

Risk Factors Comparison 2024-02-22 to 2023-02-23 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text Section**

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 Annual Report on Form 10-K, including the section titled Management's Discussion and Analysis of Financial Condition and Results of Operations and our 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.

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 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 payments and financial services; • competition in our markets and industry; • risks related to disruptions in **or negative perceptions of** the cryptocurrency market; • any acquisitions, strategic investments, new businesses, joint ventures, divestitures, and other transactions that we may undertake; • the ongoing integration of Afterpay with our business; • ~~additional~~ risks related to our majority interest in TIDAL; • **operating or** expanding our business globally; • risks related to our BNPL platform; • ~~additional~~ risks **of related to the banking ecosystem, including through Square Financial Services, our Banking relating to the structure of bank partnerships, and FDIC and other regulatory obligations; and** • additional risks of Square Loans related to the availability of capital, seller payments, interest rate, deposit insurance premiums, and general macroeconomic conditions ; and • ~~our participation in government relief programs set up in response to the COVID-19 pandemic~~.
- Operational risks: • real or perceived improper or unauthorized use of, disclosure of, or access to sensitive 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; • **the integration of our services and** ability to accurately forecast demand for our products ~~and adequately manage our product inventory;~~ • ~~the integration of our services with a variety of operating systems and the interoperation of our hardware that enables merchants to accept payment cards with third-party mobile devices utilizing such operating systems; and~~ • difficulties estimating the amount payable under TIDAL's license agreements.
- Economic, financial, and tax risks: • a deterioration of general macroeconomic conditions; • any inability to secure financing on favorable terms, or at all, or comply with covenants in our existing credit agreement, the indentures, or future agreements; • our ability to service our debt, including our convertible notes and our ~~senior~~ **Senior Notes (as defined below)**; • counterparty risk with respect to our convertible note hedge transactions; • our bitcoin investments being subject to volatile market prices, impairment, 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 information security; • litigation, including intellectual property claims, government investigations or inquiries, and regulatory matters or disputes; • obligations and restrictions as a licensed money transmitter; • 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; • changes to our business practices imposed by FINRA based on our ownership of Cash App Investing; • regulation and scrutiny of our subsidiary Square Financial Services, which is a Utah state- chartered industrial ~~bank~~ **loan company**, including the requirement that we serve as a source of financial strength to it; • supervision and regulation of Square Financial Services, including the Dodd- Frank Act and its related regulations; • any inability to protect our intellectual property rights; • assertions by third parties of infringement of intellectual property rights by us; and • increased scrutiny 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 CHES 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 Annual Report on Form 10-K.

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 has grown at a high rate, which 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, 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 essential to our success and long- term financial performance. However, the growth rate of transacting actives has fluctuated over time, and it may slow or decline in the future. A number of factors have affected and could **potentially** 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, 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, 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 encourage broader use of our products and services within each of our ecosystems by our existing sellers and customers, 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, we may not be able to maintain profitability. During the year ended December 31, **2022 2023**, we generated a net **loss-income** of \$ **540-9. 7-8** million. As of December 31, **2022-2023**, we had an accumulated deficit of \$ **568-528. 7-4** million. 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. If the costs associated with acquiring and supporting new or larger sellers, attracting and supporting new Cash App customers, or with developing and supporting our products and services materially increase in the future, including the fees we pay to third parties to advertise our products and services, our expenses may rise significantly. In addition, increases in our seller base could cause us to incur increased losses 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, particularly until we are able to realize expected synergies. For example, prior to its acquisition, Afterpay historically generated net losses. If we are unable to generate adequate revenue growth and manage our expenses, we may incur significant losses and may not maintain profitability on a consistent basis. From time to time, we have made and may make 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, from time to time, we have implemented expense cuts and reduced the size of our workforce to, among other things, align our cost structure with our business and longer term strategies, which may increase expenses in the short term and impact our ability to grow or quickly develop and introduce products.** These 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 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 the Square **brand**, the Cash App **brand**, the TIDAL **brand**, **Afterpay**, and our other brands, in a cost- effective manner 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, Facebook, or **Twitter X**. 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 on third- party platforms 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** and other claims; errors caused by us or our partners; and misconduct by our partners, service providers, or other counterparties. 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 **or other third parties** with whom we maintain relationships could engage in behavior or use their platforms to communicate directly with our sellers and customers in a manner that ~~reflect~~ **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, 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 and reliability of 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 and** customers 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 ~~have grown the proportion of revenue from newer products and services in each of the Cash App and Square segments and 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 ~~current~~ revenue, or deriving any significant new revenue streams from these products and services. Failure to successfully broaden the scope of 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 ~~continue to~~ 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. ~~For example, some of our Cash App products are intended to make investing in certain assets, such as bitcoin, stocks, and exchange-traded funds, more accessible. However, as a result, our customers who use these Cash App products may experience losses or other financial impacts due to, among other things, market fluctuations in the prices of bitcoin and stocks. If our customers are adversely affected by such risks, they may cease using Cash App altogether and our business, brand, and reputation may be adversely affected. Moreover, 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.~~ 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. 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 payments 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 confront 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, **as well as developments in cryptocurrencies, and in tokenization (e.g., replacing which replaces sensitive data such as (e.g., payment card information) with symbols (tokens) to keep the data safe), blockchain, and artificial intelligence ("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 will depend on our ability to develop new technologies **and, to adapt to technological technology** changes and evolving industry standards, **and to incorporate new technologies into our ability 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. 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, not only on our own initiatives and innovations, but also 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, a number of competitors offer BNPL products similar to Afterpay's. Existing competitors **Competitors** and new entrants 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. **Disruptions** **Developments** in the cryptocurrency market subject us to additional risks. **Recent financial distress** **Our investments in bitcoin, our bitcoin ecosystem, and our Cash App feature that permits customers to transact in bitcoin, subject us to additional risks related to any further developments** in the cryptocurrency market markets, such and **the resulting impact on customer and investor behavior. We may experience adverse impacts to our business as a result of the downstream effects of the** bankruptcies filed by certain cryptocurrency market participants, has increased uncertainty in the global economy. There is no certainty that the measures we have taken will be sufficient to address the risks posed by the downstream effects of continued financial distress in the cryptocurrency market, and we may experience material and adverse impacts to our business as a result of the global economic impacts of such financial distress, including the loss of customer trust in cryptocurrencies, including bitcoin, and any recession or economic downturn that has occurred or may occur in the future. The ultimate impact of the financial distress in the cryptocurrency market will depend on future developments, including, but not limited to, the downstream effects of the bankruptcies filed by certain cryptocurrency market participants, its severity, and the actions taken by regulators to address its impact. **Enforcement actions by U. S. regulators against major crypto asset platforms and negative publicity associated with crypto asset activities may, among other things, result in a decline in confidence or interest in crypto assets.** If the cryptocurrency environment further deteriorates, 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 our customers experience losses due to market fluctuations in the prices of bitcoin, they may reduce or cease their use of Cash App and our results of operations may be adversely impacted. **Further** **Our investments in bitcoin, our bitcoin ecosystem, and our Cash App feature that permits customers** **could attempt to seek compensation from transact in bitcoin, subject us for their financial investment losses, and those claims, even if unsuccessful, would likely be time-consuming and costly for us to address. Deteriorations** additional risks related to any further disruption in the cryptocurrency markets and the resulting impact on customer and investor behavior. **For example, any further deterioration in the cryptocurrency markets may also** have an adverse effect on our reputation, and any negative perception by our customers of one or more cryptocurrencies 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 cryptocurrencies **bitcoin** or the cryptocurrency markets. 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, ~~any of which could harm our business and negatively impact our results of operations~~, including risks that: • the transaction may not advance our business strategy or may harm our growth ~~or~~, 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 information security, 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, cyberattacks, 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 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, also 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 ~~the 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. The ongoing integration of Afterpay could disrupt our business and adversely affect our future results of operations. Our ability to benefit from our acquisition of Afterpay depends on ~~our ability to complete~~ the ~~successful~~ integration of Afterpay with our business. ~~The integration of Afterpay is complex and time consuming and there can be no assurance that the integration will be completed effectively or~~ in a timely ~~and effective~~ manner. Difficulties that we have encountered and may continue to encounter in the integration process include the following: • challenges and difficulties associated with managing the larger, more complex, combined company; • conforming standards and controls and consolidating corporate infrastructures between the companies; • integrating personnel from the two companies while maintaining focus on developing, producing and delivering consistent, high quality products and services; • loss of key employees; • coordinating geographically dispersed organizations; • ~~addressing differences in business backgrounds, corporate cultures, and management philosophies~~; • potential unknown liabilities and unforeseen expenses; • ~~our ability to deliver on our strategy, including integrating our BNPL platform into our Cash App and Square ecosystems and strengthening the connection between these ecosystems~~; and • the diversion of management's attention caused by integrating the companies' operations. TIDAL ~~represents a new line of business for us and~~ subjects us to ~~different~~ risks and uncertainties ~~related to the music industry~~. In 2021, we acquired a majority interest in TIDAL which ~~represented a new line of business for us~~. 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. Further, the music industry is highly concentrated, which means we rely on a small number of entities that may take adverse actions or take advantage of their market power to pursue arduous financial or other terms that may adversely affect us or may restrict our ability to innovate and improve our streaming service. Our streaming service also competes for listeners on the basis of the presence and visibility of our app, which is distributed via app stores operated by Apple and Google. We face significant competition for listeners from these companies, which also promote their own music and

content. In addition, our competitors' streaming products may be pre-loaded or integrated into consumer electronics products or automobiles more broadly than our streaming product, which makes such competitors more visible to consumers. If we are unable to compete successfully for listeners against other media providers, then our TIDAL business may suffer. We expect that **the operation of our TIDAL business will require continued investment in operating expenses, headcount, and executive management** time and attention, none of which will ensure that we will be successful. If we fail to successfully operate and grow our TIDAL business, we will not realize the benefits anticipated when we acquired a majority interest in the business, and any such failure could result in adverse effects on our business and financial results, including substantial impairment charges.

Operating or Expanding expanding our business globally subjects us to new challenges and risks. We offer our services and products in multiple countries and **plan to we may** continue expanding our business further globally. ~~Our acquisition of Afterpay expanded our global presence.~~ 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 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 **from 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 U. S. and foreign anti-corruption, anti-bribery, and anti-money laundering laws;
- enactment of tariffs, sanctions, fines, or other trade restrictions;
- exchange rate risk;
- increased exposure to public health issues such as pandemics, and related industry and governmental actions to address these issues; and
- regional 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. Our BNPL platform increases our exposure to consumer defaults, ~~bad transactions,~~ and merchant insolvency. Revenue generated from BNPL products depends on our ability to recoup the purchase value of the goods or services that consumers have purchased using our BNPL platform. Although we rely on technology to assess consumers' repayment capability for our BNPL products, there can be no guarantee that such processes will always accurately predict repayments. Miscalculation of consumers' repayment ability or a material increase in repayment failures, whether due to ~~the current inflationary~~ **inflation environment, macroeconomic uncertainty and downturn** the possibility of a recession, market volatility, or otherwise, may adversely ~~impact affect~~ **impact affect** our **business, results of operations, profitability and prospects financial condition**.

In addition, if consumers who have purchased products or services using our BNPL platform do not receive the products or services, they may cease payment on their outstanding balances or request a refund on previous payments, and our business may be negatively impacted. The performance of our BNPL platform depends also on the sales of products and services by retail merchants. Merchants' sales may decrease as a result of factors outside of their control, including deteriorating macroeconomic conditions and supply chain disruptions. If a merchant ~~closes some or all of its locations,~~ ceases its operations, **closes some or all of its locations**, or fails to deliver goods or services to our consumers, 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. Moreover, if the financial condition of a merchant deteriorates significantly such that the merchant becomes subject to a bankruptcy proceeding, we may not be able to recover any amounts due to us from the merchant, and our financial results would be adversely affected. ~~Square Banking We are subjects-~~ **subject us** 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~~ **We have partnered, on a non-exclusive basis, with Sutton Bank, an and Ohio-chartered, Member FDIC financial services sectors may impact our** bank **partnerships and could negatively impact our business. For example,** to we offer **certain** FDIC-insured **products through** ~~business checking accounts for our partnerships with~~ **sellers. The bank banks that are members of** is subject to oversight both by the Federal Deposit Insurance Corporation ("FDIC") and the State of Ohio. Under the terms of our program agreement with Sutton Bank, checking accounts for our sellers are opened and maintained by Sutton Bank. We act as the service provider to, among other things, facilitate communication between our sellers and Sutton Bank. We believe our **banking business checking account program programs**, including applicable records maintained by us and **Sutton our Bank bank partners**, **complies comply** with all applicable requirements for each **eligible participating** ~~participant~~ **participant**' seller'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 ~~sellers the~~ **participants**' claims as covered by deposit insurance in the event ~~Sutton a Bank bank partner~~ fails and enters receivership proceedings under the Federal Deposit Insurance Act ("FDIA"). If the FDIC were to determine that ~~our checking account program is~~ **funds held at a bank partner are** not covered by deposit insurance, or if ~~Sutton one or more of our Bank bank partners~~ were to ~~actually~~ fail and enter receivership proceedings under the FDIA, ~~participating 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, and our business. ~~Due and results of operations, and may lead~~ **to the fact that 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 partner~~ **partners in connection with these programs**, we are subject to ~~audit~~ **certain risk-management** standards for third-party ~~vendors~~ **relationships** in accordance with ~~FDIC~~ **federal bank regulatory** guidance and examinations by the ~~FDIC~~ **federal banking regulators**. ~~Further~~ Square Savings offers our sellers ~~FDIC-insured~~, **as interest bearing savings accounts at Square Financial Services**. The deposits held at Square Financial Services are insured by the FDIC up to legal limits. As a ~~FDIC-insured institution~~, **our subsidiary** Square Financial Services is **subject to regulatory obligations, including the** ~~assessed~~ **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, we may be required to pay higher **deposit insurance assessments or higher fees associated with** ~~FDIC-insured products offered through~~ premiums. Any future additional assessments, increases or ~~our required prepayments in bank partnerships~~, or we may be subject to **higher capital requirements imposed by the** ~~FDIC insurance premiums~~, **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**. We intend to continue to explore other products, models, and structures for Square Banking. For example, we recently made the Square Credit Card available to some of our sellers. Some models or ~~our structures~~ **product offerings, including with bank partners**. ~~Certain~~ of Square Banking **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** 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. ~~The licenses required in connection with our lending program and other activities related to the Square Banking program subject us to reporting requirements, bonding requirements, and inspection by applicable state regulatory agencies~~. Should we fail to **successfully** expand and evolve **our product offerings** Square Banking in a **successful manner**, or should ~~these~~ **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. Square Loans are subject to additional risks related to availability of capital, seller payments, interest rate, deposit insurance premiums, and general macroeconomic conditions. Square Loans is our commercial lending program. Square Financial Services, as the originator of the loans provided by Square Loans in the U. S., is subject to risks in addition to those described elsewhere in this Annual Report on Form 10-K. Maintaining and growing our Square Loans business is dependent on institutional third-party investors purchasing the eligible business loans originated by us. If such third parties fail to continue to purchase such business loans or reduce the amount of future loans they purchase, then we may need to reduce originations, or we would need to fund the purchase of additional business loans from our own resources. We then may have to reduce the scale of Square Financial Services, which could have a direct impact on our ability to grow. Additionally, Square Financial Services has certain customary repurchase obligations in its loan purchase and servicing agreements with such institutional third-party investors for breaches of certain eligibility representations and warranties. If third parties reduce the price they are willing to pay for these business loans or reduce the servicing fees they pay us in exchange for servicing the business loans on their behalf, then the financial performance of Square Financial Services would be harmed. The business loans provided by Square Loans are generally unsecured obligations of our sellers, and they are not guaranteed or insured in any way. Adverse changes in macroeconomic conditions or the credit quality of our sellers could cause some sellers who utilize Square Loans to cease operating or to experience a decline in their payment processing volume, thereby rendering them unable to make payment on the business loan and / or extend the repayment period beyond the contractual repayment terms on the business loan. To the extent a seller breaches a contractual obligation, such as the requirement to make minimum payments or other breach, the seller would be liable for an accelerated business loan repayment, where our recourse is to the business and not to any individual or other asset. In addition, because the servicing fees we receive from third-party investors depend on the collectability of the business loans, if there is an increase in sellers who utilize Square Loans who are unable to **repay their** ~~make repayment of~~ business loans, we will be unable to collect our entire servicing fee for such loans. While our exposure to loans that we sell to third parties is more limited, if the sellers who utilize Square Loans are unable to repay their loans, the risk of loss in our owned loan portfolio will increase and our business may be adversely affected. ~~In addition, adverse~~ **Adverse** changes in macroeconomic conditions may lead to a decrease in the number of sellers eligible for Square Loans and may strain our ability to correctly identify such sellers or manage the risk of non-payment or fraud as servicer of the business loans. If we fail to correctly predict the likelihood of timely repayment or correctly price such business loans, our business may be materially and adversely affected. Square Financial Services' profitability depends, in part, on its net interest income. Net interest income is the difference between interest income earned on interest-bearing assets, such as loans and securities, and interest expense paid on interest-bearing liabilities, such as deposits and borrowed funds. 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. The impact of any sudden and substantial move in interest rates and / or increased competition may have an adverse effect on our business, financial condition and results of operations, as our net interest income may be adversely affected. ~~Our participation in government relief programs set up in response to the COVID-19 pandemic, such as facilitating loans to businesses under the Paycheck Protection Program may subject us to new risks and uncertainties~~. As a participant in the Paycheck Protection Program ("PPP") administered by the Small Business Administration ("SBA") and enacted in March 2020 in response to the COVID-19 pandemic, Square Capital provided small businesses two-year or five-year PPP loans. Square Capital approved and funded the last remaining PPP loan applications in May 2021 upon exhaustion of the funds in the program. While the vast majority of Square Capital's PPP loans have been forgiven or guaranteed at this point, Square Capital's documentation, review, underwriting, and servicing processes could be subject to further scrutiny by the SBA. We also may become subject to litigation arising as a result of our participation in the PPP, which could result in significant financial liability or could adversely affect our reputation. There can be no assurance that Square Capital will be successful in mitigating all of the

~~risks associated with the PPP loans or that this lending will not have a negative impact on our business and results of operations.~~

Operational Risks We, our sellers, our partners, and others who use our services obtain and process a large amount of sensitive 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 sensitive 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 ; subsidiaries, 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 sensitive 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) (HIPAA), 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, or technological bug, 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. 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, our use of AI 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 sunset 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 information security 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 of or someone obtains unauthorized access to or exfiltrates funds, bitcoin, investments, or other assets, or other sensitive data on our systems or our partners' systems, or if we, our third- party developers or vendors suffer 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 the sensitive data or assets are lost or improperly accessed, misused, disclosed, destroyed, or altered or threatened to be improperly accessed, misused, disclosed, destroyed, or altered, 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. For example, in April 2022 we announced that we determined that a former employee downloaded certain reports of our subsidiary Cash App Investing in December 2021 that contained some U. S. customer information without permission after the former employee' s employment ended, as disclosed in our Current Report on Form 8- K filed with the SEC on April 4, 2022. We have incurred costs related to our investigation and response to this incident, and we could incur other losses, costs, and liabilities in connection with such incident. 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 information security 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, ~~and new errors or vulnerabilities may be introduced in the future. If there are such errors or defects in our software, hardware, systems, or external facing communications,~~ 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 ~~may be negatively impacted,~~ and **led to** we may face 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. If there are defects in the manufacture of our hardware products, we may face similar 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 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 our business and could disrupt 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 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 may 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, outages, security incidents, and other events or conditions that interrupt the availability, data integrity, or reduce the speed or functionality of our products and services. These events have resulted and likely will result in loss of revenue. In addition, **we may incur** they could result in 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 associated with Russia's invasion of Ukraine, 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 ~~or,~~ 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, could also have a material and adverse impact on our sellers or other customers, which, in the aggregate, could in turn adversely affect our 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. 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 ~~-. As the number of customers who transact bitcoin on Cash App has increased and the amount of bitcoin we hold on behalf of such customers has grown, the risks and consequences of such adverse events have increased~~ 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 and 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 can also expose us to governmental and regulatory enforcement actions 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. 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 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, 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 **and,** improving **, and making investments into** our ~~existing~~ risk management infrastructure, techniques, and processes. In addition, when we introduce new products or services ~~-, such as Square Banking, BNPL, and Cash App Borrow,~~ expand existing services, including online payment acceptance and expanded methods of instantly moving money, 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, ~~we recently made~~ certain Cash App functions **are** available to

customers between the ages of 13 through 17 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. While we maintain a program of insurance coverage for various types of liabilities, we may self-insure against certain business risks and expenses where we believe we can adequately self-insure against the anticipated exposure and risk or where insurance is either not deemed cost-effective or unavailable. 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. **Additionally, the recent global Global supply chain disruptions and shortages may also related to the COVID-19 pandemic have negatively affected 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 ~~as a result of the global economic downturn~~, 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, ~~since October 2015~~, 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 self-insurance or holding seller reserves, are ineffective, we may suffer large financial losses, we may be subject to civil and criminal liability, and our business may be materially and adversely affected. We are dependent on payment card networks and acquiring processors, and any changes to their rules or practices 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~~ **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 adequately, may breach ~~or their agreements with us, may~~ terminate their agreements with us ~~if they believe we have breached them~~, or may refuse to renegotiate or renew these agreements on terms that are favorable or commercially reasonable. They might also 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. 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 increase in the future, 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~~ ~~Because we generally charge our sellers a standard rate for our managed payments services, rather than passing through interchange fees and assessments to our sellers directly, 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. Likewise, we have negotiated favorable pricing for the

processing fees we pay to the payment card networks for peer-to-peer transactions on our Cash App. As such, an increase in interchange fees or assessments could raise our costs for such transactions, 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 that sellers are engaging in activities that are illegal, contrary to the payment card network operating rules, or considered “high risk.” We must either prevent high-risk sellers **individuals** from using our products and services or register such high-risk sellers **individuals** with the payment card networks and conduct additional monitoring with respect to such high-risk sellers **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 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, 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, **provide liquidity for Cash App’s feature that permits our customers to buy and sell bitcoin**, and the provision of information and other elements of our services. For example, we rely on a limited number of acquiring processors in **many some** of the jurisdictions in which we offer our services. **We While we believe there are in other-- the process of transitioning one of our** acquiring processors, **and we frequently review and assess third-party partners that provide services.** could meet our needs, adding **Adding** or transitioning to new **acquiring or issuing processors or other third-party** providers may significantly disrupt our business **and-or** increase our costs. **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 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 have **also** in the past experienced outages with third parties we have worked with, which **has have** affected **the 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 or 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, from time to time, there may be changes in our management team that may be disruptive to our business. If our management team, 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 plans to cap our employee base at approximately 12,000, and any other future plans to restructure our employee base to improve operational efficiencies and operating costs, may adversely affect our ability to retain or attract highly skilled employees.** 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 **are actively recruiting may hire in the future.** Furthermore, our **international expansion and our business in general** 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 **and-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 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 increased as we shift to a more distributed workforce. If we are not successful in developing and implementing the right processes and tools to manage our enterprise, our ability to compete successfully and achieve our business objectives could be impaired. These efforts may require substantial financial expenditures, commitments of resources, developments of our processes, and other investments

and innovations. 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 Additionally, our 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 **some certain assumptions and judgment 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 **consider believe** our reporting metrics to accurately reflect our business or they disagree with our methodologies, our reputation may be harmed and our business may be adversely impacted. Many of our key components 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 products, such as the custom parts of our magstripe reader, come from limited or single sources of supply. **In addition, in some cases, we rely only on one manufacturer to fabricate, test, and assemble our products. For example, a single manufacturer assembles our magstripe reader and our contactless and chip reader, as well as manufactures those products' plastic parts with custom tools that we own but that the manufacturer maintains on its premises. The term of the agreement with that manufacturer automatically renews for consecutive one- year periods unless either party provides notice of non- renewal. In general, our contract manufacturers fabricate or procure components on our behalf, subject to certain approved procedures or supplier lists, and we do not have firm commitments from all of these manufacturers to provide all components, or to provide them in quantities and on timelines that we may require. For example, pursuant to a development and supply agreement, a component supplier provides design, development, customization, and related services for components of the magnetic stripe- reading element in some of our products. The term of the agreement renews for consecutive one- year periods unless either party provides notice of non- renewal. Similarly, a component provider develops certain application- specific integrated circuits for our products pursuant to our designs and specifications. The term of our agreement with this provider renews for successive two- year terms unless either party provides notice of non- renewal. Due to our reliance on the components or products produced by third- party suppliers such as these, we are subject to the risk of shortages and long lead times or other disruptions in the supply of certain components or products. Our ongoing efforts to identify alternative manufacturers for the assembly of our products and for many of the single- sourced components used in our products may not be successful. In the case of off- the- shelf components, we are subject to the risk that our suppliers may discontinue or modify them, or that the components may cease to be available on commercially reasonable terms, or at all. 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 The current global supply chain disruptions and shortages, in if we underestimate or overestimate demand for a particular product with respect to integrated circuits, have affected our contract manufacturers and suppliers may not be able to deliver sufficient quantities of that product to meet our requirements, our- or we may carry excess supply chain and resulted in low levels of inventory for some, all of which our hardware products. We therefore may be unable to timely fulfill orders for some hardware products. These hardware shortages could negatively adversely affect our business ability to serve and acquire sellers, and if such shortages continue for an extended period of time, could materially and adversely impact our financial results.** 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, **such as the current global shortage of integrated circuits,** 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 in China are subject to 25 % tariffs when imported to the United States, while some other hardware devices are subject to tariffs at 7. 5 %. These tariffs negatively affect **the gross margin on the impacted products, which only partially has been offset by adjustments to the prices of some of the affected products. Any future tariffs and actions related to items imported from China or elsewhere could also negatively impact** our gross margin on the impacted products, and increases in our pricing

as a result of tariffs would 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 could have a material and adverse effect on our business, financial condition, and results of future operations. Our ~~business could be harmed if we are unable to accurately forecast demand for our products and to adequately manage our product inventory. We invest broadly in our business, and such investments are partially driven by our expectations of the future success of a product. Our ability to accurately forecast demand for our products could be affected by many factors, including an increase or decrease in demand for our products or for our competitors' products, and changes in general market or economic conditions. If we underestimate 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, and we may experience a shortage of that product available for sale or distribution. If we overestimate demand for a particular product, we may experience excess inventory levels for that product and the excess inventory may become obsolete or out of date. Excess inventory may also result in inventory write-downs or write-offs and sales at further discounted prices, which could negatively impact our gross profit and our business.~~ Our services must integrate with a variety of operating systems, and the hardware that enables merchants to accept payment cards must interoperate with third-party mobile devices utilizing those 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, as well as 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. ~~In addition, Square hardware interoperates with wired and wireless interfaces to mobile devices developed by third parties. For example, the current versions of Square's magstripe reader plug into an audio jack or a Lightning connector. The use of these connection types could change, and such changes and other potential changes in the design of future mobile devices could limit the interoperability of our hardware and software with such devices and require modifications to our hardware or software. If we are unable to ensure that our hardware and software continue to interoperate effectively with such devices, if doing so is costly, or if existing merchants decide not to utilize additional parts necessary for interoperability, our business may be materially and adversely affected.~~ Our TIDAL business depends upon maintaining complex licenses with copyright owners, and it is difficult to estimate the amount payable under our license agreements. 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, including the type of content accessed, the country in which it is accessed, the service tier such content is streamed on, the identity of the license holder to whom royalties are owed, the current size of our subscriber base, the applicability of any most favored nations provisions, and any applicable fees, waivers, and discounts, among other variables. We may underpay / under- accrue or overpay / over- accrue the royalty amounts payable to record labels, music publishers, and other copyright owners. Failure to accurately pay our royalties may damage our business relationships, our reputation, and adversely affect our business, operating results, and financial condition. Economic, Financial, and Tax Risks A deterioration of general macroeconomic conditions could materially and adversely affect our business and financial results. Our performance is subject to economic conditions and their ~~the~~ **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 uncertainty have impacted and may continue to impact consumer spending in general and at these businesses specifically.** 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. For example, if sellers processing payments with Square receive chargebacks after they cease to operate, we may incur additional losses. We serve sellers across a variety of industry verticals and in an economic downturn, certain verticals, particularly those that may be viewed as discretionary by consumers, may be impacted to a greater degree than others, which may harm our business and financial results. ~~We~~ **Even after the impacts of the COVID-19 pandemic have subsided, we may experience material and adverse impacts to our business as a result of the virus's global uncertainty and volatility in the banking and financial services sectors, deteriorating economic macroeconomic impact conditions**, including the worldwide supply chain disruption **inflation and interest rate increases**, availability of credit, bankruptcies or insolvencies of customers, and recession or economic downturn. ~~In addition, inflation has impacted and may continue to impact consumer spending and the economy as a whole.~~ 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, ~~as we expand customers who utilize our business to offer~~ **our business to offer** BNPL products and consumer loan products, such as Cash App Borrow, ~~those customers may also be disproportionately adversely affected by economic downturns, which could~~ **negatively impact demand for these product offerings or** 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. ~~Thus~~ **In addition**, ~~if general macroeconomic conditions deteriorate, our business and financial conditions could be materially- in near term expense and adversely affected~~ **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 work- from- home practices have caused and may in the future cause us to need less office space than we are contractually committed to leasing.~~ **our strategies, any of which can result- result could harm to our growth prospects**. We are currently subletting some of our office space. An economic downturn ~~or~~ **and** our work- from- home practices ~~have caused and may in the future cause us to need less office space than we are contractually committed to leasing.~~ **have caused and may in the future cause us to need less office space than we are contractually committed to leasing.** ~~If~~ **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 incur losses or recognize impairment charges in connection with the unused office space.~~ We are also monitoring developments related to the United Kingdom's exit from the European Union. Brexit could have significant implications for our business and could lead to economic and legal uncertainty and increasingly divergent laws, regulations, and licensing requirements. Any of these effects of Brexit, among others, could adversely affect our operations and financial results. We may not be able to secure financing on favorable terms, or at all, to meet our future capital needs, and our existing credit facility and our senior notes contain, and any future debt financing may contain, covenants that impact the operation of our business and pursuit of business opportunities. We have funded our operations since inception primarily through debt and equity financings, bank credit facilities, finance lease arrangements, 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 and 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 additional capital to respond to business opportunities, refinancing needs, business and financial challenges, regulatory surety bond requirements, acquisitions, or unforeseen circumstances and may decide to engage in equity, equity- linked, or debt financings or enter into additional credit facilities 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. Following our acquisition of Afterpay, we assumed Afterpay's financing arrangements with financial institutions in Australia, New Zealand, the United States and the United Kingdom (collectively, the "Warehouse Facilities"). We use the Warehouse Facilities to partly fund our BNPL platform. The terms of the Warehouse 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 Facilities. If certain events of default occur under the Warehouse Facilities, we may not be able to draw future funding from those Warehouse Facilities or the debt outstanding under the Warehouse Facilities may be accelerated and our business and financial results could be adversely impacted. Our credit facility contains affirmative and negative covenants, including customary limitations on the incurrence of certain indebtedness and liens, restrictions on certain intercompany transactions, and limitations on dividends and stock repurchases. The indentures pursuant to which our 2026 Senior Notes and 2031 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 facility 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 facility, our Senior Notes, our other outstanding indebtedness, including our ~~2023 Convertible Notes~~, 2025 Convertible Notes, 2026 Convertible Notes, and 2027 Convertible Notes (collectively, 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. 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 December 31, ~~2022~~ **2023**, we had \$ 460. 6 million outstanding aggregate principal amount of ~~2023 Convertible Notes~~, \$ 1. 0 billion outstanding aggregate principal amount of 2025 Convertible Notes, \$ 575. 0 million outstanding aggregate principal amount of 2026 Convertible Notes, ~~and~~ \$ 575. 0 million outstanding aggregate principal amount of 2027 Convertible Notes, \$ 1. 0 billion outstanding aggregate principal amount of 2026 Senior Notes, and \$ 1. 0 billion outstanding aggregate principal amount of 2031 Senior Notes. Prior to ~~February 15, 2023, in the case of the 2023 Convertible Notes;~~ December 1, 2024, in the case of the 2025

Convertible Notes ; February 1, 2026, in the case of the 2026 Convertible Notes ; and August 1, 2027, in the case of the 2027 Convertible Notes ; the applicable Convertible Notes are convertible at the option of the holders only under certain conditions or upon occurrence of certain events. ~~After February 15, 2023, the 2023 Convertible Notes are convertible at the option of the holders thereof until the second scheduled trading day immediately preceding May 15, 2023, the maturity date. Whether the Convertible Notes of any series will be convertible following a calendar quarter will depend on the satisfaction of this condition or another conversion condition in the future.~~ If holders of the Convertible Notes of a series elect to convert such Convertible Notes when eligible, we will be required to make cash payments in respect of the Convertible Notes being converted unless we elect to deliver solely shares of our Class A common stock to settle such conversion. We currently expect to settle future conversions of our Convertible Notes solely in shares of our Class A common stock, ~~which has the effect of~~ **and our ability to elect to settle such conversions solely in shares requires us to** ~~including~~ **include** the shares of Class A common stock issuable upon conversion of the Convertible Notes of such series in our diluted earnings per share to the extent such shares are not anti-dilutive. We will reevaluate this policy from time to time as conversion notices are received from holders of the Convertible Notes. 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** ~~in the event of~~ 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. Since inception, our business has generated net losses in most quarters, and we may continue to incur significant losses. As a result, 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. 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 or the fundamental change itself could also lead to a default under our credit facility, our other outstanding indebtedness, or agreements governing our future indebtedness and 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 each series 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 ~~investments in bitcoin may be~~ **investment is** subject to volatile market prices ; ~~impairment, and other risks of loss.~~ **We** As of December 31, 2022, we have made **, and** ~~emulative investments in bitcoin of \$ 220.0 million. We may make additional~~ **, investments in** bitcoin ~~purchases in the future.~~ The price of bitcoin has been highly volatile and may continue to be volatile in the future, ~~including as a result of various associated~~ **due to market factors, regulatory developments and other** risks ~~and uncertainties 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 ~~the our~~ bitcoin **investment** we hold continues to decrease relative to the purchase prices, our financial condition may be adversely impacted. ~~Moreover,~~ **The manner in which we account for our** bitcoin ~~currently is considered under applicable accounting rules has changed. For example, prior to our adoption of ASU 2023- 08, Accounting for and Disclosure of Crypto Assets (" ASU 2023- 08 ") , our bitcoin was accounted for as an indefinite- lived intangible asset under current applicable accounting rules and for each reporting period~~ , meaning that any decrease in its market ~~we were required to evaluate our bitcoin for impairment and record impairment losses if the fair~~ value ~~decreased~~ below our book ~~the~~ **carrying** value ~~during the assessed period. Since impairment losses for our bitcoin investment could~~ such asset at any time subsequent to its acquisition will require us to recognize impairment charges, whereas we may make no ~~not~~ upward revisions ~~be recovered~~ for any ~~subsequent market price increases~~ **in fair value** until a sale ~~the asset was sold~~ , which may adversely affect our operating results ~~were adversely affected~~ in any period in which such impairment ~~occurs 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 have recorded several such impairment ~~will continue to remeasure our bitcoin investment at the end of each reporting period with charges~~ **charges changes recognized in our consolidated statements of operations**. 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~~ **Following our acquisition of Afterpay, our international operations account for a more significant portion of our overall operations and our** exposure to fluctuations in foreign currency exchange rates **through our international operations** has increased significantly, which 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 may have exposure to greater- than- anticipated tax liabilities, which may materially and adversely affect our business. We are subject to income taxes and non- income taxes in the United States and other countries in which we transact or conduct business, and such laws and rates vary by jurisdiction. We are subject to review and audit by U. S. federal, state, local, and foreign tax authorities. Such tax authorities may disagree with tax positions we take, and if any such tax authority were to successfully challenge any such position, our financial results and operations could be materially and adversely affected. In addition, we currently are, and expect to continue to be, subject to numerous federal, state, local and foreign tax audits relating to transfer pricing, income, sales ~~& use~~ **, gross receipts, franchise**, value- added (“ VAT ”), and other tax liabilities. While we have established reserves based on assumptions and estimates that we believe are reasonably sufficient to cover such eventualities, any adverse outcome of such a review or audit could have an adverse impact on our financial position and results of operations if the reserves prove to be insufficient. Our tax liability could be adversely affected by changes in tax laws, rates, regulations, and administrative practices. For example, various levels of government and international organizations, such as in the United States, the Organisation for Economic Co- operation and Development (“ OECD ”), and the European Union (“ EU ”), have increasingly focused on tax reform and any result from this development may create changes to long- standing tax principles, which could adversely affect our effective tax rate. On October 8, 2021, the OECD announced an international agreement with more than 130 countries to implement a new global minimum effective corporate tax rate of 15 % **(known as " Pillar Two")** for large multinational companies starting in 2023. Additionally, under the agreement, new rules have been introduced that will result in the reallocation of certain profits from large multinational companies to market jurisdictions where customers and users are located. On December 12, 2022, the EU Council unanimously agreed to implement **Pillar Two** ~~the 15% global minimum tax rate~~, which EU member countries are required to adopt into their respective tax codes by the end of 2023. **On July 17, 2023, the OECD published Administrative Guidance regarding certain safe harbor rules that effectively extend certain effective dates to January 1, 2027**. Although certain implementation details have yet to be developed and the enactment of these changes has not yet taken effect, these changes may have adverse tax consequences for us. On August 16, 2022, the Inflation Reduction Act (“ IRA ”) was enacted in the United States, which introduced, among provisions, a new minimum corporate income tax on certain large corporations, an excise tax of 1 % on certain share repurchases by corporations, and increased funding for the Internal Revenue Service (“ IRS ”). Although we do not anticipate the new corporate minimum income tax will currently apply to us, changes in our business and any future regulations or other guidance on the interpretation and application of the new corporate minimum tax ~~, as well as the potential application of the share repurchase excise tax,~~ may result in additional taxes payable by us, which could materially and adversely affect our financial results and operations. Our income tax obligations are based on our corporate operating structure, including the manner in which we develop, value, and use our intellectual property and the scope of our international operations. The tax authorities of the jurisdictions in which we operate may challenge our methodologies for valuing developed technology or intercompany arrangements. Additionally, tax authorities at the international, federal, state, and local levels are currently reviewing the appropriate tax treatment of companies engaged in internet commerce and financial technology and attempting to broaden the classification and definitions of activities subject to taxation. For example, various states may attempt to broaden the definition of internet hosting, data processing, telecommunications, and other services to capture additional types of activities. These developing changes could affect our financial position and results of operations. In particular, it is possible that tax authorities at the international, federal, state, and local levels may attempt to regulate our transactions or levy new or revised sales ~~& use~~ **taxes , gross receipts, franchise**, VAT, digital services taxes, digital advertising taxes, income taxes, loan taxes, or other taxes relating to our activities, which would likely increase the cost of doing business. New taxes could also create significant increases in internal costs necessary to capture data and collect and remit taxes. Proposed or enacted laws regarding tax compliance obligations could require us to make changes to our infrastructure or increase our compliance obligation. Any of these events could have an adverse effect on our business and results of operations. Moreover, an increasing number of states, the U. S. federal government, and certain foreign jurisdictions have considered or adopted laws or administrative practices that impose obligations for on- demand and streaming services, online marketplaces, payment service providers ~~, and other intermediaries~~. These obligations may deem parties, such as us, to be the legal agent of merchants and therefore may require us to collect and remit taxes on the merchants' behalf and take on additional reporting and record- keeping obligations. For example, the American Rescue Plan Act of 2021 requires businesses that process payments ~~, such as Cash App,~~ to report payments for goods and services on Form 1099- K when those transactions total **more than \$ 600** ~~or more~~ in a year for a given seller. ~~This, which~~ reporting requirement applies to **Square and Cash App** for Business accounts ~~, not personal Cash App accounts~~. ~~The~~ **This** new threshold is currently expected to apply to transactions occurring in ~~2023~~ **2024**, subject to any changes implemented by the ~~IRS~~ **Internal Revenue Service**. Any failure by us to prepare for and to comply with these and similar reporting and record- keeping obligations could result in substantial monetary penalties and other sanctions, adversely impact our ability to do business in certain jurisdictions, and harm

our business. The determination of our worldwide provision for income and other tax liabilities is highly complex and requires significant 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 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 December 31, ~~2022~~ **2023**, we had a valuation allowance for deferred tax assets in the United States and in certain other countries. Our net deferred tax assets relate predominantly to the United States federal and state tax jurisdictions. The need for a valuation allowance requires an assessment of both positive and negative evidence when determining 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. We continue to monitor the likelihood that we will be able to recover our deferred tax assets in the future. Future adjustments in our valuation allowance may be required. The recording of any future increases in our valuation allowance 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 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, privacy, data protection and information security, 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, the SEC, the Consumer Financial Protection Bureau ("**CFPB**"), and Office of Foreign Assets Control, self- regulatory organizations, and numerous state and local agencies, such as the Utah Department of Financial Institutions. Outside of the United States, we are subject to additional regulators, **authorities, and governing bodies**. As we expand into new jurisdictions, ~~or~~ 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. Laws, regulations, and standards are subject to changes and evolving interpretations and application, including by means of legislative changes and / or executive orders, and **it may not be consistent across jurisdictions or regulatory bodies. It** can be difficult to predict how ~~they~~ **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 includes a feature that permits our customers to buy and sell 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 prevent such transactions. Despite this, due to the nature of bitcoin and blockchain technology, ~~it we~~ **not be able technically infeasible** to prevent all such transactions, and there can be no guarantee that our measures will be viewed as sufficient. The regulation of **bitcoin, as well as** cryptocurrency and crypto platforms is an evolving area, and we could become subject to additional legislation or regulation in the future. ~~For~~ **As an** example, Louisiana's virtual currency regulatory scheme became effective on January 1, 2023 and requires covered entities, such as Block, to obtain a license to continue its feature permitting customers to buy and sell bitcoin. It is possible that other ~~the~~ **states may also issue similar licensing requirements. As another example, the Financial Crimes Enforcement Network ("FinCEN")** has issued a proposed rule that would require ~~cryptocurrency- bitcoin~~ **cryptocurrency- bitcoin** providers like us to keep additional records of and file additional reports to FinCEN of certain ~~cryptocurrency- bitcoin~~ **cryptocurrency- bitcoin** transaction information. There are substantial uncertainties on how these proposed requirements would apply in practice, and we may face substantial compliance costs to operationalize and comply with these requirements should FinCEN finalize this rule as proposed. If we fail to comply with regulations or prohibitions applicable to us, we could face regulatory or other enforcement actions, potential fines, reputational harm, and other consequences. Further, we might not be able to continue operating the feature in Cash App, at least in current form, or might need to make other changes to our business, our products or our services, 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. Although we have a compliance program focused on the laws, rules, ~~and~~ **regulations, and standards** applicable to our business, we have been and ~~may~~ **are** still be subject to **audits, inspections**, inquiries, investigations, fines, or other **actions or** penalties in one or more jurisdictions levied by regulators, including federal 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, we received inquiries from the SEC and Department of Justice shortly after the publication of a short**

seller report in March 2023. We believe the inquiries primarily relate to the allegations raised in the short seller report .

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 breach of compliance** by us **to comply** with respect to applicable laws, rules, **and regulations** , **and standards** could have a significant impact on our reputation as a trusted brand and 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 and potential **criminal and civil** liability . ~~Further, from time to time, we may leverage third parties to help conduct our businesses in the U. S. or abroad. We and our third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities and may be held liable for any corrupt or other illegal activities of these third-party business partners and intermediaries, our employees, partners, and agents, even if we do not explicitly authorize such activities. While we have policies and procedures to address compliance with such laws, we cannot assure you that our employees and agents will not take actions in violation of our policies and applicable law, for which we may be ultimately held responsible.~~ 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 European Union’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. The U. K.’ s data protection regime contains similar requirements. When transferring personal data from the EU to other jurisdictions, we utilize standard contractual clauses published by the EU Commission (the “ SCCs”). On July 16, 2020, the Court of Justice of the European Union (“ CJEU ”) issued a decision that may impose additional obligations on companies when relying on those SCCs. **This CJEU On July 10, 2023, the European Commission issued its “ adequacy decision may result in different EEA ” for the EU- US data Data Privacy Framework, concluding that the DPF ensures U. S.** protection regulators ~~applying differing standards for the transfer of personal data from the EEA to the United States, and even require ad hoc verification of measures taken with respect to data flows. As a result of this CJEU decision or other developments with respect to the legal and regulatory regime affecting cross-border data transfers~~ **transferred** , ~~we may be required between the countries is comparable to that offered in~~ take additional steps to legitimize impacted personal data transfers. ~~Both the EU and the U. K. have issued updated SCCs that are required to be implemented.~~ 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. In the U. K., the Data Protection Act and legislation referred to as the UK GDPR substantially enact the EU GDPR into U. K. law, with penalties for noncompliance of up to the greater of £ 17. 5 million or four percent of worldwide revenues. The European Commission has issued an adequacy decision under the GDPR and the Law Enforcement Directive, pursuant to which personal data generally may be transferred from the EU to the U. K. without restriction, subject to a four- year “ sunset ” period, after which the European Commission’ s adequacy decision may be renewed. During that period, the European Commission will continue to monitor the legal situation in the U. K. and may intervene at any time with respect to its adequacy decision. The UK’ s adequacy determination therefore is subject to future uncertainty and may be subject to modification or revocation in the future. 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, in addition to the GDPR, the European Commission has a draft regulation in the approval process that focuses on a person’ s right to conduct a private life. The proposed legislation, known as the Regulation of Privacy and Electronic Communications (“ ePrivacy Regulation ”), would replace the current ePrivacy Directive. If adopted, **it would carry the earliest date for entry into force is in 2023, with** broad potential impacts on the use of internet- based services and tracking technologies, such as cookies. We expect to incur additional costs to comply with the requirements of the ePrivacy Regulation as it is finalized for implementation. Additionally, on January 13, 2022, the Austrian data protection regulator published a decision ruling that the collection of personal data and transfer to the U. S. through Google Analytics and other analytics and tracking tools used by website operators violates the GDPR. The **Dutch,** French and Italian data protection regulators have adopted similar decisions. Other data protection regulators in the EU increasingly are focused on the use of online tracking tools. 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 modified by the California Privacy Rights Act (“ CPRA ”), which was passed in November 2020 and became effective on January 1, 2023. The CCPA and CPRA impose stringent data privacy and data protection requirements relating to personal information of California residents, and provide for penalties for noncompliance of up to \$ 7, 500 per violation. Aspects of the interpretation and enforcement of the CCPA and

CPRA remain unclear. More generally, privacy, data protection, and information security ~~continues~~ **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. ~~Various~~ **For example, several** states in the U. S. have proposed or enacted laws that contain obligations similar to the CCPA. ~~For example, Virginia enacted the Virginia Consumer Data Protection Act in March 2021, Colorado enacted the Colorado Privacy Act in July 2021, Utah enacted the Utah Consumer Privacy Act in March 2022, and CPRA Connecticut enacted An Act Concerning Personal Data Privacy and Online Monitoring in May 2022. All of these are comprehensive privacy statutes that~~ **have taken effect or** will become **take** effective ~~--- effect in coming years 2023 and share similarities with the CCPA, the CPRA, and legislation proposed in other states.~~ The U. S. federal government also is contemplating federal privacy legislation. The effects of recently proposed or enacted legislation 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 may increase our compliance costs.** We have incurred, and may continue to incur, significant expenses to comply with evolving privacy, data protection, and information security standards and protocols imposed by law, regulation, industry standards, shifting consumer expectations, or contractual obligations. Laws and regulations directed at privacy, data protection, and information security, 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 in the EU and the CCPA, CPRA, 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 litigation, including intellectual property claims, government investigations or inquiries, and regulatory matters or disputes. We are currently, and may continue to be, subject to claims, lawsuits (including class actions and individual lawsuits), **government disputes, investigations, subpoenas, inquiries or audits, and other actions or proceedings, including from** regulatory **bodies** investigations, subpoenas, inquiries or audits, and **other proceedings governmental agencies**. The number and significance of our legal disputes and inquiries 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 disputes as we continue to grow and expand. We also receive significant media attention, which could result in increased litigation or other legal or regulatory reviews and proceedings. Moreover, legal disputes or government or regulatory inquiries or findings may cause follow- on litigation or regulatory scrutiny by additional parties. **These claims, lawsuits, investigations, subpoenas, inquiries, audits and other actions may require significant time and expense even if we are successful in resolving the matter, and the outcomes can be uncertain and unpredictable and may involve material penalties, fines or restrictions on our business.** Some of the laws and regulations affecting the internet, mobile commerce, payment processing, BNPL ~~lending~~, 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 claims, lawsuits, government or regulatory investigations, subpoenas, inquiries or audits, and other proceedings to which we are subject cannot be predicted with certainty. Regardless of the outcome, such investigations and legal proceedings can have a material and adverse impact on us due to their costs, diversion of our resources, and other factors. Plaintiffs 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 disputes on terms that are unfavorable to us. We ~~may have~~ **also been** accused of having, or **may** be found to have, infringed or violated third- party copyrights, patents, trademarks, and other intellectual property rights. ~~For example, in December 2021, H & R Block filed a lawsuit against us for trademark infringement following our name change to Block.~~ If any 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 ~~may have~~ **, from time to seek 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. **We**, ~~or we~~ **may have also need** to change **, restrict** or cease certain practices **altogether**. 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. As a licensed money transmitter, we are subject to important obligations and restrictions. We have obtained licenses to operate as a money transmitter (or as other financial services institutions) in the ~~United States~~ **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 European Union~~, the ~~United Kingdom~~ **U. K.**, and Australia. As a licensed money transmitter, we are subject to obligations and restrictions 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. Evaluation of our compliance efforts, as well as the questions of whether and to what extent our products and services are considered money transmission, are matters of regulatory interpretation and could change over time. In the past, we have been subject to fines and other penalties by regulatory authorities due to their interpretations and applications to our business of their respective state money transmission laws. In the future, as a result of the regulations applicable to our business, we could be subject to investigations and resulting liability, including governmental fines, restrictions on our business, or other sanctions, and we could be forced to cease conducting business 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 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. We are subject to a number of regulatory risks in the BNPL space. **The regulation of BNPL platform products is evolving, and at least in its current form, it is possible that states with the geographic expansion of our - or countries pass BNPL platform into new or additional regulations or markets, we may also become subject to additional and changing legal, regulatory, tax, licensing, and compliance requirements and industry standards with respect to that could adversely impact our BNPL products or the way we operate our BNPL platform.** In addition, the Consumer Financial Protection Bureau (“CFPB”) recently announced plans to regulate companies offering BNPL products. Increased compliance obligations and regulatory scrutiny may negatively impact our revenue and profitability. **Our Any** inability, or perceived inability, to comply with existing or new compliance obligations issued by the CFPB or any other 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. **The regulation of BNPL products is..... affect us and our results of operations.** 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 clearing and carrying broker, DriveWealth LLC (“DriveWealth”). 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, including DriveWealth, to provide services, including managing 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 facilitates the transmission and delivery of those funds on behalf of customers to DriveWealth or back to the applicable customer. However, a change in the net capital rules, a change in how Cash App Investing handles or holds customer assets, 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 inject 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. It is possible that FINRA will require changes to our business practices based on our ownership of Cash App Investing, which could impose additional costs or disrupt our business. In certain cases, FINRA has required unregistered affiliates of broker-dealers to comply with additional regulatory requirements, including, among others, handling all securities or other financial transactions through the affiliated broker-dealer or conforming all marketing and advertising materials to the requirements applicable to broker-dealers. We do not currently believe that these types of requirements apply to any aspect of our business other than the securities transactions facilitated through the Cash App. It is possible that, in the future, FINRA could require us to comply with additional regulations in the conduct of other activities (i. e., beyond the securities transactions made through the Cash App). If that were to occur, it could require significant changes to our business practices. These and other changes would impose significantly greater costs on us and disrupt existing practices in ways that could negatively affect our overarching business and profitability. Our subsidiary Square Financial Services is a Utah state-chartered industrial **bank loan company**, which requires that we serve as a source of financial strength to it and subjects us to potential regulatory sanctions. 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 Federal Deposit Insurance Act** 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 during the first three years of operation may not be less than the levels provided in Square Financial Services' business plan approved by the FDIC. Thereafter, the regulatory capital ratios must be annually 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 the leverage ratio of Square Financial Services at a minimum of 20 percent following the first three years of Square Financial Services' operations; 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; and engage a third party to review and provide periodic reports concerning the effectiveness of our complaint response system. 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 extensive supervision and regulation, including the Dodd-Frank Act and its related regulations, which are subject to change and could involve material costs or affect operations. The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the " Dodd-Frank Act ") effected significant changes to U. S. financial regulations and required rule making by U. S. financial regulators including adding a new Section 13 to the Bank Holding Company Act known as the Volcker Rule. The Volcker Rule generally restricts certain banking entities (such as Square Financial Services) from engaging in proprietary trading activities and from having an ownership interest in or sponsoring any private equity funds or hedge funds (or certain other private issuing entities). The current activities of Square Financial Services have not been and are not expected to be materially affected by the Volcker Rule. Nevertheless, we cannot predict whether, or in what form, any other proposed regulations or statutes or changes to implementing regulations will be adopted or the extent to which the business operations of Square Financial Services may be affected by any new regulation or statute. Such changes could subject our business to additional compliance burden, costs, and possibly limit the types of financial services and products we may offer. Square Financial Services is also 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. 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. 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.

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. 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. 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. Furthermore

Legal and regulatory changes in this area may also present uncertainty and risk. For instance, the Unified Patent Court in the European Union creates an opportunity to efficiently resolve such claims in a specialized forum, while also introducing limited operational uncertainty as the court's procedures and processes scale. 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.

Increased scrutiny from investors, regulators, and other stakeholders relating to environmental, social, and governance issues could result in additional costs for us and may adversely impact our reputation. Investors, regulators, customers, employees and other stakeholders are increasingly focused on environmental, social, and governance ("ESG") matters. Our ESG strategy is focused on four key areas: **driving financial inclusion throughout our ecosystem and in our communities, taking climate action for a more resilient**, ~~social impact, employees and sustainable culture-~~ **future, advancing inclusion and diversity across our distributed workplace, and designing** corporate governance **to promote trust and long-term value**, and we

publicly report on certain commitments, initiatives, and goals regarding ESG matters in our annual Corporate Social Responsibility Report, on our website, in our SEC filings, and elsewhere. For example, we are committed to increasing the diversity of our workforce and one of our climate change goals is to have net zero carbon for operations by 2030. The implementation of our ESG 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 ESG practices that meet evolving stakeholder expectations, or if we ~~have to~~ revise any of our ESG 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. To the extent that our required ~~and or~~ voluntary disclosures about ESG matters increase, we could also be criticized for **or face claims regarding** the accuracy, adequacy, or completeness of such disclosures and our reputation could be negatively impacted, **or we could face claims regarding our policies and programs**. In addition, regulatory requirements with respect to ~~climate change~~ **carbon emissions disclosures** and other aspects of ESG may result in increased compliance requirements on our business and supply chain, and may increase our operating costs. **For example, in October 2023, the California Governor signed into law the Climate- Related Financial Risk Act and the Climate Corporate Data Accountability Act, which significantly expand climate- related disclosure requirements for companies doing business in California, and the SEC has proposed extensive climate disclosures that will apply to all public companies**.

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 52.93% of the voting power of our combined outstanding capital stock as of December 31, 2022. ~~Our executive officers and directors and their affiliates held approximately 54.76% of the voting power of our combined outstanding capital stock as of December 31, 2022.~~ **2023**. 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 combined voting power of our 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, for example, 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 Annual Report on Form 10- K, 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; • 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, and potentially any impairment charges in connection with our investments in 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, if instituted against us, 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. 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 each series 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 reduce the potential dilution to our Class A common stock upon any conversion of the Convertible Notes and / or offset 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 (1) 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 and (2) the federal district courts of the U. S. will be the exclusive forum for all causes of action arising under the Securities Act, 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 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. The choice of forum provision will not apply to suits brought to enforce any liability or duty created by the Exchange Act. 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. **58**