95% of all transactions. Our hardware is designed and developed in-house, and we contract with third-party manufacturers for production.

Our Competition

Square Ecosystem

The markets in which our Square ecosystem operates are competitive and evolving. Our competitors range from large, well-established vendors to smaller, earlier-stage companies. We seek to differentiate ourselves from competitors primarily on the basis of our extensive commerce ecosystem and our focus on building remarkable products and services that are cohesive, fast, self-serve, and elegant. In addition, we differentiate ourselves by offering transparent pricing, no long-term contracts, and our ability to innovate and reshape the industries we operate in to expand access to traditionally unserved or underserved sellers. With respect to each of these factors, we believe that we compare favorably to our competitors. Competitors that overlap with certain functions and features that we provide include:

- Business software providers such as those that provide point of sale, website building, inventory management, employee management, customer relationship management invoicing, and appointment booking solutions;
- Payment terminal vendors;
- Merchant acquirers;
- Banks that provide payment processing, checking, savings, loans, and payroll;
- Pen and paper, manual processes, and paper currency;
- Payroll processors; and
- Established or new alternative lenders.

Cash App Ecosystem

Cash App competes with other companies in peer-to-peer payments, debit and prepaid cards, credit card rewards, stock trading, tax filing, digital wallet, bitcoin exchanges, BNPL providers, and shopping and consumer demand generation. Our competitors include money transfer apps, prepaid debit card offerings, brokerage firms, tax firms, financial technology apps, banks, and crypto trading services.

We compete primarily on our differentiated lifestyle brand, the breadth of our network, the range of products in our ecosystem, and the simplicity and quality of our customer experience. We invest in brand, design, and technology to keep our products fast and simple, while also improving and expanding our features.

Intellectual Property

We seek to protect our intellectual property rights by relying on a combination of federal, state, and common law rights in the United States and other countries, as well as on contractual measures. It is our practice to enter into confidentiality, non-disclosure, and invention assignment agreements with our employees and contractors, and into confidentiality and non-disclosure agreements with other third parties, in order to limit access to, and disclosure and use of, our confidential information and proprietary technology. In addition to these contractual measures, we also rely on a combination of trademarks, trade dress, copyrights, registered domain names, trade secrets, and patent rights to help protect our brand and our other intellectual property. Additionally, we regularly contribute software source code under open source and other permissive licenses and have made other technology we developed available under such licenses, and we include open source software in our products.

We have developed a patent program and strategy to identify, apply for, and secure patents for innovative aspects of our products, services, and technologies where appropriate. We also actively pursue registration of our trademarks, logos, service marks, trade dress, and domain names in the United States and in other jurisdictions. We intend to file additional patent applications as we continue to innovate through our research and development efforts and to pursue additional patent protection to the extent we deem it beneficial and cost-effective, including acquiring patent assets or licensing patent rights from third parties. In addition, we participate in a number of industry organizations that facilitate patent pools or non-assertion commitments, such as the Cryptocurrency Open Patent Alliance that we co-founded, LOT Network, and Open Invention Network.

Government Regulation

Foreign and domestic legal requirements apply to many key aspects of our business. Any actual or perceived failure to comply with these 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, monetary penalties, and constraints on our ability to continue to operate. It is also possible that current or future laws or regulations could be interpreted or applied in a manner that would prohibit, alter, or impair our existing or planned products and services, or that could require costly, time-consuming, or otherwise burdensome compliance measures from us.

Payments Regulation

Various laws and regulations govern the payments industry in the United States and globally. For example, certain jurisdictions in the United States require a license to offer money transmission services, such as Cash App's peer-to-peer payments, and we maintain a license in each of those jurisdictions and 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 record-keeping requirements, reporting requirements, bonding requirements, limitations on the investment of customer funds, and examination by state and federal regulatory agencies.

Outside the United States, we provide localized versions of some of our services to customers, including through various foreign subsidiaries. The activities of those non-U.S. entities are, or may be, supervised by regulatory authorities in the jurisdictions in which they operate. For instance, we hold an Australian Financial Services License issued by the Australian Securities and Investments Commission to provide non-cash payments in Australia, and we are licensed as an Electronic Money Institution to provide payments services and electronic money in the United Kingdom by the Financial Conduct Authority and in the European Union by the Central Bank of Ireland.

Our payments services may be or become subject to regulation by other authorities, and the laws and regulations applicable to the payments industry in any given jurisdiction are always subject to interpretation and change.

Consumer Protection

The Consumer Financial Protection Bureau and other federal, local, state, and foreign regulatory and law enforcement agencies regulate financial products and enforce consumer protection laws, including those applicable to credit, deposit, and payments services, and other similar services. These agencies have broad consumer protection mandates, and they promulgate, interpret, and enforce rules and regulations that affect our business.

Anti-Money Laundering, Anti-Corruption, and Sanctions

We are subject to anti-money laundering ("AML"), anti-corruption, and economic and trade sanctions laws and regulations in the United States and other jurisdictions in which we operate. The anti-corruption laws, such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act, generally prohibit companies from making or offering improper payments to foreign government officials and political figures for the purpose of obtaining or retaining business or to gain an unfair business advantage. Economic and trade sanctions programs that are administered by the U.S. Department of the Treasury's Office of Foreign Assets Controls and equivalent applicable foreign authorities prohibit or restrict transactions to or from, or dealings with, specified countries, governments, individuals and entities, including narcotics traffickers and terrorists or terrorist organizations. We have implemented compliance programs and controls designed to comply with the laws and regulations to which we are subject.

Bank Regulation

We obtained approval from the Federal Deposit Insurance Corporation ("FDIC") and the Utah Department of Financial Institutions to open an ILC. The opening of Square Financial Services, Inc., our ILC, in March 2021 subjects us to direct state and federal regulatory supervision and requires compliance with applicable banking regulations. Our partnerships with FDIC-insured financial institutions to offer certain banking products to customers also subject us to certain federal banking regulations.

Lending Regulation

Various laws and regulations govern lending in the United States and internationally. In the United States, Square Capital, LLC holds and maintains lending and collections licenses with state regulators to support lending products offered across the United States. Afterpay US Services, LLC holds and maintains lending licenses to support its product offerings. These lending licenses subject us to the supervision and examination authority of state regulators, and our partnerships with FDIC-insured financial institutions to offer certain lending products to customers subjects us to federal regulation and supervision.

Outside the United States, we provide localized versions of some of our lending services to customers, including through our various foreign subsidiaries. The activities of our foreign subsidiaries are, or may be, supervised by regulatory authorities in the jurisdictions in which they operate. For example, we hold an Australian Credit Licence issued by the Australian Securities and Investments Commission.

Our lending services have been and may continue to be subject to regulation by other applicable authorities or jurisdictions, and the laws and regulations applicable to the lending industry in any given jurisdiction are always subject to interpretation and change.

Broker-Dealer Regulation

Our subsidiary, Cash App Investing LLC ("Cash App Investing"), operates as a broker-dealer and is therefore registered with the Securities and Exchange Commission ("SEC") and a member of the Financial Industry Regulatory Authority ("FINRA"). As a broker-dealer, Cash App Investing is subject to SEC and FINRA rules and regulations concerning matters that include, without limitation, how it markets its services, handles customer assets, keeps records, and reports to the SEC and FINRA. Cash App Investing is also registered in each state where it conducts business, and subject to those states' securities laws and regulations.

Virtual Currency Regulation

We are subject to certain licensing and supervisory frameworks as a result of our Cash App offering, through which customers can use their stored funds to buy, hold and sell bitcoin, and transfer bitcoin to and from Cash App. We currently hold a New York State BitLicense and a Virtual Currency Business License in Louisiana. The laws and regulations applicable to virtual currency are evolving and subject to interpretation and change. Therefore, our current and future virtual currency services may be or become subject to additional licensing, regulatory requirements and oversight by other state and federal authorities.

Protection and Use of Information

We collect and use a wide variety of information for various purposes in our business, including to help ensure the integrity of our services and to provide features and functionality to our customers. This aspect of our business, including the collection, use, disclosure, and protection of the information we acquire from our own services as well as from third-party sources, is subject to laws and regulations in the United States, the European Union, and elsewhere. Accordingly, we publish our privacy policies and terms of service, which describe our practices concerning the use, transmission, and disclosure of information. As our business continues to expand in the United States and worldwide, and as laws and regulations continue to be passed and their interpretations continue to evolve in numerous jurisdictions, additional laws and regulations may become relevant to us.

Communications Regulation

We send texts, emails, and other communications in a variety of contexts, such as when providing digital receipts and marketing. Communications laws and regulations, including those promulgated by the Federal Communications Commission, apply to certain aspects of this activity in the United States and elsewhere.

Additional Developments

Various legislative bodies and regulatory agencies in the United States and elsewhere in our international markets continue to examine a wide variety of issues that could impact our business, including privacy, data protection, information security, virtual currencies, identity theft, tax, marketing, and labor and employment matters. As our business continues to develop and expand, additional laws, rules and regulations may become relevant.

Seasonality

Historically, transaction-based revenue for our Square ecosystem has been strongest in our fourth quarter and weakest in our first quarter, as our sellers typically generate additional GPV during the holiday season. Subscription and services-based revenue generally demonstrates less seasonality than transaction-based revenue. Hardware revenue generally demonstrates less seasonality than transaction-based revenue, with most fluctuations tied to periodic product launches, promotions, or other arrangements with our retail partners.

Historically, our Cash App ecosystem has experienced improvements in revenue, gross profit, and inflows related to the distribution of government funds as customers have deposited more funds into Cash App during these times, including during the first quarter when U.S. tax refunds are typically distributed. Certain products within Cash App may also experience stronger fourth quarters and weaker first quarters, such as our BNPL platform, which typically generates additional revenue and gross profit during the holiday season. Typical seasonality trends for the Cash App ecosystem are also impacted by bitcoin revenue, which is driven by customer demand and the current market price of bitcoin, and as such, may not be indicative of future performance and skew typical seasonality trends in the Cash App ecosystem.

Human Capital

Our employees are a driving force behind our purpose of economic empowerment. Attracting, developing, and retaining top talent remain a focus in the development of our human capital programs. As of December 31, 2024, we had 11,372 full-time employees worldwide with 2,627 full-time employees outside the US. We also engage temporary employees and consultants as needed to support our operations. In November 2023, we announced we would implement an absolute cap of 12,000 on the number of employees we have at our company. We expect to keep this cap in place until we believe the growth of the business has meaningfully outpaced the growth of our company.

We have a purpose-driven culture, with a focus on employee input and well-being, which we believe enables us to attract and retain exceptional talent. We offer learning and development programs for all employees, as well as a robust manager training program. Employees have the opportunity to actively voice their questions and thoughts through many internal channels, including our company townhall meetings and bi-annual employee engagement surveys. Our distributed work model means that we no longer have a designated headquarters location and, for the vast majority of roles, employees have the flexibility to work within or outside a Block office space. Our distributed work model has unlocked opportunities to hire and retain talent in more locations, as we can hire employees in locations where we do not have office space, and employees can continue to work for us if they need or want to relocate.

A key focus of our human capital management approach is our commitment to promoting inclusion and fairness in our workplace. We consider it a business requirement to build a company that reflects the customers and communities we serve. In 2024, we established company-wide manager expectations, including their responsibility to break down silos and hierarchy, maintain physiological safety and seek divergent perspectives. Across our employee programs, we have embedded policies and practices to ensure that hiring, promotion and compensation decisions are based on merit alone.

From a total rewards perspective, Block offers a competitive compensation and benefits package, which is reviewed and updated each year. Our annual compensation planning coincides with our feedback cycle during which employees and managers have performance conversations to facilitate learning and career development. As part of our compensation review program, pay equity analyses are conducted annually.

Corporate Information

Block was incorporated in Delaware in June 2009. In 2020, we adopted a distributed work model and we no longer have a designated headquarters location. Our principal executive office, which we are required to identify under Securities and Exchange Commission ("SEC") rules, is 1955 Broadway, Suite 600 Oakland, CA 94612. Our telephone number is (415) 375-3176. Our website is located at www.block.xyz, and our investor relations website is located at investors.block.xyz. The information contained in, or accessible through, our website (including any referenced reports or documents) is not part of or incorporated into, this Annual Report on Form 10-K.

We use various trademarks and trade names in our business, including "Block," "Square," "Cash App" and "Afterpay," which we have registered in the United States and in various other countries. This Annual Report on Form 10-K also contains trademarks and trade names of other businesses that are the property of their respective holders. We have omitted the ® and ™ designations, as applicable, for the trademarks we name in this Annual Report on Form 10-K.

Available Information

Copies of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (Exchange Act), are available, free of charge, on our investor relations website as soon as reasonably practicable after we electronically file or furnish such material with the SEC. The SEC also maintains a website that contains our SEC filings. The address of the site is www.sec.gov.

We webcast our earnings calls and certain events we participate in or host with members of the investment community on our investor relations website. Additionally, we provide notifications of news or announcements regarding our financial performance, including SEC filings, investor events, press and earnings releases, and blogs as part of our investor relations website. We have used, and intend to continue to use, our investor relations website, as well as the X (formerly known as Twitter) accounts @Blocks and @BlockIR, as means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD. Further corporate governance information, including our board committee charters, code of business conduct and ethics, and corporate governance guidelines, is also available on our investor relations website under the heading "Governance Documents." The contents of our websites 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, and any references to our websites are intended to be inactive textual references only.

ITEM 1A. RISK FACTORS

Investing in our securities involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, including the section titled Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes, before making any investment decision with respect to our securities. The risks and uncertainties described below may not be the only ones we face. If any of the risks actually occur, our business could be materially and adversely affected. In that event, the market price of our Class A common stock could decline, and you could lose part or all of your investment.

Risk Factors Summary

Our business operations are subject to numerous risks and uncertainties, including those outside of our control, that could cause our actual results to be harmed, including risks regarding the following:

Risks related to our business and our industry:

- our ability to retain existing sellers and customers, attract new sellers and customers, and increase sales to both new and existing sellers and customers;
- our investments in our business and ability to maintain profitability;
- our ability to maintain, protect, and enhance our brands;
- our efforts to expand our product portfolio and market reach;
- our ability to develop products and services to address the rapidly evolving market for payments and financial services;
- competition in our markets and industry;
- risks related to disruptions in or negative perceptions of the cryptocurrency market;
- any acquisitions, strategic investments, new businesses, joint ventures, divestitures, and other transactions that we may undertake;
- operating or expanding our business globally;
- risks related to the banking ecosystem, including through Square Financial Services ("Square Financial Services"), our bank partnerships, and FDIC and other regulatory obligations;
- risks related to our loan products such as the availability of capital, repayments, and general macroeconomic conditions; and
- risks related to our majority interest in TIDAL.

Operational risks:

- real or perceived improper or unauthorized use of, disclosure of, or access to sensitive data;
- real or perceived security breaches or incidents or human error in administering our software, hardware, and systems;
- systems failures, interruptions, delays in service, catastrophic events, and resulting interruptions in the availability of our products or services or those of our sellers;
- any failure to safeguard the bitcoin we hold on behalf of ourselves and other parties;
- our risk management efforts;
- our dependence on payment card networks and acquiring processors;
- our reliance on third parties and their systems for a variety of services, including the processing of transaction data and settlement of funds;
- our dependence on key management and any failure to attract, motivate, and retain our employees;
- our operational, financial, and other internal controls and systems;
- any shortage, price increases, tariffs, changes, delay or discontinuation of our key components; and
- the integration of our services and our products with a variety of operating systems.

Economic, financial, and tax risks:

- a deterioration of general macroeconomic conditions;
- any inability to secure financing on favorable terms, or at all, or comply with covenants in our existing credit agreement, the indentures, or future agreements;
- our ability to service our debt, including our Convertible Notes and our Senior Notes (each as defined below);
- counterparty risk with respect to our convertible note hedge transactions;
- our bitcoin investments being subject to volatile market prices and other risks of loss;
- foreign exchange rates risks; and
- any greater-than-anticipated tax liabilities or significant valuation allowances on our deferred tax assets.

Legal, regulatory, and compliance risks:

- extensive regulation and oversight in a variety of areas of our business;
- complex and evolving regulations and oversight related to privacy, data protection, and cybersecurity;
- litigation, including intellectual property claims, government investigations or inquiries, and regulatory matters or disputes;
- obligations and restrictions as a licensed money transmitter;
- regulatory scrutiny or changes in the buy now pay later ("BNPL") space;
- regulation and scrutiny of our subsidiary Cash App Investing, which is a broker-dealer registered with the SEC and a member of FINRA, including net capital and other regulatory capital requirements;
- regulation and scrutiny of our subsidiary Square Financial Services, which is a Utah state-chartered industrial loan company, including the requirement that we serve as a source of financial strength to it;
- any inability to protect our intellectual property rights;
- assertions by third parties of infringement of intellectual property rights by us; and
- increased scrutiny from investors, regulators, and other stakeholders relating to environmental, social, and governance issues.

Risks related to ownership of our common stock:

- the dual class structure of our common stock;
- volatility of the market price of our Class A common stock;
- the dual-listing of our Class A common stock on the NYSE and our CHES Depositary Interests ("CDIs") on the Australian Securities Exchange ("ASX");
- our convertible note hedge and warrant transactions;
- anti-takeover provisions contained in our amended and restated certificate of incorporation, our amended and restated bylaws, and provisions of Delaware law; and
- exclusive forum provisions in our bylaws.

Risks Related to Our Business and Our Industry

Our growth rate has slowed at times and may slow or decline in the future, and our growth rates in each of our reporting segments may vary. Future revenue and gross profit growth depends on our ability to retain existing sellers and customers, attract new sellers and customers, and increase sales to both new and existing sellers and customers.

Our rate of revenue and gross profit growth has slowed at times and may decline in the future, and it may slow or decline more quickly than we expect for a variety of reasons, including the risks described in this Annual Report on Form 10-K. Additionally, our rate of revenue and gross profit growth may vary between our reporting segments. For example, in recent periods our Cash App segment revenue and gross profit growth has varied and may continue to vary from the growth rate of our Square segment. Our sellers and customers have no obligation to continue to use our services, and we cannot assure you that they will. We generally do not have long-term contracts with our sellers and customers, and the difficulty and costs associated with switching to a competitor may not be significant for many of the services we offer. Our sellers' activity with us may decrease for a variety of reasons, including sellers' level of satisfaction with our products and services, our pricing and the pricing and quality of competing products or services, the effects of economic conditions, or reductions in the aggregate spending of our sellers' customers. Growth in transacting actives on Cash App and customers' level of engagement with our products and services on Cash App are important to our success and long-term financial performance. However, the growth rate of transacting actives has fluctuated over time, has slowed in recent quarters, and may slow or decline in the future. A number of factors have affected and could negatively affect Cash App customer growth, inflows, and engagement levels, including our ability to introduce new products and services that are compelling to our customers and that they adopt, changes to our systems, processes or other technical or operational requirements that impact how customers use or access our products and services, the impact on our network of other customers choosing whether to use Cash App, our decision to expand into or exit certain markets, technical or other problems that affect customer experience, failure to provide sufficient customer support, fraud and scams targeting Cash App customers, changes in the regulatory environment or regulations applicable to us, and harm to our reputation and brand. Further, certain events or programs, such as government stimulus programs may correlate with periods of significant growth, but such growth may not be sustainable. Additionally, the growth rate of Cash App revenue may be distorted by the prices of bitcoin, as bitcoin revenue may increase or decrease due to changes in the price of, and demand for, bitcoin and may not correlate to customer or engagement growth rates.

The growth of our business depends in part on our existing sellers and customers expanding their use of our products and services. If we are unable to increase broader use of our products and services within each of our ecosystems by our existing sellers and customers, our growth may slow or stop, and our business may be materially and adversely affected. The growth of our business also depends on our ability to attract new sellers and customers, to encourage sellers and customers to use our products and services, and to introduce successful new products and services. We have invested and will continue to invest in our business in order to offer better or new features, products, and services and to adjust our product offerings to changing economic conditions, but if those features, products, services, and changes fail to be successful on the expected timeline or at all, our growth may slow or decline.

We have generated significant net losses in the past, and we intend to continue to invest in our business. Thus, we may not be able to maintain profitability or our profitability may decline.

We intend to continue to make investments in our business, including with respect to our employee base, sales and marketing, development of new products, services, and features; acquisitions; infrastructure; expansion of international operations, and general administration, including legal, finance, and other compliance expenses related to our business. We also plan to continue to invest in the development of new technologies and initiatives, which may not be successful or may not generate sufficient returns to offset the investment. If the costs associated with acquiring and supporting new or larger sellers, attracting and supporting new Cash App customers, or with developing and supporting products, services and technologies materially increase in the future, including the fees we pay to third parties to advertise our products and services and compliance costs, our expenses may rise significantly. In addition, increases in our seller base could cause us to incur increased costs because costs associated with new sellers are generally incurred up front, while revenue is recognized in future periods as our products and services are used by our sellers. Moreover, businesses we acquire may have different profitability than our existing business, which may affect our overall profitability, particularly until we are able to realize expected synergies. For example, prior to our acquisition of Afterpay, it historically generated net losses. If we are unable to generate adequate revenue growth and manage our expenses with respect to acquired businesses or our business as a whole, we may incur significant losses and may not maintain profitability on a consistent basis.

From time to time, we have made and may make decisions that will have a negative effect on our short-term operating results if we believe those decisions will improve our operating results over the long-term. For example, we have implemented, and may in the future implement, expense cuts and reduced the size of our workforce to, among other things, align our cost structure with our business and longer term strategies, which may increase expenses in the short term and impact our ability to grow or quickly develop and introduce products. These decisions may not be consistent with the expectations of investors and may not produce the long-term benefits that we expect, in which case our business may be materially and adversely affected.

Our business depends on our ability to maintain, protect, and enhance our brands.

Having a strong and trusted brand has contributed significantly to the success of our business. We believe that maintaining, promoting, and enhancing the Square, Cash App, TIDAL, Afterpay, and our other brands, in a cost-effective manner is critical to achieving widespread acceptance of our products and services and expanding our base of customers. Maintaining and promoting our brands will depend largely on our ability to continue to provide useful, reliable, secure, and innovative products and services, as well as our ability to maintain trust and be a technology leader. We may introduce, or make changes to, features, products, services, privacy practices, or terms of service that customers do not like, which may materially and adversely affect our brands. Our brand promotion activities may not generate customer awareness or increase revenue, and even if they do, any increase in revenue may not offset the expenses we incur in building our brands. If we fail to successfully promote and maintain our brands or if we incur excessive expenses in this effort, our business could be materially and adversely affected.

The introduction and promotion of new products and services, as well as the promotion of existing products and services, may be partly dependent on our visibility on third-party advertising platforms, such as Google or Facebook. Changes in the way these platforms operate or changes in their advertising prices, data use practices or other terms could make the maintenance and promotion of our products and services and our brands more expensive or more difficult. If we are unable to market and promote our brands on third-party platforms effectively, our ability to acquire new customers would be materially harmed. We also use retail partners to sell hardware and acquire sellers for Square. Our ability to acquire new sellers could be materially harmed if we are unable to enter into or maintain these partnerships on terms that are commercially reasonable to us, or at all.

Harm to our brands can arise from many sources, including failure by us or our partners and service providers to satisfy expectations of service and quality; inadequate protection or misuse of sensitive information; fraud committed by third parties using our products or applications; compliance failures and claims; litigation, regulatory claims, investigations, enforcement actions, settlements or consent orders; errors caused by us or our partners; and misconduct by our partners, service providers, or other counterparties. Even allegations regarding the foregoing may harm our reputation and brands and have an adverse impact on the market price on our Class A common stock. We have also been from time to time in the past, and may in the future be, the target of incomplete, inaccurate, and misleading or false statements about our company and our business that could damage our reputation and brands and deter customers from adopting our services or our products. In addition, negative statements about us can cause and have caused a decline in the market price of our Class A common stock, divert our management's attention and resources, and could cause other adverse impacts to our business. Partners and influencers or other third parties with whom we maintain relationships could engage in behavior or use their platforms to communicate directly with our sellers and customers in a manner that reflects poorly on our brands and such behavior or communications may adversely affect us. Further, negative publicity or commentary regarding the partners and influencers or other third parties who are, or are perceived to be, affiliated with us may also damage our reputation, even if the negative publicity or commentary is not directly related to us. Any negative publicity about the industries we operate in or our company, the quality and reliability of our products and services, our risk management processes, changes to our products and services, our ability to effectively manage and resolve customer complaints, our privacy, data protection, and information security practices, litigation, regulatory activity, policy positions, and the experience of our sellers and customers with us, our products or services could adversely affect our reputation and the confidence in and use of our products and services. If we do not successfully maintain, protect or enhance our brands, our business could be materially and adversely affected.

Our efforts to expand our product portfolio and market reach, including through acquisitions, may not succeed and may reduce our revenue growth and profitability.

We intend to continue to broaden the scope of products and services we offer. However, we may not be successful in maintaining or growing our revenue, or deriving any significant new revenue streams from these products and services. Failure to successfully broaden the scope of products and services that are attractive may inhibit our growth and harm our business. Furthermore, we expect to continue to expand our markets in the future, and we may have limited or no experience in such newer markets. We cannot assure you that any of our products or services will be widely accepted in any market or that they will grow in revenue or contribute to our profitability. Our offerings may present new and difficult technological, operational, and regulatory risks, and other challenges, and if we experience service disruptions, failures, or other issues, our business may be materially and adversely affected. Our expansion into newer markets may not lead to growth and may require significant investment of financial resources and of management time and attention, and we may not be able to recoup our investments in a timely manner or at all. If any of this were to occur, it could damage our reputation, limit our growth, and materially and adversely affect our business.

Our long-term success depends on our ability to develop products and services to address the rapidly evolving market for payments and financial services, and, if we are not able to implement successful enhancements and new features for our products and services, our business could be materially and adversely affected.

Rapid and significant technological changes continue to confront the industries in which we operate, including developments in omnichannel commerce, proximity payment devices (including contactless payments via NFC technology), digital banking, mobile financial apps, cryptocurrencies, tokenization (e.g., replacing sensitive data such as payment card information with symbols (tokens) to keep the data safe), blockchain, and AI, including machine learning.

These new and evolving services and technologies may be superior to, impair, or render obsolete the products and services we currently offer or the technologies we currently use to provide them. Our ability to develop new products and services may be inhibited by industry-wide standards, payment card networks, existing and future laws and regulations, resistance to change from our customers, which includes our sellers and their customers, or third parties' intellectual property rights. Incorporating new technologies into our products and services may require substantial expenditures and take considerable time, and we may not be successful in realizing a return on our efforts in a timely manner or at all.

Our success will depend on our ability to develop new technologies, to adapt to technology changes and evolving industry standards, to incorporate new technologies into our products and services, and to provide products and services that are tailored to specific needs and requirements of our customers. For example, generative AI has become more publicly available and enterprise adoption of generative AI has grown. We have incorporated and expect to continue to incorporate AI features into our products and technologies and our success will depend in part on our ability to do so in a way that is compelling to our customers and cost-effective. It is difficult to predict all of the risks related to the use of AI because laws, rules, directives, and regulations governing the use of AI are evolving rapidly and our ability to develop or use AI may be adversely affected. If we are unable to provide enhancements and new features for our products and services or to develop new products and services that achieve market acceptance or that keep pace with rapid technological developments and evolving industry standards, our business would be materially and adversely affected.

We often rely on third parties, including some of our competitors, for the development of and access to new technologies and development of a robust market for these new products and technologies. Failure to accurately predict or to respond effectively to developments in our industry may significantly impair our business. In addition, because our products and services are designed to operate with a variety of systems, infrastructures, and devices, we need to continuously modify and enhance our products and services to keep pace with changes in technologies. Any failure of our products and services to continue to operate effectively with third-party infrastructures and technologies could reduce the demand for our products and services, result in dissatisfaction of our customers, and materially and adversely affect our business.

Substantial and increasingly intense competition in our markets and industry may harm our business.

We compete in markets characterized by vigorous competition, changing technology, evolving industry standards, changing customer needs, and frequent introductions of new products and services. We expect competition to intensify in the future as existing and new competitors introduce new services or enhance existing services. For example, companies not traditionally associated with the payments industry have introduced products or services that are or may become competitive with our business. We compete against many companies to attract customers across our products and services, and some of these companies have greater financial resources and substantially larger bases of customers than we do, which may provide them with significant competitive advantages. These companies may devote greater resources to the development, promotion, and sale of products and services, may achieve economies of scale due to the size of their customer bases, and may more effectively introduce their own innovative products and services that adversely impact our growth. For example, we offer Cash App customers access to banking services and products through our bank partners. We compete with established banks, neobanks, and other financial technology companies that provide access to similar offerings, some of which have larger established customer bases or provide customers with a different range of offerings than we do. We also compete in the BNPL market and a number of our competitors have introduced or offer BNPL products. Competitors in the BNPL space have engaged in, and may continue to engage in, aggressive consumer acquisition campaigns, may develop superior technology offerings, or consolidate with other entities and achieve benefits of scale. Such competitive pressures may materially erode our existing market share in the BNPL space and may hinder our expansion into new markets. In addition, mergers and acquisitions by, and collaborations between, the companies we compete against may lead to even larger competitors with more resources.

Certain sellers have long-standing exclusive, or nearly exclusive, relationships with our competitors to accept payment cards and other services that compete with what we offer. These relationships can make it difficult or cost-prohibitive for us to conduct material amounts of business with them. Competing services tied to established brands may engender greater confidence in the safety and efficacy of their services. If we are unable to differentiate ourselves from and successfully compete with our competitors, our business will be materially and adversely affected.

We may also face pricing pressures from competitors. Some competitors may offer lower prices by cross-subsidizing certain services that we also provide through other products they offer. Such competition may result in the need for us to alter our pricing and could reduce our gross profit. Also, sellers may demand more customized and favorable pricing from us, and competitive pressures may require us to agree to such pricing, reducing our gross profit. We currently negotiate pricing discounts and other incentive arrangements with certain large sellers to increase acceptance and usage of our products and services. If we continue this practice and if an increasing proportion of our sellers are large sellers, we may have to increase the discounts or incentives we provide, which could also reduce our gross profit.

Developments in the cryptocurrency market subject us to additional risks.

Our investments in bitcoin, our bitcoin ecosystem, and our Cash App feature that permits customers to transact in bitcoin, subject us to additional risks related to any further developments in the cryptocurrency markets and the resulting impact on customer and investor behavior. We may experience adverse impacts to our business as a result of the downstream effects of the bankruptcies filed by certain cryptocurrency market participants and the actions taken by regulators to address their impact. Enforcement actions by U.S. regulators against major crypto asset platforms and negative publicity associated with crypto asset activities may, among other things, result in a decline in confidence or interest in crypto assets. If the cryptocurrency environment either deteriorates or improves, our customers may wish to sell their bitcoin at a price or volume that exceeds the market demand for bitcoin, which could cause disruptions in our operations and have a material and adverse effect on our business and financial condition. For example, if demand increases sharply, either to buy or to sell, we may not be able to fulfill that demand in a timely manner or at all, which could result in customer frustration or movement to other platforms. If our customers experience losses due to market fluctuations in the prices of bitcoin, they may reduce or cease their use of Cash App, or other bitcoin-related products, and our results of operations may be adversely impacted. Further, our customers could attempt to seek compensation from us for their financial investment losses, and those claims, even if unsuccessful, would likely be time-consuming and costly for us to address.

Deterioration in the cryptocurrency markets may also have an adverse effect on our reputation, and any negative perception by our customers of one or more cryptocurrencies, or our bitcoin operations, may lead to a loss of customer demand for our products and services, any of which could have an adverse impact on our business and financial condition. We may also suffer a decline in the market price of our Class A common stock due to any negative perception by our customers, investors, or the general public, of bitcoin or the cryptocurrency markets.

Acquisitions, strategic investments, new businesses, joint ventures, divestitures, and other transactions we enter into could fail to achieve strategic objectives, disrupt our ongoing operations or result in operating difficulties, liabilities and expenses, harm our business, and negatively impact our results of operations.

In pursuing our business strategy, we routinely conduct discussions and evaluate opportunities for possible acquisitions, strategic investments, new businesses, joint ventures, divestitures, and other transactions. We have in the past acquired or invested in, and we continue to seek to acquire or invest in, businesses, technologies, or other assets that we believe could complement or expand our business, including acquisitions of new lines of business that are adjacent to or outside of our existing ecosystems or geographic territories. As we grow, the pace and scale of our acquisitions may increase and may include larger acquisitions than we have done historically. The identification, evaluation, and negotiation of potential acquisition or strategic investment transactions may divert the attention of management and entail various expenses, whether or not such transactions are ultimately completed. There can be no assurance that we will be successful in identifying, negotiating, and consummating favorable transaction opportunities. In addition to transaction and opportunity costs, these transactions involve large challenges and risks, whether or not such transactions are completed, including risks that:

- the transaction may not advance our business strategy or may harm our growth, profitability, or reputation;
- we may not be able to secure required regulatory approvals or otherwise satisfy closing conditions for a proposed transaction in a timely manner, or at all;
- the transaction may subject us to additional regulatory burdens that affect our business in potentially unanticipated and significantly negative ways;
- we may not realize a satisfactory return on our investment or increase our revenue;
- we may experience difficulty, and may not be successful in, integrating technologies, IT or business enterprise systems, culture, or management or other personnel of the acquired business;
- we may incur significant acquisition costs and transition costs, including in connection with the assumption of ongoing expenses of the acquired business;
- we may not realize the expected benefits or synergies from the transaction in the expected time period, or at all, which may result in impairment charges, costs of winding down acquired operations or other negative impacts to our business;
- we may be unable to retain key personnel;
- acquired businesses or businesses that we invest in may not have adequate controls, processes, and procedures to ensure compliance with laws and regulations, including with respect to data privacy, data protection, and cybersecurity, and our due diligence process may not identify compliance issues or other liabilities. Moreover, acquired businesses' technology stacks may add complexity, resource constraints, and legacy technological challenges that make it difficult and time consuming to achieve such adequate controls, processes, and procedures;
- we may fail to identify or assess the magnitude of certain liabilities, shortcomings, or other circumstances prior to acquiring or investing in a business, which could result in additional financial, legal, regulatory, or tax exposure and may subject us to additional controls, policies, procedures, liabilities, litigation, costs of compliance or remediation, or other adverse effects on our business, operating results, or financial condition;
- we may have difficulty entering into new market segments or new geographic territories;
- we may be unable to retain the customers, vendors, and partners of acquired businesses;
- there may be lawsuits or regulatory actions resulting from the transaction;

- there may be risks associated with undetected security weaknesses, cyber-attacks, or security breaches or incidents at companies that we acquire or with which we may combine or partner;
- there may be local and foreign regulations applicable to the international activities of our business and the businesses we acquire; and
- acquisitions could result in dilutive issuances of equity securities or the incurrence of additional debt.

We have experienced certain of these risks in connection with our past acquisitions, and any of the foregoing could harm our business and negatively impact our results of operations.

We have in the past, and may in the future, also choose to divest certain businesses or product lines. If we decide to sell assets or a business, we may have difficulty obtaining terms acceptable to us in a timely manner, or at all. Additionally, we may experience difficulty separating out portions of, or entire, businesses, incur loss of revenue or experience negative impact on margins, or we may not achieve the desired strategic and financial benefits. Such potential transactions may also delay achievement of our strategic objectives, cause us to incur additional expenses, disrupt customer or employee relationships, and expose us to unanticipated or ongoing obligations and liabilities, including as a result of our indemnification obligations. Further, during the pendency of a divestiture, we may be subject to risks such as a decline in the business to be divested, loss of employees, customers, or suppliers and the risk that the transaction may not close, any of which would have a material adverse effect on the business to be divested and our retained business. If a divestiture is not completed for any reason, we may not be able to find another buyer on the same terms, and we may have incurred significant costs without any corresponding benefit.

Joint ventures and minority investments inherently involve a lesser degree of control over business operations, thereby potentially increasing the financial, legal, operational, regulatory, and/or compliance risks associated with the joint venture or minority investment. In addition, we may be dependent on joint venture partners, controlling shareholders, management, or other persons or entities who control them and who may have business interests, strategies, or goals that are inconsistent with ours. Business decisions or other actions or omissions of the joint venture partners, controlling shareholders, management, or other persons or entities who control them may adversely affect the value of our investment, result in litigation or regulatory action against us, and may otherwise damage our reputation and brand.

Operating or expanding our business globally subjects us to new challenges and risks.

We offer our services and products in multiple countries and we may continue expanding our business further globally. Expansion, whether in our existing or new global markets, will require additional resources and new or expanded controls, and offering our services and products in new geographic regions often requires substantial expenditures and takes considerable time. We may not be successful enough in these new geographies to recoup our investments in a timely manner or at all. Such expansion, and the ongoing operation of our global business, subject our business to substantial risks, including:

- difficulty in attracting sellers and customers, or a lack of acceptance of our products and services in foreign markets;
- failure to anticipate competitive conditions and competition with service providers or other market-players that have greater experience in the foreign markets than we do;
- failure to conform with applicable business customs, including translation into foreign languages, cultural context, and associated expenses;
- increased costs and difficulty in protecting intellectual property and sensitive data;
- changes to or restrictions on the way we do business as compared with our current operations;
- inability to support and integrate with local third-party service providers;
- difficulties in staffing and managing foreign operations in an environment of diverse cultures, laws, and customs, challenges caused by distance, language, and cultural differences, and the increased travel, infrastructure, and legal and compliance costs associated with global operations;

- difficulties in recruiting and retaining qualified employees and maintaining our company culture;
- difficulty in gaining acceptance and maintaining compliance with industry self-regulatory bodies;
- compliance with multiple complex, potentially conflicting and changing governmental laws and regulations, including with respect to payments, privacy, data protection, information security, and tax;
- compliance with U.S. and foreign anti-corruption, anti-bribery, and anti-money laundering laws;
- enactment of or increases in tariffs, sanctions, fines, or other trade restrictions;
- exchange rate risk;
- increased exposure to public health issues such as pandemics, and related industry and governmental actions to address these issues; and
- regional economic and political instability and other geopolitical risks.

As a result of these risks, our efforts to expand our global operations may not be successful, which could limit our ability to grow our business.

We are subject to risks related to the banking ecosystem, including through Square Financial Services, our bank partnerships, and FDIC and other regulatory obligations.

Volatility in the banking and financial services sectors may impact our bank partnerships and could negatively impact our business. For example, we offer access to deposit products that are eligible for FDIC pass-through insurance coverage through our partnerships with banks that are members of the FDIC. To ensure deposits are insured by the FDIC on a pass-through basis, we and our bank partners must meet certain conditions established by the FDIC, such as appropriately maintaining records of customers' ownership of funds. We believe our banking programs, including records maintained by us and our bank partners, satisfy all applicable regulatory conditions for each eligible participant's deposits to be covered by FDIC insurance, up to the applicable maximum deposit insurance amount. However, if the FDIC were to disagree, the FDIC may not recognize the participants' claims as covered by deposit insurance in the event a bank partner fails and enters receivership proceedings under the Federal Deposit Insurance Act ("FDIA"). If the FDIC were to determine that funds held at a bank partner are not covered by deposit insurance, or if one or more of our bank partners were to fail and enter receivership proceedings under the FDIA, our sellers and customers may seek to withdraw their funds, or may not be able to withdraw all their funds in a timely manner, which could adversely affect our brand, business and results of operations, and may lead to claims or litigation, which may be costly to address. Additionally, in instances where we are a service-provider to or are otherwise in a third-party relationship with our bank partners in connection with these programs, we are subject to certain risk-management standards for third-party relationships in accordance with federal bank regulatory guidance and examinations by the federal banking regulators. Should we or our bank partners be unable to satisfy these standards, we may have to discontinue certain product offerings or discontinue certain third-party relationships, and our business and operations may be materially and adversely affected.

Further, as a FDIC-insured institution, our subsidiary Square Financial Services is subject to regulatory obligations, including the assessment of a quarterly deposit insurance premium, calculated based on its average consolidated total assets. We are generally unable to control the amount of premiums that we are required to pay for FDIC insurance. If there are additional bank or financial institution failures, we may be required to pay higher deposit insurance assessments or higher fees associated with FDIC-insured products offered through our bank partnerships, or we may be subject to higher capital requirements imposed by the FDIC, our bank partners, or federal banking regulators with authority over our bank partners, which could reduce our profitability, and negatively impact our business and operations.

We intend to continue to explore other products, models, and structures for our product offerings, including with bank partners. Certain of our current product offerings subject us to reporting requirements, bonding requirements, and inspection by applicable federal or state regulatory agencies, and our future product offerings and models and structures for our product offerings may potentially require, or be deemed to require, additional data, procedures, partnerships, licenses, regulatory approvals, or capabilities that we have not yet obtained or developed. Should we terminate any of our relationships with our bank partners, fail to successfully expand and evolve our product offerings, or should our new products, models or structures, or new laws or regulations or interpretations of existing laws or regulations, impose requirements on us that are cumbersome or that we cannot satisfy, our business may be materially and adversely affected.

Our loan products are subject to risks related to availability of capital and general macroeconomic conditions, and increase our exposure to customer defaults.

Revenue generated by our loan products such as Square Loans, as well as Cash App Borrow, and our BNPL products depends on our ability to recoup the loan amount. Loan products are generally unsecured obligations of our borrowers, and they are not guaranteed or insured in any way. Although we rely on technology to assess repayment capability for these loan products, there can be no guarantee that such processes will always accurately predict repayments. Miscalculation of repayment ability or a material increase in repayment failures, whether due to inflation, macroeconomic uncertainty and downturn, market volatility, or otherwise, may adversely affect our business, results of operations, and financial condition. If consumers who have purchased products or services using our BNPL platform do not receive the products or services, they may also cease payment on their outstanding balances or request a refund on previous payments, and our business may be negatively impacted. If a merchant ceases its operations, closes some or all of its locations, or fails to deliver goods or services to our BNPL customers, the merchant may not be able to reimburse us for chargebacks or refunds or may not be able to repay the funds we have advanced to them, all of which could result in higher charge-off rates than anticipated.

Square Loans is our commercial lending program. Adverse changes in macroeconomic conditions or the credit quality of our sellers could cause some sellers who utilize Square Loans to cease operating or to experience a decline in their payment processing volume, thereby rendering them unable to make payment on the business loan and/or extend the repayment period beyond the contractual repayment terms on the business loan. To the extent a seller breaches a contractual obligation, such as the requirement to make minimum payments or other breach, the seller would be liable for an accelerated business loan repayment, where our recourse is to the business and not to any individual or other asset. In addition, because the servicing fees we receive from third-party investors depend on the repayment of the business loans, if there is an increase in sellers who utilize Square Loans who are unable to repay their business loans, we will be unable to collect our entire servicing fee for such loans. While our exposure to loans that we sell to third parties is more limited, if the sellers who utilize Square Loans are unable to repay their loans, the risk of loss in our owned loan portfolio will increase and our business may be adversely affected. Square Financial Services, as the originator of the loans provided by Square Loans in the U.S., is subject to additional risks described elsewhere in this Annual Report on Form 10-K.

Maintaining and growing our Square Loans business is dependent on institutional third-party investors purchasing the eligible business loans originated by us. If such third parties fail to continue to purchase such business loans or reduce the amount of future loans they purchase, then we may need to reduce originations, or we would need to fund the purchase of additional business loans from our own resources. We then may have to reduce the scale of Square Financial Services, which could have a direct impact on our ability to grow. Additionally, Square Financial Services has certain customary repurchase obligations in its loan purchase and servicing agreements with such institutional third-party investors for breaches of certain eligibility representations and warranties. If third parties reduce the price they are willing to pay for these business loans or reduce the servicing fees they pay us in exchange for servicing the business loans on their behalf, then the financial performance of Square Financial Services would be harmed.

TIDAL subjects us to risks and uncertainties related to the music industry.

TIDAL's business is dependent on the various rights holders. We cannot provide assurances that we or TIDAL will be able to maintain or expand arrangements with partners and other third parties on acceptable terms, if at all. Under TIDAL's license agreements and relevant statutes, we must pay all required royalties to record labels, music publishers, and other copyright owners in order to stream, distribute, and display content. The determination of the amount and timing of such royalty payments is complex and subject to a number of variables. Failure to accurately pay our royalties may damage our business relationships, our reputation, and adversely affect our business, operating results, and financial condition.

If we fail to successfully operate and grow our TIDAL business, we will not realize the benefits anticipated when we acquired a majority interest in the business, and any such failure could result in adverse effects on our business and financial results.

Operational Risks

We, our sellers, our partners, 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, as well as have a material and adverse effect on our business.

We, our sellers, and our partners, including third-party vendors and data centers that we use, obtain and process large amounts of sensitive data, including data related to our customers, our sellers' customers, and their transactions. We face risks, including to our reputation as a trusted brand, in the handling and protection of this data. These risks will increase as our business continues to expand to include new products and technologies, such as AI, and as we and our third-party vendors rely on an increasingly distributed workforce. Our operations involve the storage and transmission of sensitive data of individuals and businesses using our services, including their names, addresses, social security/tax ID numbers (or foreign equivalents), government IDs, payment card numbers and expiration dates, bank account information, loans they have applied for or obtained, and data regarding the performance of our sellers' businesses. Additionally, certain of our products and services are subject to the Health Insurance Portability and Accountability Act of 1996 (and the rules and regulations thereunder, as amended, including with respect to the HITECH Act), and therefore we are required to take measures to safeguard protected health information of our health care entity-sellers' customers when using those products and services. Our services also provide third-party developers the opportunity to provide applications to sellers in the Square and Weebly app marketplaces. Sellers who choose to use such applications can grant permission allowing the applications to access content created or held by sellers in their Square or Weebly account. Should our internal or third-party developers experience or cause a breach, incident, technological bug, or similar event, that could lead to a compromise of the content of data held by such sellers, including personal data, our reputation may be harmed and we may be subject to significant fines, penalties or judgments. The growing use of AI in our products and services presents additional risks. AI algorithms or automated processing of data may be flawed, and datasets may be insufficient or may use third party AI with unclear intellectual property rights or interests. Inappropriate or controversial data practices by us or others could subject us to lawsuits, regulatory investigations, legal and financial liability, or reputational harm. Additionally, our use of AI may create additional, or increase the risk of, cybersecurity breaches and incidents.

Our products and services operate in conjunction with, and we are dependent upon, third-party products and components across a broad ecosystem. There have been and may continue to be significant attacks on third-party providers, and we cannot guarantee that our or our third-party developers or vendors' systems and networks have not been breached or that they do not contain exploitable defects or bugs that could result in a breach of or disruption to our systems and networks or the systems and networks of third parties that support us and our products and services. If there is a security vulnerability, error, or other bug in one of these third-party products or components and if there is a security exploit targeting them, we could face increased costs, claims and liability, proceedings and litigation, reduced revenue, or harm to our reputation or competitive position. The natural sunset of third-party products and operating systems that we use requires our personnel to reallocate time and attention to migration and updates, during which period potential security vulnerabilities could be exploited.

More generally, if our privacy, data protection, or cybersecurity measures or those of third-party developers or vendors are inadequate or are breached or otherwise compromised, and, as a result, there is improper disclosure of or someone obtains unauthorized access to or exfiltrates funds, bitcoin, investments, or other assets, or other sensitive data on our systems or our partners' systems, or if we, our third-party developers or vendors suffer a cyber-attack, including 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, and we could face liability and financial losses. If the sensitive data or assets are lost or improperly accessed, misused, disclosed, destroyed, or altered or threatened to be improperly accessed, misused, disclosed, destroyed, or altered, we could incur significant financial losses and costs and liability associated with remediation and the implementation of additional security measures and be subject to claims, litigation, regulatory scrutiny, and investigations. For example, in April 2022 we announced that we determined that a former employee downloaded certain reports of our subsidiary Cash App Investing in December 2021 that contained some U.S. customer information without permission after the former employee's employment ended, as disclosed in our Current Report on Form 8-K filed with the SEC on April 4, 2022. We have incurred costs related to our investigation and response to this incident, and we could incur other losses, costs, and liabilities in connection with such incident.

Under payment card rules and our contracts with our card processors and other counterparties, if there is a breach of payment card information that we store or that is stored by our sellers or other third parties with which we do business, we could be liable to the payment card issuing banks for certain of their costs and expenses. Additionally, if our own confidential business information were improperly disclosed, accessed, or breached, our business could be materially and adversely affected. A core aspect of our business is the reliability and security of our payments platforms. Any perceived or actual breach of security or other type of security incident or any type of fraud perpetrated by bad actors such as account takeovers or fake account scams, regardless of how it occurs or the extent or nature of the breach, incident, or fraud, could have a significant impact on our reputation as a trusted brand, cause us to lose existing sellers or other customers, prevent us from obtaining new sellers and other customers, require us to expend significant funds to remedy problems caused by breaches and incidents and to implement measures in an effort to prevent further breaches and incidents, 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 or incident at a company providing services to us or our customers on our behalf could have similar effects. Further, any actual or perceived security breach or incident with respect to the bitcoin and blockchain ledger, regardless of whether such breach or incident directly affects our products and services, could have negative reputational effects and harm customer trust in us and our products and services.

While we maintain cybersecurity insurance, our insurance may be insufficient to cover all liabilities incurred by such attacks. We cannot be certain that our insurance coverage will be adequate for data handling or cybersecurity 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, premiums, or deductibles could have a material adverse effect on our business, including our financial condition, operating results, and reputation.

Our products and services may not function as intended due to errors in our software, hardware, and systems, product defects, or due to security breaches or incidents or human error in administering these systems, which could materially and adversely affect our business.

Our software, hardware, systems, and processes may contain undetected errors or vulnerabilities that could have a material adverse effect on our business, particularly to the extent such errors or vulnerabilities are not detected and remedied quickly. We have from time to time found defects and errors in our customer-facing software and hardware, internal systems, external facing communications, manual processes, and technical integrations with third-party systems, including as a result of ordinary course updates to our software and systems, and new errors or vulnerabilities may be introduced in the future. From time to time, such errors or defects in our software, hardware, systems, or external facing communications, including as a result of human errors, have negatively impacted our customers' experience with us and led to negative publicity and harm to our brand and reputation. In connection with any such defects or errors, we may also face government inquiries or investigations, claims and litigation, and we may incur additional costs or expenses to remediate the issues. Additionally, we rely on a limited number of component and product suppliers located outside of the U.S. to manufacture our products. As a result, our direct control over production and distribution is limited, and it is uncertain what effect such diminished control will have on the quality of our products. If there are defects in the manufacture of our hardware products, we may face similar negative publicity, investigations, and litigation, and we may not be fully compensated by our suppliers for any financial or other liability that we suffer as a result. As our hardware and software services continue to increase in size and complexity, and as we integrate new, acquired subsidiaries with different technology stacks and practices, these risks may correspondingly increase as well.

In addition, we provide frequent incremental releases of product and service updates and functional enhancements, which increase the possibility of errors. The products and services we provide are designed to process complex transactions and deliver reports and other information related to those transactions, all at high volumes and processing speeds. Any errors, data leaks, security breaches or incidents, disruptions in services, or other performance problems with our products or services caused by external or internal actors could hurt our reputation and damage our and our customers' businesses. Software and system errors, or human errors, could delay or inhibit settlement of payments, result in oversettlement, cause reporting errors, cause pricing irregularities or prevent us from collecting transaction-based fees, or negatively impact our ability to serve our customers, all of which have occurred in the past. Similarly, security breaches or incidents, which may be caused by or result from cyber-attacks by hackers or others, computer viruses, worms, ransomware, other malicious software programs, security vulnerabilities, employee or service provider theft, misuse or negligence, phishing, identity theft or compromised credentials, denial-of-service attacks, or other causes, have from time to time impacted our business and could disrupt the proper functioning of our software products or services, cause errors, allow loss or unavailability of, unauthorized access to, or disclosure of, proprietary, confidential or otherwise sensitive data of ours or our customers, and other destructive outcomes. Moreover, security breaches or incidents or errors in our hardware or software design or manufacture could cause product safety issues typical of consumer electronics devices. Any of the foregoing issues could lead to product recalls and inventory shortages, result in costly and time-consuming efforts to redesign and redistribute our products, give rise to regulatory inquiries and investigations, and result in reimbursement obligations, lawsuits and other liabilities and losses, any of which could have a material and adverse effect on our business.

Additionally, electronic payment, hardware, and software products and services, including ours, have been, and could continue to be in the future, specifically targeted and penetrated or disrupted by hackers and other malicious actors. Because the techniques used to obtain unauthorized access to data, products, and services and to disable, degrade, or sabotage them change frequently and may be difficult to detect or remediate for long periods of time, we and our customers may be unable to anticipate these techniques or implement adequate preventative measures to stop them. If we or our sellers or other customers are unable to anticipate or prevent these attacks, our sellers' or other customers may be harmed, our reputation could be damaged, and we could incur significant liability.

Systems failures, interruptions, delays in service, catastrophic events, and resulting interruptions in the availability of our products or services, or those of our sellers, could harm our business and our brand, and subject us to substantial liability.

Our systems and those of our third-party vendors, including data center facilities, may experience service interruptions, outages, cyber-attacks and security breaches and incidents, human error, earthquakes, hurricanes, floods, pandemics, fires, other natural disasters, power losses, disruptions in telecommunications services, fraud, military or political conflicts, terrorist attacks and other geopolitical unrest, computer viruses, ransomware, and other malicious software, changes in social, political, or regulatory conditions or in laws and policies, or other changes or events. Our systems and facilities are also subject to break-ins, sabotage, and acts of vandalism. Some of our systems are not fully redundant, and our disaster-recovery planning is not sufficient for all eventualities. In addition, as a provider of payments solutions and other financial services, we are subject to increased scrutiny by regulators that require specific business continuity and disaster recovery plans and more rigorous testing of such plans. This increased scrutiny may be costly and time-consuming and may divert our resources from other business priorities.

We have experienced and will likely continue to experience denial-of-service and other cyber-attacks, system failures and disruptions, outages, security incidents, and other events or conditions that interrupt the availability, data integrity, or reduce the speed or functionality of our products and services. These events have resulted and likely will result in loss of revenue. In addition, we may incur significant expense to repair or replace damaged equipment and remedy resultant data loss or corruption. The risk of security incidents is increasing as we experience an increase in electronic payments, e-commerce, and other online activity. Additionally, due to political uncertainty and military actions, including those associated with Russia's invasion of Ukraine, we and our service providers are vulnerable to heightened risks of security incidents and security and privacy breaches from or affiliated with nation-state actors, including attacks that could materially disrupt our systems, operations, supply chain, products, and services. We cannot provide assurances that our preventative efforts against such incidents will be successful. A prolonged interruption in the availability or reduction in the speed or other functionality of our products or services could materially harm our reputation and business. Frequent, persistent or significant interruptions in our products and services could cause customers to believe that our products and services are unreliable, leading them to switch to our competitors or to avoid our products and services, and could permanently harm our reputation and business. Moreover, to the extent that any system failure or similar event results in damages to customers or contractual counterparties, these customers and contractual counterparties could seek compensation from us for their losses, and those claims, even if unsuccessful, would likely be time-consuming and costly for us to address.

A significant natural or man-made disaster could have a material and adverse impact on our business. Certain of our offices and data center facilities are located in the San Francisco Bay Area, a region known for seismic activity. Despite any precautions we may take, the occurrence of a natural disaster or other unanticipated problems at our offices or data centers could result in lengthy interruptions in our services or could result in related liabilities. We do not maintain insurance sufficient to compensate us for the potentially significant losses that could result from disruptions to our services.

Significant natural or other disasters, including pandemics, could also have a material and adverse impact on our sellers or other customers, which, in the aggregate, could in turn adversely affect our results of operations.

The theft, loss, or destruction of private keys required to access the bitcoin we hold on behalf of ourselves and other parties, such as our customers and our trading partners, may be irreversible, and any failure to safeguard such bitcoin could materially and adversely affect our business, operating results, and financial condition.

We hold bitcoin on behalf of ourselves and other parties such as our customers and our trading partners. Bitcoin can be accessed by the possessor of the unique cryptographic keys relating to the digital wallet in which the bitcoin is held. While the bitcoin and blockchain ledger require a public key relating to a digital wallet to be published when used in a transaction, private keys must be safeguarded and kept private in order to prevent a third-party from accessing the bitcoin held in such digital wallet. To the extent any of our private keys are lost, destroyed, or otherwise compromised and no backup of such private key is accessible, we will be unable to access the bitcoin we hold on behalf of ourselves and other parties. The vast majority of bitcoin we hold for ourselves and our customers is held in offline and air-gapped cold storage. To facilitate transactions, we hold a small portion of bitcoin in a networked hot wallet. At times, we may also utilize third-party custodians to custody our bitcoin or a portion of the bitcoin held for our customers on our behalf.

Any inappropriate access or theft of bitcoin held by us or any third-party custodian, or the third-party custodian's failure to maintain effective controls over the custody and other settlement services provided to us, could materially and adversely affect us. Although we have taken steps to mitigate the potential risk of loss for the bitcoin we hold on behalf of ourselves and other parties, including holding insurance coverage specifically for certain bitcoin incidents, we cannot provide assurance that the digital wallets used to store our and other parties' bitcoin will not be hacked or compromised. The bitcoin and blockchain ledger, as well as other cryptocurrencies and blockchain technologies, have been, and may in the future be, subject to security breaches or incidents, hacking, or other malicious activities. Any loss of private keys relating to, or hack or other compromise of, digital wallets used to store our customers' bitcoin could adversely affect our customers' ability to access or sell their bitcoin and could harm customer trust in us and our products, require us to expend significant funds for remediation, and expose us to litigation, regulatory enforcement actions, and other potential liability. Additionally, any loss of private keys relating to, or hack or other compromise of, digital wallets used by third parties to store bitcoin or other cryptocurrencies could have negative reputational effects on us and harm customer trust in us and our products and could materially and adversely affect our business, operating results, and financial condition.

Our risk management efforts may not be effective, which could expose us to losses and liability and otherwise harm our business.

We offer payments and other products and services to a large number of customers. We have programs to vet and monitor these customers and the transactions we process for them as part of our risk management efforts, but such programs require continuous improvement and may not be effective in detecting and preventing fraud and illegitimate transactions. When our payments services are used to process illegitimate transactions, and we settle those funds to customers and are unable to recover them, we suffer losses and liability. As a greater number of larger sellers use our services, our exposure to material risk losses from a single seller, or from a small number of sellers, will increase. Illegitimate transactions can also expose us to governmental and regulatory enforcement actions, which may impair or otherwise limit our ability to operate or provide certain services, products, or features and potentially prevent us from satisfying our contractual obligations to our third-party partners, which may cause us to be in breach of our obligations. The highly automated nature of, and liquidity offered by, our payments and peer-to-peer services make us and our customers a target for illegal or improper uses, including scams and fraud directed at us and our customers, fraudulent or illegal sales of goods or services, money laundering, and terrorist financing. Identity thieves and those committing fraud using stolen or fabricated credit card, debit card, or bank account numbers, or other deceptive or malicious practices such as account takeovers, potentially can steal significant amounts of money from businesses like ours or from our customers or third parties. 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 current business, the changing and uncertain economic, geopolitical and regulatory environment, and our anticipated domestic and international growth will continue to place significant demands on our risk management and compliance efforts. As our ecosystems grow and our business becomes more complex, we will need to continue developing, improving, and making investments into our risk management infrastructure, techniques, and processes. In addition, when we introduce new products or services, expand existing services or products to new or different cohorts of customers, including online payment acceptance and expanded methods of instantly moving money, focus on new business areas, including consumer financing and loans, or begin to operate in markets where we have a limited history of fraud loss, we may be less able to forecast and carry appropriate reserves on our books for those losses. Additionally, certain Cash App functions are available to customers between the ages of 13 through 17 with the authorization of a parent or guardian. The risks and the potential harm to our reputation are magnified in instances of fraud or unauthorized or inappropriate transactions involving minors.

While we maintain a program of insurance coverage for various types of liabilities, we may self-insure against certain business risks and expenses where we believe we can adequately self-insure against the anticipated exposure and risk or where insurance is either not deemed cost-effective or unavailable.

We are currently, and will continue to be, exposed to risks associated with chargebacks and refunds in connection with payment card fraud or relating to the goods or services provided by our sellers. In the event that a billing dispute between a cardholder and a seller is not resolved in favor of the seller, including in situations where the seller engaged in fraud, the transaction is typically “charged back” to the seller and the purchase price is credited or otherwise refunded to the cardholder. The risk of chargebacks is typically greater with our sellers that promise future delivery of goods and services. Moreover, chargebacks typically increase during economic downturns due to sellers becoming insolvent or bankrupt or otherwise unable to fulfill their commitments for goods or services. Global supply chain disruptions and shortages may also negatively affect sellers' ability to deliver goods and services on time or at all, which increases the risk of chargebacks. If we are unable to collect chargebacks or refunds from the seller's account, or if the seller refuses to or is unable to reimburse us for chargebacks or refunds due to closure, bankruptcy, or other reasons, we, as the merchant of record, may bear the loss for the amounts paid to the cardholder. We collect and hold reserves for a limited number of sellers whose businesses are deemed higher risk in order to help cover potential losses from chargebacks and refunds, but this practice is limited and there can be no assurances that we will be successful in mitigating such losses. Our financial results would be adversely affected to the extent sellers do not fully reimburse us for the related chargebacks and refunds. In addition, if more of our sellers, or a number of our larger sellers, become insolvent or bankrupt, our potential losses from chargebacks and refunds may increase and exceed our reserves, in which case we may suffer financial losses and our business may be adversely affected. Moreover, businesses that cannot process EMV chip cards are held financially responsible for certain fraudulent transactions conducted using chip-enabled cards. Not all of the readers we offer to merchants are EMV-compliant. If we are unable to maintain our losses from chargebacks at acceptable levels, the payment card networks could fine us, increase our transaction-based fees, or terminate our ability to process payment cards. Any increase in our transaction-based fees could damage our business, and if we were unable to accept payment cards, our business would be materially and adversely affected. If any of our risk management policies and processes, including self-insurance or holding seller reserves, are ineffective, we may suffer large financial losses, we may be subject to civil and criminal liability, and our business may be materially and adversely affected.

We are dependent on payment card networks and acquiring processors, and changes to our relationships with payment card networks and acquiring processors could harm our business.

Our business depends on our ability to accept credit and debit cards, and this ability is provided by the payment card networks, including Visa, Mastercard, American Express, and Discover. For a majority of our transactions, we do not directly access the payment card networks that enable our acceptance of payment cards. As a result, we must rely on banks and acquiring processors to process transactions on our behalf. These banks and acquiring processors may fail or refuse to process transactions on our behalf, may breach their agreements with us, may take actions that degrade the functionality of our services, impose additional costs or requirements on us, or give preferential treatment to competitive services, including their own services. We have in the past and may in the future terminate or change the scope of our relationships with these banks and acquiring processors. If we are unsuccessful in establishing, renegotiating, or maintaining mutually beneficial relationships with these payment card networks, banks, and acquiring processors, our business may be harmed.

The payment card networks and our acquiring processors require us to comply with payment card network operating rules, including special operating rules that apply to us as a “payment facilitator” providing payment processing services to merchants. The payment card networks set these network rules and have discretion to interpret the rules and change them at any time. Changes to these network rules or how they are interpreted could have a significant impact on our business and financial results. For example, changes in the payment card network rules regarding chargebacks may affect our ability to dispute chargebacks and the amount of losses we incur from chargebacks. Any changes to or interpretations of the network rules that are inconsistent with the way we or our acquiring processors currently operate may require us to make changes to our business that could be costly or difficult to implement. If we fail to make such changes or otherwise resolve the issue with the payment card networks, the networks could fine us or prohibit us from processing payment cards. In addition, violations of the network rules or any failure to maintain good relationships with the payment card networks could impact our ability to receive incentives from them, increase our costs, or otherwise harm our business. If we were unable to accept payment cards or were limited in our ability to do so, our business would be materially and adversely affected.

We are required to pay interchange and assessment fees, processing fees, and bank settlement fees to third-party payment processors, payment networks, and financial institutions. From time to time, payment card networks have increased, and may in the future increase, the interchange fees and assessments that they charge for each transaction processed using their networks. In some cases, we have negotiated favorable pricing with acquiring processors and networks that are contingent on certain business commitments and other conditions. If we fail to meet such conditions, the fees we are charged will rise, and we may be required to pay back some or all of the favorable pricing benefits. Moreover, our acquiring processors and payment card networks may refuse to renew our agreements with them on terms that are favorable, commercially reasonable, or at all. Interchange fees or assessments are also subject to change from time to time due to government regulation. Any increase or decrease in interchange fees or assessments or in the fees we pay to our third-party payment processors, payment networks, or financial institutions could increase our costs, make our pricing less competitive, lead us to change our pricing model, or adversely affect our margins, all of which could materially harm our business and financial results.

We could be, and in the past have been, subject to penalties from payment card networks if we fail to detect activities that are illegal, contrary to the payment card network operating rules, or considered “high risk.” We must either prevent high-risk individuals from using our products and services or register such high-risk individuals with the payment card networks and conduct additional monitoring with respect to such high-risk individuals. Any such penalties could become material and could result in termination of our ability to accept payment cards or could require changes in our process for registering new sellers and customers. This could materially and adversely affect our business.

We rely on third parties and their systems for a variety of services, including the processing of transaction data and settlement of funds to us and our customers, and these third parties’ failure to perform these services adequately or refusal to continue their relationship with us could materially and adversely affect our business.

To provide our products and services, we rely on third parties that we do not control, such as the payment card networks, our acquiring and issuing processors, the payment card issuers, a carrying broker-dealer, bank partners, various financial institution partners, systems like the Federal Reserve Automated Clearing House, and other partners. We rely on these third parties for a variety of services, including the transmission of transaction data, processing of chargebacks and refunds, settlement of funds to our sellers, certain brokerage services, storing customer funds, authorizing payment transactions under our various card programs, originating loans to customers, providing liquidity for Cash App’s feature that permits our customers to buy and sell bitcoin, and providing information and other elements of our services. For example, we rely on a limited number of acquiring processors in some of the jurisdictions in which we offer our services. We frequently review and assess third-party partners that provide services. Adding or transitioning to new acquiring or issuing processors, bank partners, or other third-party providers may significantly disrupt our business or increase our costs. We have also in the past experienced outages with third parties, which have affected our ability to provide services and process payments, including for cards issued under our own brands. In the event these third parties fail to provide these services adequately, including as a result of financial difficulty or insolvency, errors in their systems, outages or events beyond their control, or refuse to provide these services or renew our agreements with them on terms acceptable to us or at all, and we are not able to find suitable alternatives, our business may be materially and adversely affected.

We depend on key management, as well as our experienced and capable employees, and any failure to attract, motivate, and retain our employees could harm our ability to maintain and grow our business.

Our future success is significantly dependent upon the continued service of our executives and other key employees. If we lose the services of any member of management or any key personnel, we may not be able to locate a suitable or qualified replacement, and we may incur additional expenses to recruit and train a replacement, which could disrupt our business and growth.

To maintain and grow our business, we will need to identify, attract, hire, develop, motivate, and retain highly skilled employees. This requires significant time, expense, and attention. In addition, we have made and may in the future make changes in our management team or management structure that may be disruptive to our business. If our management team or management structure, including any new hires that we make, fails to work together effectively and to execute our plans and strategies on a timely basis, our business could be harmed. Competition for highly skilled personnel is intense. We may need to invest significant amounts of cash and equity to attract and retain new employees, and we may never realize returns on these investments. Further, our plan to continue to cap our employee base at approximately 12,000, changes in our organizational structure, and any other future plans to restructure our employee base to improve operational efficiencies and operating costs, may adversely impact employee morale, and adversely affect our ability to retain or attract highly skilled employees.

Historically, equity awards have been a key component of our employee compensation, and as a result, any decline in the price of our Class A common stock (directly or relative to the stock price of other companies with which we compete for talent) may adversely impact our ability to retain employees or to attract new employees. Additionally, potential changes in U.S. immigration policy may make it difficult to renew or obtain visas for any highly skilled personnel that we have hired or may hire in the future. Furthermore, our business may be materially adversely affected if legislative or administrative changes to immigration or visa laws and regulations impair our hiring processes or projects involving personnel who are not citizens of the country where the work is to be performed. If we are not able to add or retain employees effectively, our ability to achieve our strategic objectives will be adversely affected, and our business and growth prospects will be harmed.

If we do not continue to improve our operational, financial, and other internal controls and systems to manage growth effectively, our business could be harmed.

Our current business and anticipated growth, as well as our entry into new lines of business and our acquisitions, will continue to place significant demands on our management and other resources. In order to manage our growth effectively, we must continue to strengthen our existing infrastructure and operational procedures, enhance our internal controls and reporting systems, and ensure we timely and accurately address issues as they arise. In particular, our continued growth will increase the challenges involved in:

- improving existing and developing new internal administrative infrastructure, particularly our operational, financial, communications, and other internal systems and procedures;
- successfully expanding and implementing internal controls as they relate to our new lines of business and any acquired businesses;
- identifying and mitigating new and developing risks;
- installing enhanced management information and control systems; and
- preserving our core values, strategies, and goals and effectively communicating these to our employees worldwide.

These challenges have increased as we shift to a more distributed workforce. If we are not successful in developing and implementing the right processes and tools to manage our enterprise, our ability to compete successfully and achieve our business objectives could be impaired.

These efforts may require substantial financial expenditures, commitments of resources, developments of our processes, and other investments and innovations. As we grow and our business model evolves, we must balance the need for additional controls and systems with the ability to efficiently develop and launch new features for our products and services. However, it is likely that as we grow, we will not be able to launch new features, or respond to customer or market demands as quickly as a smaller, more efficient organization. If we do not successfully manage our growth, our business will suffer.

The metrics we use to measure our business are calculated using internal company data based on the activity we measure on our platforms and may be compiled from multiple systems, including systems that are organically developed or acquired through business combinations. There are inherent challenges and limitations in measuring our business globally at scale, and the methodologies used to calculate our metrics inherently require certain assumptions and judgments. For example, we currently identify a Cash App transacting active as a Cash App account that has at least one financial transaction using any product or service within Cash App during a specified period although certain of these accounts may share an alias identifier with one or more other transacting active accounts (for example, families sharing one alias identifier or one customer with multiple accounts). Examples of transactions include sending or receiving a peer-to-peer payment, transferring money into or out of Cash App, making a purchase using Cash App Card, earning a dividend on a stock investment, paying back a loan, among others. We regularly review our processes for calculating these metrics, and from time to time we may make adjustments to improve their accuracy or relevance. Further, as our business develops, we may revise or cease reporting metrics if we determine that such metrics are no longer appropriate measures of our performance. If investors, customers or other stakeholders do not believe our reporting metrics accurately reflect our business or they disagree with our methodologies, our reputation may be harmed and our business may be adversely impacted.

Many of our key components are procured from a single or limited number of suppliers. Thus, we are at risk of shortage, price increases, tariffs, changes, delay, or discontinuation of key components, which could disrupt and materially and adversely affect our business.

Many of the key components used to manufacture our products, such as the custom parts of our magstripe reader, come from limited or single sources of supply. Due to our reliance on the components or products produced by third-party suppliers, we are subject to the risk of shortages and long lead times or other disruptions in the supply of certain components or products. We have in the past experienced, and may in the future experience, component shortages or delays or other problems in product assembly, and the availability of these components or products may be difficult to predict. For example, our manufacturers may experience temporary or permanent disruptions in their manufacturing operations due to equipment breakdowns, labor strikes or shortages, natural disasters, the occurrence of a contagious disease or illness, component or material shortages, cost increases, acquisitions, insolvency, bankruptcy, business shutdowns, trade restrictions, changes in legal or regulatory requirements, or other similar problems. In addition, if we underestimate or overestimate demand for a particular product, our contract manufacturers and suppliers may not be able to deliver sufficient quantities of that product to meet our requirements, or we may carry excess inventory, all of which could adversely affect our business.

Additionally, various sources of supply-chain risk, including strikes or shutdowns at delivery ports or loss of or damage to our products while they are in transit or storage, intellectual property theft, losses due to tampering, third-party vendor issues with quality or sourcing control, failure by our suppliers to comply with applicable laws and regulation, potential tariffs or other trade restrictions, or other similar problems could limit or delay the supply of our products or harm our reputation. In the event of a shortage or supply interruption from suppliers of these components, we may not be able to develop alternate sources quickly, cost-effectively, or at all. Any interruption or delay in manufacturing, component supply, any increases in component costs, or the inability to obtain these parts or components from alternate sources at acceptable prices and within a reasonable amount of time, would harm our ability to provide our products to sellers on a timely basis or impact our cost of goods sold. This could harm our relationships with our sellers, prevent us from acquiring new sellers, and materially and adversely affect our business.

Some of our hardware devices manufactured in China are subject to 25% tariffs when imported to the United States, while some other hardware devices are subject to tariffs at 7.5%. These tariffs negatively affect our gross margin on the impacted products, and increases in our pricing as a result of tariffs would reduce the competitiveness of our products if our competitors do not make similar pricing adjustments. The impact of any increased or new tariffs or other trade restrictions, for example, as proposed by the new U.S. presidential administration, could have a material and adverse effect on our business, results of operations, and financial condition.

Our services must integrate with a variety of operating systems. If we are unable to ensure that our services or hardware interoperate with such operating systems and devices, our business may be materially and adversely affected.

We are dependent on the ability of our products and services to integrate with a variety of operating systems, web browsers, and wired and wireless interfaces to mobile devices that we do not control. Any changes in these systems that degrade the functionality of our products and services, impose additional costs or requirements on us, or give preferential treatment to competitive services, including their own services, could materially and adversely affect usage of our products and services. In addition, we rely on app marketplaces, such as the Apple App Store and Google Play, to drive downloads of our mobile apps. Apple, Google, or other operators of app marketplaces regularly make changes to their marketplaces, and those changes may make access to our products and services more difficult. In the event that it is difficult for our customers to access and use our products and services, our business may be materially and adversely affected. Furthermore, Apple, Google, or other operators of app marketplaces regularly provide software updates, and such software updates may not operate effectively with our products and services, which may reduce the demand for our products and services, result in dissatisfaction by our customers, and may materially and adversely affect our business.

Economic, Financial, and Tax Risks

A deterioration of general macroeconomic conditions could materially and adversely affect our business and financial results.

Our performance is subject to economic conditions and the impact of such conditions on levels of spending by businesses and individuals. Most of the sellers that use our services are small businesses, many of which are in the early stages of their development, and these businesses are often disproportionately adversely affected by economic downturns and may fail at a higher rate than larger or more established businesses. In particular, inflation and economic uncertainty have impacted and may continue to impact consumer spending in general and at these businesses specifically. Small businesses frequently have limited budgets and limited access to capital, and they may choose to allocate their spending to items other than our financial or marketing services, especially in times of economic uncertainty or in recessions. In addition, if our sellers cease to operate, this may have an adverse impact not only on the growth of our payments services but also on our transaction and advance loss rates, and the success of our other services. For example, if sellers processing payments with Square receive chargebacks after they cease to operate, we may incur additional losses. We serve sellers across a variety of industry verticals and in an economic downturn, certain verticals, particularly those that may be viewed as discretionary by consumers, may be impacted to a greater degree than others, which may harm our business and financial results.

We may experience material and adverse impacts to our business as a result of the uncertainty and volatility in the banking and financial services sectors, deteriorating macroeconomic conditions, including inflation and interest rate increases, availability of credit, bankruptcies or insolvencies of customers, and recession or economic downturn. Changes in interest rates and monetary policy can impact the demand for new loans, the credit profile of our borrowers, the yields earned on loans and securities, and the rates paid on deposits and borrowings. As a result of economic conditions, the growth in the number of Square sellers qualifying for participation in the Square Loans program may slow, or business loans may be paid more slowly, or not at all. In addition, customers who utilize our BNPL products and consumer loan products, such as Cash App Borrow, may also be disproportionately adversely affected by economic downturns, which could negatively impact demand for these product offerings or cause loss rates on such products to increase.

Further, our suppliers, distributors, and other third-party partners may suffer their own financial and economic challenges. Such suppliers and third parties may demand pricing accommodations, delay payment, or become insolvent, which could harm our ability to meet end customer demands or collect revenue or otherwise could harm our business. Furthermore, our investment portfolio, which includes U.S. government and corporate securities, is subject to general credit, liquidity, market, and interest rate risks, which may be exacerbated by certain events that affect the global financial markets. If global credit and equity markets decline for extended periods, or if there is a downgrade of the securities within our portfolio, our investment portfolio may be adversely affected and we could determine that our investments have experienced an other-than-temporary decline in fair value, requiring impairment charges that could adversely affect our financial results. In addition, from time to time we have reduced expenses and needed to restructure or reorganize certain portions of our operations in order to align our business with market conditions and our strategies, any of which can result in near term expense and harm to our growth prospects.

We are currently subletting some of our office space. An economic downturn and our work-from-home practices have caused and may in the future cause us to need less office space than we are contractually committed to leasing. We have, and may continue to, incur losses or recognize impairment charges in connection with any unused office space if we are unable to successfully sublease any unused office space, or if we are unable to successfully terminate any of our leasing commitments.

We may not be able to secure financing on favorable terms, or at all, to meet our future capital needs, and our existing credit agreement and our Senior Notes contain, and any future debt financing may contain, covenants that impact the operation of our business and pursuit of business opportunities.

We have funded our operations since inception primarily through debt and equity financings, bank credit agreements, finance lease arrangements, and cash from operations. While we believe that our existing cash and cash equivalents, marketable debt securities, and availability under our line of credit are sufficient to meet our working capital needs, planned capital expenditures, and service our debt, there is no guarantee that this will continue to be true in the future. In the future, we may require or seek additional capital to respond to business opportunities, refinancing needs, business and financial challenges, regulatory surety bond requirements, acquisitions, or unforeseen circumstances and may decide to engage in equity, equity-linked, or debt financings or enter into additional credit agreements for other reasons. We may not be able to secure any such additional financing or refinancing on favorable terms, in a timely manner, or at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to grow or support our business and to respond to business challenges could be significantly limited.

We have financing arrangements with financial institutions in Australia, New Zealand, the United States and the United Kingdom (collectively, the “Warehouse Facilities”) to partly fund our BNPL platform. The terms of the Warehouse Facilities contain covenants that may be triggered in certain situations (such as non-repayments on consumer borrowings exceeding certain monetary thresholds or key management resigning), which may negatively impact our ability to obtain additional funding under the Warehouse Facilities. If certain events of default occur under the Warehouse Facilities, we may not be able to draw future funding from those Warehouse Facilities or the debt outstanding under the Warehouse Facilities may be accelerated and our business and financial results could be adversely impacted.

Our credit agreement contains affirmative and negative covenants, including customary limitations on the incurrence of certain indebtedness and liens, restrictions on certain intercompany transactions, and limitations on dividends and stock repurchases. The indentures pursuant to which our 2026 Senior Notes, 2031 Senior Notes, and 2032 Senior Notes (collectively, the “Senior Notes”) were issued contain covenants that restrict or could restrict, among other things, our business and operations. Any debt financing obtained by us in the future could also involve restrictive covenants relating to our capital-raising activities and other financial and operational matters, which may make it more difficult for us to operate our business, obtain additional capital, and pursue business opportunities, including potential acquisitions. Our ability to comply with these covenants may be affected by events beyond our control, and breaches of these covenants could result in a default under our existing credit agreement or our Senior Notes and any future financing agreements into which we may enter. If not waived, these defaults could cause indebtedness outstanding under our credit agreement, our Senior Notes, our other outstanding indebtedness, including our 2025 Convertible Notes, 2026 Convertible Notes, and 2027 Convertible Notes (collectively, the “Convertible Notes,” and together with the Senior Notes, the “Notes”), and any future financing agreements that we may enter into to become immediately due and payable or may prevent us from borrowing under our credit agreement.

If we raise additional funds through further issuances of equity or other securities convertible into equity, including convertible debt securities, our existing stockholders could suffer dilution in their percentage ownership of our company, and any such securities we issue could have rights, preferences, and privileges senior to those of holders of our Class A common stock.

Changes by any rating agency to our outlook or credit rating could negatively affect the value of both our debt and equity securities and increase our borrowing costs. If our credit ratings are downgraded or other negative action is taken, our ability to obtain additional financing in the future on favorable terms or at all could be adversely affected.

Servicing our Notes may require a significant amount of cash, and we may not have sufficient cash or the ability to raise the funds necessary to settle conversions of the Convertible Notes in cash, repay the Notes at maturity, or repurchase the Notes as required following a fundamental change.

As of December 31, 2024, we had \$1.0 billion in aggregate principal amount of 2025 Convertible Notes, \$575.0 million in aggregate principal amount of 2026 Convertible Notes, \$575.0 million outstanding aggregate principal amount of 2027 Convertible Notes, \$1.0 billion in aggregate principal amount of 2026 Senior Notes, \$1.0 billion in aggregate principal amount of 2031 Senior Notes, and \$2.0 billion in aggregate principal amount of 2032 Senior Notes.

Prior to December 1, 2024, in the case of the 2025 Convertible Notes, February 1, 2026, in the case of the 2026 Convertible Notes, and August 1, 2027, in the case of the 2027 Convertible Notes, the applicable Convertible Notes are convertible at the option of the holders only under certain conditions or upon occurrence of certain events. After such dates, the holders may convert all or a portion of such Convertible Notes at their option. If holders of the Convertible Notes of a series elect to convert such Convertible Notes when eligible, we will be required to settle the Convertible Notes in cash, shares of Class A common stock or any combination thereof.

In addition, holders of each series of Notes also have the right to require us to repurchase all or a portion of their Notes of such series upon the occurrence of a fundamental change (as defined in the applicable indenture governing the Notes) and, in the case of the Senior Notes, accompanied by a downgrade of the Senior Notes, at a repurchase price equal to 100% of the principal amount of the Convertible Notes to be repurchased, plus accrued and unpaid interest, or at a repurchase price equal to 101% of the principal amount of the Senior Notes to be repurchased, plus accrued and unpaid interest, as applicable. If the Notes of any series have not previously been converted or repurchased, we will be required to repay such Notes in cash at maturity.

Our ability to make required cash payments in connection with conversions of the Convertible Notes, repurchase the Notes as required following a fundamental change, or to repay or refinance the Notes at maturity will depend on market conditions and our future performance, which is subject to economic, financial, competitive, and other factors beyond our control. We also may not use the cash proceeds we raised through the issuance of the Notes in an optimally productive and profitable manner. Since inception, our business has generated net losses in most quarters, and we may continue to incur significant losses. As a result, we may not have enough available cash or be able to obtain financing at the time we are required to repurchase or repay the Notes or pay cash with respect to the Convertible Notes being converted to the extent we elect to settle such Convertible Notes in cash.

In addition, our ability to repurchase or to pay cash upon conversion or at maturity of the Notes may be limited by law or regulatory authority. Our failure to repurchase Notes as required following a fundamental change or to pay cash upon conversion of our Convertible Notes (unless we elect to deliver solely shares of our Class A common stock to settle such conversion) or at maturity of the Notes as required by the applicable indenture would constitute a default under such indenture. A default under the applicable indenture could also lead to a default under our credit agreement, our other outstanding indebtedness, or agreements governing our future indebtedness. Moreover, the occurrence of the fundamental change itself could lead to such a default. Any such default could have a material adverse effect on our business, results of operations, and financial condition. If the payment of our other outstanding indebtedness or future indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay such indebtedness and repurchase the Notes or to pay cash upon conversion of the Convertible Notes or at maturity of the Notes.

We are subject to counterparty risk with respect to the convertible note hedge transactions.

In connection with the issuance of each series of our Convertible Notes, we entered into convertible note hedge transactions with certain financial institutions, which we refer to as the "option counterparties." The option counterparties are financial institutions or affiliates of financial institutions, and we will be subject to the risk that one or more of such option counterparties may default under the convertible note hedge transactions. Our exposure to the credit risk of the option counterparties will not be secured by any collateral. If any 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 convertible note hedge transaction. Our exposure will depend on many factors but, generally, the increase in our exposure will be correlated to the increase in our Class A common stock market price and in the volatility of the market price of our Class A common stock. In addition, upon a default by any option counterparty, we may suffer adverse tax consequences and dilution with respect to our Class A common stock. We can provide no assurance as to the financial stability or viability of any option counterparty.

Our bitcoin investment is subject to volatile market prices.

We have made, and expect to make additional, investments in bitcoin. The price of bitcoin has been highly volatile and may continue to be volatile in the future, due to market factors, regulatory developments and other risks that are outside of our control. The prevalence of bitcoin is a relatively recent trend, and the long-term adoption of bitcoin by investors, consumers, and businesses remains uncertain. Bitcoin's lack of a physical form, its reliance on technology for its creation, existence, and transactional validation, and its decentralization may subject its integrity to the threat of malicious attacks and technological obsolescence. To the extent the market value of our bitcoin investment continues to decrease relative to the purchase prices, our financial condition may be adversely impacted.

The manner in which we account for our bitcoin under applicable accounting rules has changed. Prior to our adoption of ASU 2023-08, Accounting for and Disclosure of Crypto Assets ("ASU 2023-08"), our bitcoin was accounted for as an indefinite-lived intangible asset and for each reporting period, we were required to evaluate our bitcoin for impairment and record impairment losses if the fair value decreased below the carrying value during the assessed period. Since impairment losses for our bitcoin investment could not be recovered for any subsequent increases in fair value until the asset was sold, our operating results were adversely affected in any period in which such impairment occurred. Upon adoption of ASU 2023-08, we remeasured our bitcoin investment to its fair value as of January 1, 2023, resulting in an adjustment to our accumulated deficit. We will continue to remeasure our bitcoin investment at the end of each reporting period with changes recognized in our consolidated statements of operations. Accordingly, fluctuations in the market value of bitcoin in any quarter may cause fluctuations in our financial results. If there are future changes in applicable accounting rules that require us to change the manner in which we account for our bitcoin investment, there could be a material and adverse effect on our financial results and the market price of our Class A common stock.

We are exposed to fluctuations in foreign currency exchange rates.

Our exposure to fluctuations in foreign currency exchange rates through our international operations could have a negative impact on our reported results of operations. From time to time, we may enter into forward contracts, options, and/or foreign exchange swaps related to foreign currency exposures that arise in the normal course of our business. These and other such hedging activities may not eliminate our exposure to foreign exchange fluctuations. Moreover, the use of hedging instruments may introduce additional risks if we are unable to structure effective hedges with such instruments.

We may have exposure to greater-than-anticipated tax liabilities, which may materially and adversely affect our business.

We are subject to income taxes and non-income taxes in the United States and other countries in which we transact or conduct business, and such laws and rates vary by jurisdiction. We are subject to review and audit by U.S. federal, state, local, and foreign tax authorities. Such tax authorities have in the past disagreed, and may in the future disagree, with tax positions we take, and if any such tax authority were to successfully challenge any such position, our financial results and operations could be materially and adversely affected. For example, in June 2024, the Office of the Treasurer and Tax Collector of the City and County of San Francisco (the "Tax Collector") finalized its audit and issued an assessment of San Francisco's gross receipts tax, including interest and penalties, following its gross receipt tax audit for fiscal years 2020, 2021 and 2022. The Tax Collector has asserted that incremental taxes are owed on a portion of the receipts generated by the Company related to sales of Bitcoin. The Company strongly disagrees with the Tax Collector's assessment and plans to vigorously pursue all available remedies. In January 2025, the Tax Collector rejected the Company's request for redetermination, and in January 2025 the Company paid the assessed amount of \$71.4 million and plans to file a claim for a refund. Should the Company not reach a settlement or prevail in its legal challenge, the Tax Collector may challenge the Company's gross receipts tax position going forward, including for 2023 and 2024. In addition, we currently are, and expect to continue to be, subject to numerous federal, state, local and foreign tax audits relating to transfer pricing, income, sales and use, gross receipts, franchise, value-added ("VAT"), and other tax liabilities. While we have established reserves based on assumptions and estimates that we believe are reasonably sufficient to cover such eventualities, any adverse outcome of such a review or audit could have an adverse impact on our financial position and results of operations if the reserves prove to be insufficient.

Our tax liability could be adversely affected by changes in tax laws, rates, regulations, and administrative practices. For example, various levels of government and international organizations, such as in the United States, the Organisation for Economic Co-operation and Development ("OECD"), and the European Union ("EU"), have increasingly focused on tax reform and any result from this development may create changes to long-standing tax principles, which could adversely affect our effective tax rate. On October 8, 2021, the OECD announced an international agreement with more than 130 countries to implement a new global minimum effective corporate tax rate of 15% (known as "Pillar Two") for large multinational companies with certain aspects of Pillar Two effective January 1, 2024 and other aspects effective January 1, 2025. Countries we operate in have adopted or intend to adopt laws to implement this initiative. Such countries and organizations are also actively considering changes to existing tax laws or have proposed or enacted new laws that could increase our tax obligations in countries where we do business or cause us to change the way we operate our business.

On August 16, 2022, the Inflation Reduction Act was enacted in the United States, which introduced, among provisions, a new minimum corporate income tax on certain large corporations, an excise tax of 1% on certain share repurchases by corporations, and increased funding for the Internal Revenue Service. Although we do not anticipate the new corporate minimum income tax will currently apply to us, we may be subject to the corporate minimum income tax in the future due to changes in our financial results, business and any future regulations or other guidance on the interpretation and application of the new corporate minimum tax. We currently have a share repurchase program and we may enter into share repurchase programs in the future. The new minimum corporate income tax and 1% excise tax on share repurchases may result in additional taxes payable by us, which could materially and adversely affect our financial results and operations.

Our income tax obligations are based on our corporate operating structure, including the manner in which we develop, value, and use our intellectual property and the scope of our international operations. The tax authorities of the jurisdictions in which we operate may challenge our methodologies for valuing developed technology or intercompany arrangements. Additionally, tax authorities at the international, federal, state, and local levels are currently reviewing the appropriate tax treatment of companies engaged in internet commerce and financial technology and attempting to broaden the classification and definitions of activities subject to taxation. For example, various states may attempt to broaden the definition of internet hosting, data processing, telecommunications, and other services to capture additional types of activities. These developing changes could affect our financial position and results of operations. In particular, it is possible that tax authorities at the international, federal, state, and local levels may attempt to regulate our transactions or levy new or revised sales and use taxes, gross receipts, franchise, VAT, digital services taxes, digital advertising taxes, income taxes, loan taxes, streaming taxes, or other taxes relating to our activities, which would likely increase the cost of doing business. New taxes could also create significant increases in internal costs necessary to capture data and collect and remit taxes. Proposed or enacted laws regarding tax compliance obligations could require us to make changes to our infrastructure or increase our compliance obligation. Any of these events could have an adverse effect on our business and results of operations. Moreover, an increasing number of states, the U.S. federal government, and certain foreign jurisdictions have considered or adopted laws or administrative practices that impose obligations for on-demand and streaming services, online marketplaces, payment service providers and other intermediaries. These obligations may deem parties, such as us, to be the legal agent of merchants and therefore may require us to collect and remit taxes on the merchants' behalf and take on additional reporting and record-keeping obligations. For example, the American Rescue Plan Act of 2021 requires businesses that process payments to report payments for goods and services on Form 1099-K when those transactions total more than \$600 in a year for a given seller, which reporting requirement applies to Square and Cash App for Business accounts. However, the IRS has delayed the \$600 threshold for 2023 and prior tax years and affected businesses are only required to send out Forms 1099-K to taxpayers who receive over \$20,000 and have over 200 transactions in those years. According to IRS guidance released in 2024, the threshold for reporting is \$5,000 for 2024, \$2,500 for 2025, and \$600 for 2026. Any failure by us to prepare for and to comply with these and similar reporting and record-keeping obligations could result in substantial monetary penalties and other sanctions, adversely impact our ability to do business in certain jurisdictions, and harm our business.

The determination of our worldwide provision for income and other tax liabilities is highly complex and requires significant judgment by management, and there are many transactions during the ordinary course of business where the ultimate tax determination is uncertain. Although we believe our estimates are reasonable, the ultimate tax outcome may differ from amounts recorded in our financial statements and may materially affect our financial results in the period or periods for which such determination is made.

We have in the past recorded, and may in the future record, significant valuation allowances on our deferred tax assets, which may have a material impact on our results of operations and cause fluctuations in such results.

As of December 31, 2024, we released a material portion of the valuation allowance for deferred tax assets in the United States. Our deferred tax assets relate predominantly to the United States federal and state tax jurisdictions. The need for a valuation allowance requires an assessment of both positive and negative evidence to determine whether it is more likely than not that deferred tax assets are recoverable; such assessment is required on a jurisdiction-by-jurisdiction basis. In making such an assessment, significant weight is given to evidence that can be objectively verified. Refer to Note 15, *Income Taxes* within Notes to the Consolidated Financial Statements for further details.

We continue to monitor the likelihood that we will be able to recover our deferred tax assets in the future and adjustments in our valuation allowance may be required. The recording of any future increases in or release of all or any portion of our valuation allowance could have a material impact on our reported results, and both the recording and release of the valuation allowance could cause fluctuations in our quarterly and annual results of operations.

Legal, Regulatory, and Compliance Risks

Our business is subject to extensive regulation and oversight in a variety of areas, all of which are subject to change and uncertain interpretation.

We are subject to a wide variety of local, state, federal, and international laws, regulations, licensing schemes, and industry standards in the United States and in other countries in which we operate. These laws, regulations, and standards govern numerous areas that are important to our business, and include, or may in the future include, those relating to or placing restrictions upon banking, lending, deposit-taking, cross-border and domestic money transmission, foreign exchange, payments services (such as payment processing and settlement services), cryptocurrency, trading in shares and fractional shares, personal income tax filing, fraud detection, consumer protection, anti-money laundering, anti-bribery and anti-corruption, escheatment, sanctions regimes and export controls, AI, privacy, data protection and cybersecurity, fiscalization 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 cardholder data.

These laws, rules, regulations, and standards are enforced by multiple authorities and governing bodies in the United States, including federal agencies, such as the FDIC, the SEC, the Consumer Financial Protection Bureau ("CFPB"), the Department of Justice ("DOJ") and Office of Foreign Assets Control, self-regulatory organizations, and numerous state and local agencies, such as the Utah Department of Financial Institutions. Outside of the United States, we are subject to additional regulators, authorities, and governing bodies. As we expand into new jurisdictions, expand our product offerings in existing jurisdictions, or as laws, regulations, and standards evolve, the number of foreign regulations and regulators, authorities, and governing bodies governing our business will expand as well. For example, in connection with our acquisition of Afterpay we established a secondary listing on the ASX, subjecting us to additional listing requirements. As our business and products continue to develop and expand, we may become subject to additional rules, regulations, and industry standards. We may not always be able to accurately predict the scope or applicability of certain regulations 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. In addition, certain regulators have imposed and in the future may impose additional requirements on our business as a condition for obtaining or maintaining permits, licenses or rights to conduct our business, including conditions under any settlements and consent orders with regulators, that restrict our business or our ability to take certain actions. If we fail to comply with the terms of such permits, licenses or other requirements, we could face regulatory or other enforcement actions, penalties or we may not be able to continue operating our business in the same manner.

Laws, regulations, and standards are subject to changes and evolving interpretations and application, including by means of legislative changes and/or executive orders, and may not be consistent across jurisdictions or regulatory bodies. It can be difficult to predict how such laws, regulations, and standards 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.

For example, Cash App includes a feature that permits our customers to buy and sell bitcoin. Bitcoin is not widely accepted as legal tender or backed by governments around the world, and it has experienced price volatility, technological glitches, security compromises, and various law enforcement and regulatory interventions. Certain existing laws also prohibit transactions with certain persons and entities, and we have a risk-based program in place to prevent such transactions. Despite this, due to the nature of bitcoin and blockchain technology, we may not be able to prevent all such transactions, and there can be no guarantee that our measures will be viewed as sufficient. The regulation of bitcoin, as well as cryptocurrency and crypto platforms is an evolving area, and we could become subject to additional legislation or regulation in the future, or we might not be able to continue operating the feature in Cash App, at least in current form. If we fail to comply with regulations or prohibitions applicable to us, we could face regulatory or other enforcement actions, potential fines, reputational harm, and other consequences. Further, we might need to make other changes to our business operations, our products or our services as a result of changes in laws, regulations, standards, or decisions made by governing or regulatory authorities, which could cause the price of our Class A common stock to decrease.

We are subject to audits, inspections, inquiries, and investigations from regulators, authorities, and governing bodies, as applicable, on an ongoing basis, as well as certain monitoring of our compliance with our obligations under applicable laws, regulations and agreements. Although we have a compliance program focused on the laws, rules, regulations, and standards applicable to our business, we have been and are still subject to audits, inspections, inquiries, investigations, fines, or other actions or penalties in one or more jurisdictions levied by regulators, including federal and state agencies, state Attorneys General and private plaintiffs who may be acting as private attorneys general pursuant to various applicable laws, as well as those levied by foreign regulators, authorities, and governing bodies. For example, following the publication of a short seller report in March 2023, we received inquiries from the SEC and DOJ and we continue to cooperate in such matters. Refer to Note 19, *Commitments and Contingencies* within Notes to the Consolidated Financial Statements for further details on regulatory and litigation matters. Regulatory, governmental and other agencies have and may continue to coordinate or share information from time to time, which may result in new or consolidated actions by various agencies against us. In addition to fines, penalties for failing to comply with applicable rules and regulations could include significant criminal and civil lawsuits, forfeiture of significant assets, increased licensure requirements, revocation of licenses or other enforcement actions. We have been and may be required to make changes to our business practices or compliance programs as a result of regulatory scrutiny. In addition, any perceived or actual failure by us to comply with applicable laws, rules, regulations, standards or consent orders could have a significant impact on our reputation as a trusted brand and could cause us to lose existing customers, prevent us from obtaining new customers, require us to expend significant funds to remedy issues identified by regulators, and expose us to legal risk and potential criminal and civil liability.

Our business is subject to complex and evolving regulations and oversight related to privacy, data protection, and information security.

We are subject to laws and regulations relating to the collection, use, retention, privacy, protection, security, and transfer of information, including personal information of our employees and customers. As with the other laws and regulations noted above, these laws and regulations may change or be interpreted and applied differently over time and from jurisdiction to jurisdiction, and it is possible they will be interpreted and applied in ways that will materially and adversely affect our business. For example, the European Union's General Data Protection Regulation ("GDPR") and similar legislation in the United Kingdom ("U.K.") impose stringent privacy and data protection requirements and provide for greater penalties for noncompliance of up to the greater of 4% of worldwide annual revenue or €20 million or £17.5 million, as applicable. The GDPR restricts international data transfers from the EU to other jurisdictions unless the rights of the individual data subjects in respect of their personal data is protected by an approved transfer mechanism, or one of a limited number of exceptions applies. In the U.K., the Data Protection Act and legislation referred to as the U.K. GDPR substantially enact the GDPR into U.K. law and provide for similar requirements. When transferring personal data from the EU to other jurisdictions, we utilize standard contractual clauses published by the EU Commission (the "SCCs"). We use similar mechanisms approved by the U.K. Information Commissioner's Office when transferring personal data from the UK to other jurisdictions. On July 16, 2020, the Court of Justice of the European Union issued a decision imposing additional obligations on companies when relying on those SCCs. On July 10, 2023, the European Commission issued its "adequacy decision" for the EU-US Data Privacy Framework, concluding that the DPF ensures U.S. protection of personal data transferred between the countries is comparable to that offered in the EU. In the U.K., personal data generally may be transferred from the EU to the U.K. without restriction pursuant to an adequacy decision issued by the European Commission under the GDPR and the Law Enforcement Directive, subject to a four-year "sunset" period that expires in 2025, after which the European Commission's adequacy decision may be renewed. The European Commission may intervene at any time with respect to its adequacy decision. The UK's adequacy determination therefore is subject to future uncertainty and may be subject to modification or revocation in the future. These and other developments relating to cross-border data transfer could result in increased costs of compliance and limitations on our customers and us. Additionally, legal or regulatory challenges or other developments relating to cross-border data transfer may serve as a basis for our personal data handling practices, or those of our customers and vendors, to be challenged and may otherwise adversely impact our business, financial condition, and operating results. We could be required to make additional changes to the way we conduct our business and transmit data between the U.S., the U.K., the EU, and the rest of the world. Further, in addition to the GDPR, the European Commission has a draft regulation in the approval process that focuses on a person's right to conduct a private life. The proposed legislation, known as the Regulation of Privacy and Electronic Communications ("ePrivacy Regulation"), would replace the current ePrivacy Directive. If adopted, it would carry broad potential impacts on the use of internet-based services and tracking technologies, such as cookies. We expect to incur additional costs to comply with the requirements of the ePrivacy Regulation as it is finalized for implementation. Additionally, on January 13, 2022, the Austrian data protection regulator published a decision ruling that the collection of personal data and transfer to the U.S. through Google Analytics and other analytics and tracking tools used by website operators violates the GDPR. The Dutch, French and Italian data protection regulators have adopted similar decisions. Other data protection regulators in the EU increasingly are focused on the use of online tracking tools. Any of these changes or other developments with respect to EU data protection law could disrupt our business and otherwise adversely impact our business, financial condition, and operating results. In addition, some countries are considering or have enacted legislation addressing matters such as requirements for local storage and processing of data that could impact our compliance obligations, expose us to liability, and increase the cost and complexity of delivering our services.

Likewise, the California Consumer Privacy Act of 2018 ("CCPA") became effective on January 1, 2020 and was amended by the California Privacy Rights Act, which was passed in November 2020 and became effective on January 1, 2023. The CCPA, as amended, imposes stringent data privacy and data protection requirements relating to personal information of California residents, and provides for penalties for noncompliance of up to \$7,500 per violation. Aspects of the interpretation and enforcement of the CCPA remain unclear. More generally, privacy, data protection, and information security continue to be rapidly evolving areas, and further legislative activity has arisen and will likely continue to arise in the U.S., the EU, and other jurisdictions. For example, several states in the U.S. have proposed or enacted laws that contain obligations similar to the CCPA that have taken effect or will take effect in coming years. The U.S. federal government also is contemplating federal privacy legislation. The effects of recently proposed or enacted laws and regulation potentially are far-reaching and may require us to modify our data processing practices and policies and to incur substantial costs and expenses in an effort to comply. Further, variances in these laws and regulations or their interpretations may increase our compliance costs.

We have incurred, and may continue to incur, significant expenses to comply with evolving privacy, data protection, and cybersecurity standards and protocols imposed by law, regulation, industry standards, shifting consumer expectations, or contractual obligations. Laws and regulations directed at privacy, data protection, and cybersecurity, and those that have been applied in those areas, can be challenging to comply with and may be subject to evolving interpretations or applications. In particular, with laws and regulations such as the GDPR in the EU and the CCPA, and other laws in the U.S. imposing new and relatively burdensome obligations, and with the interpretation and application of these and other laws and regulations subject to evolving and uncertain interpretation and application, we may face challenges in addressing their requirements and making necessary changes to our policies and practices, and we may incur significant costs and expenses in an effort to do so. Any failure, real or perceived, by us to comply with our privacy, data protection, or information security policies, changing consumer expectations, or with any evolving legal or regulatory requirements, industry standards, or contractual obligations could result in claims, demands, and litigation by private parties, investigations and other proceedings by regulatory authorities, and fines, penalties and other liabilities, may harm our reputation and competitive position, and may cause our customers to reduce their use of our products and services, disrupt our supply chain or third-party vendor or developer partnerships, and materially and adversely affect our business.

We are subject to risks related to legal and regulatory matters.

We are currently, and may continue to be, subject to a variety of legal and regulatory matters, including claims, lawsuits (including class actions and individual lawsuits), disputes, investigations, subpoenas, inquiries or audits, and other actions or proceedings, including from regulatory bodies and governmental agencies. We have been, and may continue to be, subject to enforcement actions from regulatory bodies and governmental agencies, which may be public and may harm our brand and reputation, cause our customers to stop using our product or applications, cause our partners to discontinue their relationship with us, impair our ability to grow our customer base, subject us to financial penalties and liabilities, and otherwise adversely affect our business, financial condition, and results of operations. For example, in January 2025, we entered into a Consent Order with the CFPB related to certain customer service and dispute resolutions matters. Any noncompliance with the order may result in further exposure to CFPB action.

The number and significance of our legal or regulatory matters have increased as we have grown larger, as our business has expanded in scope and geographic reach, and as our products and services have increased in complexity, and we expect that we will continue to face additional legal or regulatory matters as we continue to grow and expand. We also receive significant media attention, which could result in increased legal or regulatory matters. Moreover, legal or regulatory matters have in the past and could in the future cause follow-on litigation or regulatory scrutiny by additional parties. These matters may require significant time and expense even if we are successful in resolving the matter, and the outcomes can be uncertain and unpredictable and may involve material penalties, fines, or restrictions on our business.

Some of the laws and regulations affecting the internet, mobile commerce, dispute resolution, payment processing, BNPL, bitcoin and equity investing, streaming service, business financing, and employment were not written with businesses like ours in mind, and many of the laws and regulations, including those affecting us have been enacted relatively recently. As a result, there is substantial uncertainty regarding the scope and application of many of the laws and regulations to which we are or may be subject, which increases the risk that we will be subject to claims alleging violations of those laws and regulations. The scope, outcome, and impact of legal or regulatory matters to which we are subject cannot be predicted with certainty. Regardless of the outcome, such matters can have a material and adverse impact on us due to their costs, diversion of our resources, restrictions placed on our business, and other factors. Plaintiffs or regulatory agencies may seek, and we may become subject to, preliminary or provisional rulings in the course of litigation, including preliminary injunctions requiring us to cease some or all of our operations. We may decide to settle legal or regulatory matters on terms that are unfavorable to us.

As a licensed money transmitter, we are subject to important obligations and restrictions.

We have obtained licenses to operate as a money transmitter (or as other financial services institutions) in the U.S. and in the states where this is required, as well as in some non-U.S. jurisdictions, including but not limited to the EU, the U.K., and Australia. As a licensed money transmitter, we are subject to obligations and restrictions including with respect to the investment of customer funds, reporting requirements, bonding requirements, and inspection by state and federal regulatory agencies concerning those aspects of our business considered money transmission. Evaluation of our compliance efforts, as well as the questions of whether and to what extent our products and services are considered money transmission, are matters of regulatory interpretation and could change over time. Our state money transmission license regulators also frequently collaborate on their examinations of our business. We have and continue to work with them on any concerns they raise. In the past, we have been subject to, and may in the future be subject to, fines and other penalties by such regulatory authorities due to their interpretations and applications to our business of their respective state money transmission laws. For example, in January 2025, we entered into a settlement agreement and consent order with various state money transmission license regulators related to aspects of our Bank Secrecy Act/anti-money laundering program. Failure to take required corrective actions may result in further exposure to state action. Any examinations and investigations by state regulators could result in liability, including governmental fines, restrictions on our business, or other sanctions, and we could be forced to cease conducting business in certain jurisdictions, be forced to otherwise 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.

We are subject to a number of regulatory risks in the BNPL space.

The regulation of BNPL products is evolving, and states or countries have and may continue to pass new or additional regulations or additional and changing legal, regulatory, tax, licensing, and compliance requirements and industry standards that could adversely impact our BNPL products or the way we operate our BNPL platform. The CFPB has clarified that companies offering certain BNPL products are subject to many of the same regulatory requirements as credit card issuers. Increased compliance obligations and regulatory scrutiny may negatively impact our revenue and profitability. Any inability, or perceived inability, to comply with existing or new compliance obligations issued by the CFPB or any other regulatory authority, including with respect to BNPL products, could lead to regulatory investigations, or result in administrative or enforcement action, such as fines, penalties, and/or enforceable undertakings and adversely affect us and our results of operations. Regulatory scrutiny or changes in the BNPL space may impose significant compliance costs and make it uneconomical for us to continue to operate in our current markets or for us to expand into new markets.

Our subsidiary Cash App Investing is a broker-dealer registered with the SEC and a member of FINRA, and therefore is subject to extensive regulation and scrutiny.

Our subsidiary Cash App Investing facilitates transactions in shares and fractionalized shares of publicly-traded stock and exchange-traded funds by users of our Cash App through a third-party clearing and carrying broker-dealer, DriveWealth LLC (“DriveWealth”). Cash App Investing is registered with the SEC as a broker-dealer under the Exchange Act and is a member of FINRA. Therefore, Cash App Investing is subject to regulation, examination, and supervision by the SEC, FINRA, and state securities regulators. The regulations applicable to broker-dealers cover all aspects of the securities business, including sales practices, use and safekeeping of clients’ funds and securities, capital adequacy, record-keeping, and the conduct and qualification of officers, employees, and independent contractors. As part of the regulatory process, broker-dealers are subject to periodic examinations by their regulators, the purpose of which is to determine compliance with securities laws and regulations, and from time to time may be subject to additional routine and for-cause examinations. It is not uncommon for regulators to assert, upon completion of an examination, that the broker-dealer being examined has violated certain of these rules and regulations. Depending on the nature and extent of the violations, the broker-dealer may be required to pay a fine and/or be subject to other forms of disciplinary and corrective action. Additionally, the adverse publicity arising from the imposition of sanctions could harm our reputation and cause us to lose existing customers or fail to gain new customers.

The SEC, FINRA, and state regulators have the authority to bring administrative or judicial proceedings against broker-dealers, whether arising out of examinations or otherwise, for violations of state and federal securities laws. Administrative sanctions can include cease-and-desist orders, censure, fines, and disgorgement and may even result in the suspension or expulsion of the firm from the securities industry. Similar sanctions may be imposed upon officers, directors, representatives, and employees.

Cash App Investing has adopted, and regularly reviews and updates, various policies, controls, and procedures designed for compliance with Cash App Investing's regulatory obligations. However, appropriately addressing Cash App Investing's regulatory obligations is complex and difficult, and our reputation could be damaged if we fail, or appear to fail, to appropriately address them. Failure to adhere to these policies and procedures may also result in regulatory sanctions or litigation against us. Cash App Investing also relies on various third parties, including DriveWealth, to provide services, including managing and executing customer orders, and failure of these third parties to adequately perform these services may negatively impact customer experience, product performance, and our reputation and may also result in regulatory sanctions or litigation against us or Cash App Investing.

In the event of any regulatory action or scrutiny, we or Cash App Investing could also be required to make changes to our business practices or compliance programs. In addition, any perceived or actual breach of compliance by Cash App Investing with respect to applicable laws, rules, and regulations could have a significant impact on our reputation, could 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, and expose us to legal risk, including litigation against us, and potential liability.

Cash App Investing is subject to net capital and other regulatory capital requirements; failure to comply with these rules could harm our business.

Our subsidiary Cash App Investing is subject to the net capital requirements of the SEC and FINRA. These requirements typically specify the minimum level of net capital a broker-dealer must maintain and also mandate that a significant part of its assets be kept in relatively liquid form. Failure to maintain the required net capital may subject a firm to limitation of its activities, including suspension or revocation of its registration by the SEC and suspension or expulsion by FINRA, and ultimately may require its liquidation. Currently, Cash App Investing has relatively low net capital requirements, because it does not hold customer funds or securities, but instead introduces customers and directs transactions to DriveWealth. However, a change in the net capital rules, a change in how Cash App Investing handles or holds customer assets, or the imposition of new rules affecting the scope, coverage, calculation, or amount of net capital requirements could have adverse effects. Finally, because Cash App Investing is subject to such net capital requirements, we may be required to provide additional capital into Cash App Investing from time to time and as such, we may have liability and/or our larger business may be affected by any of these outcomes.

Our subsidiary Square Financial Services is a Utah state-chartered industrial loan company, which requires that we serve as a source of financial strength to it and subjects us to potential regulatory sanctions and additional risks.

On March 1, 2021, Square Financial Services received its deposit insurance from the FDIC and charter approval from the Utah Department of Financial Institutions and became operational. The FDIA requires that we serve as a source of financial strength to Square Financial Services. This means that we are required by law to provide financial assistance to Square Financial Services in the event that it experiences financial distress. In this regard, the FDIC's approval requires that Square Financial Services have initial paid-in capital of not less than approximately \$56 million, and at all times meet or exceed the regulatory capital levels required for Square Financial Services to be considered "well capitalized" under the FDIC's prompt corrective action rules. The regulatory total capital and leverage ratios of Square Financial Services may not be less than the levels provided in Square Financial Services' business plan approved by the FDIC and in no event may Square Financial Services' leverage ratio be less than twenty percent, as calculated in accordance with FDIC regulations. If Square Financial Services' total capital or leverage ratios fall below the levels required by the FDIC, we will need to provide sufficient capital to Square Financial Services so as to enable it to maintain its required regulatory capital ratios. If the FDIC were to increase Square Financial Services' capital requirements, it could negatively impact our business and operations and those of Square Financial Services.

The FDIC's approval is also contingent on us maintaining a Capital and Liquidity Maintenance Agreement as well as a Parent Company Agreement. The Capital and Liquidity Maintenance Agreement requires, among other things, that we maintain a third-party line of credit for the benefit of Square Financial Services acceptable to the FDIC; purchase any loan from Square Financial Services at the greater of the cost basis or fair market value, if deemed necessary by the FDIC or Square Financial Services; and establish and maintain a reserve deposit of \$50 million at an unaffiliated third-party bank that Square Financial Services could draw upon in the event that we fail to provide sufficient funds to maintain Square Financial Services' capital ratios at the required levels. The Parent Company Agreement requires, among other things, that we consent to the FDIC's examination of us and our subsidiaries; limit our representation on Square Financial Services' board of directors to no more than 25 percent; submit a contingency plan to the FDIC that describes likely scenarios of significant financial or operational stress and, if we were unable to serve as a source of financial strength, options for the orderly wind down or sale of Square Financial Services. Jack Dorsey, who is considered our controlling shareholder in this context, also agreed to cause us to perform under these agreements. Should we fail to comply with these obligations, we could be subject to regulatory sanctions. In addition, any failure by Square Financial Services to comply with applicable laws, rules, and regulations could also subject us and Square Financial Services to regulatory sanctions. These sanctions could adversely impact our reputation and our business, require us to expend significant funds for remediation, and expose us to litigation and other potential liability.

Square Financial Services is subject to the requirements in Sections 23A and 23B of the Federal Reserve Act and the Federal Reserve Board's implementing Regulation W, which regulate loans, extensions of credit, purchases of assets, and certain other transactions between an insured depository institution (such as Square Financial Services) and its affiliates. The statute and regulation require Square Financial Services to impose certain quantitative limits, collateral requirements, and other restrictions on "covered transactions" between Square Financial Services and its affiliates and requires all transactions be on "market terms" and conditions consistent with safe and sound banking practices. Any failure by us or Square Financial Services to comply with these requirements could limit the types of products and services we may offer and may impose additional compliance costs.

Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our products, services, and brand.

Our trade secrets, trademarks, copyrights, patents, and other intellectual property rights are critical to our success. We rely on, and expect to continue to rely on, a combination of confidentiality, invention assignment, and license agreements with our employees, consultants, and third parties with whom we have relationships, as well as trademark, trade dress, domain name, copyright, trade secret, and patent rights, to protect our brand and other intellectual property rights. However, various events outside of our control may pose a threat to our intellectual property rights, as well as to our products and services. Effective protection of intellectual property rights is expensive and difficult to maintain, both in terms of application and maintenance costs, as well as the costs of defending and enforcing those rights. The efforts we have taken to protect our intellectual property rights may not be sufficient or effective. Our intellectual property rights may be infringed, misappropriated, or challenged, which could result in them being narrowed in scope or declared invalid or unenforceable. Similarly, our reliance on unpatented proprietary information and technology, such as trade secrets and confidential information, depends in part on agreements we have in place with employees and third parties that place restrictions on the use and disclosure of this intellectual property. These agreements may be insufficient or may be breached, or we may not enter into sufficient agreements with such individuals in the first instance, in either case potentially resulting in the unauthorized use or disclosure of our trade secrets and other intellectual property, including to our competitors, which could cause us to lose any competitive advantage resulting from this intellectual property. Individuals not subject to invention assignment agreements may make adverse ownership claims to our current and future intellectual property. There can be no assurance that our intellectual property rights will be sufficient to protect against others offering products or services that are substantially similar to ours and that compete with our business.

We routinely apply for patents in the U.S. and internationally to protect innovative ideas in our technology, but we may not always be successful in obtaining patent grants from these applications. We also pursue registration of copyrights, trademarks, and domain names in the United States and in certain jurisdictions outside of the United States, but doing so may not always be successful or cost-effective. In general, we may be unable or, in some instances, choose not to obtain legal protection for our intellectual property, and our existing and future intellectual property rights may not provide us with competitive advantages or distinguish our products and services from those of our competitors. The laws of some foreign countries do not protect our intellectual property rights to the same extent as the laws of the United States, and effective intellectual property protection and mechanisms may not be available in those jurisdictions. We may need to expend additional resources to defend our intellectual property in these countries, and the inability to do so could impair our business or adversely affect our international expansion. Our intellectual property rights may be contested, circumvented, or found unenforceable or invalid, and we may not be able to prevent third parties from infringing, diluting, or otherwise violating them. Additionally, our intellectual property rights and other confidential business information are subject to risks of compromise or unauthorized disclosure if our security measures or those of our third-party service providers are unable to prevent cyber-attacks. Unauthorized disclosure or use of our intellectual property rights may also occur if third parties were to breach the licensing terms under which certain of our innovations are offered broadly, including under open source licenses. Furthermore, the growing use of generative AI presents an increased risk of unintentional and/or unauthorized disclosure or use of our intellectual property rights. Significant impairments of our intellectual property rights, and limitations on our ability to assert our intellectual property rights against others, could have a material and adverse effect on our business.

We regularly contribute software source code under open source and other permissive licenses and have made other technology we developed available under such licenses, and we include open source software in our products. Additionally, our AI services may be trained on data sets that may include open source software and the outputs of our AI services may be subject to open source license restrictions or obligations. As a result of our open source contributions and the use of open source software in our products, we may license or be required to license or disclose code and/or innovations that turn out to be material to our business and may also be exposed to increased litigation risk. If the protection of our proprietary rights is inadequate to prevent unauthorized use or appropriation by third parties, the value of our brands and other intangible assets may be diminished and competitors may be able to more effectively mimic our products, services, and methods of operations. Any of these events could have an adverse effect on our business and financial condition.

Assertions by third parties of infringement or other violation by us of their intellectual property rights could harm our business.

Third parties have asserted, and may in the future assert, that we have infringed, misappropriated, or otherwise violated their copyrights, patents, and other intellectual property rights. Although we expend significant resources to seek to comply with the statutory, regulatory, and judicial frameworks and the terms and conditions of statutory licenses, we cannot assure you that we are not infringing or violating any third-party intellectual property rights, or that we will not do so in the future, particularly as new technologies such as generative AI impact the industries in which we operate. It is difficult to predict whether assertions of third-party intellectual property rights or any infringement or misappropriation claims arising from such assertions will substantially harm our business, operating results, and financial condition. If we are forced to defend against any infringement or misappropriation claims, whether they are with or without merit, are settled out of court, or are determined in our favor, we may be required to expend significant time and financial resources on the defense of such claims. Legal and regulatory changes in this area may also present uncertainty and risk. For instance, the Unified Patent Court in the European Union creates an opportunity to efficiently resolve such claims in a specialized forum, while also introducing limited operational uncertainty as the court's procedures and processes scale. Regardless of the forum, an adverse outcome of a dispute may require us to pay significant damages, which may be even greater if we are found to have willfully infringed upon a party's intellectual property; cease exploiting copyrighted content that we have previously had the ability to exploit; cease using solutions that are alleged to infringe or misappropriate the intellectual property of others; expend additional development resources to redesign our solutions; enter into potentially unfavorable royalty or license agreements in order to obtain the right to use necessary technologies, content, or materials; indemnify our partners and other third parties; and/or take other actions that may have material and adverse effects on our business, operating results, and financial condition.

In some instances, third-party assertions of intellectual property rights have led, and may continue to lead, to litigation. In such instances, we are accused of having, or may be found to have, infringed or violated third-party copyrights, patents, trademarks, and other intellectual property rights. If we are forced to defend against any infringement or misappropriation claims, whether they are with or without merit, are settled out of court, or are determined in our favor, we may be required to expend significant time and financial resources on the defense of such claims. If any IP litigation to which we are a party is resolved adversely, we may be subject to an unfavorable judgment that we may not choose to appeal or that may not be reversed upon appeal. We have also, from time to time, needed to obtain a license to continue existing practices as a result of changes in law or for which we are found to be in violation of a third-party's rights. If we are required, or choose to enter into, royalty or licensing arrangements, such arrangements may not be available on reasonable terms or at all and may significantly increase our operating costs and expenses. As a result, we may also be required to develop or procure alternative non-infringing technology or discontinue use of technology, and doing so could require significant effort and expense or may not be feasible. In addition, the terms of any settlement or judgment in connection with any legal claims, lawsuits, or proceedings may require us to cease some or all of our operations or to pay substantial amounts to the other party and could materially and adversely affect our business.

Increased scrutiny from investors, regulators, and other stakeholders relating to environmental, social, and governance issues could result in additional costs for us and may adversely impact our reputation.

Investors, regulators, customers, employees and other stakeholders continue to focus on environmental, social, and governance (“ESG”) matters. Our ESG strategy is focused on four key areas: our customers and communities, global climate action, our people, and corporate governance. We publicly report on certain commitments, initiatives, and goals regarding ESG matters in our annual Corporate Social Responsibility Report, on our website, in our SEC filings, and elsewhere. For example, we are committed to building a diverse workforce that reflects our customers and the communities we serve and one of our climate goals is to achieve net zero carbon for operations by 2030. The implementation of our ESG commitments, initiatives, and goals may require additional investments, and in certain cases, are reliant on third-party verification and/or performance, and we cannot guarantee that we will make progress on our commitments and initiatives or achieve our goals. If we fail, or are perceived to fail, to make such progress or achievements, or to maintain ESG practices that meet evolving stakeholder expectations, or if we revise any of our ESG commitments, initiatives, or goals, our reputation and our ability to attract and retain employees could be harmed, and we may be negatively perceived by investors or our customers. In addition, we could also be criticized or face claims regarding our ESG commitments, initiatives, and goals, including with respect to the accuracy, adequacy, or completeness of related disclosures, and our reputation and business could be negatively impacted. Further, regulatory requirements with respect to carbon emissions disclosures and other aspects of ESG may result in increased compliance requirements on our business and supply chain, and may increase our operating costs. For example, in October 2023, the California Governor signed into law the Climate-Related Financial Risk Act and the Climate Corporate Data Accountability Act, which significantly expand climate-related disclosure requirements for companies doing business in California, and the SEC recently adopted rules that will require registrants to provide climate-related information in their registration statements and annual reports, such as disclosure of material climate-related risks, Board of Directors’ oversight and risk management activities, material greenhouse gas emissions, and material climate-related targets and goals. The SEC rules will also require entities to quantify certain effects of severe weather events and other natural conditions in the audited financial statements. While the SEC’s rules have been stayed pending judicial review, to the extent they become effective, we expect to expend significant time and resources to comply with the requirements. In addition, a number of jurisdictions outside the United States have adopted ESG rules that apply to us and we will incur costs and expend resources to comply with such applicable ESG rules.

Risks Related to Ownership of Our Common Stock

The dual class structure of our common stock has the effect of concentrating voting control within our stockholders who held our stock prior to our initial public offering, including many of our employees and directors and their affiliates; this will limit or preclude your ability to influence corporate matters.

Our Class B common stock has ten votes per share, and our Class A common stock has one vote per share. Stockholders who hold shares of Class B common stock, including certain of our executive officers, employees, and directors and their affiliates, held approximately 52% of the voting power of our combined outstanding capital stock as of December 31, 2024. Because of the ten-to-one voting ratio between our Class B and Class A common stock, the holders of our Class B common stock collectively hold more than a majority of the voting power of our outstanding common stock, and therefore such holders are able to control all matters submitted to our stockholders for approval. When the shares of our Class B common stock represent less than 5% of the combined voting power of our Class A common stock and Class B common stock, the then-outstanding shares of Class B common stock will automatically convert into shares of Class A common stock.

Transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, subject to limited exceptions. Such conversions of Class B common stock to Class A common stock upon transfer will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long-term. If our Class B stockholders retain shares of Class B common stock constituting as little as 10% of all outstanding shares of our Class A and Class B common stock combined, they will continue to control a majority of the combined voting power of our outstanding capital stock.

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

The market price of our Class A common stock has been and may continue to be subject to wide fluctuations in response to various factors, some of which are beyond our control and may not be related to our operating performance. In addition to the factors discussed in this *Risk Factors* section and elsewhere in this Annual Report on Form 10-K, factors that could cause fluctuations in the market price of our Class A common stock include the following:

- general economic, regulatory, and market conditions, in particular conditions that adversely affect our sellers' business and the amount of transactions they are processing;
- public health crises and related measures to protect the public health;
- sales of shares of our common stock by us or our stockholders;
- issuance of shares of our Class A common stock, whether in connection with an acquisition or upon conversion of some or all of our outstanding Convertible Notes;
- short selling of our Class A common stock or related derivative securities;
- from time to time we make investments in equity that is, or may become, publicly held, and we may experience volatility due to changes in the market prices of such equity investments;
- fluctuations in the price of bitcoin;
- reports by securities or industry analysts, media or other third parties, that are interpreted either negatively or positively by investors, failure of securities analysts to maintain coverage and/or to provide accurate consensus results of us, changes in financial estimates by securities analysts who follow us, or our failure to meet these estimates or the expectations of investors;
- the financial or other projections we may provide to the public, any changes in those projections, or our failure to meet those projections;
- announcements by us or our competitors of new products or services;
- rumors and market speculation involving us or other companies in our industry;
- actual or perceived security incidents that we or our service providers may suffer; and
- actual or anticipated developments in our business, our competitors' businesses, or the competitive landscape generally.

In addition, in the past, following periods of volatility in the overall market and the market price of a particular company's securities, securities class action litigation has often been instituted against these companies. Such litigation could result in substantial costs and a diversion of our management's attention and resources.

Our Class A common stock is listed to trade on more than one stock exchange, and this may result in price variations between the exchanges.

Our Class A common stock is listed for trade on the NYSE and as CDIs on the ASX. Dual-listing may result in price variations between the exchanges due to a number of factors. Our Class A common stock is traded in U.S. dollars on the NYSE and our CDIs are traded in Australian Dollars on the ASX. The two exchanges also have differing vacation schedules. Differences in the trading schedules, as well as volatility in the exchange rate of the two currencies, among other factors, may result in different trading prices for our Class A common stock on the two exchanges.

The convertible note hedge and warrant transactions may affect the value of our Class A common stock.

In connection with the issuance of each series of our Convertible Notes, we entered into convertible note hedge transactions with the option counterparties. We also entered into warrant transactions with the option counterparties pursuant to which we sold warrants for the purchase of our Class A common stock. The convertible note hedge transactions are expected generally to offset the potential dilution to our Class A common stock upon any conversion of the Convertible Notes and/or reduce any cash payments we are required to make in excess of the principal amount of converted Convertible Notes, as the case may be. The warrant transactions would separately have a dilutive effect to the extent that the market price per share of our Class A common stock exceeds the strike price of any warrants unless, subject to the terms of the warrant transactions, we elect to cash settle the warrants.

From time to time, the option counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivative transactions with respect to our Class A common stock and/or purchasing or selling our Class A common stock or other securities of ours in secondary market transactions prior to the maturity of the Convertible Notes. This activity could cause or avoid an increase or a decrease in the market price of our Class A common stock.

Anti-takeover provisions contained in our certificate of incorporation, our bylaws, and provisions of Delaware law could impair a takeover attempt.

Our amended and restated certificate of incorporation (“certificate of incorporation”), our amended and restated bylaws (“bylaws”), and Delaware law contain provisions that could have the effect of rendering more difficult, delaying, or preventing an acquisition deemed undesirable by our board of directors and therefore depress the trading price of our Class A common stock.

Among other things, our dual-class common stock structure provides our holders of Class B common stock with the ability to significantly influence the outcome of matters requiring stockholder approval, even if they own significantly less than a majority of the shares of our outstanding shares of common stock. Further, our certificate of incorporation and bylaws include provisions (i) creating a classified board of directors whose members serve staggered three-year terms; (ii) authorizing “blank check” preferred stock, which could be issued by our board of directors without stockholder approval and may contain voting, liquidation, dividend, and other rights superior to our common stock; (iii) limiting the ability of our stockholders to call special meetings; (iv) eliminating the ability of our stockholders to act by written consent without a meeting or to remove directors without cause; and (v) requiring advance notice of stockholder proposals for business to be conducted at meetings of our stockholders and for nominations of candidates for election to our board of directors. These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our management.

As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation Law, which prevents certain stockholders holding more than 15% of our outstanding capital stock from engaging in certain business combinations without the approval of our board of directors or the holders of at least two-thirds of our outstanding capital stock not held by such stockholder.

Any provision of our certificate of incorporation, bylaws, or Delaware law that has the effect of delaying or preventing a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our capital stock and could also affect the price that some investors are willing to pay for our Class A common stock.

Our bylaws provide that (1) the Delaware Court of Chancery or another state court or federal court located within the State of Delaware will be the exclusive forum for substantially all disputes between us and our stockholders and (2) the federal district courts of the U.S. will be the exclusive forum for all causes of action arising under the Securities Act, which could limit our stockholders' ability to choose the judicial forum for disputes with us or our directors, officers, or employees.

Our bylaws provide that, unless we consent to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if the Court of Chancery of the State of Delaware does not have jurisdiction, another state court in Delaware or the federal district court for the District of Delaware) is the exclusive forum for (i) any derivative action or proceeding brought on our behalf; (ii) any action asserting a claim of breach of fiduciary duty owed by any of our directors, officers, or other employees to us or to our stockholders; (iii) any action asserting a claim arising pursuant to the Delaware General Corporation Law, our certificate of incorporation or our bylaws; or (iv) any action asserting a claim governed by the internal affairs doctrine, in all cases subject to the court having jurisdiction over the claims at issue and the indispensable parties. The choice of forum provision will not apply to suits brought to enforce any liability or duty created by the Exchange Act.

Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our bylaws also provide that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act.

Any person or entity purchasing or otherwise acquiring any interest in any of our securities shall be deemed to have notice of and consented to the foregoing bylaw provisions. Although we believe these exclusive forum provisions benefit us by providing increased consistency in the application of Delaware law and federal securities laws in the types of lawsuits to which each applies, the exclusive forum provisions may limit a stockholder's ability to bring a claim in a judicial forum of its choosing for disputes with us or any of our directors, officers, stockholders, or other employees, which may discourage lawsuits with respect to such claims against us and our current and former directors, officers, stockholders, or other employees. Our stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder as a result of our exclusive forum provisions. Further, in the event a court finds either exclusive forum provision contained in our bylaws to be unenforceable or inapplicable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our results of operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Risk Management and Strategy

We have a cybersecurity risk management program consisting of policies and procedures for assessing, identifying, and managing material risk from cybersecurity threats, and we have integrated these policies and procedures into our overall risk management systems and processes. Our cybersecurity policies and procedures are based on recognized frameworks established by the National Institute of Standards and Technology, the International Organization for Standardization and other applicable industry standards. We routinely assess material risks from cybersecurity threats and regularly assess and update our cybersecurity risk management program in response to emerging trends and changes in our operations.

Our risk management program includes, among other elements:

Identification: We aim to proactively identify sources of risk, areas of impact, and relevant events that could give rise to cybersecurity risks, such as changes to our infrastructure, service providers, or personnel.

Assessment: We conduct periodic risk assessments to identify cybersecurity threats. We also conduct likelihood and impact assessments with the goal of identifying reasonably foreseeable internal and external risks, the likelihood and potential damage that could result from such risks, and the sufficiency of existing policies, procedures, systems, and safeguards in place to manage such risks.

Management: Following our risk assessments, we design and implement reasonable safeguards to address any identified gaps in our existing processes and procedures. Our employees participate in cybersecurity training and awareness upon hire and at least annually thereafter.

We 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.

We have processes in place to identify, review and evaluate cybersecurity risks associated with our use of third-party service providers. These reviews are conducted at onboarding and periodically throughout the tenure of the service provider based on risk tier rating of each service provider. We believe these processes enable us to evaluate a third-party service provider's security posture, identify risks that may arise out of our use of the third party's service, and make decisions regarding acceptable levels of risk and risk mitigation.

For additional information regarding whether any risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, have materially affected or are reasonably likely to materially affect our company, including our business strategy, results of operations, or financial condition, please refer to Item 1A, "Risk Factors," in this annual report on Form 10-K.

Board and Management's Role in Data Privacy and Cybersecurity Oversight

Our board of directors recognizes the oversight of risk management as one of its primary responsibilities and central to maintaining an effective, risk-aware and accountable organization. While the board of directors maintains ultimate responsibility for the oversight of our data privacy and cybersecurity program and risks, it has delegated certain oversight responsibilities to our audit and risk committee. Our board of directors and audit and risk committee's principal role is one of oversight, recognizing that management is responsible for the design, implementation, and maintenance of an effective program for protecting against and mitigating data privacy and cybersecurity risks. The audit and risk committee assists the board of directors in enhancing its understanding of data privacy and cybersecurity issues by overseeing our data privacy and information security programs, strategy, policies, processes, and material risks, as well as overseeing responses to security and data incidents, as appropriate.

The full board of directors receives an annual information security update by our Chief Information Security Officer (“CISO”) and an annual privacy update, which covers, among other matters, our privacy and cybersecurity programs and risks. Our audit and risk committee receives updates, at least quarterly, on significant data privacy and security risks, including any significant incidents, relevant industry developments, threat vectors and significant risks identified in periodic penetration tests or vulnerability scans. The updates also include significant legal and legislative developments concerning data privacy and security, our approach to complying with applicable law, and significant engagement with regulators concerning data privacy and cybersecurity. Our audit and risk committee provides regular updates to the board of directors on such reports.

Our CISO oversees our cybersecurity policies and processes, including those described in “Risk Management and Strategy” above. Our data security governance, infrastructure security, product security, applied security engineering and security operations teams report directly to our CISO and provide regular updates on significant or potentially significant threats and incidents. Additionally, we have an incident response team and an incident response plan that outlines the roles and responsibilities of key personnel, including representatives from information security, compliance, and counsel, that are involved in responding to, remediating and escalating such incidents to the CISO, as appropriate. Our CISO reports directly to our Technology + Engineering Lead and indirectly to our audit and risk committee. Our CISO provides updates on significant or potentially significant threats and incidents to our Block Head and leadership team, in addition to the audit and risk committee and our board of directors as appropriate and in accordance with the processes detailed in the prior paragraph.

Our CISO is primarily responsible for assessing and managing our material risks from cybersecurity threats. Our CISO has over 20 years of experience in information security, including serving as head of cybersecurity and privacy response at a global public company and information security leadership positions with the United States government. Our CISO holds undergraduate and graduate degrees in computer information systems and computer science with an information security focus and possesses various certifications, including the Information Systems Security Professional (NSTISSI No. 4011) and Information Systems Security Officer (CNSSI No. 4014) certifications.

ITEM 2. PROPERTIES

We do not designate a headquarters location as we have adopted a distributed work model. We lease space in New York, New York for a product development, sales, and business operations office under a lease that expires in 2028 and office space in Oakland, California for general corporate purposes under a lease that expires in 2031. We also lease space in St Louis, Missouri, for a business operations office under a lease that expires in 2036 with two renewal options to extend the lease for an additional term of 5 years each. We also have offices in several other locations and believe our facilities are sufficient for our current needs.

ITEM 3. LEGAL PROCEEDINGS

We are currently a party to, and may in the future be involved in, various legal matters, investigations, subpoenas, inquiries, audits, claims, lawsuits and disputes, including with regulatory bodies and governmental agencies. For information regarding legal proceedings in which we are involved, see “Litigation and Regulatory Matters” in Note 19, *Commitments and Contingencies* within Notes to the Consolidated Financial Statements, which is incorporated herein by reference.

In addition, from time to time, we are involved in various other legal matters, investigations, subpoenas, inquiries, audits, claims, lawsuits and disputes arising in the ordinary course of business. We cannot at this time fairly estimate a reasonable range of exposure, if any, of the potential liability with respect to these other matters. While we do not believe, at this time, that any ultimate liability resulting from any of these other matters will have a material adverse effect on our results of operations, financial position, or liquidity, we cannot give any assurance regarding the ultimate outcome of these other matters, and their resolution could be material to our operating results for any particular period.

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 for Common Stock

Our Class A common stock trades on the New York Stock Exchange and our CDIs are traded on the ASX, both under the symbol "XYZ". There is no public trading market for our Class B common stock.

Holders of Record

As of February 18, 2025, there were 504 holders of record of our Class A common stock and 24 holders of record of our Class B common stock. Because many of our shares of Class A common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of beneficial owners of our Class A common stock represented by these record holders. As of February 18, 2025, we have approximately 39,934 holders of record of our CDIs.

Dividend Policy

We have never declared nor paid any cash dividends on our capital stock. We do not expect to pay any dividends on our capital stock in the foreseeable future. Any future determination relating to our dividend policy will be at the discretion of our board of directors, subject to applicable laws, and will depend on our financial condition, results of operations, capital requirements, general business conditions, and other factors that our board of directors considers relevant.

Issuer Purchases of Equity Securities

In October 2023, the Company's board of directors authorized the repurchase of up to \$1 billion of the Company's Class A common stock. On July 25, 2024, the Company's board of directors authorized an increase to the Company's share repurchase program to repurchase up to an additional \$3 billion of the Company's Class A common stock, for a total overall authorization of \$4 billion. Repurchases may be made from time to time through open market purchases or through privately negotiated transactions subject to market conditions, applicable legal requirements and other relevant factors. The repurchase program does not obligate the Company to acquire any particular amount of its Class A common stock and may be suspended at any time at the Company's discretion. The timing and number of shares repurchased will depend on a variety of factors, including the stock price, business and market conditions, corporate and regulatory requirements, alternative investment opportunities, acquisition opportunities, and other factors.

The following table summarizes the share repurchase activity for the three months ended December 31, 2024 (in thousands, except per share amounts):

Period	Total Number of Shares Purchased	Average price paid per share ⁽ⁱ⁾	Total number of shares purchased as part of publicly announced plans or program	Approximate dollar value of shares that may yet be purchased under the plans or programs
October 1, 2024 - October 31, 2024	1,090	\$ 70.44	1,090	\$ 2,779,232
November 1, 2024 - November 30, 2024	653	\$ 82.50	653	\$ 2,725,360
December 1, 2024 - December 31, 2024	567	\$ 92.61	567	\$ 2,672,850
Total	<u>2,310</u>		<u>2,310</u>	

⁽ⁱ⁾ Average price paid per share for open market purchases includes broker commissions.

Unregistered Sales of Equity Securities

None.

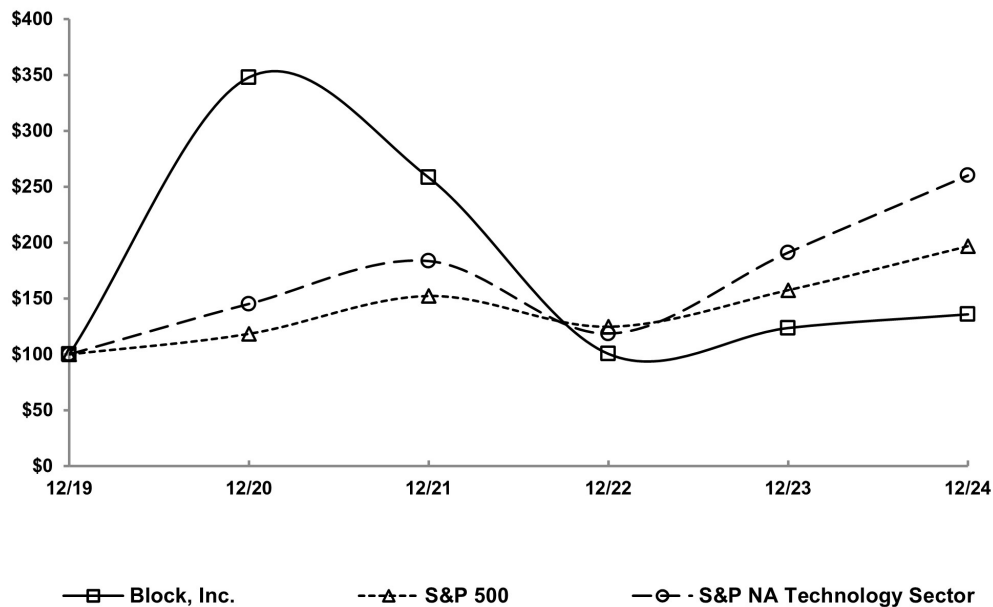
Performance Graph

This performance graph shall not be deemed "soliciting material" or to be "filed" with the SEC for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any filing of Block, Inc. under the Exchange Act or the Securities Act of 1933, as amended.

The following graph compares the cumulative total return to stockholders of our common stock relative to the cumulative total returns of the Standard & Poor's 500 Index ("S&P 500"), and the S&P North American Technology Index. An investment of \$100 (with reinvestment of all dividends) is assumed to have been made in our Class A common stock and in each index on the last trading day for the fiscal year ended December 31, 2019 and its relative performance is tracked through December 31, 2024. The returns shown are based on historical results and are not intended to suggest future performance.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among Block, Inc., the S&P 500 Index
and the S&P NA Technology Sector Index



*\$100 invested on 12/31/19 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

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Company/Index	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024
Block, Inc.	\$ 100.00	\$ 347.89	\$ 258.17	\$ 100.45	\$ 123.64	\$ 135.85
S&P 500	\$ 100.00	\$ 118.40	\$ 152.39	\$ 124.79	\$ 157.59	\$ 197.02
S&P North American Technology	\$ 100.00	\$ 145.15	\$ 183.47	\$ 118.60	\$ 191.10	\$ 260.04

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This management's discussion and analysis provides a review of the results of operations, key operating metrics and non-GAAP financial measures, and liquidity and capital resources of Block, Inc. on a historical basis and outlines the factors that have affected recent earnings, as well as those factors that may affect future earnings. The following discussion and analysis should be read in conjunction with the consolidated financial statements and the notes thereto included elsewhere in this Annual Report on Form 10-K ("Form 10-K").

This section of this Form 10-K generally discusses fiscal 2024 compared to fiscal 2023. The comparison of the fiscal 2023 results with the fiscal 2022 results that are not included in this Form 10-K can be found in the "Management's Discussion and Analysis Results of Operations" section in the Company's fiscal 2023 Annual Report within Part II, Item 7 of Form 10-K, filed on February 22, 2024.

The statements in this discussion regarding our expectations of our future performance, liquidity, and capital resources; our plans, estimates, beliefs, and expectations that involve risks and uncertainties; and other non-historical statements in this discussion are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described under Item 1A. Risk Factors and elsewhere in this Form 10-K. Our actual results may differ materially from those contained in or implied by any forward-looking statements.

Overview

We launched the Square ecosystem in February 2009 to enable businesses ("sellers") to accept card payments, an important capability that was previously inaccessible to many businesses. We have expanded to provide sellers additional products and services and to give them access to a cohesive ecosystem of tools to help them manage and grow their businesses. Similarly, with Cash App, we have built an ecosystem of financial products and services to help individuals manage their money. In January 2022, we completed the acquisition of Afterpay, a buy now, pay later ("BNPL") platform that facilitates commerce between retail merchants and consumers by allowing retail merchant clients to offer their customers the ability to buy goods and services on a BNPL basis. In addition, our nascent businesses include TIDAL and two bitcoin businesses, Bitkey and Proto.

We delivered strong growth across our primary ecosystems in 2024, with gross profit of \$8.9 billion, up 18% year over year. Cash App generated gross profit of \$5.2 billion in 2024, up 21% year over year. Performance was driven by growth in inflows per active as we execute on our Bank Our Base strategy, which prioritizes engaging customers with more products across our ecosystem and increasing paycheck deposit actives. Square generated gross profit of \$3.6 billion in 2024, up 15% year over year, as we continued to increase product velocity and optimize our go-to-market strategies.

In 2024, operating income was \$892.3 million and Adjusted Operating Income was \$1.6 billion, compared to an operating loss of \$278.8 million and Adjusted Operating Income of \$351.4 million in 2023. For the same period, net income attributable to common stockholders was \$2.9 billion compared to \$9.8 million, and Adjusted EBITDA was \$3.0 billion, an increase of 69% year over year. Net income for 2024 and 2023 included a gain of \$420.9 million and \$207.1 million, respectively, from the remeasurement of our bitcoin investment. Additionally, as a result of our improved profitability in the United States, we released our valuation allowance associated with certain federal and state deferred tax assets, as well as recognized deferred tax assets as part of internal legal entity restructuring efforts, which resulted in one-time benefits to net income for 2024 of \$1.9 billion. These one-time tax benefits had a corresponding impact of \$3.10 and \$3.00 per share on our basic and diluted net income per share, respectively, for the year ended December 31, 2024.

Refer to the *Key Operating Metrics and Non-GAAP Financial Measures* section below for reconciliations of non-GAAP financial measures to their nearest generally accepted accounting principles ("GAAP") equivalents.

Starting in 2023, we sharpened our focus on our organizational structure and expenditures with a view to identifying areas where we can be more cost efficient as we focus on disciplined growth and pursuing cost efficiencies. In 2023, we also announced we would implement an absolute cap of 12,000 on the number of employees we have at our company, which we have achieved in 2024, and we plan to continue to operate below this cap through a combination of performance management, centralization of teams and functions to reduce duplication, and prioritization of our scope. In 2024, we continued to make progress on cost efficiency goals and we expect to continue these efforts, including implementing greater expense discipline and reassessing certain contractual vendor arrangements. We may continue to incur expenses, including restructuring costs, in the short term to implement these initiatives. We continue to realize benefits related to our focus on disciplined growth and cost efficiencies and we expect to continue to benefit from these actions in future periods.

During the second quarter of 2024, we issued \$2.0 billion in aggregate principal amount of senior unsecured notes due 2032 ("2032 Senior Notes"). We ended 2024 with \$10.7 billion in available liquidity, with \$9.9 billion in cash, cash equivalents, restricted cash, and investments in marketable debt securities, as well as an undrawn amount of \$775.0 million available under our revolving credit facility. This represents an increase of \$3.0 billion from the end of 2023.

On October 26, 2023, our board of directors authorized the repurchase of up to \$1 billion of the Company's Class A common stock. On July 25, 2024, our board of directors authorized an increase to this share repurchase program to repurchase up to an additional \$3 billion of our Class A common stock, for a total overall authorization of \$4 billion. The goal of the program is to return capital to shareholders. The timing and amount of shares repurchased will depend on a variety of factors, including the stock price, business and market conditions, corporate and regulatory requirements, alternative investment opportunities, acquisition opportunities, and other factors. As of December 31, 2024, we have repurchased \$1.3 billion of our Class A common stock under the program, of which \$1.2 billion was purchased in 2024.

Components of Results of Operations

Revenue

Transaction-based Revenue

We charge our sellers a transaction fee that is generally calculated based on a percentage of the total transaction amount processed. We also selectively offer custom pricing for certain larger sellers. Transaction-based revenue also includes amounts we charge our Cash App customers for peer-to-peer transactions to business accounts and payments sent from a credit card.

Subscription and Services-based Revenue

Subscription and services-based revenue is primarily comprised of revenue we generate from Cash App, Square Loans (formerly known as Square Capital), our BNPL platform, TIDAL, and various other software as a service ("SaaS") products that we offer through Square. Cash App subscription and services-based revenue is primarily comprised of transaction fees from Cash App Instant Deposit, Cash App Card, bitcoin withdrawal fees, and other Cash App financial services offerings. Our other SaaS products include subscription fees on our vertical software solutions (including Square for Restaurants, Square Appointments, and Square for Retail), Customer Engagement products (including Square Loyalty, Square Marketing, Square Gift Cards), staff management products (including Square Team Management and Square Payroll), website hosting and domain name registration services, and other products.

Instant Deposit is a functionality within the Cash App and our managed payment solutions that enables customers, including individuals and sellers, to instantly deposit funds into their bank accounts.

Cash App Card offers Cash App customers the ability to use their stored funds via a Visa prepaid card that is linked to the balance the customer stores in Cash App. We charge the customer a per transaction fee when they instantly deposit funds to their bank account or withdraw funds from an ATM. We also earn interchange fees when a Cash App Card is used to make a purchase. These transaction and interchange fees are treated as revenue when charged.

Square Loans originates loans to sellers that are generally repaid through withholding a percentage of the collections of the seller's receivables processed by us or a specified monthly amount. In April 2021, we began originating loans in the U.S. through our wholly-owned subsidiary bank, Square Financial Services. We also originate loans to the customers of certain sellers, which are generally repaid via ACH. For some of the loans, it is our intention to sell the rights, title, and interest to third-party investors for an upfront fee. We are retained by the third-party investors to service the loans and earn a servicing fee for facilitating the repayment of these loans through our payments solutions. Certain loans, for which we have the intention and ability to hold through maturity, are not immediately sold to third-party investors, in which case, interest and fees earned are recognized as revenue using the effective interest method.

Cash App Borrow, the first credit product for Cash App customers, allows customers to access short-term loans for a small fee. The loans are repaid at the end of the loan term and customers may elect to prepay all or a part of the outstanding balance. If the outstanding balance is not paid when due, late fees in the form of interest may be charged. The short-term loans are facilitated through a partnership with an industrial bank. The loans are originated by the bank partner, from whom the Company purchases the loans obtaining all rights, title, and interest. Net amounts paid to the bank are recorded as the cost of the loans purchased, and amounts collected in excess of the carrying value are recognized as revenue over the life of the loans.

Revenue from our BNPL platform includes fees generated from consumer receivables, late fees, and certain affiliate and advertising fees. Through the use of our BNPL platform, consumers can pay for their purchases over time by splitting their purchase price generally into three or four installments, typically due in two-week increments, without paying fees (if payments are made on time). For the majority of our BNPL products, we do not charge consumers interest or fees, other than late fees, which may be charged in certain regions as an incentive to encourage consumers to pay their outstanding balances as and when they fall due. We also offer the ability for consumers to pay for larger transaction sizes over a six- or twelve-month period using a monthly payment option, which includes no late fees and no compounding interest with a cap on total interest owed. For some of the loans, it is our intention to sell the rights, title, and interest to a third-party investor for an upfront fee. We are retained by the third-party investor to service the loans and earn a servicing fee for facilitating the repayment of these loans through our payments solutions.

TIDAL primarily generates revenue from subscriptions to customers, and such subscriptions allow access to the song library, video library, and improved sound quality. Customers can subscribe to services directly from the TIDAL website or through the Apple store. For both subscription channels, we charge customers a monthly fee for those subscription services.

Hardware Revenue

Hardware revenue includes revenue from sales of magstripe readers, contactless and chip readers, Square Stand, Square Register, Square Terminal, and third-party peripherals. Third-party peripherals include cash drawers, receipt printers, scales, and barcode scanners, all of which can be integrated with Square Stand, Square Register, or Square Terminal to provide a comprehensive point-of-sale solution.

Bitcoin Revenue

Our Cash App customers have the ability to purchase bitcoin, a cryptocurrency. We recognize revenue when customers purchase bitcoin and it is transferred to the customer's account. We purchase bitcoin from private broker dealers or from Cash App customers and apply a small margin before selling it to our customers. The sale amounts received from our customers are recorded as revenue on a gross basis and the associated bitcoin cost as cost of revenues, as we are the principal in the bitcoin sale transaction. Bitcoin revenue may fluctuate as a result of changes in customer demand or the market price of bitcoin.

Cost of Revenue

Transaction-based Costs

Transaction-based costs consist primarily of interchange and assessment fees, processing fees, and bank settlement fees paid to third-party payment processors and financial institutions.

Subscription and Services-based Costs

Subscription and services-based costs consist primarily of processing and partnership fees related to Cash App including Instant Deposit and Cash App Card, and our BNPL platform, as well as costs associated with TIDAL.

Hardware Costs

Hardware costs consist primarily of product costs associated with magstripe readers, contactless and chip readers, Square Stand, Square Register, Square Terminal, and third-party peripherals. Product costs include manufacturing-related overhead and personnel-related costs, certain royalties, packaging, and fulfillment costs. Hardware is sold primarily as a means to grow our transaction-based revenue and, as a result, generating positive gross margins from hardware sales is not the primary goal of the hardware business.

Bitcoin Costs

Bitcoin costs consist of the amounts we pay to purchase bitcoin that is sold to customers. These costs fluctuate in line with bitcoin revenue.

Amortization of Acquired Technology Assets

Amortization of acquired technology assets is primarily comprised of amortization related to the acquired technology assets from the acquisition of Afterpay.

Operating Expenses

Operating expenses consist of product development; sales and marketing; general and administrative expenses; transaction, loan, and consumer receivable losses; bitcoin impairment losses; and amortization of customer and other acquired intangible assets. For product development and general and administrative expenses, the largest single component is personnel-related expenses, including salaries, commissions and bonuses, employee benefit costs, and share-based compensation. In the case of sales and marketing expenses, a significant portion is related to the Cash App peer-to-peer transactions and Cash App Card issuance costs, in addition to paid advertising and personnel-related expenses. Operating expenses also include allocated overhead costs for facilities, human resources, and IT.

Product Development Expenses

Product development expenses currently represent the largest component of our operating expenses and consist primarily of expenses related to our engineering, data science, and design personnel; fees and supply costs related to maintenance at third-party data center facilities; hardware related development and tooling costs; software and cloud computing infrastructure fees; and fees for software licenses, consulting, legal, and other services that are directly related to growing and maintaining our portfolio of products and services. Additionally, product development expenses include the depreciation of product-related infrastructure and tools, including data center equipment, internally developed software, and computer equipment. We continue to focus our product development efforts on adding new features and expanding our apps, and on enhancing the functionality and ease of use of our offerings. Our ability to realize returns on these investments is substantially dependent upon our ability to successfully address current and emerging requirements of sellers, buyers, and customers through the development and introduction of these new products and services.

Sales and Marketing Expenses

Sales and marketing expenses are aggregated into two main components. The first component consists of traditional advertising costs incurred such as direct sales expense, account management, local and product marketing, retail and e-commerce, partnerships, and communications personnel. The second component of sales and marketing expenses consists of costs incurred for services, incentives, and other costs that are not directly related to revenue generating transactions that we consider to be marketing costs to encourage the usage of Cash App. These expenses include, but are not limited to, Cash App peer-to-peer processing costs and transaction losses, card issuance costs, customer referral bonuses, and promotional giveaways that are expensed as incurred.

General and Administrative Expenses

General and administrative expenses consist primarily of expenses related to our customer support, finance, legal, risk operations, human resources, and administrative personnel. General and administrative expenses also include costs related to fees paid for professional services, including legal, tax, and accounting services.

Transaction, Loan, and Consumer Receivable Losses

Transaction losses include chargebacks for unauthorized credit card use and the inability to collect on disputes between buyers and sellers over the delivery of goods or services, as well as losses on Cash App activity related to peer-to-peer payments sent from a credit card, Cash for Business, and Cash App Card. We base our reserve estimates on prior chargeback history and current period data points indicative of transaction loss. We reflect additions to the reserve in current operating results, while realized losses are offset against the reserve. The establishment of appropriate reserves for transaction losses is an inherently uncertain process, and ultimate losses may vary from the current estimates. We regularly update our reserve estimates as new facts become known and events occur that may affect the settlement or recovery of losses.

Loan losses relate to Square Loans and Cash App Borrow and are recorded whenever the amortized cost of a loan exceeds its fair value. Such charges are reversed for subsequent increases in fair value, but only to the extent that such reversals do not result in the amortized cost of a loan exceeding its fair value.

Losses on consumer receivables relate to management's estimate of expected credit losses in the outstanding portfolio of consumer receivables. We reflect additions to the reserve in current operating results, while realized losses are offset against the reserve.

Amortization of Customer and Other Acquired Intangible Assets

Amortization of customer and other acquired intangible assets is primarily as a result of the intangible assets from the Afterpay acquisition.

Interest Expense (Income), net

Interest expense (income), net consists primarily of interest expense related to our long-term debt and interest income on our investments in marketable debt securities.

Remeasurement Loss (Gain) on Bitcoin Investment

Remeasurement loss (gain) on bitcoin investment is the result of gains or losses arising from remeasurements of our bitcoin investment.

Other Expense (Income), net

Other expense (income), net consists primarily of gains or losses arising from remeasurements of our investments in equity securities and foreign currency-related gains and losses.

Provision for (Benefit from) Income Taxes

The provision for (benefit from) income taxes consists primarily of federal, state, local, and foreign tax. Our effective tax rate fluctuates from period to period due to changes in the mix of income and losses in jurisdictions with a wide range of tax rates, the effect of acquisitions, changes resulting from the amount of recorded valuation allowance, permanent differences between U.S. generally accepted accounting principles and local tax laws, certain one-time items, and changes in tax contingencies.

Results of Operations

Revenue (in thousands, except for percentages)

	Year Ended December 31,			
	2024	2023	\$ Change	% Change
Transaction-based revenue	\$ 6,613,680	\$ 6,315,301	\$ 298,379	5 %
Subscription and services-based revenue	7,164,799	5,944,842	1,219,957	21 %
Hardware revenue	143,369	157,178	(13,809)	NM ⁽ⁱ⁾
Bitcoin revenue	10,199,205	9,498,302	700,903	7 %
Total net revenue	<u>\$ 24,121,053</u>	<u>\$ 21,915,623</u>	<u>\$ 2,205,430</u>	10 %

⁽ⁱ⁾ Not meaningful ("NM")

Total net revenue for the year ended December 31, 2024, increased by \$2.2 billion, or 10%, compared to the year ended December 31, 2023. Bitcoin revenue increased by \$700.9 million compared to the year ended December 31, 2023. Excluding bitcoin revenue, total net revenue increased by \$1.5 billion, or 12%, in the year ended December 31, 2024, compared to the year ended December 31, 2023.

Transaction-based revenue for the year ended December 31, 2024 increased by \$298.4 million, or 5%, compared to the year ended December 31, 2023. This increase in revenue was largely in line with the increase in Gross Payment Volume ("GPV") of 6% for the year ended December 31, 2024, compared to the year ended December 31, 2023. GPV increased due to overall Square GPV growth. Square GPV growth was driven by improvements in both card-present and card-not-present volumes as a result of growth from in-person and online channels, as well as growth in our international markets. See below in *Key Operating Metrics and Non-GAAP Financial Measures* for further discussion of GPV.

Subscription and services-based revenue for the year ended December 31, 2024 increased by \$1.2 billion, or 21%, compared to the year ended December 31, 2023. The increase was primarily due to growth in Cash App's financial service-related products, including Cash App Card usage, Cash App Borrow, Cash App Instant Deposit volumes, and Cash App Pay, as well as revenue from the BNPL platform. Revenue generated from the BNPL platform was \$1.3 billion for the year ended December 31, 2024 compared to \$1.0 billion for the year ended December 31, 2023. Growth in Square's financial services-related products, primarily Square Lending, also contributed to the increase in revenue in 2024.

Bitcoin revenue for the year ended December 31, 2024 increased by \$700.9 million, or 7%, compared to the year ended December 31, 2023. As bitcoin revenue is the total sale amount of bitcoin sold to customers, the amount of bitcoin revenue recognized will fluctuate depending on customer demand as well as changes in the market price of bitcoin. This increase for the year ended December 31, 2024 was driven by an increase in the average market price of bitcoin, partially offset by a decrease in the quantity of bitcoin sold to customers, compared to the year ended December 31, 2023. While bitcoin contributed 42% and 43% of the total revenue in 2024 and 2023, respectively, gross profit generated from bitcoin was only 3% of the total gross profit in both 2024 and 2023.

Cost of Revenue (in thousands, except for percentages)

	Year Ended December 31,			
	2024	2023	\$ Change	% Change
Transaction-based costs	\$ 3,881,013	\$ 3,702,016	\$ 178,997	5 %
Subscription and services-based costs	1,135,813	1,075,129	60,684	6 %
Hardware costs	236,441	267,650	(31,209)	NM
Bitcoin costs	9,910,386	9,293,113	617,273	7 %
Amortization of acquired technology assets	68,364	72,829	(4,465)	NM
Total cost of revenue	<u>\$ 15,232,017</u>	<u>\$ 14,410,737</u>	<u>\$ 821,280</u>	6 %

Total cost of revenue for the year ended December 31, 2024 increased by \$821.3 million, or 6%, compared to the year ended December 31, 2023. Bitcoin costs of revenue, which increased by \$617.3 million, was the primary driver of the increase in total cost of revenue, with the remaining increase related to an increase in GPV. Excluding bitcoin costs of revenue, total cost of revenue increased by approximately \$204.0 million, or 4%, in the year ended December 31, 2024, compared to the year ended December 31, 2023.

Transaction-based costs for the year ended December 31, 2024 increased by \$179.0 million, or 5%, compared to the year ended December 31, 2023. Transaction-based costs were largely in line with the growth of GPV of 6%, partially offset by more favorable interchange economics for the year ended December 31, 2024.

Subscription and services-based costs for the year ended December 31, 2024 increased by \$60.7 million, or 6%, compared to the year ended December 31, 2023. The increase was driven by growth in Cash App's financial service-related products, including Cash App Card and related processing costs and fees as well as the cost of revenues associated with the BNPL platform. Cost of revenues associated with the BNPL platform were \$311.6 million and \$286.6 million for the years ended December 31, 2024 and December 31, 2023, respectively.

Bitcoin costs for the year ended December 31, 2024 increased by \$617.3 million, or 7%, compared to the year ended December 31, 2023. Bitcoin costs are comprised of the total amount we pay to purchase bitcoin, which fluctuates in line with bitcoin revenue.

Operating Expenses (in thousands, except for percentages)

	Year Ended December 31,			
	2024	2023	\$ Change	% Change
Product development	\$2,914,415	\$2,720,819	\$ 193,596	7 %
% of total net revenue	12 %	12 %		
% of total gross profit	33 %	36 %		
Sales and marketing	\$1,984,265	\$2,019,009	\$ (34,744)	(2)%
% of total net revenue	8 %	9 %		
% of total gross profit	22 %	27 %		
General and administrative	\$2,149,099	\$2,209,190	\$ (60,091)	(3)%
% of total net revenue	9 %	10 %		
% of total gross profit	24 %	29 %		
Transaction, loan, and consumer receivable losses	\$ 794,221	\$ 660,663	\$ 133,558	20 %
% of total net revenue	3 %	3 %		
% of total gross profit	9 %	9 %		
Amortization of customer and other acquired intangible assets	\$ 154,709	\$ 174,044	\$ (19,335)	(11)%
% of total net revenue	1 %	1 %		
% of total gross profit	2 %	2 %		
Total operating expenses	<u>\$7,996,709</u>	<u>\$7,783,725</u>	<u>\$ 212,984</u>	3 %

Product development expenses for the year ended December 31, 2024, increased by \$193.6 million, or 7%, compared to the year ended December 31, 2023, primarily due to an increase of \$154.1 million in software and cloud computing infrastructure fees for the year ended December 31, 2024, as a result of increased capacity needs and expansion of our cloud-based services. Impairment charges of certain assets related to TIDAL of \$60.3 million were also recognized in the fourth quarter of 2024. The increase in product development expenses was partially offset by a decrease of \$87.9 million in personnel costs primarily due to a decrease in headcount, which is a result of executing on our cost efficiency goals and employee headcount cap.

Sales and marketing expenses for the year ended December 31, 2024, decreased by \$34.7 million, or 2%, compared to the year ended December 31, 2023, primarily due to a decrease of \$49.5 million in marketing and other advertising costs from decreased online campaigns as we focused on expense discipline as well as a release of estimated chargeback losses of \$27.3 million in the first quarter of 2024. The decrease was partially offset by charges related to changes to certain contractual arrangements as well as inventory write-offs during the third quarter of 2024.

General and administrative expenses for the year ended December 31, 2024, decreased by \$60.1 million, or 3%, compared to the year ended December 31, 2023, primarily due to the following:

- a decrease in personnel costs of \$169.4 million due to a decrease in headcount as well as a reduction of facilities and other expenses of \$59.5 million for the year ended December 31, 2024;
- a decrease in certain impairment charges related to TIDAL of \$58.8 million compared to the year ended December 31, 2023. Refer to Note 9, *Goodwill* within Notes to the Consolidated Financial Statements for more details; partially offset by
- an increase in accrued expenses for estimated and settled amounts in connection with certain litigation and regulatory matters of \$231.9 million. Refer to Note 19, *Commitments and Contingencies* within Notes to the Consolidated Financial Statements for more details; and
- a charge of \$32.2 million related to adjustments of certain TIDAL acquisition deferred purchase consideration during the first quarter of 2024, as well as a derecognition of \$15.1 million during the second quarter of 2024 of certain indemnification assets related to the TIDAL acquisition which were deemed no longer recoverable.

Transaction, loan, and consumer receivable losses for the year ended December 31, 2024, increased by \$133.6 million, or 20%, compared to the year ended December 31, 2023, primarily due to the following:

- an increase in loan losses of \$221.3 million compared to the year ended December 31, 2023, primarily due to increased loan volumes; partially offset by
- a decrease in transaction losses of \$87.7 million for the year ended December 31, 2024. The decrease in transaction losses is attributable to both an operational outage in the third quarter of 2023, which resulted in higher transaction losses incurred, as well as a release of previously established risk loss provisions in the second quarter of 2024 related to prior periods.

Amortization of customer and other acquired intangible assets decreased \$19.3 million for the year ended December 31, 2024, compared to the year ended December 31, 2023, primarily as a result of the revision of certain intangibles' useful lives in the third quarter of 2023.

Interest Expense (Income), Net (in thousands, except for percentages)

	Year Ended December 31,			
	2024	2023	\$ Change	% Change
Interest expense (income), net	\$ 9,302	\$ (47,221)	\$ 56,523	(120)%

Interest expense, net, of \$9.3 million for the year ended December 31, 2024 was primarily due to an increase in interest expense related to our 2032 Senior Notes issued in the second quarter of 2024, which more than offset an increase in interest income received as a result of higher investment balances. Refer to Note 14, *Indebtedness* within Notes to the Consolidated Financial Statements for further details. Interest income, net, of \$47.2 million for the year ended December 31, 2023 was primarily due to an increase in interest income received as a result of both higher interest rates and investment balances, which more than offset interest expense in the period.

Remeasurement Loss (Gain) on bitcoin investment (in thousands, except for percentages)

	Year Ended December 31,			
	2024	2023	\$ Change	% Change
Remeasurement gain on bitcoin investment	\$ (420,918)	\$ (207,084)	\$ (213,834)	103 %

Remeasurement gain on bitcoin investment of \$420.9 million and \$207.1 million for the year ended December 31, 2024 and 2023, respectively, was due to the remeasurement of our bitcoin investment to its fair value at each reporting date. Refer to Note 13, *Bitcoin* within Notes to the Consolidated Financial Statements for further details regarding the remeasurement of our bitcoin investment.

Other Expense (Income), Net (in thousands, except for percentages)

	Year Ended December 31,			
	2024	2023	\$ Change	% Change
Other expense (income), net	\$ (53,211)	\$ 4,609	\$ (57,820)	NM

Other income, net, of \$53.2 million for the year ended December 31, 2024 was comprised of unrealized gains of \$37.7 million arising from the revaluation of certain equity investments as well as accretion of investments in marketable debt securities. Other expense, net, of \$4.6 million for the year ended December 31, 2023 was due to unrealized losses on certain marketable and non-marketable investments, partially offset by accretion of investments in marketable debt securities.

Provision for (Benefit from) Income Taxes (in thousands, except for percentages)

	Year Ended December 31,			
	2024	2023	\$ Change	% Change
Benefit from income taxes	\$ (1,509,343)	\$ (8,019)	\$ (1,501,324)	NM

Benefit from income taxes of \$1.5 billion for the year ended December 31, 2024, compared to a benefit from income taxes of \$8.0 million for the year ended December 31, 2023, was primarily due to one-time benefits of \$1.9 billion related to both the release of the valuation allowance associated with certain federal and state deferred tax assets as well as the recognition of deferred tax assets as part of internal legal entity restructuring efforts in the fourth quarter of 2024. These benefits were partially offset by \$487.7 million related to our current and deferred tax provisions associated with 2024 activity. Refer to Note 15, *Income Taxes* within Notes to the Consolidated Financial Statements for further details.

Segment Results

Square Results

The following tables provide a summary of the revenue and gross profit for our Square segment for the year ended December 31, 2024 and 2023 (in thousands, except for percentages):

	Year Ended December 31,			
	2024	2023	\$ Change	% Change
Segment net revenue	\$ 7,681,656	\$ 7,033,384	\$ 648,272	9 %
Segment cost of revenue	4,082,744	3,904,730	178,014	5 %
Segment gross profit	<u>\$ 3,598,912</u>	<u>\$ 3,128,654</u>	<u>\$ 470,258</u>	15 %

Revenue

Revenue for the Square segment for the year ended December 31, 2024 increased by \$648.3 million compared to the year ended December 31, 2023. The increase was primarily due to the Square items referenced within the Company's overall revenue discussion.

Cost of Revenue

Cost of revenue for the Square segment for the year ended December 31, 2024 increased by \$178.0 million compared to the year ended December 31, 2023. The increase was primarily due to the Square items referenced within the Company's overall cost of revenue discussion.

Cash App Results

The following tables provide a summary of the revenue and gross profit for our Cash App segment for the year ended December 31, 2024 and 2023 (in thousands, except for percentages):

	Year Ended December 31,			
	2024	2023	\$ Change	% Change
Segment net revenue	\$ 16,247,880	\$ 14,681,686	\$ 1,566,194	11 %
Segment cost of revenue	11,008,869	10,358,223	650,646	6 %
Segment gross profit	<u>\$ 5,239,011</u>	<u>\$ 4,323,463</u>	<u>\$ 915,548</u>	21 %

Revenue

Revenue for the Cash App segment for the year ended December 31, 2024 increased by \$1.6 billion compared to the year ended December 31, 2023. The increase was due to the Cash App items referenced within the Company's overall revenue discussion. While bitcoin revenue contributed 63% and 65% of Cash App revenue in 2024 and 2023, respectively, gross profit generated from bitcoin was only 6% and 5% of Cash App gross profit in both 2024 and 2023.

Excluding bitcoin revenue, Cash App net revenue increased \$865.3 million, or 17%, compared to the year ended December 31, 2023.

Cost of Revenue

Cost of revenue for the Cash App segment for the year ended December 31, 2024 increased by \$650.6 million compared to the year ended December 31, 2023. The increase was due to the items referenced within the Company's overall revenue and cost of revenue discussion. Excluding bitcoin cost of revenue, Cash App cost of revenue increased \$33.4 million, or 3%.

Key Operating Metrics and Non-GAAP Financial Measures

We collect and analyze operating and financial data to evaluate the health of our business, allocate our resources, and assess our performance. In addition to total net revenue, operating income (loss), net income (loss), and other results reported under GAAP, the following table sets forth key operating metrics and non-GAAP financial measures we use to evaluate our business. We believe these metrics and measures are useful to facilitate period-to-period comparisons of our business, and to facilitate comparisons of our performance to that of other payment solution providers.

	Year Ended December 31,		
	2024	2023	2022
Gross Payment Volume (GPV) (in millions)	\$ 240,812	\$ 227,699	\$ 203,536
Adjusted Operating Income (Loss) (in thousands)	\$ 1,608,790	\$ 351,351	\$ (145,408)
Adjusted EBITDA (in thousands)	\$ 3,029,031	\$ 1,792,420	\$ 990,964
Adjusted Net Income Per Share:			
Basic	\$ 3.47	\$ 1.85	\$ 1.05
Diluted	\$ 3.37	\$ 1.80	\$ 1.00

Gross Payment Volume ("GPV")

GPV includes Square GPV and Cash App Business GPV. Square GPV is defined as the total dollar amount of all card and bank payments processed by sellers using Square, net of refunds. Cash App Business GPV is comprised of Cash App activity related to peer-to-peer transactions received by business accounts, and peer-to-peer payments sent from a credit card. GPV does not include transactions from our BNPL platform because GPV is related only to transaction-based revenue and not to subscription and services-based revenue.

Adjusted EBITDA, Adjusted Net Income Per Share ("Adjusted EPS") and Adjusted Operating Income

Adjusted EBITDA and Adjusted EPS are non-GAAP financial measures that represent our net income (loss) and net income (loss) per share, adjusted to eliminate the effect of items as described below. Adjusted Operating Income is a non-GAAP financial measure that represents our operating income (loss), adjusted to eliminate the effect of items as described below.

We have included these non-GAAP financial measures in this *Annual Report on Form 10-K* because they are key measures used by our management to evaluate our operating performance, generate future operating plans, and make strategic decisions, including those relating to operating expenses and the allocation of internal resources. Accordingly, we believe these measures provide useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors. In addition, they provide useful measures for period-to-period comparisons of our business, as they remove the effect of certain non-cash items and certain variable charges that do not vary with our operations.

- We believe it is useful to exclude certain non-cash charges, such as amortization of intangible assets, and share-based compensation expenses, from our non-GAAP financial measures because the amount of such expenses in any specific period may not directly correlate to the underlying performance of our business operations.
- We believe that excluding the expense related to amortization of debt discount and issuance costs from our non-GAAP measures is useful to investors because such incremental non-cash interest expense does not represent a current or future cash outflow for the Company and is therefore not indicative of our continuing operations or meaningful when comparing current results to past results. Additionally, for purposes of calculating diluted Adjusted EPS, we add back cash interest expense on convertible notes, as if converted at the beginning of the period, if the impact is dilutive.

- We exclude the following from non-GAAP financial measures because we do not believe that these items are reflective of our ongoing business operations: gain or loss on the disposal of property and equipment; gain or loss on revaluation of equity investments; remeasurement gain or loss of our bitcoin investment, bitcoin impairment losses on our bitcoin investment (prior to the adoption of ASU 2023-08), and one-time income tax impacts from deferred taxes, as applicable.
- To aid in comparability of our results across periods, we also exclude certain acquisition-related and integration costs associated with business combinations, various restructuring and other costs, and goodwill and intangible asset impairment charges, each of which are not normal operating expenses. Acquisition related costs include amounts paid to redeem acquirees' unvested share-based compensation awards, charges associated with holdback liabilities, and legal, accounting, valuation, and due diligence costs. Integration costs include advisory and other professional services or consulting fees necessary to integrate acquired businesses. Contingencies, restructuring and other costs that are not reflective of our core business operating expenses may include severance costs, contingent losses, impairment charges, and certain litigation and regulatory charges. We also add back the impact of the acquired deferred revenue and deferred cost adjustment, which was written down to fair value in purchase accounting.

In addition to the items above, Adjusted EBITDA as a non-GAAP financial measure also excludes depreciation and amortization, other cash interest income and expense, and other income and expense.

Non-GAAP financial measures have limitations, should be considered as supplemental in nature, and are not meant as a substitute for the related financial information prepared in accordance with GAAP. These limitations include the following:

- share-based compensation expense has been, and will continue to be for the foreseeable future, a significant recurring expense in our business and an important part of our compensation strategy;
- the intangible assets being amortized may have to be replaced in the future, and the non-GAAP financial measures do not reflect cash capital expenditure requirements for such replacements or for new capital expenditures or other capital commitments; and
- non-GAAP measures do not reflect changes in, or cash requirements for, our working capital needs.

In addition to the limitations above, Adjusted EBITDA as a non-GAAP financial measure does not reflect the effect of depreciation and amortization expense and related cash capital requirements, income taxes that may represent a reduction in cash available to us, and the effect of foreign currency exchange gains or losses, which is included in other income and expense.

In view of the limitations associated with Adjusted EBITDA, we also present Adjusted Operating Income (Loss), which is a non-GAAP financial measure that excludes certain expenses that we believe are not reflective of our core operating performance, including amortization of intangible assets, bitcoin investment impairment losses (prior to the adoption of ASU 2023-08), acquisition-related accelerated share-based compensation expenses, acquisition-related and integration costs, contingencies, restructuring and other costs, and goodwill and intangible asset impairment charges. Adjusted Operating Income (Loss) does however include the effect of share-based compensation expense, which is a significant recurring expense in our business and an important part of our compensation strategy, as well as depreciation expense.

Other companies, including companies in our industry, may calculate the non-GAAP financial measures differently or not at all, which reduces their usefulness as comparative measures.

Because of these limitations, you should consider the non-GAAP financial measures alongside other financial performance measures, including net income (loss) and our other financial results presented in accordance with GAAP.

The following table presents a reconciliation of operating income (loss) to Adjusted Operating Income (Loss) for each of the periods indicated (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Operating income (loss)	\$ 892,327	\$ (278,839)	\$ (624,532)
Amortization of acquired technology assets	68,364	72,829	70,194
Acquisition-related and integration costs	49,019	11,422	105,518
Contingencies, restructuring and other charges	302,446	239,582	51,746
Restructuring share-based compensation expense	8,071	—	—
Goodwill and intangible asset impairment	133,854	132,313	—
Bitcoin impairment losses	—	—	46,571
Amortization of customer and other acquired intangible assets	154,709	174,044	138,758
Acquisition-related share based acceleration costs	—	—	66,337
Adjusted Operating Income (Loss)	<u>\$ 1,608,790</u>	<u>\$ 351,351</u>	<u>\$ (145,408)</u>

The following table presents a reconciliation of net income (loss) to Adjusted EBITDA for each of the periods indicated (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Net income (loss) attributable to common stockholders	\$ 2,897,047	\$ 9,772	\$ (540,747)
Net loss attributable to noncontrolling interests	(30,550)	(30,896)	(12,258)
Net income (loss)	2,866,497	(21,124)	(553,005)
Share-based compensation expense	1,264,486	1,276,097	1,069,289
Restructuring share-based compensation expense	8,071	—	—
Depreciation and amortization	376,127	408,560	340,523
Acquisition-related and integration costs	49,019	11,422	105,518
Contingencies, restructuring and other charges	302,446	239,582	51,746
Goodwill and intangible asset impairment	133,854	132,313	—
Interest expense (income), net	9,302	(47,221)	36,228
Remeasurement gain on bitcoin investment	(420,918)	(207,084)	—
Other expense (income), net	(53,211)	4,609	(95,443)
Bitcoin impairment losses	—	—	46,571
Benefit from income taxes	(1,509,343)	(8,019)	(12,312)
Loss on disposal of property and equipment	2,634	3,186	1,619
Acquired deferred revenue and cost adjustment	67	99	230
Adjusted EBITDA	<u>\$ 3,029,031</u>	<u>\$ 1,792,420</u>	<u>\$ 990,964</u>

The following table presents a reconciliation of net income (loss) to Adjusted Net Income (Loss) Per Share for each of the periods indicated (in thousands, except per share data):

	Year Ended December 31,		
	2024	2023	2022
Net income (loss) attributable to common stockholders	\$ 2,897,047	\$ 9,772	\$ (540,747)
Net loss attributable to noncontrolling interests	(30,550)	(30,896)	(12,258)
Net income (loss)	2,866,497	(21,124)	(553,005)
Share-based compensation expense	1,264,486	1,276,097	1,069,289
Restructuring share-based compensation expense	8,071	—	—
Acquisition-related and integration costs	49,019	11,422	105,518
Contingencies, restructuring and other charges	302,446	239,582	51,746
Goodwill and intangible asset impairment	133,854	132,313	—
Amortization of intangible assets	223,072	246,873	208,952
Amortization of debt discount and issuance costs	14,413	11,904	15,162
Loss (gain) on revaluation of equity investments	(32,245)	16,523	(73,457)
Remeasurement gain on bitcoin investment	(420,918)	(207,084)	—
Bitcoin impairment losses	—	—	46,571
Loss on disposal of property and equipment	2,634	3,186	1,619
Acquired deferred revenue and cost adjustment	67	99	230
Tax effect of one-time income tax benefits from deferred tax assets	(1,909,848)	—	—
Tax effect of non-GAAP net income adjustments	(360,782)	(582,703)	(264,523)
Adjusted Net Income - basic	\$ 2,140,766	\$ 1,127,088	\$ 608,102
Cash interest expense on convertible notes	2,711	3,554	5,014
Adjusted Net Income - diluted	\$ 2,143,477	\$ 1,130,642	\$ 613,116
Weighted-average shares used to compute Adjusted Net Income Per Share:			
Basic	616,993	608,856	578,949
Diluted	636,390	628,320	615,034
Adjusted Net Income Per Share:			
Basic	\$ 3.47	\$ 1.85	\$ 1.05
Diluted	\$ 3.37	\$ 1.80	\$ 1.00

Diluted Adjusted Net Income Per Share is computed by dividing Adjusted Net Income by the weighted-average number of shares of common stock outstanding adjusted for the dilutive effect of all potential shares of common stock. In periods when we reported an Adjusted Net Loss, diluted Adjusted Net Income Per Share is the same as basic Adjusted Net Income Per Share because the effects of potentially dilutive items were anti-dilutive.

The following table presents a reconciliation of the tax effect of non-GAAP net income adjustments to our provision for (benefit from) income taxes (in thousands, except effective tax rate):

	Year Ended December 31,		
	2024	2023	2022
Benefit from income taxes, as reported	\$(1,509,343)	\$ (8,019)	\$ (12,312)
Tax effect of one-time income tax benefits from deferred tax assets	1,909,848	—	—
Tax effect of other non-GAAP net income adjustments	360,782	582,703	264,523
Adjusted provision for income taxes, non-GAAP	<u>\$ 761,287</u>	<u>\$ 574,684</u>	<u>\$ 252,211</u>
Non-GAAP effective tax rate	26%	34%	29%

We determined the adjusted provision for income taxes by calculating the estimated annual effective tax rate based on our adjusted provision for income taxes, non-GAAP and applying it to Adjusted Net Income before income taxes.

Liquidity and Capital Resources

As of December 31, 2024, we had approximately \$10.7 billion in available liquidity, with \$9.9 billion in cash, cash equivalents, restricted cash, and investments in marketable debt securities, which includes net proceeds of approximately \$2.0 billion from the issuance of our 2032 Senior Notes in the second quarter of 2024, as well as an undrawn amount of \$775.0 million available under our revolving credit facility subject to compliance with the terms of the credit facility, including our covenants. Additionally, we had \$253.9 million available to be withdrawn under our warehouse funding facilities. Refer to Note 14, *Indebtedness* within Notes to the Consolidated Financial Statements for more details. We intend to continue focusing on our long-term business initiatives and believe that our available funds are sufficient to meet our liquidity needs for the foreseeable future, including our share repurchase program. As of December 31, 2024, we were in compliance with all financial covenants associated with our revolving credit facility and senior notes. None of our warehouse funding facilities contain financial covenants.

The following table summarizes our available liquidity (in thousands):

	December 31, 2024	December 31, 2023
Cash and cash equivalents	\$ 8,075,247	\$ 4,996,465
Short-term restricted cash ⁽ⁱ⁾	902,478	770,380
Long-term restricted cash	69,915	71,812
Investments in short-term debt securities	403,426	851,901
Investments in long-term debt securities	471,977	251,127
Revolving credit facility	775,000	775,000
Total liquidity	\$ 10,698,043	\$ 7,716,685

⁽ⁱ⁾ As of December 31, 2024, the Company has invested \$319.8 million of restricted cash into a money market fund. See Note 5, *Fair Value Measurements*.

Our principal sources of liquidity are our cash and cash equivalents, and investments in marketable debt securities. Customer funds cash and cash equivalents are excluded from our liquidity as these are funds we hold on behalf of customers that are separate from our corporate funds and are not available for corporate purposes. Investments in marketable debt securities were held primarily in certificates of deposits, money market funds, reverse repurchase agreements, U.S. government and agency securities, commercial paper, and corporate bonds. We consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Our investments in marketable debt securities are classified as available-for-sale.

As of December 31, 2024, we held approximately 8,485 bitcoins for investment purposes ("bitcoin investment") with a fair value of \$792.3 million based on observable market prices, which is included within "Other non-current assets" on the consolidated balance sheets. We believe cryptocurrency is an instrument of economic empowerment that aligns with our corporate purpose. We expect to hold these investments for the long term but will continue to reassess our bitcoin investment relative to our balance sheet. Bitcoin is considered an indefinite-lived intangible asset, and upon adoption of Accounting Standards Update No. 2023-08, *Accounting for and Disclosure of Crypto Assets*, effective January 1, 2023, our bitcoin investment is remeasured at fair value at each reporting date with changes recognized in net income through the consolidated statements of operations. We purchased approximately 447 bitcoins with a cost basis of \$31.5 million during the year ended December 31, 2024 for investment purposes. We did not sell any of our bitcoin investment during the year ended December 31, 2024 and 2023. We recognized gains of \$420.9 million and \$207.1 million from the remeasurement of our bitcoin investment during the year ended December 31, 2024 and 2023, respectively.

In September 2020, we announced our intent to invest \$100.0 million towards impact investments that further our purpose of economic empowerment. As of December 31, 2024, we have invested \$67.9 million in aggregate towards this initiative, of which \$23.6 million and \$12.3 million were invested in the years ended December 31, 2024 and 2023, respectively.

Our principal commitments consist of convertible notes, senior notes, our revolving credit facility, warehouse funding facilities, operating leases, capital leases, and purchase commitments. Refer to Note 14, *Indebtedness* and Note 19, *Commitments and Contingencies* within Notes to the Consolidated Financial Statements for more details on these commitments.

Senior Notes and Convertible Notes

As of December 31, 2024, we held \$6.2 billion in aggregate principal amount of debt, comprised of, \$1.0 billion in aggregate amount of convertible senior notes that mature on March 1, 2025 ("2025 Convertible Notes"), \$575.0 million in aggregate amount of convertible senior notes that mature on May 1, 2026 ("2026 Convertible Notes"), and \$575.0 million in aggregate amount of convertible senior notes that mature on November 1, 2027 ("2027 Convertible Notes," collectively referred to as the "Convertible Notes"), as well as an outstanding \$1.0 billion in aggregate principal amount of senior unsecured notes that mature on June 1, 2026 ("2026 Senior Notes"), \$1.0 billion in aggregate principal amount of senior unsecured notes that mature on June 1, 2031 ("2031 Senior Notes"), and \$2.0 billion in aggregate principal amount of senior unsecured notes that mature on May 15, 2032 ("2032 Senior Notes" and, together with the 2026 Senior Notes and 2031 Senior Notes, the "Senior Notes" and, together with the Convertible Notes, the "Notes"). Refer to Note 14, *Indebtedness* within Notes to the Consolidated Financial Statements for further details.

On May 25, 2018, the Company issued an aggregate principal amount of \$862.5 million of convertible senior notes ("2023 Convertible Notes"). On May 15, 2023, we paid \$461.8 million in cash to settle the outstanding principal balance and interest on the 2023 Convertible Notes upon maturity.

Revolving Credit Facility

We have entered into a revolving credit agreement with certain lenders, as subsequently amended, which provides a \$775.0 million senior unsecured revolving credit facility (the "2020 Credit Facility") maturing in June 2028. Refer to Note 14, *Indebtedness* within Notes to the Consolidated Financial Statements for further details.

Warehouse Funding Facilities

We have warehouse funding facilities ("Warehouse Facilities") with an aggregate commitment amount of \$1.7 billion on a revolving basis, of which \$1.5 billion was drawn as of December 31, 2024. The Warehouse Facilities have been arranged utilizing wholly-owned and consolidated entities (collectively, the "Warehouse Special Purpose Entities (SPEs)") formed for the sole purpose of financing the origination of consumer receivables to partly fund our BNPL platform. Borrowings under the Warehouse Facilities are secured against the respective consumer receivables. While the Warehouse SPEs are included in our consolidated financial statements, they are separate legal entities that maintain legal ownership of the receivables they hold. The assets of the Warehouse SPEs are not available to satisfy our claims or those of our creditors.

Cash, Restricted Cash, and Working Capital

We believe that our existing cash and cash equivalents, investment in marketable debt securities, and availability under our line of credit will be sufficient to meet our working capital needs, including any expenditures related to strategic transactions and investment commitments that we may from time to time enter into, and planned capital expenditures for at least the next 12 months. From time to time, we have raised capital by issuing equity, equity-linked, or debt securities such as our convertible notes and senior notes; and we may do so in the future, however, such funding may not be available on terms acceptable to us or at all.

During 2024, we received a non-investment grade rating by S&P Global Ratings (BB+), Fitch Ratings, Inc. (BB+), and Moody's Corporation (Ba2). We expect that these credit rating agencies will continue to monitor our performance, including our capital structure and results of operations. Our liquidity, access to capital, and borrowing costs could be adversely impacted by declines in our credit rating.

Short-term restricted cash of \$902.5 million as of December 31, 2024 primarily includes cash held by the Warehouse SPEs used in the Warehouse Facilities funding arrangements that will be used to pay the borrowings under the Warehouse Facilities or will be distributed to us. It also includes pledged cash deposits in accounts at the financial institutions that process our sellers' payment transactions and collateral pursuant to various agreements with banks relating to our products. We use restricted cash to secure letters of credit with the related financial institutions to provide collateral for cash flow timing differences in the processing of payments. We have recorded these amounts as current assets on our consolidated balance sheet given the short-term nature of these cash flow timing differences and that there is no minimum time frame during which the cash must remain restricted.

Long-term restricted cash of \$69.9 million as of December 31, 2024 is primarily related to cash held as collateral as required by the Federal Deposit Insurance Corporation ("FDIC") for Square Financial Services. We have recorded these amounts as non-current assets on our consolidated balance sheet as the requirement by the FDIC specifies a time frame of 12 months or longer during which the cash must remain restricted.

We experience significant day-to-day fluctuations in our cash and cash equivalents due to fluctuations in settlements receivable, and customers payable, and hence working capital. These fluctuations are primarily due to:

- *Timing of period end.* For periods that end on a weekend or a bank holiday, our cash and cash equivalents, settlements receivable, and customers payable balances typically will be higher than for periods ending on a weekday, as we settle to our sellers for payment processing activity on business days; and
- *Fluctuations in daily GPV.* When daily GPV increases, our cash and cash equivalents, settlements receivable, and customers payable amounts increase. Typically our settlements receivable and customers payable balances at period end represent one to four days of receivables and disbursements to be made in the subsequent period. Customers payable, excluding amounts attributable to Cash App stored funds, and settlements receivable balances typically move in tandem, as pay-out and pay-in largely occur on the same business day. However, customers payable balances will be greater in amount than settlements receivable balances due to the fact that a subset of funds are held due to unlinked bank accounts, risk holds, and chargebacks. Customer funds obligations, which may be impacted by the timing of period end, number of processors used and processing times, are included in customers payable and may also cause customers payable to trend differently than settlements receivable. Holidays and day-of-week may also cause significant volatility in daily GPV amounts.

Cash Flow Activities

The following table summarizes our cash flow activities (in thousands):

	Year Ended December 31,	
	2024	2023
Net cash provided by operating activities	\$ 1,707,350	\$ 100,961
Net cash provided by investing activities	649,952	683,201
Net cash provided by (used in) financing activities	1,952,662	(240,137)
Effect of foreign exchange rate on cash and cash equivalents	(88,539)	29,156
Net increase in cash, cash equivalents, restricted cash, and customer funds	<u>\$ 4,221,425</u>	<u>\$ 573,181</u>

Cash Flows from Operating Activities

For the year ended December 31, 2024, cash provided by operating activities was \$1.7 billion, primarily due to net income of \$2.9 billion, adjusted for non-cash expenses of \$2.6 billion consisting primarily of share-based compensation; transaction, loan, and consumer receivable losses; depreciation and amortization; goodwill and intangible asset impairments; and non-cash lease expense, each of which contributed positively to cash provided by operating activities. Additionally, there were net inflows related to changes in other assets and liabilities, including settlements receivable and customers payable, of \$207.3 million due to timing of period end. These were partially offset by a change in deferred income taxes of \$1.7 billion; amortization of discounts and premiums and other non-cash adjustments on consumer receivables of \$1.1 billion; net outflows from loan products of \$797.5 million; bitcoin remeasurement of \$420.9 million; and gains on the revaluation of certain equity investments of \$32.2 million.

For the year ended December 31, 2023, cash provided by operating activities was \$101.0 million, comprised of net loss of \$21.1 million, adjusted for non-cash expenses of \$2.6 billion, consisting primarily of share-based compensation; transaction, loan, and consumer receivable losses; depreciation and amortization; non-cash lease expense; and goodwill impairment, all of which contributed positively to operating activities. These were partially offset by the amortization of discounts and premiums and other non-cash adjustments of \$984.4 million; net outflows from loan products of \$553.6 million; bitcoin remeasurement of \$207.1 million; a change in deferred income taxes of \$85.9 million; as well as changes in other assets and liabilities, including settlements receivable and customers payable, of \$685.3 million due to timing of period end, including a \$350.0 million deposit held by a processor to meet requirements related to processing volumes.

Cash Flows from Investing Activities

For the year ended December 31, 2024, cash provided by investing activities was \$650.0 million, primarily due to a net inflow related to consumer receivables of \$604.0 million and net proceeds from investments of marketable securities of \$253.9 million. These were partially offset by the purchase of property and equipment of \$153.9 million and purchases of other investments of \$53.9 million.

For the year ended December 31, 2023, cash provided by investing activities was \$683.2 million, primarily due to the net proceeds from investments of marketable securities of \$600.3 million and a net inflow related to consumer receivables of \$272.9 million. These were partially offset by the purchase of property and equipment of \$151.2 million and purchases of other investments of \$38.8 million.

Cash Flows from Financing Activities

For the year ended December 31, 2024, cash provided by financing activities was \$2.0 billion, primarily due to approximately \$2.0 billion of net proceeds related to the issuance of the 2032 Senior Notes in the second quarter of 2024, a change in customer funds of \$1.0 billion, and proceeds from issuances of common stock from the exercise of options and purchases under our employee share purchase plan of \$154.8 million. These were partially offset by repurchases of common stock of \$1.2 billion, a net outflow from warehouse facilities borrowings of \$74.0 million, and a net outflow for other financing activities of \$18.5 million.

For the year ended December 31, 2023, cash used in financing activities was \$240.1 million, primarily as a result of a cash payment of \$461.8 million to settle the 2023 Convertible Notes in May 2023, stock repurchases of \$156.8 million, a net outflow for other financing activities of \$20.0 million, and the repayment and forgiveness of Paycheck Protection Program loans of \$16.8 million. These were partially offset by net proceeds from warehouse facilities borrowings of \$269.6 million and proceeds from issuances of common stock from the exercise of options and purchases under our employee share purchase plan of \$130.4 million.

Critical Accounting Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with GAAP. GAAP requires us to make certain estimates and judgments that affect the amounts reported in our financial statements. We base our estimates on historical experience, anticipated future trends, and other assumptions we believe to be reasonable under the circumstances. Because these accounting estimates require significant judgment, our actual results may differ materially from our estimates.

We believe accounting policies and the assumptions and estimates associated with the determination of valuation allowances for deferred taxes could potentially have a material effect on our consolidated financial statements, and therefore are critical accounting policies and estimates.

Deferred Tax Valuation Allowance

Deferred income tax assets represent amounts available to reduce income taxes payable on taxable income in future years. Such assets arise because of temporary differences between the financial reporting and tax bases of assets and liabilities, as well as from net operating loss, capital loss, and tax credit carryforwards. We evaluate the realizability of our deferred tax assets on a quarterly basis to determine whether a valuation allowance is necessary and reduce such assets to the amount that is more likely than not to be realized. This evaluation requires significant judgment and involves the consideration of all available positive and negative evidence, including our historical operating results, the existence of cumulative losses in recent years, ongoing prudent and feasible tax planning strategies, and projections of future taxable income.

In the fourth quarter of 2024, based on the relative weight of positive and negative evidence, including the amount of our taxable income in 2024, and consideration of our expected future taxable earnings, we concluded that it is more likely than not that a material portion of our U.S. federal and certain state deferred tax assets are realizable. Therefore, we released the valuation allowance associated with a material portion of our U.S. federal and certain states' deferred tax assets, resulting in a \$1.3 billion non-cash benefit to the provision for income taxes.

We have retained a full valuation allowance against California deferred tax assets which primarily consists of tax loss carryovers and tax credit carryovers. We do not have sufficient evidence of future income to realize the California deferred tax assets on a more likely than not basis.

Refer to Note 15, *Income Taxes* within the Notes to the Consolidated Financial Statements for further details.

Recent Accounting Pronouncements

See "Recent Accounting Pronouncements" described in Note 1, *Description of Business and Summary of Significant Accounting Policies* within Notes to the Consolidated Financial Statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have operations both within the United States and globally, and we are exposed to market risks in the ordinary course of our business, including the effects of interest rate changes and foreign currency fluctuations. Information relating to quantitative and qualitative disclosures about these market risks is described below.

Equity Price Risk

Marketable Equity Investments

Our marketable equity investments are investments held in publicly-traded companies and are measured using quoted prices in active markets which could result in volatility in our financial results in future periods. As of December 31, 2024, our marketable equity investments were immaterial. Adjustments are recorded in other (expense) income, net on the consolidated statements of operations and establish a new carrying value for the investment. A hypothetical 10% increase or decrease in the fair value of our marketable equity investments would not have a material effect on our financial results.

Non-Marketable Equity Investments

Our non-marketable equity investments are investments in privately-held companies that we hold for purposes other than trading. These investments are inherently risky because there is no established market for these securities and the markets for the technologies or products these companies are developing are typically in the early stages. As such, we could lose our entire investment in these companies. Adjustments are recorded in other expense (income), net on the consolidated statements of operations and establish a new carrying value for the investment. As of December 31, 2024, the aggregate carrying value of our non-marketable equity investments included in other non-current assets was \$245.6 million. A hypothetical 10% increase or decrease in the carrying value of our non-marketable equity investments would not have a material effect on our financial results.

Bitcoin Market Price Risk

Our bitcoin investment is measured using observed prices from active exchanges and adjustments are recorded in net income through “other expense (income), net” on the consolidated statements of operations. The bitcoin market price may fluctuate significantly and a decline in the market price of bitcoin could result in a material and adverse effect on our financial results in future periods. As of December 31, 2024, the fair value of our bitcoin investment included in other non-current assets was \$792.3 million, and for the year ended December 31, 2024 and 2023, we recognized a \$420.9 million and \$207.1 million gain, respectively, from the remeasurement of our bitcoin investment.

Interest Rate Sensitivity

Our cash and cash equivalents, and marketable debt securities as of December 31, 2024 were held primarily in certificates of deposits, money market funds, U.S. government and agency securities, commercial paper, and corporate bonds. The fair value of our cash, cash equivalents, and marketable debt securities would not be significantly affected by either an increase or decrease in interest rates due mainly to the short-term nature of a majority of these instruments. Additionally, we have the ability to hold these instruments until maturity if necessary to reduce our risk. Our Warehouse Facilities borrowings and any future borrowings incurred under the 2020 Credit Facility both accrue interest at variable rates based on formulas tied to certain market rates at the time of incurrence. A hypothetical 10% increase or decrease in interest rates would not have a material effect on our financial results.

Foreign Currency Risk

Our consolidated financial statements are presented in U.S. dollars. Most of our revenue is earned in U.S. dollars and, subsequent to the acquisition of Afterpay, a portion is earned in Australian Dollars. Our exposure to other foreign currencies would not have a material effect on our financial results. Our foreign operations are denominated in the currencies of the countries in which our operations are located, and may be subject to fluctuations due to changes in foreign currency exchange rates. Our results of operations and cash flows are, therefore, subject to fluctuations in foreign currency exchange rates and may cause us to recognize transaction gains and losses on our financial statements.

From time to time, we use foreign exchange derivative contracts to hedge a portion of our exposure to changes in currency exchange rates, which result from our global operating and financing activities. We do not use derivative financial instruments for trading or speculative purposes. Gains and losses from foreign currency transactions, as well as foreign exchange forward contracts, were not significant for any period presented in the consolidated financial statements included in this Annual Report on Form 10-K. We did not have any material gains and losses from foreign currency derivatives outstanding as of December 31, 2024. A hypothetical 10% increase or decrease in current exchange rates on our financial instruments would not have a material effect on our financial results.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

BLOCK, INC.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Block, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Block, Inc. (the Company) as of December 31, 2024 and 2023, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity and cash flows for each of the three years in the period ended December 31, 2024, 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 financial position of the Company at December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 24, 2025 expressed an unqualified opinion thereon.

Adoption of SAB 122

As discussed in Note 1 to the consolidated financial statements, the Company changed its method of accounting for obligations to safeguard crypto-assets held in custody on behalf of its users in 2024 due to the adoption of SAB 122.

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.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter 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.

Bitcoin Investment and Bitcoin Held for Other Parties

*Description of
the Matter*

As described in Notes 1, 12 and 13 to the consolidated financial statements, the Company holds bitcoin for long term investment purposes ("bitcoin investment"). The Company remeasures its bitcoin investment at fair value at the end of each reporting period and as of December 31, 2024, the fair value of the Company's bitcoin investment was \$792.3 million.

The Company also allows its Cash App customers to store bitcoin in the Company's digital wallets. No amounts are recognized on the consolidated balance sheets for bitcoin held for other parties. In the event such bitcoin was lost, the Company would be required to evaluate if a liability should be recorded under ASC 450, Contingencies. The Company has concluded that it has no probable liability for its custodial obligations to recognize as of December 31, 2024.

Bitcoin is generally accessible only by the possessor of the unique cryptographic (private) key relating to the public address on which the bitcoin is held. To the extent any of the private keys are lost or destroyed, the Company will be unable to access the bitcoin it controls on behalf of the Company and other parties, which can result in a loss in the consolidated financial statements.

We identified the evaluation of audit evidence pertaining to the existence of bitcoin and whether the Company controls the bitcoin as a critical audit matter. Subjective auditor judgment was involved in determining the nature and extent of audit effort required to obtain sufficient appropriate audit evidence to address the risks of material misstatement related to the Company's ability to access and control the bitcoin investment and bitcoin held for other parties. The nature and extent of audit effort required to address the matter includes significant involvement of more experienced engagement team members and assistance from subject matter experts.

*How We
Addressed the
Matter in Our
Audit*

We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls related to the ability to access and control the private keys to its wallets as well as management's controls related to reconciling its internal books and records to the public bitcoin blockchain.

Our audit procedures included utilizing our proprietary audit tool to independently obtain evidence from the public bitcoin blockchain to test the existence of bitcoin in the Company's custody on a sample basis, testing management's reconciliation of its internal books and records to the public bitcoin blockchain, and testing that management has control of the private keys required to access bitcoin in its wallets through observing the movement of a sample of bitcoin from the Company's wallets.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2019.

San Francisco, California

February 24, 2025

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Block, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Block, Inc.'s internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Block, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2024 and 2023, the related consolidated statements of operations, comprehensive income (loss), stockholders' equity and cash flows for each of the three years in the period ended December 31, 2024, and the related notes and our report dated February 24, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 (3) 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.

/s/ Ernst & Young LLP

San Francisco, California

February 24, 2025

BLOCK, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share data)

	December 31,	
	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,075,247	\$ 4,996,465
Investments in short-term debt securities	403,426	851,901
Settlements receivable	1,060,966	3,226,294
Customer funds	4,182,872	3,170,430
Consumer receivables, net	2,504,879	2,444,695
Loans held for sale	1,111,107	775,424
Other current assets	2,541,704	2,353,488
Total current assets	19,880,201	17,818,697
Property and equipment, net	314,432	296,056
Goodwill	11,417,422	11,919,720
Acquired intangible assets, net	1,433,067	1,761,521
Investments in long-term debt securities	471,977	251,127
Operating lease right-of-use assets	219,954	244,701
Deferred tax assets (Note 15)	1,800,994	9,397
Other non-current assets	1,239,548	730,089
Total assets	\$ 36,777,595	\$ 33,031,308
Liabilities and Stockholders' Equity		
Current liabilities:		
Customers payable	\$ 5,837,152	\$ 6,795,340
Accrued expenses and other current liabilities	1,525,149	1,334,669
Current portion of long-term debt (Note 14)	999,497	—
Warehouse funding facilities, current	185,000	753,035
Total current liabilities	8,546,798	8,883,044
Deferred tax liabilities	162,435	35,695
Warehouse funding facilities, non-current	1,296,680	854,882
Long-term debt (Note 14)	5,105,939	4,120,091
Operating lease liabilities, non-current	278,617	289,788
Other non-current liabilities	152,164	154,972
Total liabilities	15,542,633	14,338,472
Commitments and contingencies (Note 19)		
Stockholders' equity:		
Preferred stock, \$0.0000001 par value: 100,000 shares authorized at December 31, 2024 and December 31, 2023. None issued and outstanding at December 31, 2024 and December 31, 2023.	—	—
Class A common stock, \$0.0000001 par value: 1,000,000 shares authorized at December 31, 2024 and December 31, 2023; 559,606 and 555,306 issued and outstanding at December 31, 2024 and December 31, 2023, respectively.	—	—
Class B common stock, \$0.0000001 par value: 500,000 shares authorized at December 31, 2024 and December 31, 2023; 60,070 and 60,515 issued and outstanding at December 31, 2024 and December 31, 2023, respectively.	—	—
Additional paid-in capital	19,900,379	19,601,992
Accumulated other comprehensive loss	(1,001,065)	(378,307)
Retained earnings (accumulated deficit)	2,368,618	(528,429)
Total stockholders' equity attributable to common stockholders	21,267,932	18,695,256
Noncontrolling interests	(32,970)	(2,420)
Total stockholders' equity	21,234,962	18,692,836
Total liabilities and stockholders' equity	\$ 36,777,595	\$ 33,031,308

The accompanying Notes to the Consolidated Financial Statements are an integral part of this statement.

BLOCK, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Year Ended December 31,		
	2024	2023	2022
Revenue:			
Transaction-based revenue	\$ 6,613,680	\$ 6,315,301	\$ 5,701,540
Subscription and services-based revenue	7,164,799	5,944,842	4,552,773
Hardware revenue	143,369	157,178	164,418
Bitcoin revenue	10,199,205	9,498,302	7,112,856
Total net revenue	<u>24,121,053</u>	<u>21,915,623</u>	<u>17,531,587</u>
Cost of revenue:			
Transaction-based costs	3,881,013	3,702,016	3,364,028
Subscription and services-based costs	1,135,813	1,075,129	861,745
Hardware costs	236,441	267,650	286,995
Bitcoin costs	9,910,386	9,293,113	6,956,733
Amortization of acquired technology assets	68,364	72,829	70,194
Total cost of revenue	<u>15,232,017</u>	<u>14,410,737</u>	<u>11,539,695</u>
Gross profit	<u>8,889,036</u>	<u>7,504,886</u>	<u>5,991,892</u>
Operating expenses:			
Product development	2,914,415	2,720,819	2,135,612
Sales and marketing	1,984,265	2,019,009	2,057,951
General and administrative	2,149,099	2,209,190	1,686,849
Transaction, loan, and consumer receivable losses	794,221	660,663	550,683
Bitcoin impairment losses	—	—	46,571
Amortization of customer and other acquired intangible assets	154,709	174,044	138,758
Total operating expenses	<u>7,996,709</u>	<u>7,783,725</u>	<u>6,616,424</u>
Operating income (loss)	<u>892,327</u>	<u>(278,839)</u>	<u>(624,532)</u>
Interest expense (income), net	9,302	(47,221)	36,228
Remeasurement gain on bitcoin investment	(420,918)	(207,084)	—
Other expense (income), net	(53,211)	4,609	(95,443)
Income (loss) before income tax	<u>1,357,154</u>	<u>(29,143)</u>	<u>(565,317)</u>
Benefit from income taxes ⁽ⁱ⁾	(1,509,343)	(8,019)	(12,312)
Net income (loss)	<u>2,866,497</u>	<u>(21,124)</u>	<u>(553,005)</u>
Less: Net loss attributable to noncontrolling interests	(30,550)	(30,896)	(12,258)
Net income (loss) attributable to common stockholders	<u>\$ 2,897,047</u>	<u>\$ 9,772</u>	<u>\$ (540,747)</u>
Net income (loss) per share attributable to common stockholders:			
Basic	<u>\$ 4.70</u>	<u>\$ 0.02</u>	<u>\$ (0.93)</u>
Diluted	<u>\$ 4.56</u>	<u>\$ 0.02</u>	<u>\$ (0.93)</u>
Weighted-average shares used to compute net income (loss) per share attributable to common stockholders:			
Basic	<u>616,993</u>	<u>608,856</u>	<u>578,949</u>
Diluted	<u>636,390</u>	<u>614,024</u>	<u>578,949</u>

⁽ⁱ⁾ Includes one-time benefits from income taxes of \$1.9 billion in fiscal 2024 related to both the release of the Company's valuation allowance associated with certain federal and state deferred tax assets as well as the recognition of deferred tax assets as part of internal legal entity restructuring efforts. Refer to Note 15, *Income Taxes* within the Notes to the Consolidated Financial Statements for further details.

The accompanying Notes to the Consolidated Financial Statements are an integral part of this statement.

BLOCK, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)

	Year Ended December 31,		
	2024	2023	2022
Net income (loss)	\$ 2,866,497	\$ (21,124)	\$ (553,005)
Net foreign currency translation adjustments	(628,507)	104,728	(471,166)
Net unrealized gain (loss) on marketable debt securities, net of tax	5,749	40,055	(35,489)
Total comprehensive income (loss)	\$ 2,243,739	\$ 123,659	\$ (1,059,660)

The accompanying Notes to the Consolidated Financial Statements are an integral part of this statement.

BLOCK, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands, except for number of shares)

	Class A and B common stock Shares	Common stock and additional paid-in capital	Accumulated other comprehensive loss	Retained earnings (accumulated deficit)	Noncontrolling interests	Total stockholders' equity
Balance at December 31, 2021	464,944	\$ 3,317,255	\$ (16,435)	\$ (27,965)	\$ 40,734	\$ 3,313,589
Net loss	—	—	—	(540,747)	(12,258)	(553,005)
Shares issued in connection with employee stock plans	11,824	81,768	—	—	—	81,768
Issuance of common stock in connection with business combination	113,617	13,827,929	—	—	—	13,827,929
Change in other comprehensive loss	—	—	(506,655)	—	—	(506,655)
Share-based compensation	—	1,092,010	—	—	—	1,092,010
Tax withholding related to vesting of restricted stock units	(37)	(4,735)	—	—	—	(4,735)
Issuance of common stock in conjunction with the conversion of convertible notes	20	454	—	—	—	454
Exercise of bond hedges in conjunction with the conversion of convertible notes	(1,189)	—	—	—	—	—
Issuance of common stock in connection with the exercise of common stock warrants	10,881	—	—	—	—	—
Balance at December 31, 2022	600,060	\$ 18,314,681	\$ (523,090)	\$ (568,712)	\$ 28,476	\$ 17,251,355
Cumulative adjustment due to adoption of ASU 2023-08	—	—	—	30,511	—	30,511
Net income (loss)	—	—	—	9,772	(30,896)	(21,124)
Shares issued in connection with employee stock plans	18,055	130,433	—	—	—	130,433
Repurchases of common stock	(2,466)	(156,812)	—	—	—	(156,812)
Change in other comprehensive income	—	—	144,783	—	—	144,783
Share-based compensation	—	1,307,032	—	—	—	1,307,032
Issuance of common stock in connection with business combination	172	6,658	—	—	—	6,658
Balance at December 31, 2023	615,821	\$ 19,601,992	\$ (378,307)	\$ (528,429)	\$ (2,420)	\$ 18,692,836
Net income (loss)	—	—	—	2,897,047	(30,550)	2,866,497
Shares issued in connection with employee stock plans	20,799	154,779	—	—	—	154,779
Repurchases of common stock	(16,944)	(1,170,339)	—	—	—	(1,170,339)
Change in other comprehensive loss	—	—	(622,758)	—	—	(622,758)
Share-based compensation	—	1,313,947	—	—	—	1,313,947
Balance at December 31, 2024	619,676	\$ 19,900,379	\$ (1,001,065)	\$ 2,368,618	\$ (32,970)	\$ 21,234,962

The accompanying Notes to the Consolidated Financial Statements are an integral part of this statement.

BLOCK, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2024	2023	2022
Cash flows from operating activities:			
Net income (loss)	\$ 2,866,497	\$ (21,124)	\$ (553,005)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	376,127	408,560	340,523
Amortization of discounts and premiums and other non-cash adjustments	(1,099,024)	(984,442)	(592,489)
Non-cash lease expense	72,055	144,198	129,811
Share-based compensation	1,272,779	1,276,097	1,071,278
Loss (gain) on revaluation of equity investments	(32,245)	16,523	(73,457)
Remeasurement gain on bitcoin investment	(420,918)	(207,084)	—
Transaction, loan, and consumer receivable losses	794,221	660,663	550,683
Bitcoin impairment losses	—	—	46,571
Change in deferred income taxes	(1,665,812)	(85,879)	(69,593)
Goodwill and intangible asset impairment	133,853	132,313	—
Changes in operating assets and liabilities:			
Settlements receivable	1,947,849	(1,108,529)	(1,499,057)
Purchases and originations of loans	(15,210,746)	(8,586,293)	(6,114,847)
Proceeds from payments and forgiveness of loans	14,413,277	8,032,687	6,040,369
Customers payable	(1,853,872)	1,256,578	1,060,861
Settlements payable	(8,139)	(454,036)	207,894
Other assets and liabilities	121,448	(379,271)	(369,639)
Net cash provided by operating activities	<u>1,707,350</u>	<u>100,961</u>	<u>175,903</u>
Cash flows from investing activities:			
Purchases of marketable debt securities	(1,197,804)	(1,126,615)	(755,697)
Proceeds from maturities of marketable debt securities	1,005,580	1,387,830	999,569
Proceeds from sale of marketable debt securities	446,076	339,095	449,723
Proceeds from maturities of marketable debt securities from customer funds	—	—	73,000
Proceeds from sale of marketable debt securities from customer funds	—	—	316,576
Payments for originations of consumer receivables	(29,318,390)	(23,968,787)	(18,361,871)
Proceeds from principal repayments and sales of consumer receivables	29,922,371	24,241,651	18,192,470
Purchases of property and equipment	(153,947)	(151,151)	(170,815)
Purchases of other investments	(53,934)	(38,822)	(56,712)
Business combinations, net of cash acquired	—	—	539,453
Net cash provided by investing activities	<u>649,952</u>	<u>683,201</u>	<u>1,225,696</u>

The accompanying Notes to the Consolidated Financial Statements are an integral part of this statement.

BLOCK, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS - Continued
(In thousands)

	Year Ended December 31,		
	2024	2023	2022
Cash flows from financing activities:			
Proceeds from issuance of senior notes	2,000,000	—	—
Payments of debt issuance costs from issuance of senior notes	(26,619)	—	—
Repayments of Paycheck Protection Program Liquidity Facility advances	—	(16,840)	(480,694)
Payments to redeem convertible notes	—	(461,761)	(1,071,788)
Proceeds from warehouse facilities borrowings	1,255,745	1,387,662	1,620,805
Repayments of warehouse facilities borrowings	(1,329,729)	(1,118,083)	(391,463)
Proceeds from the exercise of stock options and purchases under the employee stock purchase plan	154,779	130,433	81,768
Payments for tax withholding related to vesting of restricted stock units	—	—	(4,735)
Net increase in interest-bearing deposits	74,856	25,135	82,049
Repurchases of common stock	(1,170,339)	(156,812)	—
Other financing activities	(18,473)	(19,977)	(87,692)
Change in customer funds, restricted from use in the Company's operations	1,012,442	(9,894)	349,330
Net cash provided by (used in) financing activities	<u>1,952,662</u>	<u>(240,137)</u>	<u>97,580</u>
Effect of foreign exchange rate on cash and cash equivalents	(88,539)	29,156	(38,363)
Net increase in cash, cash equivalents, restricted cash, and customer funds	4,221,425	573,181	1,460,816
Cash, cash equivalents, restricted cash, and customer funds, beginning of the period	<u>9,009,087</u>	<u>8,435,906</u>	<u>6,975,090</u>
Cash, cash equivalents, restricted cash, and customer funds, end of the period	<u>\$13,230,512</u>	<u>\$ 9,009,087</u>	<u>\$ 8,435,906</u>
Reconciliation of cash, cash equivalents, restricted cash, and customer funds:			
Cash and cash equivalents	\$ 8,075,247	\$ 4,996,465	\$ 4,544,202
Short-term restricted cash	902,478	770,380	639,780
Long-term restricted cash	69,915	71,812	71,600
Customer funds cash and cash equivalents	4,182,872	3,170,430	3,180,324
Total	<u>\$13,230,512</u>	<u>\$ 9,009,087</u>	<u>\$ 8,435,906</u>

The accompanying Notes to the Consolidated Financial Statements are an integral part of this statement.

BLOCK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business

Block, Inc. (together with its subsidiaries, "Block" or the "Company") creates tools that empower businesses, sellers, and individuals to participate in the economy. Block is comprised of two reportable segments, Square and Cash App. Square is a cohesive commerce ecosystem that helps sellers start, run, and grow their businesses, including enabling sellers to accept card payments, provide reporting and analytics, and facilitating next-day settlement. Square's point-of-sale software and other business services help sellers manage inventory, locations, and employees; access financial services; engage buyers; build a website or online store; and grow sales. Cash App is an ecosystem of financial products and services focused on helping consumers make their money go further by enabling customers to store, send, receive, spend, invest, buy now, pay later ("BNPL"), borrow, or save their money. Cash App seeks to redefine the world's relationship with money by making it more relatable, instantly available, and universally accessible.

Block was founded in 2009 and has offices globally. The Company does not designate a headquarters location as it adopted a distributed work model in 2021.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") and the applicable rules and regulations of the Securities and Exchange Commission ("SEC"). The consolidated financial statements include the financial statements of Block and its wholly-owned and majority-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation. Minority interests are recorded as a noncontrolling interest, which is reported as a component of stockholders' equity on the consolidated balance sheets.

Use of Estimates

The preparation of the Company's consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses, as well as related disclosure of contingent assets and liabilities. Actual results could differ from the Company's estimates. To the extent that there are material differences between these estimates and actual results, the Company's financial condition or operating results will be materially affected. The Company bases its estimates on current and past experience, to the extent that historical experience is predictive of future performance and other assumptions that the Company believes are reasonable under the circumstances. The Company evaluates these estimates on an ongoing basis.

Estimates, judgments, and assumptions in these consolidated financial statements include, but are not limited to, those related to accrued transaction losses, contingencies, including outcomes from claims and disputes, valuation of loans held for sale, valuation of goodwill and acquired intangible assets, determination of goodwill and intangible asset impairment charges, determination of allowance for loan loss reserves for loans held for investment, determination of allowance for credit losses for consumer receivables, allocation of acquired goodwill to reporting units, income and other taxes, operating and financing lease right-of-use assets and related liabilities, and share-based compensation.

The Company's estimates of valuation of loans held for sale and investment, allowance for credit losses associated with consumer receivables and loans held for investment, and accrued transaction losses are based on historical experience, adjusted for market data relevant to the current economic environment. The Company will continue to update its estimates as developments occur and additional information is obtained. Refer to Note 5, *Fair Value Measurements* for further details on amortized cost and fair value of the loans; Note 6, *Consumer Receivables, net* for further details on consumer receivables; and Note 11, *Other Consolidated Balance Sheet Components (Current)* for further details on transaction losses.

Concentration of Credit Risk

For the years ended December 31, 2024, 2023, and 2022, the Company had no customer that accounted for greater than 10% of total net revenue.

As of December 31, 2024, the Company had three third-party payment processors that represented approximately 42%, 17% and 13% of settlements receivable. As of December 31, 2023, the company had two third-party payment processors that represented approximately 46% and 35% of settlements receivable. In both years, all other third-party processors were insignificant. Certain of the Company's products are reliant on third-party service providers such as partner banks, card issuers, and payment service providers. The Company's relationships with third-party service providers may result in operational concentration risks for some of these products.

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, restricted cash, marketable debt securities, settlements receivable, customer funds, consumer receivables, loans held for sale, and loans held for investment. To mitigate the risk of concentration associated with cash and cash equivalents, as well as restricted cash, funds are held with creditworthy institutions and, at certain times, temporarily swept into insured programs overnight to reduce single firm concentration risk. Amounts on deposit may exceed federal deposit insurance limits. The associated risk of concentration for marketable debt securities is mitigated by holding a diversified portfolio of highly rated investments. Settlements receivable are amounts due from well-established payment processing companies and normally take one or two business days to settle which mitigates the associated risk of concentration. The associated risk of concentration for loans and consumer receivables is partially mitigated by credit evaluations that are performed prior to facilitating the offering of loans and receivables and ongoing performance monitoring of the Company's loan customers.

Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements reflect our accounts and operations and those of our subsidiaries in which we have a controlling financial interest. In accordance with the provisions of Accounting Standards Codification ("ASC") 810, *Consolidation* ("ASC 810"), there are two models for determining whether a subsidiary is to be consolidated. Under the voting interest model, we consolidate entities where we are deemed to have a controlling financial interest. We also consolidate any variable interest entity ("VIE") where we are deemed to be the primary beneficiary. The primary beneficiary is the party that has the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. As described in Note 14, *Indebtedness*, we have formed wholly owned Warehouse Special Purpose Entities ("SPEs"), which qualify as VIEs under ASC 810. We have determined that we are the primary beneficiary of all Warehouse SPEs, which we therefore consolidate. We evaluate our relationships with all the VIEs on an ongoing basis to determine if we continue to be the primary beneficiary. As of December 31, 2024 and 2023, the Company had \$402.9 million and \$406.6 million, respectively, in restricted cash related to VIE's. All intercompany transactions and balances have been eliminated upon consolidation.

Revenue Recognition

Revenue is recognized when control of the promised goods or services is transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

Transaction-based Revenue

The Company charges its sellers a transaction fee for managed payments solutions that is generally calculated as a percentage of the total transaction amount processed. The Company selectively offers custom pricing for certain large sellers. The Company collects the transaction amount from the seller's customer's bank, net of acquiring interchange and assessment fees, processing fees, and bank settlement fees paid to third-party payment processors and financial institutions. The Company retains its fees and remits the net amount to the sellers.

The Company acts as the merchant of record for its sellers and works directly with payment card networks and banks so that its sellers do not need to manage the complex systems, rules, and requirements of the payments industry. The Company satisfies its performance obligations and therefore recognizes the transaction fees as revenue upon authorization of a transaction by the seller's customer's bank.

Revenue is recognized net of refunds, which arise from reversals of transactions initiated by sellers.

The transaction fees collected from sellers are recognized as revenue on a gross basis as the Company is the principal in the delivery of the managed payments solutions to the sellers. The Company has concluded it is the principal because as the merchant of record, it controls the services before delivery to the seller, it is primarily responsible for the delivery of the services to its sellers, and it has discretion in setting prices charged to sellers. The Company also has the unilateral ability to accept or reject a transaction based on criteria established by the Company. As the merchant of record, Square is liable for the costs of processing the transactions for its sellers, and records such costs within cost of revenue.

The Company also charges certain Cash App customers making peer-to-peer transactions using business accounts, or funding transactions with a credit card, a transaction fee that is generally calculated as a percentage of the total transaction amount processed. The Company collects the transaction amount from the customer's Cash App account, net of incurring interchange and assessment fees, processing fees, and bank settlement fees paid to third-party payment processors and financial institutions. The Company retains its fees and remits the net amount to the customers.

Subscription and Services-based Revenue

Subscription and services-based revenue is primarily comprised of revenue the Company generates from Cash App Instant Deposit, Cash App Card, interest earned on customer funds, bitcoin withdrawal fees, Square Loans, Cash App Borrow, the Company's BNPL platform, TIDAL, and various other software as a service ("SaaS") products.

Instant Deposit is a functionality within the Cash App and the Company's managed payments solution that enables customers, including individuals and sellers, to instantly deposit funds into their bank accounts for a percentage-based fee of the amounts deposited.

The Cash App Card offers customers the ability to store funds in the Cash App and subsequently use these funds via a Visa prepaid card that is linked to the balance the customer stores in Cash App. The Company charges the customer a per transaction fee when they instantly deposit funds to their bank account or withdraw funds from an ATM. The Company also earns interchange fees when a Cash App Card is used to make a purchase. These transaction and interchange fees are treated as revenue when charged. While the Company is restricted from using the stored funds in the Company's operations, the Company may invest a portion of these funds in short-term marketable debt securities to generate interest income which is reported as revenue. Interest earned on customer funds related to Cash App Card was \$185.2 million and \$142.2 million for the years ended December 31, 2024 and December 31, 2023, respectively. Interest earned on customer funds was immaterial for the year ended December 31, 2022.

Bitcoin withdrawal is a functionality within the Cash App that enables customers to withdraw bitcoin stored on Cash App to a third party wallet. The Company charges customers a fee for the option of faster withdrawal speeds.

Square Loans facilitates loans to qualified Square sellers through the Company's subsidiary, Square Financial Services, Inc. ("Square Financial Services"), which is an industrial loan company. The loans are either repaid through withholding a percentage of the collections of the seller's receivables processed by the Company ("flex loans") or a specified monthly amount ("term loans"). The Company generally utilizes a pre-qualification process that includes an analysis of the aggregated data of the seller's business which includes, but is not limited to, the seller's historical processing volumes, transaction count, chargebacks, growth, and length of time as a Square customer. Generally, the loans have no stated coupon rate but the seller is charged a one-time origination fee based upon their risk rating, which is derived primarily from processing activity. For some of the loans, it is the Company's intent to sell all of its rights, title, and interest of these loans to third-party investors for an upfront fee when the loans are sold. The Company records the amounts advanced to the customers or the net amounts paid to purchase the loans as cost of the loans. Subsequently, the Company records a gain on sale of the loans to the third-party investors as revenue upon transfer of title. The Company is retained by the third-party investors to service the loans and earns a servicing fee for facilitating the repayment of these receivables through its managed payments solutions. The Company records servicing revenue as servicing is delivered. For the loans which are not immediately sold to third-party investors or for which the Company has the intent and ability to hold through maturity, interest and fees earned are recognized as revenue using the effective interest method.

Cash App Borrow, the first credit product for Cash App customers, allows customers to access short-term loans for a small fee. The loans are repaid at the end of the loan term and customers may elect to prepay all or a part of the outstanding balance. If the outstanding balance is not paid when due, late fees in the form of interest may be charged. The short-term loans are facilitated through a partnership with an industrial bank. The loans are originated by the bank partner, from whom the Company purchases the loans obtaining all rights, title, and interest. Net amounts paid to the bank are recorded as the cost of the loans purchased, and amounts collected in excess of the carrying value are recognized as revenue over the life of the loans. The loan fee and late fees are recorded within subscription and services-based revenue on the consolidated statement of operations.

Through the BNPL platform, consumers can pay for their purchases over time by splitting their purchase price into generally three or four installments, typically due in two-week increments, without paying fees (if payments are made on time). The Company generally pays the seller the full order value upfront, less taxes, if applicable, and a merchant fee, which consists of fixed and variable rates as contracted with the sellers. The Company also incurs other costs such as fees paid to third-party partners and processing fees to complete the consumer purchase transaction. The Company generally assumes non-repayment risk from the consumers. The Company initially recognizes a consumer receivable equal to net amounts paid to the seller plus any costs incurred to originate the consumer receivable. The Company recognizes the merchant fee less costs incurred to originate the consumer receivables as revenue using the effective interest method. This revenue is included within subscription and services-based revenue on the consolidated statement of operations. The effective interest rate is determined based on estimated future cash receipts over the expected life of the consumer receivable, having consideration for the historical repayment pattern of the consumer receivables on a portfolio basis. For the majority of the Company's BNPL products, consumers are not charged interest or fees, other than late fees which may be charged in certain regions by the Company as an incentive to encourage consumers to pay their outstanding balances as and when they fall due. The Company also offers the ability for consumers to pay for larger transaction sizes over a six- or twelve-month period using a monthly payment option, which includes no late fees and no compounding interest with a cap on total interest owed. The Company sells certain consumer receivables to a third party investor and records the gain or loss on sale as revenue within subscription and services-based revenue. Additionally, the Company is retained to service the consumer receivables and earns a servicing fee, which is recorded within subscription and services-based revenue as the services are delivered.

Through the BNPL platform, the Company also has an ads and affiliate program for its merchants. For affiliate relationships, the Company receives a commission when a consumer completes a purchase from within the BNPL platform, which is recognized as a fee earned in connection with the origination of a consumer receivable and recognized as revenue using the effective interest method. The Company may also receive digital advertising revenue on clicks, typically earned on a cost per click ("CPC") basis, to merchant sites from the BNPL platform, in addition to flat fees for premium ad placements. Revenue from CPC arrangements are generally recognized in the period the user click is delivered. This revenue is included within subscription and services-based revenue on the consolidated statement of operations.

TIDAL primarily generates revenue from subscriptions to its customers, and such subscriptions allow access to the song library, video library, and improved sound quality. Customers can subscribe to services directly from the TIDAL website or through the Apple store. With both offerings, the Company charges customers a monthly fee for those subscription services, which is recognized ratably as revenue as the service is provided.

SaaS represents software products and solutions that provide customers with access to various technologies for a fee which is recognized as revenue ratably as the service is provided. The Company's contracts with customers are generally for a term of one month and renew automatically each month. The Company invoices its customers monthly. The Company considers that it satisfies its performance obligations over time each month as it provides the SaaS services to customers and hence recognizes revenue ratably over the month.

Hardware Revenue

Hardware revenue includes revenue from sales of magstripe readers, contactless and chip readers, Square Stand, Square Register, Square Terminal, and third-party peripherals. Third-party peripherals include cash drawers, receipt printers, scales, and barcode scanners, all of which can be integrated with Square Stand, Square Register, or Square Terminal to provide a comprehensive point-of-sale solution. The Company generates revenue through the sale of hardware through e-commerce and through its retail distribution channels. The Company satisfies its performance obligation upon delivery of hardware to its customers which include end user customers, distributors, and retailers. The Company allows for customer returns which are accounted for as variable consideration. The Company estimates these amounts based on historical experience and reduces revenue recognized. The Company invoices end user customers upon delivery of the products to customers, and payments from such customers are due upon invoicing. Distributors and retailers have payment terms that range from 30 to 90 days after delivery.

Bitcoin Revenue

The Company offers its Cash App customers the ability to purchase bitcoin, a cryptocurrency denominated asset, from the Company. The Company satisfies its performance obligation and records revenue when bitcoin is transferred to the customer's account. The Company purchases bitcoin from private broker dealers or from Cash App customers and applies a marginal fee before selling it to its customers. The amounts received from customers and exchanges are recorded as revenue on a gross basis and the associated bitcoin cost as cost of revenues, as the Company is the principal in the bitcoin sale transaction. The Company has concluded it is the principal because it controls the bitcoin before delivery to the customers, it is primarily responsible for the delivery of the bitcoin to the customers, it is exposed to risks arising from fluctuations of the market price of bitcoin before delivery to customers, and has discretion in setting prices charged to customers.

Cost of Revenue

Transaction-based Costs

Transaction-based costs consist primarily of interchange and assessment fees, processing fees and bank settlement fees paid to third-party payment processors and financial institutions.

Subscription and Services-based Costs

Subscriptions and services-based costs consist primarily of processing and partnership fees related to Cash App including Instant Deposit, Cash App Card, as well as costs associated with the Company's BNPL platform, and TIDAL.

Hardware Costs

Hardware costs consist of all product costs associated with magstripe readers, contactless and chip readers, Square Stand, Square Register, Square Terminal, and third-party peripherals. Product costs include third-party manufacturing-related overhead and personnel-related costs, certain royalties, packaging, and fulfillment costs.

Bitcoin Costs

Bitcoin costs consist of the total amount the Company pays to purchase bitcoin that is sold to customers. These costs fluctuate in line with bitcoin revenue.

Amortization of Acquired Technology Assets

Amortization of acquired technology assets is primarily comprised of amortization related to the acquired technology assets from the acquisition of Afterpay.

Other Costs

Generally, other costs such as personnel-related costs, rent, and occupancy charges are not allocated to cost of revenues and are reflected in operating expenses and are not material.

Severance and Other Restructuring Expenses

The Company records severance-related expenses once they are both probable and estimable in accordance with the provisions of the applicable accounting guidance for severance provided under an ongoing benefit arrangement. One-time involuntary benefit arrangements and other costs are generally recognized in the period in which the liability is incurred. The Company recorded \$26.8 million and \$104.0 million of severance and other related expenses for the years ended December 31, 2024 and 2023, respectively, as part of product development, sales and marketing, and general and administrative within the Company's operating expenses. The Company also assesses its assets for impairment in connection with restructuring and other exit activities when the carrying amount of the related assets may not be fully recoverable, in accordance with the appropriate accounting guidance.

Sales and Marketing Expenses

Advertising costs are expensed as incurred and included in sales and marketing expenses on the consolidated statements of operations. Total advertising costs for the years ended December 31, 2024, 2023, and 2022 were \$338.1 million, \$360.1 million, and \$544.2 million, respectively. The Company also records services, incentives, and other costs to customers that are not directly related to a revenue generating transaction as sales and marketing expenses, as the Company considers these to be marketing costs to encourage the usage of Cash App. These expenses include, but are not limited to, Cash App peer-to-peer processing costs and related transaction losses, card issuance costs, customer referral bonuses, and promotional giveaways. These costs are expensed as incurred. The Company recorded \$889.9 million, \$898.3 million, and \$840.0 million, for the years ended December 31, 2024, 2023, and 2022, respectively, for such expenses.

Share-based Compensation

Share-based compensation expense relates to stock options, restricted stock units ("RSUs"), and purchases under the Company's 2015 Employee Stock Purchase Plan ("ESPP"), which is measured based on the grant-date fair value. The fair value of RSUs is determined by the closing price of the Company's common stock on each grant date. The fair value of stock options and ESPP shares granted to employees is estimated on the date of grant using the Black-Scholes-Merton option valuation model. This share-based compensation expense valuation model requires the Company to make assumptions and judgments regarding the variables used in the calculation. These variables include the expected term (weighted-average period of time that the options granted are expected to be outstanding), the expected volatility of the Company's stock, expected risk-free interest rate, and expected dividends. The Company uses the simplified calculation of expected term, defined as an average of the vesting term and the contractual term to maturity. Expected volatility is based on a weighted-average of the historical volatilities of the Company's common stock. The expected risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant for periods corresponding with the expected life of the option. Generally, share-based compensation expense is recorded on a straight-line basis over the requisite service period. RSUs typically vest over a term of four years. The Company accounts for forfeitures as they occur.

Interest Income and Expense

Interest income consists of interest income from the Company's investment in marketable debt securities and was \$156.2 million and \$126.6 million for the year ended December 31, 2024 and 2023, respectively. Interest income was immaterial for the year ended December 31, 2022. Interest expense consists primarily of the Company's long-term debt and was \$165.5 million for the year ended December 31, 2024. Interest expense was immaterial for the years ended December 31, 2023 and December 31, 2022.

Foreign Currency

The functional currency for most subsidiaries outside of the United States is the local currency. For purposes of the Company's consolidated financial statements, the assets and liabilities of these subsidiaries, including goodwill and acquired intangible assets, are translated into U.S. dollars using the exchange rates at the balance sheet dates. Gains and losses resulting from these translations are reported as a component of accumulated other comprehensive income (loss) on the consolidated statements of comprehensive income (loss). Revenue, expenses, and gains or losses are translated into U.S. dollars using average exchange rates for each period.

Gains and losses from the remeasurement of foreign currency transactions into the functional currency are recognized as a component of other income, net on the consolidated statements of operations.

Income and Other Taxes

The Company reports income taxes under the asset and liability approach. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, as well as net operating loss and tax credit carryforwards. Deferred tax amounts are determined by using the enacted tax rates expected to be in effect when the temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

A valuation allowance reduces the deferred tax assets to the amount that is more likely than not to be realized. The Company considers historical information, tax planning strategies, the expected timing of the reversal of existing temporary differences, and may rely on financial projections to support its position on the recoverability of deferred tax assets. The Company's judgment regarding future profitability contains significant assumptions and estimates of future operations. If such assumptions were to differ significantly from actual future results of operations, it may have a material impact on the Company's ability to realize its deferred tax assets. At the end of each period, the Company assesses the ability to realize the deferred tax assets. If it is more likely than not that the Company will not realize the deferred tax assets, then the Company establishes a valuation allowance for all or a portion of the deferred tax assets.

The Company recognizes the effect of uncertain income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that has a greater than 50% likelihood of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company records interest and penalties related to uncertain tax positions in the provision (benefit) for income tax expense on the consolidated statements of operations.

Cash and Cash Equivalents, Restricted Cash, and Customer Funds

Cash and Cash Equivalents

The Company considers all highly liquid investments, including money market funds, with an original maturity of three months or less when purchased to be cash equivalents.

Restricted Cash

The Company records restricted cash amounts as a current asset on the consolidated balance sheets if the restriction expires in less than 12 months, or as a non-current asset if the restriction is greater than 12 months. If there is no minimum time frame during which the cash must remain restricted, the nature of the transactions related to the restriction determine the classification.

The Company's short-term restricted cash was \$902.5 million and \$770.4 million as of December 31, 2024 and 2023, respectively. The majority of the balance as of December 31, 2024 was comprised of the wholly-owned consolidated entities used in the warehouse funding facility arrangements. This restricted cash will be used to pay the borrowings under the warehouse funding facilities or will be distributed to the Company. The Company's total restricted cash also includes pledged cash deposits in accounts at the financial institutions that process the Company's sellers' payment transactions and collateral pursuant to various agreements with banks relating to the Company's products. The Company uses restricted cash to secure letters of credit with the related financial institutions to provide collateral for cash flow timing differences in the processing of payments.

The Company's long-term restricted cash of \$69.9 million and \$71.8 million as of December 31, 2024 and December 31, 2023, respectively, is primarily related to cash held as collateral as required by the FDIC for Square Financial Services. The Company has recorded these amounts as non-current assets on the consolidated balance sheets as the requirement by the FDIC specifies a time frame of 12 months or longer during which the cash must remain restricted.

Customer Funds

Customer funds represent customers' stored balances that customers would later use to send money or make payments, or customers cash in transit. As discussed under section titled *Subscription and Services-based Revenue* accounting policy above, under the terms of service associated with these funds, the Company is restricted from using the funds in the Company's operations, but may invest these funds in short-term marketable debt securities to earn interest. Refer to Note 4, *Customer Funds* for more details.

Investments in Marketable Debt Securities

The Company's short-term and long-term investments include marketable debt securities such as government and agency securities, corporate bonds, commercial paper, and municipal securities. The Company determines the appropriate classification of its investments in marketable debt securities at the time of purchase and reevaluates such designation at each balance sheet date. The Company has classified and accounted for its marketable debt securities as available-for-sale and carries these investments at fair value, reporting the unrealized gains and losses, net of taxes, as a component of stockholders' equity. The U.S. government and U.S. agency securities are either explicitly or implicitly guaranteed by the U.S. government and are highly rated by major rating agencies. The corporate bonds are issued by highly rated entities. The foreign government securities are issued by highly rated international entities. The Company has the ability and intent to hold these investments with unrealized losses for a reasonable period of time, sufficient for the recovery of their amortized cost bases, which may be at maturity. The Company determines any realized gains or losses on the sale of marketable debt securities on a specific identification method, and records such gains and losses as a component of other expense (income), net on the consolidated statements of operations.

Investments in Equity Securities

The Company holds marketable and non-marketable equity investments. Marketable equity investments are measured using quoted prices in active markets with changes recorded in other expense (income), net on the consolidated statements of operations.

Non-marketable equity investments, which have no readily determinable fair values, are measured using the measurement alternative, which is defined as cost, less impairment, adjusted for observable price changes from orderly transactions for identical or similar investments of the same issuer. Adjustments are recorded in other income, net on the consolidated statements of operations. Non-marketable equity investments are valued using significant unobservable inputs or data in an inactive market and the valuation requires judgment due to the absence of market prices and inherent lack of liquidity. The carrying value for these investments is not adjusted if there are no observable transactions for identical or similar investments of the same issuer or if there are no identified events or changes in circumstances that may indicate impairment. The Company will adjust for changes resulting from observable price changes in orderly transactions for an identical or similar investment in the same issue. Valuations of non-marketable equity investments are inherently complex due to the lack of readily available market data. In addition, the determination of whether an orderly transaction is for an identical or similar investment requires significant management judgment, including understanding the differences in the rights and obligations of the investments and the extent to which those differences would affect the fair values of those investments.

The Company assesses the impairment of its non-marketable equity investments on a quarterly basis. The impairment analysis encompasses an assessment of the severity and duration of the impairment and a qualitative and quantitative analysis of other key factors including the investee's financial metrics, market acceptance of the investee's product or technology, other competitive products or technology in the market, general market conditions, and the rate at which the investee is using its cash. If the investment is considered to be impaired, the Company will record an impairment in other income, net on the consolidated statements of operations and establish a new carrying value for the investment.

Fair Value Measurements

The Company applies fair value accounting for assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value accounting establishes a three-level hierarchy priority for disclosure of assets and liabilities recorded at fair value. The ordering of priority reflects the degree to which objective prices in external active markets are available to measure fair value. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable.

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 Inputs: Other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

Customer Loans

Loan products consist primarily of flex loans, term loans and Cash App Borrow which are described in detail under the section titled *Subscription and Services-based Revenue* above.

The Company classifies customer loans as loans held for sale when the Company has the intent to sell all of its rights, title, and interest in these loans to third-party investors, and there is an available market for such loans. The Company classifies customer loans as loans held for investment when the Company has both the intent and ability to hold for the foreseeable future, or until maturity or payoff. The Company designates all its loans as held for sale upon origination, of which the majority are sold. Loans held by Square Financial Services that are not sold within one to two business days from origination are reclassified as held for investment, while all the other loans continue to be classified as held for sale. For the year ended December 31, 2024, \$903.8 million of total loan balances was reclassified from loans held for sale to loans held for investment. For the years ended December 31, 2024, 2023 and 2022, net gains on sales of loans were \$236.8 million, \$196.1 million, and \$164.3 million respectively. Since the loans are classified as held for sale at origination, all the cash flows associated with these loans are disclosed as a component of cash flows from operating activities.

Loans Held for Sale

Loans held for sale are recorded at the lower of amortized cost or fair value determined on an individual loan basis. To determine the fair value the Company utilizes discounted cash flow valuation modeling, taking into account the probability of default and estimated timing and amounts of periodic repayments. In estimating the expected timing and amounts of the future periodic repayments for the loans outstanding, the Company considered other relevant market data. The Company recognizes a charge within transaction, loan, and consumer receivable losses on the consolidated statement of operations whenever the amortized cost of a loan exceeds its fair value, with such charges being reversed for subsequent increases in fair value, but only to the extent that such reversals do not result in the amortized cost of a loan exceeding its fair value. Loans are charged-off in accordance with our charge-off policies. Square Loans that are 120 days or more past due, and Cash Borrow loans that are 90 days or more past due, are generally considered to be uncollectible and are charged off. Past due status is based on the contractual terms of the loans. A loan that is initially designated as held for sale may be reclassified to held for investment if and when the Company's intent for that loan changes.

Loans Held for Investment

Loans held for investment are recorded at amortized cost, less an allowance for potential uncollectible amounts. Amortized cost basis represents principal amounts outstanding, net of unearned income, unamortized deferred fees and costs on originated loans, premiums or discounts on purchased loans and charge-offs. The Company's intent and ability to designate loans as held for investment in the future may change based on changes in business strategies, the economic environment, and market conditions.

Allowance for loans losses

The Company calculates an allowance for losses on the loans held for investment portfolio in accordance with Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"). The Company assesses impairment of its financial instruments based on current estimates of expected credit losses over the contractual term of its loans held for investment portfolio as of each balance sheet date. The Company determines the allowance for loan losses using both quantitative and qualitative methods and considers all available information relevant to assessing collectability. This includes, but is not limited to, historical loss and recovery experience, recent and historical trends in delinquencies, past-due loans and charge-offs, borrower behavior and repayment speed, underwriting and collection management changes, changes in the legal and regulatory environment, changes in risk and underwriting standards, current and historical macroeconomic conditions such as changes in unemployment and GDP, and various other factors that may affect the sellers' ability to make future payments.

Consumer Receivables

The Company evaluates its consumer receivables as a single homogeneous portfolio as it is comprised of a single product type, point-of-sale unsecured installment loans. The Company classifies consumer receivables as held for investment when the Company has the intent and ability to hold these investments for the foreseeable future or until maturity or payoff. The Company classifies consumer receivables as held for sale when the Company has the intent to sell all of its rights, title, and interest in these receivables to third-party investors, and there is an available market for such receivables. For the year ended December 31, 2024, \$438.6 million of consumer receivables were reclassified from loans held for investment to loans held for sale and sold to third parties. Net losses on sales of consumer receivables were immaterial for the years ended December 31, 2024, 2023 and 2022. Consumer receivables are reported at amortized cost, which includes the cost to originate the consumer receivables, adjusted for unearned merchant fees, origination costs, charge-offs, and the allowance for credit losses. Refer to Note 6, *Consumer Receivables, net* for more information.

Allowance for Credit Losses Related to Consumer Receivables

The Company calculates an allowance for credit losses on the consumer receivables portfolio in accordance with ASU 2016-13. The guidance requires an entity to assess impairment of its financial instruments based on the entity's current estimates of expected credit losses over the contractual term of its loans held for investment portfolio as of each balance sheet date.

Allowance for credit losses related to consumer receivables represents management's estimate of the expected credit losses in the outstanding portfolio of consumer receivables, as of the balance sheet date. The Company determines the allowance for credit losses using both quantitative and qualitative methods that analyze portfolio performance, uses judgment regarding the quantitative components of the reserve, and considers all available information relevant to assessing collectibility. This includes, but is not limited to, historical loss and recovery experience, recent and historical trends in delinquencies, past-due receivables and charge-offs, consumer behavior and repayment speed, underwriting and collection management changes, changes in the legal and regulatory environment, changes in risk and underwriting standards, current and historical macroeconomic conditions such as changes in unemployment and GDP, and various other factors that may affect the consumers' ability to make future payments. When available information confirms that specific consumer receivables or portions thereof are uncollectible, identified amounts are charged off against the allowance for credit losses. Consumer receivables are charged off when management considers amounts to be uncollectible, which is generally determined by the number of days past due and is typically no later than 180 days past due.

Settlements Receivable

Settlements receivable represents amounts due from third-party payment processors for customer transactions. Settlements receivable are typically received or paid within one or two business days of the transaction date. Under the terms of arrangements, some of the processors may process both transaction receivables and payables. Additionally, the terms may allow processors the right of offset for the amounts due to and due from the Company. No valuation allowances have been established for settlements receivable, as funds are due from large, well-established financial institutions with no historical collections issue.

Inventory

Inventory consists of contactless and chip readers, chip card readers, Square Stand, Square Register, Square Terminal, and third-party peripherals, as well as component parts that are used to manufacture these products. Inventory is stated at the lower of cost (generally on a first-in, first-out basis) or net realizable value. Inventory that is obsolete or in excess of forecasted usage is written down to its net realizable value based on the estimated selling prices in the ordinary course of business. The Company's inventory is held at third-party warehouses and contract manufacturer premises.

Bitcoin

Company Owned Bitcoin

The Company holds bitcoin for long term investment purposes ("bitcoin investment") and also holds bitcoin for the facilitation of customer sales and purchases of bitcoin on Cash App ("bitcoin for operating purposes"). The Company accounts for its bitcoin as an indefinite-lived intangible asset in accordance with ASC 350, Intangibles—Goodwill and Other and has ownership of and control over its bitcoin.

The Company early adopted ASU No. 2023-08, *Accounting for and Disclosure of Crypto Assets* ("ASU 2023-08") in the fourth quarter of 2023 using a modified retrospective approach. ASU 2023-08 provides guidance on accounting and disclosure of crypto assets and requires an entity to (i) subsequently remeasure crypto assets at fair value at each measurement date with changes recognized in net income, (ii) present the changes in fair value separately from changes in the carrying amount of other intangible assets in the income statement, and (iii) present crypto assets measured at fair value separately from other intangible assets on the balance sheet. Prior to the adoption of ASU 2023-08, the Company's bitcoin investment was subject to impairment losses if the fair value decreased below the carrying value during the assessed period. Impairment losses on the Company's bitcoin investment could not be recovered for any subsequent increases in fair value until the asset was sold. Upon adoption of ASU 2023-08, the Company recognized a cumulative-effect adjustment increasing bitcoin value and retained earnings by \$30.5 million as of the beginning of fiscal year 2023.

The Company's bitcoin investment is initially recorded at cost, inclusive of transaction costs, and the Company uses the 'first-in, first-out' method to determine the cost basis. Subsequently, the Company remeasures its bitcoin investment at fair value at the end of each reporting period with changes recognized in net income through the Company's consolidated statements of operations. For the year ended December 31, 2024, the Company has purchased an approximate cumulative \$31.5 million in bitcoin for investment purposes. For the years ended December 31, 2024 and 2023, the Company recognized gains of \$420.9 million and \$207.1 million from the remeasurement of the Company's bitcoin investment.

The Company's bitcoin for operating purposes is initially recorded at cost, inclusive of transaction costs, and the Company uses 'first-in, first-out' as its method of determining the cost basis. Subsequent to purchase, any sales related to bitcoin occur at its current market price, plus a small margin. As such, any change in fair value of bitcoin purchased and sold for customer orders is captured within bitcoin revenue. Given the small amount of bitcoin for operating purposes held at any time, and that the bitcoin is held for a relatively short period of time, typically being purchased and sold within a day, the changes in fair value are not material to the Company.

Bitcoin trades in an active market which is not centrally managed or provided by one particular exchange. We determine the fair value of bitcoin at each period end in accordance with ASC 820, Fair Value Measurement, based on observed prices from active exchanges that the Company has determined are its principal market for bitcoin.

Refer to Note 12, *Other Consolidated Balance Sheet Components (Non-Current)* and Note 13, *Bitcoin*, for more information.

Bitcoin Held for Other Parties

The Company adopted the SEC's Staff Accounting Bulletin No. 121 ("SAB 121"), in June 2022. SAB 121 expressed the views of the SEC staff regarding the accounting for obligations to safeguard crypto-assets an entity holds for users of its crypto platform and requires entities that hold crypto-assets on behalf of platform users to recognize a liability to reflect the entity's obligation to safeguard the crypto-assets held for its platform users.

In January 2025, the SEC staff released Staff Accounting Bulletin No. 122 ("SAB 122"), which rescinded SAB 121. The Company early adopted SAB 122 as of December 31, 2024, resulting in the Company derecognizing the previously recognized safeguarding obligation liability related to bitcoin held for other parties and the corresponding safeguarding asset related to bitcoin held for other parties. Refer to the *Recent Accounting Pronouncements* section below for further information.

Property and Equipment

Property and equipment are recorded at historical cost less accumulated depreciation, which is computed on a straight-line basis over the asset's estimated useful life. The estimated useful lives of property and equipment are described below:

Property and Equipment	Useful Life
Capitalized software	18 months
Computer equipment, data center equipment, and computer software	Three years
Furniture and fixtures	Seven years
Leasehold improvements	Lesser of ten years or remaining lease term

Capitalized Software

The Company capitalizes certain costs incurred in developing internal-use software when capitalization requirements have been met. Costs prior to meeting the capitalization requirements are expensed as incurred. Capitalized costs are included in property and equipment, net, and amortized on a straight-lined basis over the estimated useful life of the software and included in product development costs on the consolidated statements of operations.

Leases

The Company leases office space and equipment under non-cancellable finance and operating leases with various expiration dates.

The Company determines whether an arrangement is a lease for accounting purposes at contract inception. Operating lease right-of-use (“ROU”) assets and operating lease liabilities are recognized at the present value of the future lease payments, generally for the base noncancellable lease term, at the lease commencement date for each lease. The interest rate used to determine the present value of the future lease payments is the Company's incremental borrowing rate because the interest rate implicit in most of the Company's leases is not readily determinable. The Company's incremental borrowing rate is estimated to approximate the interest rate that the Company would pay to borrow on a collateralized basis with similar terms and payments as the lease, and in economic environments where the leased asset is located. Operating lease ROU assets also include any prepaid lease payments and lease incentives. The Company's lease agreements generally contain lease and non-lease components. The Company applies the practical expedient to account for the lease and non-lease components as a single lease component for all leases, where applicable. Non-lease components primarily include payments for maintenance and utilities. The Company includes the fixed non-lease components in the determination of the ROU assets and operating lease liabilities. Variable lease payments that are not based on a rate or index are not included in the calculation of the ROU asset and lease liability, and they are recognized as lease expense in the period in which the obligation for those payments is incurred. Variable lease payments predominantly relate to variable operating expenses, taxes, parking, and electricity. The Company records the amortization of the ROU asset and the accretion of lease liability as a component of rent expense in the consolidated statements of operations.

The Company evaluates ROU assets related to leases for indicators of impairment whenever events or changes in circumstances indicate that the carrying amount of a ROU asset may not be recoverable. When a decision has been made to exit a lease prior to the contractual term or to sublease that space, the Company evaluates the asset for impairment and recognizes the associated impact to the ROU asset and related expense, if applicable. The evaluation is performed at the asset group level initially and when appropriate, at the lowest level of identifiable cash flows, which is at the individual lease level. Undiscounted cash flows expected to be generated by the related ROU assets are estimated over the ROU assets' useful lives. If the evaluation indicates that the carrying amount of the ROU assets may not be recoverable, any potential impairment is measured based upon the fair value of the related ROU asset or asset group as determined by appropriate valuation techniques. For the periods presented, the Company recorded no material impairment charges.

When lease agreements provide allowances for leasehold improvements, the Company assesses whether it is the owner of the leasehold improvements for accounting purposes. When the Company concludes that it is the owner, it capitalizes the leasehold improvement assets and recognizes the related depreciation expense on a straight-line basis over the lesser of the lease term or the estimated useful life of the asset. Additionally, the Company recognizes the amounts of allowances to be received from the lessor as a reduction of the lease liability and the associated ROU asset. When the Company concludes that it is not the owner, the payments that the Company makes towards the leasehold improvements are accounted as a component of the lease payments.

Business Combinations

The purchase price of an acquisition is allocated to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values at the acquisition dates. The excess of total consideration over the fair values of the assets acquired and the liabilities assumed is recorded as goodwill. During the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments would be recorded on the consolidated statements of operations.

Goodwill and Long-Lived Assets, including Acquired Intangible Assets

The Company evaluates the recoverability of property and equipment and finite-lived intangible assets for impairment whenever events or circumstances indicate that the carrying amounts of such assets may not be recoverable. Recoverability is measured by comparing the carrying amount of an asset or an asset group to estimated undiscounted future net cash flows expected to be generated. If the carrying amount of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying amount exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values, and third-party independent appraisals, as considered necessary. For the periods presented, the Company recorded no material impairment charges related to intangible assets.

The Company performs a goodwill impairment test annually on December 31 and more frequently if events and circumstances indicate that the asset might be impaired. An impairment loss is recognized to the extent that the carrying amount exceeds the reporting unit's fair value. The Company first assesses qualitative factors to determine whether events or circumstances indicate that it is more likely than not that the fair value of a reporting unit is less than its carrying amount and determine whether further action is needed. If, after assessing the totality of events or circumstances, the Company determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary.

Acquired intangible assets consist of acquired technology and customer relationships associated with various acquisitions. Acquired technology is amortized over its estimated useful life on a straight-line basis and included as a component of cost of revenue on the consolidated statements of operations. Acquired customer relationships and other intangible assets are amortized on a straight-line basis over their estimated useful lives, and included as a component of operating expenses on the consolidated statements of operations. The Company evaluates the remaining estimated useful life of its intangible assets being amortized on an ongoing basis to determine whether events and circumstances warrant a revision to the remaining period of amortization.

Customers Payable

Customers payable represents the transaction amounts, less revenue earned by the Company, owed to sellers or Cash App customers. The payable amount consists of amounts owed to customers due to timing differences as the Company typically settles within one business day, amounts held by the Company in accordance with its risk management policies, and amounts held for customers who have not yet linked a bank account. This balance also includes the Company's liability for customer funds held on deposit in the Cash App and balances related to Square Card.

Accrued Transaction Losses

The Company is exposed to potential credit losses related to transactions processed by sellers that are subsequently subject to chargebacks when the Company is unable to collect from the sellers primarily due to insolvency, disputes between a seller and their customer, or due to fraudulent transactions. Accrued transaction losses also include estimated losses on Cash App activity related to peer-to-peer payments sent from a credit card, Cash for Business, and Cash App Card. Generally, the Company estimates the potential loss rates based on historical experience that is continuously adjusted for new information and incorporates, where applicable, reasonable and supportable forecasts about future expectations. The Company also considers other relevant market data in developing such estimates and assumptions. Additions to the reserve are reflected in current operating results, while realized losses are offset against the reserve. These amounts are classified within transaction, loan, and consumer receivable losses on the consolidated statements of operations, except for the amounts associated with the peer-to-peer service offered to Cash App customers for free that are classified within sales and marketing expenses as the Company considers these to be marketing costs to encourage the usage of Cash App.

Share Repurchases

Share repurchases under the Company's share repurchase authorization may be made from time to time through open market purchases or through privately negotiated transactions subject to market conditions, applicable legal requirements and other relevant factors. The Company's policy is to deduct the par value from common stock and to reflect any excess of cost over par value as a deduction from additional paid-in capital.

Segments

The Company reports its segments to reflect the manner in which the Company's chief operating decision maker ("CODM") reviews and assesses performance. The Company's CODM is the Block Head and Chairperson. The Company has two reportable segments, Square and Cash App. Products and services that are not assigned to a specific reportable segment, including TIDAL and other emerging ecosystems, are aggregated and presented within a general corporate and other category. Square and Cash App are defined as follows:

- Cash App includes the financial tools available to individuals within the mobile Cash App, including peer-to-peer payments, bitcoin and stock investments. Cash App also includes Cash App Card, which is linked to customer stored balances that customers can use to pay for purchases or withdraw funds from an ATM. Cash App also includes the BNPL platform.
- Square includes managed payment services, software solutions, hardware, and financial services offered to sellers, excluding those that involve Cash App.

The primary financial measures used by the CODM to evaluate performance and allocate resources are revenue and gross profit. The CODM uses segment gross profit for each segment during the annual budgeting and forecasting process. Further, the CODM uses gross profit as the metric to guide the business trajectory and to consider the overall gross profit growth by segment on a quarterly basis, when making decisions about the allocation of operating and capital resources to each segment. The CODM does not evaluate performance or allocate resources based on segment asset data, and therefore such information is not included.

Recent Accounting Pronouncements

In June 2022, the Company adopted Staff Accounting Bulletin No. 121 ("SAB 121"), which required accounting for obligations to safeguard crypto-assets an entity holds for users of its crypto platform. The guidance required entities that hold crypto-assets on behalf of platform users to recognize a liability, and corresponding asset, to reflect the entity's obligation to safeguard the crypto-assets held for its platform users and measure at the fair value at each reporting date. Subsequently, in January 2025, the SEC staff released Staff Accounting Bulletin No. 122 ("SAB 122"), which rescinded SAB 121. SAB 122 allows entities to apply existing accounting principles to determine the appropriate accounting treatment for obligations related to the safeguarding of crypto-assets, considering the risks and uncertainties associated with those obligations. Existing requirements to provide disclosures that allow investors to understand an entity's obligation to safeguard crypto-assets held for others continue to apply. The Company early adopted SAB 122 as of December 31, 2024 and applied the guidance retrospectively, resulting in the reversal of \$1.0 billion of the Company's safeguarding liability and corresponding asset as of December 31, 2023. The adoption had no impact on previously reported consolidated statements of operations, statements of comprehensive income (loss), statements of stockholders' equity, or statements of cash flows.

In November 2023, the FASB issued ASU No. 2023-07, *Improvements to Reportable Segment Disclosures* ("ASU 2023-07"). The amendments expand segment disclosures by requiring disclosure of significant segment expenses that are regularly provided to the CODM, the amount and description of other segment items, permits companies to disclose more than one measure of segment profit or loss, and requires all annual segment disclosures to be included in the interim periods. The amendments do not change how an entity identifies its operating segments, aggregates those operating segments, or applies quantitative thresholds to determine its reportable segments. The Company adopted this guidance effective for the annual reporting period beginning January 1, 2024, and has applied the guidance retrospectively. The adoption of this guidance did not have a material impact on the Company's financial statements and related disclosures. Refer to Note 20, *Segment and Geographical Information* for further details.

Recently Issued Accounting Pronouncements Not Yet Adopted

In December 2023, the FASB issued ASU No. 2023-09, *Improvements to Income Tax Disclosures* ("ASU 2023-09"). The amendments expand income tax disclosure requirements by requiring an entity to disclose (i) specific categories in the rate reconciliation, (ii) additional information for reconciling items that meet a quantitative threshold, and (iii) the amount of taxes paid disaggregated by jurisdiction. The amendments are effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The adoption of ASU 2023-09 will impact the Company's disclosures only and the Company is evaluating the effect of adopting the new disclosure requirements.

In March 2024, the SEC adopted rules that require registrants to provide climate-related information in their registration statements and annual reports, such as disclosure of material climate-related risks, Board of Directors' oversight and risk management activities, material greenhouse gas emissions, and material climate-related targets and goals. The rules will also require registrants to quantify certain effects of severe weather events and other natural conditions in their audited financial statements. On April 4, 2024, the SEC voluntarily stayed the implementation of the rules pending the judicial review of challenges to the rules in the Eighth Circuit Court of Appeals. As proposed, the new rules would have been effective for fiscal years beginning in 2025, except for the greenhouse gas emissions disclosures, which would have been effective for fiscal years beginning in 2026. The Company is currently monitoring the development of whether and if these rules will become effective.

In November 2024, the FASB issued ASU No. 2024-03, *Disaggregation of Income Statement Expenses* ("ASU 2024-03"), and in January 2025, the FASB issued ASU No. 2025-01, *Clarifying the Effective Date* ("ASU 2025-01"). The amendments are intended to enhance disclosures regarding an entity's costs and expenses by requiring additional disaggregated information disclosures about certain income statement expense line items. The amendments, as clarified by ASU 2025-01, are effective for fiscal years beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The Company is evaluating the effect of adopting the new disclosure requirements.

NOTE 2 - REVENUE

The following table presents the Company's net revenue disaggregated by revenue source (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Revenue from contracts with customers:			
Transaction-based revenue	\$ 6,613,680	\$ 6,315,301	\$ 5,701,540
Subscription and services-based revenue	4,865,389	4,319,825	3,385,784
Hardware revenue	143,369	157,178	164,418
Bitcoin revenue	10,199,205	9,498,302	7,112,856
Revenue from other sources:			
Subscription and services-based revenue ⁽ⁱ⁾	2,299,410	1,625,017	1,166,989
Total net revenue	<u>\$ 24,121,053</u>	<u>\$ 21,915,623</u>	<u>\$ 17,531,587</u>

⁽ⁱ⁾ Subscription and services-based revenue from other sources relates to revenue generated from the Company's Square Loans, revenue generated from consumer receivables originated through our BNPL platform, interest income earned on customer funds, and interest income earned on funds held by Square Financial Services.

NOTE 3 - INVESTMENTS IN DEBT SECURITIES

The Company's short-term and long-term investments as of December 31, 2024 were as follows (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Short-term debt securities:				
U.S. agency securities	\$ 34,454	\$ 15	\$ (1)	\$ 34,468
Corporate bonds	160,238	248	(96)	160,390
Commercial paper	333	—	—	333
Municipal securities	398	1	—	399
Certificates of deposit	1,051	—	—	1,051
U.S. government securities	206,340	449	(4)	206,785
Total	<u>\$ 402,814</u>	<u>\$ 713</u>	<u>\$ (101)</u>	<u>\$ 403,426</u>
Long-term debt securities:				
U.S. agency securities	\$ 49,017	\$ 23	\$ (10)	\$ 49,030
Corporate bonds	195,035	693	(384)	195,344
Municipal securities	4,592	4	(251)	4,345
U.S. government securities	222,164	1,218	(124)	223,258
Total	<u>\$ 470,808</u>	<u>\$ 1,938</u>	<u>\$ (769)</u>	<u>\$ 471,977</u>

The Company's short-term and long-term investments as of December 31, 2023 are as follows (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Short-term debt securities:				
U.S. agency securities	\$ 68,778	\$ —	\$ (1,263)	\$ 67,515
Corporate bonds	216,864	96	(1,733)	215,227
Commercial paper	15,159	—	—	15,159
Municipal securities	9,396	—	(231)	9,165
Certificates of deposit	3,856	—	—	3,856
U.S. government securities	544,145	210	(4,357)	539,998
Foreign government securities	1,000	—	(19)	981
Total	<u>\$ 859,198</u>	<u>\$ 306</u>	<u>\$ (7,603)</u>	<u>\$ 851,901</u>
Long-term debt securities:				
Corporate bonds	\$ 94,564	\$ 809	\$ (45)	\$ 95,328
Municipal securities	2,495	55	(138)	2,412
U.S. government securities	152,549	875	(37)	153,387
Total	<u>\$ 249,608</u>	<u>\$ 1,739</u>	<u>\$ (220)</u>	<u>\$ 251,127</u>

The amortized cost of investments classified as cash equivalents approximated the fair value due to the short-term nature of the investments.

The Company's gross unrealized losses and fair values for those investments that were in an unrealized loss position as of December 31, 2024 and 2023, aggregated by investment category and the length of time that individual securities have been in a continuous loss position were as follows (in thousands):

	December 31, 2024					
	Less than 12 months		Greater than 12 months		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Short-term debt securities:						
U.S. agency securities	\$ 18,954	\$ (1)	\$ —	\$ —	\$ 18,954	\$ (1)
Corporate bonds	50,905	(93)	1,995	(3)	52,900	(96)
U.S. government securities	—	—	3,994	(4)	3,994	(4)
Total	<u>\$ 69,859</u>	<u>\$ (94)</u>	<u>\$ 5,989</u>	<u>\$ (7)</u>	<u>\$ 75,848</u>	<u>\$ (101)</u>
Long-term debt securities:						
U.S. agency securities	\$ 9,990	\$ (10)	\$ —	\$ —	\$ 9,990	\$ (10)
Corporate bonds	80,550	(384)	—	—	80,550	(384)
Municipal securities	2,848	(128)	363	(123)	3,211	(251)
U.S. government securities	58,681	(124)	—	—	58,681	(124)
Total	<u>\$ 152,069</u>	<u>\$ (646)</u>	<u>\$ 363</u>	<u>\$ (123)</u>	<u>\$ 152,432</u>	<u>\$ (769)</u>
	December 31, 2023					
	Less than 12 months		Greater than 12 months		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Short-term debt securities:						
U.S. agency securities	\$ 9,770	\$ (10)	\$ 57,745	\$ (1,253)	\$ 67,515	\$ (1,263)
Corporate bonds	61,054	(60)	110,706	(1,673)	171,760	(1,733)
Municipal securities	—	—	9,165	(231)	9,165	(231)
U.S. government securities	80,724	(113)	207,183	(4,243)	287,907	(4,356)
Foreign government securities	—	—	981	(19)	981	(19)
Total	<u>\$ 151,548</u>	<u>\$ (183)</u>	<u>\$ 385,780</u>	<u>\$ (7,419)</u>	<u>\$ 537,328</u>	<u>\$ (7,602)</u>
Long-term debt securities:						
Corporate bonds	\$ 11,819	\$ (31)	\$ 2,274	\$ (14)	\$ 14,093	\$ (45)
Municipal securities	976	(24)	383	(112)	1,359	(136)
U.S. government securities	28,474	(37)	—	—	28,474	(37)
Total	<u>\$ 41,269</u>	<u>\$ (92)</u>	<u>\$ 2,657</u>	<u>\$ (126)</u>	<u>\$ 43,926</u>	<u>\$ (218)</u>

The Company does not intend to sell nor anticipate that it will be required to sell these securities before recovery of the amortized cost basis. Unrealized losses on available-for-sale debt securities were determined not to be related to credit related losses, therefore, an allowance for credit losses is not required.

The contractual maturities of the Company's short-term and long-term investments as of December 31, 2024 were as follows (in thousands):

	Amortized Cost	Fair Value
Due in one year or less	\$ 402,814	\$ 403,426
Due in one to five years	470,808	471,977
Total	\$ 873,622	\$ 875,403

NOTE 4 - CUSTOMER FUNDS

The following table presents the assets underlying customer funds (in thousands):

	December 31, 2024	December 31, 2023
Cash	\$ 3,195,253	\$ 2,137,634
Cash equivalents:		
Money market funds	4,645	4,042
Reverse repurchase agreement ⁽ⁱ⁾	982,974	1,028,754
Total customer funds	\$ 4,182,872	\$ 3,170,430

⁽ⁱ⁾ The Company has accounted for the reverse repurchase agreement with various third parties as an overnight lending arrangement, collateralized by the securities subject to the repurchase agreement. The Company classifies the amounts due from the counterparty as cash equivalents due to their short term nature.

The Company does not have any available-for-sale debt securities for which the Company has recorded credit related losses.

The amortized cost of investments classified as cash equivalents approximated the fair value due to the short-term nature of the investments.

NOTE 5 - FAIR VALUE MEASUREMENTS

The Company measures its cash equivalents, customer funds, short-term and long-term marketable debt securities, marketable equity investments, and bitcoin investment at fair value. The Company classifies these investments within Level 1 or Level 2 of the fair value hierarchy because the Company values these investments using quoted market prices or alternative pricing sources and models utilizing market observable inputs.

The Company's assets and liabilities that are measured at fair value on a recurring basis were classified as follows (in thousands):

	December 31, 2024			December 31, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Cash equivalents:						
Money market funds	\$ 857,196	\$ —	\$ —	\$ 960,705	\$ —	\$ —
U.S. government securities	26,951	—	—	29,788	—	—
Commercial paper	—	509	—	—	4,993	—
Corporate bonds	—	—	—	—	699	—
Restricted Cash:						
Money market funds	319,800	—	—	291,374	—	—
Customer funds:						
Money market funds	4,645	—	—	4,042	—	—
Reverse repurchase agreement	982,974	—	—	1,028,754	—	—
Short-term debt securities:						
U.S. government securities	206,785	—	—	539,998	—	—
Corporate bonds	—	160,390	—	—	215,227	—
U.S. agency securities	—	34,468	—	—	67,515	—
Commercial paper	—	333	—	—	15,159	—
Municipal securities	—	399	—	—	9,165	—
Certificates of deposit	—	1,051	—	—	3,856	—
Foreign government securities	—	—	—	—	981	—
Long-term debt securities:						
U.S. government securities	223,258	—	—	153,387	—	—
Corporate bonds	—	195,344	—	—	95,328	—
U.S. agency securities	—	49,030	—	—	—	—
Municipal securities	—	4,345	—	—	2,412	—
Other:						
Bitcoin investment ⁽ⁱ⁾	792,282	—	—	339,898	—	—
Investment in marketable equity securities	5,407	—	—	8,267	—	—
Total assets (liabilities) measured at fair value	<u>\$3,419,298</u>	<u>\$ 445,869</u>	<u>\$ —</u>	<u>\$3,356,213</u>	<u>\$ 415,335</u>	<u>\$ —</u>

⁽ⁱ⁾ The Company holds an immaterial amount of bitcoin for operating purposes and, given the bitcoin is held for a relatively short period of time, typically being purchased and sold within a day, the fair value approximates carrying value. Refer to Note 1, *Description of Business and Summary of Significant Accounting Policies* and Note 13, *Bitcoin* for more details.

The carrying amounts of certain financial instruments, including settlements receivable, consumer receivables, accounts payable, customers payable, accrued expenses, and settlements payable, approximate their fair values due to their short-term nature. The carrying amounts of the Company's warehouse funding facilities approximate their fair values.

The Company estimates the fair value of its convertible and senior notes based on their last actively traded prices (Level 1) or market observable inputs (Level 2). The estimated fair value and carrying value of the convertible and senior notes were as follows (in thousands):

	December 31, 2024		December 31, 2023	
	Carrying Value	Fair Value (Level 2)	Carrying Value	Fair Value (Level 2)
2026 Senior Notes	\$ 996,017	\$ 960,589	\$ 993,208	\$ 938,105
2031 Senior Notes	990,971	873,868	989,567	879,913
2032 Senior Notes	1,975,026	1,999,220	—	—
2025 Convertible Notes	999,497	991,941	996,437	979,776
2026 Convertible Notes	572,723	533,154	571,014	501,910
2027 Convertible Notes	571,202	497,517	569,865	468,475
Total	<u>\$ 6,105,436</u>	<u>\$ 5,856,289</u>	<u>\$ 4,120,091</u>	<u>\$ 3,768,179</u>

The estimated fair value and carrying value of loans held for sale and loans held for investment were as follows (in thousands):

	December 31, 2024		December 31, 2023	
	Carrying Value	Fair Value (Level 3)	Carrying Value	Fair Value (Level 3)
Loans held for sale	\$ 1,111,107	\$ 1,112,746	\$ 775,424	\$ 783,464
Loans held for investment	365,062	382,542	247,631	258,684
Total	<u>\$ 1,476,169</u>	<u>\$ 1,495,288</u>	<u>\$ 1,023,055</u>	<u>\$ 1,042,148</u>

For the years ended December 31, 2024, 2023, and 2022, the Company recorded incremental charges for the excess of amortized cost over the fair value of the loans of \$290.2 million, \$111.2 million, and \$78.0 million, respectively. To determine the fair value of the loans held for sale, the Company utilizes discounted cash flow valuation modeling, taking into account the probability of default and estimated timing and amounts of periodic repayments. In estimating the expected timing and amounts of the future periodic repayments for the loans outstanding, the Company considered other relevant market data in developing such estimates and assumptions. As of December 31, 2024, there were no material changes to the Company's estimates of fair value, and the Company will continue to evaluate facts and circumstances that could impact its estimates and affect its results of operations in future periods.

If applicable, the Company will recognize transfers into and out of levels within the fair value hierarchy at the end of the reporting period in which the actual event or change in circumstance occurs. During the years ended December 31, 2024, 2023, and 2022, the Company did not have any transfers in or out of Level 1, Level 2, or Level 3 assets or liabilities.

NOTE 6 - CONSUMER RECEIVABLES, NET

Consumer receivables represent amounts due from consumers for outstanding installment payments on orders processed on the Company's BNPL platform. Further discussed in Note 1, *Description of Business and Summary of Significant Accounting Policies*, consumer receivables are classified as held for investment. These receivables are typically interest free and are generally due within 14 to 56 days.

The Company closely monitors credit quality for consumer receivables to manage and evaluate its related exposure to credit risk. The criteria the Company monitors when assessing the credit quality and risk of its consumer receivables portfolio is primarily based on internal risk assessments, as they provide insight into customer risk profiles and are useful as indicators of potential future credit losses. Consumer receivables are internally rated as "Pass" or "Classified." Pass rated consumer receivables generally consist of consumer receivables that are current or up to 60 days past due. Classified consumer receivables are generally comprised of consumer receivables that are greater than 60 days past due and have a higher risk of default. Internal risk ratings are reviewed and, generally, updated at least once a year. As of December 31, 2024, the amortized cost of Pass rated consumer receivables was \$2.6 billion and the amount of Classified consumer receivables was \$110.2 million.

The following table presents an aging analysis of the amortized cost of consumer receivables by delinquency status (in thousands):

	December 31, 2024	December 31, 2023
Non-delinquent loans	\$ 2,227,348	\$ 2,074,532
1 - 60 days past due	369,173	453,412
61 - 90 days past due	29,334	26,798
90+ days past due	80,817	75,227
Total amortized cost	<u>\$ 2,706,672</u>	<u>\$ 2,629,969</u>

The amount listed as 1 - 60 days past due in the above table includes \$266.7 million and \$365.4 million of cash in transit as of December 31, 2024 and December 31, 2023, respectively, which reflects ongoing repayments from consumers that have been sent from consumers' bank accounts but have not yet been received at the Company's bank account as of the date of the financial statements.

Consumer receivables are charged off when they are over 180 days past due as the Company has no reasonable expectation of recovery. When consumer receivables are charged off, the Company recognizes the charge against the allowance for credit losses. While the Company expects collections at that point to be unlikely, the Company may recover amounts from the respective consumers. Any subsequent recoveries following charge-off are credited to transaction, loan, and consumer receivable losses on the consolidated statements of operations in the period they were recovered. The amount of recoveries for the year ended December 31, 2024 and December 31, 2023 were immaterial.

The following table summarizes activity in the allowance for credit losses subsequent to the acquisition of Afterpay (in thousands):

	Year Ended December 31,	
	2024	2023
Allowance for credit losses, beginning of the period	\$ 185,275	\$ 151,290
Provision for credit losses	293,921	261,296
Charge-offs and other adjustments	(271,727)	(228,845)
Foreign exchange effect	(5,676)	1,534
Allowance for credit losses, end of the period	<u>\$ 201,793</u>	<u>\$ 185,275</u>

NOTE 7 - CUSTOMER LOANS

Loans Held for Investment

The Company originates loans in the U.S. through its wholly-owned subsidiary bank, Square Financial Services. The Company sells the majority of the loans to institutional investors with a portion retained on its balance sheet. Loans retained by the Company are classified as held for investment as the Company has both the intent and ability to hold them for the foreseeable future, until maturity, or until payoff. The Company's intent and ability in the future may change based on changes in business strategies, the economic environment, and market conditions. As of December 31, 2024 and 2023, the Company held \$365.1 million and \$247.6 million, respectively, as loans held for investment, net of allowance, included in other current assets on the consolidated balance sheets. Refer to Note 11, *Other Consolidated Balance Sheet Components (Current)* for more details.

Loans held for investment are recorded at amortized cost, less an allowance for potential uncollectible amounts. Amortized cost basis represents principal amounts outstanding, net of unearned income, unamortized deferred fees and costs on originated loans, premiums or discounts on purchased loans and charge-offs. The allowance for loan losses, amount of charge offs recorded, and amount of recoveries as of December 31, 2024 and December 31, 2023 were immaterial.

The Company considers loans that are greater than 60 days past due to be delinquent, and loans 90 days or more past due to be nonperforming. Loans that are 120 days or more past due are generally considered to be uncollectible and are written off. When a loan is identified as nonperforming, recognition of income is discontinued. Loans are restored to performing status after total overdue unpaid amounts are repaid and the Company has reasonable assurance that performance under the terms of the loan will continue. As of December 31, 2024 and December 31, 2023, the amount of loans that were identified as nonperforming loans was immaterial.

The Company closely monitors economic conditions and loan performance trends to assess and manage its exposure to credit risk. The criteria the Company monitors when assessing the credit quality and risk of its loan portfolio is primarily based on internal risk ratings, as they provide insight into borrower risk profiles and are useful as indicators of potential future credit losses. Loans are internally rated as "Pass" or "Classified". Pass rated loans generally consist of loans that are current or up to 60 days past due. Classified loans generally comprise of loans that are 60 days or greater past due and have a higher risk of default. Internal risk ratings are reviewed and, generally, updated at least once a year. As of December 31, 2024 and 2023, the amortized cost of Pass rated loans was \$385.2 million and \$261.4 million, respectively, and the amount of Classified loans was immaterial for both periods.

Loans Held For Sale

The Company classifies loans as held for sale when there is an available market for such loans and it is the Company's intent to sell all of its rights, title, and interest in these loans to third-party investors. Loans held for sale primarily include Square Loans and Cash App Borrow products. Square Loans are loans facilitated by Square Financial Services to qualified Square sellers, while Cash App Borrow is a credit product for consumers that allows customers to access short-term loans for a small fee. Loans held for sale are recorded at the lower of amortized cost or fair value. Square Loans that are 120 days or more past due, and Cash Borrow loans that are 90 days or more past due, are generally considered to be uncollectible and are written off. Past due status is based on the contractual terms of the loans.

The Company aggregates loans held for sale by the intended customer of the loan product. Commercial loans held for sale include Square Loans, Consumer loans held for sale include loans initiated through Cash App Borrow and consumer lending loans, and Other loans held for sale include loans outside of consumer and commercial loans.

The following table presents the Company's loans held for sale aggregated by category (in thousands):

	December 31, 2024	December 31, 2023
Consumer	\$ 652,489	\$ 274,630
Commercial	404,844	478,128
Other	53,774	22,666
Total	<u>\$ 1,111,107</u>	<u>\$ 775,424</u>

NOTE 8 - PROPERTY AND EQUIPMENT, NET

The following table details property and equipment, less accumulated depreciation and amortization (in thousands):

	December 31, 2024	December 31, 2023
Capitalized software	\$ 362,418	\$ 243,214
Computer equipment	254,742	224,127
Leasehold improvements	126,221	123,218
Office furniture and equipment	27,706	28,798
Total	<u>771,087</u>	<u>619,357</u>
Less: Accumulated depreciation and amortization	(456,655)	(323,301)
Property and equipment, net	<u>\$ 314,432</u>	<u>\$ 296,056</u>

Depreciation and amortization expense on property and equipment was \$153.1 million, \$172.8 million, and \$131.5 million for the years ended December 31, 2024, 2023, and 2022, respectively.

NOTE 9 - GOODWILL

Goodwill is recorded when the consideration paid for an acquisition of a business exceeds the fair value of identifiable net tangible and intangible assets acquired.

The change in the carrying value of goodwill was as follows (in thousands):

Balance at December 31, 2022	\$ 11,966,761
Acquisitions	7,921
Foreign currency translation adjustments	77,351
Impairment charge	(132,313)
Balance at December 31, 2023	<u>11,919,720</u>
Foreign currency translation adjustments	(428,790)
Impairment charge	(73,508)
Balance at December 31, 2024	<u>\$ 11,417,422</u>

As discussed further in Note 20, *Segment and Geographical Information*, the Company has two reportable segments, Square and Cash App. For purposes of completing its goodwill impairment tests, the Company performs either a qualitative or a quantitative analysis on a reporting unit basis. In the fourth quarter of 2024 and 2023, the Company performed quantitative goodwill impairment testing of its reporting units and recognized impairment charges of \$73.5 million and \$132.3 million, respectively, related to the TIDAL reporting unit. The impairment charges were as a result of changes in TIDAL's strategic focus, including terminations of certain revenue arrangements and investment into new product areas. These charges are included within general and administrative expenses in the Company's consolidated statements of operations. The fair value of the TIDAL reporting unit was estimated by evaluating the cost approach, based on the value of the reporting unit's net assets, and the income approach, which was based upon the present value of estimated future cash flows. The Company performed its annual goodwill impairment assessment as of December 31, 2024 and concluded no additional goodwill impairment should be recognized.

The change in the carrying value of goodwill allocated to the reportable segments was as follows (in thousands):

	Cash App	Square	Corporate and Other	Total
Balance at December 31, 2022	\$ 5,852,930	\$ 5,915,946	\$ 197,885	\$ 11,966,761
Acquisitions	—	—	7,921	7,921
Foreign currency translation adjustments	77,351	—	—	77,351
Reallocation between segments	720,847	(720,847)	—	—
Impairment charge	—	—	(132,313)	(132,313)
Balance at December 31, 2023	6,651,128	5,195,099	73,493	11,919,720
Foreign currency translation adjustments	(236,041)	(192,764)	15	(428,790)
Impairment charge	—	—	(73,508)	(73,508)
Balance at December 31, 2024	<u>\$ 6,415,087</u>	<u>\$ 5,002,335</u>	<u>\$ —</u>	<u>\$ 11,417,422</u>

NOTE 10 - ACQUIRED INTANGIBLE ASSETS

The following table details acquired intangible assets (in thousands):

	Balance at December 31, 2024			
	Weighted Average Estimated Useful Life	Cost	Accumulated Amortization	Net
Technology assets	5 years	\$ 353,791	\$ (241,110)	\$ 112,681
Customer assets	15 years	1,401,102	(332,153)	1,068,949
Trade names	9 years	383,838	(132,590)	251,248
Other	7 years	5,299	(5,110)	189
Total		<u>\$ 2,144,030</u>	<u>\$ (710,963)</u>	<u>\$ 1,433,067</u>

	Balance at December 31, 2023			
	Weighted Average Estimated Useful Life	Cost	Accumulated Amortization	Net
Technology assets	5 years	\$ 393,511	\$ (201,409)	\$ 192,102
Customer assets	14 years	1,473,970	(237,316)	1,236,654
Trade names	9 years	428,944	(102,774)	326,170
Other	9 years	13,299	(6,704)	6,595
Total		<u>\$ 2,309,724</u>	<u>\$ (548,203)</u>	<u>\$ 1,761,521</u>

All intangible assets are amortized over their estimated useful lives.

The change in the carrying value of intangible assets was as follows (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Acquired intangible assets, net, beginning of the period	\$ 1,761,521	\$ 2,014,034	\$ 257,049
Acquisitions	7,536	6,300	2,006,490
Amortization expense	(223,072)	(246,873)	(208,952)
Foreign currency translation and other adjustments	(112,918)	(11,940)	(40,553)
Acquired intangible assets, net, end of the period	<u>\$ 1,433,067</u>	<u>\$ 1,761,521</u>	<u>\$ 2,014,034</u>

The estimated future amortization expense of intangible assets as of December 31, 2024 is as follows (in thousands):

2025	\$ 190,611
2026	180,407
2027	136,843
2028	133,055
Thereafter	792,151
Total	<u>\$ 1,433,067</u>

NOTE 11 - OTHER CONSOLIDATED BALANCE SHEET COMPONENTS (CURRENT)

Other Current Assets

The following table presents the detail of other current assets (in thousands):

	December 31, 2024	December 31, 2023
Restricted cash ⁽ⁱ⁾	\$ 902,478	\$ 770,380
Processing costs receivable	478,767	365,153
Loans held for investment, net of allowance for loan losses ⁽ⁱⁱ⁾	365,062	247,631
Accounts receivable, net	148,898	134,824
Prepaid expenses	129,343	100,770
Inventory, net	104,990	110,097
Short term deposits ⁽ⁱⁱⁱ⁾	87,968	397,630
Other	324,198	227,003
Total	<u>\$ 2,541,704</u>	<u>\$ 2,353,488</u>

⁽ⁱ⁾ Includes a portion invested in money market funds. Refer to Note 5, *Fair Value Measurements* for further details.

⁽ⁱⁱ⁾ Refer to Note 7, *Customer Loans* for further details.

⁽ⁱⁱⁱ⁾ As of December 31, 2023, includes a \$350.0 million deposit held by a processor to meet requirements related to processing volumes under an arrangement that was executed in the fourth quarter of 2023. During the first quarter of 2024, this \$350.0 million deposit was returned to the Company. This activity is included within cash flows from operating activities within the Company's consolidated statements of cash flows.

Accrued Expenses and Other Current Liabilities

The following table presents the detail of accrued expenses and other current liabilities (in thousands):

	December 31, 2024	December 31, 2023
Accrued expenses	\$ 725,339	\$ 538,812
Customer deposits	241,884	167,028
Accounts payable	117,963	142,554
Accrued transaction losses ⁽ⁱ⁾	58,580	54,042
Accrued royalties	57,605	62,140
Operating lease liabilities, current	52,880	53,721
Other	270,898	316,372
Total	<u>\$ 1,525,149</u>	<u>\$ 1,334,669</u>

⁽ⁱ⁾ The Company is exposed to potential credit losses related to transactions processed by sellers that are subsequently subject to chargebacks when the Company is unable to collect from the sellers primarily due to insolvency. Generally, the Company estimates the potential loss rates based on historical experience that is continuously adjusted for new information and incorporates, where applicable, reasonable and supportable forecasts about future expectations.

The following table summarizes the activities of the Company's reserve for transaction losses (in thousands):

	Year Ended December 31,	
	2024	2023
Accrued transaction losses, beginning of the period	\$ 54,042	\$ 64,539
Provision for transaction losses	111,163	95,885
Charge-offs to accrued transaction losses	(106,625)	(106,382)
Accrued transaction losses, end of the period	<u>\$ 58,580</u>	<u>\$ 54,042</u>

In addition to amounts reflected in the table above, the Company recognized additional provision for transaction losses that was realized and written-off within the same period. Such losses are primarily related to Cash App transactions, such as peer-to-peer transactions and negative balances, that are uncertain in nature. The Company recorded \$274.8 million and \$405.6 million for the years ended December 31, 2024 and 2023, respectively, for such losses.

NOTE 12 - OTHER CONSOLIDATED BALANCE SHEET COMPONENTS (NON-CURRENT)

Other Non-Current Assets

The following table presents the detail of other non-current assets (in thousands):

	December 31, 2024	December 31, 2023
Bitcoin investment ⁽ⁱ⁾	\$ 792,282	\$ 339,898
Investment in non-marketable equity securities ⁽ⁱⁱ⁾	245,557	205,268
Restricted cash	69,915	71,812
Other	131,794	113,111
Total	\$ 1,239,548	\$ 730,089

⁽ⁱ⁾ Refer to Note 13, *Bitcoin* for further details.

⁽ⁱⁱ⁾ Investment in non-marketable equity securities represents the Company's investments in equity of non-public entities. These investments are measured using the measurement alternative and are therefore carried at cost, less impairment, adjusted for observable price changes from orderly transactions for identical or similar investments of the same issuer. Adjustments are recorded within other expense (income), net on the consolidated statements of operations.

The adjustments to the carrying value of the Company's non-marketable equity securities measured using the measurement alternative were as follows (in thousands):

	December 31, 2024	December 31, 2023
Carrying amount, beginning of period	\$ 205,268	\$ 208,880
Net additions	4,500	4,500
Gross unrealized gains	70,702	—
Gross unrealized losses and impairments	(34,913)	(8,112)
Carrying amount, end of period	\$ 245,557	\$ 205,268

The following table summarizes the cumulative net unrealized upward and downward adjustments related to the Company's non-marketable equity securities measured using the measurement alternative (in thousands):

	December 31, 2024	December 31, 2023
Upward adjustments	\$ 155,329	\$ 115,187
Downward adjustments (including impairment)	\$ (2,061)	\$ (2,707)

NOTE 13 - BITCOIN

A) Company Owned Bitcoin

Bitcoin investment

The Company's bitcoin investment, which is included within “Other non-current assets” on the consolidated balance sheets, is remeasured at fair value at the end of each reporting period. As of December 31, 2024 and 2023, the Company held approximately 8,485 and 8,038 bitcoins for investment purposes with a cost basis of \$251.5 million and \$220.0 million, respectively. The following table summarizes the changes in the Company’s bitcoin investment (in thousands, except number of bitcoin):

	Amount of bitcoin	Value
Balance at December 31, 2022	8,038	\$ 102,303
Cumulative effect of adoption of ASU 2023-08	—	30,511
Remeasurement	—	207,084
Balance at December 31, 2023	8,038	\$ 339,898
Additions	447	31,466
Remeasurement	—	420,918
Balance at December 31, 2024	8,485	\$ 792,282

Bitcoin for operating purposes

The Company holds a small amount of bitcoin for operating purposes, at any time, to facilitate the purchases and sales of bitcoin on behalf of Cash App customers. The bitcoin for operating purposes is reflected on the consolidated balance sheets within “Other current assets”. The following table summarizes the changes in the Company's bitcoin for operating purposes (in thousands, except number of bitcoin):

	Amount of bitcoin	Value
Balance at December 31, 2022	638	\$ 10,941
Additions	335,213	9,369,762
Dispositions	(335,467)	(9,364,010)
Balance at December 31, 2023	384	\$ 16,693
Additions	158,775	9,940,634
Dispositions	(159,001)	(9,941,995)
Balance at December 31, 2024	158	\$ 15,332

Given the Company holds a small amount of bitcoin for operating purposes and such bitcoin is held for only a short period, typically less than a day, any remeasurement gains or losses on the Company's bitcoin for operating purposes were immaterial.

B) Bitcoin Held for Other Parties

The Company allows its Cash App customers to store their bitcoin in the Company's digital wallets free of charge. The Company also holds an immaterial amount of bitcoin from select trading partners to facilitate bitcoin transactions for customers on Cash App. Other than bitcoin, the Company does not hold or store any other types of crypto-assets for customers or trading partners. The Company holds the cryptographic key information and maintains the internal recordkeeping of the bitcoin held for other parties. The Company's contractual arrangements state that its customers and trading partners retain legal ownership of the bitcoin; have the right to sell, pledge, or transfer the bitcoin; and also benefit from the rewards and bear the risks associated with the ownership, including as a result of any bitcoin price fluctuations. The customer also bears the risk of loss as a result of fraud or theft, unless the loss was caused by the Company's gross negligence or the Company's willful misconduct. The Company does not use any of the bitcoin custodied for customers or trading partners as collateral for any of the Company's loans or other financing arrangements; nor does it lend or pledge bitcoin held for others to any third parties. The Company occasionally engages third-party custodians to store and safeguard bitcoin on the Company's behalf. The Company has concluded, under ASC 450-20, *Loss Contingencies*, that it does not have a probable loss that would require it to recognize a custodial obligation as of December 31, 2024.

NOTE 14 - INDEBTEDNESS

A) Revolving Credit Facility

In May 2020, the Company entered into a revolving credit agreement (as amended, the "Credit Agreement") with certain lenders, which provides for a \$775.0 million senior unsecured revolving credit facility maturing on June 9, 2028. The Credit Agreement contains a financial covenant requiring the Company to maintain a minimum liquidity amount (consisting of the sum of Unrestricted Cash and Cash Equivalents plus Marketable Securities, each as defined in the Credit Agreement, plus undrawn available commitments under the Credit Agreement) of at least \$250.0 million, tested on the last day of each fiscal quarter. The Company is obligated to pay customary fees for a credit facility of this size and type including a commitment fee of 0.10% to 0.20% per annum on the undrawn portion of the revolving loan commitments available under the Credit Agreement. To date, no funds have been drawn and no letters of credit have been issued under the Credit Agreement. As of December 31, 2024, \$775.0 million remained available for draw subject to compliance with our covenants. The Company incurred immaterial unused commitment fees during the years ended December 31, 2024, 2023, and 2022. As of December 31, 2024, the Company was in compliance with all financial covenants under the Credit Agreement.

Loans under the Credit Agreement bear interest at the Company's option of (i) an annual rate based on the forward-looking term rate based on the Secured Overnight Financing Rate ("Term SOFR") or (ii) a base rate. Loans based on Term SOFR shall bear interest at a rate equal to Term SOFR plus a margin of between 1.25% and 1.75%, depending on the Company's total net leverage ratio. Loans based on the base rate shall bear interest at a rate based on the highest of the prime rate, the federal funds rate plus 0.50%, and Term SOFR with a tenor of one-month plus 1.00%, in each case, plus a margin ranging from 0.25% to 0.75%, depending on the Company's total net leverage ratio. The Credit Agreement also contains customary affirmative and negative covenants typical for a financing of this type that, among other things, restricts the Company and certain of its subsidiaries' ability to incur additional indebtedness, create liens, merge or consolidate or make certain dispositions, pay dividends and make distributions, enter into restrictive agreements, enter into agreements with affiliates, and make certain investments and acquisitions.

The Company also has uncommitted and unsecured lines of credit with certain third-party banks for short-term liquidity needs, subject to availability of funds, through Square Financial Services. There were no outstanding balances as of December 31, 2024 and 2023.

B) Warehouse Funding Facilities

Following the acquisition of Afterpay, the Company assumed Afterpay's existing warehouse funding facilities. The Company has financing arrangements with financial institutions in Australia, New Zealand, the United States, and the United Kingdom (collectively, the "Warehouse Facilities"). The Warehouse Facilities have been arranged utilizing wholly-owned and consolidated entities (collectively, the Warehouse Special Purpose Entities ("Warehouse SPEs")) formed for the sole purpose of financing the origination of consumer receivables to partly fund the Company's BNPL platform. Borrowings under the Warehouse Facilities are secured against the respective consumer receivables. While the Warehouse SPEs are included in our consolidated financial statements, they are separate legal entities that maintain legal ownership of the receivables they hold. The assets of the Warehouse SPEs are not available to satisfy our claims or those of our creditors.

These Warehouse Facilities have maturity dates through September 2027. As of December 31, 2024, the aggregate amount of the Warehouse Facilities, using the respective exchange rates at period-end, was \$1.7 billion on a revolving basis, of which \$1.5 billion was drawn and \$253.9 million remained available. All Warehouse Facilities contain portfolio parameters based on performance of the underlying consumer receivables, which each respective region has satisfied as of December 31, 2024. None of the Warehouse Facilities contain corporate financial covenants.

All Warehouse Facilities are on a variable rate basis which aligns closely to the weighted-average life of the consumer receivables they finance. Borrowings under these facilities bear interest at (i) a base rate aligned to either the local risk free rate, such as Term SOFR and the Sterling Overnight Index Average or similar, and (ii) a margin which is set for the term of the availability period. The interest expense incurred on the Company's Warehouse Facilities is included within general and administrative as part of the Company's operating expenses. Interest expense on the Company's Warehouse Facilities was \$72.0 million, \$65.9 million, and \$16.2 million for the years ended December 31, 2024, 2023, and 2022, respectively. In addition, each Warehouse Facility requires payment of immaterial commitment fees.

The table below summarizes the future scheduled principal payments of amounts drawn on the Company's Warehouse Facilities (in thousands):

	December 31, 2024
2025 ⁽ⁱ⁾	\$ 185,000
2026	533,609
2027	763,071
Total	<u>\$ 1,481,680</u>

⁽ⁱ⁾ Future scheduled principal payments in 2025 are disclosed as warehouse funding facilities, current portion within total current liabilities on the consolidated balance sheet.

C) Notes

Senior Unsecured Notes due in 2026 and 2031

On May 20, 2021, the Company issued \$2.0 billion in aggregate principal amount of senior unsecured notes comprised of \$1.0 billion in aggregate principal amount of senior unsecured notes due 2026 ("2026 Senior Notes") and \$1.0 billion in aggregate principal amount of senior unsecured notes due 2031 ("2031 Senior Notes"). The 2026 Senior Notes mature on June 1, 2026, unless earlier redeemed or repurchased, and bear interest at a rate of 2.75% payable semi-annually on June 1 and December 1 of each year. The 2031 Senior Notes mature on June 1, 2031, unless earlier redeemed or repurchased, and bear interest at a rate of 3.50% payable semi-annually on June 1 and December 1 of each year. The 2026 Senior Notes and 2031 Senior Notes are subject to optional redemption provisions. At any time prior to May 1, 2026, in the case of the 2026 Senior Notes, and March 1, 2031, in the case of the 2031 Senior Notes, the Company may redeem the applicable series in whole or part at a price equal to 100% of the principal amount of the notes to be redeemed plus an applicable premium and accrued and unpaid interest, if any, to but excluding the redemption date. The applicable premium for any note is the greater of: (i) 1.0% of the principal amount of such note, and (ii) the excess, if any, of (a) the present value at the redemption date of all scheduled payments of interest plus principal on such note (excluding accrued but unpaid interest, if any, to, but excluding, the redemption date) computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points, over (b) the principal amount of such note. At any time on or after May 1, 2026, in the case of the 2026 Senior Notes, and March 1, 2031, in the case of the 2031 Senior Notes, the Company may redeem the notes of the applicable series in whole or part at a price of 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest, if any, to but excluding the redemption date. If the Company experiences a change of control triggering event (as defined in the applicable indenture), the Company must offer to repurchase the 2026 Senior Notes or 2031 Senior Notes, as applicable, at a repurchase price equal to 101% of the principal amount of the applicable notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the applicable repurchase date. In the event of default, the trustee or holders of at least 25% in aggregate principal amount of the applicable series of outstanding Senior Notes under the applicable indenture may declare all of the notes of the applicable series to be due and immediately payable. If the event of default is the result of specified events of bankruptcy, insolvency or reorganization, all of the notes of the applicable series will become due without any declaration or action by the trustee or holders. If there is a default in the payment of interest, the Company shall pay the defaulted interest plus, to the extent lawful, interest payable on the defaulted interest at the rate provided in the applicable indenture.

Debt issuance costs related to the 2026 Senior Notes and 2031 Senior Notes were comprised of discounts and commissions payable to the initial purchasers of \$22.5 million and third party offering costs of \$5.7 million. Issuance costs are amortized to interest expense using the effective interest method at an effective interest rate of 3.06% and 3.69% for each of the respective terms of the 2026 Senior Notes and 2031 Senior Notes, respectively.

Senior Unsecured Notes due 2032

On May 9, 2024, the Company issued \$2.0 billion in aggregate principal amount of senior unsecured notes due 2032 ("2032 Senior Notes"). The 2032 Senior Notes mature on May 15, 2032, unless earlier redeemed or repurchased, and bear interest at a rate of 6.50% payable semi-annually on May 15 and November 15 of each year, commencing on November 15, 2024. At any time prior to May 15, 2027, the Company may redeem the 2032 Senior Notes, in whole or part, at a price equal to 100% of the principal amount of the 2032 Senior Notes to be redeemed plus an applicable premium and accrued and unpaid interest, if any, to but excluding the redemption date. The applicable premium for the 2032 Senior Notes is the greater of (1) 1.0% of the principal amount of such note, and (2) the excess, if any, of (a) the sum of the present values at the redemption date of (i) the applicable redemption price of such note that would apply if such note were redeemed on May 15, 2027 plus (ii) the remaining scheduled payments of interest due on such note to, and including, May 15, 2027 (excluding accrued but unpaid interest to the redemption date) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the treasury rate (as defined in the indenture governing the 2032 Senior Notes) plus 50 basis points, over (b) the principal amount of such note to be redeemed. On and after May 15, 2027, the Company may redeem the 2032 Senior Notes at specified prices as set forth in the indenture governing the 2032 Senior Notes plus accrued and unpaid interest, if any, to, but excluding, the redemption date. If the Company experiences a change of control triggering event (as defined in the indenture governing the 2032 Senior Notes), the Company must offer to repurchase the 2032 Senior Notes at a repurchase price equal to 101% of the principal amount of the applicable 2032 Senior Notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the applicable repurchase date. In the event of default, the trustee or holders of at least 25% in aggregate principal amount of the outstanding 2032 Senior Notes under the indenture governing the 2032 Senior Notes may declare all of the notes of the 2032 Senior Notes to be due and immediately payable. If the event of default is the result of specified events of bankruptcy, insolvency or reorganization, all of the 2032 Senior Notes will become due without any declaration or action by the trustee or holders. If there is a default in the payment of interest, the Company shall pay the defaulted interest plus, to the extent lawful, interest payable on the defaulted interest at the rate provided in the indenture governing the 2032 Senior Notes.

The indenture governing the 2032 Senior Notes contains covenants that, among other things, restrict the ability of the Company and/or its domestic restricted subsidiaries to create certain liens and certain indebtedness, enter into sale and leaseback transactions, or to transfer all or substantially all of the Company and its subsidiaries assets to another person. These covenants are subject to a number of other limitations and exceptions set forth in the indenture governing the 2032 Senior Notes.

The indenture governing the 2032 Senior Notes provides for customary events of default, including, but not limited to, failure to pay principal and interest, failure to comply with covenants, agreements or conditions, and certain events of bankruptcy or insolvency involving the Company and its significant subsidiaries. In the case of an event of default arising from specified events of bankruptcy or insolvency involving the Company, all outstanding 2032 Senior Notes will become due and payable immediately without further action or notice. If any other event of default under the indenture governing the 2032 Senior Notes occurs or is continuing, the trustee or holders of at least 25% in aggregate principal amount of the outstanding 2032 Senior Notes may declare all the 2032 Senior Notes to be due and payable immediately.

Debt issuance costs related to the 2032 Senior Notes were comprised of commissions payable to the initial purchasers of \$21.0 million and third party offering costs of \$5.6 million. Issuance costs are amortized to interest expense using the effective interest method at an effective interest rate of 6.7% for the term of the 2032 Senior Notes.

Convertible Notes due in 2026 and 2027

On November 13, 2020, the Company issued \$1.15 billion in aggregate principal amount of convertible senior notes comprised of \$575.0 million in aggregate principal amount of convertible senior notes due 2026 ("2026 Convertible Notes") and \$575.0 million in aggregate principal amount of convertible senior notes due 2027 ("2027 Convertible Notes"). The 2026 Convertible Notes mature on May 1, 2026, unless earlier converted or repurchased, and bear a zero rate of interest. The 2027 Convertible Notes mature on November 1, 2027, unless earlier converted or repurchased, and bear interest at a rate of 0.25% payable semi-annually on May 1 and November 1 of each year. Both the 2026 Convertible Notes and 2027 Convertible Notes are convertible at an initial conversion rate of 3.3430 shares of the Company's Class A common stock per \$1,000 principal amount, which is equivalent to an initial conversion price of approximately \$299.13 per share of Class A common stock. Holders may convert their relevant series of notes at any time prior to the close of business on the business day immediately preceding February 1, 2026 and August 1, 2027 for the 2026 Convertible Notes and 2027 Convertible Notes, respectively, only under the following circumstances: (i) 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 Class A common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on 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; (ii) during the five business day period after any five consecutive trading day period (the "measurement period") in which the trading price (as defined in the indenture governing the 2026 Convertible Notes and 2027 Convertible Notes) per \$1,000 principal amount of 2026 Convertible Notes and 2027 Convertible Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of the Company's Class A common stock and the conversion rate on each such trading day; (iii) if the Company calls any or all of the 2026 Convertible Notes and 2027 Convertible Notes for redemption, such relevant series of notes called for redemption may be converted at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date; or (iv) upon the occurrence of specified corporate events, including certain distributions, the occurrence of a fundamental change (as defined in the indenture governing the 2026 Convertible Notes and 2027 Convertible Notes) or a transaction resulting in the Company's Class A common stock converting into other securities or property or assets. In addition, upon occurrence of the specified corporate events prior to the maturity date, the Company would increase the conversion rate for a holder who elects to convert their relevant series of notes in connection with such an event in certain circumstances. On or after February 1, 2026 in the case of the 2026 Convertible Notes, and on or after August 1, 2027 in the case of the 2027 Convertible Notes, up until the close of business on the second scheduled trading day immediately preceding the maturity date, a holder of the relevant series of notes may convert all or any portion of its 2026 Convertible Notes or 2027 Convertible Notes regardless of the foregoing circumstances. Upon conversion, the Company will pay or deliver, as the case may be, cash, shares of its Class A common stock, or a combination of cash and shares of its Class A common stock, at the Company's election. On or after November 5, 2023 for the 2026 Convertible Notes, and on or after November 5, 2024 for the 2027 Convertible Notes, the Company may redeem all or a portion of each series of convertible notes for cash at its option, if the last reported sale price of the Company's Class A common stock has been at least 130% of the conversion price for the relevant series of notes 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 immediately preceding the date on which the Company provides notice of redemption at a redemption price equal to 100% of the principal amount of the 2026 Convertible Notes and 2027 Convertible Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date.

The circumstances to allow the holders to convert their 2026 Convertible Notes and 2027 Convertible Notes were not met during the year ended December 31, 2024. As of December 31, 2024, no principal had converted and the if-converted value did not exceed the outstanding principal amount of either the 2026 Convertible Notes or 2027 Convertible Notes.

Convertible Notes due in 2025

On March 5, 2020, the Company issued \$1.0 billion in aggregate principal amount of convertible senior notes ("2025 Convertible Notes"). The 2025 Convertible Notes mature on March 1, 2025, unless earlier converted or repurchased, and bear interest at a rate of 0.125% payable semi-annually on March 1 and September 1 of each year. The 2025 Convertible Notes are convertible at an initial conversion rate of 8.2641 shares of the Company's Class A common stock per \$1,000 principal amount of 2025 Convertible Notes, which is equivalent to an initial conversion price of approximately \$121.01 per share of Class A common stock. Holders may convert their 2025 Convertible Notes at any time prior to the close of business on the business day immediately preceding December 1, 2024 only under the following circumstances: (i) during any calendar quarter, commencing after the calendar quarter ending on June 30, 2020 (and only during such calendar quarter), if the last reported sale price of the Company's Class A common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on 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; (ii) during the five business day period after any five consecutive trading day period (the "measurement period") in which the trading price (as defined in the indenture governing the 2025 Convertible Notes) per \$1,000 principal amount of 2025 Convertible Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of the Company's Class A common stock and the conversion rate on each such trading day; (iii) if the Company calls any or all of the 2025 Convertible Notes for redemption, such 2025 Convertible Notes called for redemption may be converted at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date; or (iv) upon the occurrence of specified corporate events, including certain distributions, the occurrence of a fundamental change (as defined in the indenture governing the 2025 Convertible Notes) or a transaction resulting in the Company's Class A common stock converting into other securities or property or assets. In addition, upon occurrence of the specified corporate events prior to the maturity date, the Company would increase the conversion rate for a holder who elects to convert their 2025 Convertible Notes in connection with such an event in certain circumstances. On or after December 1, 2024, up until the close of business on the second scheduled trading day immediately preceding the maturity date, a holder may convert all or any portion of its 2025 Convertible Notes regardless of the foregoing circumstances. Upon conversion, the Company will pay or deliver, as the case may be, cash, shares of its Class A common stock, or a combination of cash and shares of its Class A common stock, at the Company's election. The Company may redeem for cash all or any part of the 2025 Convertible Notes, at its option, on or after March 5, 2023, if the last reported sale price of the Company's Class A common stock has been at least 130% of the conversion price for the 2025 Convertible Notes 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 immediately preceding the date on which the Company provides notice of redemption at a redemption price equal to 100% of the principal amount of the 2025 Convertible Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. The circumstances to allow the holders to convert their 2025 Convertible Notes were met in the first quarter of 2021 through the first quarter of 2022. The circumstances were not met in the subsequent periods through the year ended December 31, 2024. As of December 31, 2024, certain holders of the 2025 Convertible Notes converted an immaterial aggregate principal amount of their 2025 Convertible Notes. The Company has settled the conversions through the issuance of an immaterial amount of shares of the Company's Class A common stock. As of December 31, 2024, the if-converted value did not exceed the outstanding principal amount of the 2025 Convertible Notes.

The 2025 Convertible Notes, 2026 Convertible Notes, and 2027 Convertible Notes (collectively, the "Convertible Notes"), together with the 2026 Senior Notes, 2031 Senior Notes, and 2032 Senior Notes (collectively, the "Senior Notes") are collectively referred to as the "Notes."

The following table summarizes the Company's Notes as of December 31, 2024 (in thousands):

	Principal Outstanding	Unamortized Debt Issuance Costs	Net Carrying Value
2026 Senior Notes	\$ 1,000,000	\$ (3,983)	\$ 996,017
2031 Senior Notes	1,000,000	(9,029)	990,971
2032 Senior Notes	2,000,000	(24,974)	1,975,026
2025 Convertible Notes ⁽ⁱ⁾	1,000,000	(503)	999,497
2026 Convertible Notes	575,000	(2,277)	572,723
2027 Convertible Notes	575,000	(3,798)	571,202
Total	\$ 6,150,000	\$ (44,564)	\$ 6,105,436

⁽ⁱ⁾ Net carrying value disclosed as current portion of long-term debt within total current liabilities on the consolidated balance sheet.

The following table summarizes the Company's Notes as of December 31, 2023 (in thousands):

	Principal Outstanding	Unamortized Debt Issuance Costs	Net Carrying Value
2031 Senior Notes	\$ 1,000,000	\$ (10,433)	\$ 989,567
2026 Senior Notes	1,000,000	(6,792)	993,208
2027 Convertible Notes	575,000	(5,135)	569,865
2026 Convertible Notes	575,000	(3,986)	571,014
2025 Convertible Notes	1,000,000	(3,563)	996,437
Total	\$ 4,150,000	\$ (29,909)	\$ 4,120,091

The Company recognized interest expense on the Notes as follows (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Contractual interest expense	\$ 148,425	\$ 65,566	\$ 66,910
Amortization of debt issuance costs	11,964	10,538	10,979
Total	\$ 160,389	\$ 76,104	\$ 77,889

Convertible Note Hedge and Warrant Transactions

In connection with the offering of the 2027 Convertible Notes, the Company entered into convertible note hedge transactions ("2027 Convertible Note Hedges") with certain financial institution counterparties ("2027 Note Hedge Counterparties") whereby the Company has the option to purchase a total of approximately 1.9 million shares of its Class A common stock at a price of approximately \$299.13 per share. The total cost of the 2027 convertible note hedge transactions was \$104.3 million. In addition, the Company sold warrants ("2027 Warrants") to the 2027 Note Hedge Counterparties whereby the 2027 Note Hedge Counterparties have the option to purchase a total of 1.9 million shares of the Company's Class A common stock at a price of approximately \$414.18 per share for the 2027 Warrants. The Company received \$68.0 million in cash proceeds from the sale of the 2027 Warrants. Taken together, the purchase of the 2027 Convertible Note Hedges and sale of the 2027 Warrants are intended to reduce dilution from the conversion of the 2027 Convertible Notes and/or offset any cash payments the Company is required to make in excess of the principal amount of the converted 2027 Convertible Notes, as the case may be, and to effectively increase the overall conversion price from approximately \$299.13 per share to approximately \$414.18 per share for the 2027 Warrants. As these instruments are considered indexed to the Company's own stock and are considered equity classified, the 2027 Convertible Note Hedges and 2027 Warrants are recorded in stockholders' equity, are not accounted for as derivatives, and are not remeasured each reporting period. The net costs incurred in connection with the 2027 Convertible Note Hedges and 2027 warrant transactions were recorded as a reduction to additional paid-in capital on the consolidated balance sheets.

In connection with the offering of the 2026 Convertible Notes, the Company entered into convertible note hedge transactions ("2026 Convertible Note Hedges") with certain financial institution counterparties ("2026 Note Hedge Counterparties") whereby the Company has the option to purchase a total of approximately 1.9 million shares of its Class A common stock at a price of approximately \$299.13 per share. The total cost of the 2026 Convertible Note Hedges was \$84.6 million. In addition, the Company sold warrants ("2026 Warrants") to the 2026 Note Hedge Counterparties whereby the 2026 Note Hedge Counterparties have the option to purchase a total of 1.9 million shares of the Company's Class A common stock at a price of approximately \$368.16 per share for the 2026 Warrants. The Company received \$64.6 million in cash proceeds from the sale of the 2026 Warrants. Taken together, the purchase of the 2026 Convertible Note Hedges and sale of the 2026 Warrants are intended to reduce dilution from the conversion of the 2026 Convertible Notes and/or offset any cash payments the Company is required to make in excess of the principal amount of the converted 2026 Convertible Notes, as the case may be, and to effectively increase the overall conversion price from approximately \$299.13 per share to approximately \$368.16 per share for the 2026 Warrants. As these instruments are considered indexed to the Company's own stock and are considered equity classified, the 2026 Convertible Note Hedges and 2026 Warrants are recorded in stockholders' equity, are not accounted for as derivatives, and are not remeasured each reporting period. The net costs incurred in connection with the 2026 Convertible Note Hedges and 2026 Warrants were recorded as a reduction to additional paid-in capital on the consolidated balance sheets.

In connection with the offering of the 2025 Convertible Notes, the Company entered into convertible note hedge transactions ("2025 Convertible Note Hedges") with certain financial institution counterparties ("2025 Note Hedge Counterparties") whereby the Company has the option to purchase a total of approximately 8.3 million shares of its Class A common stock at a price of approximately \$121.01 per share. The total cost of the 2025 Convertible Note Hedges was \$149.2 million. In addition, the Company sold warrants ("2025 Warrants") to the 2025 Note Hedge Counterparties whereby the 2025 Note Hedge Counterparties have the option to purchase a total of 8.26 million shares of the Company's Class A common stock at a price of approximately \$161.34 per share. The Company received \$99.5 million in cash proceeds from the sale of the 2025 Warrants. Taken together, the purchase of the 2025 Convertible Note Hedges and sale of the 2025 Warrants are intended to reduce dilution from the conversion of the 2025 Convertible Notes and/or offset any cash payments the Company is required to make in excess of the principal amount of the converted 2025 Convertible Notes, as the case may be, and to effectively increase the overall conversion price from approximately \$121.01 per share to approximately \$161.34 per share. As these instruments are considered indexed to the Company's own stock and are considered equity classified, the 2025 Convertible Note Hedges and 2025 Warrants are recorded in stockholders' equity, are not accounted for as derivatives, and are not remeasured each reporting period. The net costs incurred in connection with the 2025 Convertible Note Hedges and 2025 Warrants were recorded as a reduction to additional paid-in capital on the consolidated balance sheets.

NOTE 15 - INCOME TAXES

The domestic and foreign components of income (loss) before income taxes were as follows (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Domestic	\$ 1,332,836	\$ (30,304)	\$ (347,968)
Foreign	24,318	1,161	(217,349)
Income (loss) before income taxes	<u>\$ 1,357,154</u>	<u>\$ (29,143)</u>	<u>\$ (565,317)</u>

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

	Year Ended December 31,		
	2024	2023	2022
Current:			
Federal	\$ 46,390	\$ 12,003	\$ 14,352
State	38,489	14,351	17,504
Foreign	71,590	51,506	25,425
Total current provision for income taxes	<u>156,469</u>	<u>77,860</u>	<u>57,281</u>
Deferred:			
Federal	(1,481,491)	(58,532)	(59,909)
State	(189,913)	(25,072)	(7,677)
Foreign	5,592	(2,275)	(2,007)
Total deferred benefit from income taxes	<u>(1,665,812)</u>	<u>(85,879)</u>	<u>(69,593)</u>
Total benefit from income taxes	<u>\$ (1,509,343)</u>	<u>\$ (8,019)</u>	<u>\$ (12,312)</u>

The following is a reconciliation of the statutory federal income tax rate to the Company's effective tax rate:

	December 31,		
	2024	2023	2022
Tax at federal statutory rate	21.0 %	21.0 %	21.0 %
State taxes, net of federal benefit	3.9	45.9	(1.1)
Foreign rate differential	1.4	(175.6)	(2.0)
Other non-deductible expenses	2.7	(21.7)	(1.2)
Credits	(4.8)	292.9	27.0
Other items	0.1	(2.2)	0.6
Change in valuation allowance	0.4	11.2	(46.7)
Share-based compensation	(2.7)	(16.1)	7.5
Change in uncertain tax positions	1.3	(27.4)	(1.5)
Income/loss inclusions of U.S. foreign subsidiaries	0.9	(216.5)	2.1
Non-deductible executive compensation	0.2	(9.2)	(0.3)
Non-deductible acquisition related costs	—	(15.0)	(3.0)
Foreign exchange gain/loss	0.1	174.1	(0.2)
Impairment loss	2.1	(60.8)	—
Return to provision adjustments	0.3	26.9	—
U.S. valuation allowance release	(96.3)	—	—
Internal Restructuring	(44.4)	—	—
Non-deductible penalties	2.6	—	—
Total	<u>(111.2)%</u>	<u>27.5 %</u>	<u>2.2 %</u>

The tax effects of temporary differences and related deferred tax assets and liabilities were as follows (in thousands):

	December 31,	
	2024	2023
Deferred tax assets:		
Capitalized costs & research and development capitalization	\$ 886,474	\$ 552,731
Accrued expenses	122,470	173,556
Net operating loss carryforwards	388,199	935,289
Tax credit carryforwards	485,266	529,314
Share-based compensation	34,979	45,153
Intangible and other assets	375,316	—
Other	105,976	61,489
Operating lease liability	81,885	85,154
Cryptocurrency investment	—	—
Deferred consideration	9,192	6,943
Convertible notes	18,339	33,952
Total deferred tax assets	<u>2,508,096</u>	<u>2,423,581</u>
Valuation allowance	<u>(646,223)</u>	<u>(2,001,438)</u>
Total deferred tax assets, net of valuation allowance	<u>1,861,873</u>	<u>422,143</u>
Deferred tax liabilities:		
Intangible and other assets	—	(332,512)
Unrealized gain on investments	(36,582)	(25,618)
Operating lease right-of-use asset	(52,849)	(60,600)
Cryptocurrency investment	<u>(133,883)</u>	<u>(29,711)</u>
Total deferred tax liabilities	<u>(223,314)</u>	<u>(448,441)</u>
Net deferred tax assets (liabilities)	<u>\$ 1,638,559</u>	<u>\$ (26,298)</u>
Reported on the consolidated balance sheets as (after valuation allowance and jurisdictional netting):		
Deferred tax assets	\$ 1,800,994	\$ 9,397
Deferred tax liabilities	<u>(162,435)</u>	<u>(35,695)</u>
Net deferred tax assets (liabilities)	<u>\$ 1,638,559</u>	<u>\$ (26,298)</u>

On December 31, 2024, the Company completed certain internal restructuring steps resulting in the internal transfer of rest of world intellectual property from certain international subsidiaries into the U.S. The result of the intellectual property integration is the generation of an Internal Revenue Code ("IRC") Section IRC 197 tax amortizable intangible for the Block, Inc. U.S. consolidated federal tax filing. The IRC 197 intangible is amortizable over 15 years and a deferred tax asset of \$376 million is recognized as of December 31, 2024. In addition, as part of the internal restructuring steps, the Company integrated into the Block, Inc. U.S. federal consolidated tax filing group several international subsidiaries: Clearpay S.A.U. (Spain), Clearpay Technology SL (Spain), Clearpay Finance Limited (UK), and Squareup Pte Ltd. (Singapore). The result of the integration is the generation of additional tax amortizable IRC 197 intangibles and IRC 174 tax amortization for the Block Inc. US consolidated federal tax filing, resulting in a deferred tax asset of \$226 million.

Realization of deferred tax assets is dependent upon the generation of future taxable income, the timing and amount of which are uncertain. The Company's deferred tax assets and liabilities are primarily related to U.S. operations. In 2024, the Company's U.S. consolidated group generated a current tax provision resulting from, among other factors, increased net earnings, the requirement to capitalize research and development expenses under Internal Revenue Code ("IRC") Section 174, and a decline in stock-based compensation deductions. The Company's U.S. consolidated group has significant deferred tax assets in the form of net operating loss carryovers, tax credit carryovers, capitalized costs resulting from the IRC Section 174 capitalization requirement, and other tax deductible temporary differences.

In the fourth quarter of 2024, based on the relative weight of positive and negative evidence, we concluded that it is more likely than not that a material portion of our U.S. federal and certain state deferred tax assets are realizable due to the following forms of positive evidence: our emergence into a three year cumulative income position, a history of U.S. federal and state taxable income on recent tax return filings, continued utilization and net reduction of federal and state tax attribute carryovers, reversal of deferred tax liabilities, and forecasts of worldwide and U.S. pre-tax earnings. Therefore, we released the valuation allowance associated with a significant portion of our U.S. federal and certain states' deferred tax assets, resulting in a \$1.3 billion non-cash benefit to the provision for income taxes. Additionally, the Company has maintained a valuation allowance on certain federal deferred tax assets in the form of loss carryovers that have federal limits or restrictions on utilization, foreign tax credit carryovers, and capital losses which do not have sufficient evidence of future income of the appropriate character to recognize. Further, the Company has maintained a full valuation allowance against its California deferred tax assets, which consist primarily of tax loss carryovers and tax credit carryovers. The Company does not have sufficient evidence of future income to realize the California deferred tax assets on a more likely than not basis.

The Company also has a history of tax losses in certain foreign jurisdictions, which it believes are not more likely than not to be realized as of December 31, 2024. Accordingly, the Company retained a full valuation allowance on its deferred tax assets in these jurisdictions. The amount of deferred tax assets considered realizable in future periods may change as management continues to reassess the underlying factors it uses in estimating future taxable income. The valuation allowance decreased by approximately \$1.4 billion and decreased by \$98.9 million during the years ended December 31, 2024, and 2023, respectively. Further, in the fourth quarter of 2024, we reached a settlement with the Singapore tax authorities in relation to historical tax losses incurred by our Singapore subsidiary. The result is a reduction to our tax loss carryover asset of \$140 million and a corresponding release of the uncertain tax positions and valuation allowance against the tax loss carryover asset.

As of December 31, 2024, the Company had \$669.0 million of federal, \$3.8 billion of state, and \$767.5 million of foreign net operating loss carryforwards. The remaining federal net operating loss carryforwards have no expiration date. The state operating losses will begin to expire in 2025 and the foreign net operating loss carryforwards will begin to expire in 2027. As of December 31, 2024, the Company had \$427.4 million of federal, \$316.8 million of state, and \$47.3 million of foreign research credit carryforwards. The remaining federal research credit carryforwards will begin to expire in 2040. The state and foreign credit carryforwards have no expiration date.

Utilization of the net operating loss carryforwards and credits may be subject to annual limitations due to the ownership change limitations provided by the Internal Revenue Code of 1986, as amended, and similar state provisions. The annual limitations may result in the expiration of net operating losses and credits before they are able to be utilized. The Company does not expect any previous ownership changes, as defined under Section 382 and 383 of the Internal Revenue Code, to result in an ultimate limitation that will materially reduce the total amount of net operating loss carryforwards and credits that can be utilized.

As of December 31, 2024, the Company had unrecognized tax benefits of \$633.6 million, of which \$107.5 million would impact the annual effective tax rate if recognized and the remainder of which would result in a corresponding adjustment to the valuation allowance.

The change in the balance of unrecognized tax benefit was as follows (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Unrecognized tax benefit, beginning of the period	\$ 465,103	\$ 506,512	\$ 448,392
Gross increases and decreases related to prior period tax positions	34,050	(7,348)	5,431
Gross increases and decreases related to current period tax positions	139,217	(30,063)	30,988
Reductions related to lapse of statute of limitations	(4,781)	(3,998)	(2,950)
Gross increases related to acquisitions	—	—	24,651
Unrecognized tax benefit, end of the period	<u>\$ 633,589</u>	<u>\$ 465,103</u>	<u>\$ 506,512</u>

The Company recognizes interest and penalties related to income tax matters as a component of income tax expense. The Company had total accrued interest and penalties of \$23.8 million, \$22.1 million, and \$9.1 million related to uncertain tax positions for the years ended December 31, 2024, 2023, and 2022, respectively. It is reasonably possible that over the next 12-month period the Company may experience a decrease in its unrecognized tax benefits as a result of tax examinations or lapses of statute of limitations. The estimated decrease in unrecognized tax benefits may range up to \$23.8 million.

The Company is subject to taxation in the United States and various state and foreign jurisdictions. The Company is currently under examination in California for tax years 2013, 2014, and 2016 and in Texas for tax years 2015 to 2019. The Company's various tax years starting with 2009 to 2023 remain open in various taxing jurisdictions.

As of December 31, 2024, the Company has not provided deferred U.S. income taxes or foreign withholding taxes on temporary differences resulting from earnings for certain non-U.S. subsidiaries, which are permanently reinvested outside the U.S. cumulative undistributed earnings for these non-U.S. subsidiaries as of December 31, 2024 are \$125.4 million.

NOTE 16 - STOCKHOLDERS' EQUITY

Common Stock

The Company has two classes of authorized common stock outstanding: Class A common stock and Class B common stock. Class A common stock and Class B common stock are referred to as "common stock" throughout these Notes to the Consolidated Financial Statements, unless otherwise noted. Holders of the Company's Class A common stock and Class B common stock are entitled to dividends when, as and if, declared by the Company's board of directors, subject to the rights of the holders of all classes of stock outstanding having priority rights to dividends. As of December 31, 2024, the Company did not declare any dividends. Holders of shares of Class A common stock are entitled to one vote per share, while holders of shares of Class B common stock are entitled to ten votes per share. Shares of the Company's Class B common stock are convertible into an equivalent number of shares of its Class A common stock and generally convert into shares of its Class A common stock upon transfer. The holders of Class A common stock and Class B common stock have no preemptive or other subscription rights and there are no redemption or sinking fund provisions with respect to such shares.

Warrants

In conjunction with the 2025 Convertible Notes offering, the Company sold the 2025 Warrants whereby the counterparties have the option to purchase a total of approximately 8.3 million shares of the Company's Class A common stock at a price of \$161.34 per share. The 2025 Warrants expire evenly over a 60 trading day period starting on June 1, 2025. None of the warrants were exercised as of December 31, 2024.

In conjunction with the 2026 Convertible Notes offering, the Company sold the 2026 Warrants whereby the counterparties have the option to purchase a total of approximately 1.9 million shares of the Company's Class A common stock at a price of \$368.16 per share. The 2026 Warrants expire evenly over a 60 trading day period starting on August 1, 2026. None of the warrants were exercised as of December 31, 2024.

In conjunction with the 2027 Convertible Notes offering, the Company sold the 2027 Warrants whereby the counterparties have the option to purchase a total of approximately 1.9 million shares of the Company's Class A common stock at a price of \$414.18 per share. The 2027 Warrants expire evenly over a 60 trading day period starting on February 1, 2028. None of the warrants were exercised as of December 31, 2024.

Share Repurchase Program

In October 2023, the board of directors of the Company authorized the repurchase of up to \$1 billion of the Company's Class A common stock. On July 25, 2024, the board of directors of the Company authorized an increase to the Company's share repurchase program to repurchase up to an additional \$3 billion of the Company's Class A common stock. During the year ended December 31, 2024, the Company repurchased 16.9 million shares of its Class A common stock for an aggregate amount of \$1.2 billion. As of December 31, 2024, \$2.7 billion remained available and authorized for repurchases under this share repurchase program.

Repurchases may be made from time to time through open market purchases or through privately negotiated transactions subject to market conditions, applicable legal requirements and other relevant factors. The repurchase program does not obligate the Company to acquire any particular amount of its Class A common stock and may be suspended at any time at the Company's discretion. The timing and number of shares repurchased will depend on a variety of factors, including the stock price, business and market conditions, corporate and regulatory requirements, alternative investment opportunities, acquisition opportunities, and other factors.

Stock Plans

The Company maintains two share-based employee compensation plans: the 2009 Stock Plan ("2009 Plan") and the 2015 Equity Incentive Plan ("2015 Plan"). The 2015 Plan serves as the successor to the 2009 Plan. The 2015 Plan became effective as of November 17, 2015. Outstanding awards under the 2009 Plan continue to be subject to the terms and conditions of the 2009 Plan. Since November 17, 2015, no additional awards have been nor will be granted in the future under the 2009 Plan. As of December 31, 2024, the total number of shares subject to stock options ("ISOs" and "NSOs", respectively), restricted stock awards ("RSAs"), and restricted stock units ("RSUs") outstanding under the 2009 Plan was 0.3 million shares.

Under the 2015 Plan, shares of the Company's Class A common stock are reserved for the ISOs and NSOs, RSAs, RSUs, performance shares, and stock bonuses to qualified employees, directors, and consultants. The awards must be granted at a price per share not less than the fair market value at the date of grant. Initially, 30 million shares were reserved under the 2015 Plan and any shares subject to options or other similar awards granted under the 2009 Plan that expire, are forfeited, are repurchased by the Company or otherwise terminate unexercised will become available under the 2015 Plan. The number of shares available for issuance under the 2015 Plan has been and will be increased on the first day of each fiscal year, in an amount equal to the least of (i) 40 million shares, (ii) 5% of the outstanding shares on the last day of the immediately preceding fiscal year, or (iii) such number of shares determined by the administrator of the Plan. The administrator consists of the Board of Directors who then delegates the responsibilities to the Compensation Committee. As of December 31, 2024, the total number of shares subject to stock options, RSAs, and RSUs outstanding under the 2015 Plan was 39 million shares, and 138 million shares were available for future issuance.

A summary of stock option activity for the year ended December 31, 2024 is as follows (in thousands, except share and per share data):

	Number of Stock Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding, beginning of the period	4,991	\$ 47.64	3.80	\$ 195,760
Granted	578	74.03		
Exercised	(2,646)	23.14		
Forfeited	(249)	78.73		
Expired	(96)	142.49		
Outstanding, end of the period	<u>2,578</u>	\$ 72.17	5.11	\$ 67,966
Exercisable, end of the period	<u>1,952</u>	\$ 70.00	3.95	\$ 60,701

Aggregate intrinsic value represents the difference between the Company's estimated fair value of its common stock and the exercise price of outstanding, in-the-money options. Aggregate intrinsic value for stock options exercised for the years ended December 31, 2024, 2023, and 2022 was \$145.1 million, \$96.1 million, and \$211.0 million, respectively.

The total weighted-average grant-date fair value of options granted was \$45.81, \$39.13, and \$73.31 per share for the years ended December 31, 2024, 2023, and 2022, respectively.

Restricted Stock Activity

Activity related to RSUs during the year ended December 31, 2024 is set forth below:

	Number of Shares	Weighted Average Grant Date Fair Value
Unvested, beginning of the period	40,099	\$ 74.76
Granted	22,328	71.26
Vested	(16,223)	79.90
Forfeited	(9,125)	74.32
Unvested, end of the period	<u>37,079</u>	\$ 70.51

The total fair value of shares vested was \$1.2 billion, \$873.0 million, and \$724.2 million in the years ended December 31, 2024, 2023, and 2022, respectively.

Employee Stock Purchase Plan

On November 17, 2015, the Company's 2015 Employee Stock Purchase Plan ("ESPP") became effective. The ESPP allows eligible employees to purchase shares of the Company's common stock at a discount through payroll deductions of up to 25%, subject to any plan limitations. The ESPP provides for 12-month offering periods. The offering periods are scheduled to start on the first trading day on or after May 15 and November 15 of each year. Each offering period includes two purchase periods, which begin on the first trading day on or after November 15 and May 15, and ending on the last trading day on or before May 15 and November 15, respectively. Employees are able to purchase shares at 85% of the lower of the fair market value of the Company's common stock on the first trading day of the offering period or the last trading day of the purchase period. The number of shares available for sale under the ESPP will be increased annually on the first day of each fiscal year, equal to the least of (i) 8.4 million shares, (ii) 1% of the outstanding shares of the Company's common stock as of the last day of the immediately preceding fiscal year, or (iii) such other amount as determined by the administrator. As of December 31, 2024, 11 million shares had been purchased under the ESPP and 34 million shares were available for future issuance under the ESPP.

Share-Based Compensation

The fair values of stock options granted were estimated using the following weighted-average assumptions:

	Year Ended December 31,		
	2024	2023	2022
Dividend yield	— %	— %	— %
Risk-free interest rate	4.65 %	3.48 %	3.08 %
Expected volatility	62.92 %	62.32 %	59.20 %
Expected term (years)	6.02	6.02	6.02

The following table summarizes the effects of share-based compensation on the consolidated statements of operations (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Cost of revenue	\$ 707	\$ 601	\$ 494
Product development	903,262	902,130	701,715
Sales and marketing	131,233	130,665	105,231
General and administrative	237,355	242,701	261,849
Total	<u>\$ 1,272,557</u>	<u>\$ 1,276,097</u>	<u>\$ 1,069,289</u>

The Company recorded tax benefits related to stock-based compensation expense of \$322.0 million, \$228.2 million and \$218.9 million, during the years ended December 31, 2024, 2023, and 2022, respectively.

The Company recorded \$25.0 million, \$63.3 million, and \$61.4 million of share-based compensation expense related to the Company's 2015 Employee Stock Purchase Plan during the years ended December 31, 2024, 2023 and 2022, respectively. The total share-based compensation expense for the year ended December 31, 2022 includes a \$66.3 million one-time charge related to the acceleration of various share-based arrangements associated with the acquisition of Afterpay.

The Company capitalized \$41.2 million, \$30.9 million, and \$20.7 million of share-based compensation expense related to capitalized software during the years ended December 31, 2024, 2023, and 2022, respectively.

As of December 31, 2024, there was \$2.6 billion of total unrecognized compensation cost related to outstanding stock options and restricted stock awards that are expected to be recognized over a weighted-average period of 3 years.

NOTE 17 - NET INCOME (LOSS) PER SHARE

The Company computes net income (loss) per share attributable to our common stockholders using the two-class method required for multiple classes of common stock and participating securities. The holders of our Class A and Class B common stock (together, "common stock") have identical liquidation and dividend rights but different voting rights. Accordingly, we present net income (loss) per share for Class A and Class B common stock together.

Basic net income (loss) per share is computed by dividing the net income (loss) by the weighted-average number of shares of common stock outstanding during the period. Diluted net income per share is computed by dividing net income by the weighted-average number of shares of common stock outstanding adjusted for the dilutive effect of all potential shares of common stock. In periods when the Company reported a net loss, diluted net loss per share is the same as basic net loss per share because the effects of potentially dilutive items were anti-dilutive.

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

	Year Ended December 31,		
	2024	2023	2022
Basic net income (loss) per share:			
Numerator			
Net income (loss) attributable to common stockholders	\$ 2,897,047	\$ 9,772	\$ (540,747)
Denominator			
Shares used to compute basic net income (loss) per share	616,993	608,856	578,949
Basic net income (loss) per share	\$ 4.70	\$ 0.02	\$ (0.93)
Diluted net income (loss) per share:			
Numerator			
Net income (loss) attributable to common stockholders	\$ 2,897,047	\$ 9,772	\$ (540,747)
Interest expense on convertible notes	6,216	—	—
Net income (loss) used to compute diluted net income (loss) per	\$ 2,903,263	\$ 9,772	\$ (540,747)
Denominator			
Shares used to compute basic net income (loss) per share	616,993	608,856	578,949
Stock options, restricted stock, and employee stock purchase plan	7,289	5,168	—
Convertible notes	12,108	—	—
Shares used to compute diluted net income (loss) per share	636,390	614,024	578,949
Diluted net income (loss) per share	\$ 4.56	\$ 0.02	\$ (0.93)

The following potential common shares were excluded from the calculation of diluted net income per share because their effect would have been anti-dilutive for the periods presented (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Stock options, restricted stock, and employee stock purchase plan	37,687	40,431	32,185
Convertible notes	—	14,297	18,029
Common stock warrants	12,108	20,243	33,699
Total anti-dilutive securities	49,795	74,971	83,913

NOTE 18 - RELATED PARTY TRANSACTIONS

In July 2019, the Company entered into a lease agreement for office space in St. Louis, Missouri, from an affiliate of one of the Company's co-founders and current member of its board of directors, Mr. Jim McKelvey, for a term of 15.5 years with options to extend the lease term for two five-year terms. The lease possession date varied by floor, beginning in May 2020. As of December 31, 2024, the Company had recorded right-of-use assets of \$10.4 million and associated lease liabilities of \$15.8 million related to this lease arrangement.

Under the lease agreement, the Company has an option to terminate the lease for the entire property on January 1, 2034. Termination penalties specified in the lease agreement will apply if the Company exercises the option to terminate the lease.

NOTE 19 - COMMITMENTS AND CONTINGENCIES

Operating and Finance Leases

The Company's operating leases are primarily comprised of office facilities. The Company's leases have remaining lease terms of one year to 12 years, some of which include options to extend up to five year terms, or include options to terminate the leases with advanced notice. None of the options to extend the leases have been included in the measurement of the right-of-use asset or the associated lease liability. There were no finance lease obligations as of December 31, 2024.

The components of lease costs for the year ended December 31, 2024 were as follows (in thousands):

	Year Ended December 31,	
	2024	2023
Fixed operating lease costs	\$ 57,232	\$ 77,659
Variable operating lease costs	22,344	22,555
Short-term lease costs	1,939	3,332
Sublease income	(1,119)	(11,933)
Total lease costs	<u>\$ 80,396</u>	<u>\$ 91,613</u>

Other information related to operating leases was as follows:

	Year Ended December 31,	
	2024	2023
Weighted-average remaining lease term	6.2 years	7.0 years
Weighted-average discount rate	3.75 %	3.62 %

Cash flows related to leases were as follows (in thousands):

	Year Ended December 31,	
	2024	2023
Cash flows from operating activities:		
Payments for operating lease liabilities	\$ (74,129)	\$ (93,890)
Supplemental cash flow data:		
Right-of-use assets obtained in exchange for operating lease obligations	\$ 36,976	\$ 7,106

Future minimum lease payments under non-cancelable operating leases (with initial lease terms in excess of one year) as of December 31, 2024 are as follows (in thousands):

2025	\$ 65,306
2026	63,169
2027	58,422
2028	54,115
2029	48,153
Thereafter	85,662
Total	\$ 374,827
Less: Amount representing interest	40,927
Less: Lease incentives	2,642
Total	\$ 331,258

The Company recognized total rental expenses for operating leases of \$52.1 million, \$75.8 million, and \$93.6 million during the years ended December 31, 2024, 2023, and 2022, respectively.

Purchase Commitments

From time to time, we may enter into non-cancelable purchase obligations related to cloud computing infrastructure. The commitment amounts in the table below are associated with contracts that are enforceable and legally binding and that specify all significant terms, including fixed or minimum services to be used, and the approximate timing of the actions under the contracts.

As of December 31, 2024, the future minimum payments under the purchase commitments were as follows (in thousands):

	Payments Due By Period
2025	\$ 345,622
2026	263,300
2027	315,100
Total	\$ 924,022

Litigation and Regulatory Matters

The Company is currently subject to, and may in the future be involved in, various litigation matters, legal claims, investigations, and regulatory proceedings.

In January 2025, the Company entered into a consent order with the Consumer Financial Protection Bureau (“CFPB”) to settle claims from the CFPB related to, among other things, Cash App's handling of customer complaints and disputes. Pursuant to the consent order, the Company paid a \$55 million civil monetary penalty in January 2025 and agreed to pay between \$75 million and \$120 million in restitution to certain Cash App customers. The settlement amounts are reflected in the financial statements as of and for the year ended December 31, 2024.

In January 2025, the Company entered into a settlement agreement and consent order (the “settlement agreement”) with various state money transmission license regulators (the “MTL regulators”) related to aspects of its Bank Secrecy Act/anti-money laundering program. Pursuant to the settlement agreement, the Company agreed to pay \$80 million in administrative penalties and costs, with payments expected to be completed in or around February 2025. The settlement amount is reflected in the financial statements as of and for the year ended December 31, 2024.

The Company is continuing negotiations with the New York State Department of Financial Services ("NYDFS"), one of its MTL and virtual currency regulators, related to, among other things, aspects of its Bank Secrecy Act/anti-money laundering and bitcoin programs. In January 2025, NYDFS presented the Company with potential terms for resolving this matter, and the Company is engaging in conversations with NYDFS to determine whether this matter can be settled on acceptable terms. The Company has accrued a liability for an estimated amount in connection with this matter in accordance with ASC 450. The accrued amount was not material to the financial statements as of December 31, 2024.

The Company received subpoenas from Attorneys General from multiple states, seeking the production of information related to, among other things, Cash App's handling of customer complaints and disputes. In June 2024, the state Attorneys General presented the Company with the results of their investigations. In December 2024, the state Attorneys General presented the Company with potential terms for resolving this matter and the Company is engaging in conversations with the state Attorneys General to determine if this matter can be settled on acceptable terms. The Company is unable to predict the likely outcome of this matter, which may include one or more public orders, and cannot provide any assurance that the state Attorneys General will not ultimately take legal action against the Company or that the outcome of these matters will not have a material adverse effect on the Company.

The Company also received inquiries from the SEC and Department of Justice ("DOJ") shortly after the publication of a short seller report in March 2023. In July 2024, the Company received a follow-on inquiry from the SEC. The Company believes these inquiries primarily relate to the allegations raised in the short seller report, the Company's compliance and risk practices, and related disclosures. The Company continues to cooperate with both agencies. The Company is unable to predict the likely outcome of these matters and cannot provide any assurance that the SEC or DOJ will not ultimately take legal action against the Company or that the outcome of any such action, if brought, will not have a material adverse effect on the Company.

In June 2024, the Office of the Treasurer and Tax Collector of the City and County of San Francisco (the "Tax Collector") finalized its audit and issued an assessment of San Francisco's gross receipts tax, including interest and penalties, following its gross receipt tax audit for fiscal years 2020, 2021 and 2022. The Tax Collector has asserted that incremental taxes are owed on a portion of the receipts generated by the Company related to sales of Bitcoin. The Company strongly disagrees with the Tax Collector's assessment and plans to vigorously pursue all available remedies. In January 2025, the Tax Collector rejected the Company's request for redetermination, and the Company paid the assessed amount of \$71.4 million and plans to file a claim for a refund. Given the amount must be paid to initiate the dispute process and will be returned in full or used to settle any final amount due to the Tax Collector, the Company views the amount as a deposit asset in the period the payment is made. Should the Company not reach a settlement or prevail in its legal challenge, the Tax Collector may challenge the Company's gross receipts tax position going forward, including for 2023 and 2024. The Company estimates that it could incur losses associated with taxes, interest, and penalties that range from approximately \$0 to \$97 million in the aggregate for the fiscal years 2020, 2021, 2022, 2023 and 2024. Additional taxes, interest, and penalties for future periods could be material as well. Given the Company has concluded that a loss for this matter is not probable, the Company has not recorded a liability for the exposure related to the dispute with the Tax Collector on San Francisco's gross receipts tax.

The Company regularly assesses the likelihood of adverse outcomes resulting from litigation and regulatory proceedings and adjusts the financial statements based on such assessments. The eventual outcome of these matters may differ materially from the estimates the Company has currently accrued in the financial statements.

In addition, the Company is subject to various legal matters, investigations, subpoenas, inquiries, audits, claims, lawsuits and disputes, including with regulatory bodies and governmental agencies. The Company cannot at this time fairly estimate a reasonable range of exposure, if any, of the potential liability, if any, with respect to any of these other matters. Although the Company may be subject to an adverse decision or settlement, it does not believe that the final disposition of any of these other matters will have a material adverse effect on its results of operations, financial position, or liquidity. However, the Company cannot give any assurance regarding the ultimate outcome of any of these matters, and their resolution could be material to the Company's operating results.

NOTE 20 - SEGMENT AND GEOGRAPHICAL INFORMATION

The Company reports its segments to reflect the manner in which the Company's chief operating decision maker ("CODM") reviews and assesses performance. The Company's CODM is the Block Head and Chairperson. The Company has two reportable segments, Square and Cash App. Products and services that are not assigned to a specific reportable segment, including but not limited to TIDAL and other emerging ecosystems, are aggregated and presented within a general corporate and other category. Square and Cash App are defined as follows:

- Cash App includes the financial tools available to individuals within the mobile Cash App, including peer-to-peer payments, bitcoin and stock investments. Cash App also includes Cash App Card which is linked to customer stored balances that customers can use to pay for purchases or withdraw funds from an ATM. Cash App also includes the BNPL platform.
- Square includes managed payment services, software solutions, hardware, and financial services offered to sellers, excluding those that involve Cash App.

The primary financial measures used by the CODM to evaluate performance and allocate resources are revenue and gross profit. The CODM uses segment gross profit for each segment during the annual budgeting and forecasting process. Further, the CODM uses gross profit as the metric to guide the business trajectory and to consider the overall gross profit growth by segment on a quarterly basis, when making decisions about the allocation of operating and capital resources to each segment. The CODM does not evaluate performance or allocate resources based on segment asset data, and therefore such information is not included.

The following tables present information on the reportable segments revenue and segment gross profit, as well as amounts for the "Corporate and Other" category, which includes products and services not assigned to reportable segments and intersegment eliminations (in thousands):

	Year Ended December 31, 2024			
	Cash App	Square	Corporate and Other	Total
Revenue:				
Transaction-based revenue	\$ 352,699	\$ 6,260,981	\$ —	\$ 6,613,680
Subscription and services-based revenue	5,695,976	1,278,933	189,890	7,164,799
Hardware revenue	—	141,742	1,627	143,369
Bitcoin revenue	10,199,205	—	—	10,199,205
Segment revenue	\$ 16,247,880	\$ 7,681,656	\$ 191,517	\$ 24,121,053
Less: Cost of revenue	11,008,869	4,082,744	140,404	15,232,017
Segment gross profit	\$ 5,239,011	\$ 3,598,912	\$ 51,113	\$ 8,889,036
Interest revenue	\$ 185,185	\$ 36,837	\$ —	\$ 222,022
Amortization of acquired technology assets	\$ 55,343	\$ 7,726	\$ 5,295	\$ 68,364

Year Ended December 31, 2023

	Cash App	Square	Corporate and Other	Total
Revenue:				
Transaction-based revenue	\$ 498,176	\$ 5,817,125	\$ —	\$ 6,315,301
Subscription and services-based revenue	4,685,208	1,059,081	200,553	5,944,842
Hardware revenue	—	157,178	—	157,178
Bitcoin revenue	9,498,302	—	—	9,498,302
Segment revenue	<u>\$ 14,681,686</u>	<u>\$ 7,033,384</u>	<u>\$ 200,553</u>	<u>\$ 21,915,623</u>
Less: Cost of revenue	<u>10,358,223</u>	<u>3,904,730</u>	<u>147,784</u>	<u>14,410,737</u>
Segment gross profit	<u>\$ 4,323,463</u>	<u>\$ 3,128,654</u>	<u>\$ 52,769</u>	<u>\$ 7,504,886</u>
Interest revenue	\$ 142,222	\$ 28,011	\$ —	\$ 170,233
Amortization of acquired technology assets	\$ 56,135	\$ 10,632	\$ 6,062	\$ 72,829

Year Ended December 31, 2022

	Cash App	Square	Corporate and Other	Total
Revenue:				
Transaction-based revenue	\$ 466,171	\$ 5,235,369	\$ —	\$ 5,701,540
Subscription and services-based revenue	3,452,777	894,350	205,646	4,552,773
Hardware revenue	—	164,418	—	164,418
Bitcoin revenue	7,112,856	—	—	7,112,856
Segment revenue	<u>\$ 11,031,804</u>	<u>\$ 6,294,137</u>	<u>\$ 205,646</u>	<u>\$ 17,531,587</u>
Less: Cost of revenue	<u>7,786,760</u>	<u>3,587,236</u>	<u>165,699</u>	<u>11,539,695</u>
Segment gross profit	<u>\$ 3,245,044</u>	<u>\$ 2,706,901</u>	<u>\$ 39,947</u>	<u>\$ 5,991,892</u>
Interest revenue	\$ 29,026	\$ 1,193	\$ —	\$ 30,219
Amortization of acquired technology assets	\$ 53,900	\$ 10,494	\$ 5,800	\$ 70,194

The following table provides a reconciliation of total segment gross profit to the Company's income (loss) before applicable income taxes (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Total segment gross profit	\$ 8,889,036	\$ 7,504,886	\$ 5,991,892
Less: Product development	2,914,415	2,720,819	2,135,612
Less: Sales and marketing	1,984,265	2,019,009	2,057,951
Less: General and administrative	2,149,099	2,209,190	1,686,849
Less: Transaction, loan, and consumer receivable losses	794,221	660,663	550,683
Less: Bitcoin impairment losses	—	—	46,571
Less: Amortization of customer and other intangible assets	154,709	174,044	138,758
Less: Interest expense (income), net	9,302	(47,221)	36,228
Less: Remeasurement gain on bitcoin investment	(420,918)	(207,084)	—
Less: Other expense (income), net	(53,211)	4,609	(95,443)
Income (loss) before applicable income taxes	<u>\$ 1,357,154</u>	<u>\$ (29,143)</u>	<u>\$ (565,317)</u>

Revenue

Revenue by geography is based on the addresses of the sellers or customers. The following table details revenue by geographic area (in thousands):

	Year Ended December 31,		
	2024	2023	2022
United States	\$ 22,351,832	\$ 20,416,462	\$ 16,314,769
International	1,769,221	1,499,161	1,216,818
Total	<u>\$ 24,121,053</u>	<u>\$ 21,915,623</u>	<u>\$ 17,531,587</u>

No individual country from the international markets contributed more than 10% of total revenue for the years ended December 31, 2024, 2023, and 2022.

Long-Lived Assets

The following table details long-lived assets by geographic area (in thousands):

	December 31,	
	2024	2023
United States	\$ 7,435,117	\$ 7,570,973
Australia	4,159,229	4,761,535
International	1,790,529	1,889,490
Total	<u>\$ 13,384,875</u>	<u>\$ 14,221,998</u>

Assets by reportable segment were not included, as this information is not reviewed by the CODM to make operating decisions or allocate resources, and is reviewed on a consolidated basis.

NOTE 21 - SUPPLEMENTAL CASH FLOW INFORMATION

The supplemental disclosures of cash flow information consist of the following (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Supplemental Cash Flow Data:			
Cash paid for interest	\$ 205,776	\$ 130,009	\$ 84,876
Cash paid for income taxes	270,314	81,376	39,045
Supplemental disclosures of non-cash investing and financing activities:			
Unsettled originations of consumer receivables	180,443	261,151	160,413
Right-of-use assets obtained in exchange for operating lease obligations	36,976	7,106	39,324
Purchases of property and equipment in accounts payable and accrued expenses	3,266	3,921	5,212
Deferred purchase consideration related to business combinations	—	2,550	14,377
Fair value of common stock issued related to business combinations	—	(6,658)	(13,827,929)
Fair value of common stock issued to settle the conversion of convertible notes	—	—	(2,523)
Fair value of shares received to settle convertible note hedges	—	—	133,144
Fair value of common stock issued in connection with the exercise of common stock warrants	—	—	(806,446)
Bitcoin lent to third-party borrowers	—	—	5,934

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 of our Principal Executive Officer and our Principal Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Annual Report on Form 10-K. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on such evaluation, our Principal Executive Officer and Principal Financial Officer have concluded that, as of December 31, 2024, our disclosure controls and procedures were effective at the reasonable assurance level.

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 Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended December 31, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Our management conducted an assessment of the effectiveness of our internal control over financial reporting based on the criteria established in “Internal Control - Integrated Framework” (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). Based on that assessment, our management has concluded that our internal control over financial reporting was effective as of December 31, 2024. The effectiveness of our internal control over financial reporting as of December 31, 2024 has been audited by Ernst & Young, LLP, an independent registered public accounting firm, as stated in their report which appears herein.

ITEM 9B. OTHER INFORMATION

During the quarterly period ended December 31, 2024, no officers, as defined in Rule 16a-1(f), or directors adopted and/or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement,” each as defined in Regulation S-K Item 408.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item will be included in our Proxy Statement for the 2025 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2024 ("Proxy Statement") and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item will be included in the Proxy Statement and is incorporated herein by reference.

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

The information required by this item will be included in the Proxy Statement and is incorporated herein by reference.

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

The information required by this item will be included in the Proxy Statement and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item will be included in the Proxy Statement and is incorporated herein by reference.

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:

Our Consolidated Financial Statements are listed in the “Index to Consolidated Financial Statements” under Part II, Item 8 of this Annual Report on Form 10-K.

(2) Financial Statement Schedules:

Schedules not listed above have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes herein.

(3) Exhibits

The documents listed in the following Exhibit Index of this Annual Report on Form 10-K are incorporated by reference or are filed with this Annual Report on Form 10-K, in each case as indicated therein (numbered in accordance with Item 601 of Regulation S-K):

EXHIBIT INDEX

Exhibit Number	Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
2.1	Scheme Implementation Deed, dated as of August 2, 2021, by and among Square, Inc., Lanai (AU) 2 Pty Ltd, and Afterpay Limited.	8-K	001-37622	2.1	August 2, 2021
2.2	Amending Deed, dated as of December 7, 2021, by and among Block, Inc., Lanai (AU) 2 Pty Ltd and Afterpay Limited.	8-K	001-37622	2.1	December 7, 2021
3.1	Amended and Restated Certificate of Incorporation of the Registrant, as amended.	10-K	001-37622	3.1	February 24, 2022
3.2	Amended and Restated Bylaws of the Registrant.	8-K	001-37622	3.1	October 21, 2022
4.2	Indenture, dated March 5, 2020, between the Registrant and The Bank of New York Mellon Trust Company, N.A. (2025 Convertible Notes).	8-K	001-37622	4.1	March 5, 2020
4.3*	Supplemental Indenture, dated January 21, 2025, between the Registrant and The Bank of New York Mellon Trust Company, N.A. (2025 Convertible Notes).				
4.4	Form of 0.125% Convertible Senior Note due 2025 (included in Exhibit 4.2).	8-K	001-37622	4.2	March 5, 2020
4.5	Indenture, dated November 13, 2020, between the Registrant and The Bank of New York Mellon Trust Company, N.A. (2026 Convertible Notes).	8-K	001-37622	4.1	November 13, 2020
4.6*	Supplemental Indenture, dated January 21, 2025, between the Registrant and The Bank of New York Mellon Trust Company, N.A. (2026 Convertible Notes).				
4.7	Form of 0% Convertible Senior Note due 2026 (included in Exhibit 4.5).	8-K	001-37622	4.2	November 13, 2020
4.8	Indenture, dated November 13, 2020, between the Registrant and The Bank of New York Mellon Trust Company, N.A. (2027 Convertible Notes).	8-K	001-37622	4.3	November 13, 2020
4.9*	Supplemental Indenture, dated January 21, 2025, between the Registrant and The Bank of New York Mellon Trust Company, N.A. (2027 Convertible Notes).				
4.10	Form of 0.25% Convertible Senior Note due 2027 (included in Exhibit 4.8).	8-K	001-37622	4.4	November 13, 2020
4.11	Indenture, dated as of May 20, 2021, by and between Square, Inc. and Bank of New York Mellon Trust Company, N.A., as Trustee (2.75% Senior Notes due 2026).	8-K	001-37622	4.1	May 20, 2021

Incorporated by Reference

Exhibit Number	Description	Form	File No.	Exhibit	Filing Date
4.12	Form of 2.75% Senior Note due 2026 (included in Exhibit 4.11).	8-K	001-37622	4.2	May 20, 2021
4.13	Indenture, dated as of May 20, 2021 by and between Square, Inc. and Bank of New York Mellon Trust Company, N.A., as Trustee (3.50% Senior Notes due 2031).	8-K	001-37622	4.3	May 20, 2021
4.14	Form of 3.50% Senior Note due 2031 (included in Exhibit 4.13).	8-K	001-37622	4.4	May 20, 2021
4.15	Indenture, dated as of May 9, 2024, by and between Block, Inc. and Bank of New York Mellon Trust Company, N.A., as Trustee (6.50% Senior Notes due 2032).	8-K	001-37622	4.1	May 9, 2024
4.16	Form of 6.50% Senior Note due 2032 (included in Exhibit 4.15).	8-K	001-37622	4.2	May 9, 2024
4.17*	Description of Class A Common Stock.				
10.1+	Form of Indemnification Agreement between the Registrant and each of its directors and executive officers.	S-1/A	333-207411	10.1	November 6, 2015
10.2.1+	Block, Inc. 2015 Equity Incentive Plan, as amended and restated.	10-K	001-37622	10.2.1	February 24, 2022
10.2.2+*	Form of Restricted Stock Unit Award and Restricted Stock Unit Agreement.				
10.2.3+	Form of Restricted Stock Award and Restricted Stock Agreement.	10-K	001-37622	10.2.3	February 24, 2022
10.2.4+*	Form of Stock Option Grant and Stock Option Agreement.				
10.3+	Block, Inc. 2015 Employee Stock Purchase Plan, as amended and restated.	10-Q	001-37622	10.1	November 3, 2022
10.4+	Square, Inc. 2009 Stock Plan and related form agreements.	S-1	333-207411	10.4	October 14, 2015
10.5+	Square, Inc. Executive Incentive Compensation Plan.	S-1	333-207411	10.5	October 14, 2015
10.6*	Block, Inc. Outside Director Compensation Policy, as amended and restated.				
10.7+	Form of Change of Control and Severance Agreement between the Registrant and certain of its executive officers.	S-1	333-207411	10.7	October 14, 2015
10.8+	Form of Change of Control and Severance Agreement between the Registrant and certain of its executive officers entered into on and after January 27, 2020.	10-K	001-37622	10.8	February 22, 2024
10.9+	Offer Letter between the Registrant and Jack Dorsey, dated as of March 7, 2016.	10-K	001-37622	10.8	March 10, 2016
10.10+	Offer Letter between the Registrant and Amrita Ahuja, dated as of December 16, 2018.	8-K	001-37622	10.1	January 4, 2019
10.11	Revolving Credit Agreement dated as of May 1, 2020 among the Registrant, the Lenders Party Thereto, and Goldman Sachs Bank USA, as Administrative Agent.	8-K	001-37622	10.1	May 6, 2020
10.12	First Amendment to Credit Agreement, dated as of May 28, 2020, among the Registrant, the Lenders Party Thereto, and Goldman Sachs Bank USA, as Administrative Agent.	8-K	001-37622	10.1	June 3, 2020
10.13	Second Amendment to Credit Agreement, dated as of November 9, 2020, among the Registrant, the Lenders Party Thereto, and Goldman Sachs Bank USA, as Administrative Agent.	8-K	001-37622	10.6	November 10, 2020
10.14	Third Amendment to Credit Agreement, dated as of January 28, 2021, by and among the Registrant, the Lenders party thereto, and Goldman Sachs Bank USA, as Administrative Agent.	8-K	001-37622	10.1	February 3, 2021
10.15	Fourth Amendment to Credit Agreement, dated as of May 25, 2021, by and among Square, Inc., the lenders party thereto, and Goldman Sachs Bank USA, as Administrative Agent.	8-K	001-37622	10.1	May 26, 2021
10.16	Fifth Amendment to Credit Agreement, dated as of January 28, 2022, by and among Block, Inc., the lenders party thereto, and Goldman Sachs Bank USA, as Administrative Agent.	8-K	001-37622	10.1	January 31, 2022
10.17	Sixth Amendment to Credit Agreement, dated as of February 23, 2022, by and among Block, Inc., the lenders party thereto, and Goldman Sachs Bank USA, as Administrative Agent.	10-K	001-37622	10.21	February 24, 2022

Incorporated by Reference

Exhibit Number	Description	Form	File No.	Exhibit	Filing Date
10.18	Seventh Amendment to Credit Agreement, dated as of June 9, 2023, among Block, Inc., the lenders party thereto and Goldman Sachs Bank USA, as Administrative Agent.	8-K	001-37622	10.1	June 9, 2023
10.19	Eighth Amendment to Credit Agreement, dated as of March 29, 2024, among Block, Inc., the lenders that are party thereto and Goldman Sachs Bank USA, as Administrative Agent.	8-K	001-37622	10.1	April 1, 2024
10.20	Form of Convertible Note Hedge Confirmation.	8-K	001-37622	10.2	May 25, 2018
10.21	Form of Warrant Confirmation.	8-K	001-37622	10.3	May 25, 2018
10.22	Form of Convertible Note Hedge Confirmation.	8-K	001-37622	10.2	March 5, 2020
10.23	Form of Warrant Confirmation.	8-K	001-37622	10.3	March 5, 2020
10.24	Form of Convertible Note Hedge Confirmation (2026 Convertible Notes).	8-K	001-37622	10.2	November 10, 2020
10.25	Form of 2026 Warrant Confirmation.	8-K	001-37622	10.4	November 10, 2020
10.26	Form of Convertible Note Hedge Confirmation (2027 Convertible Notes).	8-K	001-37622	10.3	November 10, 2020
10.27	Form of 2027 Warrant Confirmation.	8-K	001-37622	10.5	November 10, 2020
19.1*	Block, Inc. Insider Trading Policy and Guidelines with Respect to Certain Transactions in Securities.				
21.1*	List of subsidiaries of the Registrant.				
23.1*	Consent of Independent Registered Public Accounting Firm.				
31.1*	Certification of Principal Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
31.2*	Certification of Principal Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
32.1†*	Certifications of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
97.1*	Financial Restatement Clawback Policy				
101.INS	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				
101.SCH	Inline XBRL Taxonomy Extension Schema Document.				
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.				
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.				
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document.				
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.				
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).				

* Filed herewith.

+ Indicates management contract or compensatory plan.

† The certifications attached as Exhibit 32.1 that accompany this Annual Report on Form 10-K are deemed furnished and not filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of the Registrant under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Annual Report on Form 10-K, irrespective of any general incorporation language contained in such filing.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 24, 2025

BLOCK, INC.

By: /s/ Jack Dorsey
Jack Dorsey
Block Head and Chairperson
(Principal Executive Officer)

POWER OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints Jack Dorsey, Amrita Ahuja, and Chrysty Esperanza, and each of them, as his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, 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 and agents, or any of them, or their, his or her substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ Jack Dorsey Jack Dorsey	Block Head and Chairperson (Principal Executive Officer)	February 24, 2025
/s/ Amrita Ahuja Amrita Ahuja	Chief Financial Officer & Chief Operating Officer (Principal Financial Officer)	February 24, 2025
/s/ Ajmere Dale Ajmere Dale	Chief Accounting Officer (Principal Accounting Officer)	February 24, 2025
/s/ Roelof Botha Roelof Botha	Director	February 24, 2025
/s/ Amy Brooks Amy Brooks	Director	February 24, 2025
/s/ Shawn Carter Shawn Carter	Director	February 24, 2025
/s/ Paul Deighton Paul Deighton	Director	February 24, 2025
/s/ Anthony Eisen Anthony Eisen	Director	February 24, 2025
/s/ Randy Garutti Randy Garutti	Director	February 24, 2025
/s/ Jim McKelvey Jim McKelvey	Director	February 24, 2025
/s/ Mary Meeker Mary Meeker	Director	February 24, 2025
/s/ Neha Narula Neha Narula	Director	February 24, 2025