UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2026

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	**80-0429876**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

1955 Broadway, Suite 600
Oakland, CA 94612[1]
(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

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 ☐

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 30, 2026, the number of shares (in thousands) of the registrant's Class A and Class B common stock outstanding were 544,546 and 59,976, respectively.

[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.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q 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 Quarterly Report on Form 10-Q 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 credit 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, including our ability and timing to integrate artificial intelligence ("AI") and cryptocurrency features into our business and products, the expected benefits of AI tools to our employees, to our customers, to the pace of our innovation and to our overall business, 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 workforce reduction and anticipated costs, impact, risks and benefits of such action, 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 Quarterly Report on Form 10-Q. 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 Quarterly Report on Form 10-Q. 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 Quarterly Report on Form 10-Q and are not guarantees of future performance. We undertake no obligation to update any forward-looking statements made in this Quarterly Report on Form 10-Q to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect new information or the occurrence of unanticipated events, except as required by law.

Part I—Financial Information

Item 1. Financial Statements

BLOCK, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except per share data)

	September 30, 2026	December 31, 2025
Assets	(Unaudited)	
Current assets:		
Cash and cash equivalents	$ 7,859,314	$ 6,564,092
Settlements receivable	1,454,211	1,359,983
Customer funds	5,356,911	4,771,824
Consumer receivables, net	2,352,214	2,670,322
Loans held for investment, net	4,401,001	3,382,957
Other current assets	3,561,245	4,107,702
Total current assets	24,984,896	22,856,880
Goodwill	11,984,759	11,849,018
Acquired intangible assets, net	1,155,971	1,281,670
Deferred tax assets	1,313,316	1,302,776
Bitcoin investment	771,881	777,515
Other non-current assets	1,024,864	1,482,028
Total assets	$ 41,235,687	$ 39,549,887
Liabilities and Stockholders' Equity		
Current liabilities:		
Customers payable	$ 7,700,091	$ 6,805,366
Accrued expenses and other current liabilities	3,061,320	1,538,893
Current portion of long-term debt (Note 12)	—	1,573,259
Warehouse funding facilities, current	447,437	466,942
Total current liabilities	11,208,848	10,384,460
Warehouse funding facilities, non-current	1,096,103	897,941
Long-term debt (Note 12)	5,723,027	5,715,759
Other non-current liabilities	337,523	381,845
Total liabilities	18,365,501	17,380,005
Commitments and contingencies (Note 16)		
Stockholders' equity:		
Preferred stock, $0.0000001 par value: 100,000 shares authorized at September 30, 2026 and December 31, 2025. None issued and outstanding at September 30, 2026 and December 31, 2025.	—	—
Class A common stock, $0.0000001 par value: 1,000,000 shares authorized at September 30, 2026 and December 31, 2025; 544,541 and 542,085 issued and outstanding at September 30, 2026 and December 31, 2025, respectively.	—	—
Class B common stock, $0.0000001 par value: 500,000 shares authorized at September 30, 2026 and December 31, 2025; 59,976 and 59,993 issued and outstanding at September 30, 2026 and December 31, 2025, respectively.	—	—
Additional paid-in capital	19,122,552	18,895,405
Accumulated other comprehensive loss	(234,839)	(365,381)
Retained earnings	4,019,641	3,674,254
Total stockholders' equity attributable to common stockholders	22,907,354	22,204,278
Noncontrolling interests	(37,168)	(34,396)
Total stockholders' equity	22,870,186	22,169,882
Total liabilities and stockholders' equity	$ 41,235,687	$ 39,549,887

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

BLOCK, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Revenue:				
Commerce enablement revenue	$ 3,475,923	$ 2,999,053	$ 9,755,964	$ 8,464,330
Financial solutions revenue	1,439,629	1,094,925	4,143,982	2,954,489
Bitcoin ecosystem revenue	1,803,807	2,020,974	5,493,947	6,522,386
Total net revenue	6,719,359	6,114,952	19,393,893	17,941,205
Cost of revenue:				
Commerce enablement costs	1,612,891	1,433,672	4,453,989	3,940,242
Financial solutions costs	107,165	88,578	290,359	249,149
Bitcoin ecosystem costs	1,751,964	1,917,275	5,301,264	6,221,176
Amortization of acquired technology assets	12,066	13,857	37,688	42,935
Total cost of revenue	3,484,086	3,453,382	10,083,300	10,453,502
Gross profit	3,235,273	2,661,570	9,310,593	7,487,703
Operating expenses:				
Product development	635,590	711,235	2,283,123	2,197,222
Sales and marketing	687,900	599,333	2,003,363	1,653,524
General and administrative	847,461	543,974	2,530,894	1,485,008
Transaction, loan, and consumer receivable losses	601,706	363,455	1,687,281	827,234
Amortization of customer and other acquired intangible assets	34,125	34,133	102,561	101,680
Total operating expenses	2,806,782	2,252,130	8,607,222	6,264,668
Operating income	428,491	409,440	703,371	1,223,035
Interest expense, net	48,128	34,652	157,044	75,582
Remeasurement loss (gain) on bitcoin investment	(229,705)	(59,588)	31,587	(178,402)
Other income, net	(2,423)	(167,150)	(6,650)	(162,103)
Income before income tax	612,491	601,526	521,390	1,487,958
Provision for income taxes	48,350	139,928	178,775	299,304
Net income	564,141	461,598	342,615	1,188,654
Less: Net income (loss) attributable to noncontrolling interests	(1,410)	54	(2,772)	(1,220)
Net income attributable to common stockholders	$ 565,551	$ 461,544	$ 345,387	$ 1,189,874
Net income per share attributable to common stockholders:				
Basic	$ 0.94	$ 0.76	$ 0.58	$ 1.94
Diluted	$ 0.92	$ 0.74	$ 0.57	$ 1.91
Weighted-average shares used to compute net income per share attributable to common stockholders:				
Basic	602,507	610,199	599,321	614,117
Diluted	614,778	621,658	607,353	625,256

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

BLOCK, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(In thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Net income	$ 564,141	$ 461,598	$ 342,615	$ 1,188,654
Net foreign currency translation adjustments [(i)]	25,125	(33,965)	135,827	585,828
Net unrealized gain (loss) on marketable debt securities, net of tax	(2,388)	133	(5,285)	(508)
Total comprehensive income	$ 586,878	$ 427,766	$ 473,157	$ 1,773,974

[(i)] Includes foreign currency translation gains related to goodwill of $17.8 million and $136.0 million for the three and nine months ended September 30, 2026, respectively. The three and nine months ended September 30, 2025 includes foreign currency translation loss related to goodwill of $8.9 million and gain of $389.5 million, respectively.

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

BLOCK, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)
(In thousands)

	Class A and B common stock shares	Common stock and additional paid-in capital	Accumulated other comprehensive loss	Retained earnings	Noncontrolling interests	Total stockholders' equity
Balance at December 31, 2025	602,078	$ 18,895,405	$ (365,381)	$ 3,674,254	$ (34,396)	$ 22,169,882
Net income (loss)	—	—	—	(308,681)	86	(308,595)
Shares issued in connection with employee stock plans	3,893	618	—	—	—	618
Repurchases of common stock, including excise tax	(10,700)	(639,988)	—	—	—	(639,988)
Change in other comprehensive loss	—	—	113,250	—	—	113,250
Share-based compensation	—	345,861	—	—	—	345,861
Balance at March 31, 2026	595,271	$ 18,601,896	$ (252,131)	$ 3,365,573	$ (34,310)	$ 21,681,028
Net income (loss)	—	—	—	88,517	(1,448)	87,069
Shares issued in connection with employee stock plans	6,511	49,658	—	—	—	49,658
Repurchases of common stock, including excise tax	(945)	(61,947)	—	—	—	(61,947)
Change in other comprehensive loss	—	—	(5,445)	—	—	(5,445)
Share-based compensation	—	265,846	—	—	—	265,846
Tax withholding related to vesting of restricted stock units	(74)	(4,892)	—	—	—	(4,892)
Balance at June 30, 2026	600,763	$ 18,850,561	$ (257,576)	$ 3,454,090	$ (35,758)	$ 22,011,317
Net income (loss)	—	—	—	565,551	(1,410)	564,141
Shares issued in connection with employee stock plans	3,842	6	—	—	—	6
Repurchases of common stock, including excise tax	—	1,000	—	—	—	1,000
Change in other comprehensive loss	—	—	22,737	—	—	22,737
Share-based compensation	—	278,160	—	—	—	278,160
Tax withholding related to vesting of restricted stock units	(88)	(7,175)	—	—	—	(7,175)
Balance at September 30, 2026	604,517	$ 19,122,552	$ (234,839)	$ 4,019,641	$ (37,168)	$ 22,870,186

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

BLOCK, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY - Continued
(Unaudited)
(In thousands)

	Class A and B common stock shares	Common stock and additional paid-in capital	Accumulated other comprehensive loss	Retained earnings	Noncontrolling interests	Total stockholders' equity
Balance at December 31, 2024	619,676	$ 19,900,379	$ (1,001,065)	$ 2,368,618	$ (32,970)	$ 21,234,962
Net income (loss)	—	—	—	189,872	(1,150)	188,722
Shares issued in connection with employee stock plans	4,004	2,283	—	—	—	2,283
Repurchases of common stock	(6,805)	(445,298)	—	—	—	(445,298)
Change in other comprehensive loss	—	—	130,250	—	—	130,250
Share-based compensation	—	324,155	—	—	—	324,155
Balance at March 31, 2025	616,875	$ 19,781,519	$ (870,815)	$ 2,558,490	$ (34,120)	$ 21,435,074
Net income (loss)	—	—	—	538,458	(124)	538,334
Shares issued in connection with employee stock plans	5,791	48,799	—	—	—	48,799
Repurchases of common stock	(12,463)	(692,204)	—	—	—	(692,204)
Change in other comprehensive loss	—	—	488,902	—	—	488,902
Share-based compensation	—	303,987	—	—	—	303,987
Balance at June 30, 2025	610,203	$ 19,442,101	$ (381,913)	$ 3,096,948	$ (34,244)	$ 22,122,892
Net income	—	—	—	461,544	54	461,598
Shares issued in connection with employee stock plans	4,381	7,165	—	—	—	7,165
Repurchases of common stock	(5,340)	(403,027)	—	—	—	(403,027)
Change in other comprehensive loss	—	—	(33,832)	—	—	(33,832)
Share-based compensation	—	318,412	—	—	—	318,412
Balance at September 30, 2025	609,244	$ 19,364,651	$ (415,745)	$ 3,558,492	$ (34,190)	$ 22,473,208

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

BLOCK, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Nine Months Ended September 30,	
	2026	**2025**
Cash flows from operating activities:		
Net income	$ 342,615	$ 1,188,654
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	282,148	273,464
Amortization of discounts and premiums	(894,970)	(836,118)
Non-cash lease expense and other non-cash adjustments	130,759	43,713
Share-based compensation	871,220	921,957
Loss (gain) on revaluation of equity investments	10,420	(172,582)
Remeasurement loss (gain) on bitcoin investment	31,587	(178,402)
Transaction, loan, and consumer receivable losses	1,687,281	827,234
Change in deferred income taxes	(396)	182,756
Purchases and originations of loans originally classified as held for sale	(5,777,116)	(12,394,452)
Proceeds from repayments of loans originally classified as held for sale	5,512,088	12,457,575
Changes in operating assets and liabilities:		
Settlements receivable	(274,477)	(291,388)
Customers payable	309,299	313,061
Prepaid expenses	(6,787)	(29,087)
Other assets and liabilities	777,910	(347,671)
Net cash provided by operating activities	3,001,581	1,958,714
Cash flows from investing activities:		
Purchases of marketable debt securities	(403,000)	(481,088)
Proceeds from maturities of marketable debt securities	450,839	423,312
Proceeds from sale of marketable debt securities	75,740	392,218
Payments for originations of consumer receivables	(24,997,025)	(22,553,302)
Proceeds from principal repayments and sales of consumer receivables	25,981,087	23,721,275
Purchases and originations of loans originally classified as held for investment	(33,272,894)	(7,643,830)
Proceeds from repayments of loans originally classified as held for investment	31,325,880	5,629,369
Purchases of property and equipment	(127,996)	(113,838)
Other investing activities	313,767	(45,930)
Net cash used in investing activities	(653,602)	(671,814)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

BLOCK, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS - Continued
(Unaudited)
(In thousands)

	Nine Months Ended September 30,	
	2026	**2025**
Cash flows from financing activities:		
Proceeds from issuance of senior notes	—	2,200,000
Payments of debt issuance costs from issuance of senior notes	—	(28,346)
Repayments of senior notes	(1,000,000)	—
Payments to redeem convertible notes	(575,000)	(1,000,624)
Proceeds from warehouse facilities borrowings	1,320,398	448,530
Repayments of warehouse facilities borrowings	(1,155,192)	(1,456,869)
Proceeds from the exercise of stock options and purchases under the employee stock purchase plan	50,282	58,247
Net increase in interest-bearing deposits	604,593	81,176
Repurchases of common stock	(700,935)	(1,540,529)
Other financing activities	(25,602)	(35,330)
Change in customer funds, restricted from use in the Company's operations	585,087	620,844
Net cash used in financing activities	(896,369)	(652,901)
Effect of foreign exchange rate on cash and cash equivalents	4,397	80,515
Net increase in cash, cash equivalents, restricted cash, and customer funds	1,456,007	714,514
Cash, cash equivalents, restricted cash, and customer funds, beginning of the period	12,481,276	13,230,512
Cash, cash equivalents, restricted cash, and customer funds, end of the period	$ 13,937,283	$ 13,945,026
Reconciliation of cash, cash equivalents, restricted cash, and customer funds:		
Cash and cash equivalents	$ 7,859,314	$ 8,335,934
Short-term restricted cash	650,435	731,590
Long-term restricted cash	70,623	73,786
Customer funds cash and cash equivalents	5,356,911	4,803,716
Total	$ 13,937,283	$ 13,945,026

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

BLOCK, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(*Unaudited*)

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, providing 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 solutions; 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 operates under a distributed work model and does not designate a headquarters location.

Basis of Presentation

The accompanying interim condensed consolidated financial statements of the Company are unaudited. These interim condensed 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 United States ("U.S.") Securities and Exchange Commission ("SEC") for interim financial information. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. The December 31, 2025 condensed consolidated balance sheet was derived from the audited financial statements as of that date, but does not include all of the information and footnotes required by U.S. GAAP for complete financial statements.

The accompanying unaudited interim condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and, in the opinion of management, reflect all adjustments of a normal recurring nature considered necessary to state fairly the Company's consolidated financial position, results of operations, comprehensive income (loss), and cash flows for the interim periods. The condensed consolidated financial statements include the financial statements of Block and its wholly-owned and majority-owned subsidiaries, including variable interest entities for which the Company is deemed to be the primary beneficiary. 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 condensed consolidated balance sheets. The interim results for the three and nine months ended September 30, 2026 are not necessarily indicative of the results that may be expected for the year ending December 31, 2026, or for any other future annual or interim period.

The information included in this Quarterly Report on Form 10-Q should be read in conjunction with the Consolidated Financial Statements and related notes in the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

Reclassifications

Certain prior period amounts reported in our condensed consolidated statements of operations and notes thereto have been reclassified to conform to the current year presentation.

The reclassifications in the condensed consolidated statements of operations primarily represent changes to present revenue line items consisting of Commerce enablement, Financial solutions, and Bitcoin ecosystem. The Company believes this updated presentation will improve the usefulness of the financial information for the reader and is more reflective of the business today.

The presentation of cost of revenues has been conformed to reflect the changes related to the presentation of revenues. Such reclassifications related to the presentation of revenues and cost of revenues had no impact on total revenues, gross profit, operating income, or net income previously reported.

Use of Estimates

The preparation of the Company's condensed 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 condensed 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 credit losses 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 lease right-of-use assets and related liabilities, severance and restructuring charges, and share-based compensation.

The Company's estimates of valuation of loans held for sale, 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 over fair value of the loans, Note 6, *Consumer Receivables, net* for further details on consumer receivables, Note 7, *Customer Loans* for further details on customer loans, and Note 9, *Other Consolidated Balance Sheet Components (Current)* for further details on transaction losses.

Concentration of Credit Risk

For the three and nine months ended September 30, 2026 and September 30, 2025, the Company had no customer that accounted for greater than 10% of total net revenue.

The Company had three third-party payment processors that represented approximately 40%, 25%, and 12% of settlements receivable as of September 30, 2026. As of December 31, 2025, the Company had four third-party processors that represented approximately 36%, 25%, 11%, and 10% of settlements receivable. In both periods, all other third-party payment 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.

Sales and Marketing Expenses

Advertising costs are expensed as incurred and included in sales and marketing expenses on the condensed consolidated statements of operations. Total advertising costs were $147.9 million and $387.2 million for the three and nine months ended September 30, 2026, respectively, compared to $137.4 million and $347.0 million for the three and nine months ended September 30, 2025, respectively. The Company also records services, incentives, and other costs to acquire 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, overdraft losses, card issuance costs, customer referral bonuses, and promotional giveaways. These costs are generally expensed as incurred. The Company recorded $287.4 million and $863.8 million for the three and nine months ended September 30, 2026, respectively, compared to $232.2 million and $647.2 million for the three and nine months ended September 30, 2025, respectively, for such expenses.

Recent Accounting Pronouncements

Recently Issued Accounting Pronouncements Not Yet Adopted

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):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Revenue from contracts with customers:				
Commerce enablement revenue	$ 2,981,747	$ 2,643,992	$ 8,403,807	$ 7,484,990
Financial solutions revenue	635,421	575,268	1,845,487	1,689,651
Bitcoin ecosystem revenue	1,803,807	2,020,974	5,493,947	6,522,386
Revenue from other sources: [(i)]				
Commerce enablement revenue	494,176	355,061	1,352,157	979,340
Financial solutions revenue	804,208	519,657	2,298,495	1,264,838
Total net revenue	$ 6,719,359	$ 6,114,952	$ 19,393,893	$ 17,941,205

[(i)] Revenue from other sources relates to revenue generated from the Company's Square Loans, Cash App Borrow loans, consumer receivables originated through, and affiliate relationship revenue from, our BNPL products, Afterpay Post-Purchase loans, interest income earned on customer funds, and interest income earned on funds held by Square Financial Services, Inc., which is a Utah state-chartered industrial loan company ("Square Financial Services").

NOTE 3 - INVESTMENTS IN DEBT SECURITIES

The Company's short-term and long-term investments in debt securities as of September 30, 2026 and December 31, 2025 were as follows (in thousands):

	September 30, 2026			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Short-term debt securities:				
Corporate bonds	$ 89,820	$ 1	$ (300)	$ 89,521
Commercial paper	46,196	—	—	46,196
Municipal securities	420	—	(1)	419
U.S. government securities	249,678	31	(611)	249,098
Total	$ 386,114	$ 32	$ (912)	$ 385,234
Long-term debt securities:				
U.S. agency securities	$ 999	$ —	$ (19)	$ 980
Corporate bonds	84,567	7	(766)	83,808
Municipal securities	12,574	—	(1,148)	11,426
U.S. government securities	103,399	—	(1,184)	102,215
Total	$ 201,539	$ 7	$ (3,117)	$ 198,429

	December 31, 2025			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Short-term debt securities:				
U.S. agency securities	$ 19,017	$ 18	$ —	$ 19,035
Corporate bonds	58,954	165	—	59,119
Commercial paper	92,655	—	—	92,655
Municipal securities	130	—	—	130
Certificates of deposit	2,211	—	—	2,211
U.S. government securities	343,923	707	(3)	344,627
Total	$ 516,890	$ 890	$ (3)	$ 517,777
Long-term debt securities:				
Corporate bonds	$ 81,332	$ 139	$ (2)	$ 81,469
Municipal securities	7,167	28	(244)	6,951
U.S. government securities	99,981	486	—	100,467
Total	$ 188,480	$ 653	$ (246)	$ 188,887

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 September 30, 2026 and December 31, 2025, aggregated by investment category and the length of time that individual securities have been in a continuous loss position were as follows (in thousands):

	September 30, 2026					
	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:						
Corporate bonds	$ 85,684	$ (300)	$ —	$ —	$ 85,684	$ (300)
Municipal securities	419	(1)	—	—	419	(1)
U.S. government securities	219,275	(611)	—	—	219,275	(611)
Total	$ 305,378	$ (912)	$ —	$ —	$ 305,378	$ (912)
Long-term debt securities:						
U.S. agency securities	$ 980	$ (19)	$ —	$ —	$ 980	$ (19)
Corporate bonds	76,705	(766)	—	—	76,705	(766)
Municipal securities	7,771	(972)	655	(176)	8,426	(1,148)
U.S. government securities	102,215	(1,184)	—	—	102,215	(1,184)
Total	$ 187,671	$ (2,941)	$ 655	$ (176)	$ 188,326	$ (3,117)

	December 31, 2025					
	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	$ 17	$ —	$ —	$ —	$ 17	$ —
Corporate bonds	3,508	—	—	—	3,508	—
U.S. government securities	11,998	(3)	—	—	11,998	(3)
Total	$ 15,523	$ (3)	$ —	$ —	$ 15,523	$ (3)
Long-term debt securities:						
Corporate bonds	$ 4,539	$ (2)	$ —	$ —	$ 4,539	$ (2)
Municipal securities	3,274	(98)	1,235	(146)	4,509	(244)
Total	$ 7,813	$ (100)	$ 1,235	$ (146)	$ 9,048	$ (246)

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 was not required.

The contractual maturities of the Company's short-term and long-term investments as of September 30, 2026 were as follows (in thousands):

	Amortized Cost	Fair Value
Due in one year or less	$ 386,114	$ 385,234
Due after one year to five years	188,965	187,003
Due after five years	12,574	11,426
Total	$ 587,653	$ 583,663

NOTE 4 - CUSTOMER FUNDS

The following table presents the assets underlying customer funds (in thousands):

	September 30, 2026	December 31, 2025
Cash	$ 4,161,020	$ 3,663,727
Cash equivalents:		
Reverse repurchase agreement [(i)]	1,195,891	1,108,097
Total customer funds	$ 5,356,911	$ 4,771,824

[(i)] The Company has accounted for the reverse repurchase agreement with a third party 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 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):

	September 30, 2026			December 31, 2025		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Cash equivalents:						
Money market funds	$ 458,974	$ —	$ —	$ 608,807	$ —	$ —
U.S. government securities	19,960	—	—	4,963	—	—
Certificates of deposit	—	215	—	—	—	—
Commercial paper	—	—	—	—	64,805	—
Corporate bonds	—	43	—	—	276	—
Restricted cash:						
Money market funds	107,761	—	—	293,514	—	—
Customer funds:						
Reverse repurchase agreement	1,195,891	—	—	1,108,097	—	—
Short-term debt securities:						
U.S. government securities	249,098	—	—	344,627	—	—
Corporate bonds	—	89,521	—	—	59,119	—
U.S. agency securities	—	—	—	—	19,035	—
Certificates of deposit	—	—	—	—	2,211	—
Commercial paper	—	46,196	—	—	92,655	—
Municipal securities	—	419	—	—	130	—
Long-term debt securities:						
U.S. government securities	102,215	—	—	100,467	—	—
Corporate bonds	—	83,808	—	—	81,469	—
U.S. agency securities	—	980	—	—	—	—
Municipal securities	—	11,426	—	—	6,951	—
Other:						
Bitcoin investment	771,881	—	—	777,515	—	—
Investment in marketable equity securities	—	—	—	5,225	—	—
Total	$2,905,780	$ 232,608	$ —	$3,243,215	$ 326,651	$ —

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 and brokered certificates of deposit 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):

	September 30, 2026		December 31, 2025	
	Carrying Value	Fair Value (Level 2)	Carrying Value	Fair Value (Level 2)
2026 Senior Notes	$ —	$ —	$ 998,827	$ 993,144
2030 Senior Notes	1,187,619	1,154,128	1,185,533	1,209,528
2031 Senior Notes	993,421	877,558	992,372	932,095
2032 Senior Notes	1,979,887	1,944,210	1,977,734	2,057,081
2033 Senior Notes	988,560	941,722	987,581	1,013,732
2026 Convertible Notes	—	—	574,432	566,103
2027 Convertible Notes	573,540	544,450	572,539	530,171
Total	$ 5,723,027	$ 5,462,068	$ 7,289,018	$ 7,301,854

The estimated fair value and carrying value of loans held for sale and loans held for investment were as follows (in thousands):

	September 30, 2026		December 31, 2025	
	Carrying Value	Fair Value (Level 3)	Carrying Value	Fair Value (Level 3)
Loans held for sale	$ 733,779	$ 761,468	$ 782,966	$ 812,658
Loans held for investment	4,401,001	4,491,899	3,382,957	3,445,631
Total	$ 5,134,780	$ 5,253,367	$ 4,165,923	$ 4,258,289

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 three and nine months ended September 30, 2026 and September 30, 2025, 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 through the Company's Pay in 4, Advertising and Affiliate, and Afterpay Card BNPL products. 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 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 three and nine months ended September 30, 2026, no consumer receivables were reclassified from held for investment to held for sale and sold to third parties. For the three and nine months ended September 30, 2025, $210.0 million and $630.0 million of consumer receivables were reclassified from loans held for investment to loans held for sale and sold to third parties, respectively, resulting in immaterial net losses.

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 are 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 September 30, 2026, the amortized cost of Pass rated consumer receivables was $2.5 billion and the amount of Classified consumer receivables was $143.8 million.

The following table presents an aging analysis of the amortized cost of consumer receivables by delinquency status (in thousands):

	September 30, 2026	December 31, 2025
Non-delinquent loans	$ 2,120,203	$ 2,416,017
1 - 60 days past due	334,469	363,165
61 - 90 days past due	36,787	29,984
> 90 days past due	107,051	101,021
Total amortized cost	$ 2,598,510	$ 2,910,187

The amount listed as 1 - 60 days past due in the above table includes $213.6 million and $245.4 million of cash in transit as of September 30, 2026 and December 31, 2025, 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 condensed consolidated statements of operations in the period they are recovered. The amount of recoveries for both the three and nine months ended September 30, 2026 and September 30, 2025 were immaterial.

The following table summarizes activity in the allowance for credit losses for consumer receivables (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Allowance for credit losses, beginning of the period	$ 240,907	$ 211,981	$ 239,865	$ 201,793
Provision for credit losses	101,893	82,671	269,496	226,420
Charge-offs and other adjustments	(96,484)	(83,346)	(264,452)	(224,322)
Foreign exchange effect	(20)	(1,334)	1,387	6,081
Allowance for credit losses, end of the period	$ 246,296	$ 209,972	$ 246,296	$ 209,972

NOTE 7 - CUSTOMER LOANS

Customer loans primarily consist of Square Loans, Cash App Borrow, Afterpay Post-Purchase, and Pay Monthly products. Square Loans are originated by the Company's wholly-owned subsidiary, Square Financial Services, to qualified Square sellers. The majority of Square Loans are sold to third-party investors with a portion retained on the Company's balance sheet. Cash App Borrow and Afterpay Post-Purchase are credit products for consumers that allow customers to access short-term loans for a fee. Pay Monthly is a buy now, pay later product that allows consumers to pay for larger transaction sizes over a three-, six-, twelve-, or twenty-four-month period using a monthly payment option. Historically, these loans were originated through a partnership with a third-party industrial bank from whom the Company purchased the loans obtaining all rights, title, and interest, and were classified as held for sale on the Company's balance sheet. Beginning in the second quarter of 2025, the Company also began originating Cash App Borrow loans through Square Financial Services, which are retained on the Company's balance sheet and classified as held for investment. Beginning July 1, 2025, Cash App Borrow loans, Afterpay Post-Purchase loans, Pay Monthly, and certain other customer loan products purchased from the partnership with the third party, along with all customer loan products originated through Square Financial Services, are retained on the Company's balance sheet and classified as held for investment.

The Company classifies customer loans as held for investment when the Company has both the intent and ability to hold them for the foreseeable future, until maturity, or until payoff. Customer loans are classified 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. The Company's intent and ability in the future may change based on changes in the business strategies, the economic environment, and market conditions.

The Company categorizes loans held for investment and loans held for sale by the intended customer of the loan product. Commercial loans primarily include Square Loans; Consumer loans include Cash App Borrow, Afterpay Post-Purchase and Pay Monthly loans; and Other loans include those outside of consumer and commercial loans such as Square credit card.

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. When loans are charged off, the related accrued interest receivable is recognized as a credit loss expense. The following table presents the Company's loans held for investment by category (in thousands):

	September 30, 2026			
	Consumer	**Commercial**	**Other**	**Total**
Amortized cost basis	$ 3,943,384	$ 712,767	$ 385,416	$ 5,041,567
Allowance for credit losses	(573,237)	(37,980)	(29,349)	(640,566)
Total loans held for investment, net of allowance	$ 3,370,147	$ 674,787	$ 356,067	$ 4,401,001

	December 31, 2025			
	Consumer	**Commercial**	**Other**	**Total**
Amortized cost basis	$ 3,182,624	$ 481,757	$ 101,437	$ 3,765,818
Allowance for credit losses	(340,117)	(33,602)	(9,142)	(382,861)
Total loans held for investment, net of allowance	$ 2,842,507	$ 448,155	$ 92,295	$ 3,382,957

The Company considers Square Loans that are 60 days or more past due to be delinquent, and Square Loans 90 days or more past due to be nonperforming. Square Loans that are 120 days or more past due are generally considered to be uncollectible and are written off. When a Square Loan is identified as nonperforming, recognition of income is discontinued. A Square Loan is 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.

Cash App Borrow, Afterpay Post-Purchase, and Pay Monthly loans that are 1 day or greater past due are considered delinquent. Cash App Borrow and Afterpay Post-Purchase loans that are 90 days or more past due, and Pay Monthly loans that are 180 days past due, are generally considered to be uncollectible and are written off.

The following table presents an aging analysis of the amortized cost of consumer loans held for investment by delinquency status (in thousands):

	September 30, 2026	**December 31, 2025**
Non-delinquent loans	$ 3,447,484	$ 2,810,925
1 - 59 days past due	326,402	293,088
60 - 89 days past due	162,928	78,606
90+ days past due	6,570	5
Total amortized cost	$ 3,943,384	$ 3,182,624

As of September 30, 2026 and December 31, 2025, the amount of Commercial and Other loans that were identified as delinquent and nonperforming was immaterial.

The following table presents the Company's loans held for investment allowance for credit losses by category (in thousands):

	Three Months Ended September 30, 2026			
	Consumer	Commercial	Other	Total
Beginning balance of the allowance for credit losses	$ 527,709	$ 32,252	$ 21,357	$ 581,318
Current period provisions for expected credit losses	395,060	16,962	11,982	424,004
Write-offs charged against the allowance	(373,582)	(15,097)	(4,200)	(392,879)
Recoveries of amounts previously written off	24,050	3,863	210	28,123
Ending balance of the allowance for credit losses	$ 573,237	$ 37,980	$ 29,349	$ 640,566

	Nine Months Ended September 30, 2026			
	Consumer	Commercial	Other	Total
Beginning balance of the allowance for credit losses	$ 340,117	$ 33,602	$ 9,142	$ 382,861
Current period provisions for expected credit losses	1,129,689	38,836	26,573	1,195,098
Write-offs charged against the allowance	(969,356)	(44,451)	(6,576)	(1,020,383)
Recoveries of amounts previously written off	72,787	9,993	210	82,990
Ending balance of the allowance for credit losses	$ 573,237	$ 37,980	$ 29,349	$ 640,566

While the allowance for credit losses was $216.3 million as of September 30, 2025, the amount of charge-offs recorded and amount of recoveries for the three and nine months ended September 30, 2025 were 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 Square Loans generally consist of loans that are current or up to 59 days past due. Classified Square Loans generally consist of loans that are 60 days or more past due and have a higher risk of default. Pass rated Cash App Borrow, Afterpay Post-Purchase, and Pay Monthly loans generally consist of loans that are current. Classified Cash App Borrow, Afterpay Post-Purchase, and Pay Monthly loans are comprised of loans that are 1 day or greater past due, due to their short-term nature and repayment period, and have a higher risk of default. Internal risk ratings are reviewed and, generally, updated at least annually. As of September 30, 2026 and December 31, 2025, the amortized cost of Pass rated loans was $4.5 billion and $3.4 billion, respectively. As of September 30, 2026 and December 31, 2025, the amount of Classified loans was $505.8 million and $381.0 million, respectively.

Loans Held for Sale

The following table presents the Company’s loans held for sale by category (in thousands):

	September 30, 2026	December 31, 2025
Commercial	$ 723,887	$ 708,512
Consumer	5,535	40,735
Other	4,357	33,719
Total	$ 733,779	$ 782,966

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 Pay Monthly loans that are 180 days or more past due are generally considered to be uncollectible and are written off. Past due status is based on contractual terms of the loans.

For the three and nine months ended September 30, 2026, $1.2 billion and $3.6 billion of Square Loans were sold to third-party investors, respectively, and the Company recognized net gains on the sales of loans of $68.9 million and $210.1 million, respectively. For the three and nine months ended September 30, 2025, $1.1 billion and $3.3 billion of Square Loans were sold to third-party investors, respectively, and the Company recognized net gains on sales of loans of $62.0 million and $189.7 million, respectively. The net gains on sales of loans are recognized in net income (loss) through "Financial solutions revenue" in the Company's condensed consolidated statements of operations.

NOTE 8 - ACQUIRED INTANGIBLE ASSETS

The following table details acquired intangible assets (in thousands):

	Balance at September 30, 2026			
	Weighted Average Estimated Useful Life	Cost	Accumulated Amortization	Net
Technology assets	5 years	$ 359,008	$ (335,648)	$ 23,360
Customer assets	15 years	1,420,924	(467,336)	953,588
Trade names and other	9 years	389,137	(210,114)	179,023
Total		$ 2,169,069	$ (1,013,098)	$ 1,155,971

	Balance at December 31, 2025			
	Weighted Average Estimated Useful Life	Cost	Accumulated Amortization	Net
Technology assets	5 years	$ 359,008	$ (297,960)	$ 61,048
Customer assets	15 years	1,401,701	(391,100)	1,010,601
Trade names and other	9 years	389,137	(179,116)	210,021
Total		$ 2,149,846	$ (868,176)	$ 1,281,670

All intangible assets are amortized over their estimated useful lives.

The change in the carrying value of intangible assets was as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Acquired intangible assets, net, beginning of the period	$ 1,200,262	$ 1,368,735	$ 1,281,670	$ 1,433,067
Acquisitions	—	5,217	—	5,217
Amortization expense	(46,191)	(47,990)	(140,249)	(144,615)
Foreign currency translation and other adjustments	1,900	129	14,550	32,422
Acquired intangible assets, net, end of the period	$ 1,155,971	$ 1,326,091	$ 1,155,971	$ 1,326,091

The estimated future amortization expense of intangible assets as of September 30, 2026 was as follows (in thousands):

Remainder of 2026	$ 45,936
2027	142,275
2028	138,487
2029	137,856
2030	134,457
Thereafter	556,960
Total	$ 1,155,971

NOTE 9 - OTHER CONSOLIDATED BALANCE SHEET COMPONENTS (CURRENT)

Other Current Assets

The following table presents the detail of other current assets (in thousands):

	September 30, 2026	December 31, 2025
Loans held for sale [(i)]	$ 733,779	$ 782,966
Restricted cash [(ii)]	650,435	1,071,574
Processing costs receivable	527,287	448,406
Investments in short-term debt securities	385,234	517,777
Prepaid expenses	295,494	288,707
Inventory, net	263,031	158,319
Accounts receivable, net	190,901	238,207
Other	515,084	601,746
Total	$ 3,561,245	$ 4,107,702

[(i)] Refer to Note 7, *Customer Loans* for further details.

[(ii)] Includes a portion invested in money market funds. Refer to Note 5, *Fair Value Measurements* for further details.

The following table presents the detail of inventory, net (in thousands):

	September 30, 2026	December 31, 2025
Raw materials	$ 24,126	$ 16,054
Work in process	99,333	46,791
Finished goods	139,572	95,474
Total inventory, net	$ 263,031	$ 158,319

Accrued Expenses and Other Current Liabilities

The following table presents the detail of accrued expenses and other current liabilities (in thousands):

	September 30, 2026	December 31, 2025
Accrued legal contingencies	$ 980,592	$ 172,959
Accrued expenses	548,472	389,278
Customer deposits	520,603	297,432
Brokered certificates of deposit [(i)]	381,422	—
Processing fee payable	111,194	106,815
Accounts payable	100,455	114,572
Accrued transaction losses [(ii)]	58,317	49,250
Operating lease liabilities, current	55,541	55,349
Accrued royalties	49,640	51,596
Other	255,084	301,642
Total	$ 3,061,320	$ 1,538,893

[(i)] Beginning in the third quarter of 2026, Square Financial Services began issuing brokered certificates of deposit through third-party broker-dealers acting as placement agents. Brokered certificates of deposit are issued at par, bear interest at fixed rates with interest and principal payable at maturity, and had contractual maturities of twelve months or less at issuance. As of September 30, 2026, brokered certificates of deposit outstanding at par were $381.4 million, with a weighted average interest rate of 4.09%. Interest expense on brokered certificates of deposit is included within financial solutions cost of revenue on the condensed consolidated statements of operations. Fees paid to broker-dealers in connection with the issuances are deferred within other current assets on the condensed consolidated balance sheets and amortized to financial solutions cost of revenue on the condensed consolidated statements of operations over the contractual term of the related brokered certificates of deposit.

[(ii)] 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):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Accrued transaction losses, beginning of the period	$ 59,761	$ 54,382	$ 49,250	$ 58,580
Provision for transaction losses [(i)]	30,420	27,935	90,497	89,414
Charge-offs to accrued transaction losses	(31,864)	(29,068)	(81,430)	(94,745)
Accrued transaction losses, end of the period	$ 58,317	$ 53,249	$ 58,317	$ 53,249

[(i)] Estimated losses related to Cash App overdrafts are classified within sales and marketing expenses and are accounted for separately from the provision for transaction losses. Such losses were immaterial for the three and nine months ended September 30, 2026.

In addition to amounts reflected in the table above, the Company recognized additional provisions for transaction losses that were realized and written-off within the same period. Such losses are primarily related to Cash App transactions, such as peer-to-peer transactions, overdrafts, and negative balances, that are uncertain in nature. The Company recorded $95.4 million and $267.8 million for the three and nine months ended September 30, 2026, respectively, and $72.2 million and $193.2 million for the three and nine months ended September 30, 2025, respectively, for such losses. Losses from peer-to-peer activity and overdrafts are classified within sales and marketing expenses, while other transaction losses, including negative balances, are presented within transaction, loan, and consumer receivable losses on the condensed consolidated statements of operations.

NOTE 10 - OTHER CONSOLIDATED BALANCE SHEET COMPONENTS (NON-CURRENT)

Other Non-Current Assets

The following table presents the detail of other non-current assets (in thousands):

	September 30, 2026	December 31, 2025
Property and equipment, net	$ 296,885	$ 323,375
Investments in long-term debt securities	198,429	188,887
Operating lease right-of-use assets	126,717	214,929
Investment in non-marketable equity securities [(i)]	104,745	423,198
Restricted cash	70,623	73,786
Other	227,465	257,853
Total	$ 1,024,864	$ 1,482,028

[(i)] 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 condensed consolidated statements of operations.

The adjustments to the carrying value of the Company's non-current non-marketable equity securities measured using the measurement alternative were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Carrying amount, beginning of period	$ 103,366	$ 246,558	$ 423,198	$ 245,557
Net additions (reductions) [(i)]	1,379	—	(313,165)	1,001
Gross unrealized gains	—	171,640	—	171,640
Gross unrealized losses and impairments	—	—	(5,288)	—
Carrying amount, end of period	$ 104,745	$ 418,198	$ 104,745	$ 418,198

[(i)] Net reductions for the nine months ended September 30, 2026 relate to a reclassification of a non-marketable equity security from non-current to current assets during the first quarter of 2026. In the second quarter of 2026, the Company sold the security for cash proceeds of $329.8 million, which are included within "Other investing activities" on the condensed consolidated statements of cash flows.

The following table summarizes the cumulative net unrealized upward and downward adjustments related to the Company's non-current non-marketable equity securities measured using the measurement alternative (in thousands):

	September 30, 2026	December 31, 2025
Upward adjustments	$ 6,184	$ 326,970
Downward adjustments and impairments	$ (7,349)	$ (2,061)

Other Non-Current Liabilities

The following table presents the detail of other non-current liabilities (in thousands):

	September 30, 2026	December 31, 2025
Operating lease liabilities, non-current	$ 213,324	$ 257,126
Deferred tax liabilities	11,318	1,173
Other	112,881	123,546
Total	$ 337,523	$ 381,845

NOTE 11 - BITCOIN

A) 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 Accounting Standards Codification ("ASC") 350, Intangibles—Goodwill and Other and has ownership of and control over its bitcoin.

The Company's bitcoin investment is initially recorded at cost, inclusive of transaction costs, and remeasured at fair value at the end of each reporting period. Changes in fair value are recognized in net income (loss) through “Remeasurement loss (gain) on bitcoin investment” on the Company’s condensed consolidated statements of operations. As of September 30, 2026 and December 31, 2025, the Company held approximately 9,237 and 8,883 bitcoins for investment purposes with a cost basis of $318.6 million and $292.6 million, respectively.

The following table summarizes the changes in the Company’s bitcoin investment (in thousands, except amount of bitcoin):

	Amount of bitcoin	Value
Balance at December 31, 2025	8,883	$ 777,515
Additions [(i)]	149	12,593
Remeasurement loss	—	(172,818)
Balance at March 31, 2026	9,032	$ 617,290
Additions [(i)]	85	5,050
Remeasurement loss	—	(88,474)
Balance at June 30, 2026	9,117	$ 533,866
Additions [(i)]	120	8,310
Remeasurement gain	—	229,705
Balance at September 30, 2026	9,237	$ 771,881

	Amount of bitcoin	Value
Balance at December 31, 2024	8,485	$ 792,282
Additions [(i)]	99	9,519
Remeasurement loss	—	(93,351)
Balance at March 31, 2025	8,584	$ 708,450
Additions [(i)]	108	11,041
Remeasurement gain	—	212,165
Balance at June 30, 2025	8,692	$ 931,656
Additions [(i)]	88	10,175
Remeasurement gain	—	59,588
Balance at September 30, 2025	8,780	$ 1,001,419

[(i)] Additions primarily represent the Company's purchases of bitcoin for investment purposes.

The Company’s bitcoin for operating purposes is initially recorded at cost, inclusive of transaction costs. 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 ecosystem 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. As of September 30, 2026 and December 31, 2025, the Company held approximately 267 and 238 bitcoins for operating purposes with a fair value of $23.5 million and $20.0 million, respectively, to facilitate the purchases and sales of bitcoin on behalf of Cash App customers. The bitcoin for operating purposes is reflected on the condensed consolidated balance sheets within “Other current assets.”

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 September 30, 2026.

NOTE 12 - INDEBTEDNESS

A) Notes

The 2027 Convertible Notes (as defined below), together with the Company's senior notes set forth in the tables below ("Senior Notes"), are collectively referred to as the “Notes.”

The following tables summarize the Company's Notes as of September 30, 2026 and December 31, 2025 (in thousands):

	September 30, 2026		
	Principal Outstanding	Unamortized Debt Issuance Costs	Net Carrying Value
2030 Senior Notes	$ 1,200,000	$ (12,381)	$ 1,187,619
2031 Senior Notes	1,000,000	(6,579)	993,421
2032 Senior Notes	2,000,000	(20,113)	1,979,887
2033 Senior Notes	1,000,000	(11,440)	988,560
2027 Convertible Notes	575,000	(1,460)	573,540
Total	$ 5,775,000	$ (51,973)	$ 5,723,027

	December 31, 2025		
	Principal Outstanding	Unamortized Debt Issuance Costs	Net Carrying Value
2026 Senior Notes [(i)]	$ 1,000,000	$ (1,173)	$ 998,827
2030 Senior Notes	1,200,000	(14,467)	1,185,533
2031 Senior Notes	1,000,000	(7,628)	992,372
2032 Senior Notes	2,000,000	(22,266)	1,977,734
2033 Senior Notes	1,000,000	(12,419)	987,581
2026 Convertible Notes [(i)]	575,000	(568)	574,432
2027 Convertible Notes	575,000	(2,461)	572,539
Total	$ 7,350,000	$ (60,982)	$ 7,289,018

[(i)] Net carrying value disclosed as current portion of long-term debt within total current liabilities on the condensed consolidated balance sheet.

The Company recognized interest expense on the Notes as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Contractual interest expense	$ 73,516	$ 63,764	$ 231,370	$ 160,541
Amortization of debt issuance costs	2,458	2,979	9,010	8,410
Total	$ 75,974	$ 66,743	$ 240,380	$ 168,951

Senior Unsecured Notes due in 2026

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"). The 2026 Senior Notes bore interest at a rate of 2.75% and matured on June 1, 2026. The Company paid $1.0 billion in cash to settle the outstanding principal balance of the 2026 Senior Notes, plus accrued and unpaid interest, on June 1, 2026.

Convertible Notes due in 2026 and 2027

On November 13, 2020, the Company issued $1.2 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 bore a zero rate of interest and matured on May 1, 2026. As of the maturity date, no principal had converted and the if-converted value did not exceed the outstanding principal amount. The Company paid $575.0 million in cash to settle the outstanding principal balance of the 2026 Convertible Notes on May 1, 2026. 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.

The circumstances to allow the holders to convert their 2027 Convertible Notes were not met during the nine months ended September 30, 2026. As of September 30, 2026, no principal had converted and the if-converted value did not exceed the outstanding principal amount on the 2027 Convertible Notes.

B) Revolving Credit Facility

On January 14, 2026, the Company amended and restated its revolving credit agreement (the "Restated Credit Agreement") with certain lenders, which, among other things, increased the revolving loan commitments from $775 million to $900 million and extended the maturity date to January 14, 2031, provided that if on the date that is 91 days prior to the maturity date of any of the Company's existing convertible notes or senior notes, the aggregate amount of liquidity (as defined in the Restated Credit Agreement) would be less than $250 million after giving pro forma effect to the repayment of such existing convertible notes or such senior notes at maturity, then the maturity date of the revolving loan facility shall be modified to be such date. The Restated Credit Agreement replaced the prior financial covenant with a maximum total net leverage ratio covenant, determined as set forth in the Restated Credit Agreement, to be tested on the last day of each fiscal quarter.

Loans under the Restated Credit Agreement bear interest at the Company's option at (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 Restated Credit Agreement also contains customary affirmative and negative covenants typical for a facility of this type that, among other things, restrict the Company's domestic restricted subsidiaries from incurring debt for borrowed money, the Company and its domestic restricted subsidiaries from granting liens to secure debt for borrowed money and entering into sale and leaseback transactions, and the Company and its subsidiaries from making certain investments and certain restricted payments.

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 Restated Credit Agreement. As of September 30, 2026, no funds have been drawn and no letters of credit have been issued under the Restated Credit Agreement. The Company incurred immaterial unused commitment fees during the three and nine months ended September 30, 2026 and September 30, 2025. As of September 30, 2026, the Company was in compliance with all financial covenants under the Restated Credit Agreement.

C) Square Financial Services Lines of Credit

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 September 30, 2026 and December 31, 2025.

D) 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") in connection with certain BNPL products and Cash App Borrow loans. The Warehouse Facilities have been arranged utilizing wholly-owned and consolidated entities (collectively, the Warehouse Special Purpose Entities ("Warehouse SPEs")) formed for the purpose of financing the origination of consumer receivables to partly fund certain BNPL products and consumer loans in connection with Cash App Borrow. Borrowings under each Warehouse Facility are secured by the consumer receivables or consumer loans held by the applicable Warehouse SPE. While the Warehouse SPEs are included in the Company's condensed consolidated financial statements, they are separate legal entities that maintain legal ownership of the respective receivables or loans they hold. The assets of the Warehouse SPEs are not available to satisfy the claims of the Company or those of its creditors.

Each Warehouse Facility has a scheduled commitment termination date, after which no additional borrowings may be drawn, and a final maturity date, by which any remaining outstanding borrowings are required to be repaid. The Warehouse Facilities have final maturity dates through July 2029. As of September 30, 2026, the aggregate amount of the Warehouse Facilities, using the respective exchange rates at period-end, was $2.4 billion on a revolving basis, of which $1.5 billion was drawn and $809.3 million remained available. All Warehouse Facilities contain portfolio parameters based on performance of the underlying consumer receivables or consumer loans, which each respective region has satisfied as of September 30, 2026. 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 or consumer loans 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 $18.4 million and $47.2 million for the three and nine months ended September 30, 2026, respectively, and $10.7 million and $36.5 million for the three and nine months ended September 30, 2025, 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) by final maturity date:

	September 30, 2026
2027 [(i)]	$ 515,039
2028	549,437
2029	479,064
Total	$ 1,543,540

[(i)] Includes $447.4 million of future scheduled principal payments disclosed as warehouse funding facilities, current, on the condensed consolidated balance sheet.

NOTE 13 - INCOME TAXES

The Company recorded an income tax expense of $48.4 million and $178.8 million for the three and nine months ended September 30, 2026, compared to $139.9 million and $299.3 million for the three and nine months ended September 30, 2025, respectively. Pre-tax income was $612.5 million and $521.4 million in the current three and nine months periods, respectively, reflecting restructuring charges related to the Workforce Plan and accruals related to certain litigation and regulatory matters, compared to pre-tax income of $601.5 million and $1.5 billion in the prior-year periods. Refer to Note 16, *Commitments and Contingencies*, and Note 19, *Restructuring,* for more details.

The difference between the income tax expense for the three and nine months ended September 30, 2026 and the income tax expense for the three and nine months ended September 30, 2025 was primarily driven by the tax impact of accruals related to certain litigation and regulatory matters, partially offset by the change in pre-tax income.

The difference between the income tax expense at the U.S. federal statutory rate and the income tax expense recorded for the three and nine months ended September 30, 2026 was primarily due to the tax impact of accruals related to certain litigation and regulatory matters, a one-time tax benefit related to Workforce Plan restructuring charges, and the partial release of a valuation allowance on certain California deferred tax assets.

The Company is subject to income taxes in the U.S. and certain foreign tax jurisdictions. The tax provision for the three and nine months ended September 30, 2026 and September 30, 2025 is calculated on a jurisdictional basis.

The Company estimated the worldwide income tax provision using the estimated annual effective income tax rate expected to be applicable for the full year. The Company's effective tax rate may be subject to fluctuations during the year as new information is obtained, which may affect, among other things, the assumptions used to estimate the annual effective tax rate, including factors such as the mix of forecasted pre-tax earnings in the various jurisdictions in which the Company operates, changes in valuation allowances against deferred tax assets, the recognition and de-recognition of tax benefits related to uncertain tax positions, and changes in or the interpretation of tax laws in jurisdictions where the Company conducts business.

NOTE 14 - STOCKHOLDERS' EQUITY

Share Repurchase Program

In November 2025, the board of directors of the Company authorized an increase to the Company's share repurchase program to repurchase up to an additional $5 billion of the Company's Class A common stock, for a total authorization of $9 billion. During the nine months ended September 30, 2026, the Company repurchased 11.6 million shares of its Class A common stock for an aggregate amount of $700.9 million, excluding excise tax, which was immaterial. As of September 30, 2026, $4.6 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.

Convertible Note Hedges

As of the maturity date on May 1, 2026, no principal amount of the 2026 Convertible Notes had been converted and the Company paid $575.0 million in cash to repay the outstanding principal balance. There were no 2026 Convertible Note Hedges exercised, and no shares of the Company's Class A common stock were received. The 2026 Convertible Note Hedges expired upon maturity of the 2026 Convertible Notes.

Warrants

In conjunction with the 2026 Convertible Notes offering, the Company sold the 2026 Warrants whereby the counterparties had 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 expired evenly over a 60 trading day period starting on August 3, 2026 and ending on October 26, 2026. None of the warrants were exercised as of September 30, 2026, or through the final expiration date.

Stock Plans

The Company maintains two share-based employee compensation plans: the 2015 Equity Incentive Plan ("2015 Plan") and the 2025 Equity Incentive Plan ("2025 Plan"). The 2025 Plan became effective as of June 17, 2025 and replaced the 2015 Plan as of such date, such that no further awards will be granted under the 2015 Plan. Any awards outstanding under the 2015 Plan as of the date the 2025 Plan became effective will remain outstanding under the 2015 Plan in accordance with their existing terms.

Under the 2025 Plan, shares of the Company's Class A common stock are reserved for the issuance of incentive and nonstatutory stock options (ISOs and NSOs, respectively), stock appreciation rights ("SARs"), restricted stock awards, restricted stock units ("RSUs"), performance awards, and other stock and cash-based awards to eligible 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. A maximum aggregate of 80,000,000 shares were reserved for issuance pursuant to awards under the 2025 Plan. As of September 30, 2026, there were 12.6 million shares outstanding under the 2015 Plan and 49.2 million shares available for future issuance under our 2025 Plan.

A summary of stock option activity for the nine months ended September 30, 2026 is as follows (in thousands, except 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 year	3,757	$ 69.29	6.95	$ 29,151
Granted	—	—		
Exercised	(19)	52.31		
Forfeited	(266)	58.19		
Expired	(102)	137.92		
Outstanding, end of the period	3,370	$ 68.19	6.46	$ 46,032
Exercisable, end of the period	2,259	$ 72.98	5.54	$ 29,178

Restricted Stock Activity

Activity related to RSUs during the nine months ended September 30, 2026 is set forth below (in thousands, except per share data):

	Number of Shares	Weighted Average Grant Date Fair Value
Unvested, beginning of the year	31,287	$ 66.31
Granted	31,166	61.26
Vested	(13,251)	65.63
Forfeited	(13,926)	64.68
Unvested, end of the period	35,276	$ 62.75

Share-Based Compensation

The following table summarizes the effects of share-based compensation on the condensed consolidated statements of operations (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Cost of revenue	$ 29	$ 131	$ 246	$ 422
Product development	180,245	222,664	593,761	660,132
Sales and marketing	29,748	27,681	87,680	88,172
General and administrative	62,747	58,904	189,533	173,231
Total	$ 272,769	$ 309,380	$ 871,220	$ 921,957

The Company capitalized $5.4 million and $18.6 million of share-based compensation expense related to capitalized software costs during the three and nine months ended September 30, 2026, respectively, compared to $9.4 million and $24.6 million during the three and nine months ended September 30, 2025, respectively.

As of September 30, 2026, there was $2.2 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 2.9 years.

NOTE 15 - 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 (loss) per share is computed by dividing net income (loss) 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):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Basic net income per share:				
Numerator				
Net income attributable to common stockholders	$ 565,551	$ 461,544	$ 345,387	$ 1,189,874
Denominator				
Shares used to compute basic net income per share	602,507	610,199	599,321	614,117
Basic net income per share	$ 0.94	$ 0.76	$ 0.58	$ 1.94
Diluted net income per share:				
Numerator				
Net income attributable to common stockholders	$ 565,551	$ 461,544	$ 345,387	$ 1,189,874
Interest expense on convertible notes	648	864	373	3,245
Net income used to compute diluted net income per share	$ 566,199	$ 462,408	$ 345,760	$ 1,193,119
Denominator				
Shares used to compute basic net income per share	602,507	610,199	599,321	614,117
Stock options, restricted stock, and employee stock purchase plan	10,349	7,615	7,180	5,479
Convertible notes	1,922	3,844	852	5,660
Shares used to compute diluted net income per share	614,778	621,658	607,353	625,256
Diluted net income per share	$ 0.92	$ 0.74	$ 0.57	$ 1.91

The following potential common shares were excluded from the calculation of diluted net income (loss) per share because their effect would have been anti-dilutive for the periods presented (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Stock options, restricted stock, and employee stock purchase plan	32,412	35,901	36,148	36,900
Convertible notes	—	—	1,922	—
Common stock warrants	3,398	5,535	3,694	9,732
Total anti-dilutive securities	35,810	41,436	41,764	46,632

NOTE 16 - COMMITMENTS AND CONTINGENCIES

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.

Regulatory and Governmental Matters

In July 2026, the Company entered into a resolution with Attorneys General from multiple states to settle for an immaterial amount claims related to, among other things, Cash App's handling of customer complaints and disputes.

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. These inquiries primarily relate to the allegations raised in the short seller report, the Company's compliance and risk practices, and related disclosures. In March 2026, the SEC staff notified the Company that it had concluded its investigation and did not intend to recommend an enforcement action against the Company.

In March 2026, the DOJ presented the Company with potential terms for resolving its inquiry. In October 2026, the Company and the DOJ reached an agreement in principle to resolve the matter pursuant to a deferred prosecution agreement ("DPA"), under which the DOJ will defer, for a period of three years, a charge that the Company failed to maintain an effective anti-money laundering program in violation of the Bank Secrecy Act. If the Company fully complies with the obligations to be set forth in the DPA during its three-year term, the DOJ will move to dismiss with prejudice the deferred charges under the agreement. The DPA is expected to set forth a gross monetary component of approximately $964 million and require a net monetary payment of approximately $764 million based on credit for prior regulatory resolutions.

The resolution remains subject to reaching a final agreement satisfactory to all parties and court approval. The Company has accrued $764 million for this matter as of September 30, 2026.

The Company cannot provide any assurance that a final agreement will be reached on the terms described above or at all, or that the DOJ will not ultimately take legal action against the Company should the parties not finalize a resolution. If the DOJ were to determine during the term of a final DPA that the Company had violated its obligations, the Company could be subject to prosecution on the deferred charge. The Company cannot predict the final terms of the resolution, and it is reasonably possible that those terms could result in losses in excess of the amount accrued. The Company cannot provide any assurance that the ultimate resolution will not have a material adverse effect on the Company.

Litigation Matters

On January 17, 2025, a putative federal securities class action was filed in the U.S. District Court for the Northern District of California against the Company and certain of its officers alleging violations of Sections 10(b) and 20(a) of the Exchange Act on behalf of a putative class of persons who purchased or otherwise acquired the Company's Class A common stock between February 26, 2020 and August 1, 2024. The plaintiff alleges, among other things, that the Company made materially false or misleading statements regarding its anti-money laundering ("AML") and compliance programs and seeks unspecified damages, attorneys' fees and other costs. On June 18, 2025, plaintiffs filed an amended consolidated complaint. On January 6, 2026, the court denied the Company's motion to dismiss. In connection with the federal securities matter, the Company has recorded an estimated accrual as of September 30, 2026, and the amount is not material. A loss in excess of the amount accrued is reasonably possible and the loss could be material; however, the Company cannot estimate the excess amount of loss or range of loss at this time.

In addition, between February 5, 2025 and April 24, 2025, multiple shareholder derivative actions were filed in the U.S. District Court for the Northern District of California against certain of the Company's current and former directors and officers based on allegations substantially similar to the securities class action. The plaintiffs seek unspecified damages, attorneys' fees and other costs. On May 7, 2025, the Court ordered that the actions were related and renamed the related cases as "In re Block, Inc. Shareholder Derivative Litigation." On January 6, 2026, the court denied the Company's motions to dismiss in the derivative actions. Separate derivative actions making similar claims and requesting similar damages were filed on October 9, 2025 and August 21, 2026 in the U.S. District Court for the Northern District of California that have not been consolidated, but are pending consolidation. In April 2026, the board of directors of the Company formed a special litigation committee and empowered it to investigate the claims raised in the derivative actions. In October 2026, the Company and defendants agreed in principle to the terms of a global resolution of the derivative actions, including a $150 million payment from the defendants' insurers to the Company, less any fee award to plaintiffs' counsel ordered by the court. The proposed settlement is subject to preliminary and final court approval.

Tax Matters

In June 2024, the Office of the Treasurer and Tax Collector of the City and County of San Francisco (the "Tax Collector") issued an assessment of San Francisco gross receipts tax, including interest and penalties, for fiscal years 2020 through 2022, asserting the Company owes incremental taxes on a portion of the receipts generated by the Company related to sales of bitcoin. The Company paid the assessed amount of $71.4 million in January 2025. In September 2025, the Tax Collector issued an assessment of gross receipts tax, including tax, interest, and penalties, of $42.7 million for fiscal years 2023 and 2024, which the Company paid in October 2025. In both cases, the Company paid the assessment in order to preserve its rights to dispute the assessments and initiate the dispute process. The Company strongly disagrees with the Tax Collector's assessments and plans to vigorously pursue all available remedies. Given the assessed amounts 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 amounts as deposit assets. In September 2026, the Company filed a lawsuit against the Tax Collector and the City and County of San Francisco in San Francisco County Superior Court for a refund of the liability for the fiscal years of 2020 through 2022. While the Company believes it has strong arguments, there is no assurance that the court will rule in the Company's favor.

The Company estimates its aggregate exposure for fiscal years 2020 through 2024 could be up to $114 million, which is the full amount of the assessments already paid. The Tax Collector may continue to challenge the Company's gross receipts tax positions. The Company has currently concluded that a loss for this matter is not probable.

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 other legal matters, investigations, subpoenas, inquiries, audits, claims, lawsuits, arbitrations, 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 currently 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.

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 September 30, 2026, the future minimum payments under the purchase commitments were as follows (in thousands):

	Payments Due By Period
Remainder of 2026	$ 145,145
2027	475,199
2028	408,920
2029	370,000
2030	410,000
Thereafter	392,000
Total	$ 2,201,264

Other Contingencies

The Company is under examination, or may be subject to examination, by several tax authorities. These examinations may lead to proposed adjustments to the Company's taxes or net operating losses with respect to years under examination, as well as subsequent periods. The Company regularly assesses the likelihood of adverse outcomes resulting from tax examinations to determine the adequacy of the Company's provision for direct and indirect taxes. The Company continues to monitor the progress of ongoing discussions with tax authorities and the effect, if any, on the Company's provision for direct and indirect taxes.

Management believes that an adequate provision has been made for any adjustments that may result from tax examinations. However, the outcome of tax audits cannot be predicted with certainty. If any issues addressed in the Company's tax audits are resolved in a manner not consistent with the Company’s expectations, the Company could be required to adjust the Company's provision for direct and indirect taxes in the period such resolution occurs.

NOTE 17 - 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, as well as Cash App Borrow, which is a credit product that allows eligible customers to access short-term loans for a fee. Cash App also includes all BNPL products.

- Square includes managed payment services, software solutions, hardware, and financial solutions 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):

	Three Months Ended September 30, 2026				Nine Months Ended September 30, 2026			
	Cash App	Square	Corporate and Other	Total	Cash App	Square	Corporate and Other	Total
Revenue:								
Commerce enablement revenue	$ 1,198,114	$ 2,227,179	$ 50,630	$ 3,475,923	$ 3,415,438	$ 6,190,760	$ 149,766	$ 9,755,964
Financial solutions revenue	1,107,644	331,985	—	1,439,629	3,224,571	919,411	—	4,143,982
Bitcoin ecosystem revenue	1,768,029	34,608	1,170	1,803,807	5,325,167	99,486	69,294	5,493,947
Segment revenue	$ 4,073,787	$ 2,593,772	$ 51,800	$ 6,719,359	$11,965,176	$ 7,209,657	$ 219,060	$19,393,893
Less: Cost of revenue	2,003,949	1,436,906	43,231	3,484,086	6,014,201	3,911,005	158,094	10,083,300
Segment gross profit	$ 2,069,838	$ 1,156,866	$ 8,569	$ 3,235,273	$ 5,950,975	$ 3,298,652	$ 60,966	$ 9,310,593
Interest revenue	$ 44,727	$ 11,566	$ —	$ 56,293	$ 132,351	$ 29,732	$ —	$ 162,083
Amortization of acquired technology assets	$ 11,670	$ 396	$ —	$ 12,066	$ 35,013	$ 2,675	$ —	$ 37,688

	Three Months Ended September 30, 2025				Nine Months Ended September 30, 2025			
	Cash App	Square	Corporate and Other	Total	Cash App	Square	Corporate and Other	Total
Revenue:								
Commerce enablement revenue	$ 975,514	$ 1,978,851	$ 44,688	$ 2,999,053	$ 2,816,034	$ 5,520,652	$ 127,644	$ 8,464,330
Financial solutions revenue	833,582	261,343	—	1,094,925	2,216,512	737,977	—	2,954,489
Bitcoin ecosystem revenue	1,990,405	652	29,917	2,020,974	6,490,898	652	30,836	6,522,386
Segment revenue	$ 3,799,501	$ 2,240,846	$ 74,605	$ 6,114,952	$11,523,444	$ 6,259,281	$ 158,480	$17,941,205
Less: Cost of revenue	2,175,548	1,223,186	54,648	3,453,382	7,019,040	3,316,912	117,550	10,453,502
Segment gross profit	$ 1,623,953	$ 1,017,660	$ 19,957	$ 2,661,570	$ 4,504,404	$ 2,942,369	$ 40,930	$ 7,487,703
Interest revenue	$ 48,814	$ 11,025	$ —	$ 59,839	$ 148,178	$ 29,510	$ —	$ 177,688
Amortization of acquired technology assets	$ 12,896	$ 961	$ —	$ 13,857	$ 38,959	$ 3,976	$ —	$ 42,935

The following table provides a reconciliation of total segment gross profit to the Company's income (loss) before applicable income taxes (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Total segment gross profit	$ 3,226,704	$ 2,641,613	$ 9,249,627	$ 7,446,773
Add: Corporate and other gross profit	8,569	19,957	60,966	40,930
Less: Product development	635,590	711,235	2,283,123	2,197,222
Less: Sales and marketing	687,900	599,333	2,003,363	1,653,524
Less: General and administrative	847,461	543,974	2,530,894	1,485,008
Less: Transaction, loan, and consumer receivable losses	601,706	363,455	1,687,281	827,234
Less: Amortization of customer and other intangible assets	34,125	34,133	102,561	101,680
Less: Interest expense, net	48,128	34,652	157,044	75,582
Less: Remeasurement loss (gain) on bitcoin investment	(229,705)	(59,588)	31,587	(178,402)
Less: Other income, net	(2,423)	(167,150)	(6,650)	(162,103)
Income before applicable income taxes	$ 612,491	$ 601,526	$ 521,390	$ 1,487,958

Revenue

Revenue by geography is based on the addresses of the sellers or customers. The following table details revenue by geographic area (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
United States	$ 6,092,767	$ 5,584,897	$ 17,648,891	$ 16,494,950
International	626,592	530,055	1,745,002	1,446,255
Total	$ 6,719,359	$ 6,114,952	$ 19,393,893	$ 17,941,205

No individual country from the international markets contributed more than 10% of total revenue for the three and nine months ended September 30, 2026 and September 30, 2025.

Long-Lived Assets

The following table details long-lived assets by geography (in thousands):

	September 30, 2026	December 31, 2025
United States	$ 7,072,782	$ 7,281,727
Australia	4,606,338	4,453,807
Other international	1,885,212	1,933,458
Total	$ 13,564,332	$ 13,668,992

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 18 - SUPPLEMENTAL CASH FLOW INFORMATION

The supplemental disclosures of cash flow information consist of the following (in thousands):

	Nine Months Ended September 30,	
	2026	2025
Supplemental cash flow data:		
Cash paid for interest	$ 270,946	$ 124,220
Cash paid for income taxes	194,555	116,548
Supplemental disclosures of non-cash investing and financing activities:		
Unsettled originations of consumer receivables	$ 186,119	$ 209,058
Right-of-use assets obtained in exchange for operating lease obligations	306	26,772
Purchases of property and equipment in accounts payable and accrued expenses	11,166	6,121

NOTE 19 - RESTRUCTURING

In February 2026, the Company announced a workforce reduction restructuring plan (the "Workforce Plan") designed to better align our organizational structure with our operating model and strategic priorities. As part of the Workforce Plan, the Company reduced its workforce by more than 40%. The Workforce Plan concluded during the second quarter of fiscal 2026 and no charges were recognized related to the Workforce Plan during the three months ended September 30, 2026. Restructuring charges in connection with the Workforce Plan for the nine months ended September 30, 2026 were $495.0 million, which primarily consisted of cash expenditures for notice period and severance payments, employee benefits and related costs, as well as share-based compensation expense. The Company does not expect to incur any further material related charges.

The following table presents a summary of severance and other personnel costs related to the Workforce Plan for the nine months ended September 30, 2026 (in thousands):

	Nine Months Ended September 30, 2026
Product development	$ 345,603
Sales and marketing	47,836
General and administrative	101,573
Total	$ 495,012

The following table summarizes the changes in the restructuring reserve related to the Workforce Plan, which are included within accrued expenses and other current liabilities on the condensed consolidated balance sheets, for the nine months ended September 30, 2026 (in thousands):

	Severance and other termination benefits
Charges [(i)]	$ 386,023
Payments	(386,023)
Accrued liability, end of period	$ —

[(i)] Excludes share-based compensation expense of $104.7 million as well as severance payments incurred and paid within the period.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis in conjunction with the information set forth within the condensed consolidated financial statements and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q, as well as our Annual Report on Form 10-K. 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 "Risk Factors" and elsewhere in this Quarterly Report on Form 10-Q. 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, a critical capability that had previously been inaccessible to many businesses. We have since expanded to provide sellers additional products and services and to give them access to a cohesive ecosystem of tools to help them start, run, and grow their businesses. Similarly, with Cash App, we have built an ecosystem of financial products and services to help consumers manage their money. Cash App now provides an ecosystem of commerce solutions, financial solutions, and bitcoin capabilities focused on helping consumers make their money go further by enabling customers to store, send, receive, spend, invest, BNPL, borrow, or save their money. In addition, our nascent ecosystems include TIDAL as well as Bitcoin, which includes businesses such as Proto and Bitkey.

In the third quarter of 2026, we generated gross profit of $3.2 billion, up 22% year over year. Cash App generated gross profit of $2.1 billion in the third quarter of 2026, up 27% year over year, driven by growth in Cash App Borrow, Afterpay Post-Purchase, and Cash App Card. Square generated gross profit of $1.2 billion in the third quarter of 2026, up 14% year over year, driven primarily by Square processing, Square Loans, and Square Software.

In the third quarter of 2026, operating income was $428.5 million and Adjusted Operating Income was $922.7 million, compared to operating income of $409.4 million and Adjusted Operating Income of $480.2 million in the third quarter of 2025. Net income attributable to common stockholders was $565.6 million for the third quarter of 2026, compared to net income attributable to common stockholders of $461.5 million for the same period in 2025, and Adjusted EBITDA was $1.2 billion for the third quarter of 2026, compared to $832.7 million for the same period in 2025. Net income for the third quarter of 2026 and 2025 included a gain of $229.7 million and $59.6 million, respectively, from the remeasurement of our bitcoin investment.

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.

In February 2026, we announced a workforce reduction restructuring plan (the "Workforce Plan") designed to better align our organizational structure with our operating model and strategic priorities. As part of the Workforce Plan, we reduced our workforce by more than 40%. The Workforce Plan concluded during the second quarter of fiscal 2026 and we did not recognize any charges related to the Workforce Plan during the three months ended September 30, 2026. Restructuring charges in connection with the Workforce Plan for the nine months ended September 30, 2026 were $495.0 million, which primarily consisted of cash expenditures for notice period and severance payments, employee benefits and related costs, as well as share-based compensation expense. We do not expect to incur additional material charges related to the Workforce Plan. 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. We plan to continue to operate at this smaller size and are continuing to look at ways to improve our efficiency through a combination of AI automation, prioritization of our scope, performance management, and centralization of teams and functions to reduce duplication. During the three months ended September 30, 2026, we recognized immaterial severance and related costs in connection with these efforts, which are not part of the Workforce Plan.

The following table presents a summary of severance and other personnel costs related to the Workforce Plan for the nine months ended September 30, 2026 (in thousands):

	Nine Months Ended September 30, 2026
Product development	$ 345,603
Sales and marketing	47,836
General and administrative	101,573
Total	$ 495,012

We continue to expect annualized net cost savings associated with the Workforce Plan of approximately $800 million to $900 million, related to employee compensation, a portion of which we are strategically reinvesting in the Company. We began to realize these cost savings during the second quarter of fiscal 2026 following the conclusion of the Workforce Plan, and the savings realized through September 30, 2026 have been consistent with our expectations. Refer to Note 19, *Restructuring*, within Notes to the Condensed Consolidated Financial Statements for further details regarding charges related to the Workforce Plan.

We ended the third quarter of 2026 with $10.1 billion in available liquidity, with $9.2 billion in cash, cash equivalents, restricted cash, and investments in marketable debt securities, as well as an undrawn amount of $900.0 million available under our revolving credit facility. Additionally, we had $809.3 million available to be withdrawn under our warehouse funding facilities. During the third quarter of fiscal 2026, we continued to invest in our lending products, while maintaining a strong liquidity position. Refer to *Liquidity and Capital Resources* section below for further details.

In November 2025, the board of directors of the Company authorized an increase to the Company's share repurchase program to repurchase up to an additional $5 billion of the Company's Class A common stock, for a total authorization of $9 billion. The goal of the program is to return capital to shareholders. 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. As of September 30, 2026, we have repurchased a total of $4.4 billion of our Class A common stock under the program, of which $700.9 million was purchased in fiscal 2026.

Results of Operations

Revenue (in thousands, except for percentages)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026	2025	$ Change	% Change	2026	2025	$ Change	% Change
Commerce enablement revenue	$3,475,923	$2,999,053	$ 476,870	16 %	$9,755,964	$8,464,330	$1,291,634	15 %
Financial solutions revenue	1,439,629	1,094,925	344,704	31 %	4,143,982	2,954,489	1,189,493	40 %
Bitcoin ecosystem revenue	1,803,807	2,020,974	(217,167)	(11)%	5,493,947	6,522,386	(1,028,439)	(16)%
Total net revenue	$6,719,359	$6,114,952	$ 604,407	10 %	$19,393,893	$17,941,205	$1,452,688	8 %

Total net revenue for the three and nine months ended September 30, 2026 increased by $604.4 million, or 10%, and $1.5 billion, or 8%, compared to the three and nine months ended September 30, 2025, respectively. Bitcoin ecosystem revenue decreased by $217.2 million and $1.0 billion, respectively. Excluding bitcoin ecosystem revenue, total net revenue increased by $821.6 million, or 20%, and $2.5 billion, or 22%, respectively.

Commerce enablement revenue for the three and nine months ended September 30, 2026 increased by $476.9 million, or 16%, and $1.3 billion, or 15%, compared to the three and nine months ended September 30, 2025, respectively. The increase in revenue was driven by growth in Square processing of $230.4 million and $610.1 million, growth in Cash App Card of $69.1 million and $216.4 million, and growth in Afterpay Post-Purchase revenue of $56.6 million and $191.0 million, in each case for the three and nine months ended September 30, 2026, respectively. The growth in Square processing was approximately in line with Square gross payment volume ("GPV") growth of 14% and 13% for the three and nine months ended September 30, 2026, respectively, driven primarily by strength in Food and Beverage sellers. See below in *Key Operating Metrics and Non-GAAP Financial Measures* for further discussion of GPV.

Financial solutions revenue for the three and nine months ended September 30, 2026 increased by $344.7 million, or 31%, and $1.2 billion, or 40%, compared to the three and nine months ended September 30, 2025, respectively. The increase was primarily due to growth in Cash App's financial solutions-related products, specifically Cash App Borrow where revenue increased by $193.6 million and $844.1 million, respectively, as we continued to expand access to the product, resulting in higher origination volumes. Additionally, revenue from Square's financial solutions-related products increased by $70.7 million and $181.5 million for the three and nine months ended September 30, 2026, respectively, primarily related to Square Loans.

Bitcoin ecosystem revenue for the three and nine months ended September 30, 2026 decreased by $217.2 million, or 11%, and $1.0 billion, or 16%, compared to the three and nine months ended September 30, 2025, respectively. As bitcoin ecosystem revenue is primarily the total sale amount of bitcoin to customers, the amount of bitcoin ecosystem revenue recognized will fluctuate depending on customer demand and changes in the market price of bitcoin. The decreases were driven by a lower average market price of bitcoin, partially offset by higher bitcoin trading volume compared to the prior year periods. While the bitcoin ecosystem contributed 27% and 28% of total revenue for the three and nine months ended September 30, 2026, and 33% and 36% for the three and nine months ended September 30, 2025, respectively, gross profit generated from the bitcoin ecosystem was only 2% of total gross profit for both the three and nine months ended September 30, 2026, and 4% for both the three and nine months ended September 30, 2025.

Cost of Revenue (in thousands, except for percentages)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026	2025	$ Change	% Change	2026	2025	$ Change	% Change
Commerce enablement costs	$1,612,891	$1,433,672	$ 179,219	13 %	$4,453,989	$3,940,242	$ 513,747	13 %
Financial solutions costs	107,165	88,578	18,587	21 %	290,359	249,149	41,210	17 %
Bitcoin ecosystem costs	1,751,964	1,917,275	(165,311)	(9)%	5,301,264	6,221,176	(919,912)	(15)%
Amortization of acquired technology assets	12,066	13,857	(1,791)	NM	37,688	42,935	(5,247)	NM
Total cost of revenue	$3,484,086	$3,453,382	$ 30,704	1 %	$10,083,300	$10,453,502	$ (370,202)	(4)%

[(i)] Not meaningful ("NM")

Total cost of revenue for the three and nine months ended September 30, 2026 increased by $30.7 million, or 1%, and decreased by $370.2 million, or 4%, compared to the three and nine months ended September 30, 2025, respectively. The change for both periods reflected decreases in bitcoin ecosystem cost of revenue of $165.3 million and $919.9 million, respectively. Excluding bitcoin ecosystem cost of revenue, total cost of revenue increased by $196.0 million, or 13%, and $549.7 million, or 13%, respectively, largely related to an increase in Square GPV.

Commerce enablement costs for the three and nine months ended September 30, 2026 increased by $179.2 million, or 13%, and $513.7 million, or 13%, compared to the three and nine months ended September 30, 2025, respectively. The increase was primarily driven by higher Square processing costs, in line with the growth of Square GPV of 14% and 13% for the same periods.

Financial solutions costs for the three and nine months ended September 30, 2026 increased by $18.6 million, or 21%, and $41.2 million, or 17%, compared to the three and nine months ended September 30, 2025, respectively. The increase for the three months ended September 30, 2026 was primarily driven by growth in Square's financial solutions-related products, including Square Credit Card rewards and Square Savings, as well as growth in Cash App's financial solutions-related products on Cash App Card, primarily ATM. The increase for the nine months ended September 30, 2026 was driven by growth in Cash App's financial solutions-related products on Cash App Card, including ATM, Paper Money Deposits, and related processing costs, as well as growth in Square's financial solutions-related products, including Square Credit Card rewards and Square Savings. Over the same periods, financial solutions revenue increased by 31% and 40%, outpacing growth in costs of revenue and resulting in gross margin expansion, primarily due to more favorable economics of Cash App's financial solutions-related products.

Bitcoin ecosystem costs for the three and nine months ended September 30, 2026 decreased by $165.3 million, or 9%, and $919.9 million, or 15%, compared to the three and nine months ended September 30, 2025, respectively. Bitcoin ecosystem costs primarily consist of the total amount we pay to purchase bitcoin, which fluctuates in line with bitcoin ecosystem revenue.

Operating Expenses (in thousands, except for percentages)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026	**2025**	**$ Change**	**% Change**	**2026**	**2025**	**$ Change**	**% Change**
Product development	$635,590	$711,235	$ (75,645)	(11)%	$2,283,123	$2,197,222	$ 85,901	4 %
% of total net revenue	*9 %*	*12 %*			*12 %*	*12 %*		
% of total gross profit	*20 %*	*27 %*			*25 %*	*29 %*		
Sales and marketing	$687,900	$599,333	$ 88,567	15 %	$2,003,363	$1,653,524	$ 349,839	21 %
% of total net revenue	*10 %*	*10 %*			*10 %*	*9 %*		
% of total gross profit	*21 %*	*23 %*			*22 %*	*22 %*		
General and administrative	$847,461	$543,974	$ 303,487	56 %	$2,530,894	$1,485,008	$1,045,886	70 %
% of total net revenue	*13 %*	*9 %*			*13 %*	*8 %*		
% of total gross profit	*26 %*	*20 %*			*27 %*	*20 %*		
Transaction, loan, and consumer receivable losses	$601,706	$363,455	$ 238,251	66 %	$1,687,281	$827,234	$ 860,047	104 %
% of total net revenue	*9 %*	*6 %*			*9 %*	*5 %*		
% of total gross profit	*19 %*	*14 %*			*18 %*	*11 %*		
Amortization of customer and other acquired intangible assets	$ 34,125	$ 34,133	$ (8)	NM	$102,561	$101,680	$ 881	NM
% of total net revenue	*1 %*	*1 %*			*1 %*	*1 %*		
% of total gross profit	*1 %*	*1 %*			*1 %*	*1 %*		
Total operating expenses	$2,806,782	$2,252,130	$ 554,652	25 %	$8,607,222	$6,264,668	$2,342,554	37 %

Product development expenses decreased by $75.6 million, or 11%, and increased by $85.9 million, or 4%, for the three and nine months ended September 30, 2026, compared to the three and nine months ended September 30, 2025, respectively. Personnel costs decreased by $149.9 million and $43.6 million for the three and nine months ended September 30, 2026, respectively, primarily from cost efficiencies realized following the implementation of the Workforce Plan actions in the first quarter of 2026. The decreases in personnel costs were partially offset by severance and related restructuring charges related to the Workforce Plan recognized in the first quarter of 2026. Software and cloud computing infrastructure fees increased by $93.8 million and $231.5 million for the three and nine months ended September 30, 2026, respectively, primarily due to higher software license costs, including AI-related tools, and higher data center fees. Allocated IT, human resources, and facilities expenses decreased by $27.4 million and $138.9 million for the three and nine months ended September 30, 2026, respectively, primarily due to higher IT shared-services costs allocated to other functions and lower product development headcount following the Workforce Plan.

Sales and marketing expenses increased by $88.6 million, or 15%, and $349.8 million, or 21%, for the three and nine months ended September 30, 2026, compared to the three and nine months ended September 30, 2025, respectively. The increase for the three and nine months ended September 30, 2026 was primarily driven by higher Cash App peer-to-peer processing costs and related transaction losses of $37.5 million and $168.5 million, respectively, higher marketing and advertising costs of $20.1 million and $69.4 million, respectively, as we prioritize marketing investments to support the growth of Cash App and Square, and higher personnel costs of $29.5 million and $58.1 million, respectively. The higher personnel costs primarily reflect higher sales commissions as we continue to scale our Square field sales team, and, for the nine months ended September 30, 2026, severance and related expenses recognized in the first quarter of 2026 in connection with the Workforce Plan.

General and administrative expenses increased by $303.5 million, or 56%, and $1.0 billion, or 70%, for the three and nine months ended September 30, 2026, compared to the three and nine months ended September 30, 2025, respectively. The increase for the three and nine months ended September 30, 2026 was primarily driven by an increase in accrued expenses for estimated and settled amounts in connection with certain litigation and regulatory matters of $421.1 million and $969.2 million, respectively, and a net increase in allocated IT, human resources, and facilities expenses of $18.3 million and $124.7 million, respectively, reflecting higher IT shared-service costs allocated to general and administrative expenses and lower human resources costs allocated to other functions following the Workforce Plan. These increases were partially offset by a decrease in personnel costs of $130.2 million and $138.3 million, respectively, driven by an in-person company event held in the third quarter of 2025 as well as cost efficiencies realized following the Workforce Plan actions in the first quarter of 2026.

Transaction, loan, and consumer receivable losses increased by $238.3 million, or 66%, and $860.0 million, or 104%, for the three and nine months ended September 30, 2026, compared to the three and nine months ended September 30, 2025, respectively, as detailed below (in thousands, except for percentages):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026	2025	$ Change	% Change	2026	2025	$ Change	% Change
Loan losses	$ 439,008	$ 239,689	$ 199,319	83 %	$1,241,367	$ 463,573	$ 777,794	168 %
Consumer receivable losses [(i)]	98,954	77,956	20,998	27 %	260,801	210,493	50,308	24 %
Transaction losses	63,744	45,810	17,934	39 %	185,113	153,168	31,945	21 %
Total transaction, loan, and consumer receivable losses	$ 601,706	$ 363,455	$ 238,251	66 %	$1,687,281	$ 827,234	$ 860,047	104 %

[(i)] Amounts do not include reserves for certain receivables, such as late fees. Consumer receivables losses also include provision for charge-back losses that are realized and written-off within the same period, rather than through the allowance for consumer receivable losses.

- Loan losses increased by $199.3 million, or 83%, and $777.8 million, or 168%, compared to the three and nine months ended September 30, 2025, respectively. The increase in loan losses was driven by significant growth in loan origination volumes of Cash App Borrow, the continued scaling of Afterpay Post-Purchase and Afterpay Pre-Purchase, as well as growth in Afterpay Pay Monthly and Square Loans. Underlying loan loss rates and portfolio credit performance remained stable. Additionally, beginning in the second quarter of 2025, Cash App Borrow and certain other loan products were retained on our balance sheet and classified as held for investment, for which we recognize expected credit losses upfront at origination. As a result, loan losses in a given period reflect the volume, mix, and timing of originations and underlying credit performance.

- Consumer receivable losses increased by $21.0 million, or 27%, and $50.3 million, or 24%, compared to the three and nine months ended September 30, 2025, respectively, while loss rates remained stable. The increase was primarily due to growth of our Pay in 4 BNPL product and higher origination volumes from preceding periods that reached charge-off during the current quarter.

- Transaction losses increased by $17.9 million, or 39%, and $31.9 million, or 21%, compared to the three and nine months ended September 30, 2025, respectively. The increase was primarily due to higher Square chargeback losses and higher Cash App Card dispute losses, driven by growth in Square GPV and Cash App Card transactions.

Interest Expense (Income), Net (in thousands, except for percentages)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026	2025	$ Change	% Change	2026	2025	$ Change	% Change
Interest expense, net	$ 48,128	$ 34,652	$ 13,476	39 %	$ 157,044	$ 75,582	$ 81,462	108 %

Interest expense, net, increased by $13.5 million, or 39%, and $81.5 million, or 108%, for the three and nine months ended September 30, 2026, compared to the three and nine months ended September 30, 2025, respectively, primarily due to the issuance of our 2030 and 2033 Senior Notes in the third quarter of 2025, which more than offset interest income received on invested funds. Refer to Note 12, *Indebtedness* within Notes to the Condensed Consolidated Financial Statements for further details.

Remeasurement Loss (Gain) on Bitcoin Investment (in thousands, except for percentages)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026	2025	$ Change	% Change	2026	2025	$ Change	% Change
Remeasurement loss (gain) on bitcoin investment	$ (229,705)	$ (59,588)	$ (170,117)	285 %	$ 31,587	$ (178,402)	$ 209,989	118 %

Remeasurement loss (gain) on bitcoin investment was due to the remeasurement of our bitcoin investment to its fair value at each reporting date. Refer to Note 11, *Bitcoin* within Notes to the Condensed Consolidated Financial Statements for further details regarding the remeasurement of our bitcoin investment.

Other Expense (Income), Net (in thousands, except for percentages)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026	2025	$ Change	% Change	2026	2025	$ Change	% Change
Other income, net	$ (2,423)	$ (167,150)	$ 164,727	(99)%	$ (6,650)	$ (162,103)	$ 155,453	(96)%

Other income, net, of $2.4 million and $6.7 million for the three and nine months ended September 30, 2026, respectively, were primarily due to realized and unrealized gains and losses on certain investments as well as foreign exchange rate impacts. Other income, net, of $167.2 million and $162.1 million for the three and nine months ended September 30, 2025, respectively, was primarily due to the revaluation of certain equity investments, partially offset by losses from the currency revaluation of intercompany loans.

Provision for (Benefit from) Income Taxes (in thousands, except for percentages)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026	2025	$ Change	% Change	2026	2025	$ Change	% Change
Provision for income taxes	$ 48,350	$ 139,928	$ (91,578)	(65)%	$ 178,775	$ 299,304	$ (120,529)	(40)%

Provision for income taxes decreased by $91.6 million, or 65%, and $120.5 million, or 40%, for the three and nine months ended September 30, 2026, compared to the three and nine months ended September 30, 2025, respectively. The decrease for the three month period was primarily driven by the tax impact of accruals for certain litigation and regulatory matters and excess tax benefits from stock-based compensation, partially offset by the absence of a one-time benefit from a valuation allowance release recognized in the third quarter of 2025. The decrease for the nine month period was primarily driven by the tax impact of lower pre-tax income and the partial release of a valuation allowance on certain California deferred tax assets, partially offset by the tax impact of litigation and regulatory accruals.

Segment Results

Square

The following table provides a summary of the revenue and gross profit for our Square segment for the three and nine months ended September 30, 2026 and September 30, 2025 (in thousands, except for percentages):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026	2025	$ Change	% Change	2026	2025	$ Change	% Change
Segment net revenue	$2,593,772	$2,240,846	$ 352,926	16 %	$7,209,657	$6,259,281	$ 950,376	15 %
Segment cost of revenue	1,436,906	1,223,186	213,720	17 %	3,911,005	3,316,912	594,093	18 %
Segment gross profit	$1,156,866	$1,017,660	$ 139,206	14 %	$3,298,652	$2,942,369	$ 356,283	12 %

Revenue

Revenue for the Square segment for the three and nine months ended September 30, 2026 increased by $352.9 million, or 16%, and $950.4 million, or 15%, compared to the three and nine months ended September 30, 2025, respectively. The increase was primarily due to the Square items referenced within our overall revenue discussion.

Cost of Revenue

Cost of revenue for the Square segment for the three and nine months ended September 30, 2026 increased by $213.7 million, or 17%, and $594.1 million, or 18%, compared to the three and nine months ended September 30, 2025, respectively. The increase was primarily due to the Square items referenced within our overall cost of revenue discussion.

Cash App

The following table provides a summary of the revenue and gross profit for our Cash App segment for the three and nine months ended September 30, 2026 and September 30, 2025 (in thousands, except for percentages):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026	2025	$ Change	% Change	2026	2025	$ Change	% Change
Segment net revenue	$4,073,787	$3,799,501	$ 274,286	7 %	$11,965,176	$11,523,444	$ 441,732	4 %
Segment cost of revenue	2,003,949	2,175,548	(171,599)	(8)%	6,014,201	7,019,040	(1,004,839)	(14)%
Segment gross profit	$2,069,838	$1,623,953	$ 445,885	27 %	$5,950,975	$4,504,404	$1,446,571	32 %

Revenue

Revenue for the Cash App segment for the three and nine months ended September 30, 2026 increased by $274.3 million, or 7%, and $441.7 million, or 4%, compared to the three and nine months ended September 30, 2025, respectively. The increase was driven by the Cash App items referenced within our overall revenue discussion. While bitcoin ecosystem revenue contributed 43% and 45% of Cash App revenue for three and nine months ended September 30, 2026, respectively, gross profit generated from bitcoin ecosystem was only 3% of Cash App gross profit for the three and nine months ended September 30, 2026.

Excluding bitcoin ecosystem revenue, Cash App net revenue increased by $496.7 million, or 27%, and $1.6 billion, or 32%, compared to the three and nine months ended September 30, 2025, respectively.

Cost of Revenue

Cost of revenue for the Cash App segment for the three and nine months ended September 30, 2026 decreased by $171.6 million, or 8%, and $1.0 billion, or 14%, compared to the three and nine months ended September 30, 2025, respectively. The decrease was due to the items referenced within our overall cost of revenue discussion. Excluding bitcoin ecosystem cost of revenue, Cash App cost of revenue increased by $12.3 million, or 4%, and $37.1 million, or 4%, compared to the three and nine months ended September 30, 2025, respectively.

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.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Gross Payment Volume (GPV) (in millions)	$ 78,153	$ 69,283	$ 215,996	$ 192,695
Adjusted Operating Income (in thousands)	$ 922,737	$ 480,186	$ 2,514,254	$ 1,496,024
Adjusted EBITDA (in thousands)	$ 1,227,921	$ 832,662	$ 3,406,739	$ 2,536,878
Adjusted Net Income Per Share:				
Basic	$ 1.16	$ 0.55	$ 3.05	$ 1.75
Diluted	$ 1.13	$ 0.54	$ 3.00	$ 1.72

Gross Payment Volume (GPV)

GPV includes Square GPV and Cash App 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 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 related to our BNPL products.

Adjusted EBITDA, 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 Quarterly Report on Form 10-Q 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, 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 of the note conversion 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; gain or loss from the remeasurement of our bitcoin investment; and discrete benefits from the release of valuation allowances on our deferred tax assets, 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 contingencies, 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:

- 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 does not reflect the effect of share-based compensation expense, which 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, 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, acquisition-related and integration costs, various contingencies, restructuring and other costs, and goodwill and intangible asset impairment charges. Adjusted Operating Income (Loss) and Adjusted EPS include the effect of share-based compensation expense, 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):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Operating income	$ 428,491	$ 409,440	$ 703,371	$ 1,223,035
Amortization of acquired technology assets	12,066	13,857	37,688	42,935
Acquisition-related and integration costs	365	345	1,094	1,707
Contingencies, restructuring and other charges	434,971	20,752	1,542,901	114,407
Restructuring share-based compensation expense	12,719	1,659	126,639	12,260
Amortization of customer and other acquired intangible assets	34,125	34,133	102,561	101,680
Adjusted Operating Income	$ 922,737	$ 480,186	$ 2,514,254	$ 1,496,024

The following table presents a reconciliation of net income (loss) to Adjusted EBITDA for each of the periods indicated (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net income attributable to common stockholders	$ 565,551	$ 461,544	$ 345,387	$ 1,189,874
Add: Net income (loss) attributable to noncontrolling interests	(1,410)	54	(2,772)	(1,220)
Net income	564,141	461,598	342,615	1,188,654
Share-based compensation expense	260,050	307,721	744,581	909,697
Restructuring share-based compensation expense	12,719	1,659	126,639	12,260
Depreciation and amortization	91,120	92,119	282,148	273,464
Acquisition-related and integration costs	365	345	1,094	1,707
Contingencies, restructuring and other charges	434,971	20,752	1,542,901	114,407
Interest expense, net	48,128	34,652	157,044	75,582
Remeasurement loss (gain) on bitcoin investment	(229,705)	(59,588)	31,587	(178,402)
Other income, net	(2,423)	(167,150)	(6,650)	(162,103)
Provision for income taxes	48,350	139,928	178,775	299,304
Loss on disposal of property and equipment	200	617	5,988	2,276
Acquired deferred revenue and cost adjustment	5	9	17	32
Adjusted EBITDA	$ 1,227,921	$ 832,662	$ 3,406,739	$ 2,536,878

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):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net income attributable to common stockholders	$ 565,551	$ 461,544	$ 345,387	$ 1,189,874
Add: Net income (loss) attributable to noncontrolling interests	(1,410)	54	(2,772)	(1,220)
Net income	564,141	461,598	342,615	1,188,654
Acquisition-related and integration costs	365	345	1,094	1,707
Contingencies, restructuring and other charges	434,971	20,752	1,542,901	114,407
Restructuring share-based compensation expense	12,719	1,659	126,639	12,260
Amortization of intangible assets	46,191	47,990	140,249	144,615
Amortization of debt discount and issuance costs	2,729	3,335	9,902	9,469
Loss (gain) on revaluation of equity investments	615	(171,126)	10,420	(172,582)
Remeasurement loss (gain) on bitcoin investment	(229,705)	(59,588)	31,587	(178,402)
Loss on disposal of property and equipment	200	617	5,988	2,276
Acquired deferred revenue and cost adjustment	5	9	17	32
Income tax benefits from deferred tax assets	—	(8,909)	(113,385)	(61,509)
Tax effect of non-GAAP net income adjustments	(135,197)	39,933	(268,562)	15,100
Adjusted Net Income - basic	$ 697,034	$ 336,615	$ 1,829,465	$ 1,076,027
Cash interest expense on convertible notes	291	273	830	973
Adjusted Net Income - diluted	$ 697,325	$ 336,888	$ 1,830,295	$ 1,077,000
Weighted-average shares used to compute Adjusted Net Income Per Share:				
Basic	602,507	610,199	599,321	614,117
Diluted	614,778	621,658	609,275	625,256
Adjusted Net Income Per Share:				
Basic	$ 1.16	$ 0.55	$ 3.05	$ 1.75
Diluted	$ 1.13	$ 0.54	$ 3.00	$ 1.72

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):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Provision for income taxes, as reported	$ 48,350	$ 139,928	$ 178,775	$ 299,304
Income tax benefits from deferred tax assets	—	8,909	113,385	61,509
Tax effect of non-GAAP net income adjustments	135,197	(39,933)	268,562	(15,100)
Adjusted provision for income taxes, non-GAAP	$ 183,547	$ 108,904	$ 560,722	$ 345,713
Non-GAAP effective tax rate	21 %	24 %	23 %	24 %

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

Liquidity Sources

As of September 30, 2026, we had approximately $10.1 billion in available liquidity, with $9.2 billion in cash, cash equivalents, restricted cash, and investments in marketable debt securities, as well as an undrawn amount of $900.0 million available under our revolving credit facility. Additionally, we had $809.3 million available to be withdrawn under our warehouse funding facilities. Refer to Note 12, *Indebtedness* within Notes to the Condensed 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 and debt repayment obligations. As of September 30, 2026, 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):

	September 30, 2026	December 31, 2025
Cash and cash equivalents	$ 7,859,314	$ 6,564,092
Short-term restricted cash [(i)]	650,435	1,071,574
Long-term restricted cash	70,623	73,786
Investments in short-term debt securities	385,234	517,777
Investments in long-term debt securities	198,429	188,887
Revolving credit facility	900,000	775,000
Total liquidity	$ 10,064,035	$ 9,191,116

[(i)] As of September 30, 2026, we have invested $107.8 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 deposit, 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.

Beginning in the third quarter of 2026, Square Financial Services began issuing brokered certificates of deposit through third-party broker-dealers as a supplementary source of funding for its lending and other interest-earning activities. As of September 30, 2026, $381.4 million par value of brokered certificates of deposit were outstanding, all with contractual maturities of twelve months or less and a weighted average interest rate of 4.09%. Principal and interest on the certificates are payable at maturity, and the Company expects to repay or refinance maturing certificates through new issuances, Square Financial Services deposit growth, and other available liquidity. Square Financial Services' ability to accept, renew, or roll over brokered certificates of deposit is conditioned on maintaining its well-capitalized status under FDIC regulations.

As of September 30, 2026, we held approximately 9,237 bitcoins for long-term investment purposes ("bitcoin investment") with a fair value of $771.9 million based on observable market prices. 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 "Remeasurement loss (gain) on bitcoin investment" within the condensed consolidated statements of operations. We purchased approximately 120 and 354 bitcoins with a cost basis of $8.3 million and $26.0 million during the three and nine months ended September 30, 2026, respectively, for investment purposes. We purchased approximately 88 and 295 bitcoins with a cost basis of $10.2 million and $30.7 million for the three and nine months ended September 30, 2025, respectively, for investment purposes. We did not sell any of our bitcoin investment during the three and nine months ended September 30, 2026 and September 30, 2025. We recognized a gain of $229.7 million and loss of $31.6 million from the remeasurement of our bitcoin investment during the three and nine months ended September 30, 2026, respectively. We recognized gains of $59.6 million and $178.4 million from the remeasurement of our bitcoin investment during the three and nine months ended September 30, 2025, respectively.

Our principal commitments consist of convertible notes, senior notes, revolving credit facility, warehouse funding facilities, customer deposits, operating leases, and purchase commitments. Refer to Note 12, *Indebtedness* and Note 16, *Commitments and Contingencies* within Notes to the Condensed Consolidated Financial Statements for more details on these commitments.

Senior Notes and Convertible Notes

As of September 30, 2026, we held $5.8 billion in aggregate principal amount of debt, comprised of $575.0 million in aggregate amount of convertible senior notes that mature on November 1, 2027 (the “Convertible Notes”), as well as an outstanding $1.2 billion in aggregate principal amount of senior unsecured notes that mature on August 15, 2030 ("2030 Senior Notes"), $1.0 billion in aggregate principal amount of senior unsecured notes that mature on June 1, 2031 ("2031 Senior Notes"), $2.0 billion in aggregate principal amount of senior unsecured notes that mature on May 15, 2032 ("2032 Senior Notes"), $1.0 billion in aggregate principal amount of senior unsecured notes that mature on August 15, 2033 ("2033 Senior Notes" and, together with the 2030 Senior Notes and 2031 Senior Notes, the “Senior Notes” and, together with the Convertible Notes, the “Notes”). Refer to Note 12, *Indebtedness* within Notes to the Condensed Consolidated Financial Statements for further details.

Revolving Credit Facility

We have entered into a revolving credit agreement with certain lenders, as subsequently amended and restated, which provides a $900.0 million senior unsecured revolving credit facility maturing in January 2031. Refer to Note 12, *Indebtedness* within Notes to the Condensed Consolidated Financial Statements for further details.

Warehouse Funding Facilities

We have warehouse funding facilities ("Warehouse Facilities") with an aggregate amount of $2.4 billion on a revolving basis, of which $1.5 billion was drawn as of September 30, 2026. 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 certain BNPL products and financing the origination of consumer loans in connection with Cash App Borrow. Borrowings under each Warehouse Facility are secured by the respective consumer receivables or consumer loans held by the applicable Warehouse SPE. While the Warehouse SPEs are included in our condensed consolidated financial statements, they are separate legal entities that maintain legal ownership of the respective receivables or loans 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 and warehouse funding facilities 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, short-term debt repayments, shares repurchased through our share repurchase program, 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 2025, we received an investment grade rating by Fitch Ratings, Inc. (BBB-) and a non-investment grade rating from Moody's Corporation (Ba1), and our non-investment grade rating from S&P Global Ratings (BB+) was affirmed. 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 $650.4 million as of September 30, 2026 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 condensed 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 $70.6 million as of September 30, 2026 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 condensed 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):

	Nine Months Ended September 30,	
	2026	**2025**
Net cash provided by operating activities	$ 3,001,581	$ 1,958,714
Net cash used in investing activities	(653,602)	(671,814)
Net cash used in financing activities	(896,369)	(652,901)
Effect of foreign exchange rate on cash and cash equivalents	4,397	80,515
Net increase in cash, cash equivalents, restricted cash, and customer funds	$ 1,456,007	$ 714,514

Cash Flows from Operating Activities

For the nine months ended September 30, 2026, cash provided by operating activities was $3.0 billion, comprised of net income of $342.6 million, adjusted for non-cash expenses of $3.0 billion, consisting primarily of transaction, loan, and consumer receivable losses; share-based compensation; depreciation and amortization; non-cash lease expense and other non-cash adjustments; and bitcoin remeasurement loss, all of which contributed positively to operating activities. These were partially offset by the amortization of discounts and premiums, primarily related to consumer receivables, of $895.0 million and net outflows from loans originally classified as held for sale of $265.0 million. Changes in other assets and liabilities, including customers payable and settlements receivable, of $805.9 million contributed positively, primarily due to an increase in accrued legal contingencies.

For the nine months ended September 30, 2025, cash provided by operating activities was $2.0 billion, comprised of net income of $1.2 billion, adjusted for non-cash expenses of $2.2 billion, consisting primarily of share-based compensation; transaction, loan, and consumer receivable losses; depreciation and amortization; and changes in deferred income taxes, all of which contributed positively to operating activities. These were partially offset by the amortization of discounts and premiums, primarily related to consumer receivables, of $836.1 million; bitcoin remeasurement gain of $178.4 million; revaluation of equity investments of $172.6 million; and net outflows related to changes in other assets and liabilities, including customers payable and settlements receivable, of $355.1 million due to the timing of period end.

Cash Flows from Investing Activities

For the nine months ended September 30, 2026, cash used in investing activities was $653.6 million, primarily due to net outflows of $1.9 billion primarily related to Cash App Borrow and Afterpay Post-Purchase loans originally classified as held for investment and the purchases of property and equipment of $128.0 million. These were partially offset by net inflows related to consumer receivables of $984.1 million; net proceeds from other investments of $313.8 million, primarily due to the sale of a non-marketable equity security of $329.8 million in the second quarter of 2026; and net proceeds from investments of marketable securities of $123.6 million.

For the nine months ended September 30, 2025, cash used in investing activities was $671.8 million, primarily due to net outflows of $2.0 billion primarily related to Cash App Borrow loans originated through Square Financial Services and the purchases of property and equipment of $113.8 million. These were partially offset by net inflows related to consumer receivables of $1.2 billion and net proceeds from investments of marketable securities of $334.4 million.

Cash Flows from Financing Activities

For the nine months ended September 30, 2026, cash used in financing activities was $896.4 million primarily due to a $1.0 billion cash payment to settle the outstanding principal balance of the 2026 Senior Notes that matured in June 2026 as well as a $575.0 million cash payment for the settlement of the outstanding 2026 Convertible Notes that matured in May 2026; and $700.9 million of share repurchases in the first and second quarters of 2026. These were partially offset by an increase in customer funds of $585.1 million; interest-bearing deposits of $604.6 million; and net proceeds from Warehouse Facilities borrowings of $165.2 million.

For the nine months ended September 30, 2025, cash used in financing activities was $652.9 million, primarily due to $1.5 billion of share repurchases in the first three quarters of 2025; a $1.0 billion cash payment for the settlement of the outstanding 2025 Convertible Notes that matured in March 2025; and net repayments under Warehouse Facilities borrowings of $1.0 billion. These were partially offset by approximately $2.2 billion of net proceeds related to the issuance of the 2030 and 2033 Senior Notes in the third quarter of 2025, increases in customer funds of $620.8 million and interest-bearing deposits of $81.2 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.

There were no significant changes in our critical accounting estimates during the quarter ended September 30, 2026 compared to those previously disclosed in “Critical Accounting Policies and Estimates” in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our Annual Report on Form 10-K for the year ended December 31, 2025.

Recent Accounting Pronouncements

Refer to “Recent Accounting Pronouncements” described in Note 1, *Description of Business and Summary of Significant Accounting Policies* within Notes to the Condensed Consolidated Financial Statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Bitcoin Market Price Risk

Our bitcoin investment is measured using observed prices from active exchanges and adjustments are recorded in net income through “Remeasurement loss (gain) on bitcoin investment” on the condensed 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 adverse effect on our financial results in future periods. As of September 30, 2026, the fair value of our bitcoin investment was $771.9 million and, for the three and nine months ended September 30, 2026, we recognized a gain of $229.7 million and loss of $31.6 million, respectively, from the remeasurement of our bitcoin investment.

There have been no additional material changes in market risk from the information presented in Part II, Item 7A. "Quantitative and Qualitative Disclosures About Market Risk" in our Annual Report on Form 10-K for the year ended December 31, 2025.

Item 4. 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 Quarterly Report on Form 10-Q (the "Evaluation Date"). 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 the Evaluation Date, 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 Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Part II—Other Information

Item 1. 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, arbitrations, 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 16, *Commitments and Contingencies* within Notes to the Condensed 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, arbitrations, 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 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 Quarterly Report on Form 10-Q, including the section titled Management's Discussion and Analysis of Financial Condition and Results of Operations and our condensed 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.

The following description of risk factors includes any material changes to, and supersedes the description of, risk factors associated with the Company's business previously disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2025 under the heading "Risk Factors."

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 workforce reductions and related reorganizations, including changes to our operating model and the potential for increased reliance on proactive intelligence and artificial intelligence tools;
- 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 commerce and financial services;
- competition in our markets and industry;
- risks related to disruptions in or negative perceptions of the cryptocurrency market;
- development and use of AI, including generative AI, in our products and our internal operations;
- 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, our bank partnerships, and FDIC and other regulatory obligations;
- risks related to our loan products such as credit losses 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 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;
- 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 legal and regulatory matters;
- obligations and restrictions as a licensed money transmitter and virtual currency business;
- regulatory scrutiny or changes in the 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
- changing perspectives 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 CHESS 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 Quarterly Report on Form 10-Q. 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, conditions impacting their businesses, including 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 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, competitive offerings in the market, 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, 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, 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 increase in the future, including the fees we pay to third parties to advertise our products and services and compliance costs, our total expenses may rise significantly. In addition, increases in our seller base could result in increased expenses 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. 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 we may in the future make, strategic 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 reductions in the size of our workforce, which we refer to as our workforce reductions and reorganizations, to, among other things, align our cost structure with our business and longer term strategies. In February 2026 we announced such a workforce reduction restructuring plan designed to better align our organizational structure with our operating model and strategic priorities. Strategic actions and decisions we have made, and may in the future make, have resulted in, and may continue to result in, increased expenses, could materially impact our operating results in the periods in which they are incurred, may impact our ability to generate and increase revenue and may impact our ability to grow or quickly develop and introduce products. Actual costs related to these strategic decisions may exceed our estimates due to changes in assumptions, additional actions, or unforeseen circumstances. Further, these strategic 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 workforce reductions and reorganizations, including changes to our operating model and the potential for increased reliance on proactive intelligence and AI tools, may not achieve their intended benefits and could adversely affect our business, financial condition and results of operations.

In February 2026 we announced a workforce reduction restructuring plan designed to better align our organizational structure with our operating model and strategic priorities. This plan has resulted in, and we expect to continue to result in, an increased reliance on automation, proactive intelligence capabilities and AI tools that we believe will enhance productivity and maintain operational efficiency. Our workforce reductions and reorganizations have in the past and may in the future result in severance and other restructuring charges and require additional investments in technology and systems. We may not realize the expected cost savings, operating efficiencies or other anticipated benefits of these initiatives within the anticipated timeframe, or at all.

Workforce reductions and reorganizations have resulted in, and may continue to result in, disruptions to our operations and adversely affect employee morale and productivity. The departure of employees, including experienced personnel, may result in the loss of institutional knowledge and expertise, and remaining employees have increased workloads and broader scopes of responsibility, which could lead to increased error rates, reduced innovation and attrition of key talent. Our ability to successfully operate with a reduced workforce and modified organizational structure is expected to depend in part on the effectiveness, reliability and adoption of proactive intelligence and AI tools. These technologies do not always perform as expected, may require significant time and expense to implement and maintain effectively and as they continue to evolve, can introduce operational or cybersecurity risks, and have not in all cases enhanced productivity or maintained operational efficiency as expected and may not do so in the future. Workforce reductions and reorganizations could increase the risk of operational disruptions, service interruptions, control failures or other significant events, particularly during transition periods, as responsibilities are reassigned and processes are adjusted. We expect to continue to invest in employees we wish to retain and attract, including through increased compensation. In addition, evolving regulatory requirements and public scrutiny relating to AI technologies could increase compliance costs or limit our ability to deploy such tools as intended.

We may also incur additional costs not currently contemplated, including costs related to technology implementation, operational disruptions, employee claims, regulatory compliance, or other matters arising from workforce reductions and reorganizations. We may also suffer indirect harm to our business as a result of reputational harm or concerns our customers have regarding the use of AI. Any failure to successfully implement these actions, or any unintended consequences resulting from them, could result in delays in product development or strategic initiatives and could materially and adversely affect our business, financial condition and results of operations.

In addition, any reassignment of responsibilities, together with potential increased reliance on automation and AI tools to support certain legal, regulatory compliance and risk management functions, may limit our capacity and introduce additional oversight risks. If such tools do not perform as anticipated or are not effectively implemented and monitored, our ability to maintain effective governance, compliance, and risk processes during and after a transition could be impaired, which could increase the risk of regulatory inquiries, investigations, litigation, enforcement actions, control deficiencies and penalties.

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 Square, Cash App, TIDAL, Afterpay, Proto, and our other brands 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 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. Sellers, customers, and business partners may delay or reconsider relationships, and investors may react negatively, which could adversely affect our reputation, relationships, and stock price. 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, employees, former employees or other third parties with whom we maintain relationships or have maintained relationships with 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, or have been 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, reliability, or the way in which we market, disclose, or represent 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, customers, employees and former employees 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 introduce new or enhanced 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. In addition, our reduced headcount, any future reduction in headcount or the attrition of key talent may limit our capacity to pursue new product development, geographic expansion, acquisitions, or other growth initiatives. If we are unable to allocate sufficient resources to key priorities, our competitive position and long-term growth prospects could be adversely affected. 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 commerce 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 characterize 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 depends in part 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. We are unable to predict all of the risks related to the use of AI because laws, rules, directives, and regulations governing the use of AI, as well as the technology itself, are evolving rapidly and our ability to develop or use AI may not be as we expect or may be adversely affected. Refer to the risk factor titled "Our workforce reductions and reorganizations, including changes to our operating model and the potential for increased reliance on proactive intelligence and artificial intelligence tools, may not achieve their intended benefits and could adversely affect our business, financial condition and results of operations." for additional risks related to our expected and planned use of AI. 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 and Square sellers access to banking services and products through our bank partners, as well as through Square Financial Services. 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 and Square features that facilitate transactions in bitcoin and stablecoins by our customers and sellers each subject us to additional risks related to developments in the cryptocurrency markets and the resulting impact on customer and investor behavior. Actions taken by regulators, legislatures, and other government actors, including the current U.S. administration, in the cryptocurrency industry, may impact market demand for bitcoin and the supply and pricing for bitcoin as well as the stablecoins we support. If the cryptocurrency environment deteriorates or improves based on these or other factors, 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. If demand increases sharply, either to buy or to sell bitcoin, 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, stablecoin de-pegging or issuer failures, or failures by liquidity providers, exchanges or counterparties, they may reduce or cease their use of our product features that facilitate transactions in bitcoin, or other bitcoin-related products, which could adversely impact our results of operations. 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.

Any deterioration in the cryptocurrency markets may 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.

The development and use of AI in our products and our internal operations may result in reputational and competitive harm and could adversely impact our business.

We have incorporated and expect to continue to incorporate AI technologies, including generative AI and AI agents, into our products, internal operations and technologies. As AI technologies continue to evolve rapidly, new capabilities and associated risks may emerge that may be difficult to anticipate or address. Our use of AI depends in part on third-party large language models that we do not control, and these models have generated and may generate inaccurate, biased, hallucinated or unexpected outputs that conflict with our business objectives or brand standards.

Consumer and societal attitudes toward AI are evolving and customers, regulators or the public may perceive AI technologies negatively. Concerns about automation, privacy, security, bias, transparency, flawed datasets, or other ethical considerations could reduce trust in our products and services or deter customer adoption of AI-enabled features in our products or services. Our customers and sellers may become increasingly reliant on AI outputs in our products and services when making financial or operational decisions. AI-enabled features in our products may generate outputs that could be interpreted as regulated advice, even if unintended or automated. If AI outputs are, or are perceived to be, inaccurate, biased, misleading, deceptive, unexplainable, flawed, or otherwise determined as providing regulated or unlicensed advice without appropriate authorization, we could face reputational harm, regulatory scrutiny, enforcement actions or liability claims, any of which could materially and adversely affect our business, financial condition, and results of operations. Integrations with third party AI providers through which customers access or use our services may exacerbate these risks.

Rapid deployment of AI technologies can increase operational, legal, and reputational risks. AI systems can fail, behave unexpectedly, or generate inaccurate or incomplete outputs due to insufficient testing, ineffective design, inadequate controls or other factors. Such failures can disrupt our operations, negatively affect customers or sellers, or otherwise adversely affect our business. As AI agents become increasingly capable of facilitating decisions or taking action on behalf of customers or sellers, errors, unintended actions or inappropriate recommendations generated by such systems can increase our operational, legal, or reputational risks.

Our ability to develop and deploy AI features depends on the availability and pricing of third-party AI models, tools, and technical infrastructure, and increases in such costs or constraints on availability could adversely affect our ability to scale and our business. Further, evolving and inconsistent legal frameworks governing AI across different jurisdictions, such as the EU AI Act, other international regimes, and emerging U.S. state regulations may create conflicting compliance obligations, all of which may impose additional costs on us, increase our risk of liability and fines, and may require us to modify, limit, or withdraw certain AI-enabled products or services in particular markets, and adversely affect our ability to scale globally.

Our AI initiatives have not in all cases, and may not, improve efficiency, performance, or profitability as expected, and may underperform or fail entirely due to technological limitations, the evolving nature of AI technologies, regulatory requirements, or other factors. If our AI initiatives and investments do not produce expected benefits, our operating results and long-term growth could be materially and adversely affected.

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, 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 applicable laws, 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, including retaliatory actions;

- exchange rate risk;
- increased exposure to public health issues such as pandemics, and related industry and governmental actions to address these issues; and
- 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 bank regulatory guidance and examinations by the federal and state 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 an 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, Square Financial Services may be required to pay higher deposit insurance assessments or we may be required to pay 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.

Square Financial Services issues brokered certificates of deposit as a supplementary source of funding for its lending and other interest-earning activities. The availability and cost of this funding are sensitive to interest rates and market conditions, and Square Financial Services may be unable to replace maturing brokered certificates of deposit on favorable terms or at all. If Square Financial Services were to cease to be well capitalized under FDIC regulations, its ability to accept, renew, or roll over brokered deposits could be restricted or prohibited. Any reduction in the availability of, or increase in the cost of, this funding could adversely affect Square Financial Services' liquidity, increase funding costs, constrain lending activities, and adversely affect our business and results of 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 expose us to increased credit losses and are subject to risks related to general macroeconomic conditions.

Revenue generated by our loan products, including Square Loans, Cash App Borrow, and our BNPL products, depends on our ability to recoup the loan amount and to effectively manage risk. Square Loans is our commercial lending program. Cash App Borrow is a consumer credit product, allowing our Cash App customers access to short-term loans for a fee. Our BNPL products facilitate 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. Our loan products are generally unsecured obligations of our borrowers. If a seller breaches a contractual obligation, including the required minimum payments, the seller would be liable for an accelerated business loan repayment, and our recourse is generally to the business and not to any individual or other asset. We rely on proprietary models, data, and automated underwriting processes to assess borrowers' repayment capability for our loan products, and such processes may not accurately predict future repayments. If our underwriting processes fail to adequately capture risks or otherwise miscalculate repayment ability, we may experience higher levels of delinquencies, default and credit losses. As we expand into new products, customer segments, and geographies, including offering existing products to borrowers on different repayment terms or expanding product eligibility, our historical performance data can be less predictive of future borrower behavior. In addition, inflation, economic downturns, market volatility or other adverse macroeconomic conditions may increase repayment failures. As a result, our ability to appropriately evaluate and manage credit risk may be further challenged, and we may experience higher levels of delinquencies or defaults than we have historically experienced, which could negatively impact our business, results of operations, and financial condition.

Adverse changes in the macroeconomic environment or the credit quality of our sellers could cause some sellers who utilize Square Loans to cease operations or to experience a decline in their payment processing volume, thereby rendering them unable to make payment on the Square Loans and/or extend the repayment period beyond the contractual repayment terms. Similarly, economic factors such as interest rate changes, market volatility or rising unemployment rates could negatively impact loan repayment rates, increase our risk of loss, and materially and adversely impact our business, results of operations, and financial condition. If consumers who have purchased products or services using our BNPL products do not receive the products or services, they may also cease payment on their outstanding BNPL 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.

In addition, because the servicing fees we receive from third-party investors and lenders depend on the repayment of the loans, if there is an increase in sellers and customers who utilize our loan products who are unable to repay their loans, we will be unable to collect our entire servicing fee for such delinquent loans, which could negatively impact our business.

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, results of operations, and financial condition.

Operational Risks

We, our sellers, our partners, and others who use our services obtain and process a large amount of 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 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 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, including risks relating to the processing, handling, disclosure, and protection of sensitive data. 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, both our use of AI and the use of AI by cyber threat actors 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 sunsetting 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 or other processing or handling of or someone obtains unauthorized access to or exfiltrates funds, bitcoin, investments, or other assets, or other 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 data or assets are lost or improperly accessed, misused, disclosed, destroyed, altered, or otherwise processed or handled, or threatened to be improperly accessed, misused, disclosed, destroyed, altered, or otherwise processed or handled, 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.

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. Any defects in our hardware products could result in 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, AI 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 and could impact our business, 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, including through the use of AI and other emerging technologies, 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, or reduce the speed or functionality of our products and services, including reductions in data integrity and disruptions in our risk management processes. 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 around the world, 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, and severe weather events such as storms, flooding, or wildfires could also have a material and adverse impact on our sellers or other customers, which, in the aggregate, could adversely affect our business, financial condition, and 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, bad actors, or 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 and bad actors 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. Conversely, the measures we take to mitigate illegitimate transactions, including placing holds or reserves on, delaying, or limiting access to seller funds or loan proceeds, or suspending or terminating seller accounts, have been and may be challenged by sellers, regulators, or other parties and could result in complaints, litigation, regulatory inquiries or enforcement actions. 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, our increased use of proactive intelligence and AI tools, 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, offering existing products to borrowers on different repayment terms or expanding product eligibility, 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 under 18 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.

Our technologies or features may be licensed under commercial, non-commercial, or open-source terms to third parties for use in their own products and services. Despite implementing technical safeguards and contractual restrictions, we have limited visibility into how such technologies or features are used, and any misuse for harmful, illegal, or competitive purposes could expose us to reputational, financial, or legal harm.

While we maintain a program of insurance coverage for various types of liabilities, our insurance may not be adequate to cover all losses, and coverage may be denied or limited due to policy terms. In addition, we self-insure (including through captive insurance arrangements) where we believe we can adequately self-insure against the anticipated exposure and risk or where insurance is either not deemed cost-effective or is unavailable. However, we may underestimate the likelihood of risk or the magnitude of our financial exposure, and if we suffer losses that are not covered by insurance, exceed available insurance coverage, or exceed the amounts we have accrued or otherwise set aside for self-insured risks, our business, financial condition, and results of operations may be adversely affected.

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 and heightened tariffs 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 our insurance coverage, self-insurance or holding seller reserves, are ineffective or insufficient, we may suffer large financial losses, we may be subject to civil and criminal liability, and our business, results of operations, or financial condition 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, increases their fees significantly, or refuse to 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 recent changes in our organizational structure, and restructurings of our employee base we have undertaken and may undertake in the future may adversely impact employee morale, and adversely affect our ability to retain or attract highly skilled employees. Refer to the risk factor titled "Our workforce reductions and reorganizations, including changes to our operating model and the potential for increased reliance on proactive intelligence and AI tools, may not achieve their intended benefits and could adversely affect our business, financial condition and results of operations." for additional risks related to our workforce reductions.

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 maintain and 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 magnified as we continue to be a distributed workforce. In addition, our workforce reductions and reorganizations and any resulting changes in personnel and responsibilities may require changes to our internal controls, financial reporting processes, cybersecurity oversight, or other risk management functions, which could result in disruptions or temporary deficiencies. A failure to successfully develop and implement the right processes and tools to manage our enterprise can impact our ability to compete successfully and achieve our business objectives and subject us to regulatory or other enforcement actions, and our business, results of operations, and financial condition will be adversely impacted.

These efforts may require substantial financial expenditures, commitments of resources, developments of our processes, and other investments and innovations, including the use of AI. 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 the key components in our hardware products 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 hardware 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 outside of the United States are subject to tariffs when imported to the United States. These tariffs negatively affect our gross margin on the impacted products, and increases in our pricing as a result of tariffs may adversely affect demand for our products or 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 or instituted by the U.S. 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

Volatility in 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 volatility, including the impact of heightened tariffs, a potential recession, and market expectations regarding the same, have impacted and may continue to impact consumer spending in general and at these businesses. 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. We serve sellers across a variety of industry verticals and in an economic downturn, certain verticals, particularly those that are viewed as discretionary by consumers, may be impacted to a greater degree than others, which may harm our business and financial results.

From time to time, we have experienced and may continue to experience material and adverse impacts to our business as a result of the uncertainty and volatility in the banking and financial services sectors, adverse macroeconomic conditions, including inflation, heightened or uncertain tariffs, 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. Heightened tariffs and changes in trade policies may lead to increased costs for goods and services, which could reduce consumer purchasing power and discretionary spending. Our ecosystems depend in part on consumer spending and, as a result, declines in spending have adversely affected and could adversely affect our business, including engagement across our platforms, and our financial results. 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 or eligibility for these product offerings and have caused and may continue to 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. Macroeconomic conditions, our work-from-home practices, and workforce reductions and reorganizations 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.

We fund our operations primarily through debt and equity financings, bank credit agreements, warehouse funding facilities, 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, finance our products, business and financial challenges, regulatory surety bond requirements, acquisitions, or unforeseen circumstances and may decide to engage in equity, equity-linked, or debt financings, enter into additional warehouse funding facilities, 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.

The terms of our warehouse funding 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 funding facilities. If certain events of default occur under the warehouse funding facilities, we may not be able to draw future funding from those warehouse funding facilities or the debt outstanding under the warehouse funding facilities may be accelerated and our business and financial results could be adversely impacted.

Our credit agreement contains affirmative and negative covenants, including covenants that restrict our domestic restricted subsidiaries from incurring debt for borrowed money, us and our domestic restricted subsidiaries from granting liens to secure debt for borrowed money and entering into sale and leaseback transactions, and customary limitations on dividends and stock repurchases. Our credit agreement also requires us to comply with a maximum total net leverage ratio, measured quarterly. The indentures pursuant to which our 2030 Senior Notes, 2031 Senior Notes, 2032 Senior Notes, and 2033 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 2027 Convertible Notes (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.

We sell some of our Square Loans to third-party investors, while we remain as servicer of the Square Loans and earn a servicing fee for facilitating the repayment of these loans. If such third parties fail to continue to purchase Square Loans, or reduce the amount of Square Loans they purchase or reduce the price they are willing to pay for the Square Loans, then we may need to reduce originations, or we would need to fund the origination or purchase of additional Square Loans using other sources of financing, all of which could adversely impact our business.

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 September 30, 2026, we had $575.0 million outstanding aggregate principal amount of Convertible Notes, $1.2 billion outstanding aggregate principal amount of 2030 Senior Notes, $1.0 billion outstanding aggregate principal amount of 2031 Senior Notes, $2.0 billion outstanding aggregate principal amount of 2032 Senior Notes, and $1.0 billion outstanding aggregate principal amount of 2033 Senior Notes.

Prior to August 1, 2027, the Convertible Notes are convertible at the option of the holders only under certain conditions or upon the occurrence of certain events. After such date, the holders may convert all or a portion of the Convertible Notes at their option. If holders of the Convertible Notes 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. In the future, 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 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 decreases 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 Accounting Standards Update 2023-08, "Accounting for and Disclosure of Crypto Assets", which added Subtopic Accounting Standards Codification 350-60, "Intangibles - Goodwill and Other - Crypto Asset", to the accounting standards codification ("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 are subject to taxation related risks in multiple jurisdictions.

We are subject to tax in multiple U.S. and foreign tax jurisdictions. The determination of our worldwide provision for income, deferred, and other tax liabilities is complex and requires 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 are subject to the periodic examination of our domestic and foreign tax returns by the Internal Revenue Service, and state, local, and foreign tax authorities, some of whom are challenging our tax positions. We regularly assess the likelihood of adverse outcomes from these examinations in determining the adequacy of our provision for income taxes and other tax liabilities. We consider many factors when evaluating and estimating our tax positions and tax benefits, which may require periodic adjustments and may not accurately forecast actual tax audit outcomes. If the ultimate determination of income and other tax liabilities differ from the amounts recorded or accrued, our business, financial condition or results of operations may be adversely impacted.

Certain state and local tax authorities have challenged, and may continue to challenge, our treatment of bitcoin sale proceeds, business activity classifications, and apportionment methodologies under gross receipts and other tax regimes. We have paid certain assessments under protest and are pursuing administrative and judicial remedies. An adverse resolution could result in additional tax, penalties and interest for prior or future periods, impairment of related deposit assets, higher ongoing tax obligations, and material charges in a particular reporting period.

Tax laws are routinely re-examined and evaluated globally. New laws and interpretations of such laws are taken into account to the extent they are applicable to us. Tax authorities are increasingly scrutinizing the tax positions of companies and we have tax audits pending in several jurisdictions.

The U.S. federal and state governments, countries in the European Union, as well as a number of other countries and organizations such as the Organization for Economic Cooperation and Development ("OECD"), are actively considering changes to existing tax laws that, if enacted, could increase our tax obligations in jurisdictions where we do business, including a 15% global minimum tax (Pillar Two) that has been implemented by several countries and is being considered for implementation by other jurisdictions. If U.S. or other tax authorities change applicable tax laws or successfully challenge how or where our profits are currently recognized, our overall taxes could increase, and our business, financial condition or results of operations may be adversely impacted.

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 September 30, 2026, we have released a portion of the valuation allowance for deferred tax assets in California. Our deferred tax assets relate predominantly to the U.S. 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 13, *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 has had and 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, SEC, FinCEN, FCC, the Consumer Financial Protection Bureau, the Department of Justice ("DOJ"), the Federal Trade Commission, the IRS and Office of Foreign Assets Control, self-regulatory organizations, and numerous state and local agencies, such as state money transmission license regulators and virtual currency regulators. 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 judicial decisions, 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 and Square have features that permit our customers and sellers to transact in 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 help prevent such transactions. Despite this, due to the nature of bitcoin and blockchain technology, not all such transactions can be prevented, and there can be no guarantee that our risk-based program or our compliance measures will be viewed as sufficient. The regulation of bitcoin, as well as cryptocurrency and digital asset 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 our product features that facilitate transactions in bitcoin, 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, injunctions, consent orders, reputational harm, and other consequences. Further, we may 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, all of 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 while the SEC staff notified us that it concluded its investigation, we continue to engage with the DOJ. Refer to Note 16, *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, including any perception that the risk of such a failure by us has increased, could have a significant impact on our reputation as a trusted brand and could cause increased regulatory scrutiny, including the imposition or extension of regulatory obligations, 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 EU'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. Further, the interaction between the EU's recently enacted AI Act and GDPR requirements creates additional compliance complexity. 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. In 2025, the UK enacted the Data (Use and Access) Act, which modified certain aspects of the UK data protection framework.

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, though this adequacy decision is subject to periodic review. 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, which was renewed in 2025 to extend through December 2031. The European Commission may intervene at any time with respect to its adequacy decision. The UK's adequacy determination 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, data protection authorities in the EU increasingly are focused on the use of online analytics and tracking tools, with some contending that the use of these tools may violate EU data protection laws. Moreover, the EU's evolving interpretation of the ePrivacy Directive's requirements regarding the use of cookies and similar technologies may lead to regulators imposing measures in the future that could directly impact our use of such technologies or lead to significant penalties for non-compliance. 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. Regulations promulgated under the CCPA in September 2025 impose restrictive new obligations regarding, among other things, automated decision-making technology and cybersecurity programs. 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, many states in the U.S. have proposed or enacted comprehensive privacy laws that have taken effect or will take effect in coming years. Moreover, several states in the U.S. are now contemplating new regulatory frameworks specific to the privacy of individuals under 18 years of age. At the same time, the U.S. federal government continues to discuss comprehensive federal privacy legislation and expanded legislation with respect to the privacy of children, which may substantially increase our compliance obligations. Additionally, the DOJ issued final rules that prohibit and restrict certain access to U.S. bulk sensitive personal data and U.S. government-related data by designated countries of concern. 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 have in the past and may in the future 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 and similar privacy laws in Australia, Canada, and Japan, as well as 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), arbitrations, 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, injunctions, and otherwise adversely affect our business, financial condition, and results of operations. In connection with certain regulatory or governmental actions, we are and may continue to be required to engage independent monitors or independent consultants to assess or report on aspects of our operations or compliance programs, which could require substantial management time and attention, impose operational constraints, and result in increased costs. Further, regulatory uncertainty or future changes in the regulatory landscape, whether at the state or federal level, or otherwise, may make it more difficult to plan or operate our business and may harm our business and results of operations.

We expect to enter into a deferred prosecution agreement ("DPA") with the DOJ. The DPA would require us to make a monetary payment and is expected to last for three years. Any breach of the DPA, could subject us to prosecution on the deferred charge, or additional penalties. Refer to Note 16, Commitments and Contingencies within Notes to the Consolidated Financial Statements for further details on regulatory and litigation matters.

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 have in the past and may in the future involve material penalties, fines, or restrictions on our business. In addition, our workforce reductions and reorganizations and any reassignment of responsibilities, together with potential increased reliance on automation and AI tools to support certain legal, regulatory compliance and risk management functions, may limit our capacity and introduce additional oversight risks. If such tools do not perform as anticipated or are not effectively implemented and monitored, our ability to maintain effective governance, compliance, and risk processes during and after a transition could be impaired, which could increase the risk of regulatory inquiries, investigations, litigation, enforcement actions, control deficiencies and penalties.

Some of the laws and regulations affecting the internet, mobile commerce, dispute resolution, payment processing, BNPL, AI, 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. In the event that settlements of legal or regulatory matters or the successful assertion of one or more claims against us are not covered by insurance, exceed available insurance coverage or exceed the amount we have accrued or otherwise set aside for self-insured risks, our business, financial condition, and reputation may be adversely affected.

As a licensed money transmitter and virtual currency business, we are subject to important obligations and restrictions.

We have obtained licenses to operate as a money transmitter and to engage in virtual currency business activity 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 entity, 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 and regulated virtual currency business. Evaluation of our compliance efforts, as well as the questions of whether and to what extent our products and services are considered money transmission and regulated virtual currency business, are matters of regulatory interpretation and could change over time. Our state 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 or offering certain products or services 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. In addition, applicable laws, regulations, regulatory interpretations, and supervisory expectations may change over time, which could further increase our compliance costs, limit our operations, or require additional licenses or changes to our structure, products or services.

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. Any inability, or perceived inability, to comply with existing or new compliance obligations issued by any 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 carrying broker-dealer. 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 to provide services, including handling 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 third-party carrying broker-dealers. However, a change in the net capital rules, a change in how Cash App Investing handles or holds customer assets, a material change in Cash App Investing's business, 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. In some cases, our commitments to transparency regarding the circumstances in which we will enforce our intellectual property rights may limit our ability to pursue certain claims or deter misuse of our intellectual property. 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 or other security breaches or incidents. 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, such as AI agents, 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. We also do not have control over whether standardized technologies and protocols infringe purported third-party intellectual property rights. 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 significant decline in Patent Trial and Appeal Board proceedings may limit our ability to challenge certain patents via administrative proceedings. 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.

Changing perspectives from investors, regulators, and other stakeholders relating to sustainability 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 sustainability matters. Our sustainability strategy is focused on five key areas: purpose, customers, investments, operations, and corporate governance. We publicly report on certain commitments, initiatives, and goals regarding sustainability matters in our annual Business Sustainability 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. We also continue to maintain our commitment to be net zero carbon for operations by 2030. The implementation of our sustainability 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 sustainability practices that meet evolving stakeholder expectations, or if we revise any of our sustainability 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 sustainability 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 sustainability may result in increased compliance requirements on our business and supply chain, and may increase our operating costs. In addition, California and a number of jurisdictions outside the United States have adopted climate and risk rules, including disclosure requirements, that apply to us and we will incur costs and expend resources to comply with such applicable 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 September 30, 2026. 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 Quarterly Report on Form 10-Q, 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, or adversely affect customer spending or repayment ability;

- 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 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 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, 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.

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 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

In November 2025, the board of directors of the Company authorized an increase to the Company's share repurchase program to repurchase up to an additional $5 billion of the Company's Class A common stock, for a total authorization of $9 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 Company did not repurchase any shares under the share repurchase program during the three months ended September 30, 2026. As of September 30, 2026, approximately $4.6 billion remained available and authorized for repurchases under the program.

Equity Incentive Plan Share Withholding

The Company withholds shares of common stock to satisfy its tax withholding and remittance obligations in connection with the vesting of restricted stock units. During the three months ended September 30, 2026, the Company withheld approximately 88 thousand shares for a total value of $7.2 million through net share settlements**.**

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Securities Trading Plans of Directors and Executive Officers

During the quarterly period ended September 30, 2026, no officer, as defined in Rule 16a-1(f), or director adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as defined in Regulation S-K Item 408.

Item 6. Exhibits

The documents listed in the Exhibit Index of this Quarterly Report on Form 10-Q are incorporated by reference or are filed with this Quarterly Report on Form 10-Q (numbered in accordance with Item 601 of Regulation S-K).

EXHIBIT INDEX

Exhibit Number	Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
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.				
101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2026, formatted in Inline XBRL: (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statements of Comprehensive Income (Loss), (iv) Condensed Consolidated Statements of Cash Flows, (v) Condensed Consolidated Statements of Stockholders' Equity, and (vi) Notes to Condensed Consolidated Financial Statements.				
104	Cover Page Interactive Data File, formatted in Inline XBRL (included in Exhibit 101)				

† The certifications attached as Exhibit 32.1 that accompany this Quarterly Report on Form 10-Q are deemed furnished and not filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Block, Inc. 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 Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BLOCK, INC.

Date: November 3, 2026

By: /s/ Jack Dorsey

Jack Dorsey
Block Head and Chairperson
(Principal Executive Officer)

By: /s/ Amrita Ahuja

Amrita Ahuja
Chief Financial Officer & Chief Operating Officer
(Principal Financial Officer)

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO
SECURITIES EXCHANGE ACT OF 1934 RULES 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jack Dorsey, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Block, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2026

By: /s/ Jack Dorsey
Jack Dorsey
Block Head and Chairperson
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO
SECURITIES EXCHANGE ACT OF 1934 RULES 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Amrita Ahuja, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Block, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2026

By: /s/ Amrita Ahuja
Amrita Ahuja
Chief Financial Officer & Chief Operating Officer
(Principal Financial Officer)

Exhibit 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

I, Jack Dorsey, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Block, Inc. for the fiscal quarter ended September 30, 2026 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Block, Inc.

Date: November 3, 2026

By: /s/ Jack Dorsey
Jack Dorsey
Block Head and Chairperson
(Principal Executive Officer)

I, Amrita Ahuja, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Block, Inc. for the fiscal quarter ended September 30, 2026 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Block, Inc.

Date: November 3, 2026

By: /s/ Amrita Ahuja
Amrita Ahuja
Chief Financial Officer & Chief Operating Officer
(Principal Financial Officer)