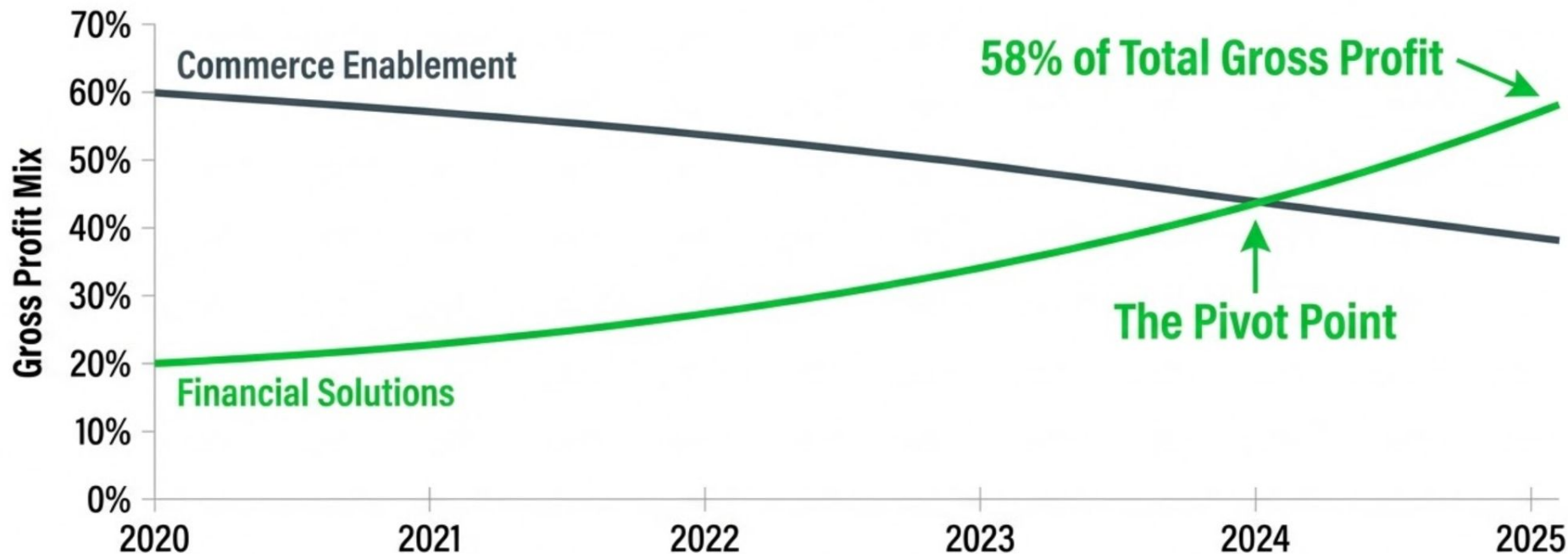


BLOCK, INC.

THE EMBEDDED FINANCE BLUEPRINT


THE GREAT REVENUE REVERSAL



Insight: The majority of Block's economic value no longer comes from processing transactions, but from embedded financial services (lending, banking, deposits).

Stop Calling Block a Payments Company


Financial Solutions



58% Share

Growth:
+26% CAGR

Commerce Enablement



38% Share

Growth:
+14% CAGR

The Inversion:

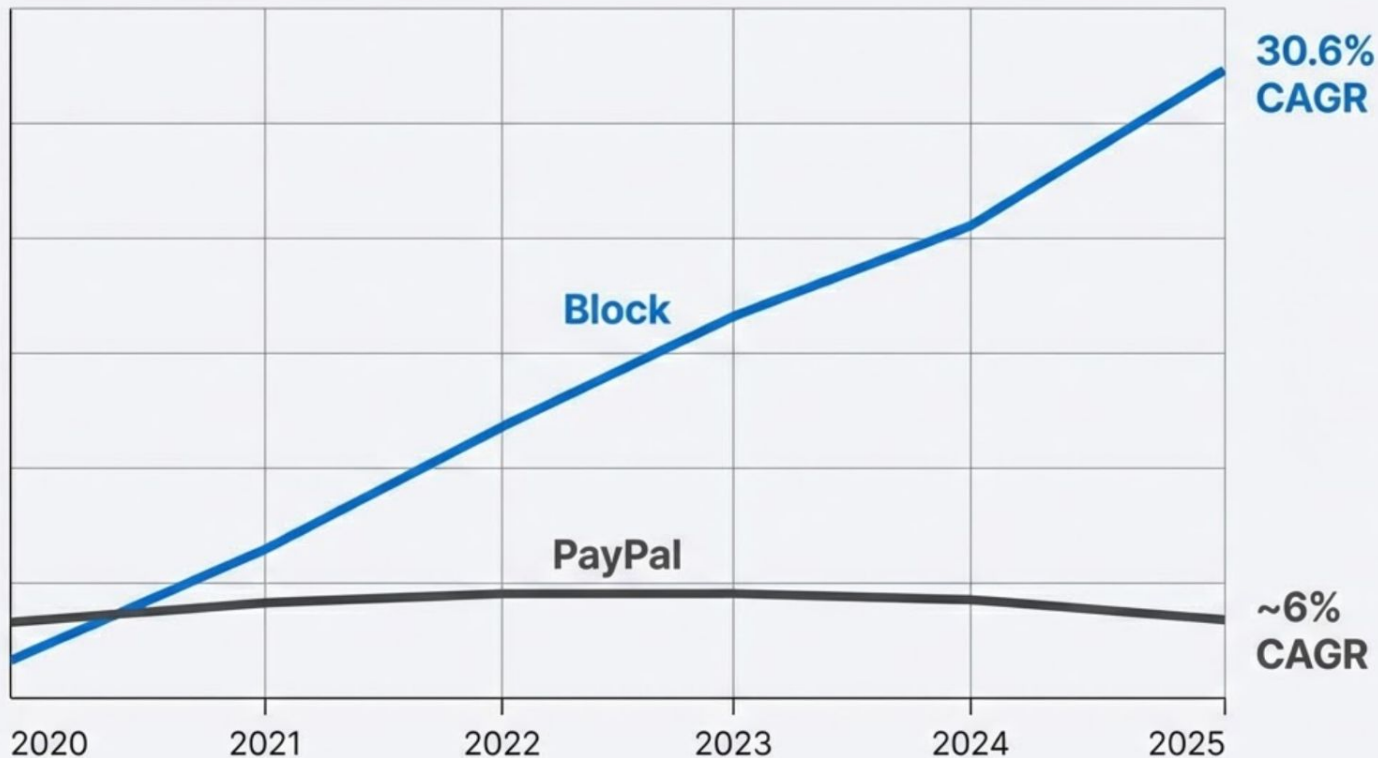
In Q3 2025, the majority of economic value shifted from transaction processing to embedded financial services like lending and banking.

COMPETTITIVE VELOCITY: BLOCK VS. PAYPAL

	BLOCK	PAYPAL
1 Gross Profit Growth (2020-2025 CAGR)	30.6%	~6%
2 Revenue Momentum (Q4 '25)	+24% GP Growth	~5% Rev Growth
3 Integration Depth	Deep Hardware/Software	Online Checkout Focus

Block wins on ecosystem cohesion and velocity; PayPal relies on legacy scale.

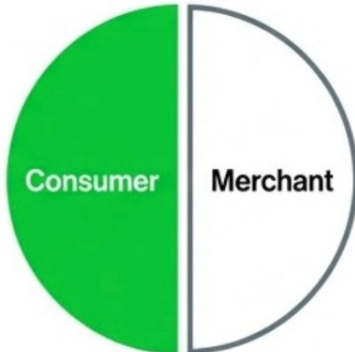
Escaping the Payments Trap



Operating Cash Flow Inflection:
\$101M (2023) →
\$2.6B (2025)

THE MOAT: THE DUAL-SIDED NETWORK EFFECT

PAYPAL



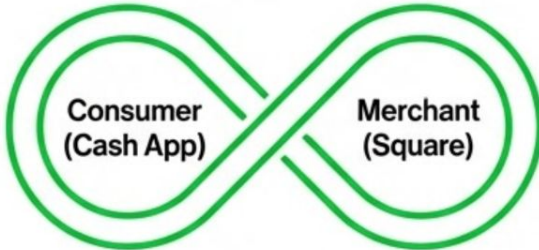
Strong Consumer (Venmo),
Weak Merchant POS

TOAST



Strong Merchant POS,
No Consumer App

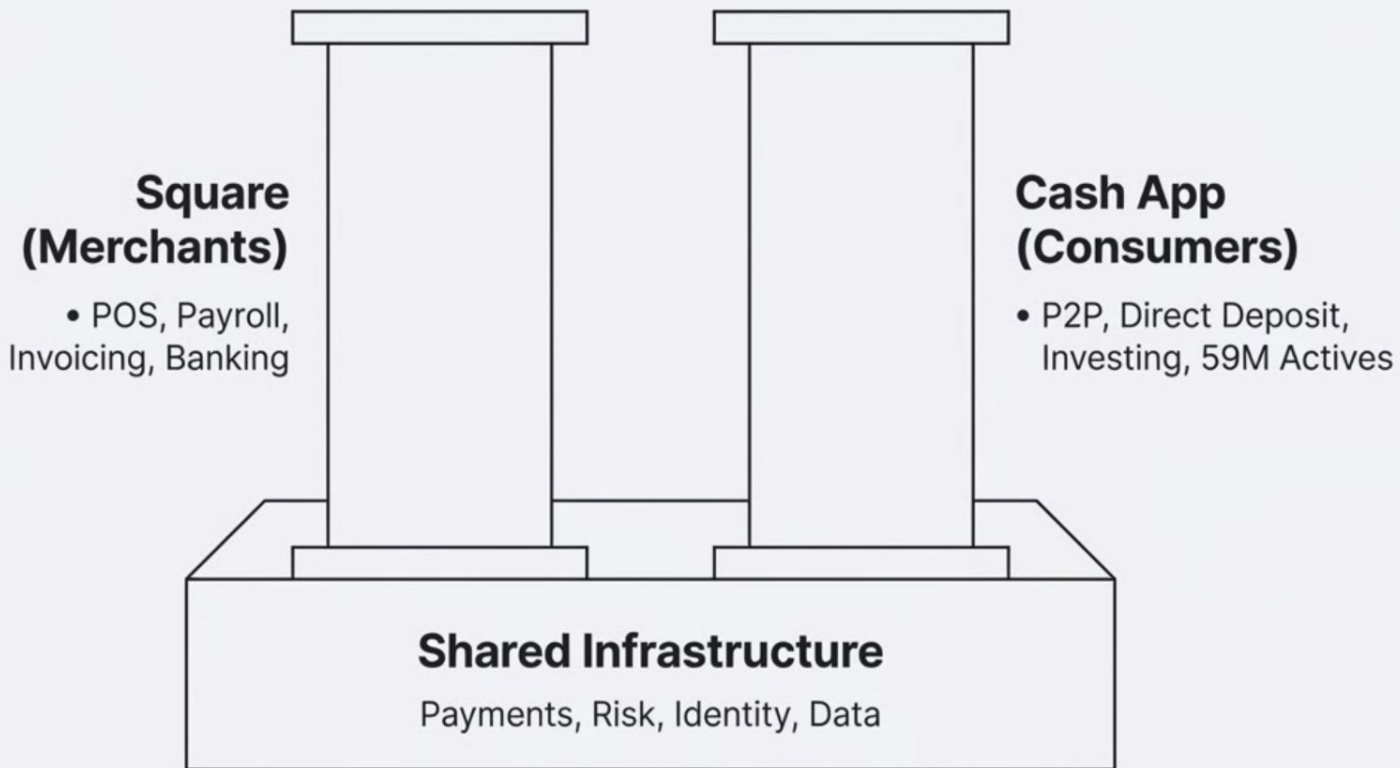
BLOCK



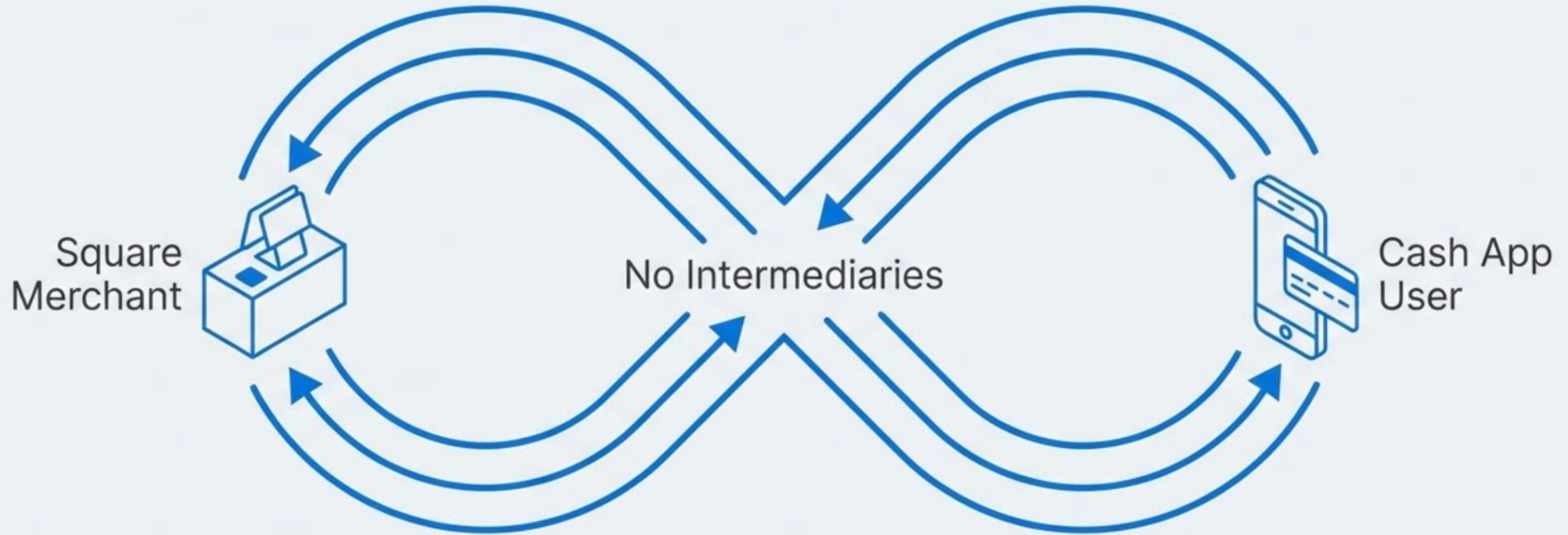
Strong Consumer (Cash App) +
Strong Merchant (Square)

The Holy Grail: **Closed Loop**
Transaction = **Lower Fees** +
100% Data Fidelity

The Dual-Sided Engine



The Closed-Loop Advantage



When a Cash App user pays a Square merchant, Block captures economics on both sides with full data visibility.

Payments is the Wedge. Finance is the Profit.

Payments

The Wedge
(Distribution)

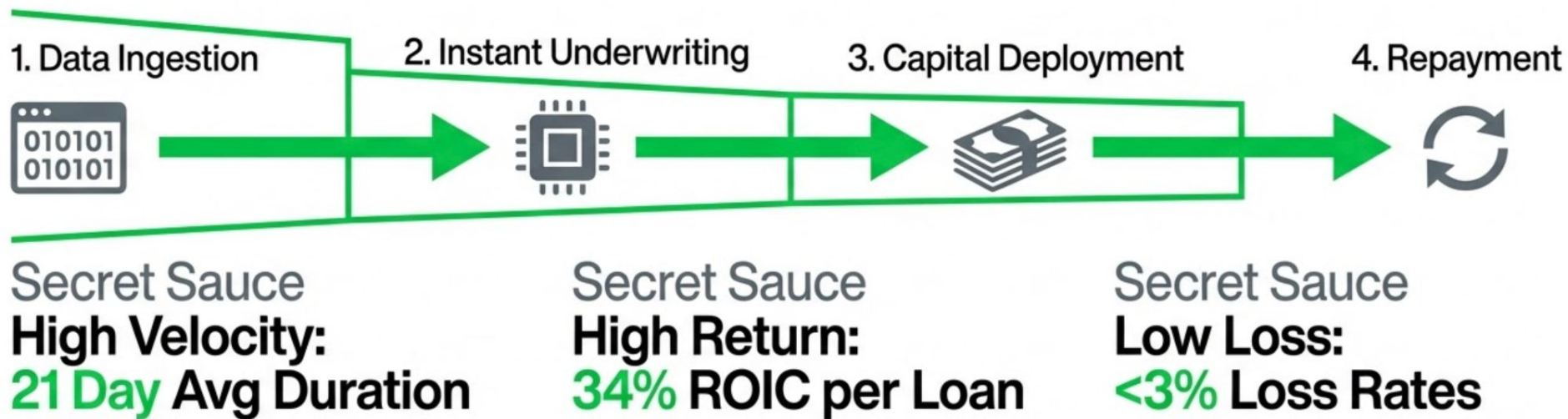
Financial Services

The Profit
(Lending, Banking)



\$180 GP $\xrightarrow{14x \text{ Multiplier}}$ **\$2,540 GP**
1 Product Seller 5+ Product Seller

STRATEGY I: THE \$200B LENDING MACHINE

\$200B+ Cumulative Credit Extended



Why Block Lends Where Banks Won't

	Traditional Banks		Block Model
	Relies on lagging credit scores. Rejects risk.		Uses real-time income & spend velocity.

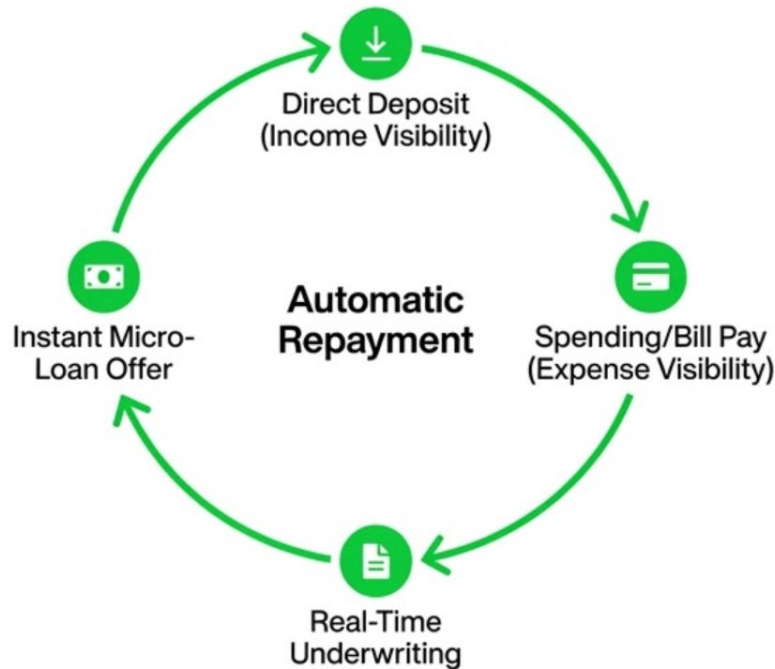
**Helvetica Now Display
70% of borrowers
have <580 FICO**

Targeting the Underserved

**Helvetica Now Display
97% Repayment
Rate**

Proving Alternative Data Works

WHY DATA BEATS FICO

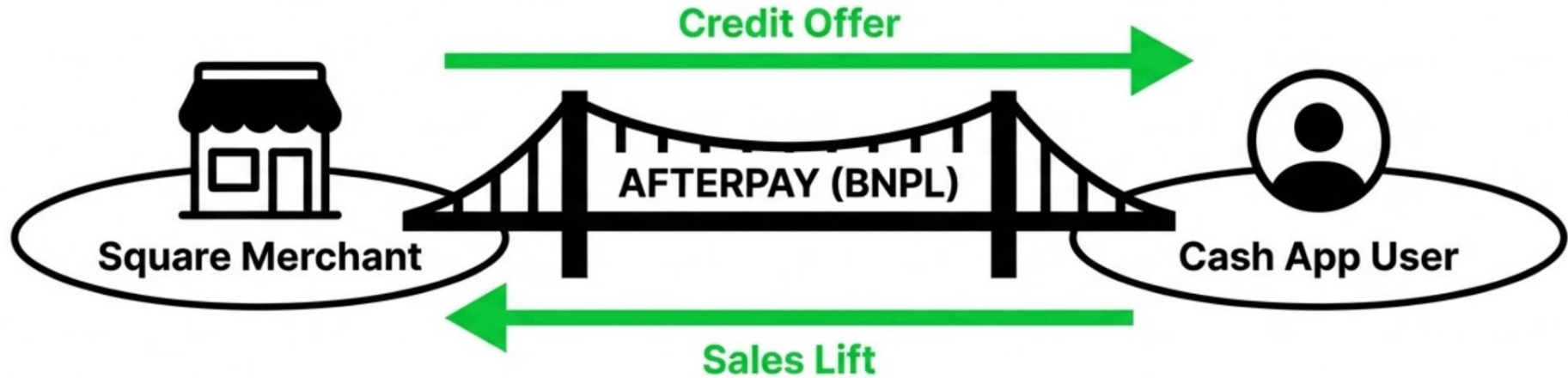


**70% of Borrowers
have <580 FICO**

97% Repayment Rate

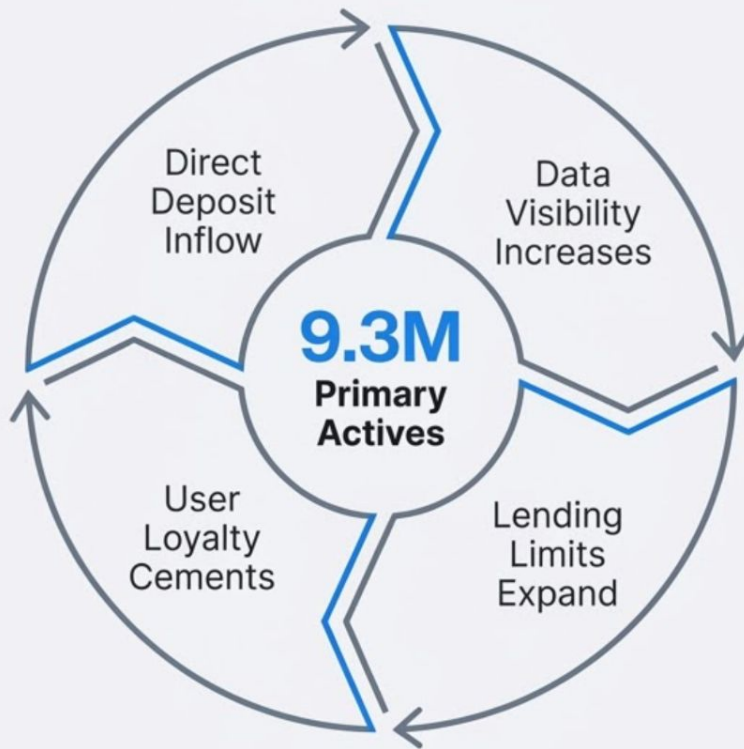
Block sees the *now* of a user's finances,
while banks see the *history*.

STRATEGY II: CLOSING THE LOOP (AFTERPAY)



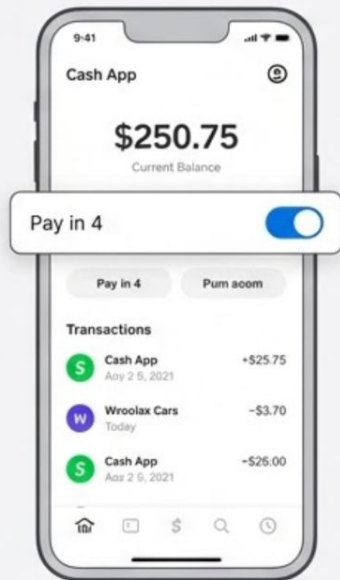
- **\$3B** annualized originations in Cash App alone
- **Mechanism:** Driving sales for Square while offering credit to Cash App users
- **Strategic Value:** Immediate access to **59M** users, **Zero new CAC**.

From P2P App to Primary Bank

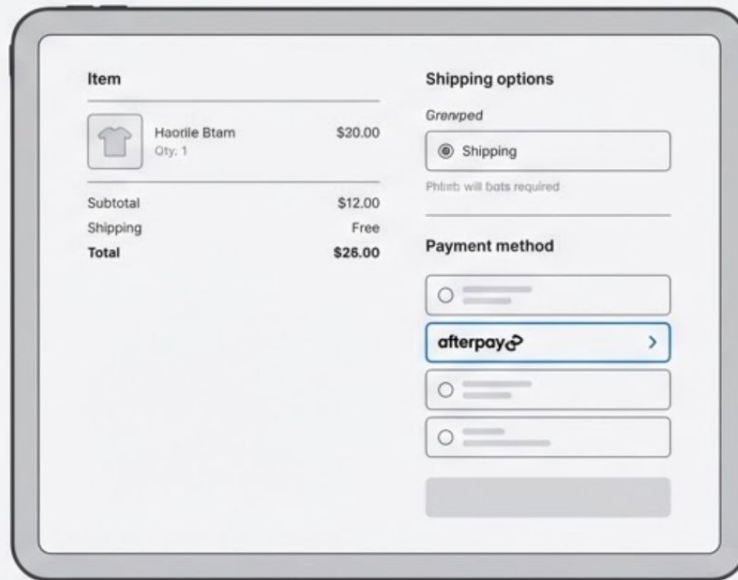


Gross Profit per User: \$46 (2020) → **\$94** (2025)

Helvetica Now Display BNPL as a Feature, Not a Product



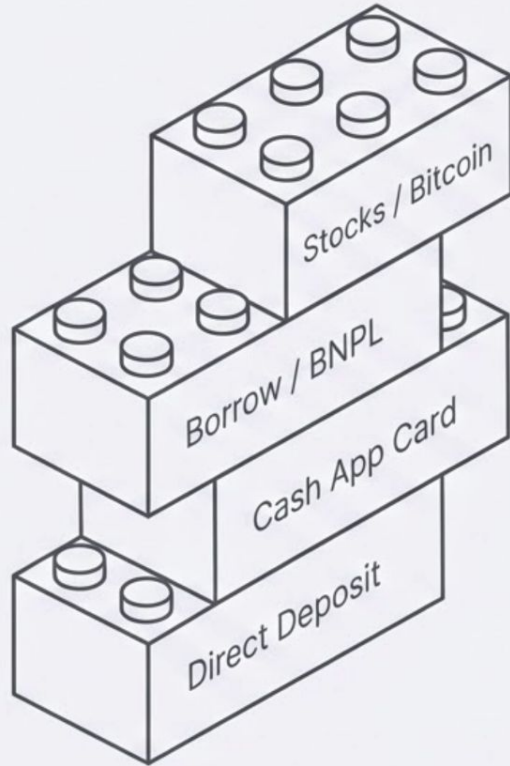
Consumer Side (\$3B Originations)



Merchant Side

Annualized BNPL Gross Profit: ~\$1.08 Billion

Creating Cumulative Lock-In

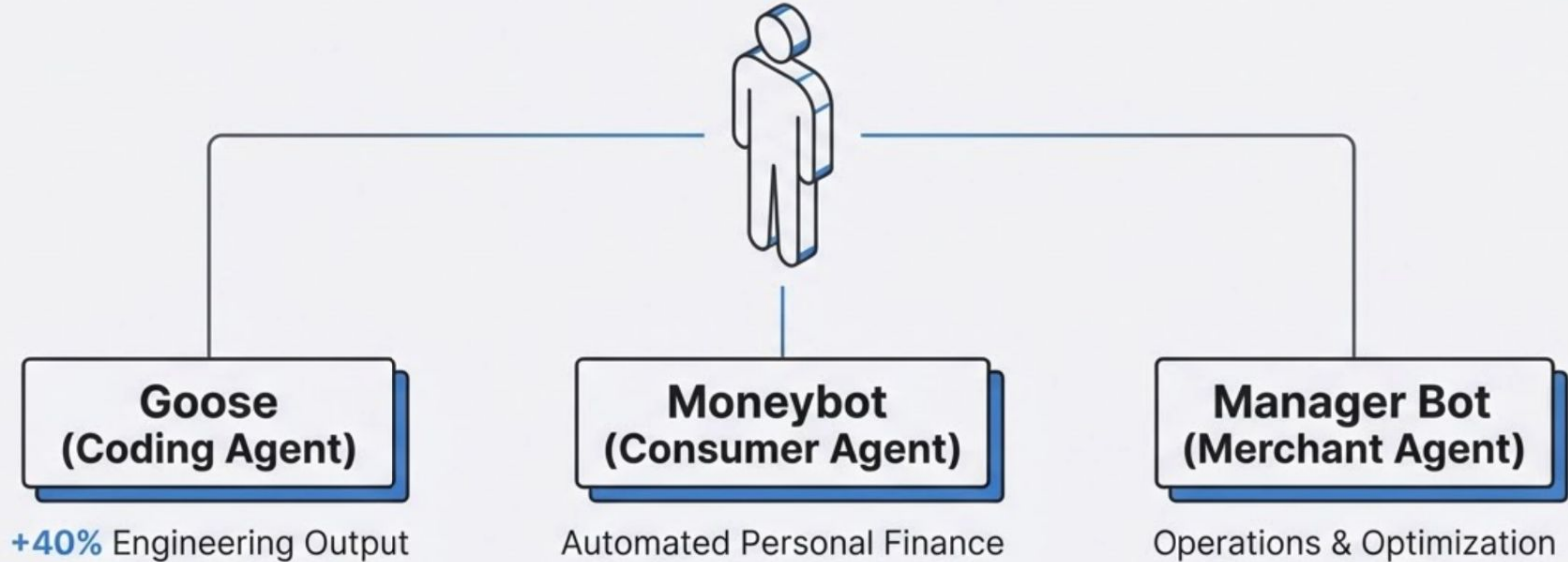


**Products generating
>\$100M GP:**

5 (2020) → **26** (2025)

Source: Block Financial Analysis & Product Diversification Data.

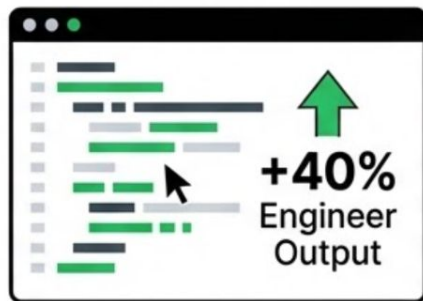
Scaling Finance Without Scaling Headcount



Result: Non-linear scaling of compliance, risk, and support operations.

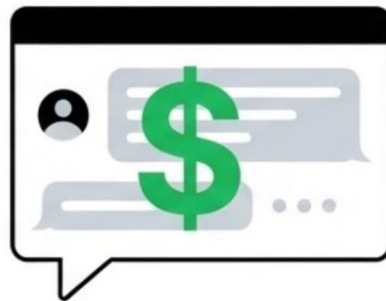
AI IN ACTION: GOOSE & MONEYBOT

GOOSE



Internal Coding Agent.
Impact: +40% Engineer Output.
Automates compliance and risk dashboards.

MONEYBOT



Consumer Financial Agent.
Impact: Automates savings, bill splitting,
and debt repayment.

STRATEGIC LINK

AI allows Block to underwrite millions of micro-loans without hiring thousands of loan officers.

The \$2 Million Employee

$$\frac{\$12.2\text{B Gross Profit}}{<6,000 \text{ Employees}} = \sim \$2\text{M GP per Employee}$$

Efficiency possible only via Embedded Finance + AI Infrastructure.

Just Scratching the Surface



~2%
Penetration

Global Embedded
Finance Market
by 2034:
\$1.7 Trillion

Slate Grey Inter Regular

*Market context data refers to the embedded finance market projections mentioned in the text.

The Block Playbook: Part I

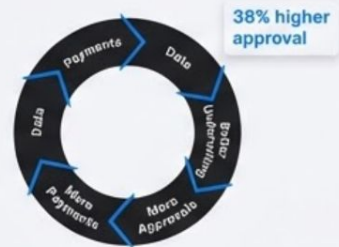
1. Start with Payments.

Use low-margin processing as the wedge to acquire data.



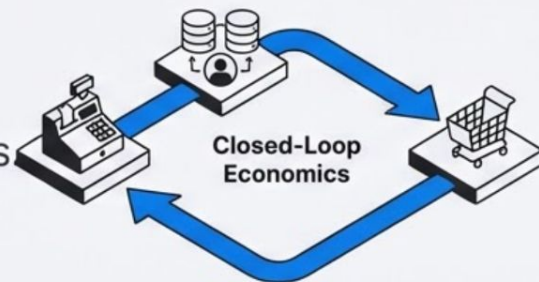
2. Own the Data Flywheel.

First-party data > Credit Bureaus (38% higher approval).



3. Build Both Sides.

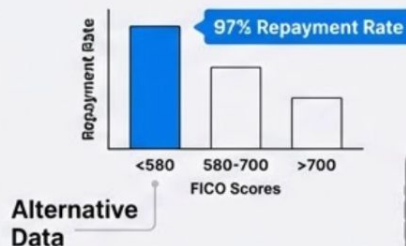
Connect Merchants + Consumers for closed-loop economics



The Block Playbook: Part II

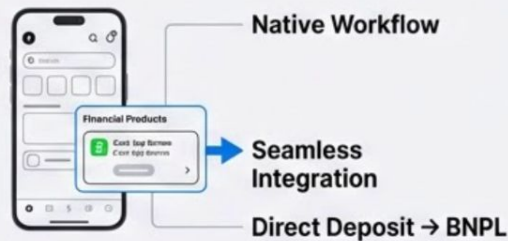
4. Target the Underserved.

Sub-580 FICO scores are assets, not liabilities.



5. Embed, Don't Redirect.

Keep finance native to the workflow.



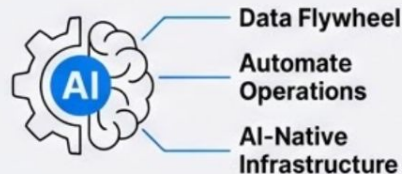
6. Stack for Lock-in.

Every new product increases switching costs.



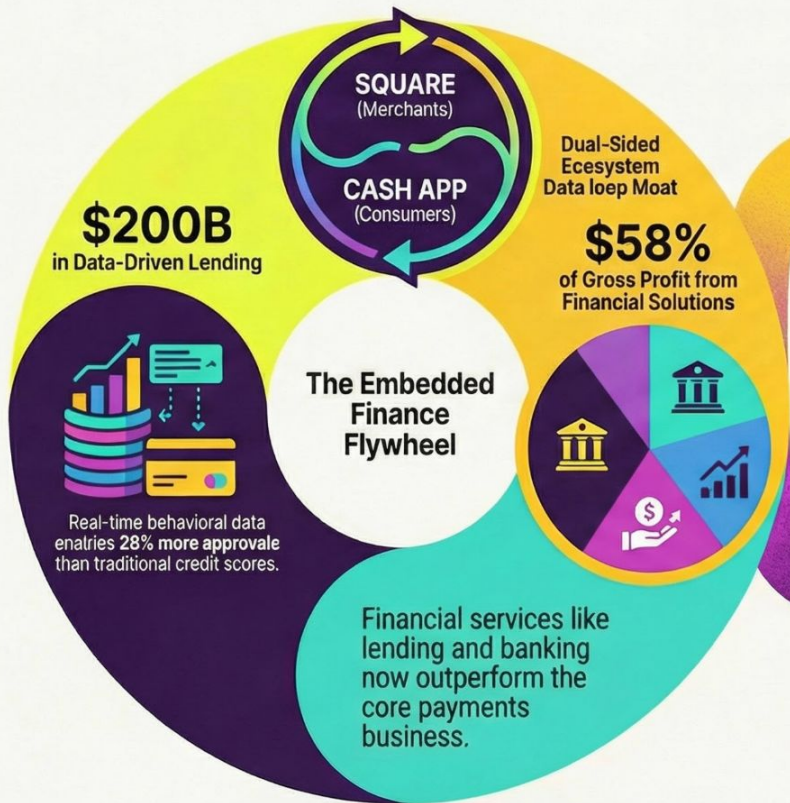
7. Build for AI.

Automate operations from day one.

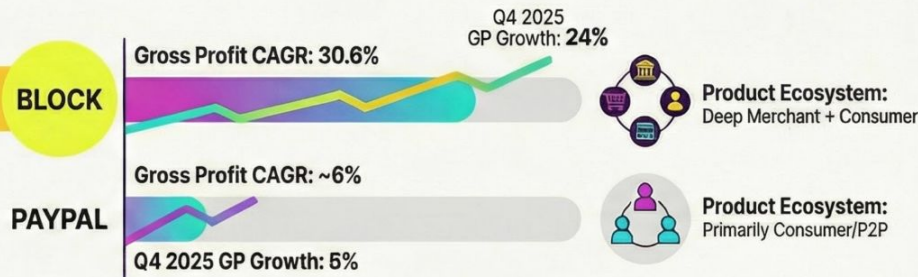


The Block Playbook: From Card Readers to a \$10B AI-Driven Ecosystem

Block (formerly Square) evolved from a simple card reader startup into a \$10.4B gross profit ecosystem by embedding lending, banking, and investing directly into its merchant and consumer platforms. As of 2026, the company is pivoting to an "AI-native" model to scale these services with 40% fewer employees.



Growth Trajectory Comparison (2020–2025)



The AI Pivot & Operational Efficiency

