Market Opportunity

→ Amrita Ahuja
Forward looking statements

During the course of this Investor Day, the executive team of Block, Inc. (the “Company”, “we”, or “our”) will make 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, regarding, among other things, our products, strategies, and market opportunities. All statements other than statements of historical fact could be deemed forward-looking, including, but not limited to, statements regarding our future performance and our market opportunity. These forward-looking statements are subject to a number of known and unknown risks, uncertainties, assumptions, and other factors that may cause actual results, performance, or achievements to differ materially from results expressed or implied during this Investor Day. Investors are cautioned not to place undue reliance on these statements. Among the factors that could cause actual results to differ materially from those indicated in the forward-looking statements are risks and uncertainties described from time to time in the Company’s filings with the Securities and Exchange Commission. All forward-looking statements are based on information and estimates available to the Company at the time of this Investor Day and are not guarantees of future performance. Except as required by law, we assume no obligation to update any of these forward-looking statements.

Industry Information

Information, including forecasts and estimates regarding market and industry statistics contained in this presentation, is based on information available to us that we believe is reliable; however, there can be no assurance that this information will prove accurate in whole or in part. It is generally based on publications that are not produced for purposes of economic analysis.

Non-GAAP Financial Measures

To supplement our financial information presented in accordance with generally accepted accounting principles in the United States (“GAAP”), we consider certain non-GAAP financial measures. These non-GAAP measures are in addition to, not a substitute for or superior to, measures of financial performance in accordance with GAAP. The non-GAAP measures used by the Company may differ from the non-GAAP measures used by other companies. Reconciliations between these non-GAAP measures and the related GAAP measures are included in the appendix to this presentation.
We started Square with the idea of allowing small businesses to accept card payments.
We went public in 2015 with a more fulsome product set to allow sellers to start, run, and grow their business.

Products shown are illustrative and may not correspond to the exact period launched.
In 2017, we continued building upon Square’s ecosystem and began to expand Cash App.

Products shown are illustrative and may not correspond to the exact period launched.
Three years later, we saw Cash App unlocked a completely new ecosystem serving a different customer base.

Products shown are illustrative and may not correspond to the exact period launched.
We’ve grown our ecosystems and expanded the audiences we serve
Strong growth at scale

Gross Profit
>50% CAGR over the past five years

Caviar gross profit has been excluded for all periods. CAGR represents the compound annual gross profit growth rate from 2017 to 2021. See the Appendix on page 29 for non-GAAP and other reconciliations.
While also driving profitable growth

Net Income (Loss)

Adjusted EBITDA

Net income (loss) is presented on a non-GAAP basis and excludes gain on Caviar sale and all equity investments (both gains and losses). See the Appendix starting on page 29 for non-GAAP and other reconciliations.
Strong growth + margin profile

Adjusted EBITDA margin is defined as Adjusted EBITDA as a percent of gross profit for a given time period. See the Appendix starting on page 29 for non-GAAP and other reconciliations.
Expanding our addressable market over time

Previous Addressable Market estimates were provided in prior Block Investor Day materials. 2022 Addressable Market was sized on a gross profit basis, while 2020 and 2017 were sized based on the "revenue opportunity."
Square represents a ~$120B gross profit opportunity

$81^+_{B}$
Integrated Payments Software
U.S. Commerce

$16^+_{B}$
Square Loans Financial Services
U.S. Banking

$25^+_{B}$
Integrated Payments Software Financial Services
International

$120^+_{B}$
Opportunity

Sources: Square internal company data, 2017 U.S. Census, The Nilson Report. For further information on how we calculate “U.S. Commerce,” “U.S. Banking,” and “International” opportunity, please see slide 30.
With SMB and mid-market sellers representing an attractive target opportunity

<table>
<thead>
<tr>
<th>Seller Size (Gross Receipts)</th>
<th>U.S. Sellers</th>
<th>U.S. Gross Receipts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprise</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$100M+</td>
<td>25K</td>
<td>$8.5T</td>
</tr>
<tr>
<td>$20M – $100M</td>
<td>51K</td>
<td>$1.7T</td>
</tr>
<tr>
<td>Mid-Market</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$1M – $20M</td>
<td>1.0M</td>
<td>$3.7T</td>
</tr>
<tr>
<td>SMB</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$250K – $1M</td>
<td>2.9M</td>
<td>$1.3T</td>
</tr>
<tr>
<td>Micro</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt;$250K</td>
<td>17.2M</td>
<td>$518B</td>
</tr>
</tbody>
</table>

Less than 1% penetrated in the mid-market segment today

2021 gross receipts as % of addressable opportunity

Sources: Square internal company data, 2017 U.S. Census, U.S. Bureau of Labor Statistics. Seller sizes from the U.S. Census gross receipts are mapped to Square seller size classifications by assuming a given business' sales are 50% cash and 50% card payments. "U.S. Gross Receipts" opportunity is based on U.S. Census data as of 2017, adjusted for inflation through 2021 based on CPI from the U.S. Bureau of Labor Statistics.
Multiple strategies to expand addressable market

- Global expansion
- Financial services
- Growing upmarket
- Enhancing omnichannel capabilities

$120^+$B

Circles are illustrative of opportunities to expand addressable market, but are not proportional or to scale.
Cash App represents a ~$70B gross profit opportunity in the U.S.

- **Community (P2P)**: $28B
  - Business accounts
  - Instant Deposit

- **Financial Services**: $40B
  - Cash App Card

- **Bitcoin (Consumer Trading)**: $3B
  - Buying and selling bitcoin

Opportunity: $70B

For further information on how we calculate “Community (P2P),” “Financial Services,” and “Bitcoin (Consumer Trading)” opportunity, please see slide 31.
Opportunity to expand on strong growth with digital natives

<table>
<thead>
<tr>
<th>Generation</th>
<th>U.S. Population</th>
<th>Age</th>
<th>Mean Income</th>
<th>Cash App % of Monthly Actives</th>
<th>Cash App % of Inflows</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generation Z</td>
<td>~56M</td>
<td>13 – 25</td>
<td>$39K</td>
<td>34%</td>
<td>27%</td>
</tr>
<tr>
<td>Millennials</td>
<td>~72M</td>
<td>26 – 41</td>
<td>$85K</td>
<td>38%</td>
<td>44%</td>
</tr>
<tr>
<td>Generation X</td>
<td>~67M</td>
<td>42 – 57</td>
<td>$113K</td>
<td>20%</td>
<td>22%</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>~66M</td>
<td>58 – 76</td>
<td>$79K</td>
<td>8%</td>
<td>7%</td>
</tr>
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Opportunity to expand on strong growth with digital natives

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Reaching less than 20% of the U.S. population today

Cash App monthly actives with demographic data (% of U.S. population)

- **Gen Z**: 20%
- **Millennials**: 17%
- **Gen X**: 10%
- **Baby Boomers**: 4%

Represents Cash App monthly actives as of 3/31/22 as a percentage of the U.S. population. We defined the U.S. population as of U.S. Census data as of 2019, adjusted for assumed population growth. Does not include actives who have not gone through the identity verification process with Cash App. Circle sizes are representative of relative population size, and not drawn to scale.
Multiple strategies to expand our addressable market

Circles are illustrative of opportunities to expand addressable market, but are not proportional or to scale.
Investing in emerging ecosystems with meaningful long-term potential
TIDAL ecosystem

- ~7M creators have uploaded a song to TIDAL
- ~2M creators had at least one stream on TIDAL in March
- 0.1M creators had at least 650 streams on TIDAL in March
- ~500M+ global music streaming subscribers

Source: Global music streaming subscribers data from MIDiA Research as of Q2 2021.
Creator ecosystem

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- 0.1M creators had at least 650 streams on TIDAL in March
- ~500M+ global music streaming subscribers

Source: Global music streaming subscribers data from MIDiA Research as of Q2 2021.
Bitcoin ecosystem

We see meaningful long-term potential in the growth and value of bitcoin.

Sources: Forbes, Cointelegraph, Federal Reserve, United States Mint, World Bank, Coin Metrics, and Capital IQ. For further information please see slide 32. Timeline and bubble sizes are representative of relative years and market cap, and not drawn to scale.
Bitcoin ecosystem: wallet and mining

**Wallet**
Global Bitcoin Owners

- 2020: 54M
- 2021: 176M

**225%+ YoY Growth**

**Mining**
Global Bitcoin Mining Revenue

- 2020: $5B
- 2021: $17B

**240%+ YoY Growth**

Sources: Global bitcoin owners data from Crypto.com as of December 2020 and December 2021. Global bitcoin mining revenue data from Coin Metrics as of December 2020 and December 2021. Bubble sizes are representative of relative number of owners and revenue, and not drawn to scale.
Enable decentralized identity
Established identity and access to global financial services without any limit to geo or reach

Cheaper and faster remittances at scale
~1B Global remittance users

Value-added services on decentralized exchange
New business models and way of providing financial services

Our ecosystems become more powerful as we build connections between them
Investment thesis

- Each ecosystem with multiple vectors for growth
- Differentiated ecosystem of ecosystems approach
- Strong cohort economics driving attractive long-term returns
- Operating model built to drive continued innovation
Appendix

Slide 12:

“U.S. Commerce” gross profit opportunity is a combination of U.S. Payments, U.S. ACH, and SaaS opportunities. U.S. Payments opportunity is calculated by aggregating the gross receipts of U.S. businesses and adjusting for Square’s addressable industries (2017 U.S. Census), then applying an inflation factor, card payment mix (per December 2021 Nilson Report), and a 1% transaction margin. The U.S. ACH opportunity uses the 2021 adjusted gross receipts, applies ACH penetration mix (Nilson Report), a 0.92% transaction margin, and the number of addressable businesses for Square’s Invoices product as a percentage of Square’s total addressable businesses. SaaS opportunity is calculated using the 2021 gross profit per active for each of Square’s SaaS products, then multiplying by the number of addressable businesses respective to each product based on seller size and vertical.

“U.S. Banking” gross profit opportunity is defined by the aggregate sizing of Square Loans, Square Card, and Instant Transfer. Square Card and Instant Transfer opportunities are calculated based on 2021 seller gross profit per active multiplied by gross margin, an estimated attach rate ceiling, and the number of addressable businesses respective to each product based on seller size and vertical. Square Loans is calculated using outstanding FDIC U.S. small business loans under $250,000 outstanding as of December 31, 2021, multiplied by the average of Goldman Sachs’ estimated revenue rate on small business loans of 4% to 6%.

“International” gross profit opportunity is defined by the International Payments opportunity and then extrapolating out International SaaS and International Financial Services based on a similar mix to the U.S. The International Payments opportunity is calculated by aggregating 2019 HFCE data (Household Final Consumption Expenditure) for each of Square’s current international markets adjusted for applicable industries, then converting to USD and multiplying the 2-year card penetration CAGR to each country, and a 1% transaction margin.
Appendix

Slide 16:

“Community (P2P)” gross profit opportunity is calculated based on the approximate gross profit percentage of Cash App’s Community (P2P) volume opportunity. The Community (P2P) volume opportunity is calculated based on U.S. Census data on adult population as of 2019, adjusted for population growth, multiplied by estimated monthly peer-to-peer volumes per individual, which is the sum of Cash App internal average volume per monthly active, added to estimates for Zelle and Venmo monthly volume per customer based on respective public disclosures, as of Q4 2021.

“Financial Services” gross profit opportunity is calculated by multiplying the approximate Cash App Card gross profit percentage by total debit and prepaid transaction volumes per The Nilson Report (December 2021).

“Bitcoin (Consumer Trading)” gross profit opportunity is calculated by taking the average annual bitcoin trading volume between 2020–2021 per CoinGecko, adjusting for U.S. volume and washed trades, multiplied by the approximate Cash App bitcoin gross profit percentage.
Appendix

Slide 24:

“Bitcoin ecosystem” market opportunity further information and sources: Gold current market cap and years to $1 trillion market cap data from Forbes as of December 2021 and Cointelegraph (February 2021). U.S. Currency in Circulation current market cap and years to $1 trillion market cap data from Federal Reserve as of December 2020 and United States Mint (April 2017). U.S. Listed Equities current market cap and years to $1 trillion market cap data from World Bank as of December 2021. Microsoft, Apple, Amazon, Alphabet, Tesla, and Meta current market cap and years to $1 trillion market cap data from Capital IQ as of April 15, 2022. Bitcoin market cap and years to $1 trillion market cap data from Coin Metrics as of April 15, 2022.
## Reconciliations

Discussion of financial results excluding Caviar (in thousands)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total gross profit</td>
<td>345,195</td>
<td>576,038</td>
<td>839,306</td>
<td>1,303,700</td>
<td>1,889,685</td>
<td>2,733,409</td>
<td>4,419,823</td>
</tr>
<tr>
<td>Less: Caviar contribution to total gross profit</td>
<td>(462)</td>
<td>6,967</td>
<td>15,578</td>
<td>36,369</td>
<td>41,590</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross profit excluding Caviar</td>
<td>345,657</td>
<td>569,071</td>
<td>823,728</td>
<td>1,267,331</td>
<td>1,848,095</td>
<td>2,733,409</td>
<td>4,419,823</td>
</tr>
</tbody>
</table>
# Reconciliations

## Adjusted EBITDA (in thousands)

<table>
<thead>
<tr>
<th>($ in thousands, unaudited)</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income (loss) attributable to common stockholders</td>
<td>(62,813)</td>
<td>(38,453)</td>
<td>375,446</td>
<td>213,105</td>
<td>166,284</td>
</tr>
<tr>
<td>Net loss attributable to noncontrolling interests</td>
<td></td>
<td></td>
<td></td>
<td>(7,458)</td>
<td></td>
</tr>
<tr>
<td>Net income (loss)</td>
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<td>(38,453)</td>
<td>375,446</td>
<td>213,105</td>
<td>158,826</td>
</tr>
<tr>
<td>Share-based compensation expense</td>
<td>155,836</td>
<td>216,881</td>
<td>297,863</td>
<td>397,500</td>
<td>608,042</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>37,279</td>
<td>60,961</td>
<td>75,598</td>
<td>84,212</td>
<td>134,756</td>
</tr>
<tr>
<td>Acquisition related, integration and other costs</td>
<td></td>
<td>4,708</td>
<td>9,739</td>
<td>7,482</td>
<td>35,474</td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>10,053</td>
<td>17,982</td>
<td>21,516</td>
<td>56,943</td>
<td>33,124</td>
</tr>
<tr>
<td>Other expense (income), net</td>
<td>(1,595)</td>
<td>(18,469)</td>
<td>273</td>
<td>(291,725)</td>
<td>(29,474)</td>
</tr>
<tr>
<td>Bitcoin impairment losses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>71,126</td>
</tr>
<tr>
<td>Provision (benefit) for income taxes</td>
<td>149</td>
<td>2,326</td>
<td>2,767</td>
<td>2,862</td>
<td>(1,364)</td>
</tr>
<tr>
<td>Loss (gain) on disposal of property and equipment</td>
<td>100</td>
<td>(224)</td>
<td>1,008</td>
<td>2,570</td>
<td>2,633</td>
</tr>
<tr>
<td>Gain on sale of Caviar</td>
<td></td>
<td></td>
<td>(373,445)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquired deferred revenue adjustment</td>
<td>12,853</td>
<td>7,457</td>
<td>1,497</td>
<td></td>
<td>744</td>
</tr>
<tr>
<td>Acquired deferred costs adjustment</td>
<td>(2,042)</td>
<td>(1,369)</td>
<td>(375)</td>
<td>(230)</td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td><strong>139,009</strong></td>
<td><strong>256,523</strong></td>
<td><strong>416,853</strong></td>
<td><strong>474,071</strong></td>
<td><strong>1,013,657</strong></td>
</tr>
</tbody>
</table>
Reconciliations

Net income (loss) (in thousands)

<table>
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<td>166,284</td>
</tr>
<tr>
<td>(Gain) loss on equity investments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(20,342)</td>
<td>12,326</td>
<td>(295,297)</td>
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<td></td>
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<td>(58,795)</td>
<td>14,327</td>
<td>(82,192)</td>
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