Block, Inc. Second Quarter 2026 Earnings Call - Prepared Remarks

Matt Ross, Head of Investor Relations

Thank you all for joining today's call.

We have Jack and Amrita with us today along with Owen Jennings our Business Lead and Thomas Templeton, Hardware Lead for Block. Today's discussion includes forward-looking statements regarding our strategy, guidance, and long-term goals. Actual results may differ materially due to risks and uncertainties described in materials filed and furnished with the SEC and should not be considered an indication of future performance. These statements speak only as of today, and we undertake no obligation to update them except as required by law. Reconciliations of any non-GAAP financial measures that we discuss to the most directly comparable GAAP measures are available in our shareholder letter. Further, any discussion of our lending and banking products refer to products offered through Square Financial Services or our bank partners.

Before turning the call over to Jack, I wanted to note that we're trying something new this quarter. In addition to taking questions on the call, we've sourced questions directly from shareholders on X. Throughout the call I will ask questions directly of Jack, Amrita, Owen, and Thomas based on topics our shareholders asked us to explore on our earnings call. With that, over to you Jack.

Jack Dorsey, Block Head

Thank you all for joining us. We had a strong second quarter and we're raising our guidance for the year based on the strength of our execution. My letter this quarter focuses on our capabilities and how we build. Intelligence tools are making it easier to build all software we need. What's harder is knowing what to build, owning the capabilities behind it, and connecting those capabilities in ways that create value for customers. That's been our focus from the beginning and it's why our network gets stronger with every seller and every customer who joins Cash App.

There's more detail in my letter, and I hope you'll get a chance to read through it. With that, I'll turn it over to Amrita.

Amrita Ahuja, Chief Operating Officer and Chief Financial Officer

Thanks, Jack.

We outperformed our guidance and achieved record profitability in the second quarter. A few of the highlights: We grew gross profit 25% year over year while delivering an all-time high 27% Adjusted Operating Income margin and growing Adjusted Diluted EPS 65% year over year. Square gross profit and GPV both grew 13% year over year in the second quarter, with U.S.

GPV growth accelerating to our strongest growth rate since the second quarter of 2023. We continued to grow our field sales motion and we now have more than 200 active ISO partners helping drive over 150% quarter over quarter growth in the number of new sellers joining Square from the ISO channel. We drove strong gross profit growth across commerce enablement and financial solutions and we continue to expect gross profit to grow roughly in line with GPV in the second half of the year.

Cash App gross profit grew 31% year over year in the second quarter. Monthly transacting actives grew 3% year over year in June and we continue to expect low single digit actives growth in 2026 as we execute on our network growth strategies. Cash App Commerce Enablement volume grew 17% and Cash App Consumer Lending origination volume grew 59%, reflecting our focus on driving deeper engagement. We continued to ship innovative new products in the second quarter including Cash App Tags and Cash App Mobile, and we brought Afterpay Pre-Purchase on Cash App Card to general availability.

We achieved record profitability this quarter while continuing to invest in the long term growth of our business. We expanded go to market investment in the second quarter across Square and Cash App, and we continued to drive product velocity through our investments in AI, most notably in the public launch of Buzz, our agentic collaboration platform, in July.

We're raising our 2026 guidance across gross profit, Adjusted Operating Income, and Adjusted Diluted EPS, flowing through the Q2 outperformance and raising our expectations for the second half of the year. For the full year, we now expect gross profit of $12.51 billion, up 21% year over year, Adjusted Operating Income of $3.47 billion, or a 28% margin, and Adjusted Diluted EPS growth of 70% year over year. For the third quarter, we expect year over year gross profit growth of 18%, Adjusted Operating Income margin of 28%, and year over year Adjusted Diluted EPS growth of 89%. We expect third quarter interest expense of $50 to $55 million, full year interest expense of $200 to $210 million and a mid-20 percent non-GAAP effective tax rate in the third quarter and for the full year.

As we look to the second half of 2026, we have several initiatives that we can invest in to sustain attractive long term growth. At Square we’ve proven strong ROIs for new go to market motions and have further opportunities to invest across self onboard, field sales, and ISOs. In Cash App we have numerous products that we expect to continue to grow including Cash App Tags and Afterpay Pre-Purchase. Neighborhoods, our program to connect our two ecosystems, has demonstrated strong product market fit and we expect to lean into investments to scale this differentiated network faster in the second half of the year. AI is helping us deliver more value to more customers. We plan to continue to invest in our AI infrastructure, including Buzz, to drive further velocity gains.

The breadth of high ROI growth opportunities we have is significant, and we plan to increase the magnitude of our investment if we see the right opportunities to deploy profit upside. Our increased guidance reflects the strength of our first-half execution and the momentum we are carrying into the second half of 2026. Nearly six months after we re-organized Block to make intelligence the center of the company, we’re moving faster to deliver value to customers and are executing on our long term growth initiatives, all while delivering meaningful margin expansion and profitable growth.

With that, I'd like to open up the call to Q&A.