

## Block Investor Day 2025 Transcriptions

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Hi everyone. All right, this is our last formal presentation of the day. We'll have a seller panel and Q and A after this, and I hope you enjoy the demo Hall too. But let's talk about how everything you heard today comes together to form our financial outlook for the future. First, I want to reflect on what we've delivered in the recent past. Our track record underpins believability in delivering for the future. Looking at the last five years, we've achieved a 30% compound annual growth rate. Since 2020 we've nearly quadrupled our gross profit, and since our last investor day in 2022 we've nearly doubled in scale. These results highlight the strength, the diversity, the resilience of our business model to achieve scale and exceptional growth. We've scaled by expanding multiple ecosystems. Both square and Cash App have grown as contributors to our overall gross profit over the last five years. We now have two powerful ecosystems, square serving sellers, Cash App serving consumers, each driving growth, and with a long runway ahead. It's our focus on product velocity to bring back a slide that Owen showed you that delivers growth. Over the last five years, we've consistently launched, acquired and scaled new revenue streams from our BNPL platform to Square's online solutions and lending within cash app today, 26 revenue lines each generate more than \$100 million in annual gross profit, more than double what we had three years ago in 2022 it's this product velocity and five times the number by the way, in 2020 And over the past year through September, the products introduced or acquired since 2020 now represent about a quarter of our total gross profit. These products are a testament to our ability to find new problems to solve on behalf of our customers, which then turn into vectors of growth for our business. And over time, we can scale them into meaningful scale and size. That was a product view. Now let's take a customer lens first with customer acquisition. After moderating last year, we've seen an inflection in both Cash App and square acquisition. In recent months, cash app's monthly transacting actives have hit a new all time high of 58 million as of September. And as you heard from Owen and Nick, this is from a combination of product launches, network enhancements and our marketing. We believe the recent momentum puts us in a great position as we head into 2026 on the square side, it's a similar story. We've seen a meaningful acceleration in new volume added in 2025 driven by a product focus on food and beverage, our expanded sales presence in the US and internationally, and a revamped marketing strategy that's encouraging traction on the strategy we laid out earlier this year within our ecosystems, we see. Engagement, drive retention in cash. App as actives build larger networks with other actives, we see improvements in retention for square we see a similar trend as sellers adopt more products across our ecosystem, we are focused on continued improvements here, because as we retain more of our customers. They grow with us over time. We've also seen our focus on engagement translate into monetization. Product adoption has driven meaningful expansion in monetization for both

ecosystems since 2020 square has nearly doubled its gross profit per seller, and cash app has more than doubled gross profit per active and we believe we have a long runway here for future growth as we continue to cross sell and launch more products, let's shift to our profitability. Over the last few years, we've executed a transformation in our cost profile. We've sustained top line growth while maintaining discipline on our expenses, and as a result, we've significantly improved our margin profile. You can see the results in the sustained improvements in both adjusted operating income and adjusted EBITDA, adding more than \$2 billion in both metrics in 2025 relative to 2022, functionalization has been a key driver of this progress. We've found efficiencies within our teams and across shared infrastructure throughout the business, from our development cycles to go to market, and we believe that there are opportunities to find further efficiencies as we look to the future. Overall, our execution puts us in rare company. This screen here is based on consensus expectations for the next year. We're one of only 24 companies in the s and p 500 operating at \$10 billion or greater gross profit scale, growing gross profit 15% annually and delivering 20% or more in adjusted operating income, in margins. That's less than 5% of the s&p 500 at this level of scale, growth and efficiency, and we're one of them. It's a powerful moment to appreciate what we've built, and we want to continue to deliver on this progress to drive shareholder value. Over the last decade, our total addressable gross profit opportunity has expanded dramatically. Back in 2015 we had a single core market us payments between 2015 and 2020 our addressable market expanded as we added square international markets and launched Cash App. These markets grew to \$190 billion by our last investor day in 2022 today, our addressable opportunity is nearly half a trillion dollars, more than doubling in just three years, boosted by the additions of buy now, pay later, cash at borrow and proto on the right, you can see the breakout across key groupings of commerce enablement, financial solutions and the Bitcoin ecosystem. Each represents a large and growing opportunity, and across this \$500 billion addressable market, we're less than 2% penetrated today. This sets the foundation for a long runway of durable growth ahead. Now let's get into those three categories I just showed you. We know our business is complex and evolving, starting in the fourth quarter, we plan to introduce a new framework to simplify how you can understand and model it as always. We seek your feedback. As we refine this approach, we'll break our revenue categories into three areas, commerce enablement, financial solutions and Bitcoin ecosystem. We believe this approach better reflects the jobs we do for our customers than our current revenue categories, transaction, revenue, subscription and services and hardware. Let's get into what each includes. Commerce enablement products help sellers scale with square processing, software and hardware, and those products give consumers tools to spend with purpose through Cash App card, the NPL solutions and Cash App pay, Financial Solutions products expand access to capital through square banking and Cash App borrow. They enable customers to withdraw funds immediately with instant transfers, and they help consumers save and invest. Our Bitcoin ecosystem makes Bitcoin accessible and secure through proto bitcoin and our buy sell product within Cash App, as Jack said, we are a technology company that builds tools to empower customers. Years, we have a broad array of products to serve our customers, and we continue to innovate across each of these areas. Taken together, the diversity here builds a durable growth profile. These next few slides get into our business composition using these categories. We'll start with block overall, you'll see a healthy growth CAGR for each of these three categories, as all three have compounded in the mid teens to mid 20% range over the

past couple of years. Commerce makes up a majority of our mix, at nearly 60% with financial solutions delivering the strongest growth in recent quarters, and nearly 40% mix as of q3 in the next few slides. I'm going to get deeper on these metrics, because we plan to report many of them every quarter to help you track our performance. Let's dive into cash app and its mix across the three categories. Commerce is the consistent long term driver of cash app's growth indexed to spending across our ecosystem financial solutions, is the recent area of upside as we've launched and scaled borrow, each now contributes roughly half of total cash app gross profit in commerce enablement. We have key spending products like Cash App card, Cash App, pay and BNPL. We put BNPL in commerce, given the importance of the integrations for BNPL with the rest of cash apps, commerce tools, we measure performance on volumes and monetization rate in the bars, you'll see the consistent growth approaching \$50 billion in volumes in the third quarter, with growth accelerating in each of the last two quarters. As we've scaled you'll see that the line above it, our monetization rate has been remarkably stable, between 1.5 and 1.6% of volumes. We see this as profitable, durable growth driven by product innovation that expands our share of daily spending on to financial solutions with products like cash, up borrow and instant deposit, we track gross profit per active here you'll see steady expansion in the past year, growing from \$9 in q4 of last year to \$13 As of the third quarter, driven primarily by scaling borrow. Now let's hit a couple of the key operating metrics that influence those categories. Primary banking actives are a key indicator of engagement and inflows growth. These are actives who deposit a paycheck or spend \$500 or more each month, as you heard from Owen, we're now at 8.7 million primary banking actives in October, this group has grown quickly, now representing 15% of total cash app actives. Steady growth here drives the consistent inflows per active growth we've delivered. As we build greater utility, we can drive engagement and ultimately see more of our customers become primary banking actives over time. Turning to our lending products, the bar chart shows the strong growth we've delivered across borrow and BNPL, with a recent acceleration as we've expanded borrow, we grew lending, origination volume more than four and a half billion dollars year over year, growth of more than 50% we know investors are always focused on risk and returns here, the lines above reflect performance. You'll see our margins on origination have been remarkably consistent, right around 2% along with returns on invested capital or ROIC and the high 20% range. So even with this scale, we delivered an ROIC of 28% in q3 by the way, this is a trailing 12 month calculation, and doesn't reflect the full benefit of migrating originations to SFS, which we expect will improve returns from here. We've looked at many other modern FinTech and BNPL competitors. We do not believe that any of them are operating at this scale with this growth or with this return profile. We deliver all three. We know transparency matters here as we scale these products, so we plan to share these metrics on a consistent basis, staying on lending even as we've scaled volumes significantly borrow, loss rates have remained below 3% we use risk loss as a key input to how we manage the business if losses rise, we can adapt our funnel to adjust our risk exposure and to maintain a targeted loss rate as We scale borrow over time, we'd expect to see a higher mix of originations going to repeat customers that tend to have lower loss rates. This chart shows borrow mix by customer tenure over time, with a majority of origination dollars this year going to actives who have used the product for more than a year. These. Actives have a loss rate in the mid 2% range compared to newer actives with a higher loss rate. This difference is part of our underwriting strategy. We can be more intentional with

the pace at which we expand borrow access to new customers to manage total loss rates and optimize profit. This is a product we want to scale quickly, even if that means risk loss grows on \$1 basis. We know the returns and growth are incredibly strong, and we have been generating that growth at stable loss rates. Borrow is an exceptional investment and delivers a very important need to our customers, and as Owen shared borrow also drives engagement and retention benefits above and beyond the lending specific returns you see here. I want to share the unit economics for our two largest lending products, borrow on the left and BNPL pay in four on the right, to explain their strength and why we're excited to invest behind them, there are three things I want to highlight here. First, our margins on originations of these products are stable, right around 2% of origination volume, consistent with what I showed you earlier. Second, these loans are incredibly short duration. Our book turns over in roughly a month for both of these products. Finally, that combination leads to remarkable results without leverage. We're looking at roics of around 30% for \$100 of our capital without leverage. That means we can generate around \$30 per year, respectively, on these loans, and if we use warehouses or other funding structures, like deposits that increases returns with roes at 100% or greater, let's shift gears to square similar to Cash App commerce enablement is the consistent compounder here. It represents over three quarters of the mix and spans our payments, hardware and software portfolio. Financial Solutions has been the area of faster growth with square loans, as well as our broader business banking suite, instant transfer square debit and balanced products, financial solutions have steadily gained a greater share of our mix. This chart lays out the power of the ecosystem approach based on our real data over the past year, as a seller goes from adopting one product to five plus products. Monetization increases by around 14 times. That's from a combination of different revenue streams, payments, banking and software and often enabled by sellers, growth, more locations, serving additional use cases and handling complexity with it, with our ecosystem, we think about gross profit in terms of monetization rates. That is gross profit as a percentage of GPV for commerce, commerce enablement, you see general stability with some puts and takes from our payment and geographic mix, but overall, a strong attach rate that serves as our foundation. Financial Solutions represent a key area of cross sell, where you've seen steady, improving attach and room for further growth. Now let's get Frank. Recently we got a lot of questions about gross profit growth relative to GPV growth. We recognize there's a lot of noise currently in Square's gross profit trends given the operational changes we've made, and strong up market growth increasing hardware costs. This chart addresses that directly. We're showing two cuts of gross profit, one for reported square gross profit, and one excluding hardware, a q2, network remediation, payment and the operational processing change. We called out. What you'll see with that blue line is that excluding those three items actually, we actually accelerated gross profit from our low in q1 earlier this year, and continue to grow faster than G, P, V in q3 what you're seeing is that the spread, on a reported basis, is driven by these three items. Recent underlying growth trends have been strong and improving. We've talked about our conviction and the strength of our business and the strategies we're deploying across product and go to market. And we've talked quite a lot about our conviction and accelerating growth. This chart shows why we've seen this show up in reported GPV and underlying gross profit growth today. This view is relevant to the near term dynamics of our growth, but it's not something we plan on showing on an ongoing basis, as we believe these processing partner impacts are largely transitory. All right, we've

talked about where we have been and where we are today. Now let's talk about what we expect to deliver in the years ahead. Let's start with the near term in 2026 for. First and foremost, we remain committed to achieving rule of 40. Let's take a look at how we expect to get there. On the top line, we expect to deliver gross profit growth of 17% next year, to reach nearly \$12 billion in gross profit, continuing our strong momentum from the back half of this year. We believe square and cash up are both positioned to drive durable growth. On the square side, we expect the results of recent go to market investments, scaling Field Sales and continued strength from self on board to continue compounding. On the cash app side, we're turning the corner on actives growth, and we have a number of recent and upcoming product launches that we expect to contribute to growth more meaningfully next year, shifting to the bottom line as we plan to balance that growth with discipline and strong profitability, we're going to start guiding to adjusted EPS, which, as a reminder, similar to adjusted Oi, includes the impact of stock based compensation for 2025 we expect adjusted EPS of \$2.35 and looking ahead to 2026 we expect to grow adjusted operating income by 31% with adjusted EPS growth of 36% to reach \$2.7 billion of adjusted operating income and \$3.20 of adjusted EPS. We've transformed our cost profile over the last couple of years, and we believe we still have a lot more to do. There are a number of levers in our expense base where we can drive continued efficiency across our fixed cost base, partner value chain, risk, loss and broad investments in automation. And finally, we expect this to generate meaningful cash at approximately 20% of gross profit in 2026 I'll come back to this new non GAAP metric we are introducing shortly. Our priority remains achieving rule of 40 in 2026 and sustaining it over time. Taken together, we believe this financial profile puts us in great shape to deliver next year, similar to prior years, we will strive to outperform this initial guide with a focus on delivering stronger growth through our investments. Now let's get into the growth drivers across each ecosystem over the next three years, starting with cash app, we expect low single digit actives growth over the next three years, we are laser focused on growing our actives base, and are executing at scale to compound impact. Growth here will be driven by network innovations we discussed today with specific initiatives like teens and families, multiplayer, money and block networks. Actives, growth has a compounding effect that is also felt an engagement across our ecosystem. As Owen highlighted, in recent years, we've executed well on consistent increases to inflows per active in monetization rate driving cash apps, ARPU growth. We expect those to continue at a healthy clip. We expect inflows per active growth to come from growth in primary banking actives by introducing incentives like cash app green powerful tools for our customers, we expect to increase monetization rate through the banking and lending products we've talked about, Cash App, borrow and our Bitcoin capabilities, our forecasts imply the average active is bringing in about \$7,000 in inflows into cash. App, in 2028 still a fraction of the median income in the US, reflecting the runway ahead to continue to grow. Cash App, longer term. I think we'll come back to the square side of it, but let's put it together first with what the next few years looks like. If we look longer term, we plan to sustain our compound discipline growth in 2027 and 2028 we expect to grow gross profit in the mid teens range over that time frame. We believe we have sustainable drivers in both cash, app and square, and expect proto to ramp in the coming years. On profitability. We expect adjusted operating income to grow 30% with adjusted earnings per share growth in the low 30% range. We're continuing to see gains in operational leverage, and we expect those to build over time. The investments and priorities we're making today are setting us up for compounding returns in

the years ahead. And finally, we expect non GAAP cash flow to improve to 25% by 2028 This is a powerful combination of growth with efficiency, mid teens, top line growth, with over 30% earnings per share growth, we expect to achieve rule of 40 in 2026 and sustain it in 2027 and 2028 now let's. Come back to the next driver of that three year view, which is square over the next three years, we expect a low to mid teens compound annual growth rate across both reported gross profit and GPV. We expect gross profit and GPV growth to accelerate in 2026 relative to 25 to the low double digits, and we expect further acceleration into the mid teens in 2027 and 2028 importantly, we expect gross profit growth to be similar to GPV growth each of the next three years, once we lap some of the dynamics that we discussed earlier in the first half of 2026 our accelerating growth expectations are due in large part to the increasing investment in strong marginal ROIs nixed discussed earlier. We have two powerful growth levers here, retention and acquisition. For acquisition, approximately every eight points of new volume growth in a given year leads to an incremental one percentage point of GPV growth in the following year, retention has a more immediate and outsized impact as a one point improvement in retention translates directly to one additional point of GPV growth. We believe we have opportunities in both areas on the growth of GPV relative to gross profit as we move up market with larger sellers, and as international becomes a bigger part of the mix our we expect to see a mix shift in our payments pricing. However, we expect that to be generally offset by increased software attached as we reach larger sellers, as well as cross sell, upsell and pricing initiatives as we execute on our recent pricing and packaging change shifting to blocks incremental profit margins. What we're seeing here is the real story of our efficiency. We're scaling the business at a mid teens growth rate, and converting that growth to increasing incremental profitability. For every \$1 of additional gross profit we generate, our incremental margin tells us how much flows to the bottom line. In 2025 we're converting a third of growth to adjusted operating income in 2026 we expect incremental margins to expand, despite investing over \$130 million in a number of net new growth initiatives that we expect will sustain our growth for the long term, including money bought neighborhoods and after pay pre Purchase. Looking ahead to 2028 we expect to convert about half of our incremental gross profit to profitability, with our incremental margins improving each year, shifting to the returns we see on the investments we make to drive long term growth in square we're generating a 2x ROI on our go to market investments over three years with a six quarter payback period, cash up is even more compelling. We're seeing 9x ROI over three years with just a two quarter payback period. When you can acquire customers at these economics, you keep investing, and that's what we're doing. Embedded in the Outlook we provided today is continued investment behind these returns as we scale acquisition across both ecosystems, if we execute well on our growth initiatives and outperform our gross profit guidance, we expect to reinvest some of that upside in sustaining long term growth, As long as the marginal ROIs remain compelling since our last investor day in 2022 we've achieved substantial leverage on our fixed costs. Our quarterly gross profit has doubled since q1 of 2022 and we've moderated growth on the key areas of our expense, space, product development and GNA. Looking ahead, we believe there's more we can do on fixed costs to unlock investment in sales and marketing and to grow our lending portfolio, and we believe all this will allow us to sustain compounding earnings growth. Now let's shift to capital allocation. We have three priorities here. First and foremost, we're investing in product innovation and go to market execution to sustain long term growth. Second, we're returning capital to shareholders through a

consistent share repurchase program. We've repurchased more than one and a half billion dollars of our shares in 2025 through September, and we are committed to continue this trend. And third, we're optimizing our capital structure. We intend to achieve an investment grade rating over time. This is about building a strong, resilient balance sheet that supports sustainable growth. These three priorities work together, invest in growth, Return Value to shareholders and strengthen. Our foundation today, as I shared earlier, I want to introduce a new cash flow metric that we plan to report going forward. We're calling it non GAAP cash flow, and we believe it's the most representative measure of the cash we're generating and our ability to return capital to shareholders. Let me walk you through how we define it. We start with cash flow from operations, and subtract capex, which gets you to free cash flow. Then you make two important adjustments. First, we adjust for settlement timing, the timing of working capital for our payments products. This can change quarter to quarter, but doesn't really reflect the underlying economics of our business. This is a standard adjustment payments and fintech companies tend to make. And second, we adjust for the capital we invest in our lending products, adding back cash freed up from Warehouse lines, why our lending business has recurring funding needs, which we support today through warehouse facilities, and plan to eventually use deposits to fund our growth. Traditional free cash flow doesn't capture the full picture. Non GAAP cash flow shows you the deployable cash we're generating, the cash available for share repurchases and strategic investments. This is the metric we'll anchor to going forward, and we think it's the right lens to evaluate the cash potential of our business. We plan to meaningfully inflect our non cap, non GAAP cash flow over the next three years. As we mentioned, we expect a 20% cash flow yield as a percentage of gross profit in 2026 and we expect to improve this as a percentage of gross profit over the coming years. So over the next three years, we expect to generate approximately \$9 billion in cash on a non GAAP basis. And in 2028 we expect to generate \$4 billion that's \$9 billion we can return to shareholders or invest strategically. We plan to continue to repurchase shares, and will act more aggressively when we believe shares traded a deep discount to intrinsic value, like we think they do today. That's why today we announced we've expanded our share repurchase authorization by an additional \$5 billion we believe we can return up to 80% of our non GAAP cash flow back to shareholders over the next three years. Our commitment to profitable growth provides us with compelling opportunity for value creation here. This is where it all comes together. This is the financial profile we're building towards. These are the numbers. If you extrapolate our guidance to 2028 we'll be approaching \$16 billion dollars in gross profit, generating \$4.6 billion of adjusted operating income, delivering \$5.50 of adjusted EPS, and generating \$4 billion in cash flow on a non GAAP basis. This is the financial profile of a company that's positioned to create durable value for shareholders for years to come. As we close, I want to leave you with how we started on our investment thesis. Block is a technology company building connected ecosystems that empower people to participate more fully in the economy. And our strategy is to drive durable growth compound profitability and generate meaningful cash flow through our four strengths. First, our unique capabilities, the mix of financial infrastructure, hardware, operations, networks and AI that we've built over 16 years is hard to match. Second, differentiated interfaces, simple, intuitive products that make lasting customer relationships. And third, network advantages each new seller or individual makes the entire ecosystem stronger. Finally, proactive intelligence, using real time

data and AI to help our customers run their business, make the most of their money and give time back. These are what will fuel the next chapter of block. Thank you.