Block Inc. (XYZ): Key takeaways from roadshow meetings

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We hosted meetings with XYZ Head of Investor Relations, Matt Ross. Overall, the tone of the meetings was positive across several dimensions, including 1) the product velocity in Cash App and the broadening out of growth beyond Cash App Borrow, including wallet share gains with existing customers, Afterpay on Cash Card, and Cash App Green, 2) the broader distribution build out across the Square ecosystem, where the company has seen accelerating customer acquisition on the back of ramping direct sales hiring and 3rd party sales teams, and 3) the potential to accelerate ecosystem growth across both businesses and improve unit economics across the business through the company's Neighborhoods initiatives, which marries the Cash App and Square ecosystem and provides benefits to Square customer retention and Cash App user acquisition. Overall, the message out of Block is consistent with prior commentary and highlights accelerating gross profit trends in Seller, a broadening out of gross profit growth in Cash App as Cash App Borrow's growth normalizes, and a continuation of strong product velocity, even in the aftermath of recent headcount reductions. We remain constructive on the story at <14x 2027E EPS for an earnings stream that we expect to continue to compound at a rapid pace over the next few years. The catalysts around 1) Square GMV growth acceleration 2) Cash App gross profit growth diversifying, and 3) margin benefits from efficiency initiatives support our bullish view. We note the recent addition of XYZ to the US Conviction List.

1. **Cash App gross profit growth to normalize lower as lending expansion laps, but gross profit adjusted for credit risk losses could remain stable or accelerate:** Inside we also include a new analysis of the fully burdened gross profit trends where we adjust gross profit growth rates for credit losses. Our math suggests that **fully burdened gross profit (inclusive of credit losses) could accelerate** for the combined company, (despite a headline deceleration in Cash App gross profit growth) supported by 1) falling loss rates on Cash App Borrow as new customer cohorts season, resulting in YoY declines in credit costs 2) an acceleration in Square gross profit on the back of stronger volume/yields, and 3) the lapping of several negative adjustments to pricing in Cash App (such as cash deposit fees and ATM fees).
2. **NVA acceleration should support continued acceleration in GMV:** In this note, we include new analysis of XYZ's "New Volume Added" (NVA) trends in Square across the U.S. and international base. Our analysis supports continued acceleration across both the international and U.S. footprint as XYZ accelerates

distribution investments. **Our model implies Street GMV estimates remain too low and don't reflect the acceleration in customer acquisition.**

3. **Fully annualizing headcount reductions could put an upward bias on margin expectations into 2027:** Inside we show a bull scenario for margins which factors in partial reinvestment of the cost savings from XYZ's recent 40% headcount reduction. Overall, our analysis implies **Block could be well positioned to outperform street margin expectations into 2027.**

Cash App: New product expansion and inflecting credit results

Cash App is targeting a high teens compound annual growth rate driven by low single-digit monthly active user growth and mid-teens average revenue per user growth. The company expects this to be fueled in the near-term by many Borrow initiatives, eventually aided by growth from Cash App Green and Neighborhoods.

Borrow growth to moderate, offset by Afterpay growth, improving credit trends, and continued strong growth in card spend and PBA penetration

Cash App continues to see strong engagement across its lending products, although origination volume growth for Borrow is expected to slow down from its peak in the fourth/first quarter. Despite this, the company expects Borrow growth to remain robust through 2026 and 2027, as the product continues to normalize and further penetrate the ~25mn/59mn cash card / cash app active user base. Beyond user growth mechanisms, the company is also actively testing new variations, such as a six-week duration product for Borrow, to offer more customization to its users which make the lending product more applicable to additional use cases. Mgmt also hit on several details around their management of credit. Today, the average credit limit for Borrow sits at around $300, while the upper limit can reach over a thousand dollars for mature users. The company has seen that the lowest loss rates are often tied to the highest limit customers. This is because the company will start customers off with sub-$100 capacity and as the internal models collect incremental data points, this amount expands (which indicates higher credit-worthiness). Importantly, mgmt noted that Borrow is just one application endpoint connected to their broader credit infrastructure, with datapoints across spend, deposits, and other interactions across the Block ecosystem. Importantly, the company expects growth moving forward will become more spread out across various initiatives and less heavily reliant on Borrow as other products scale.

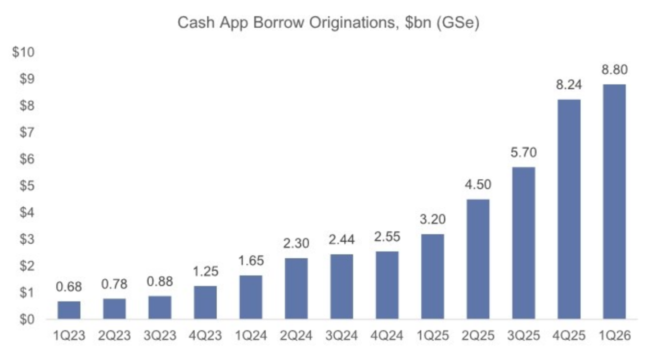
New Growth Levers: Cash App Green, payment want, Neighborhoods and more

Beyond lending, the company also launched Cash App Green, which the company believes will support the continued cross-sell of spending and borrow products and enable the company to deepen relationships with their customers. Additionally, Block is exploring new opportunities with physical payment modalities, teasing a new waterproof and dynamic chip technology (currently in the form of the recently announced wand). This innovation allows any physical object to become a payment device that is directly injected into a Cash App card account. Users will be able to link multiple items to multiple sub-accounts, creating the potential for viral and low-cost acquisition opportunities through consumer brand and influencer partnerships. More recently, to further expand the ecosystem, Block has integrated Afterpay for both pre-purchase and post-purchase options, which carry a revenue rate of interchange plus a 7.5% consumer fee (with losses similar to Cash App Borrow). The company believes this is a significant opportunity to bring many of the features and functionality from Afterpay to the Cash App user base and grow volumes and deepen consumer relationships within the ecosystem. Finally, the company is developing new concepts like Cash App for kids to create even more application endpoints on their common infrastructure.

Mgmt views Neighborhoods as a potential growth lever for MAUs over time

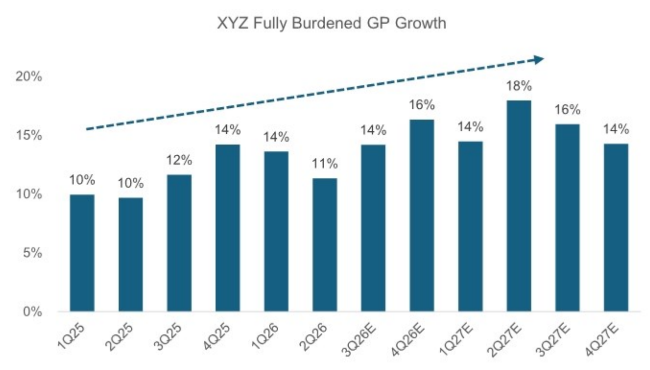
Finally, the company spent time discussing the Neighborhoods opportunity. Mgmt believes the Neighborhoods initiative is a pivotal component of Cash App go-to-market strategy, effectively turning every Square point-of-sale terminal into a seamless customer acquisition channel for Cash App. The company heavily incentivizes sellers to adopt this ecosystem by offering a low 1% merchant discount rate on Cash App Pay volume, alongside free mobile, web app, and marketing solutions. Neighborhoods also allows restaurants and other merchants to maintain a direct, frictionless relationship with their end customers and offers some revenue stream like online ordering for free. Early performance in initial markets such as Portland has been strong, revealing that roughly 50% of Cash App signups originating through Neighborhoods were inactive in the prior months. Management is confident that this compelling value proposition will not only drive active user growth across both platforms but also strategically position Square to move further upmarket.

Exhibit 1: Cash App Borrow originations grew rapidly in 2025



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 2: We believe fully burdened GP growth is well positioned to accelerate as XYZ laps recent borrow expansion



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 3: We expect fully burdened gross profit to accelerate through 2027

XYZ Full Burdened Gross Profit Analysis	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E
Seller GP	899	1,026	1,017	993	982	1,106	1,145	1,132	1,086	1,238	1,300	1,265
% yoy	9.6%	11.2%	9.0%	7.5%	9.2%	7.8%	12.6%	14.0%	10.6%	12.0%	13.5%	11.8%
Cash App App Borrow Originations	3,200	4,500	5,700	8,237	8,800	9,154	9,315	9,554	9,632	9,780	10,032	10,286
% yoy	93.9%	95.7%	133.6%	223.0%	175.0%	103%	63%	16%	9%	7%	8%	8%
Cash App App Borrow GP	139	196	248	358	383	398	405	416	419	425	436	447
GP Take Rate	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%
Other Cash App App GP	1,240	1,303	1,376	1,472	1,524	1,516	1,559	1,709	1,727	1,771	1,810	1,967
% yoy	4.5%	8.7%	14.7%	16.3%	22.9%	16.3%	13.3%	16.1%	13.3%	16.8%	16.1%	15.1%
Cash App GP	1,379	1,499	1,624	1,830	1,907	1,915	1,964	2,124	2,146	2,197	2,246	2,414
% yoy	10%	15%	24%	33%	38%	28%	21%	16%	13%	15%	14%	14%
Other GP	12	9	20	48	20	20	20	20	21	21	21	21
Total Block GP	**2,290**	**2,534**	**2,661**	**2,871**	**2,909**	**3,041**	**3,130**	**3,277**	**3,253**	**3,455**	**3,567**	**3,701**
% yoy	9%	13%	18%	24%	27%	20%	18%	14%	12%	14%	14%	13%
Borrow Losses	80	135	200	329	343	353	326	325	308	313	321	329
% originations	2.5%	3.0%	3.5%	4.0%	3.9%	3.9%	3.5%	3.4%	3.2%	3.2%	3.2%	3.2%
Other Txn, loan, and consumer receivable losses	90	159	164	181	157	193	181	205	187	201	205	232
Transaction, loan, and consumer receivable losses	**170**	**294**	**363**	**510**	**500**	**547**	**507**	**530**	**495**	**514**	**526**	**561**
% yoy	2%	53%	89%	108%	195%	86%	39%	4%	(1%)	(6%)	4%	6%
Total Block Fully Burdened GP	**2,120**	**2,240**	**2,298**	**2,361**	**2,409**	**2,494**	**2,623**	**2,747**	**2,757**	**2,942**	**3,042**	**3,140**
% yoy	*10%*	*10%*	*12%*	*14%*	*14%*	*11%*	*14%*	*16%*	*14%*	*18%*	*16%*	*14%*

Source: Company data, Goldman Sachs Global Investment Research

Seller: Sales efforts and product features support Gross Payment Volume acceleration

Distribution remains key to driving GPV reacceleration

On the distribution front, Square is actively diversifying its channels and expanding its field sales presence both domestically and internationally. The company currently has 140 independent sales organization (ISO) partners and plans to continue signing more to capture additional wallet share. As a reminder, ISOs are 3rd parties that are authorized to sell/lease payment processing services and hardware on behalf of Square. Mgmt believes they are well positioned in the ISO channel vs competitors due to their strong product and a more merchant friendly model (from a pricing perspective). Internationally, gross payment volume growth has been impressive, driven by new leadership, a better playbook around telesales, and the deployment of field sales professionals in the United Kingdom, Australia, and Canada. Management views these international markets as being roughly a decade behind the United States regarding the transition from cash to card and embedded software payments. As a result, there remains a very large untapped opportunity to scale new distribution modalities and add more ISOs across these global markets.

AI Functionality Driving Product Differentiation

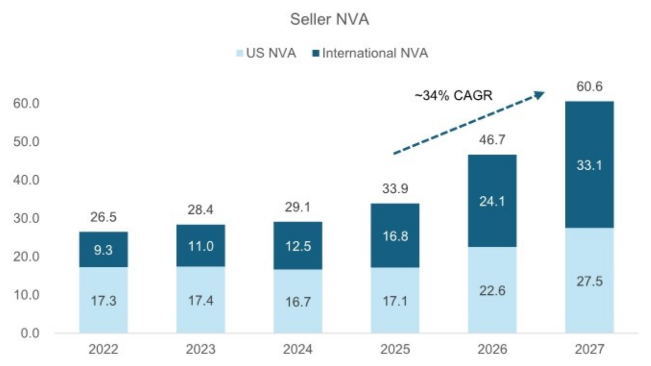
To enhance the seller experience and drive go-to-market motion, Square is embedding proactive artificial intelligence tools like Manager Bot, the company's merchant facing AI tool, directly into merchant workflows. These tools, which can help with inventory management and employee scheduling, are expected to be accessible to every seller without requiring extensive support. For example, the system can analyze tip volumes during late hours to help staff decide whether to keep a restaurant or bar open longer (essentially measuring the ROI). Management believes this proactive intelligence should be deeply embedded rather than just acting as a sidecar chat bot. Sellers who wish to build their own custom software solutions may have the option to pay for a higher-cost tier in the future.

In Exhibit 8 we provide an illustrative upside analysis demonstrating the impact from XYZ's accelerating go-to-market motion. At the time of their 2025 investor day, the company provided a new framework for thinking about the Gross Payment Volume (GPV) growth opportunity, utilizing their New Volume Added (NVA) disclosure, which serves as the annualized GPV of a new merchant added in the current period, similar to a net new ARR metric for a software company. Leveraging disclosures from the 2025 investor day presentation, we have estimated the geographical and channel breakdown of NVA. We believe that the accelerating trend in NVA suggests the recent NVA acceleration could support GPV ~100-400bps above current street estimates for 2026/7.

- **United States:** Leveraging disclosures provided at the time of the investor day and earnings, we believe sales-driven NVA (non-self onboard), grew modesty in 2025. With the company significantly expanding the direct sales force (largely in 2H25) and driving success through their ISO channels, we expect this to accelerate meaningfully in 2026 and remain elevated through 2027 as the sales force grows and benefits from productivity increases. For NVA contribution, we assume 50% of the NVA in the year contributes to in-year GPV and 50% contributes to the following year. Importantly we assume zero same store sales growth across this analysis, which is relatively consistent with recent industry trends in Square's verticals.

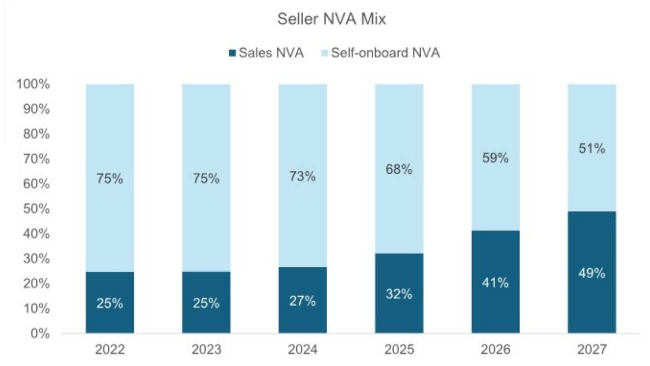
- **International**: Similar to the US estimates, we leverage disclosures provided at the time of the investor day and earnings. Mgmt noted at the investor day that they saw sales-driven NVA grow in the 71% range which we believe could continue to accelerate given the significant 4Q exit rate NVA acceleration. Similar to the US, with the company significantly expanding the direct sales force and although third-party sales made little contribution to 2025 NVA, the company expects overall NVA contribution to be ~11% by 2028 (which the company has noted is performing better than expected). Similar to the US, we assume NVA contribution in the current year is 50% of the total signed and 50% contributes to the following year. Importantly we also assume zero same store sales growth for international markets.

Exhibit 4: New Volume Added (NVA) could grow to above 30% through 2027



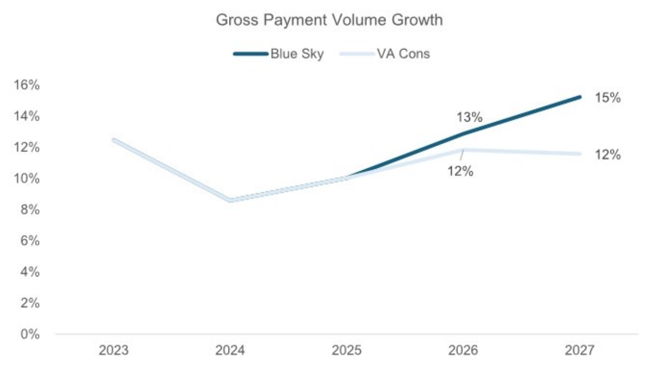
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 5: We believe the sales-driven payment volume will remix the base of customer spend



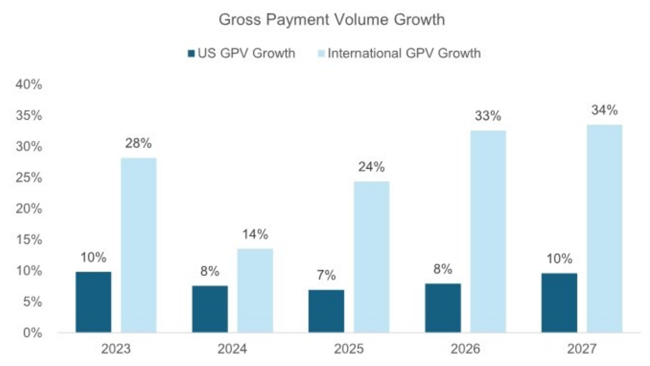
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 6: We believe volume growth could exceed street expectations by 100-400bps over the next several years
Illustrative upside analysis



Source: Company data, Goldman Sachs Global Investment Research, Visible Alpha Consensus Data

Exhibit 7: We believe recent New Volume Added trends point to acceleration across both US and international markets



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 8: In our illustrative upside scenario, we see roughly 4pts of payment volume upside to current 2027 street estimates

Blue Sky Analysis: New Volume Added	2022	2023	2024	2025	2026	2027	Key	Comment
United States:								
Sales NVA	3.7	3.4	3.3	3.4	6.1	8.5	A	Implied
% yoy		(6.9%)	(3.2%)	1.3%	80%	40%		
% US NVA	21%	20%	20%	20%	27%	31%		
Self-onboard NVA	13.6	14.0	13.3	13.8	16.5	19.0	B	Implied
% yoy		3.0%	(4.6%)	3.2%	20%	15%		
% US NVA	79%	80%	80%	80%	73%	69%		
US NVA	17.3	17.4	16.7	17.1	22.6	27.5	C = A+B	
% growth		0.9%	(4.3%)	2.8%	31.8%	21.7%		
% total	65%	61%	57%	51%	48%	45%		~50% NVA US
GPV from Last year's NVA		8.6	8.7	8.3	8.6	11.3	D = C-1 / 2	Prior year NVA/2
NVA + Last year's NVA		17.3	17.0	16.9	19.8	25.0	E = C/2 + D	Current Year NVA/2 Prior year NVA/2
Churn		(1.8)	(3.9)	(3.9)	(4.0)	(4.3)	F	
% prior year GPV		(1.13%)	(2.22%)	(2.10%)	(2.00%)	(2.00%)		
Yoy $ GPV increase		15.5	13.2	13.0	15.8	20.7	G = E + F	
US GPV	**158.5**	**174.0**	**187.2**	**200.1**	**216.0**	**236.7**		
% yoy	*19.9%*	*9.8%*	*7.6%*	*6.9%*	*7.9%*	*9.6%*		
International:								
Sales NVA	2.9	3.6	4.4	7.6	13.2	21.1	G	
% yoy		27%	22%	71%	75%	60%		Over 70% growth intl sales NVA
% intl NVA	31%	33%	36%	45%	55%	64%		Investor Day Slide
Self-onboard NVA	6.4	7.4	8.0	9.2	10.9	12.0	H	
% yoy		15.5%	9.0%	14.9%	18%	10%		
% intl NVA	69%	67%	65%	55%	45%	36%		
International NVA	9.3	11.0	12.5	16.8	24.1	33.1	I = G+H	I-day Slide est. and mgmt commentary
% growth		19%	13%	35%	43.7%	37.4%		
% total	34.9%	38.7%	42.8%	50%	52%	55%		~50% NVA Intl
GPV from Last year's NVA		4.6	5.5	6.2	8.4	12.1	J = I-1 / 2	
NVA + Last year's NVA		10.1	11.7	14.6	20.4	28.6	K = I + J	
Churn		(2.3)	(6.9)	(4.8)	(5.0)	(6.6)	L	
% prior year GPV		(8.22%)	(19.37%)	(11.74%)	(10.00%)	(10.00%)		
Yoy $ GPV increase		7.8	4.8	9.9	15.4	22.0	M = K + L	
International GPV CC	**27.8**	**35.7**	**40.5**	**50.3**	**65.7**	**87.8**		CC in forecast
% yoy CC	*37.4%*	*28.2%*	*13.5%*	*24.4%*	*30.6%*	*33.5%*		
% FX					*2.0%*	*0.0%*		GSe flat impact past 1Q26
International GPV	**27.8**	**35.7**	**40.5**	**50.3**	**66.7**	**89.1**		
% yoy					*32.6%*	*33.5%*		
Total:								
Sales NVA	6.6	7.1	7.7	10.9	19.27	29.62		Estimated from Investor Day Slide 239
% yoy		7.8%	9.6%	41.0%	76.5%	53.7%		
% total NVA	24.7%	24.9%	26.6%	32.2%	41.3%	48.9%		
Self-onboard NVA	20.0	21.3	21.4	23.0	27.4	31.0		Implied
% yoy		7.0%	0.1%	7.6%	19.2%	13.0%		
% total NVA	75.3%	75.1%	73.4%	68%	58.7%	51.1%		71% TTM through 9/30, GSe '25
NVA	26.5	28.4	29.1	33.9	46.7	60.6		Investor Day Slide est.
% growth		7.2%	2.5%	17%	38%	30%		
GPV from Last year's NVA		13.3	14.2	14.6	17.0	23.3		
NVA + Last year's NVA		27.5	28.8	31.5	40.3	53.6		
Churn		(4.2)	(10.8)	(8.7)	(9.0)	(10.9)		
% prior year GPV		(2.3%)	(5.1%)	(3.8%)	(3.6%)	(3.9%)		
Yoy GPV increase		23.2	18.0	22.8	31.2	42.7		
Total GPV	**186.4**	**209.7**	**227.6**	**250.5**	**282.7**	**325.8**		
% yoy	*21.9%*	*12.5%*	*8.6%*	*10.0%*	*12.9%*	*15.2%*		
vs cons					*1%*	*4%*		

*assumes zero same-store-sales

Source: Company data, Goldman Sachs Global Investment Research, Visible Alpha Consensus Data

Profitability: Operating margins well positioned to improve over time

Seller Gross Profit and Volume Growth expected to converge in 2H26

Mgmt reiterated they expect the gap between gross profit and gross payment volume to close in the second half of the year as hardware dynamics and changes to back end processing arrangements normalize. The company expects gross profit and GPV to accelerate into the midteens over time as the company delivers against go-to-market initiatives (both direct sales and ISOs) and leverage from their bank charter. On the hardware side, costs are expected to step up as a function of the increase in NVA, and memory costs are currently presenting a headwind. Despite these hardware cost increases, Block's commentary on increasing hardware costs was fairly benign, particularly relative to competitors, as they argue that their internal hardware expertise and direct, long-duration relationships with suppliers like Micron and TSMC have provided much better visibility into supply chains compared to relying on third-party resellers. This has helped to mitigate margin pressure.

Strong operating margin expansion, with potential partial reinvestment offsets

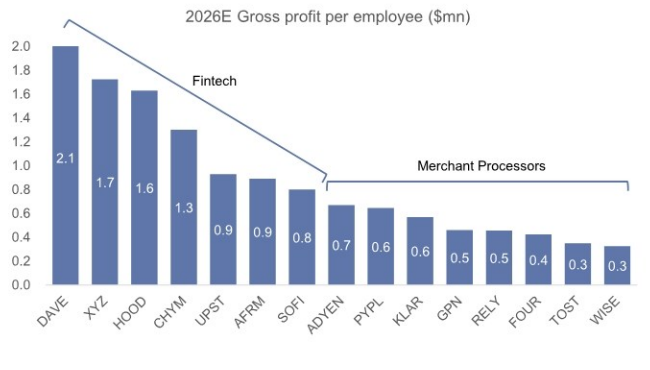
Block is highly focused on managing operating margins while also not shying away from emerging high ROI opportunities. This prudence expands to how the company thinks about the rising costs associated with artificial intelligence tokens and hardware components. The company learned to optimize token costs early on by utilizing the internally developed model-agnostic agentic harness called Goose, which can dynamically toggle between different language models. To maintain efficiency, internal systems default to cheaper LLM's, reserving more expensive options for complex engineering needs. Externally, products such as Manager Bot are built on open-source large language models and world models, which are significantly cheaper to run. Additionally, Block is strategically managing its headcount and reinvesting savings to sustain long-term business growth. Following a significant workforce reduction, the company is prioritizing higher compensation for its remaining employees to retain top talent (mgmt highlighted the opportunity to attract more elite engineering talent). While the company expects sales and marketing expenses to continue to grow as the company hires more field sales representatives, they noted the investments are strictly governed by marginal ROIs.

In Exhibit 13 we provide a model for analyzing the cost saves and incremental upside from the company's recent headcount reduction and incremental reinvestments. As such, we believe there could be mid-single digit upside to OI margins in 2026 with high single digit / low double digit upside in 2027.

- **Pre-layoff expenses**: We leverage Visible Alpha consensus data to estimate what pre-layoff expense expectations were as of February 2026.
- **Employee segmentation:** In our analysis we leverage the severance disclosures provided by the company to triangulate the impacted headcount for the reductions and where proforma headcount would land post the reduction-in-force. As such, we have allocated ~57% of the headcount sitting in product areas, ~13% sitting in sales and marketing, and roughly 30% sitting in G&A functions.

- **Cost Savings:** Leveraging the same disclosures, we assume headcount are reduced by the amount of savings allocated to each bucket and disclosed in the company's filings. We then assume $320k for product team total compensation (salary, benefits, etc.) and $170k total comp for G&A and Sales and Marketing teams. We then apply proportional reductions to reduce headcount to around 6k.
- **Reinvestments**: We leverage Salesforce CEO mgmt commentary on the incremental AI-token costs, which were that the company expects roughly $300mn in expenses for 2026. We then do a per employee cost break out (using Salesforce's ~15k software engineers) and apply those to our estimates of Block's relevant employee base. Importantly, we assume much lower usage in non-product functions.

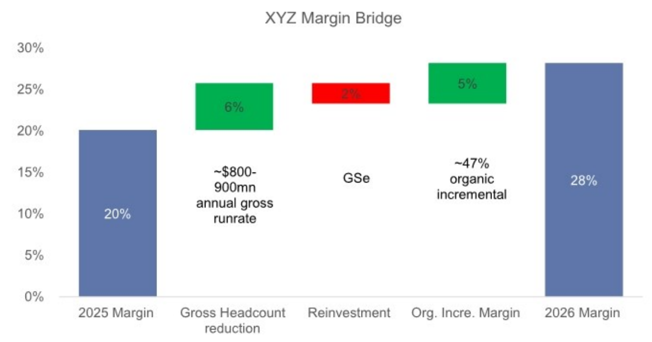
Exhibit 9: XYZ's reduction in force places the company in the top tier of fintech workforce productivity



*XYZ GP Fully burdened; consumer fintech models include credit losses

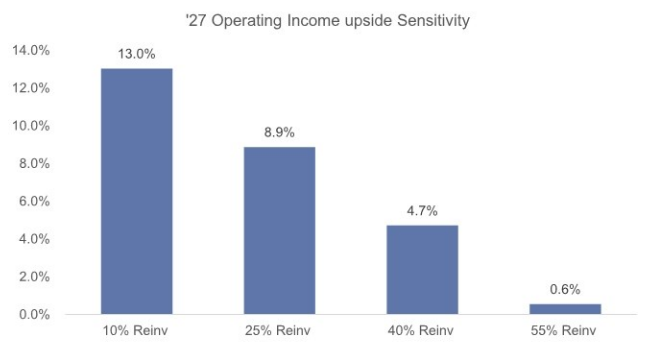
Source: Company data, Goldman Sachs Global Investment Research, Visible Alpha Consensus Data

Exhibit 10: Our illustrative upside analysis suggests margins could approach 28% in 2026



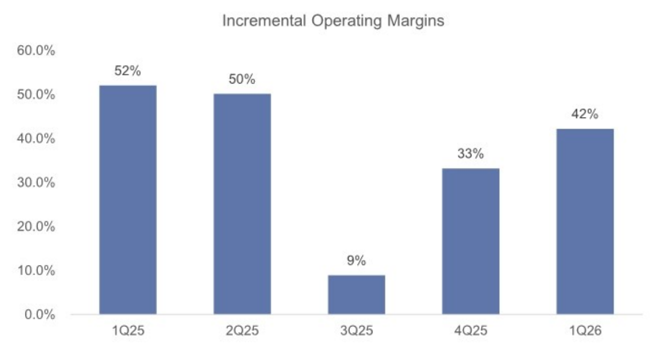
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 11: 2027 Operating income is sensitive to potential reinvestments



Source: Goldman Sachs Global Investment Research, Visible Alpha Consensus Data

Exhibit 12: Incremental margins have started to improve through 1Q26



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 13: We believe Block could see MSD to LDD upside to current consensus operating income estimates

XYZ cost efficiencies build out													
	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	Comment
Total Company Gross Profit	**2,290**	**2,534**	**2,661**	**2,871**	**2,909**	**3,053**	**3,125**	**3,286**	**3,295**	**3,502**	**3,590**	**3,788**	Current VA Cons
Amortization of acquired intangibles	15	15	14	14	13	13	13	13	13	13	13	13	GSe
Product Development Opex (Non-GAAP)													
Pre-cost savings													
Product Development Employees	*5,835*	*5,835*	*5,835*	*5,835*	*5,835*	*5,835*	*5,835*	*5,835*	*5,835*	*5,835*	*5,835*	*5,835*	
Product Development Expense	724	726	705	711	657	771	753	782	775	799	788	824	*VA cons as of 02/01/2026*
% yoy growth	1%	2%	(1%)	0%	(9%)	6%	7%	10%	18%	4%	5%	5%	
Post-cost savings													
Product Development Employees, post RIF (Z)	*5,835*	*5,835*	*5,835*	*5,835*	*4,666*	*3,497*	*3,497*	*3,497*	*3,497*	*3,497*	*3,497*	*3,497*	GSe $351mn 6mo severance / $320k ann. avg comp
Opex per employee pre-reinvestment, $ (A)	124,007	124,488	120,894	121,801	140,813	188,689	192,463	196,312	200,239	204,243	208,328	212,495	Fixed cost spread out over less employees
% qoq growth	14%	0%	(3%)	1%	16%	34%	2%	2%	2%	2%	2%	2%	
AI token cost per employee, $ (B)					*4,650*	*4,883*	*5,127*	*5,383*	*5,652*	*5,935*	*6,231*	*6,543*	$300mn/15,000 from Salesforce, Reinvest.
% qoq						5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Other additional cost per employee, $ (C)						1,000	1,000	1,000	1,000	1,000	1,000	1,000	GSe
Opex per employee post-reinvestment, $ (D)	124,007	124,488	120,894	121,801	145,463	194,572	198,590	202,695	206,891	211,178	215,560	220,038	A + B + C
Net Product Development Opex	**724**	**726**	**705**	**711**	**657**	**680**	**694**	**709**	**723**	**738**	**754**	**769**	*D x Z*
% yoy growth	1%	2%	(1%)	0%	(9%)	(6%)	(2%)	(0%)	10%	9%	9%	9%	
Sales & Marketing Opex (Non-GAAP)													
Pre-cost savings													
Sales & Marketing Employees	*1,375*	*1,375*	*1,375*	*1,375*	*1,375*	1,375	1,375	1,375	1,375	1,375	1,375	1,375	GSe $45mn 6mo severance / $170k ann. avg comp
Sales & Marketing	492	546	599	620	602	616	644	664	653	696	723	740	*VA cons as of 02/01/2026*
% yoy growth	11.1%	7.7%	17.0%	18.9%	22.4%	12.8%	7.6%	7.1%	8.5%	12.9%	12.2%	11.5%	
Post-cost savings													
Sales & Marketing Employees, post RIF (Z)	*1,375*	*1,375*	*1,375*	*1,375*	*1,099*	*824*	*824*	*824*	*824*	*824*	*824*	*824*	
Opex per employee pre-reinvestment, $ (A)	357,872	397,575	435,733	450,730	547,687	739,377	709,802	716,900	731,238	789,737	793,686	797,654	
% qoq growth	5%	11%	10%	3%	22%	35%	(4%)	1%	2%	8%	1%	1%	Fixed cost spread out over less employees
AI token cost per employee, $ (B)					*1,000*	*1,050*	*1,103*	*1,158*	*1,216*	*1,276*	*1,340*	*1,407*	Reinvestment
% qoq						5%	5%	5%	5%	5%	5%	5%	
Other additional cost per employee, $ (C)						1,000	1,000	1,000	1,000	1,000	1,000	1,000	GSe based on current marketing trends
Opex per employee post-reinvestment, $ (D)	357,872	397,575	435,733	450,730	548,687	741,427	711,905	719,058	733,454	792,014	796,026	800,062	A + B + C
Net Sales & Marketing Opex	**492**	**546**	**599**	**620**	**602**	**611**	**586**	**592**	**604**	**652**	**656**	**659**	*D x Z*
% yoy growth	11%	8%	17%	19%	22%	12%	(2%)	(4%)	0%	7%	12%	11%	
General & Administrative Opex (Non-GAAP)													
Pre-cost savings													
General & Administrative Employees	*2,996*	*2,996*	*2,996*	*2,996*	*2,996*	*2,996*	*2,996*	*2,996*	*2,996*	*2,996*	*2,996*	*2,996*	GSe $99mn 6mo severance / $170k ann. avg comp
General & Administrative	453	434	527	458	436	497	528	519	521	511	559	538	*VA cons as of 02/01/2026*
% yoy growth	7%	(1%)	29%	2%	(4%)	14%	0%	13%	20%	3%	6%	4%	
Post-cost savings													
General & Administrative Employees, post RIF (Z)	*2,996*	*2,996*	*2,996*	*2,996*	*2,396*	*1,795*	*1,795*	*1,795*	*1,795*	*1,795*	*1,795*	*1,795*	
Opex per employee pre-reinvestment, $ (A)	151,169	145,019	176,072	152,882	182,000	236,600	234,234	238,918	243,697	251,008	253,518	258,588	
% qoq growth	12%	(4%)	21%	(13%)	19%	30%	(1%)	2%	2%	3%	1%	2%	Overhead spread over less people
AI token cost per employee, $ (B)					*1,000*	*1,050*	*1,103*	*1,158*	*1,216*	*1,276*	*1,340*	*1,407*	Reinvestment
% qoq						5%	5%	5%	5%	5%	5%	5%	
Other additional cost per employee, $ (C)						1,000	1,000	1,000	1,000	1,000	1,000	1,000	
Opex per employee post-reinvestment, $ (D)	151,169	145,019	176,072	152,882	183,000	238,650	236,336	241,076	245,912	253,284	255,858	260,995	A + B + C
Net General & Administrative Opex	**453**	**434**	**527**	**458**	**436**	**428**	**424**	**433**	**442**	**455**	**459**	**469**	*D x Z*
% yoy growth	7%	(1%)	29%	2%	(4%)	(1%)	(20%)	(5%)	1%	6%	8%	8%	
Transaction, loan, and cons. rec. losses and other													
Transaction, loan, and cons. rec. losses and other	**170**	**294**	**363**	**510**	**500**	**547**	**507**	**530**	**495**	**514**	**526**	**561**	*GSe*
Total Company													
Non-GAAP Operating Expenses (Net)	**1,838**	**2,001**	**2,195**	**2,298**	**2,194**	**2,266**	**2,212**	**2,264**	**2,264**	**2,360**	**2,394**	**2,458**	
% yoy growth	5%	8%	20%	19%	19%	13%	1%	(2%)	3%	4%	8%	9%	
net cost saves						*165*	*221*	*231*	*180*	*160*	*201*	*205*	
gross cost saves						*191*	*248*	*259*	*209*	*190*	*233*	*238*	$800-900 annualized gross savings
Non-GAAP Operating Income	**466**	**550**	**480**	**588**	**728**	**800**	**926**	**1,035**	**1,043**	**1,155**	**1,209**	**1,343**	
% margin	20.4%	21.7%	18.0%	20.5%	25.0%	26.2%	29.6%	31.5%	31.7%	33.0%	33.7%	35.4%	
Non-GAAP Operating Income (VA)	**466**	**550**	**480**	**588**	**728**	**748**	**873**	**1,005**	**962**	**1,016**	**1,092**	**1,208**	
% margin	20.4%	21.7%	18.0%	20.5%	25.0%	24.5%	27.9%	30.6%	29.2%	29.0%	30.4%	31.9%	
vs. consensus						7.0%	6.1%	3.0%	8.5%	13.7%	10.7%	11.1%	*VA cons Current*

Source: Company data, Goldman Sachs Global Investment Research, Visible Alpha Consensus Data

Valuation & risks

Our 12-month price target of $95 is based on a 17x P/E target multiple on Q5-Q8 EPS estimates. Downside risks include a worsening macro environment, increasing competition, and unfavorable regulation.

XYZ	12m Price Target: **$95.00**	Price: **$66.63**	Upside: **42.6%**

Buy CL

Market cap: $41.0bn
Enterprise value: $39.4bn
3m ADTV: $395.5mn
United States
Americas Payments and Financial Technology
M&A Rank: 3

GS Forecast

	12/25	12/26E	12/27E	12/28E
Revenue ($ mn)	24,192.2	25,311.2	27,303.7	29,810.2
EBITDA ($ mn)	3,466.4	4,443.3	5,659.3	6,664.7
EBIT ($ mn)	2,272.8	3,348.5	4,465.6	5,378.5
EPS ($)	2.38	3.90	5.29	6.44
P/E (X)	29.1	17.1	12.6	10.4
EV/EBITDA (X)	11.4	8.7	6.1	4.4
FCF yield (%)	5.7	2.5	11.7	14.5
Dividend yield (%)	–	–	–	–
Net debt/EBITDA (X)	(0.9)	(0.4)	(1.0)	(1.6)

	3/26	6/26E	9/26E	12/26E
EPS ($)	0.85	0.86	0.99	1.19

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 10 Jun 2026 close.

Disclosure Appendix

Reg AC

We, Will Nance, Jack Evans and Chandru Ravikumar, hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities. We also certify that no part of our compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

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Growth is based on a stock's forward-looking sales growth, EBITDA growth and EPS growth (for financial stocks, only EPS and sales growth), with a higher percentile indicating a higher growth company. **Financial Returns** is based on a stock's forward-looking ROE, ROCE and CROCI (for financial stocks, only ROE), with a higher percentile indicating a company with higher financial returns. **Multiple** is based on a stock's forward-looking P/E, P/B, price/dividend (P/D), EV/EBITDA, EV/FCF and EV/Debt Adjusted Cash Flow (DACF) (for financial stocks, only P/E, P/B and P/D), with a higher percentile indicating a stock trading at a higher multiple. The **Integrated** percentile is calculated as the average of the Growth percentile, Financial Returns percentile and (100% - Multiple percentile).

Financial Returns and Multiple use the Goldman Sachs analyst forecasts at the fiscal year-end at least three quarters in the future. Growth uses inputs for the fiscal year at least seven quarters in the future compared with the year at least three quarters in the future (on a per-share basis for all metrics).

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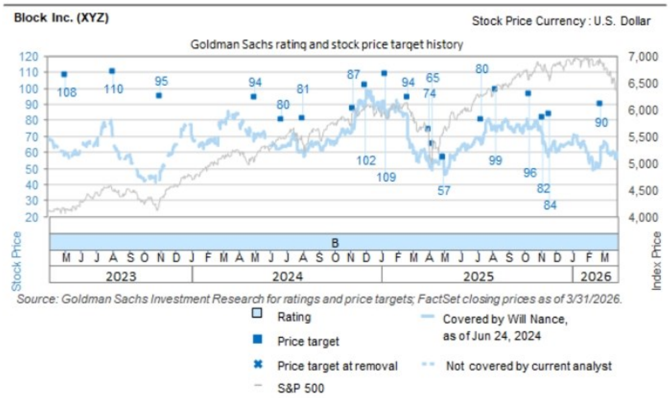
Price target and rating history chart(s)



The price targets shown should be considered in the context of all prior published Goldman Sachs research, which may or may not have included price targets, as well as developments relating to the company, its industry and financial markets.

Target price history table(s)
Block Inc. (XYZ)

Date of report	Target price ($)	Closing price ($)
08-May-26	95.00	74.85
13-Apr-26	86.00	64.22
27-Feb-26	90.00	63.70
20-Nov-25	84.00	61.95
07-Nov-25	82.00	65.45
13-Oct-25	96.00	75.02
08-Aug-25	99.00	73.39
14-Jul-25	80.00	68.68
02-May-25	57.00	46.53
08-Apr-25	65.00	49.08
02-Apr-25	74.00	57.86
21-Feb-25	94.00	68.35
09-Jan-25	109.00	86.75
02-Dec-24	102.00	92.78
08-Nov-24	87.00	74.56
02-Aug-24	81.00	60.38
24-Jun-24	80.00	64.40
03-May-24	94.00	69.47
03-Nov-23	95.00	48.68
04-Aug-23	110.00	63.52

Price targets shown in table(s) are unadjusted for corporate actions.

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