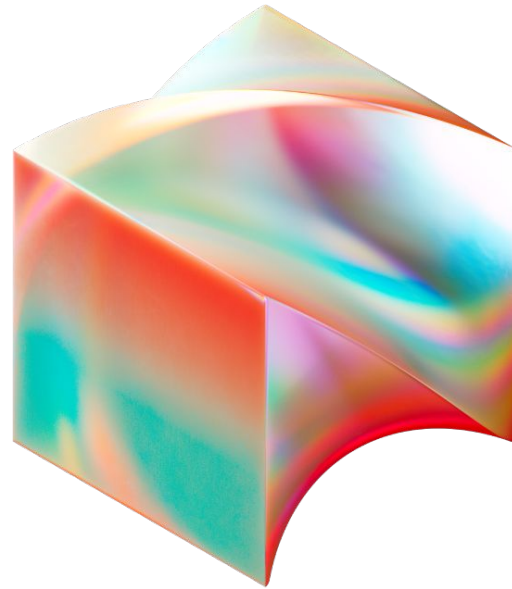


BLOCK, Inc.
(NYSE: SQ)

Fintech@Brown
October 8, 2024



BLOCK

Company Background



The Business

- Provides services to consumers, small, and medium-sized businesses (SMBs)
- U.S. market leader in Point-of-Sale systems
- Served 56 million users, 4 million businesses, and processed payments worth \$228bn annually (as of 2023)

Origin/History

- 2009: Founded as “Square”
- 2010 - 2014: The Formative Years
- 2015 - 2020: Public Offering and Growth
- 2021 - Present: Rebrand and Acquisitions

Management Team

- Founders: Jack Dorsey (Chairman) and Jim McKelvey (Board)
- + Leadership Team

Competitive Advantages & Disadvantages

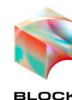
- Strong brand image as an innovator
- Strong growth potential particularly with younger generation
- Emerging economic moat (network and intangible assets)
- International expansion (global fintech market opportunities)
- Highly competitive and rapidly evolving financial technology sector
- Regulatory complexities and potential risks (Bitcoin)
- Exposure to volatile cryptocurrency market
- Potential over reliance on payment processing as a revenue stream (creates potential margin pressure)

Products/Relevant Technologies/Services



- Square: A point-of-sale system for SMB's that allows businesses to accept card payments and manage other operations
- Cash App: A digital wallet service for consumers that allows users to send and receive money, invest in stocks, Bitcoin, etc.
- Spiral: Builds and finds free open source projects that advance the use of Bitcoin
- tbd: A decentralized platform (open source developer platform) that enables access to allow everyone to participate in the global economy
- Tidal: A music streaming service

Financials, Valuation, and Outlook



Current Financials

- Market Cap (+)
 - 41.26B
- Trailing PE (-)
 - 62.06
- EV/Revenue (+)
 - 1.56
- EV/EBITDA (-)
 - 23.73
- Net Income (+)
 - 816,389,000

	Current	6/30/2024	3/31/2024	12/31/2023	9/30/2023	6/30/2023
Market Cap	41.26B	39.79B	52.08B	47.50B	27.00B	40.53B
Enterprise Value	36.58B	34.79B	49.13B	43.70B	23.09B	36.30B
Trailing P/E	62.06	107.48	4.23k	--	--	--
Forward P/E	14.41	19.38	26.18	28.33	17.99	39.22
PEG Ratio (5yr expected)	0.32	0.71	1.29	2.18	1.38	1.37
Price/Sales	1.80	1.74	2.37	2.25	1.35	2.13
Price/Book	2.14	2.10	2.79	2.67	1.53	2.32
Enterprise Value/Revenue	1.56	1.52	2.24	2.10	1.17	1.96
Enterprise Value/EBITDA	23.73	31.96	62.16	169.23	140.45	394.95

Yahoo Finance

Block Financials Summary

In Thousands, USD	TTM 30-Jun-2024	FY 2023 31-Dec-2023	FY 2022 31-Dec-2022	FY 2021 31-Dec-2021
EV	34,786,600	43,714,241	34,285,277	72,432,281
Revenue	23,503,226	21,915,623	17,531,587	17,661,203
EBITDA	1,231,647	343,309	(188,566)	325,343
Net Income	816,389	9,772	(540,747)	166,284
Total Assets	37,546,600	34,069,893	31,364,340	13,925,764
Total Debt	7,369,063	6,071,517	6,332,764	5,516,240

PitchBook

Future Expectations

- Forward PE
 - 14.41 (undervalued)
- PEG Ratio (PE/Annual EPS Growth)
 - 0.32 (undervalued)

Peer Comparison



PayPal Holdings (NAS: PYPL)

- Electronic customer-merchant payments solutions
 - Owns Venmo, partnered with U.S. banks
- Just had best quarter under new CEO, Chriss
 - 8% revenue, 28% adj net income growth
- Tapping into crypto, expect heavy involvement
 - First transaction w/ \$PYUSD to EY

Affirm (NAS: AFRM)

- Platform for point-of-sale e-commerce
 - Most revenue from merchant networks
- AFRM stock declining 2.7%, faster than market
 - Competition from Shopify
 - Recent user-data info leak Evolve Bank

Adyen (AMS: ADYEN)

- Merchant-exclusive point-of-sale e-commerce
 - Europe-based, but used globally
- Rose dramatically in Q3 after a crash, up
 - New technology: SFO1 Touch-screen android terminal

Company	Market Cap	Trailing PE	EV/Revenue	EV/EBITDA
Block (NYSE:SQ)	\$41.26B (+)	62.06 (-)	1.56 (+)	23.73 (-)
PayPal (NASDAQ: PYPL)	\$81.13B (+)	18.90 (+)	2.49 (+)	10.11 (+)
Affirm (NASDAQ: AFRM)	\$12.25B (+)	23.57 (-)	7.20 (+)	880.6
Adyen (OTCMKTS : ADYEN)	\$46.26B (+)	53.17 (+)	16.88 (+)	39.15 (+)

Macro/Policy/Market Outlook

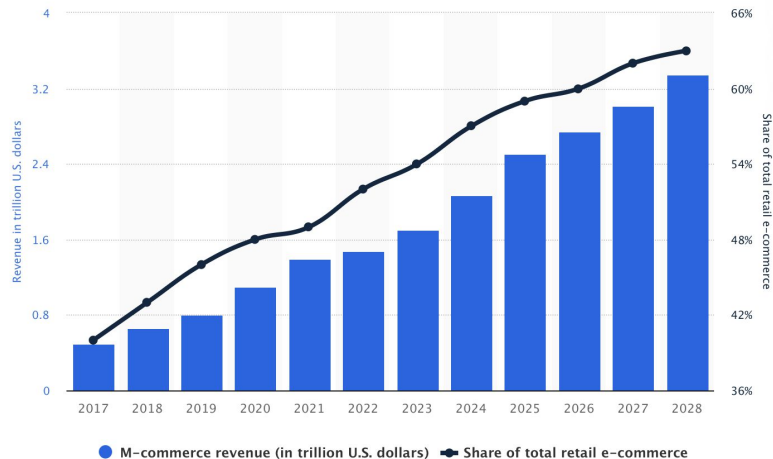
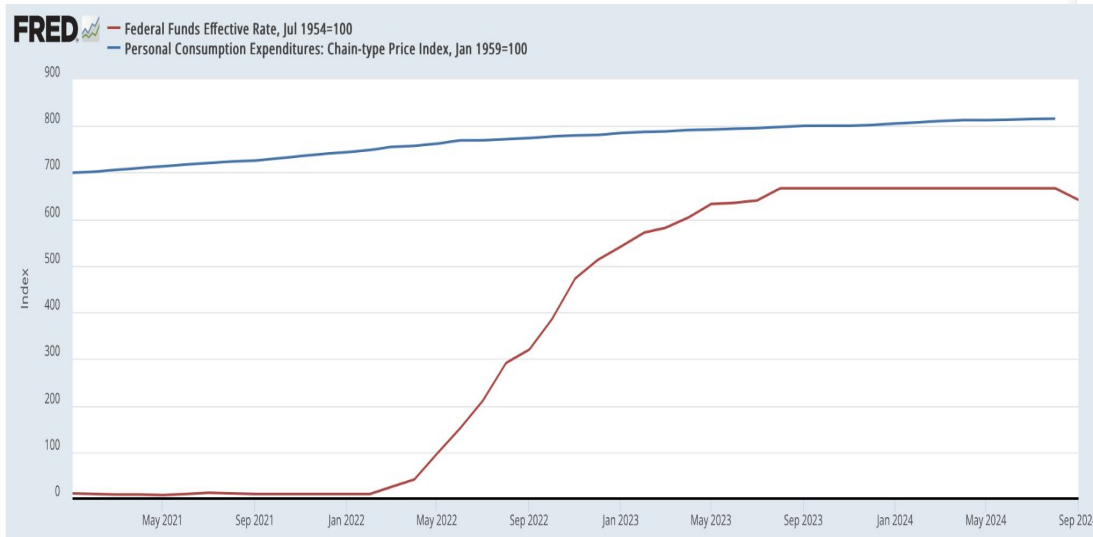


Fed rate cuts and Personal expenditures

- Spending (both with square and mobile payments) and investing in tech going up

Mobile Commerce Market growing

- CashApp is already most of revenue



Bull

- Cash App Growth: Strong user adoption in banking and crypto drives revenue.
- Financial Services Expansion: Block captures more SMB market share through its banking services.
- Global Growth: International expansion boosts revenue.

Bear

- Intense Competition: Competitors limit Block's growth.
- Crypto Revenue Drop: Bitcoin volatility or regulation impacts Cash App revenue.
- Economic Slowdown: Weak economy reduces SMB spending and revenue.
- Regulatory Risks: Crypto regulations hinder Block's strategy.