



Cautionary statement

This document contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which statements involve substantial risks and uncertainties. All statements other than statements of historical fact could be deemed forward-looking, including, but not limited to, statements regarding possible or assumed future results of operations; future long-term financial goals and targets; the business plans and strategies of Square, Inc. (the “Company”); the Company’s ability to cross-sell and up-sell its products; and information concerning expansion into new markets. Such statements are subject to a number of risks, uncertainties, and assumptions, and investors are cautioned not to place undue reliance on these statements. Actual results could differ materially from those expressed or implied, and reported results should not be considered as an indication of future performance.

Risks that contribute to the uncertain nature of the forward-looking statements include, among others, risks associated with developing and delivering products and services to address the rapidly evolving market for payments and point-of-sale, financial, and marketing services; the Company’s ability to expand its product portfolio and market reach and deal with the substantial and increasingly intense competition in its industry; the Company’s ability to retain existing sellers, attract new sellers, and increase sales to all sellers; changes to the rules and practices of payment card networks and acquiring processors; the Company’s history of generating net losses; possible fluctuations in the Company’s results of operation and operating metrics; and the effect of management changes and business initiatives, as well as other risks listed or described from time to time in the Company’s filings with the Securities and Exchange Commission (the “SEC”), including the Company’s most recent quarterly report on Form 10-Q, which is on file with the SEC and available on the investor relations page of the Company’s website. Except as required by law, the Company assumes no obligation to update any of the statements in this document.

This document includes certain non-GAAP measures not based on generally accepted accounting principles. These non-GAAP measures are in addition to, not a substitute for or superior to, measures of financial performance prepared in accordance with GAAP. The non-GAAP measures used by the Company may differ from the non-GAAP measures used by other companies. Reconciliations between GAAP and these non-GAAP measures are included in the appendix to this document. In addition, unless otherwise indicated, such non-GAAP measures and other metrics such as Adjusted Revenue, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EPS, non-GAAP operating expenses, GPV, active sellers, revenue retention rate, and payback period exclude the impact of Starbucks.



LEAD PLATE

Sample Page:
Faint, illegible text, possibly a menu or sign.



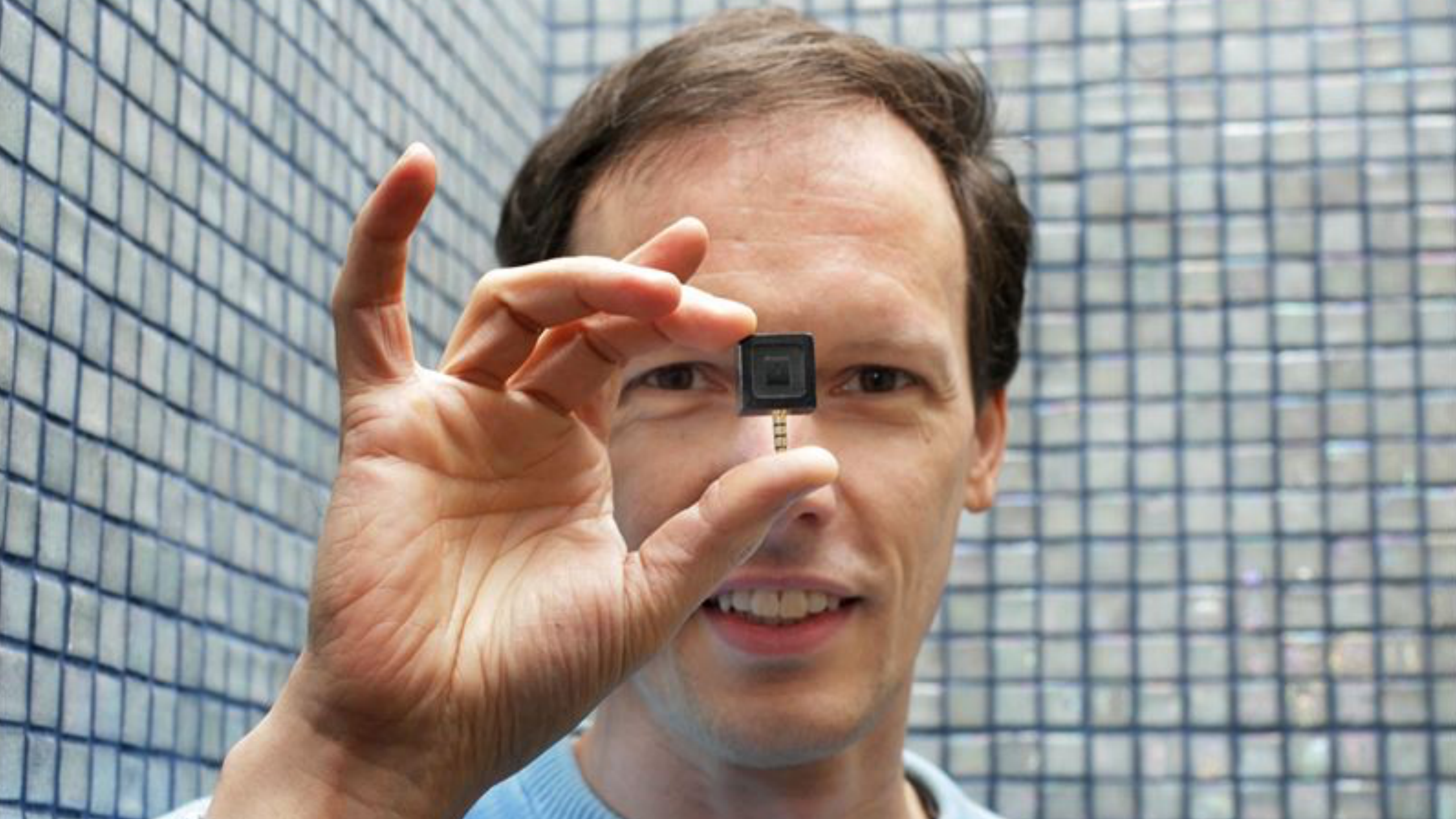
Union Square



Economic Empowerment

Union Square







midori no mame

ori no mame

深川 燦所

PAYMENTS



POINT OF SALE



RECEIPTS



EMPLOYEES



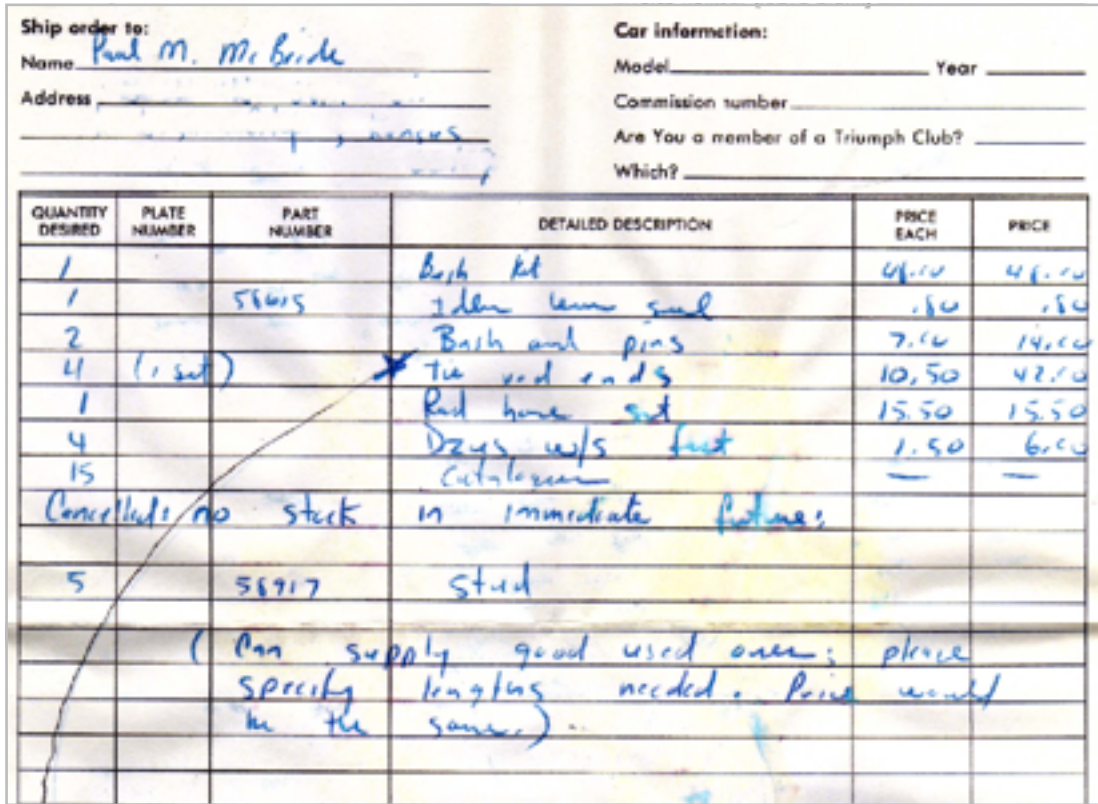
ANALYTICS



FINANCE



INVOICES



MARKETING



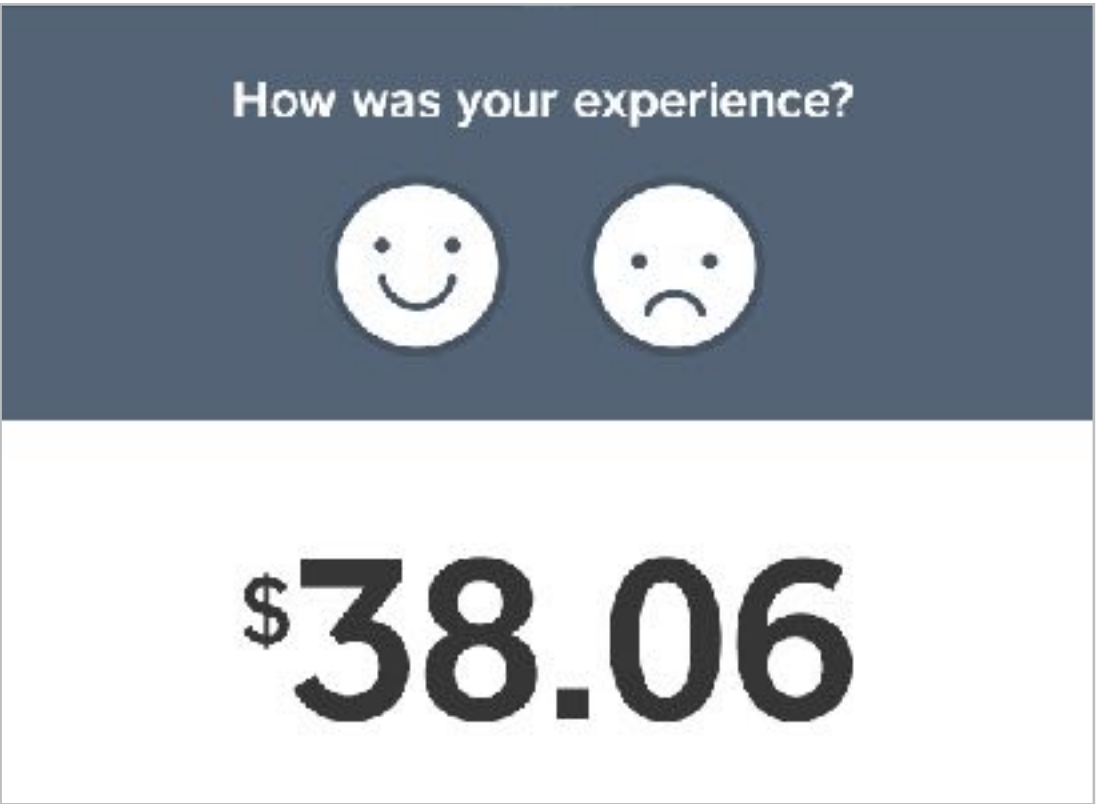
PAYMENTS



POINT OF SALE



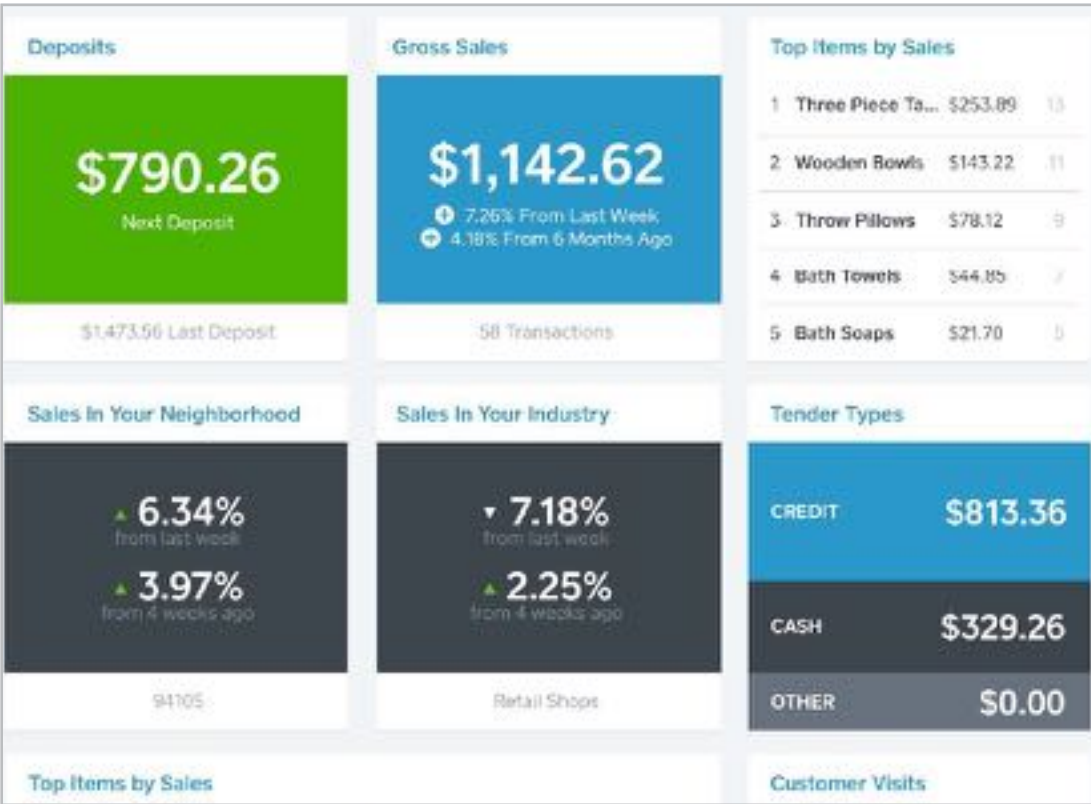
RECEIPTS



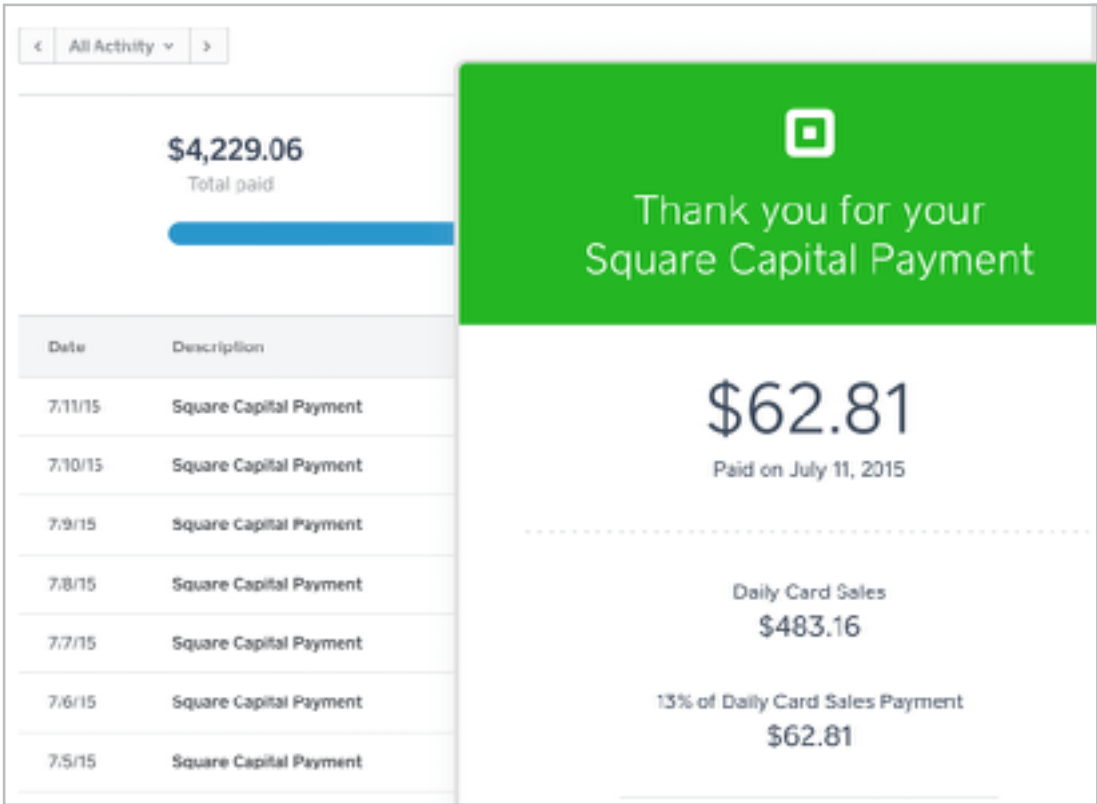
EMPLOYEES/PAYROLL



ANALYTICS



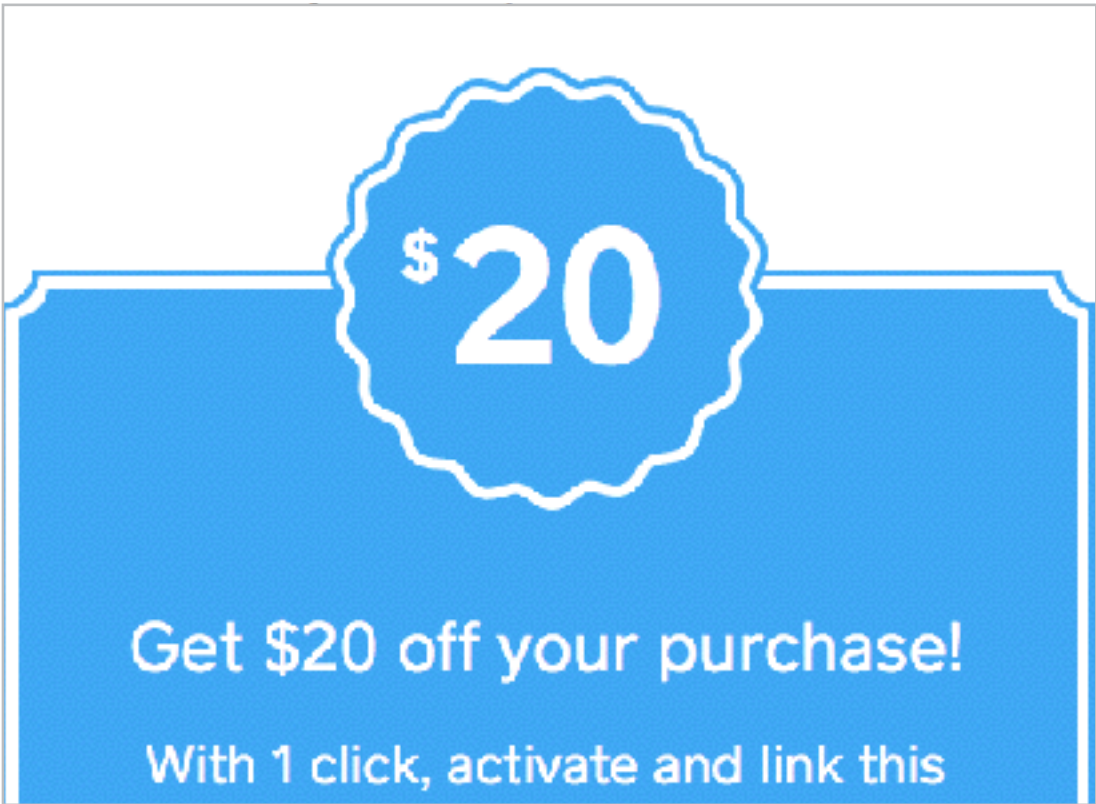
FINANCE



INVOICES



MARKETING





“

**Everything is connected—
it's the most convenient and
straightforward system to use.**

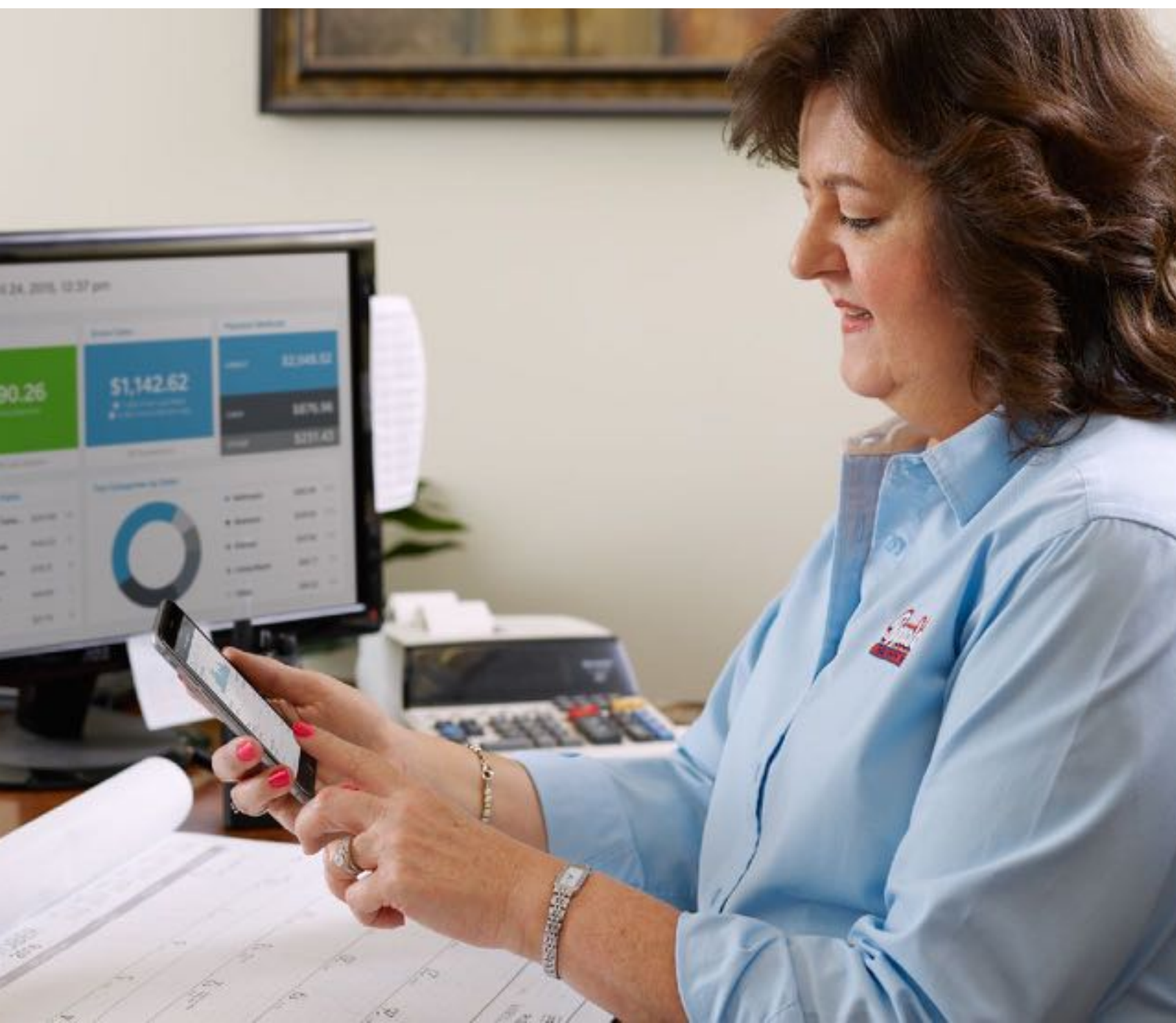
Square has been with us every
step of the way, and I can see
myself adding even more services.

SUZANNA CHUN

FOUNDER OF TORI BLUSH BEAUTY COMPANY
TORONTO, CANADA

TORI BLUSH
a beauty company





We accept all
CREDIT
cards through

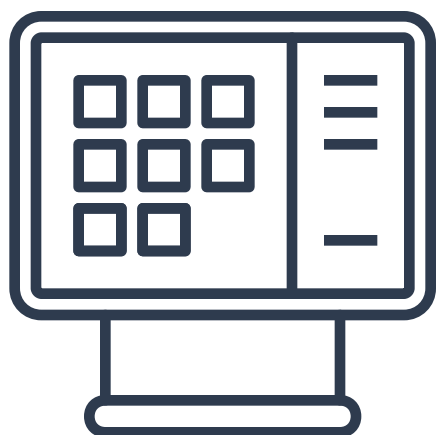


Integration

Making our services work together more cohesively.



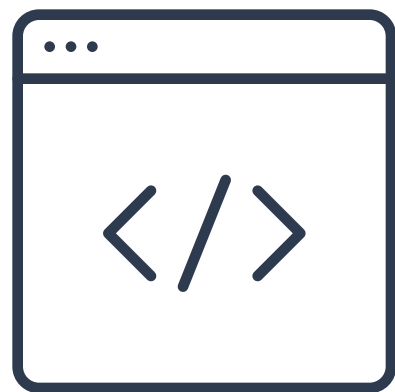
PAYMENTS



POINT
OF SALE



SQUARE
FOR RETAIL



BUILD WITH
SQUARE



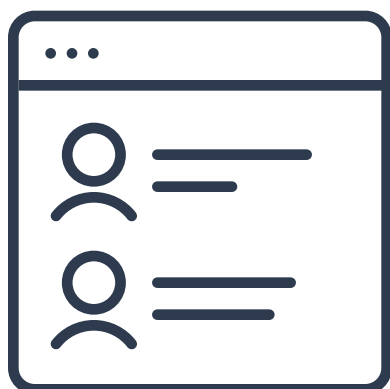
CAVIAR



CAPITAL



PAYROLL



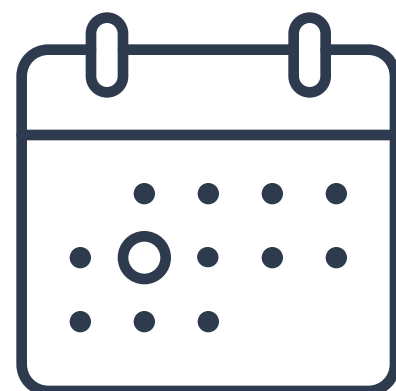
CUSTOMERS



E-COMMERCE



CASH



APPOINTMENTS

Automation

Making our services more self-serve with machine learning.

CUSTOMER TARGETING



Celebrate National Burger Month With Us All Month!

We're grilling up your favorites to celebrate National Burger Month. Come enjoy a tasty burger, and bring this coupon along for a discount on your order.

\$2

Get \$2 off the next time you visit!
Tell the cashier the reward code below when you pay.

201 495

PREDICTIVE SUPPORT IN DASHBOARD

Bank Verification Help

Bank Verification Status

When Will my Bank Account be Verified?

My Bank Account Failed Verification

BROWSE ALL ARTICLES

Platform

Making our services more modular.

```
<?php
$api = new \SquareConnect\Api\TransactionApi();
$transaction = $api->charge($accessToken, $locationId, [
    'amount_money' => ['amount' => 2837, 'currency' => 'USD'],
    'idempotency_key' => uniqid(),
    'card_nonce' => $cardNonce // Generated from Square e-commerce form
])->getTransaction();
?>
```




Kevin Burke
Marketing and Sales
Lead



Jesse Dorogusker
Hardware Lead



Jack Dorsey
CEO



Sarah Friar
CFO



Brian Grassadonia
Square Cash Lead



Alyssa Henry
Seller Lead



Sam Quigley
Risk and Security Lead



Caitlin Rabil
Executive Assistant
Team Lead



Gokul Rajaram
Caviar Lead



Jacqueline Reses
Square Capital Lead
and People Lead



Hillary Smith
General Counsel



Aaron Zamost
Communications Lead



Roelof Botha
Partner,
Sequoia Capital



Jack Dorsey
CEO, Chairman,
and Cofounder



Jim McKelvey
Cofounder,
Square



Mary Meeker
Partner, Kleiner Perkins
Caufield & Byers



Paul Deighton
Former UK
Commercial Secretary
to the Treasury



Ruth Simmons
Former President,
Brown University



Larry Summers
Former Secretary,
U.S. Department
of the Treasury



David Vinjar
Former CFO,
Goldman Sachs

MILLBURY SAVINGS BANK





fair and square /fer (ə)n skwer/

phrase of fair

honestly; justly; straightforwardly

Q&A

JACK DORSEY WITH DAVID VINIAR

Investment Thesis

SARAH FRIAR

Today's takeaways

MASSIVE MARKET OPPORTUNITY

We're targeting a **\$60+ billion** market that's rapidly expanding as we build new vectors for growth.

UNIQUE AND SCALABLE ASSETS

The **breadth and cohesion of our solutions** make them difficult to copy and we're reaching sellers **efficiently** through **ubiquitous and scalable distribution channels**.

POWERFUL BUSINESS MODEL

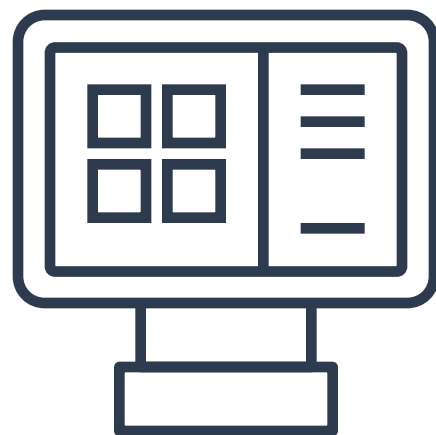
Our attractive cohort economics combined with our cross-selling opportunity an drive industry-leading **revenue retention rate of 113%**.

We have a massive and growing addressable market



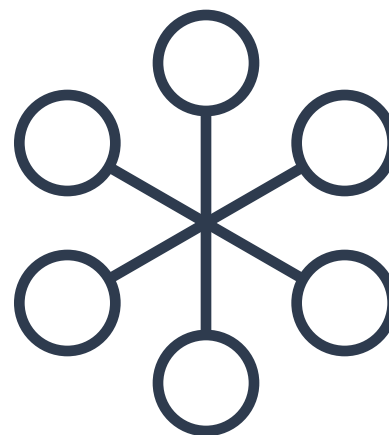
MANAGED PAYMENTS

Invoices
Instant Deposit
Virtual Terminal
Square Cash
Dashboard



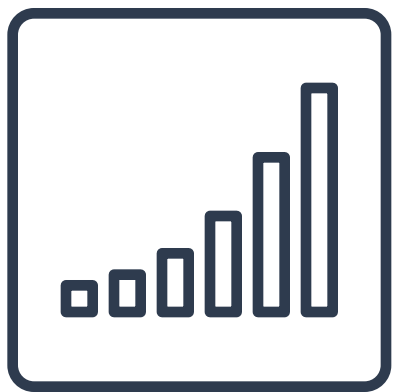
POINT OF SALE

Point of Sale
Employee Management
Appointments
Customer Engagement
Square for Retail



DEVELOPER PLATFORM

Build with Square
App Marketplace



GROWTH SERVICES

Capital
Caviar

Why Square wins: Unique assets, difficult to copy, and at scale

FOCUS ON TECHNOLOGY
AND DESIGN

Integrated, end-to-end: hardware, software, payments, and data

BREADTH OF MANAGED
PAYMENTS

Comprehensive, full-service offering that helps sellers **manage the entire payment life cycle**

DIFFERENTIATED RISK
MANAGEMENT

Transaction loss rate at ~0.1% of GPV while maintaining **high acceptance rates**

OMNI-CHANNEL CAPABILITIES

Powerful solutions that enable sellers to accept both **in-store and online payments**

OPEN PLATFORM

Flexible platform expands functionality that **benefits sellers, developers, partners, and Square**

STRONG BRAND

Nearly **70 net promoter score**, 2x the average for banking service providers

BREADTH AND EFFICIENCY
OF GO-TO-MARKET

Quick and easy onboarding and ubiquitous and **scalable distribution channels**

PERSISTENT
COMMUNICATION CHANNEL

Direct, ongoing interactions with sellers help us deliver offerings in the context of their usage

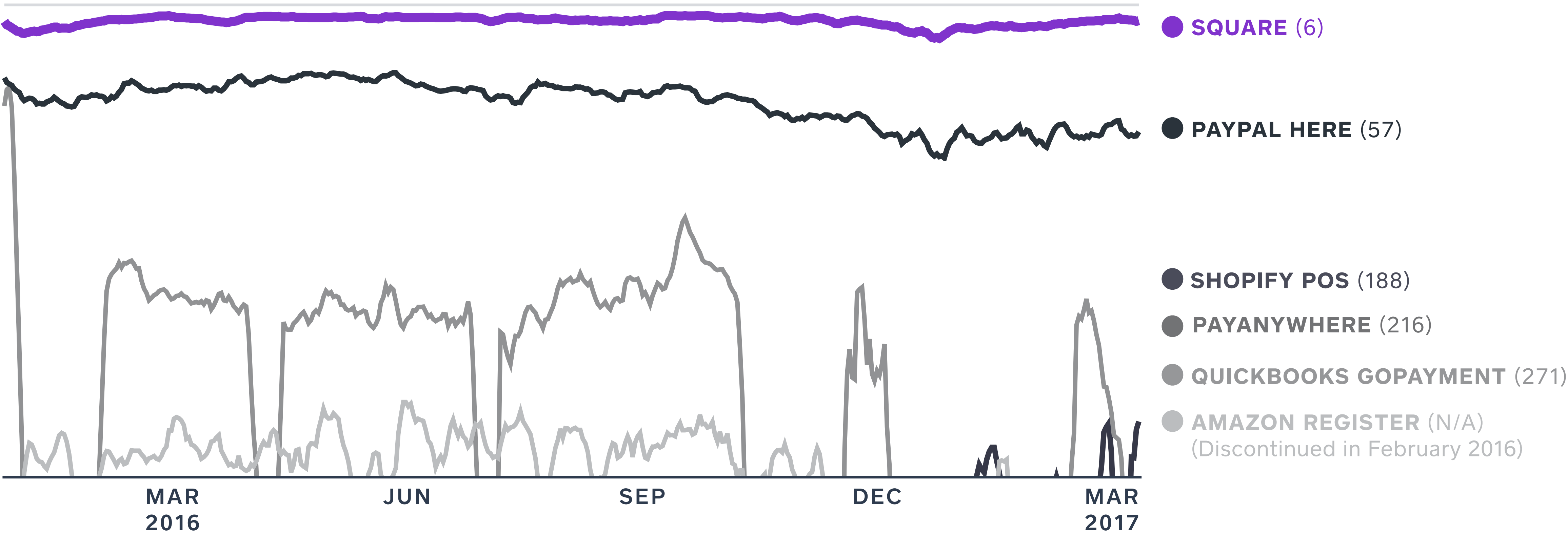
Transaction loss rate and Square Net Promoter Score (NPS) represented as a trailing four-quarter average ended March 31, 2017.
Banking NPS calculated by Satmetrix Systems, Inc., a third-party research firm.

... resulting in consistent, leading market share

The Square app has consistently been in the top 10 for U.S. App Store ranking in iPhone Business Applications.

iOS APP STORE—BUSINESS APPLICATIONS RANKINGS

“Number of downloads” is primary component of ranking



Source: AppFigures (as of March 31, 2017).

... across multiple devices

iPHONE BUSINESS APP RANKINGS

SQUARE (6)

PAYPAL HERE (57)

SHOPIFY POS (188)

PAYANYWHERE (216)

QUICKBOOKS GOPAYMENT (271)

AMAZON REGISTER (N/A)
(Discontinued in February 2016)

iPAD BUSINESS APP RANKINGS

SQUARE (5)

QUICKBOOKS GOPAYMENT (118)

SHOPIFY POS (141)

CLOVER GO (154)

SHOPKEEP (165)

REVEL (257)

We can drive valuable insights across our entire business

\$53_B

**GROSS PAYMENT
VOLUME**

254_M

**UNIQUE CARDS USED
ON SQUARE**

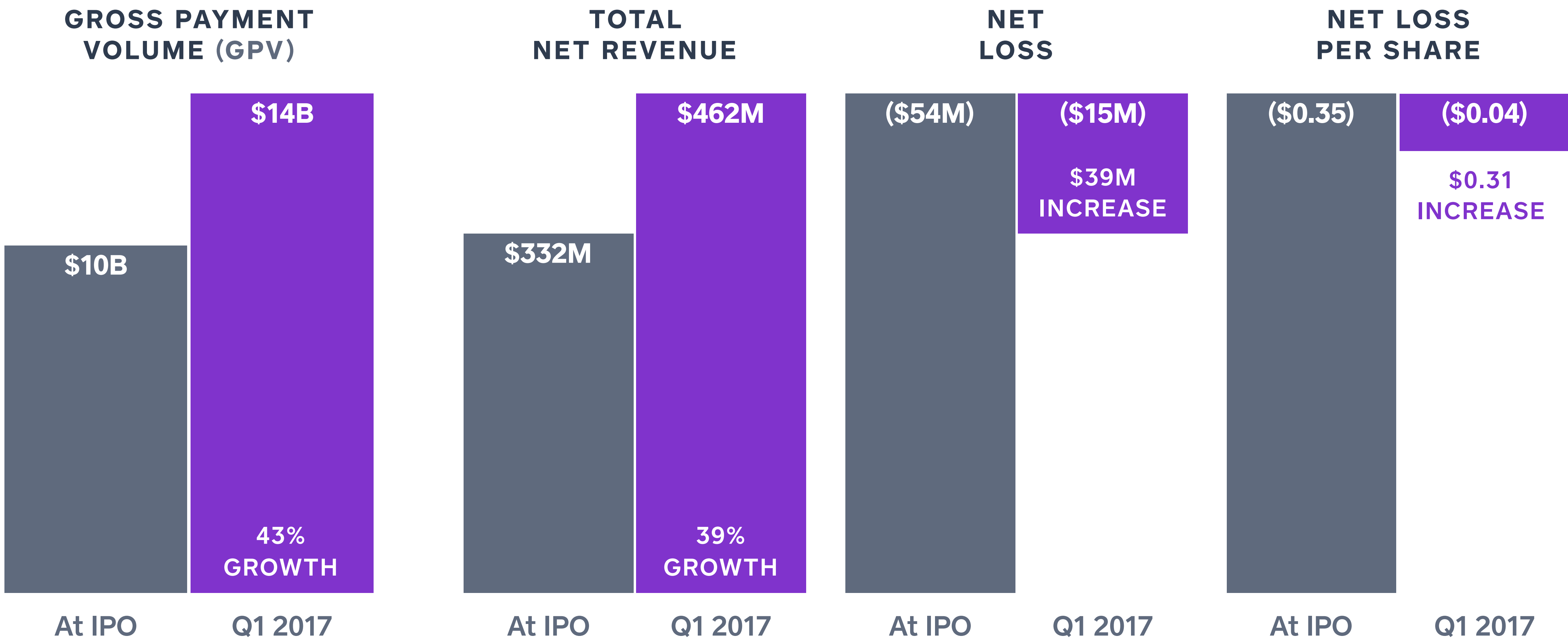
35

**TRANSACTIONS
PER SECOND**

>2_B

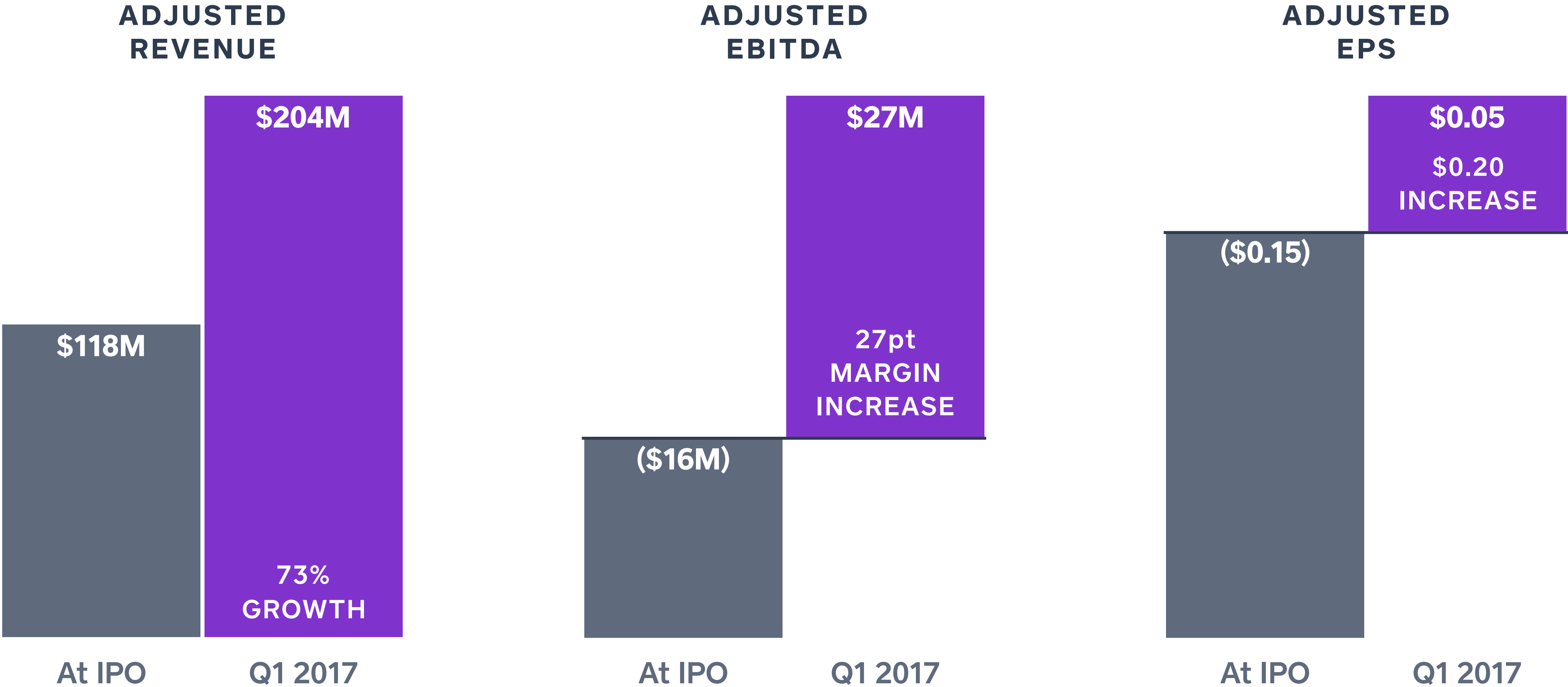
**DATA POINTS COLLECTED
AND UPDATED DAILY ON
SQUARE SELLERS**

Significant growth at scale



“At IPO” represents Q3 2015.

Significant growth at scale



“At IPO” represents Q3 2015.
A reconciliation of non-GAAP metrics used in this document to their nearest GAAP equivalents is provided in the appendix to this document.
Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by Adjusted Revenue.

Our business model provides a compelling investment opportunity

TREMENDOUS SCALE

Millions of active sellers, **\$53 billion** trailing four quarter GPV

SIGNIFICANT GROWTH

39% Adjusted Revenue year-over-year growth

ATTRACTIVE COHORT ECONOMICS

113% Adjusted Revenue retention rate and **3-to-4 quarter payback**

STRONG MARGIN TRAJECTORY

\$27 million in Adjusted EBITDA, representing **13%** margin

Data points shown above are as of March 31, 2017. Active sellers defined as sellers with five or more payments in the last 12 months. See appendix for GAAP reconciliation to Adjusted Revenue and Adjusted EBITDA. Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by Adjusted Revenue. Payback calculated as the number of quarters it takes for a cohort of sellers’ cumulative Adjusted Revenue (excluding hardware and Gift Cards revenue) to surpass our sales and marketing spending in the quarter in which we acquired that cohort. Revenue retention rate is calculated as year-over-year retention of Adjusted Revenue (excluding hardware and Gift Cards revenue) for our cohorts on average for the last four quarters.

Our Addressable Market

Square’s U.S. payments opportunity today

21M



\$3T



\$26B

APPLICABLE SMALL TO
MEDIUM-SIZE BUSINESSES

GPV OPPORTUNITY

U.S. PAYMENTS
ADJUSTED REVENUE
OPPORTUNITY

Sources: 2012 U.S. Census, Euromonitor.
All figures are based on employer and non-employer firms with less than \$100 million in annual gross receipts in select industry verticals based on 2012 U.S. Census data.
“GPV Opportunity” is calculated by multiplying total annual gross receipts by Euromonitor’s estimate of card payment transaction mix of total consumer payments of 50%.
“U.S. Payments Adjusted Revenue Opportunity” is calculated by multiplying total annual gross receipts by our average transaction margin as a percentage of GPV of 1%.

Square today



Figures are represented as trailing 12 months ended March 31, 2017.

Less than 3% penetrated



Sources: 2012 U.S. Census, Euromonitor.
Square figures are represented as trailing 12 months ended March 31, 2017. “Opportunity” figures are based on employer and non-employer firms with less than \$100 million in annual gross receipts in select industry verticals based on 2012 U.S. Census data. “GPV Opportunity” is calculated by multiplying total annual gross receipts by Euromonitor’s estimate of card payment transaction mix of total consumer payments of 50%. “U.S. Payments Adjusted Revenue Opportunity” is calculated by multiplying total annual gross receipts by our average transaction margin as a percentage of GPV of 1%.

We’re building a \$60B+ commerce ecosystem



Sources: Euromonitor. 2012 U.S. Census, FDIC, Oliver Wyman, Goldman Sachs—Future of Finance, Morgan Stanley—The Pizza Paradigm for Online Food Delivery.

“U.S. Payments” Opportunity is calculated by multiplying total annual gross receipts by our average transaction margin as a percentage of GPV of 1%.

“E-commerce” Opportunity is calculated by multiplying 2020 retail e-commerce Euromonitor forecasts by our average transaction margin of 1%.

“Software” Opportunity is calculated by multiplying total employer firms producing less than \$100 million in gross receipts annual in select industry verticals based on 2012 U.S. Census data by our average monthly fee of our subscription products annualized multiplied by the total number of our subscription products.

“Square Capital” Opportunity is calculated by multiplying \$203B of U.S. small business loans outstanding under \$250,000 as of December, 2016, and \$80B of demand for small business new form lending lines of credit by Goldman Sachs’ estimated revenue rate on small business loans of 4% to 6%.

“Caviar” Opportunity is based on Morgan Stanley estimates of the food delivery market excluding pizza.

We're building a \$60B+ commerce ecosystem

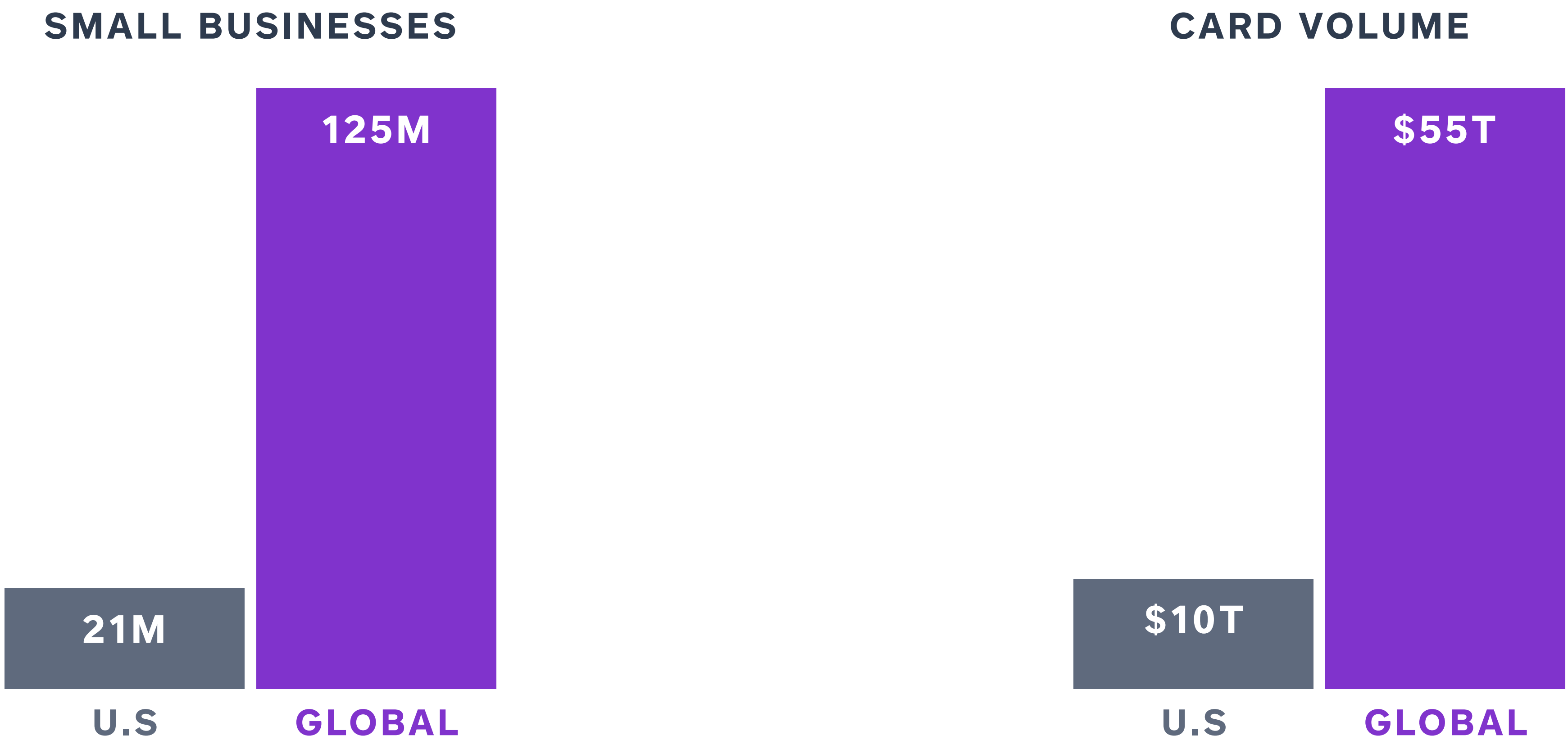
\$60B⁺

U.S. ADJUSTED
REVENUE OPPORTUNITY



**OPPORTUNITY CONTINUES
TO GROW AS WE BUILD
CAPABILITIES**

The global opportunity is potentially 6–7x that in the U.S.



Sources: 2012 U.S. Census, International Finance Corporation (IFC), The Nilson Report.
U.S. small business is based on employer and non-employer firms with less than \$100 million in annual gross receipts in select industry verticals based on 2012 U.S. Census data.
Small business count figures based on U.S. Census and International Finance Corporation (IFC). Global Card Volume represents 2025 projection.

**MACHINE LEARNING/
ARTIFICIAL INTELLIGENCE**

**ELECTRONIC
PAYMENTS**

**OPEN
PLATFORMS**

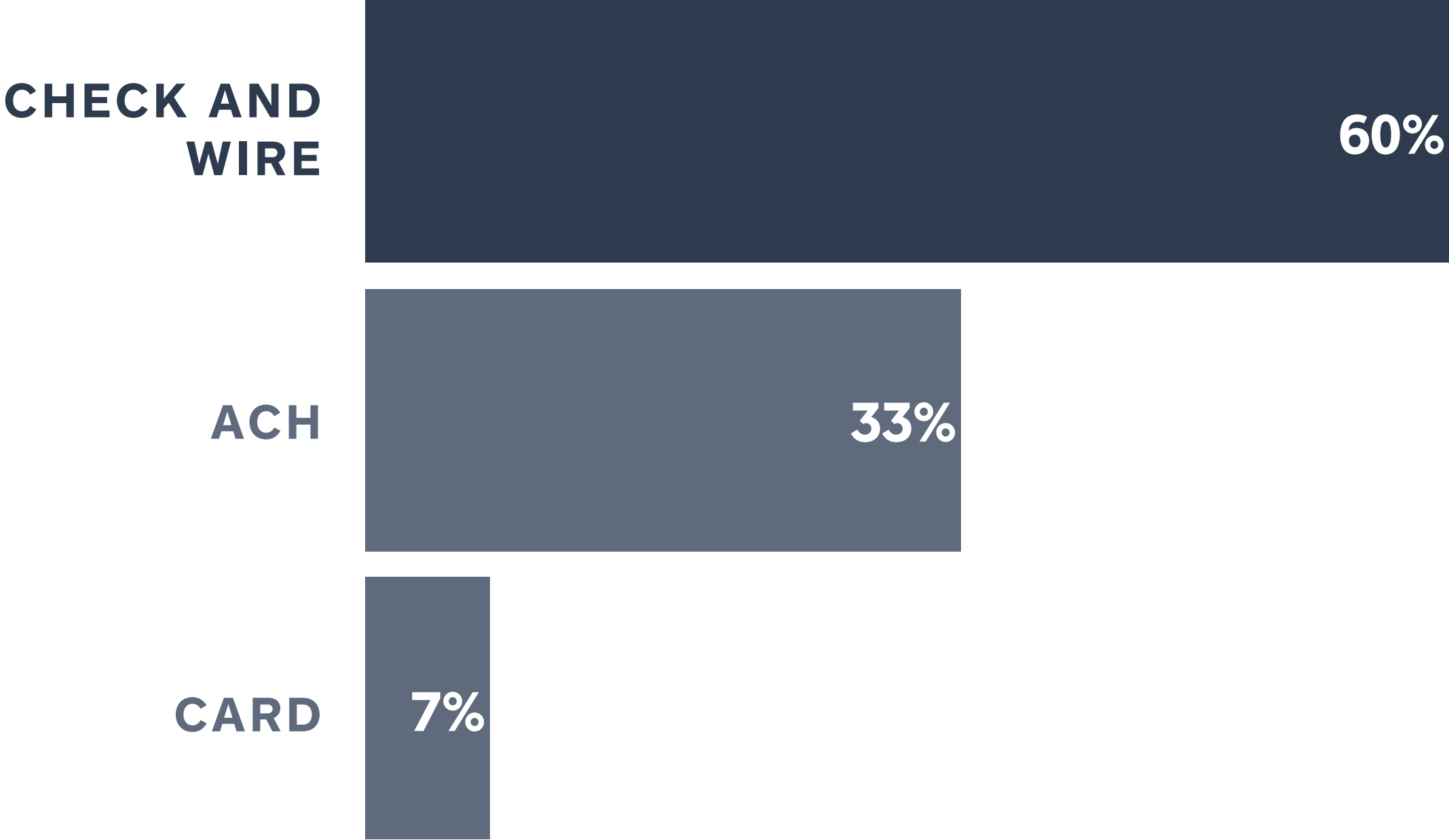
EMV/NFC

**Many disruptive
trends in our favor**

MOBILE

OMNI-CHANNEL

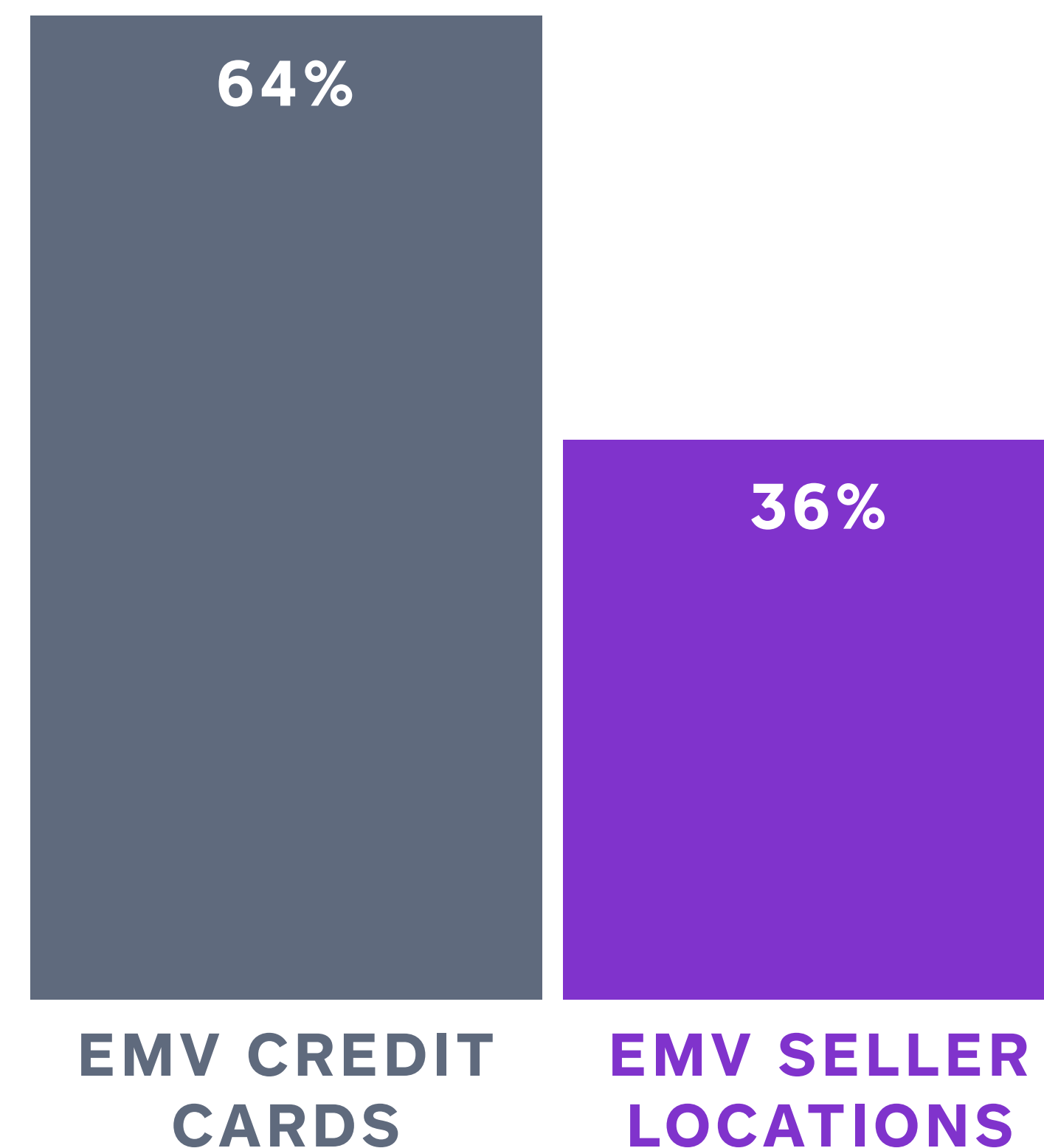
Electronic payments: B2B represents a large opportunity



Outdated methods like check and wire represent **60%** of business-to-business commerce.

More sellers will need to make the shift to EMV

U.S. EMV MIX AS A PERCENTAGE OF TOTAL CARDS AND SELLER LOCATIONS



Approximately 64% of credit cards are chip, but **only 36% of seller locations** are EMV ready.

More sellers will need to
make the shift to EMV

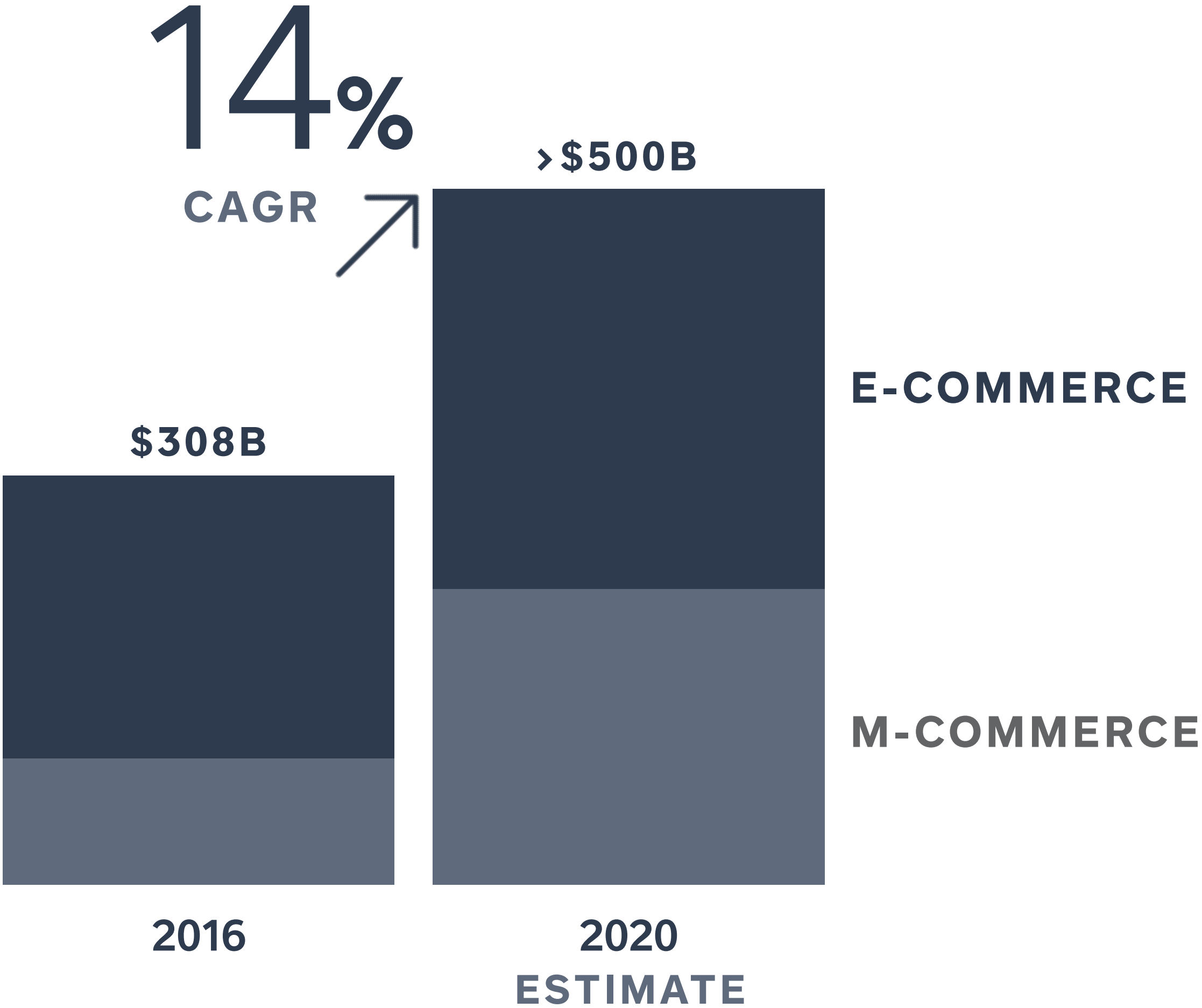
YEAR-OVER-YEAR DECREASE IN
COUNTERFEIT FRAUD (JUNE 2016)

↓ 54%

DECREASE

Sellers who upgraded to EMV saw **counterfeit fraud dollars** drop 54% on average.

Sellers are increasingly looking for omni-channel solutions

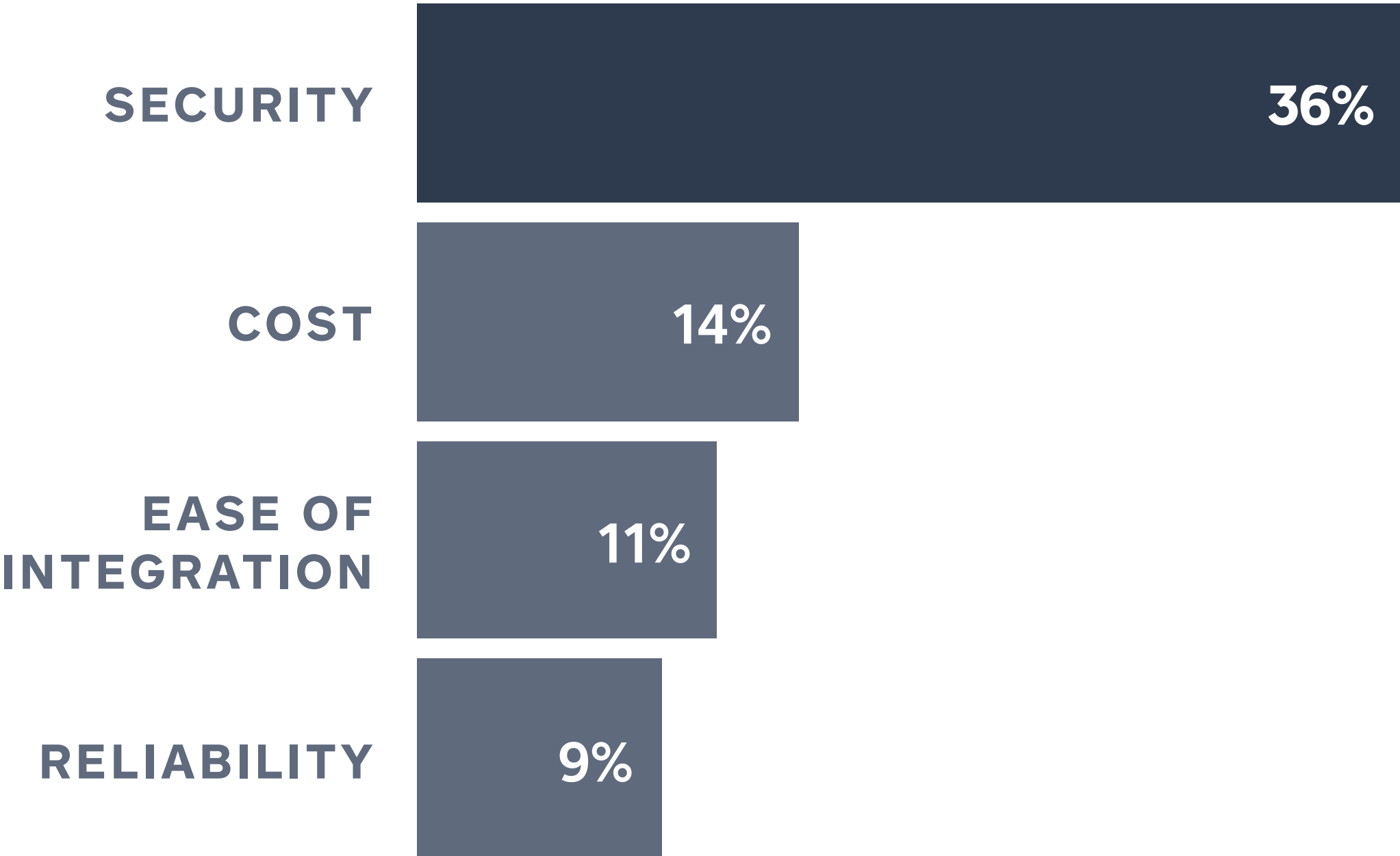


E-commerce sales are estimated to reach **over \$500 billion** annually in four years.

Software developers are recognizing value in payments

Over 2/3 of independent software vendors (ISVs) are considering a semi-integrated model for payments.

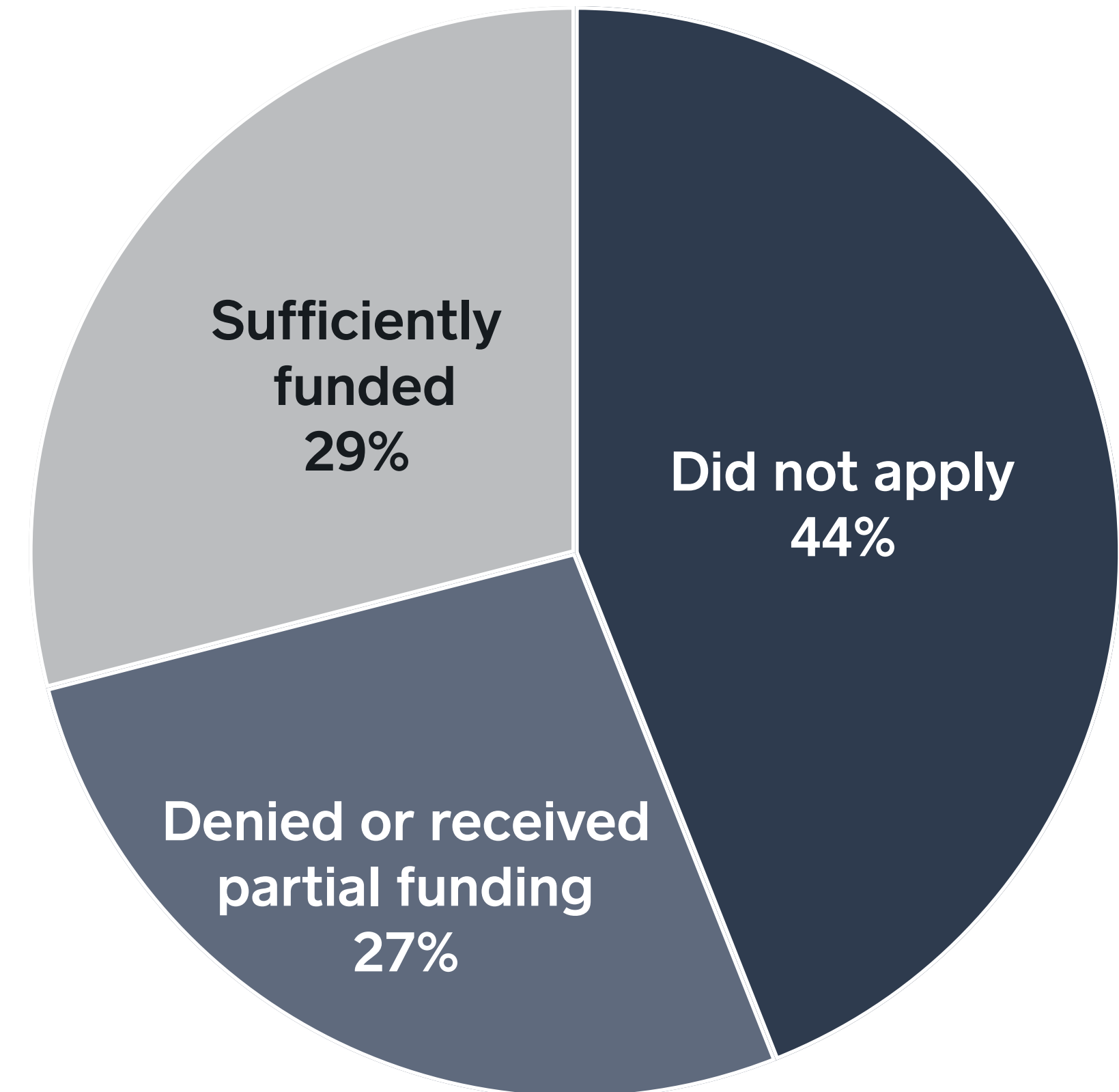
MOST IMPORTANT ASPECTS TO ISVs WHEN SELECTING A PAYMENTS PARTNER



ISVs named **security, cost, ease of integration, and reliability** as the most important aspects to choosing a payments partner.

Traditional borrowing for a small business is difficult

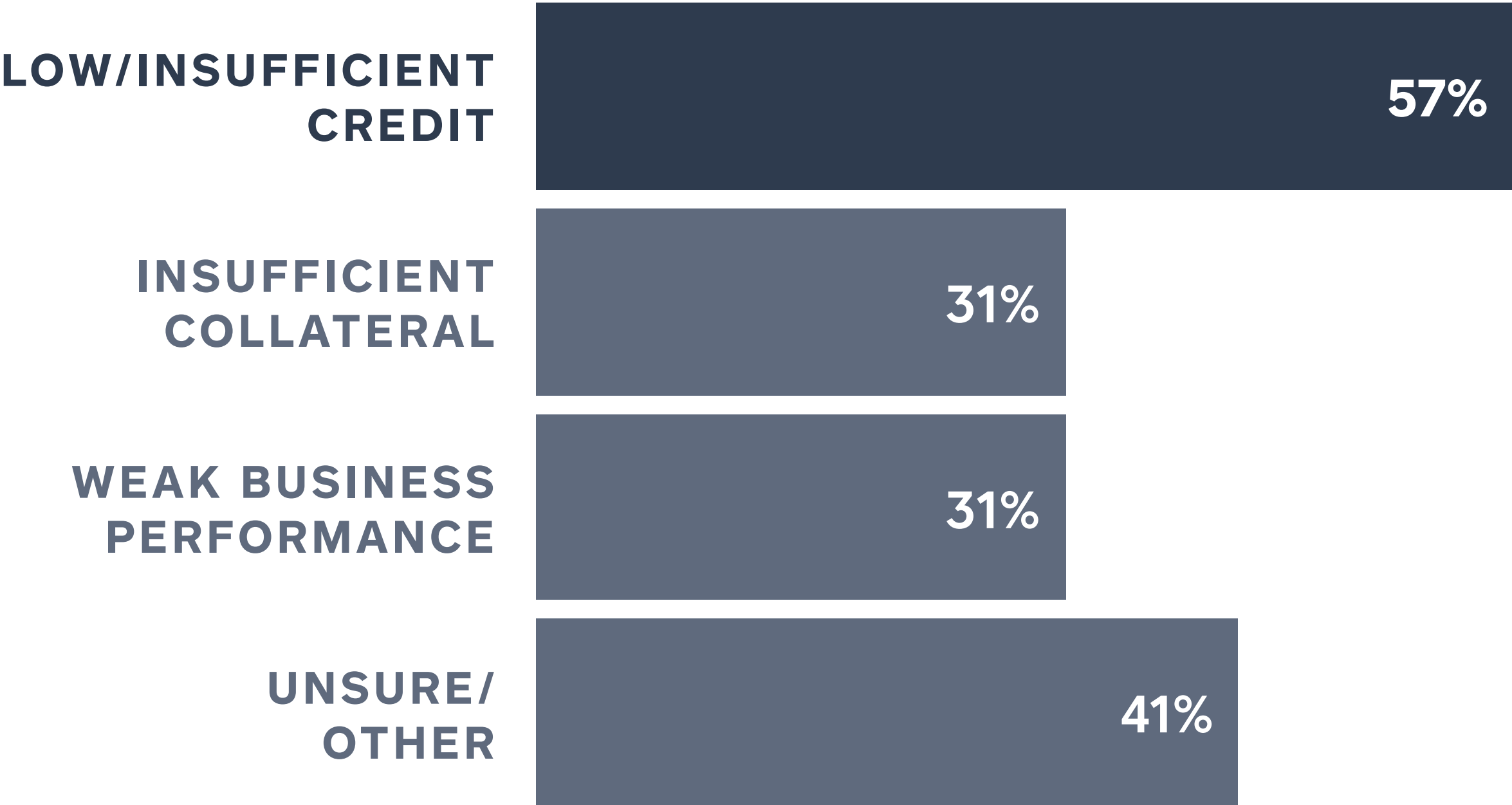
DEMAND FOR FINANCING FOR SMALL BUSINESSES



One in four businesses did not apply due to discouragement, difficulty in the search process, or high credit costs.

Traditional borrowing for a small business is difficult

TOP REASONS FOR CREDIT DENIAL



Outdated methods like **credit score** continue to make financing difficult for small businesses.

**MACHINE LEARNING/
ARTIFICIAL INTELLIGENCE**

**ELECTRONIC
PAYMENTS**

**OPEN
PLATFORMS**

EMV/NFC

**Many disruptive
trends in our favor**

MOBILE

OMNI-CHANNEL



Products

JESSE DOROGUSKER

1. **SMART TOOLS**
THAT HELP SELLERS PARTICIPATE AND THRIVE IN THE ECONOMY
2. **MANAGED PAYMENTS**
WITH UNIQUE, UNDERLYING STRENGTHS
3. **INTEGRATED SERVICES**
TO HELP SELLERS MANAGE AND GROW THEIR BUSINESS

Traditional payment terminal



Traditional point of sale



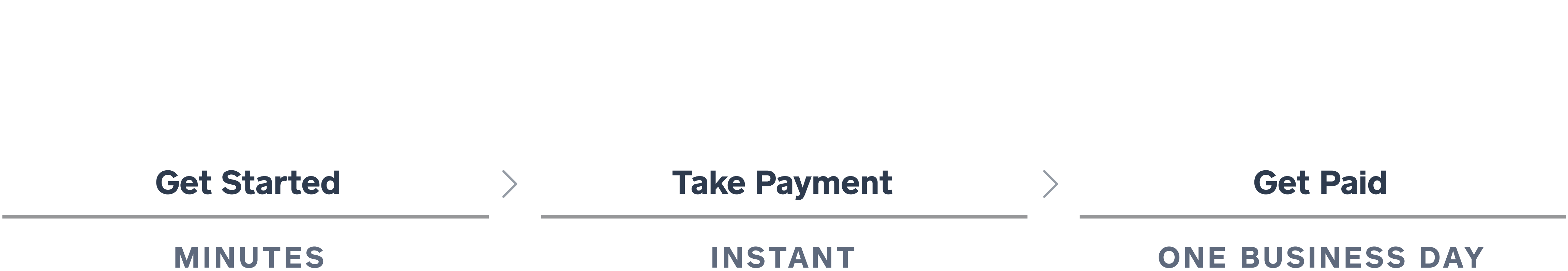
LA COLOMBE COFFEE ROASTERS
PHILADELPHIA, PENNSYLVANIA



BOSTON HOME INSPECTORS
BOSTON, MASSACHUSETTS



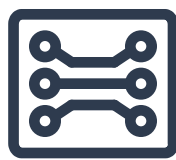



A seamless payment experience for a seller










Square sellers receive next business day settlement for payments before close of business day at 5 PM Pacific.

A seamless payment experience for a seller through a full-service, managed payments product

Get Started

-  RISK MANAGEMENT
-  ONBOARDING
-  SECURITY
-  COMPLIANCE
-  EMPLOYEE ACCESS

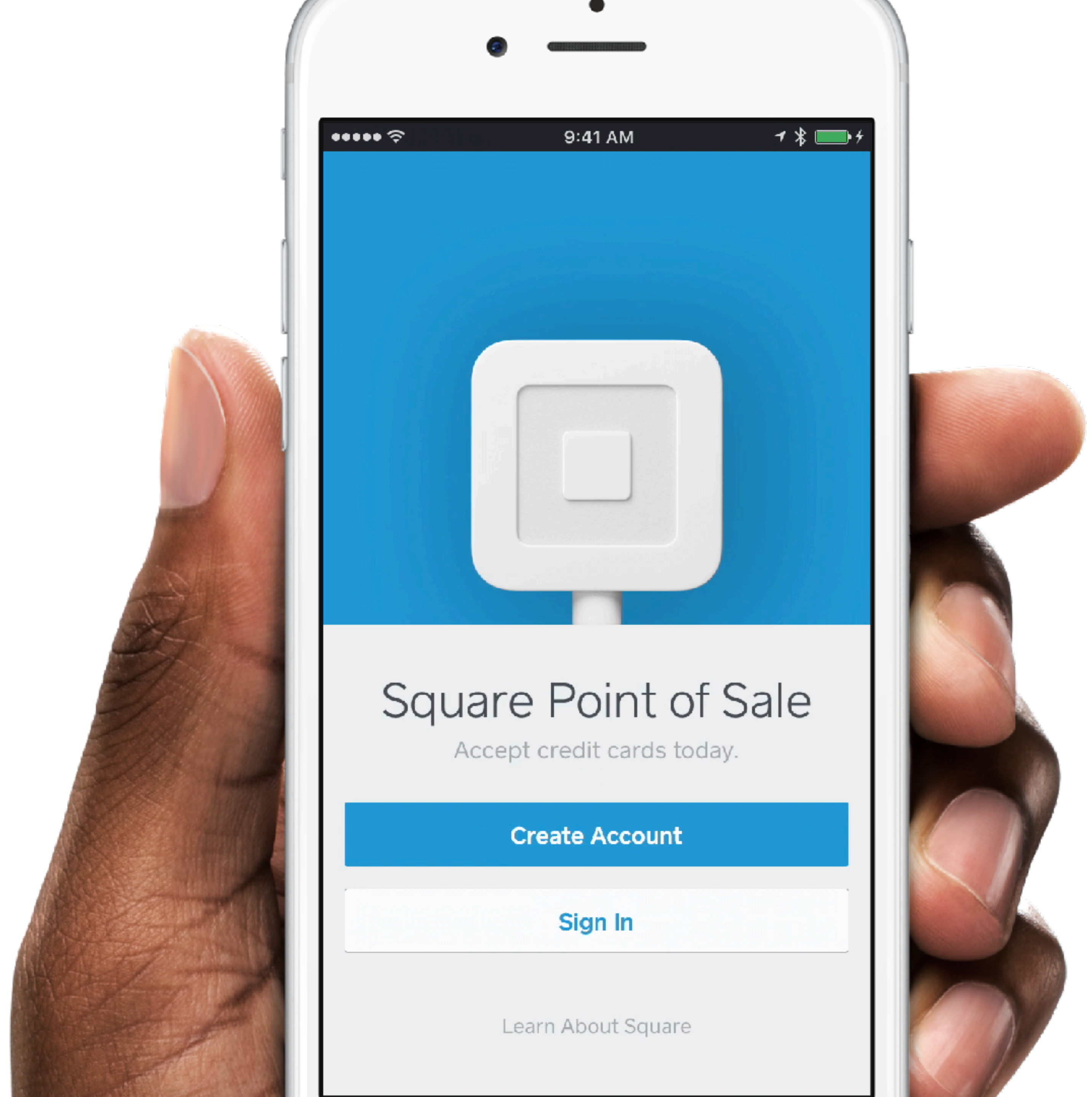
> Take Payment

-  MOBILE SOFTWARE
-  HARDWARE
-  FRAUD DETECTION
-  WEB-BASED SOFTWARE
-  API INTEGRATIONS
-  OPTIMAL PAYMENT ROUTING
-  DIGITAL RECEIPTS

> Get Paid

-  FUNDS SETTLEMENT
-  ANALYTICS AND REPORTING
-  CHARGEBACK AND DISPUTES MANAGEMENT
-  BUSINESS SYSTEM INTEGRATIONS

**Sign up,
on your own,
in minutes**



Our risk management approach includes more sellers and scales efficiently

0.1%

TRANSACTION RISK LOSS
AS A PERCENT OF GPV

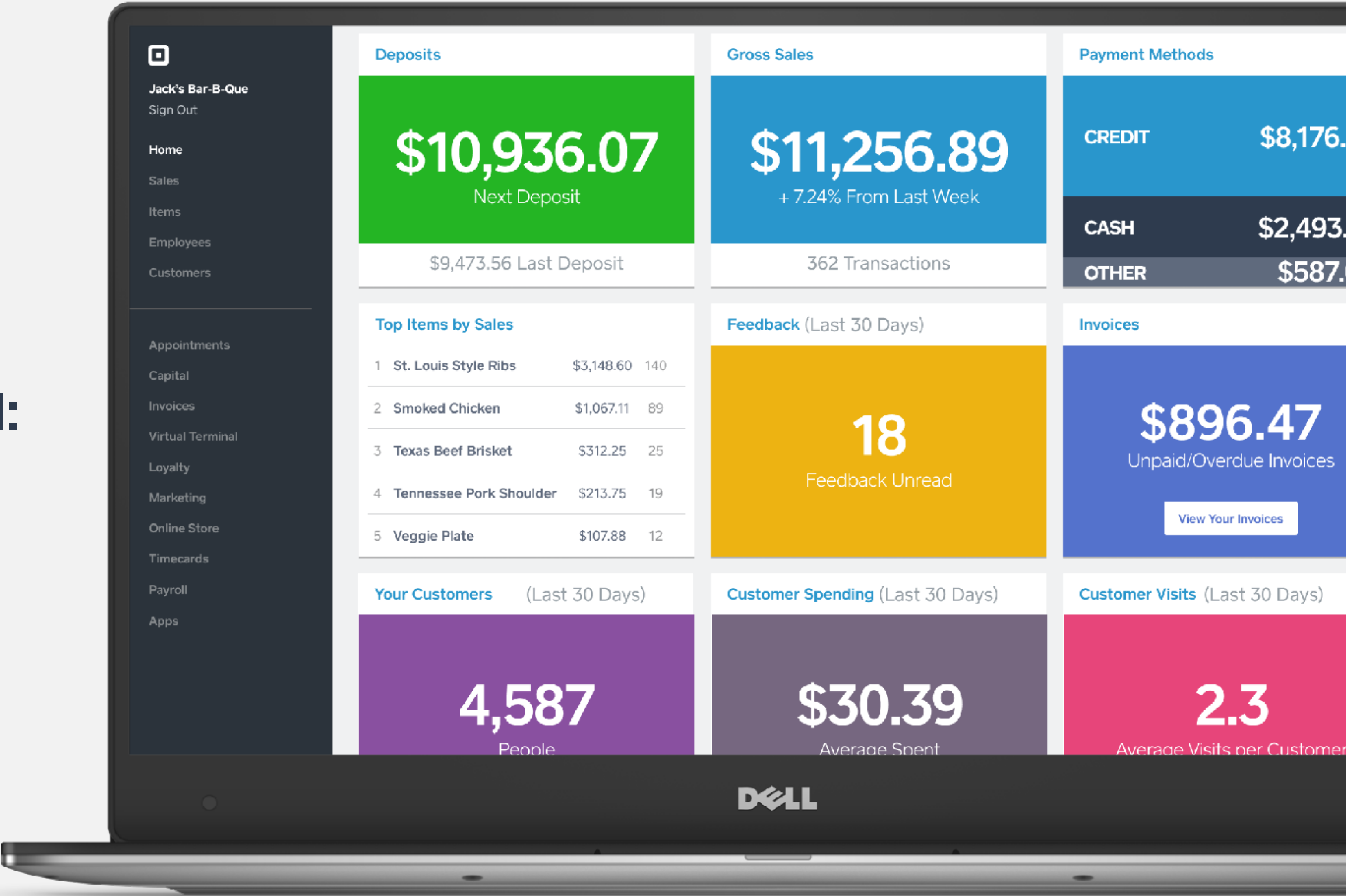
>90%

SELLERS SELF-ONBOARD
AND ARE APPROVED

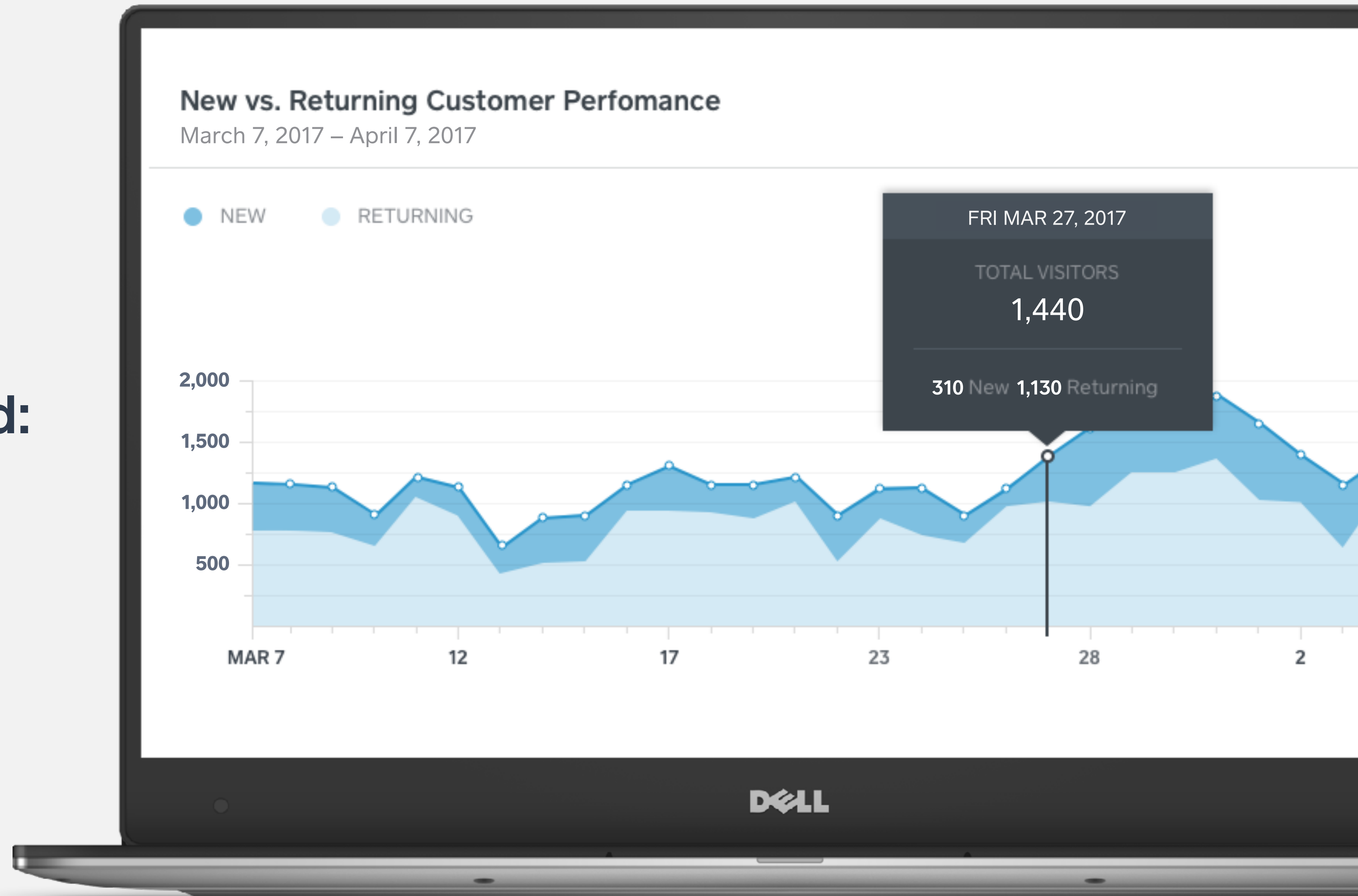
99.95%

TRANSACTIONS ASSESSED
USING MACHINE LEARNING

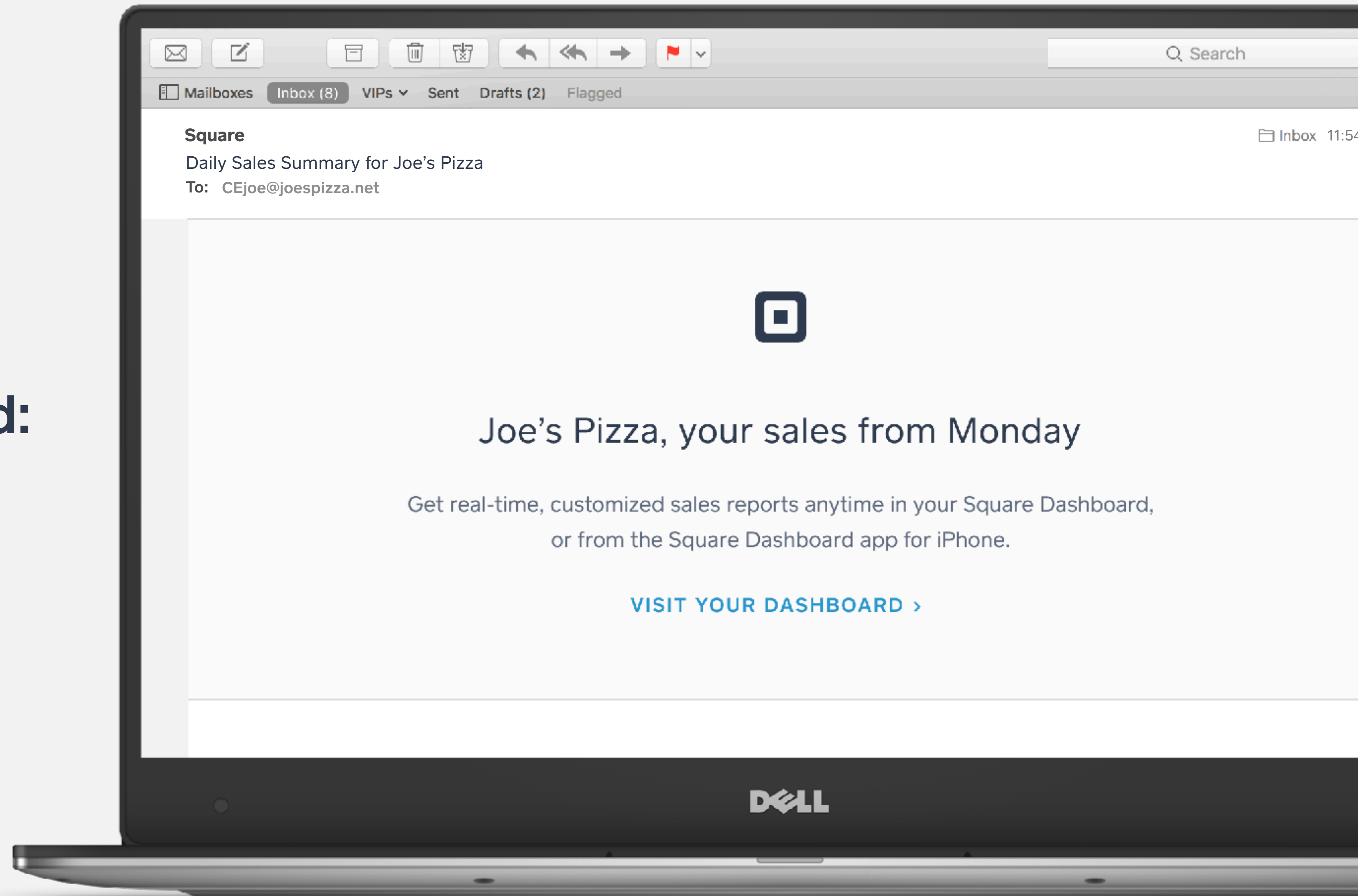
Square Dashboard: A seller's data



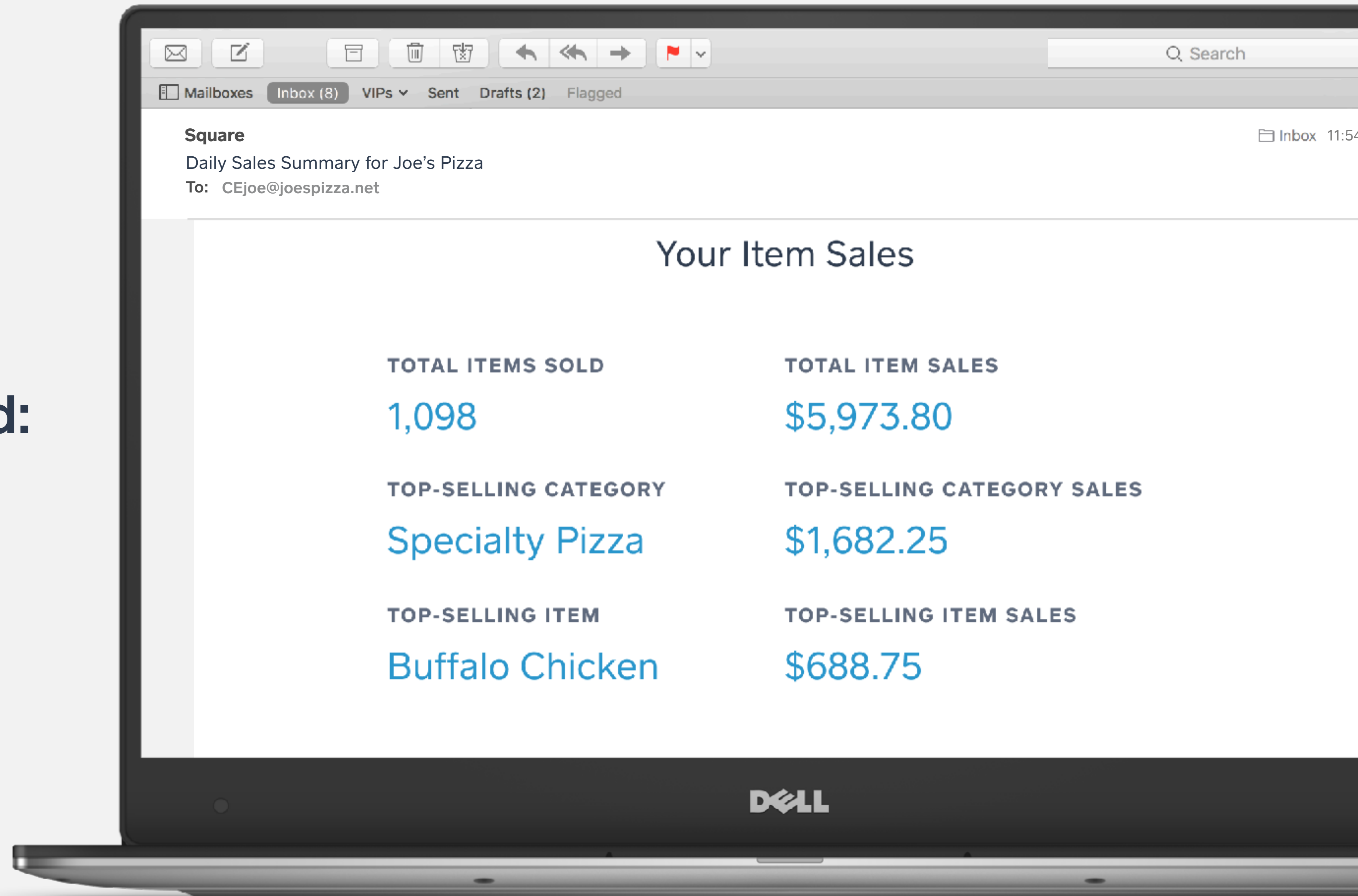
Square Dashboard: A seller's data, with insights



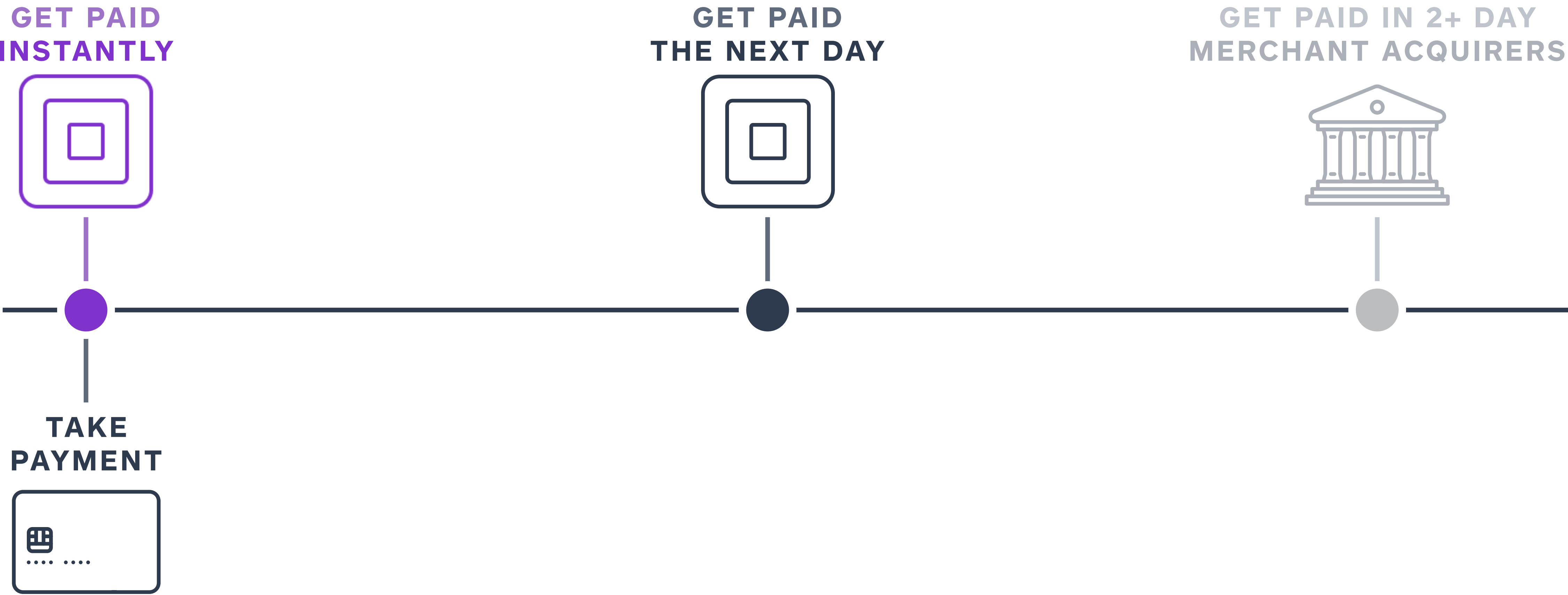
Square Dashboard: Daily summary in your inbox



Square Dashboard: Daily summary in your inbox

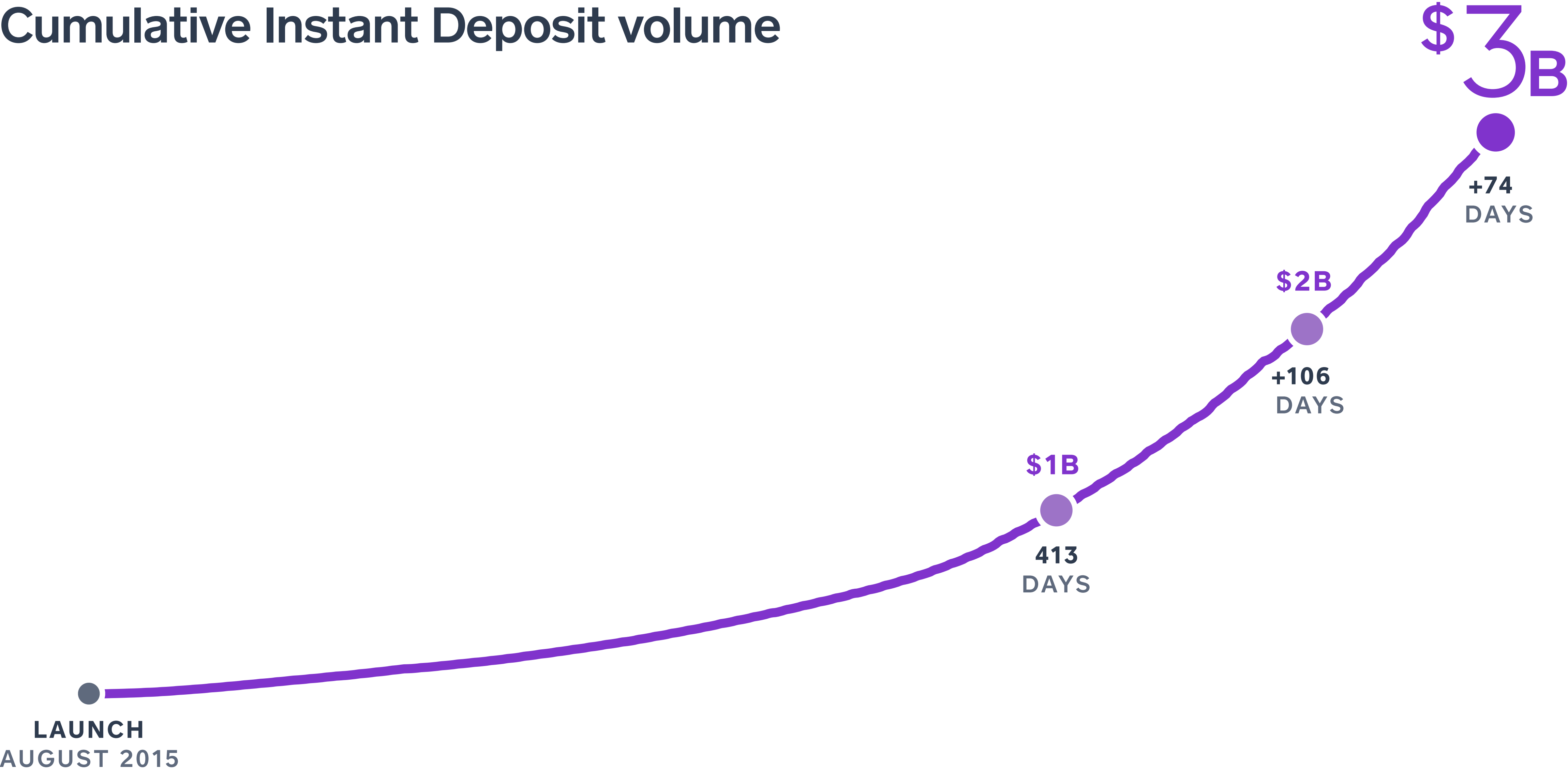


Speed matters: Get paid fast



Square sellers receive next business day settlement for payments before close of business day at 5 PM Pacific. Square sellers get paid instantly using Instant Deposit.

Cumulative Instant Deposit volume



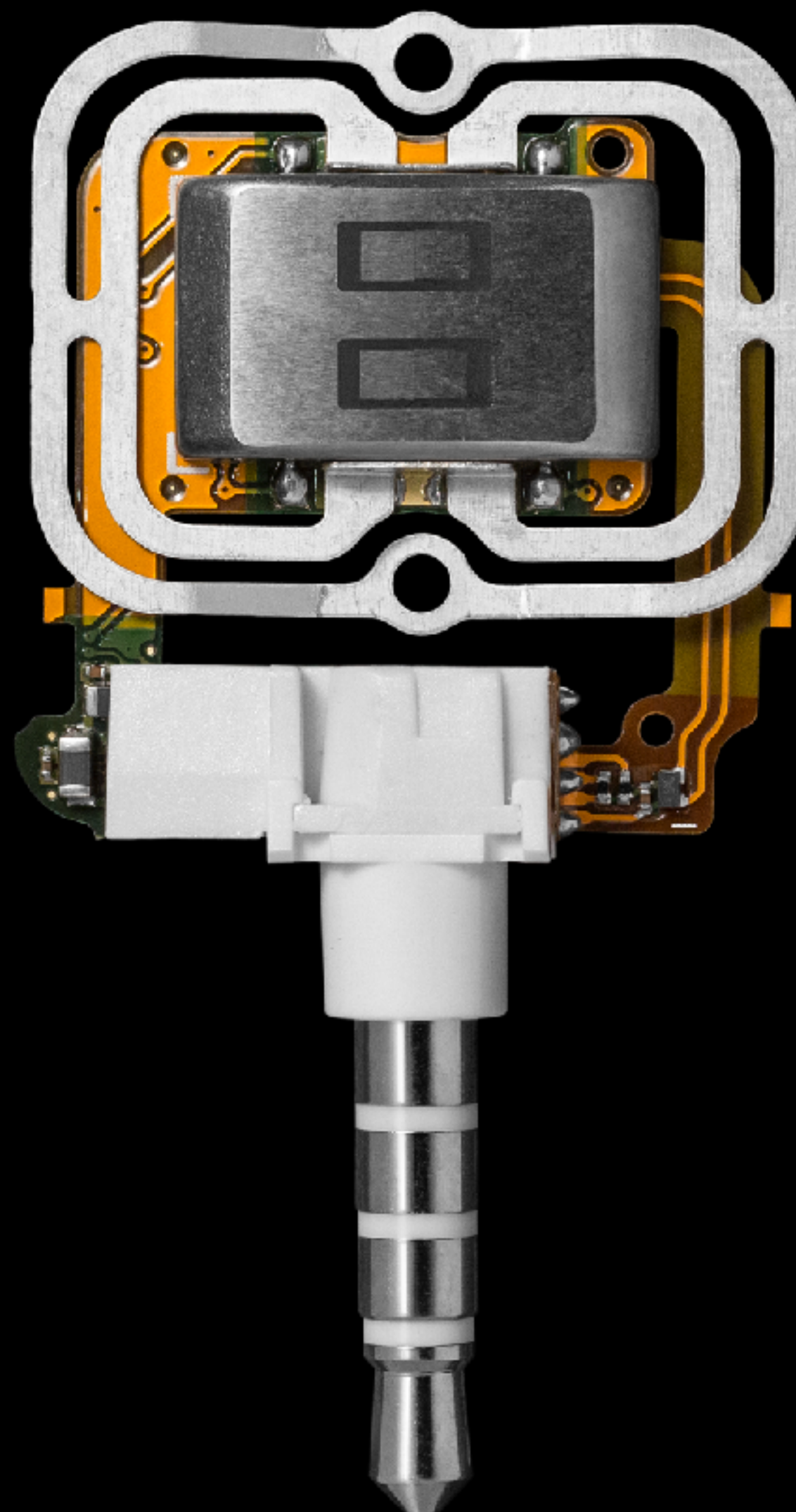
Differentiated hardware



Differentiated hardware



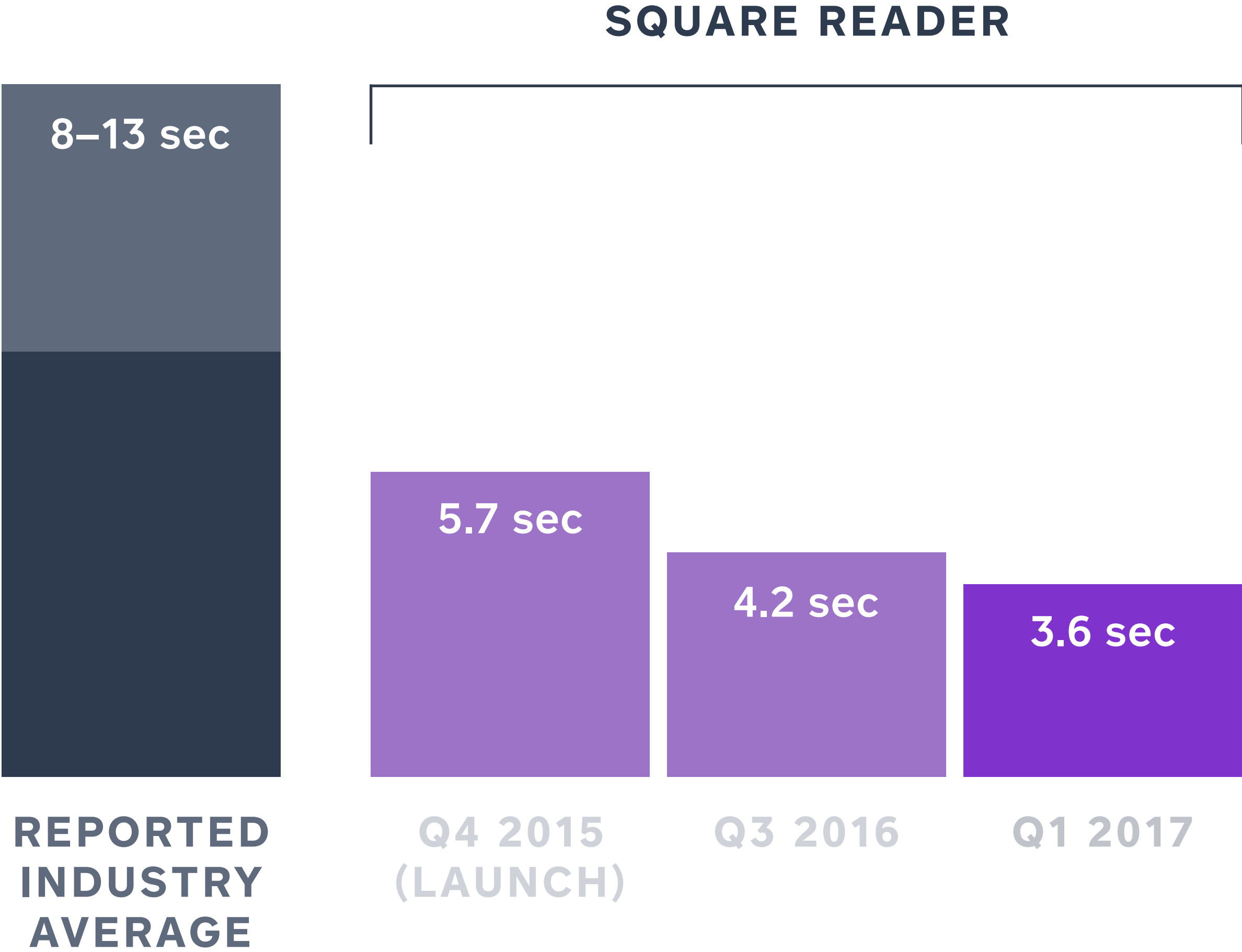
SQUARE READER
FOR MAGSTRIPE





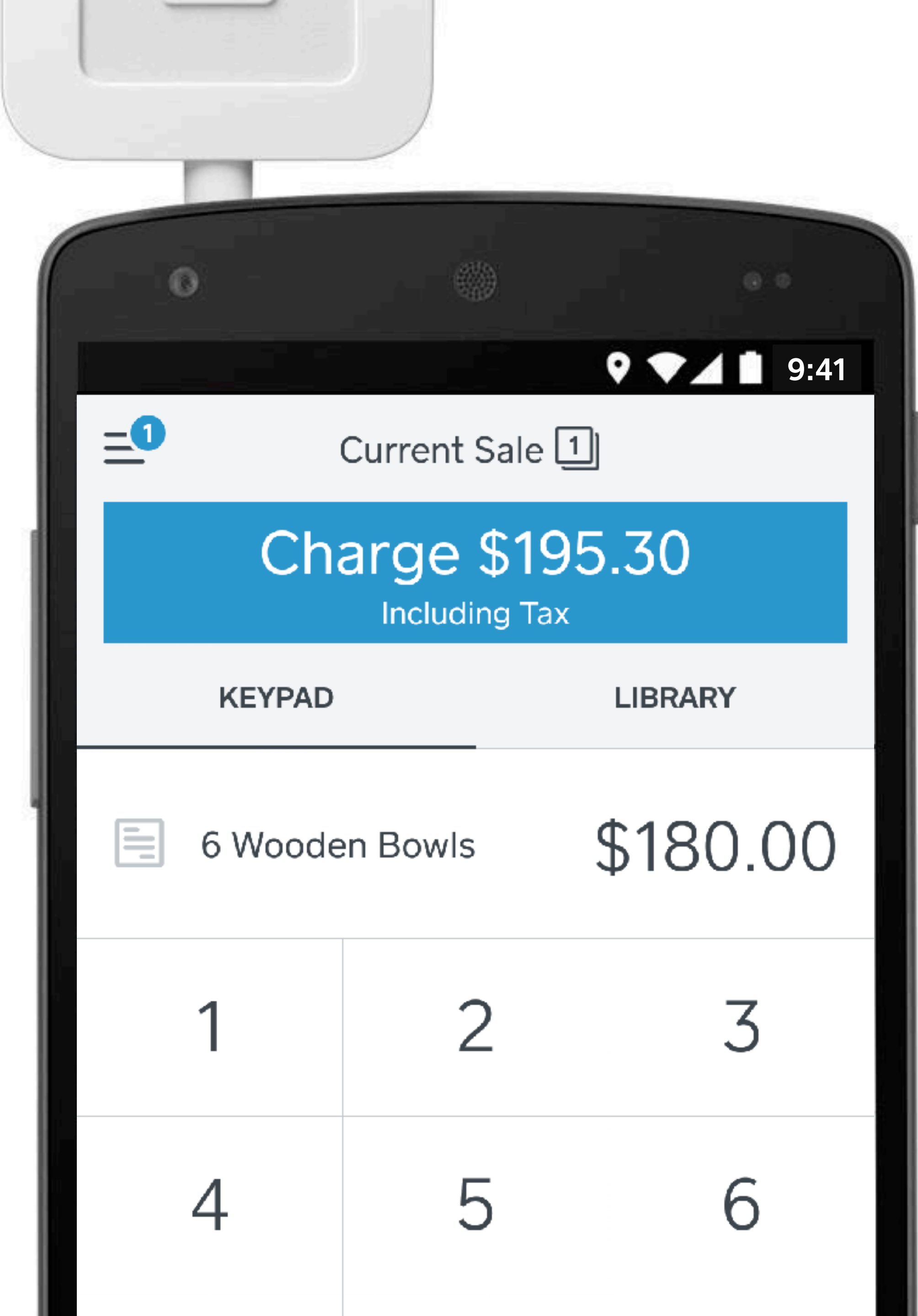
SQUARE READER
FOR CONTACTLESS AND CHIP

Speed matters: EMV transaction speed



Reported industry average speeds:
New York Times, “Visa Speeds Up Chip Cards With Software Upgrade,” 2016; Wall Street Journal, “Chip Card Nightmares? Help Is on the Way,” 2016.

Square mobile app
and reader



Square Point of Sale app and Stand



Point of Sale

ORDERS

ITEMS AND INVENTORY

EMPLOYEES AND LOCATIONS

STORE OPERATIONS

CUSTOMER DIRECTORY

**AND INTEGRATED WITH
SQUARE'S MANAGED
PAYMENTS PRODUCT**

CORRIDOR

SAN FRANCISCO, CALIFORNIA



INVOICES

Invoices

All Recurring Series (5) ▾

Customer	Invoice Details
Lauren Noble	Weekly Reception Arr... \$80.00
Kaitlyn Spindel	Monthly Reception Arr... \$200.00

Edit SeriesEnd Series

Active

Weekly Reception Arrangements

Recurring Series #000001

Customer
Martine Beaulieu (beaulieum246@gmail.com)

Recurring
Created on 06/01/2016
Recurs every 2 weeks on Friday
Ends after 30 times
[View Invoices in Series](#)

VIRTUAL TERMINAL

\$200.00

ResetCharge

Payment Details

Order Amount	\$200.00		
Card Number	4417 1234 5678 9010	Expiration Date	12 / 19
CVV / CVV2	561	Billing Zipcode	94105
Note	Include a Note for Your Records		

A digital receipt can be sent once the payment is complete.

E-COMMERCE API

YOUR CART

ITEM

PRICE

\$44.00

\$64.00

\$35.00

\$143.00

TAX

\$10.73

CHECKOUT

Credit Card Number

CVVMM/YYZipcode

SUBMIT PAYMENT

POWERED BY

CASH FOR BUSINESS

2:21 PM

5316.04

\$35

1234567890<



Point of Sale for key verticals



SERVICES

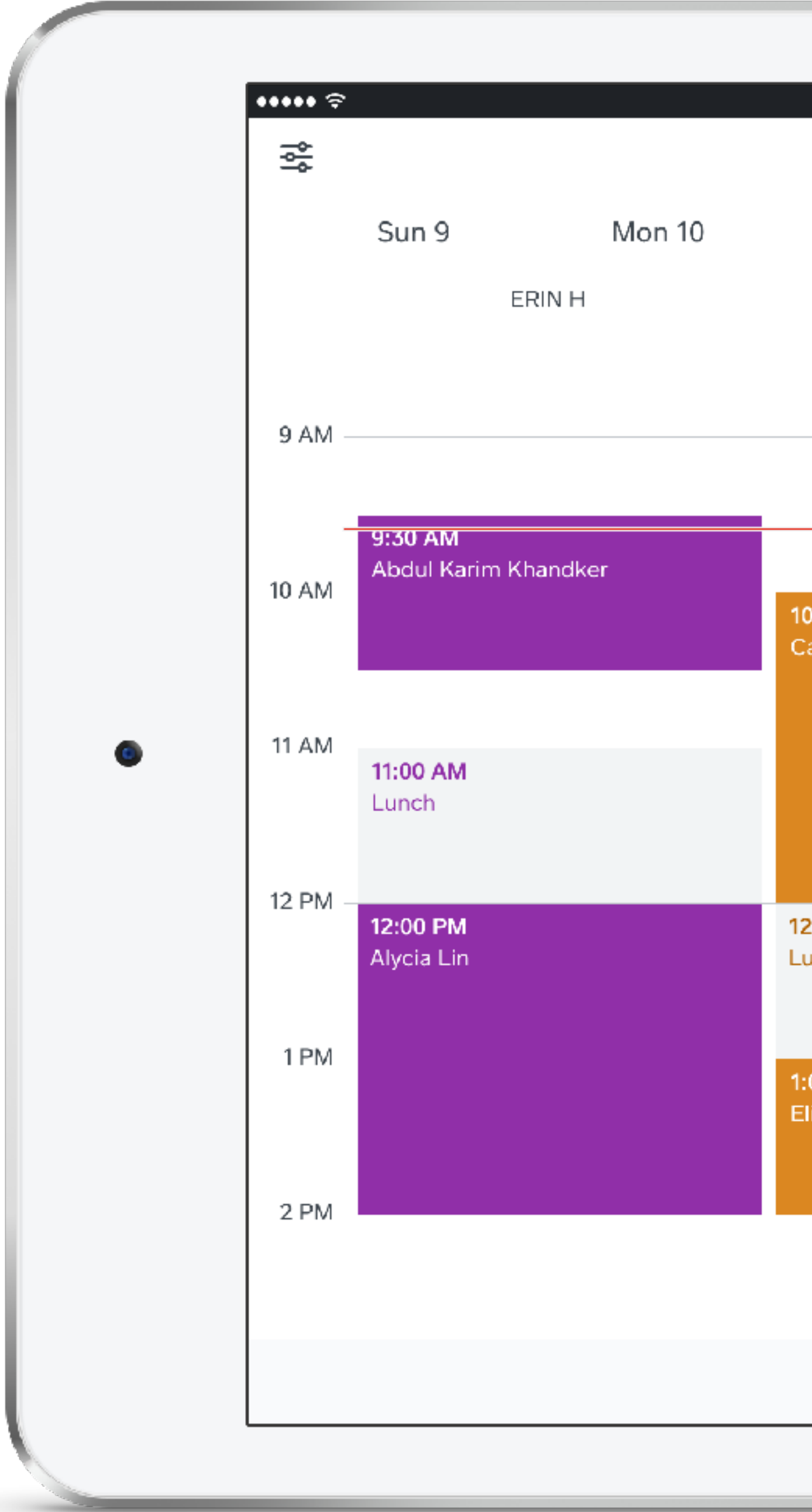
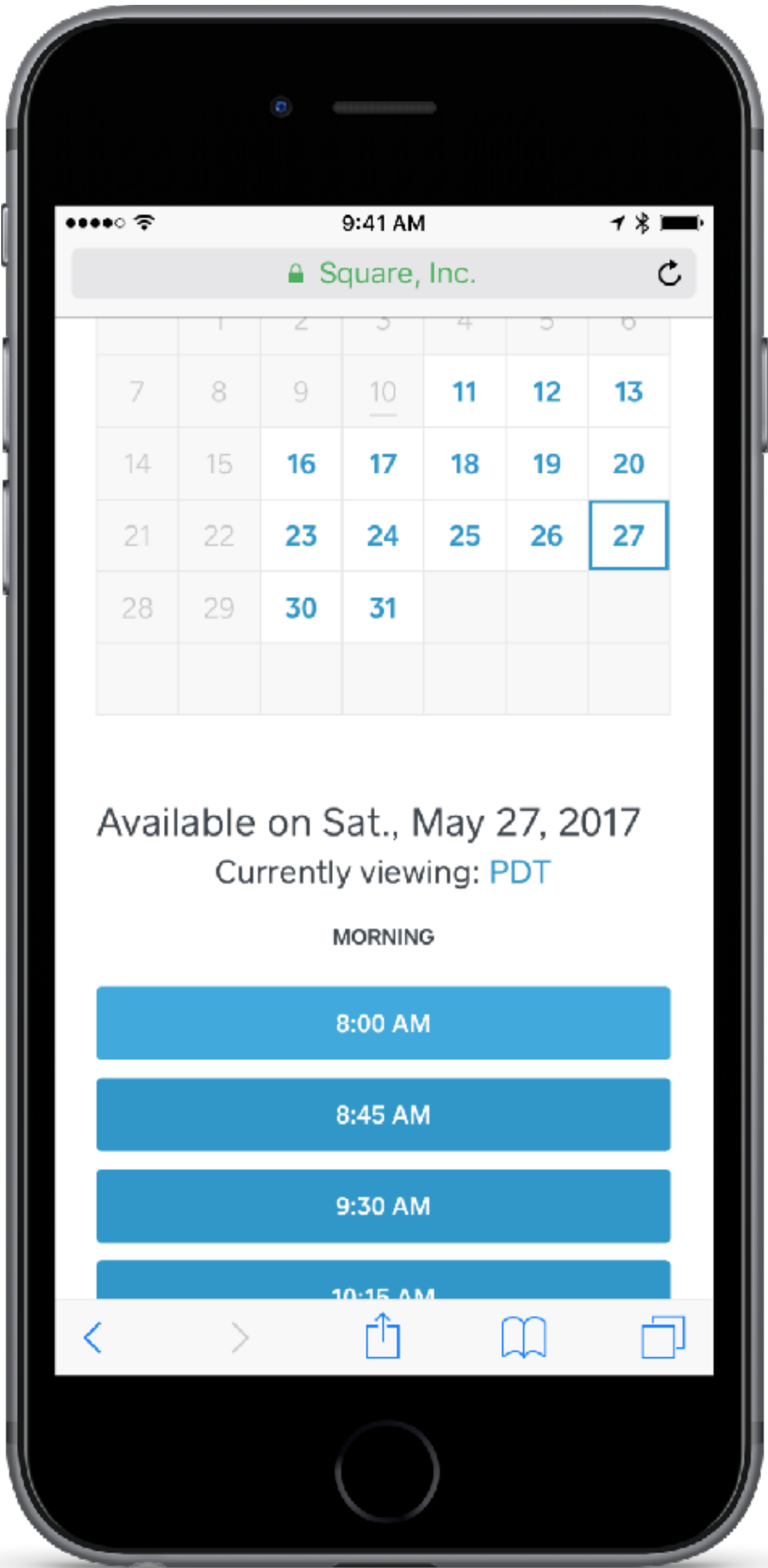


RETAIL



FOOD

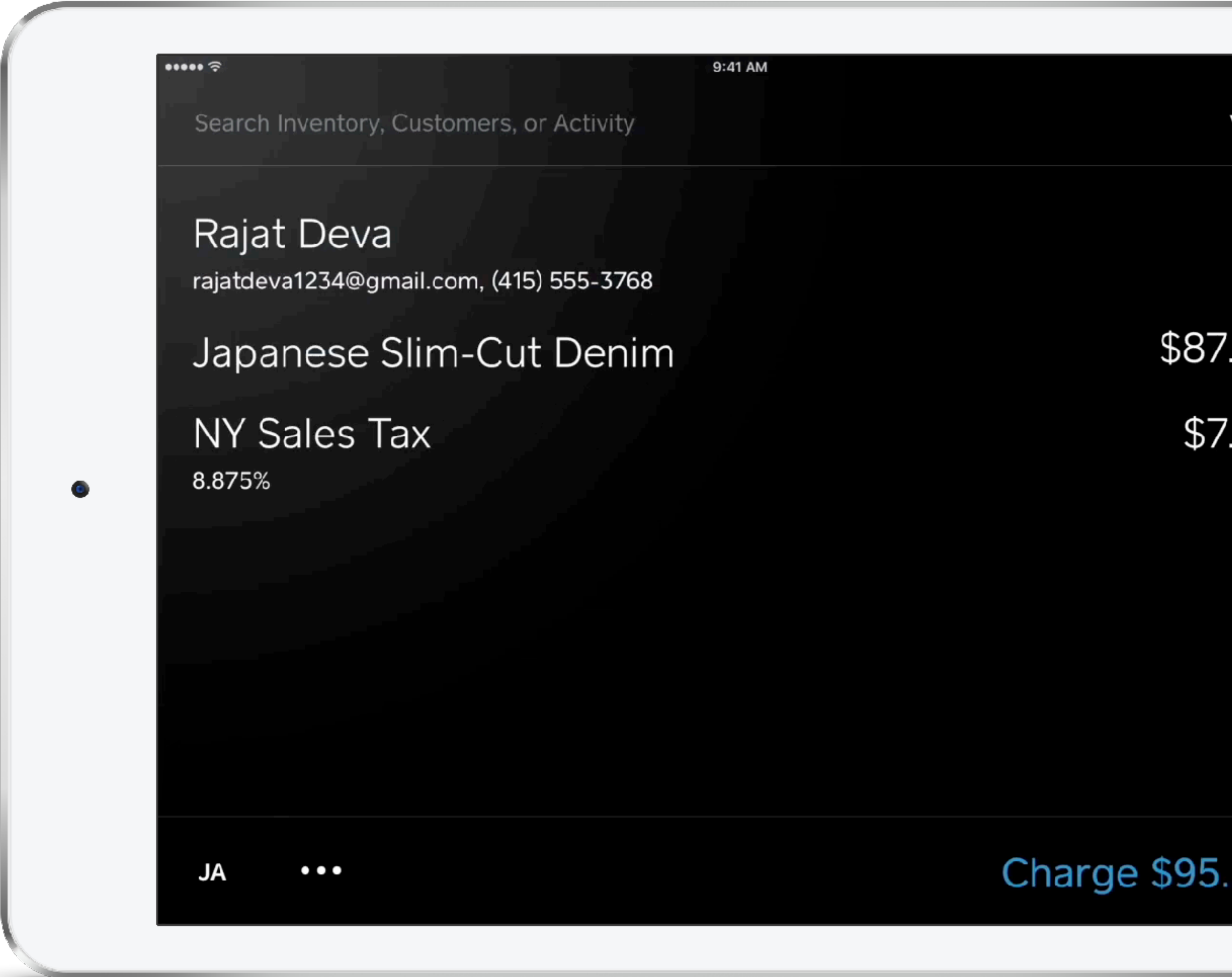
Square Appointments: A point of sale for services sellers





BANG
SEATTLE, WASHINGTON

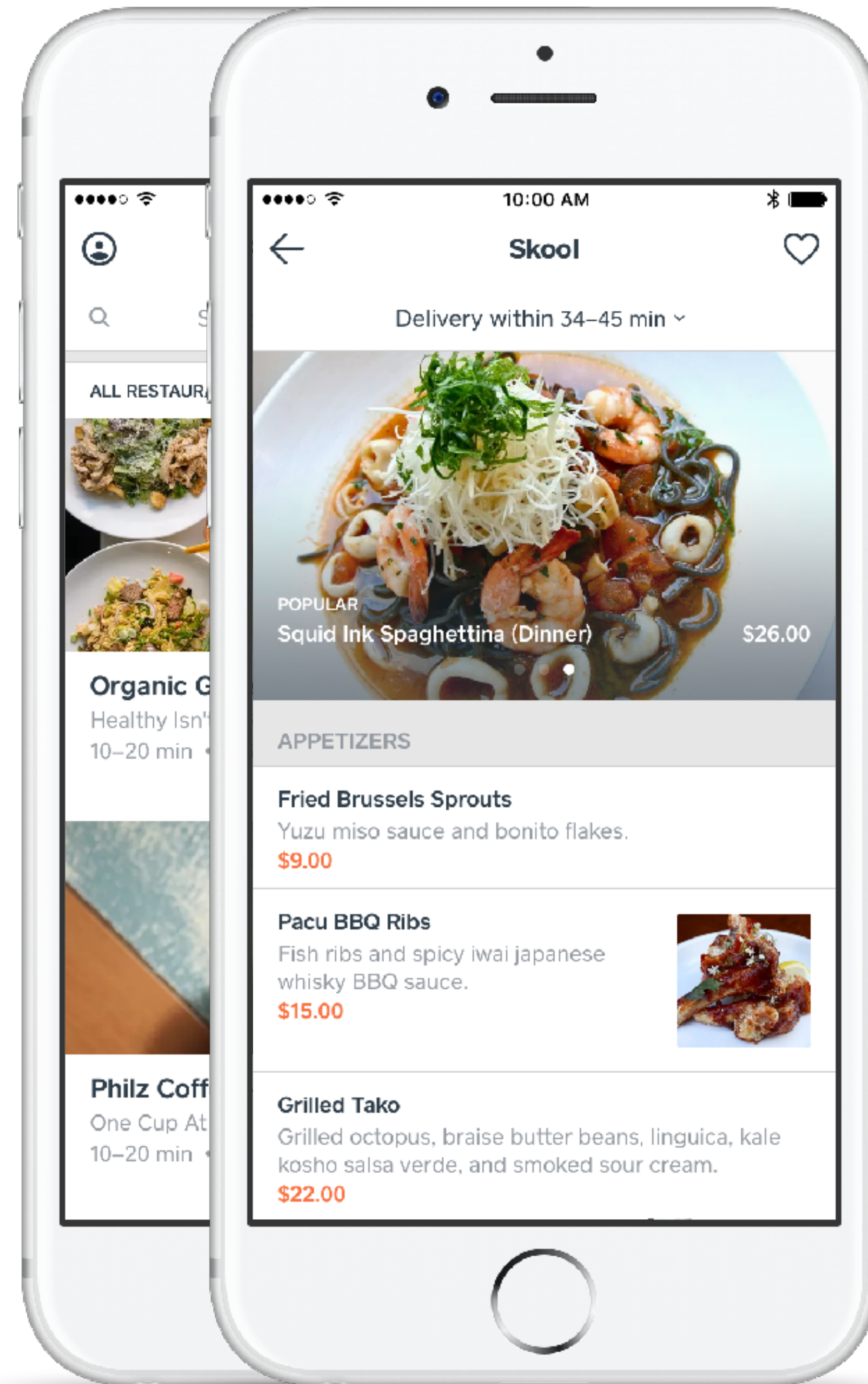
Square for Retail:
A point of sale for
high-inventory sellers





JAKE
SAN FRANCISCO, CALIFORNIA

Caviar food ordering platform: A point of sale in the buyer's hand



**Caviar food
ordering platform:
Extending the
restaurant's reach**

50%

**OF FOOD ORDER VOLUME COME
FROM RESTAURANTS THAT SELL
>\$100K WITH CAVIAR**

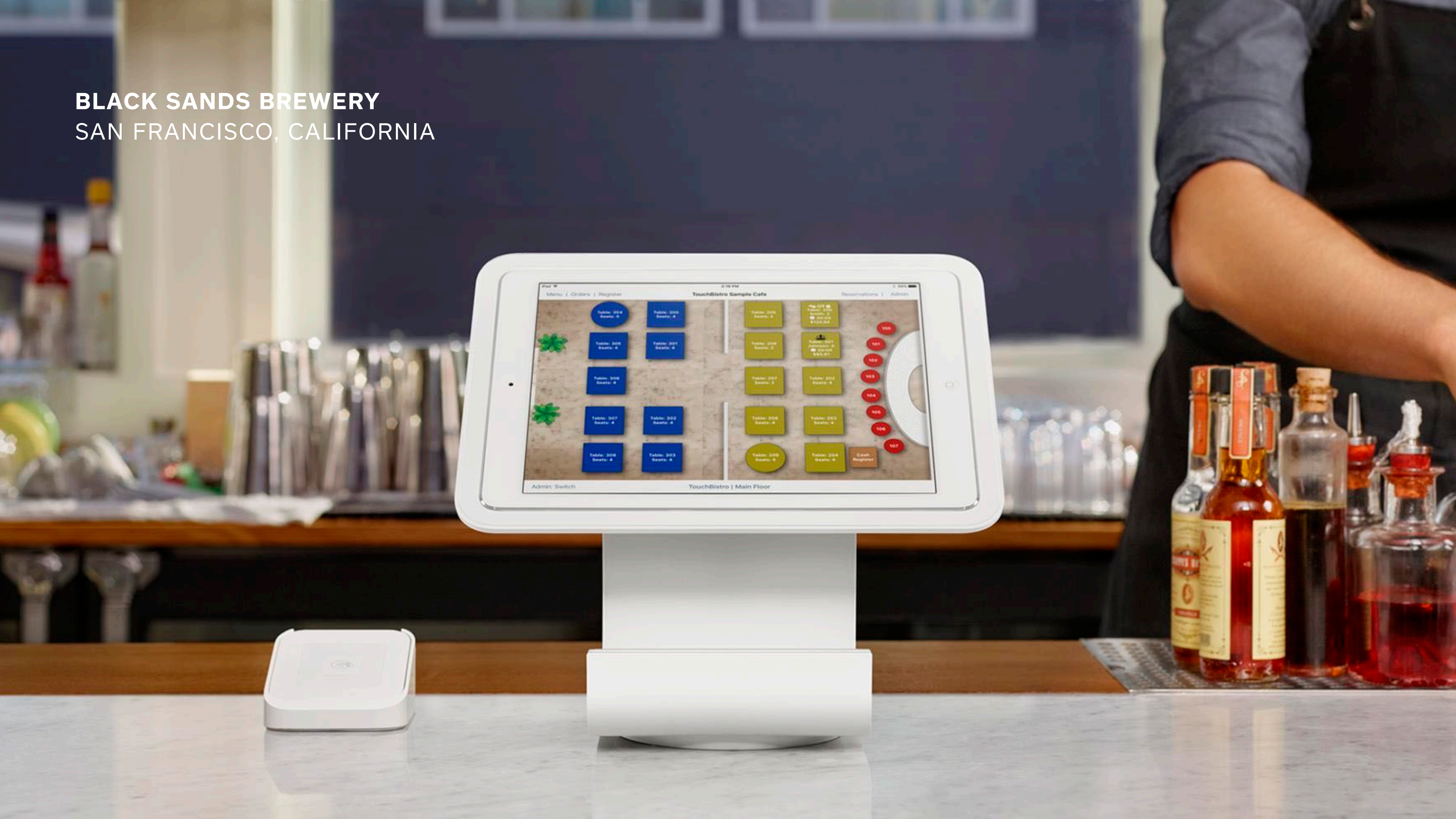
>2x

**ORDERS YEAR OVER YEAR
GROWTH IN Q1 2017**



SOUVLA
SAN FRANCISCO, CALIFORNIA

BLACK SANDS BREWERY
SAN FRANCISCO, CALIFORNIA



A platform for developers to meet sellers' needs

E-COMMERCE

Integrate Square on websites, enabling sellers to manage offline and online businesses.



WIX
E-COMMERCE



MAGENTO
E-COMMERCE



WOOCOMMERCE
E-COMMERCE

THIRD-PARTY APPS

Integrate Square with third-party apps and back-office solutions that bring additional functionality.



QUICKBOOKS
ACCOUNTING



TOUCHBISTRO
POINT OF SALE



XERO
ACCOUNTING



VEND
POINT OF SALE

IN-HOUSE

Integrate Square into a seller's specialized POS to accept payments and access other services.



HAMPTON JITNEY
TRANSPORTATION



PHILZ COFFEE
COFFEEHOUSE



LASER AWAY
HAIR AND TATTOO REMOVAL

A photograph of a chef in a white uniform handing cash to a customer. The chef is an older man with white hair, wearing a white chef's coat and a watch. He is handing a stack of banknotes to a woman with dark hair in a ponytail, who is wearing a patterned top. They are at a counter in a kitchen or restaurant setting. The background shows kitchen equipment and a wooden cabinet.

Cash transactions
are anonymous




Credit transactions
are, too

**Square builds a
powerful connection**

Photographer: Daniel Hennessy



Customer Engagement: Creating a customer-powered point of sale

DIGITAL RECEIPTS



Penny Harper Salon

How was your experience?



\$38.06

Haircut	\$35.00
<hr/>	
Subtotal	\$35.00
Sales Tax (8.75%)	\$3.06

DIRECTORY

DIRECTORY

All Customers

Instant Profiles

GROUPS

- All Customers
- Casual
- Imported
- Lapsed
- Loyal
- New Group

Abdul Karim Khandker
abdul.kandkher@gmail.com

Adam Cortez
cortez5926@gmail.com

Alycia Lin
alycia4545@gmail.com

Cliff Bowman
bowman7498@yahoo.com

Elisa Rizzo
rizzo_eliza@yahoo.com


Erin Hills
erin.hills80@yahoo.com

Jake Anderson
jakeanderson2003@gmail.com

Justin Keller
jstkeller@gmail.com

Kaitlyn Spindel

LOYALTY



2/10

Congratulations, you earned a star!

Earn 9 more stars and get a free coffee.

MARKETING

Memorial Day Special

Enjoy special savings when you shop this Memorial Day weekend. Click below to activate your unique discount code. Then just shop and save.

\$20

Get \$20 off your purchase!

With 1 click, activate and link this reward to MasterCard 4321

CLICK TO ACTIVATE

Customer Engagement: Creating a customer-powered point of sale



Square Capital: Funds to grow your business

\$10,000

\$1,400 total borrowing cost
\$11,400 total owed
Pay back with 13% of daily
card sales

Request \$10,000

\$7,500

\$1,050 total borrowing cost
\$8,550 total owed
Pay back with 11% of daily
card sales

Request \$7,500

\$5,000

\$700 total borrowing cost
\$5,700 total owed
Pay back with 9% of daily
card sales

Request \$5,000

[Looking for a different amount? Click here >](#)

How your loan works



No hidden fees

The total owed is the loan amount plus the total borrowing cost. And that is the only cost—there are no application, origination, prepayment, closing, or other hidden fees.



Fast funds

Upon approval, your loan is deposited into your Square-linked bank account as soon as the next business day.



Flexible repayment

Repay the total owed with a fixed percentage of your daily card sales. You can also [prepay your loan anytime](#) at no additional cost.



Estimated payback within 1 year

Based on your historical Square sales, we estimate loan repayment within 12 months. The full balance must be paid within 18 months, and 1/18 of the initial balance must be repaid every 60 days.

Questions about loans through Square Capital?

[Read our FAQ >](#) or [Contact us >](#)

Square Capital

~70%

OF SQUARE CAPITAL SELLERS
USED FUNDS FOR PURCHASING
EQUIPMENT, OPENING NEW
LOCATIONS, OR MARKETING

>90%

CUSTOMER
SATISFACTION SCORE

~80

NET PROMOTER SCORE

Square Capital

\$1.5B⁺

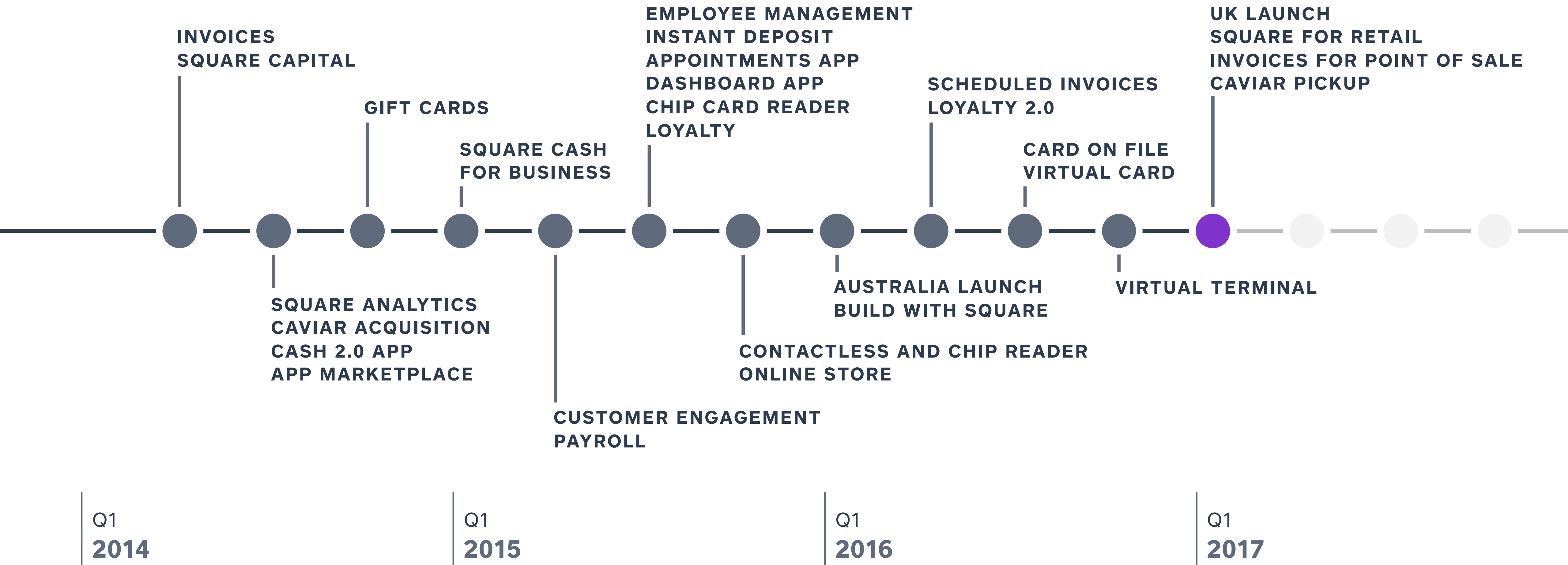
CUMULATIVE LOANS AND MCAs
SINCE PUBLIC LAUNCH IN MAY 2014

~4%

LOAN DEFAULT RATES

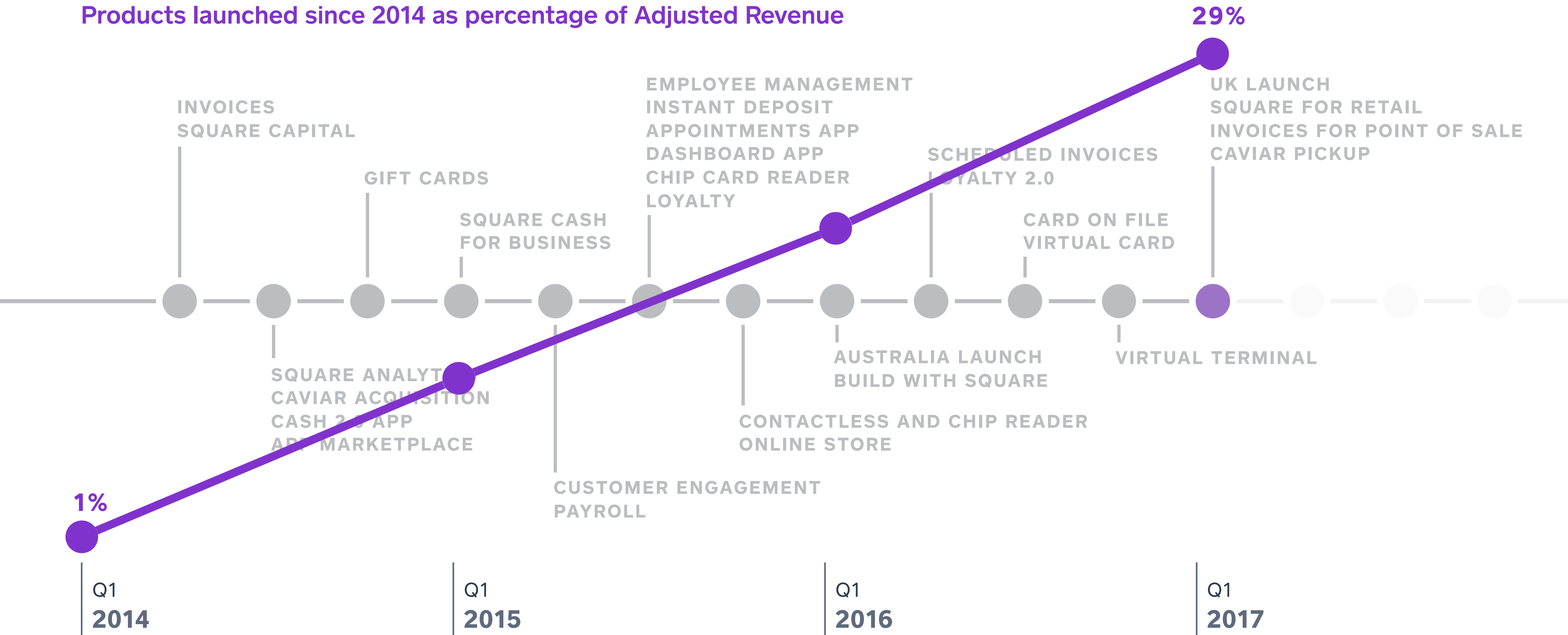
Expanding Square's product surface area

Select product launches and updates



Expanding Square’s product surface area

Products launched since 2014 as percentage of Adjusted Revenue



“Products launched since 2014” primarily consists of Square Capital, Invoices, Instant Deposit, and APIs and excludes hardware revenue.



PAYMENTS



EMPLOYEE MANAGEMENT



LOCATION MANAGEMENT



SQUARE READER FOR
CONTACTLESS AND CHIP



SQUARE STAND



ANALYTICS

JACK'S BAR-B-QUE
NASHVILLE, TENNESSEE





ST. JOHN
APARTMENTS
725

BANG

723

CLOSED

Sandwiches - B

Growth Strategy

KEVIN BURKE

Four pillars of our growth strategy

DRIVE SCALE AND EFFICIENCY IN ACQUISITION

ACCELERATE MOVE UP-MARKET

GROW AND RETAIN EXISTING BASE

CAPTURE INTERNATIONAL OPPORTUNITY

Four pillars of our growth strategy

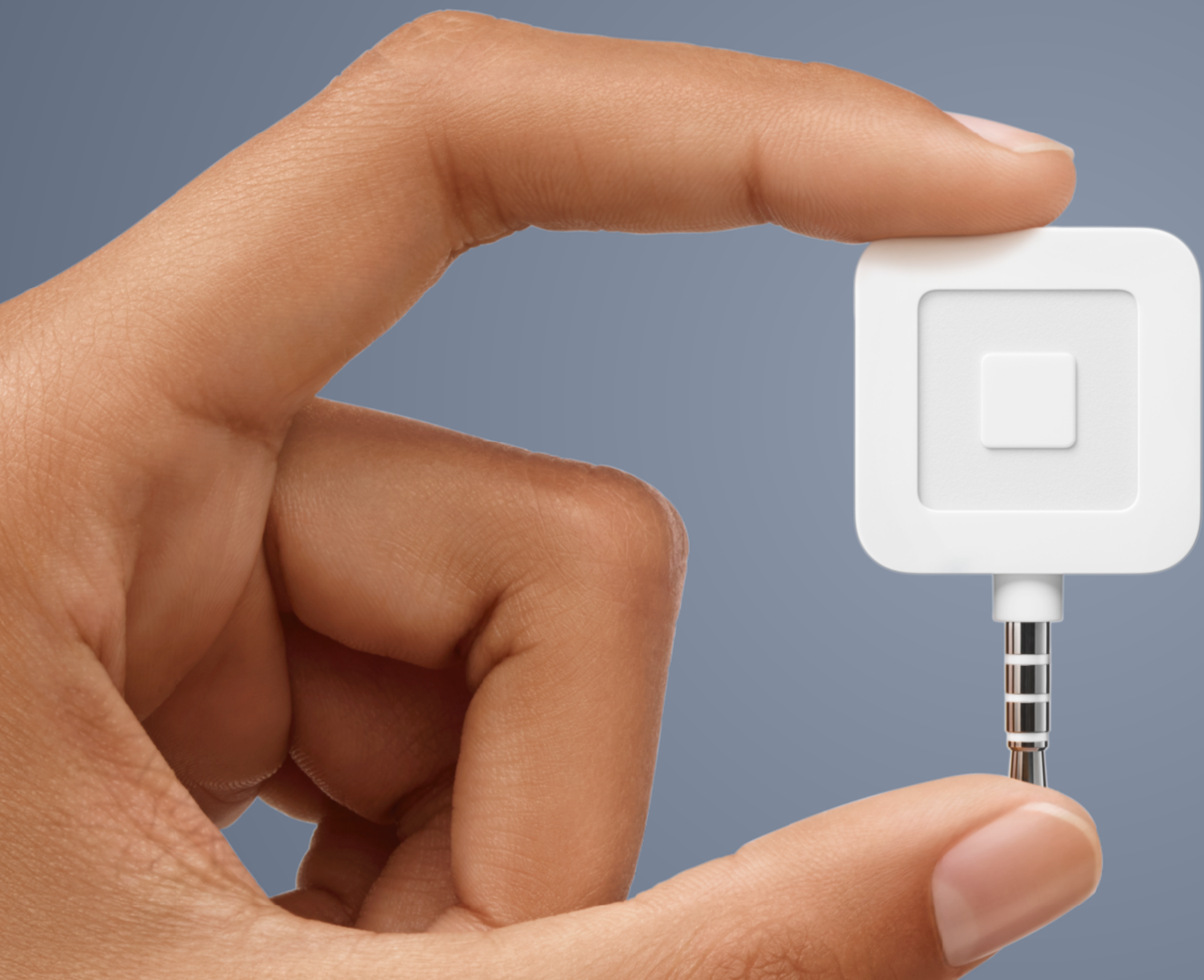
DRIVE SCALE AND EFFICIENCY IN ACQUISITION

ACCELERATE MOVE UP-MARKET

GROW AND RETAIN EXISTING BASE

CAPTURE INTERNATIONAL OPPORTUNITY

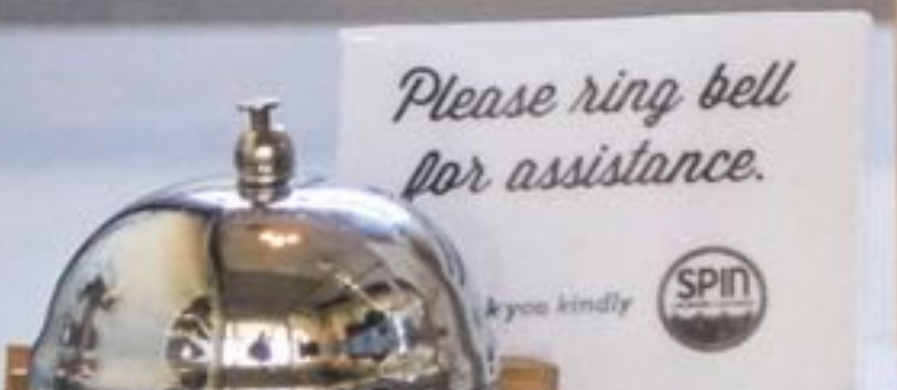










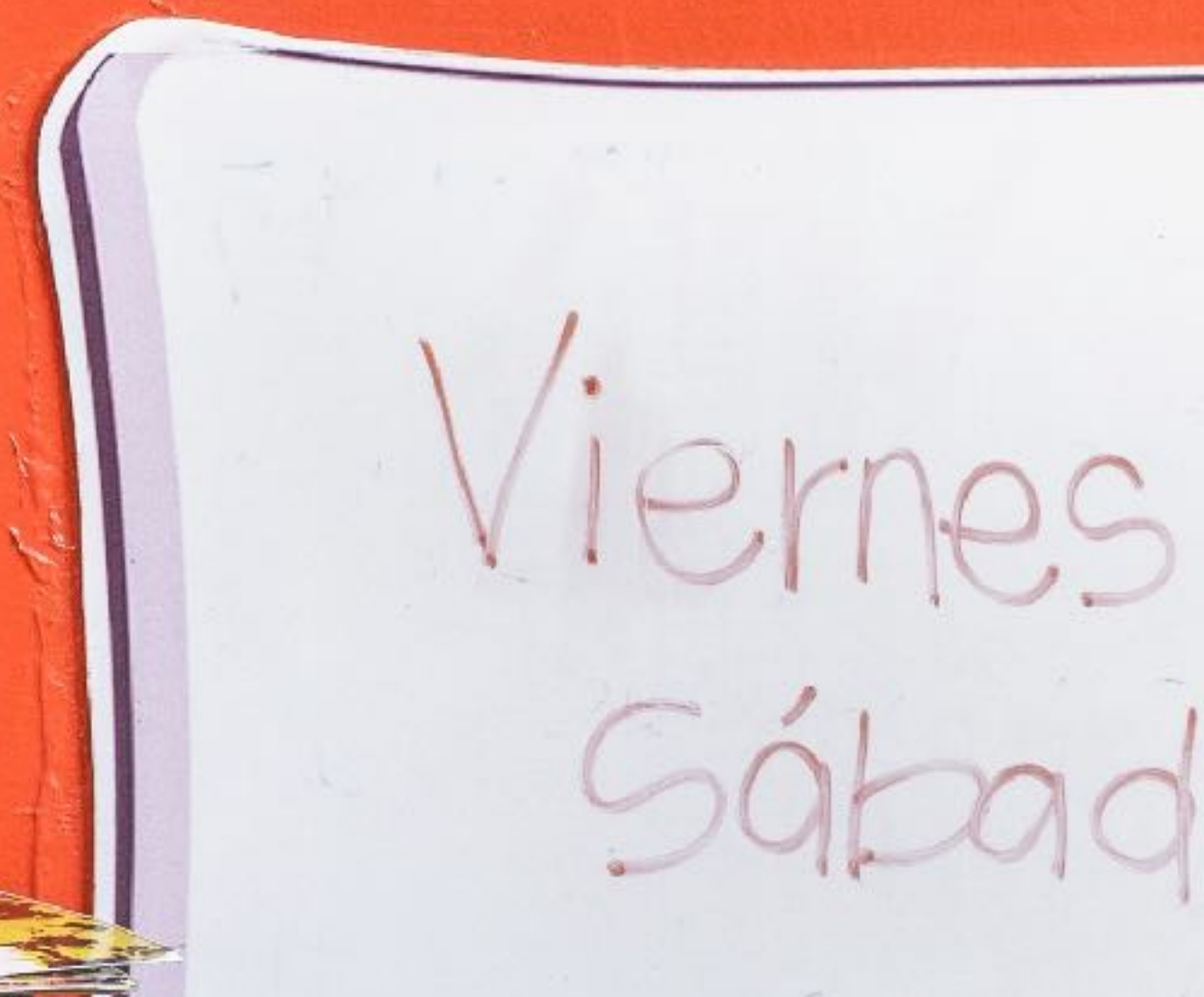
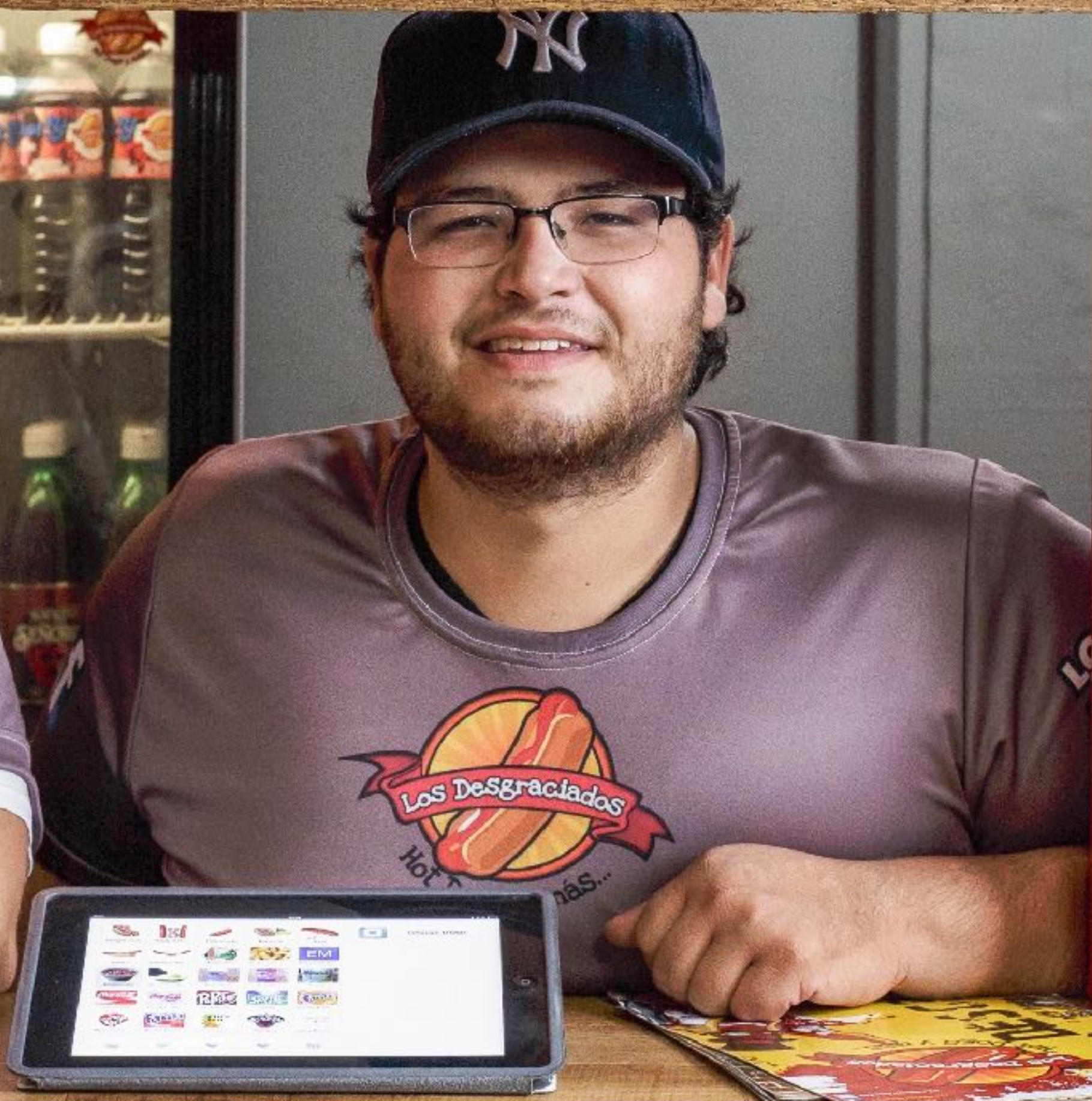


We accept all
CREDIT
cards through



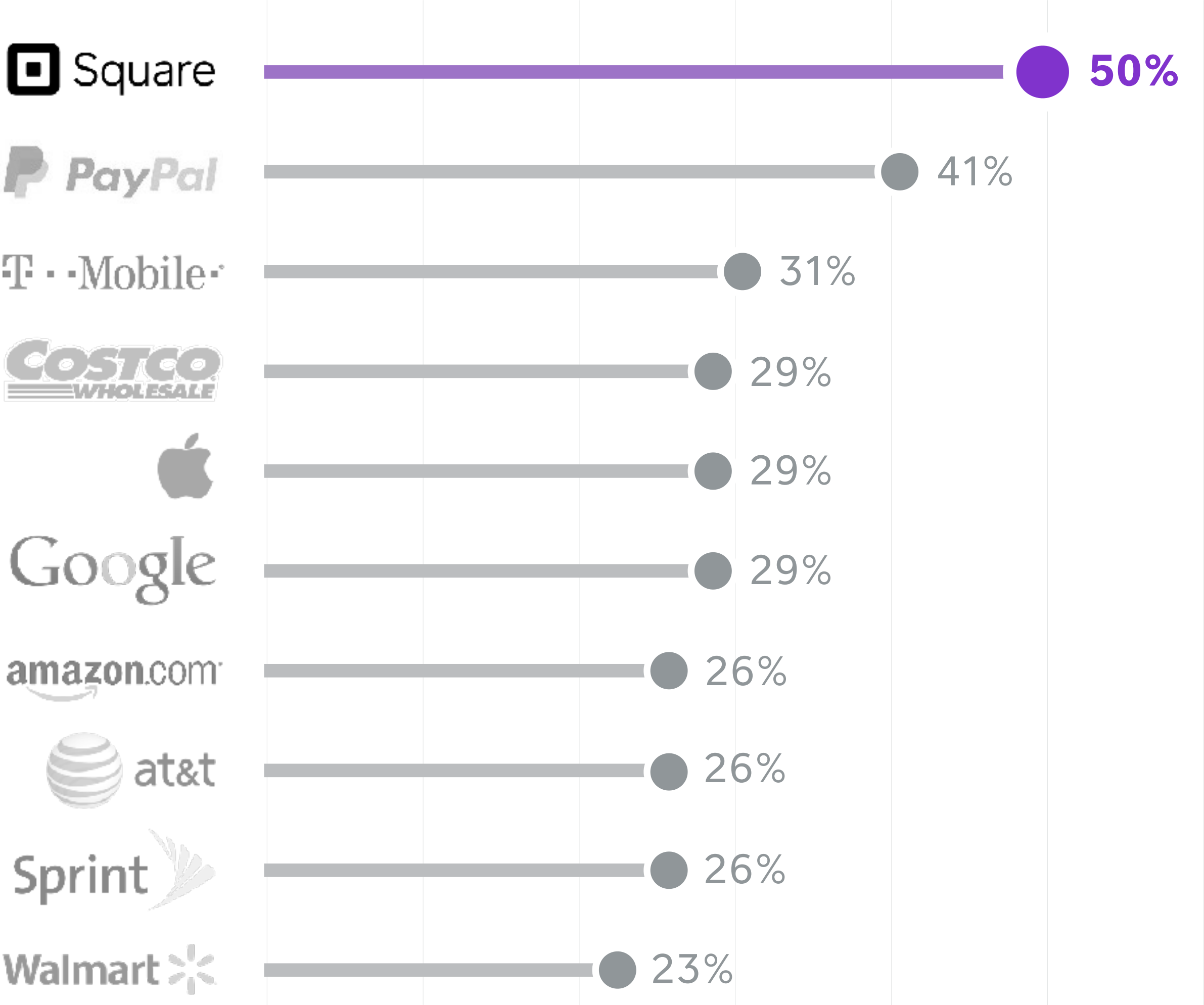


ORDENA EN CAJA



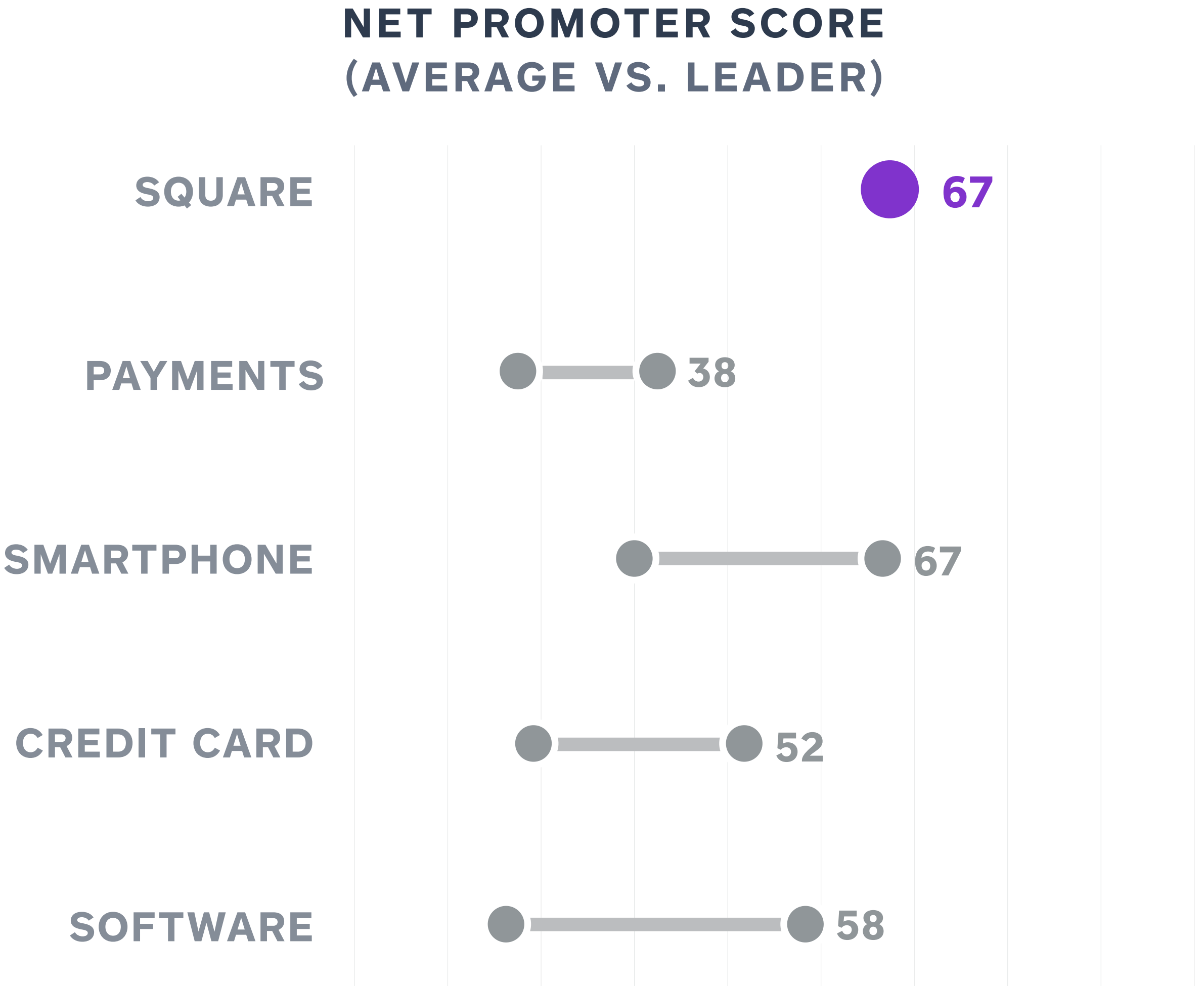
Square is among the most trusted brands

CONSUMERS WHO WOULD CONSIDER THESE COMPANIES IF THEY OFFERED BANKING SERVICES



Source: Accenture—The Digital Disruption of Banking, 2014.

Our brand is well known
and well loved



Square Net Promoter Score (NPS) average across the last four quarters as of Q1 2017.
Source: Satmetrix 2014 NPS Benchmarks

**Creating a community
of brand promoters**

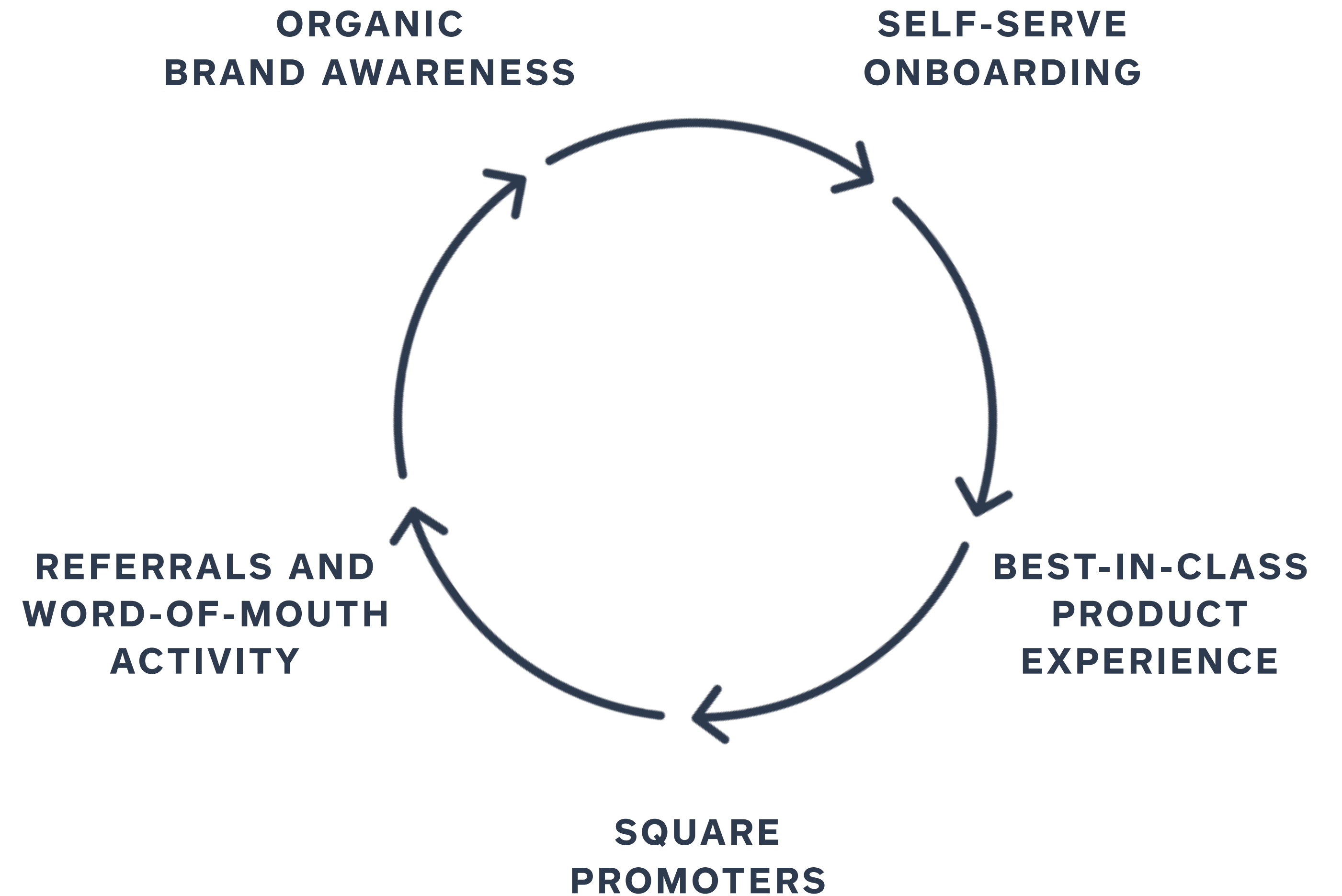
70%

**GREATER CUSTOMER LIFETIME
VALUE FOR A SQUARE PROMOTER**

3x








**MORE LIKELY FOR A
PROMOTER TO REFER SQUARE**

Enabling a virtuous cycle of scalable acquisition



We accelerate this acquisition cycle with a broad set of channels

PAID MARKETING

-  ONLINE SEARCH
-  ONLINE DISPLAY
-  DIRECT MAIL
-  DIRECT RESPONSE TELEVISION
-  MOBILE ADVERTISING
-  AFFILIATES
-  REFERRALS

DISTRIBUTION AND OUTREACH CHANNELS

-  RETAIL
-  LOCAL MARKETING/EVENTS
-  PUBLIC RELATIONS
-  SEO
-  CONTENT/SOCIAL MEDIA

Retailers:
this one's for you.

We serve a lot of retailers like you. So we made Square for Retail: a built-from-scratch solution loaded with our most intelligent set of retail tools yet.



Sponsored

Like Page

Our most intelligent set of retail tools yet is ready for business.



Square for Retail

Try it free today.


WWW.SQUAREUP.COM/RETAIL

Learn More

101 Likes
4 Comments
14 Shares

Meet Square for Retail.


Visit square.com/retail to try it free.



Our most intelligent retail tools.

**TRY SQUARE
FOR RETAIL**

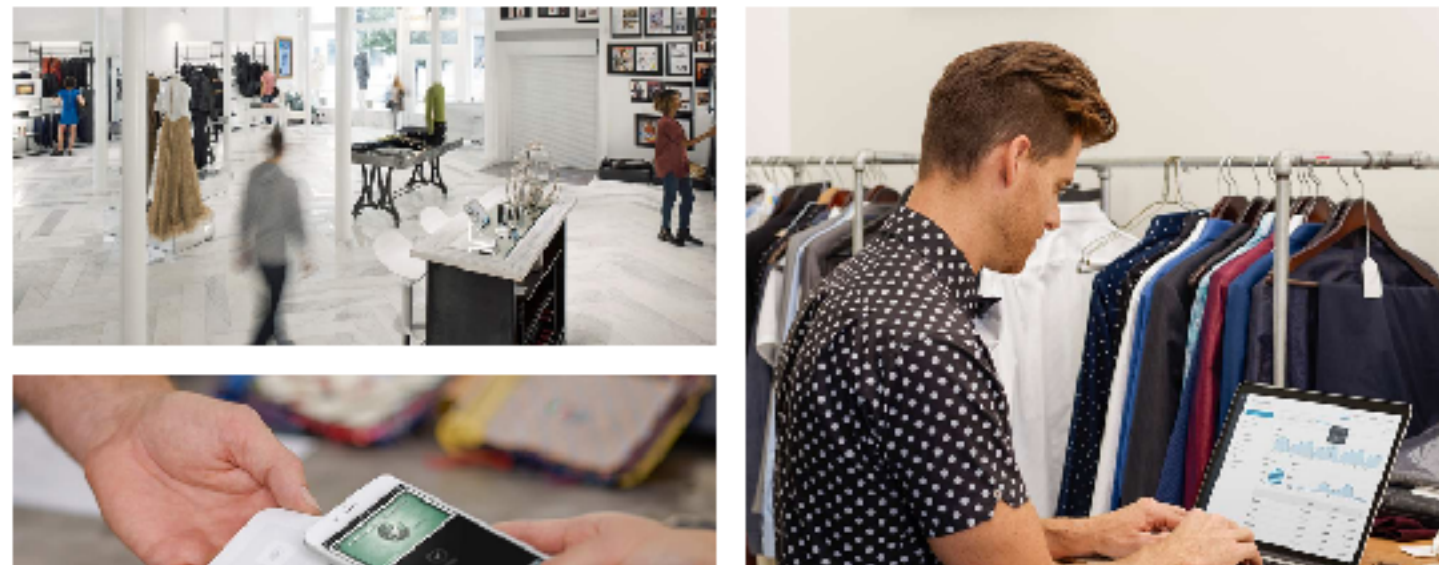

Free for 30 days.



The image features the Square logo at the top center, a white square with a smaller square inside. Below the logo, the text "SQUARE FOR RETAIL" is displayed in a bold, white, sans-serif font. Underneath this, three checkmarks are listed, each followed by a feature: "Intelligent inventory.", "Intuitive point of sale.", and "Integrated customer directory.". A large, rounded rectangular button with the text "TRY IT FREE" in white, bold, sans-serif font is positioned below the list. At the bottom of the image, a white Square point-of-sale terminal is shown. The terminal's screen displays a receipt for "Antonio Silva" with items "Japanese Sashimi Dinner" (\$200.00) and "Discount" (- \$50.00), totaling a "Charge \$149.25" including sales tax. To the left of the terminal is a black barcode scanner, and to the right is a small white Square card reader.


We serve a lot of retailers like you. And we've learned a lot about how you run your business and the tools you need. So we built our most intelligent set of retail tools yet.

Meet Square for Retail.

A collage of three images illustrating retail operations. The top left image shows a bright, modern clothing store interior with racks of clothes and customers. The top right image shows a man in a dark patterned shirt looking at a laptop screen displaying a data dashboard, with clothing racks in the background. The bottom image is a close-up of a hand holding a white smartphone over a payment terminal, with a green payment confirmation screen visible.

Meet Square for Retail, our most intelligent set of retail tools.

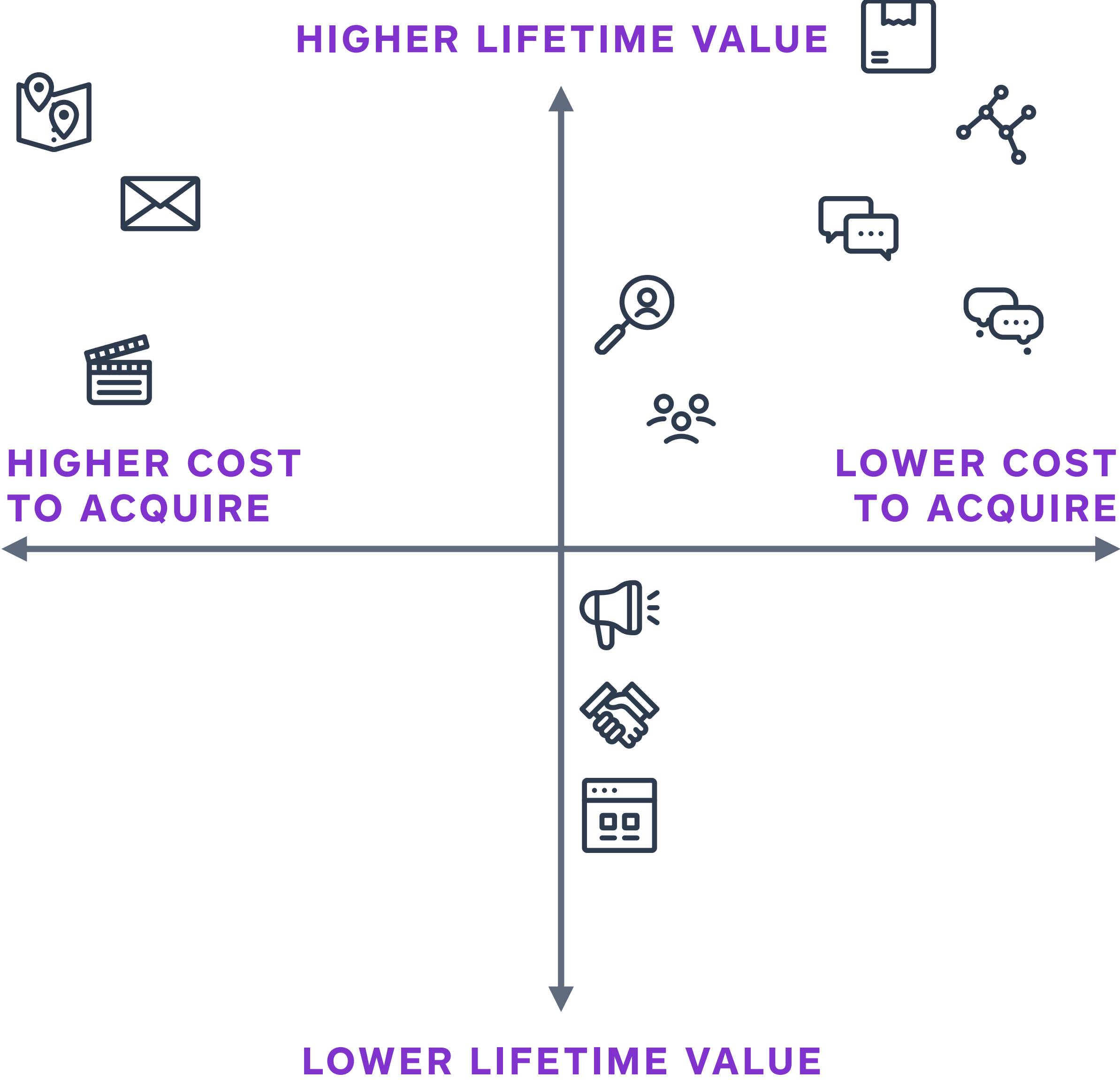
[TRY IT FREE](#)



Our portfolio of channels drives awareness and acquisition with different targeting strategies



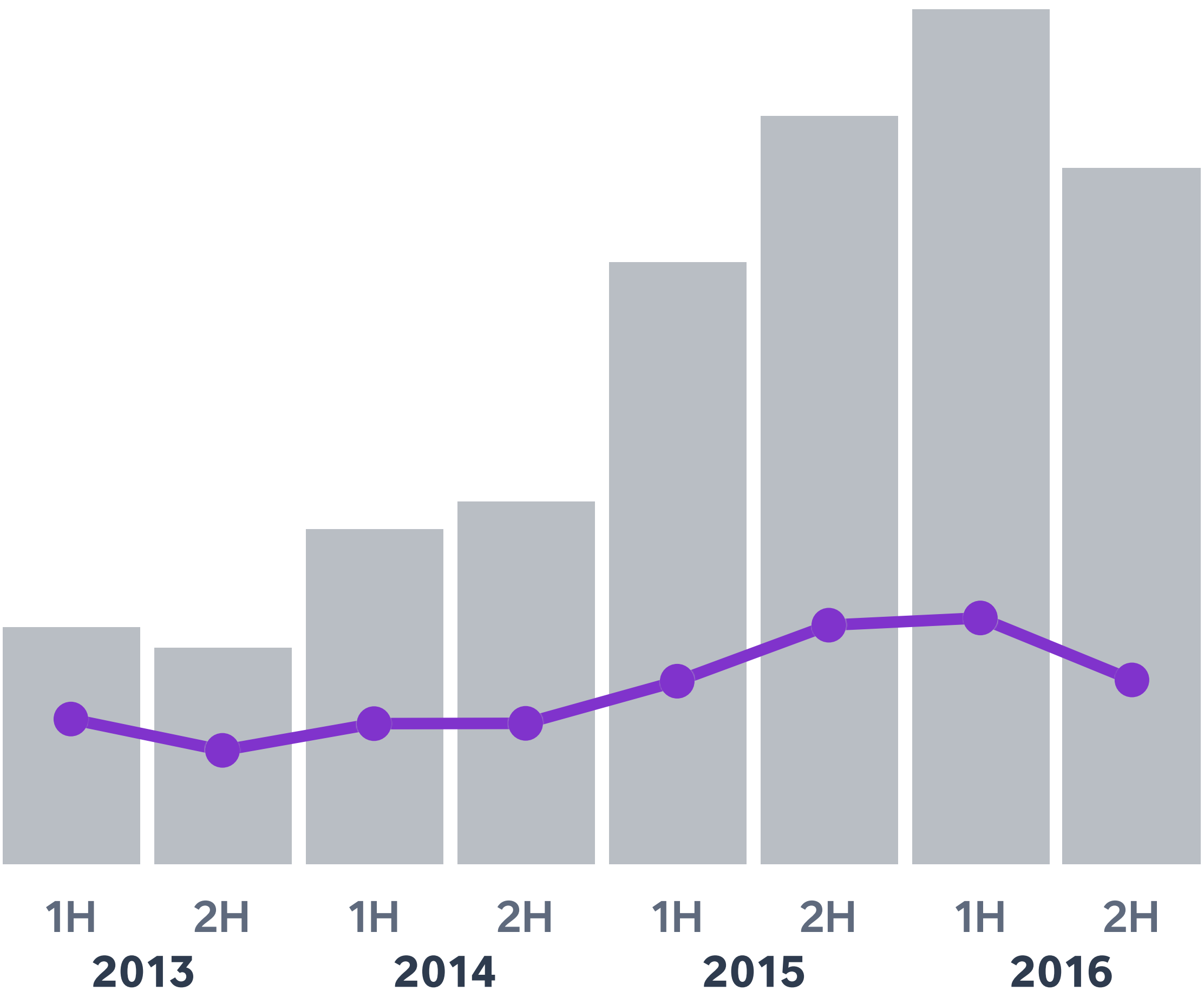
We continuously optimize this portfolio by evaluating tradeoffs between lifetime value and cost to acquire



We actively manage and scale individual channels using machine learning

3x INCREASE IN DIRECT MAIL VOLUME WHILE MAINTAINING CONSISTENT CONVERSION RATES

- CONVERSION RATE
- DIRECT MAIL QUANTITY



Get

Apple Pay
↓



Paid

chip cards
↓



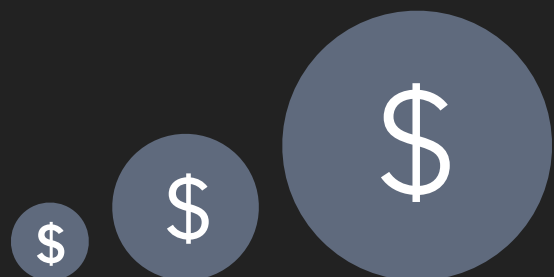
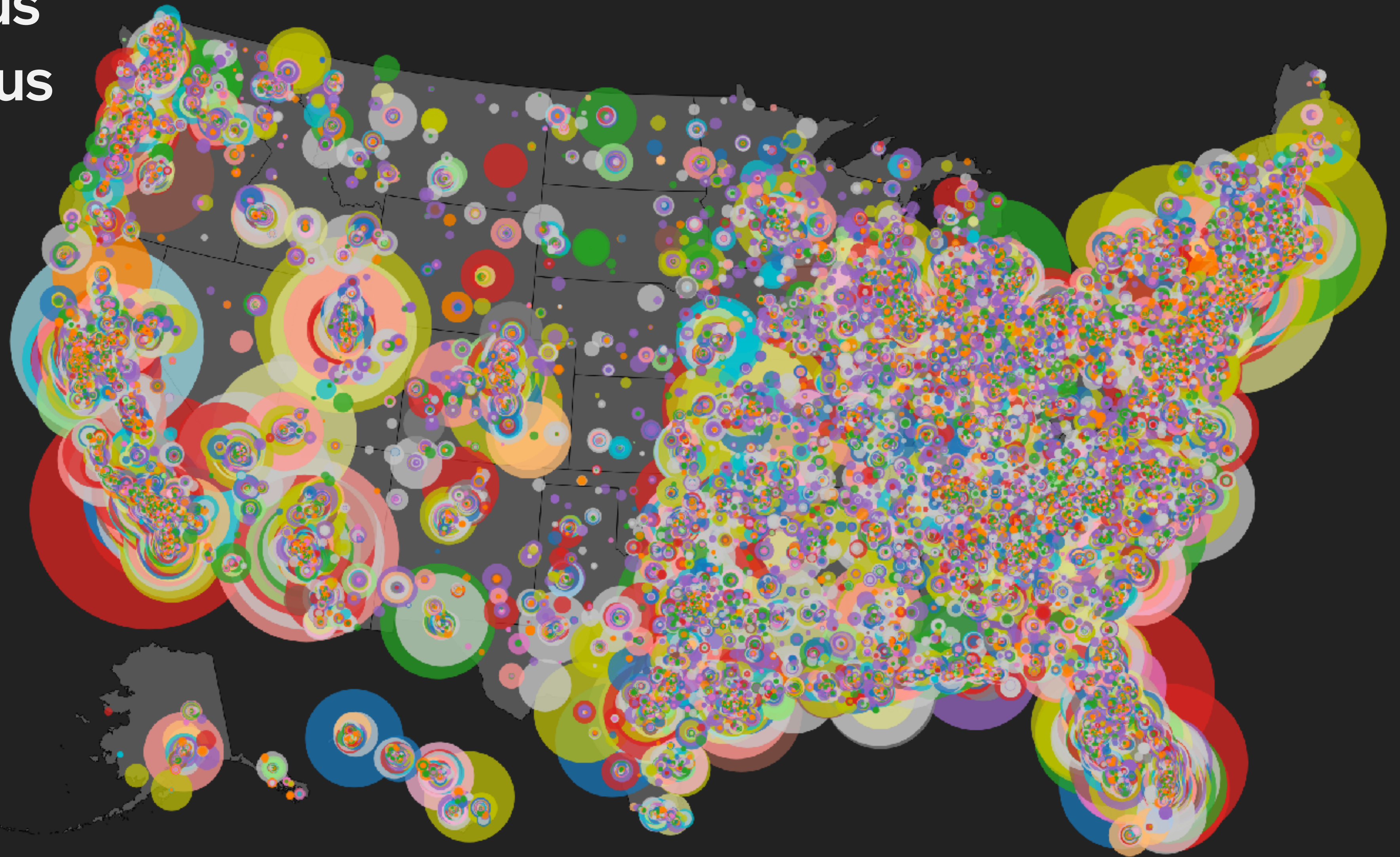
Get started free
at square.com/free.

Fast

magstripe cards
↓



This has enabled us
to have a ubiquitous
presence across
the U.S.



Scale indicates transaction size; color indicates seller industry.
Tuesday, April 4, 2017, 1:40 PM–2:10 PM Pacific

Four pillars of our growth strategy

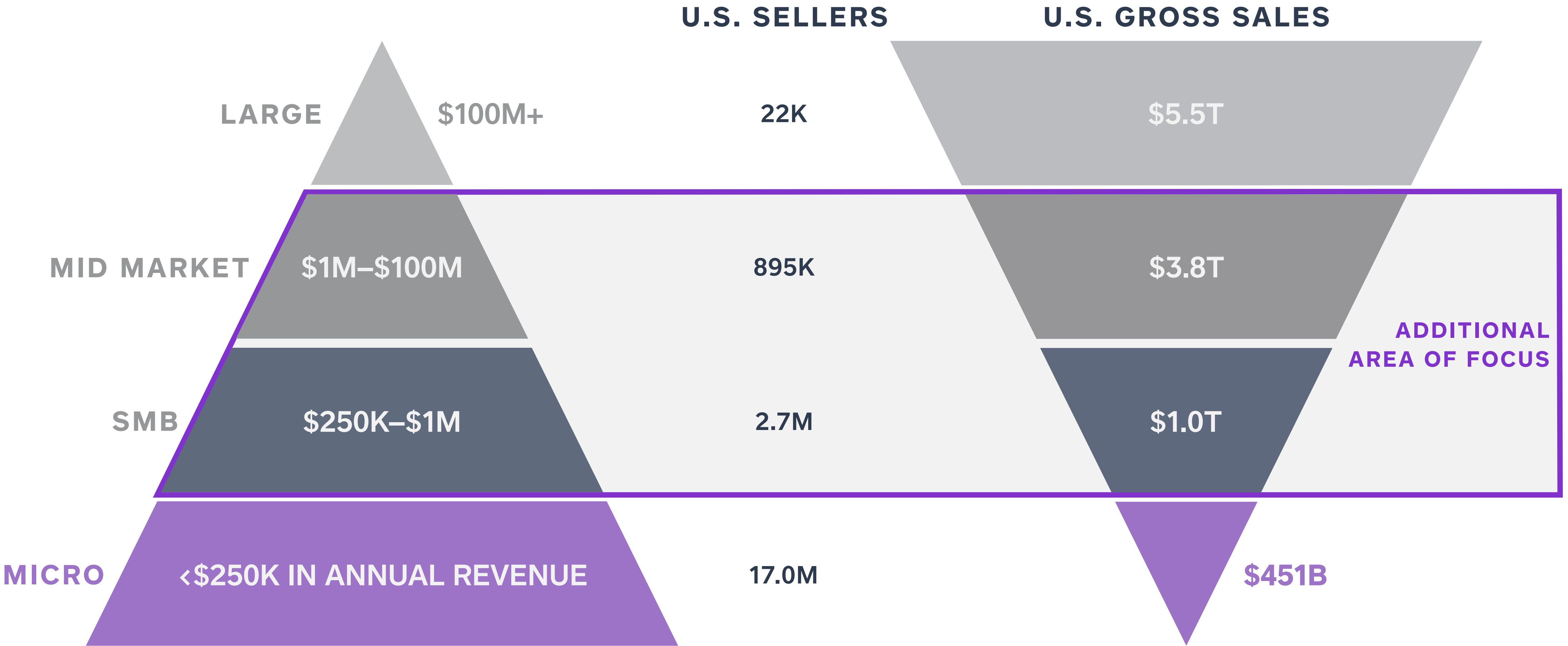
DRIVE SCALE AND EFFICIENCY IN ACQUISITION

ACCELERATE MOVE UP-MARKET

GROW AND RETAIN EXISTING BASE

CAPTURE INTERNATIONAL OPPORTUNITY

Up-market sellers are a large opportunity



Source: 2012 U.S. Census, Euromonitor.
All figures are based on employer and non-employer firms with less than \$100 million in annual gross receipts in select industry verticals based on 2012 U.S. Census data.

PHILZ COFFEE
POPULAR COFFEE CHAIN
WITH 36 LOCATIONS





REYNOLDS TOWING SERVICE
TOWING AND ROADSIDE ASSISTANCE
SERVICES WITH 32 TRUCKS





1-800-GOT-JUNK?
LARGEST JUNK REMOVAL SERVICE
WITH OVER 100 LOCATIONS



COACHELLA
ICONIC MUSIC FESTIVAL
WITH 99,000 DAILY ATTENDEES

LaserAway

LaserAway

Hair
Removal &
Aesthetics
Experts

Los Angeles - Orange County
San Diego - San Francisco - San Jose
Scottsdale - Phoenix

Laser Hair Removal
Laser Tattoo Removal
Juve'Derm
Botox
Thermage
Laser Skin Rejuvenation
Clear & Brilliant
Velashape

LaserAway

Hair
Removal &
Aesthetics
Experts

laseraway.net
626 657 0550

LASER AWAY

LASER HAIR AND TATTOO REMOVAL
WITH 32 LOCATIONS

	MERCHANT ACQUIRERS	INTEGRATED POINT-OF-SALE	BUSINESS SAAS
MARKET DYNAMICS	<ul style="list-style-type: none">• Commoditized payments• Low orientation for tools to grow business• Salesforce-driven, complex onboarding	<ul style="list-style-type: none">• Manual onboarding• Complex setup and maintenance• Still requires separate merchant account	<ul style="list-style-type: none">• Best-of-breed approach with specialized solutions• Lack of integration with legacy systems• Expensive
SQUARE DIFFERENTIATORS	<ul style="list-style-type: none">• Managed payments• Self-onboarding• Full suite of cohesive tools to start, run, and grow a business	<ul style="list-style-type: none">• Low total cost of ownership• Intuitive design with plug-and-play hardware and software• Online and offline integration	<ul style="list-style-type: none">• Flexible and scalable• Cohesion and data integration across all services• Analytics at customer and item level



WHAT PEOPLE THINK WHEN THEY HEAR “UP-MARKET”

Relies on sales for onboarding

Majority of sales are manual and **headcount driven**

Lead with **price**

Everything is **bespoke**

High-touch support

SQUARE’S APPROACH TO UP-MARKET

>80% of larger sellers **self-onboard**

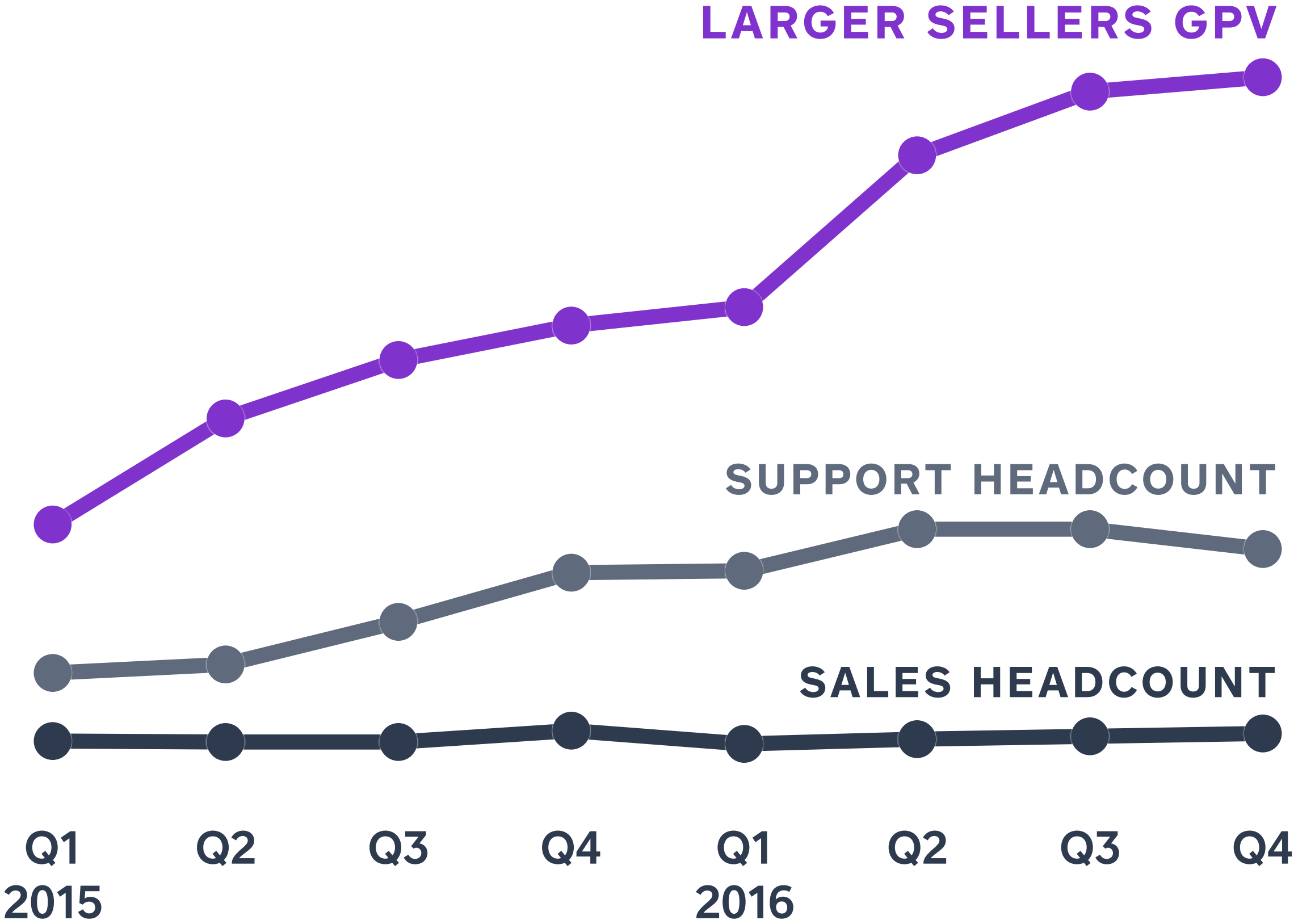
Majority of sales leads are **inbound** and handled through **machine learning**

Verticalized sales expert acts as trusted advisor and leads with product

No customization of products, bespoke on integration

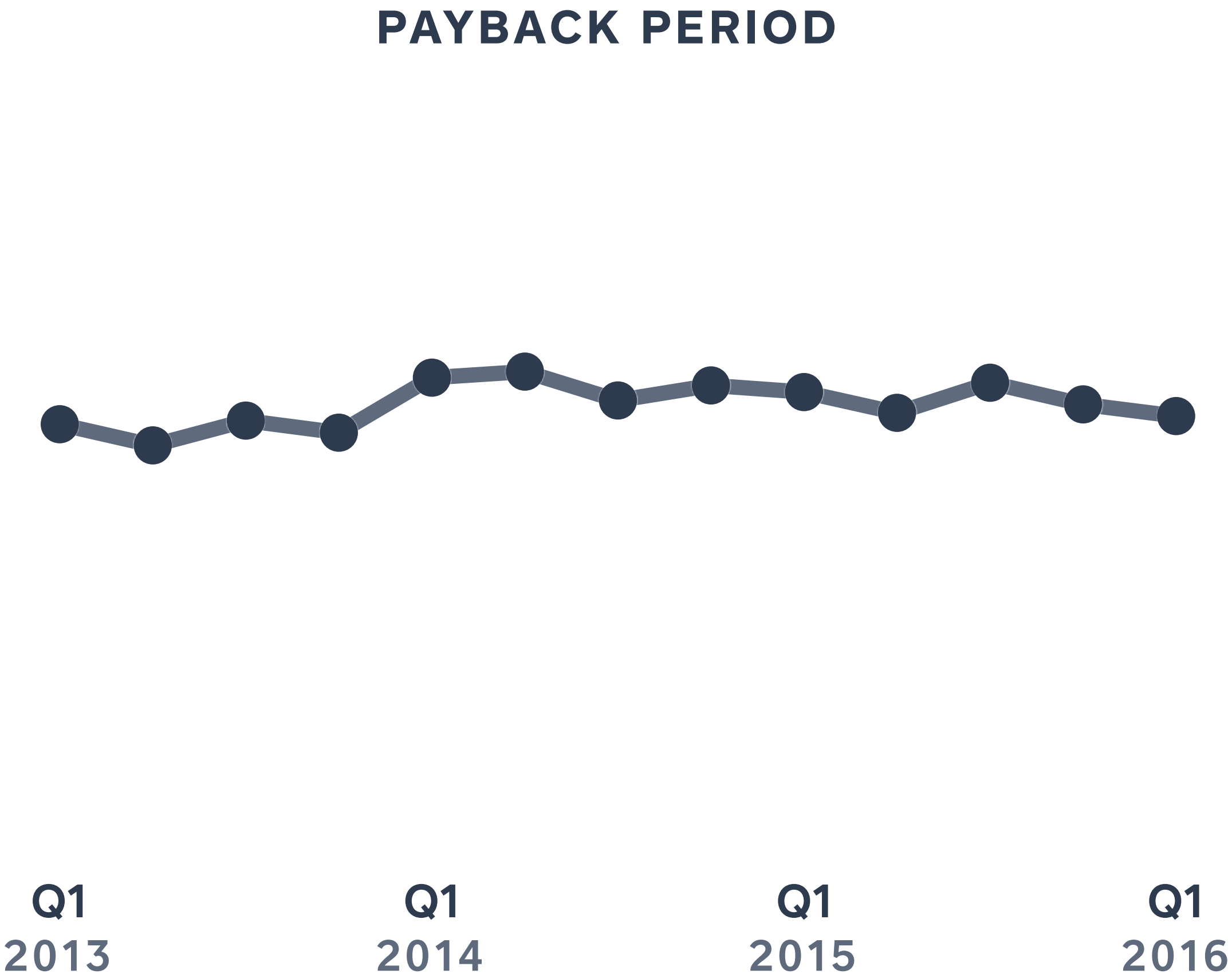
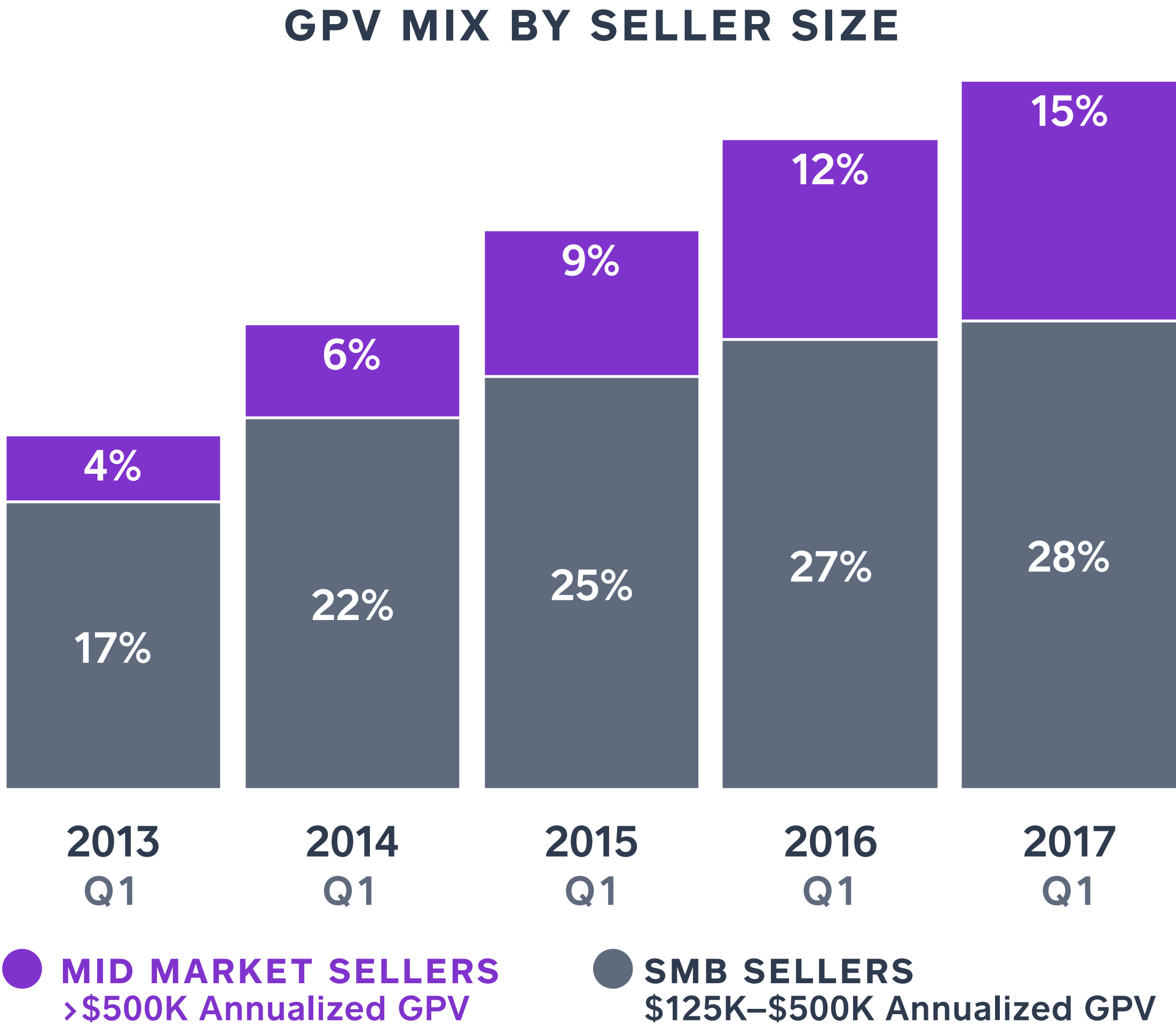
Scalable support

We're investing in scalability to increase efficiency of our sales and support



Larger sellers defined as sellers that process more than \$125K in annualized GPV.

Growing up-market sellers while maintaining our payback period



Four pillars of our growth strategy

DRIVE SCALE AND EFFICIENCY IN ACQUISITION

ACCELERATE MOVE UP-MARKET

GROW AND RETAIN EXISTING BASE

CAPTURE INTERNATIONAL OPPORTUNITY

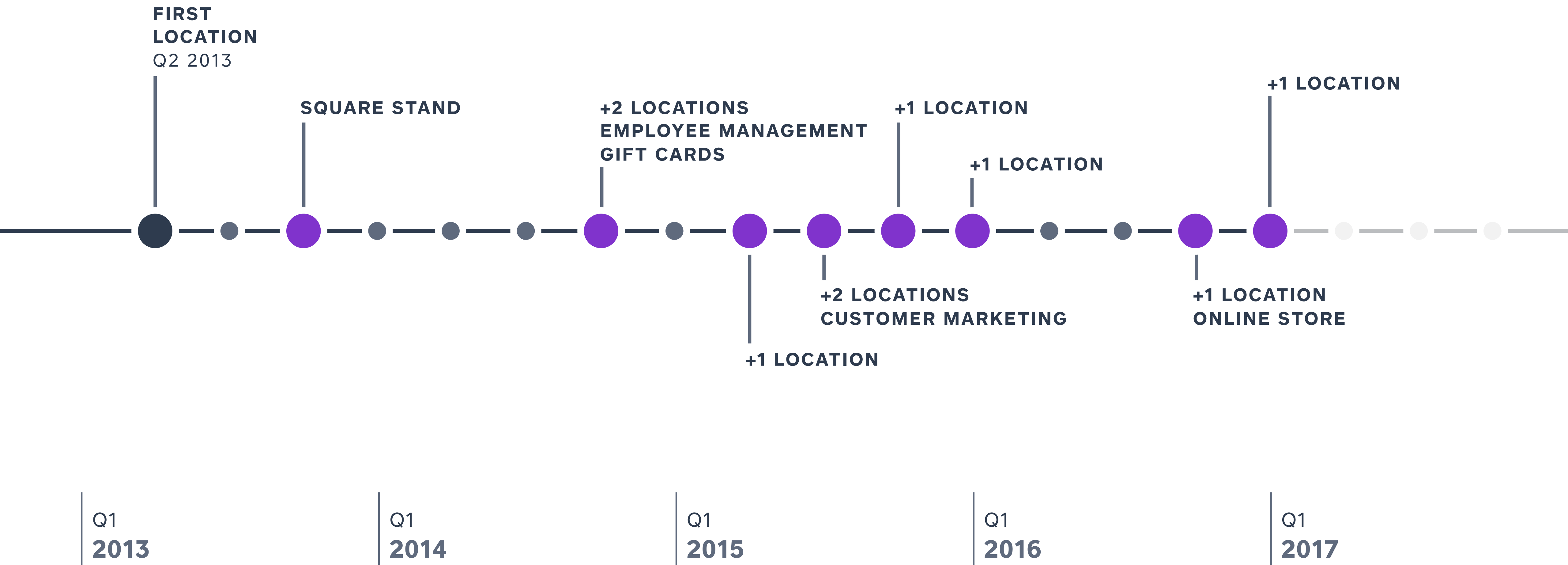
Systematic approach to effective growth and retention marketing





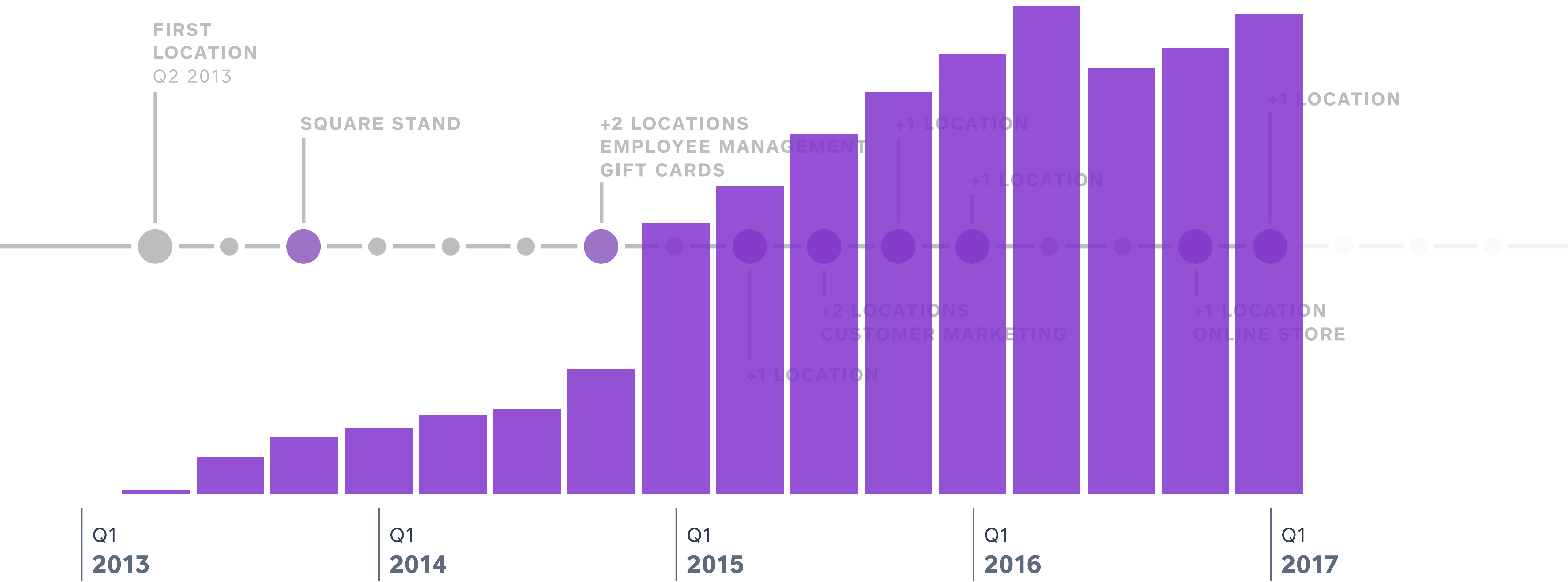
SUGAR SHACK DONUTS & COFFEE
RICHMOND, VIRGINIA

Sugar Shack Donuts is growing with Square



Sugar Shack Donuts is growing with Square

Sugar Shack's Gross Processing Volume



Creating more value for our sellers at scale

>2B

DATA POINTS COLLECTED AND UPDATED
DAILY ON OUR SQUARE SELLERS

100M

MESSAGES SENT TO SELLERS IN 2016
FOR CROSS-SELL AND RETENTION

Four pillars of our growth strategy

DRIVE SCALE AND EFFICIENCY IN ACQUISITION

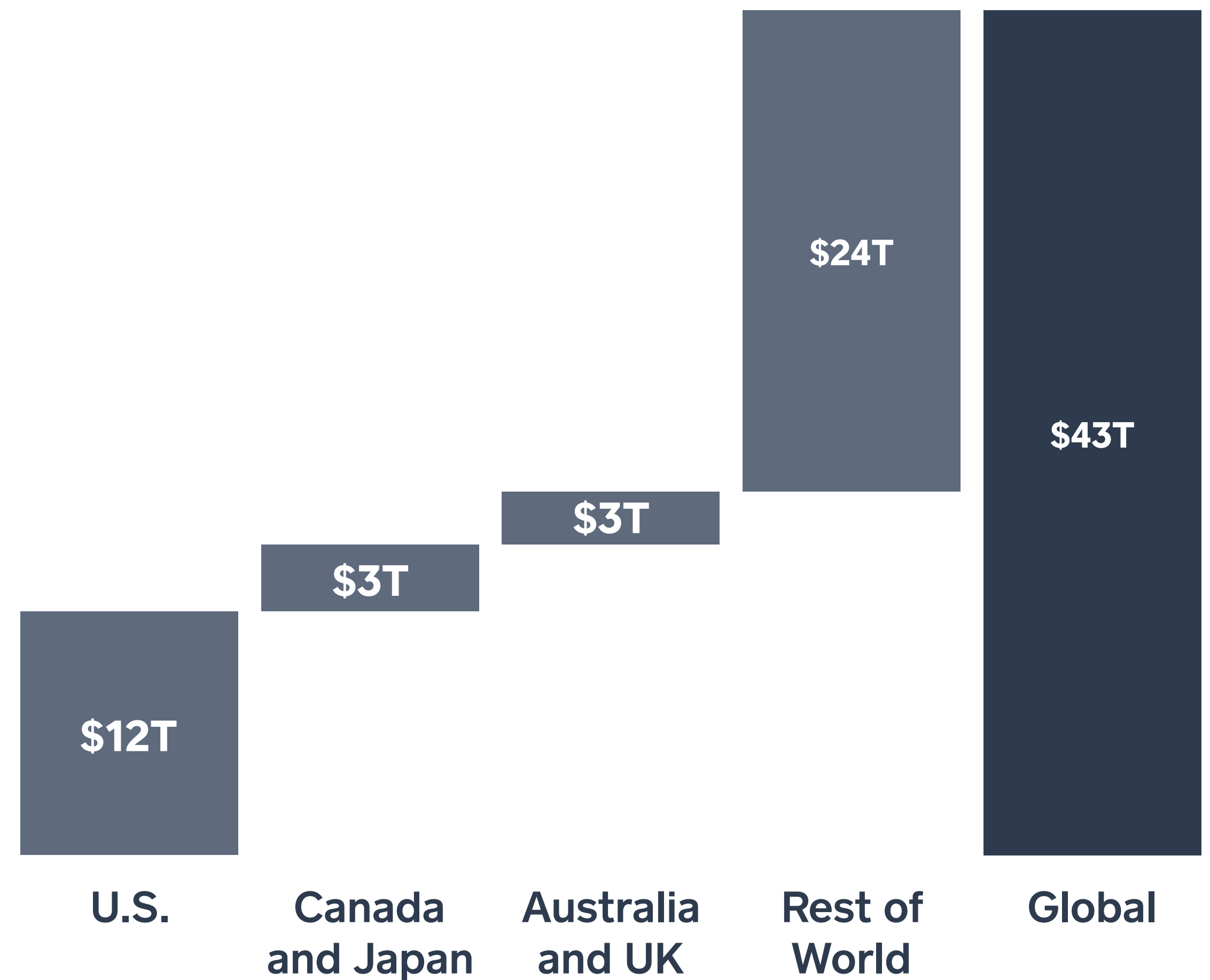
ACCELERATE MOVE UP-MARKET

GROW AND RETAIN EXISTING BASE

CAPTURE INTERNATIONAL OPPORTUNITY

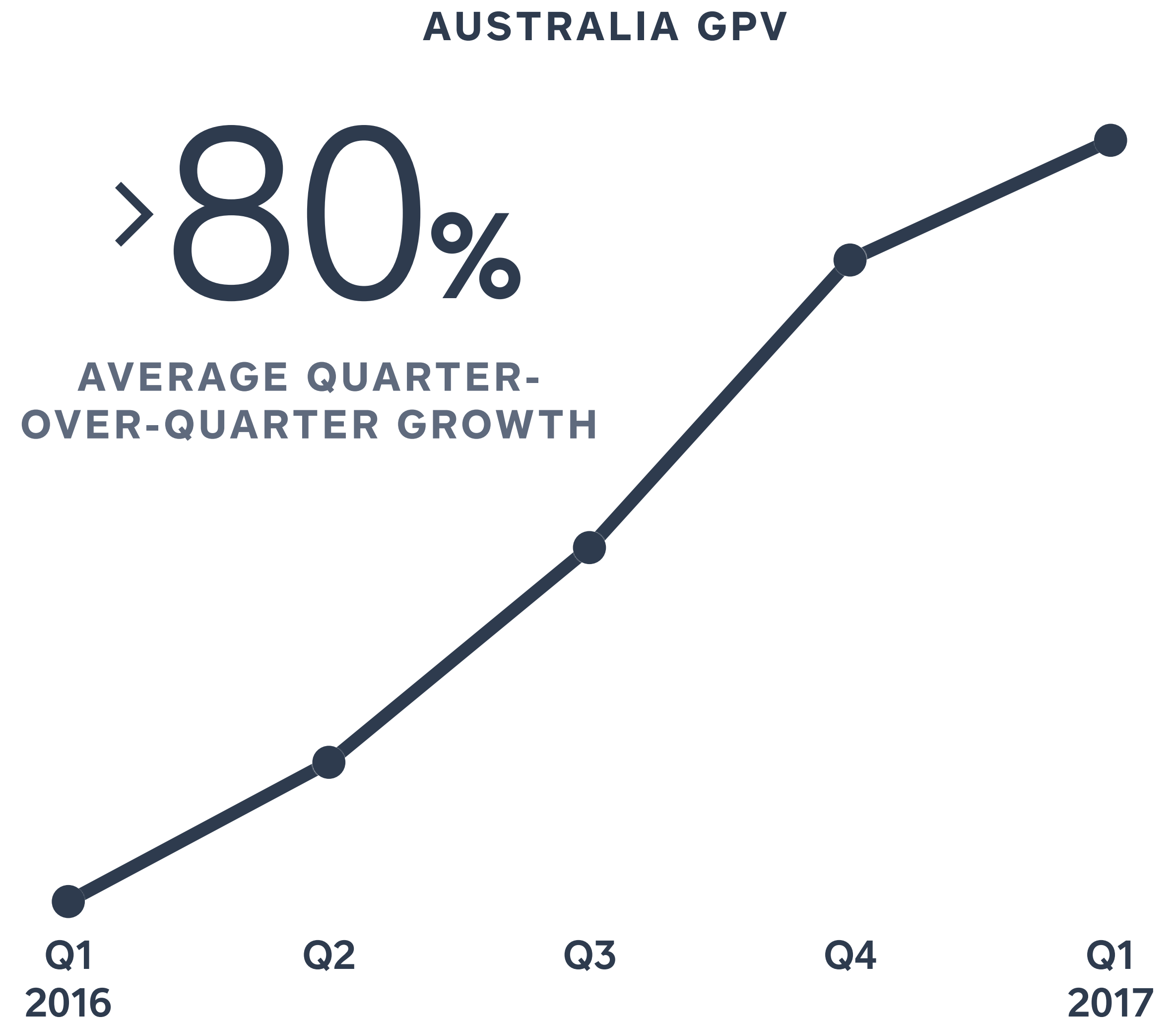
There is a huge untapped opportunity internationally

**HOUSEHOLD FINAL CONSUMPTION
EXPENDITURE (\$USD)**





The first step to executing
was proving the concept
in Australia



Next step was launching UK: An attractive market and a doorway to broader expansion opportunities

5.5M

SMALL BUSINESSES
IN THE UK

47%






OF PRIVATE SECTOR REVENUE
FROM SMALL BUSINESS



THE UK ENABLES BROADER
EXPANSION OPPORTUNITIES

1. Pan-European Agreements
2. Dublin center of operations to scale support and risk

We have a holistic offering in every market

	 UNITED STATES	 CANADA	 JAPAN	 AUSTRALIA	 UNITED KINGDOM
PAYMENTS HARDWARE	✓	✓	✓	✓	✓
POINT OF SALE	✓	✓	✓	✓	✓
DASHBOARD	✓	✓	✓	✓	✓
INVOICES	✓	✓	✓	✓	✓
EMPLOYEE AND LOCATION MANAGEMENT	✓	✓	✓	✓	✓
DIRECTORY AND CARD ON FILE	✓	✓	✓	✓	✓
INVENTORY MANAGEMENT	✓	✓	✓	✓	✓
REGISTER AND PAYMENT APIs	✓	✓	✓	✓	✓
PARTNER INTEGRATIONS	✓	✓	✓	✓	✓
VIRTUAL TERMINAL	✓	✓	✓	✓	
CUSTOMER ENGAGEMENT	✓				
PAYROLL	✓				
APPOINTMENTS	✓				
CAPITAL	✓				

● AVAILABLE AT LAUNCH



FLOWER GIRL LONDON

Stall opening hours

MONDAY	1500-2000
TUESDAY	1500-2000
WEDNESDAY	1500-2000
THURSDAY	1500-2000
FRIDAY	1400-2000

We are available for even
wedding funerals
outside these hours

FLOWER GIRL LONDON
NORBURY LONDON, UK

we will have
a limited
stock of 
5ft long

ORIENTAL LILY
£8.50 bunch
FLOWER GIRL LONDON

4 x 10cm
"EXPLORER" ROSE
£3.50 stem

£15

£25

£20



Financials

SARAH FRIAR

Powerful business model

TREMENDOUS SCALE

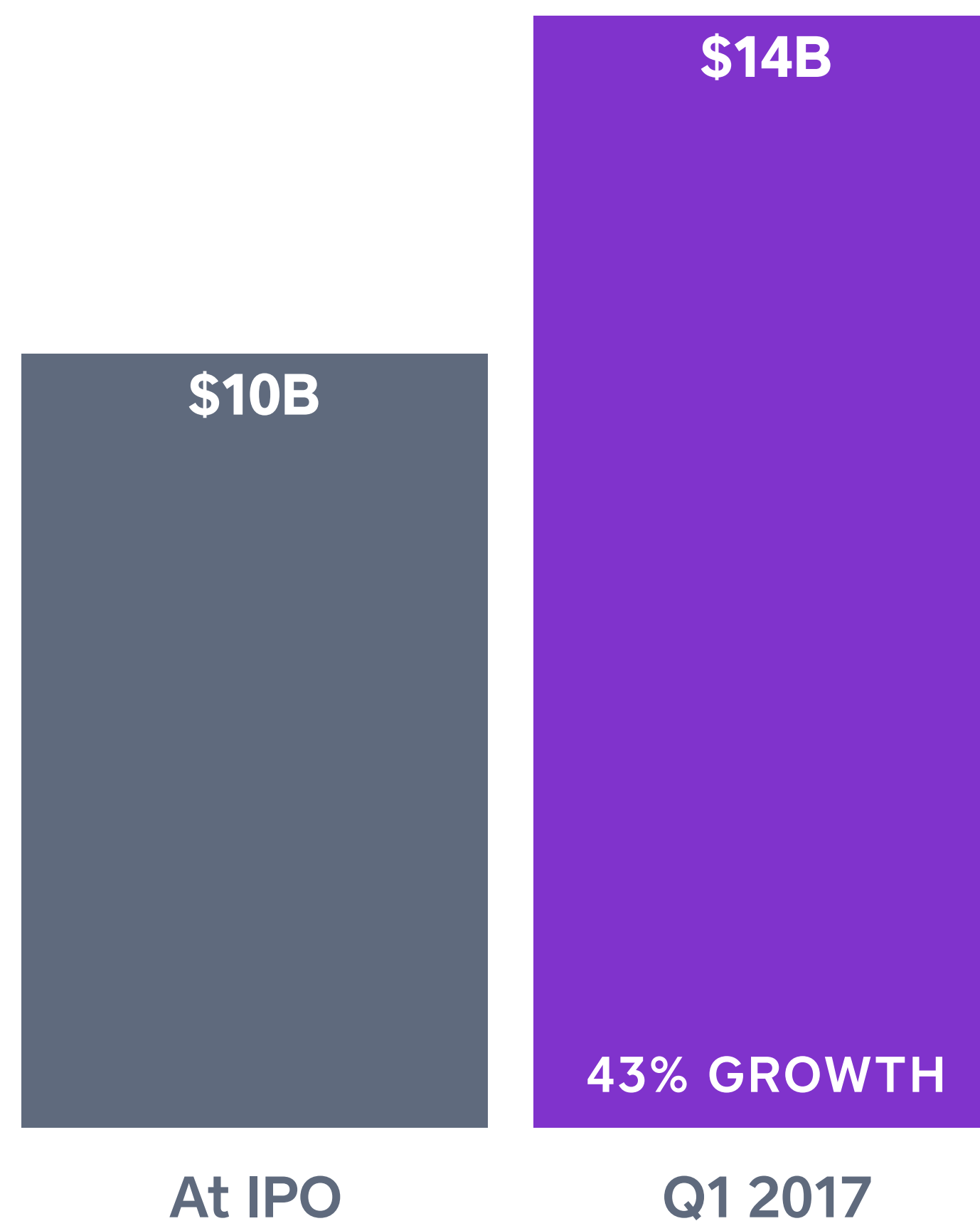
SIGNIFICANT GROWTH

ATTRACTIVE COHORT ECONOMICS

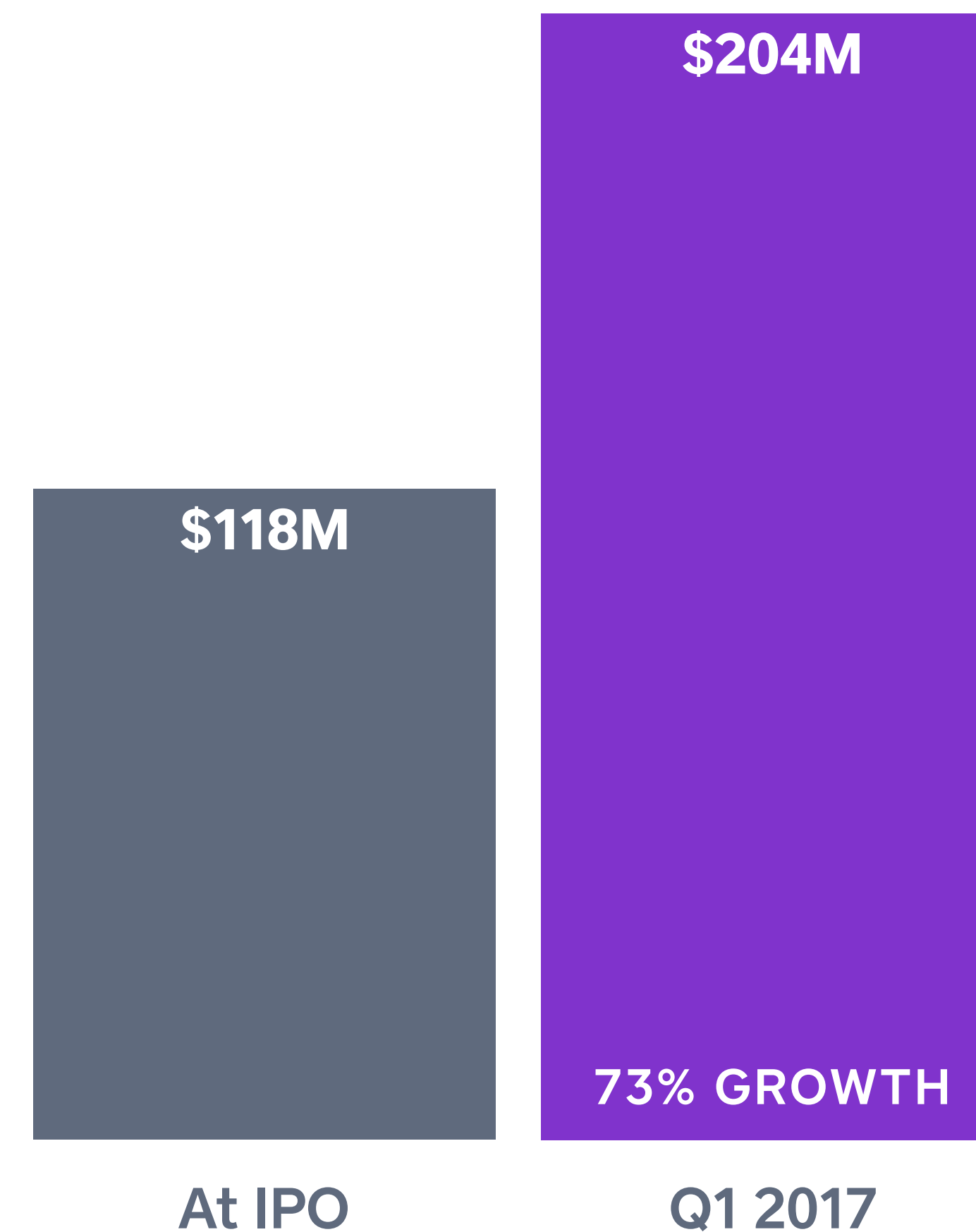
STRONG MARGIN TRAJECTORY

**Significant
growth at scale**

GROSS PAYMENT VOLUME (GPV)



ADJUSTED REVENUE



Key drivers of growth

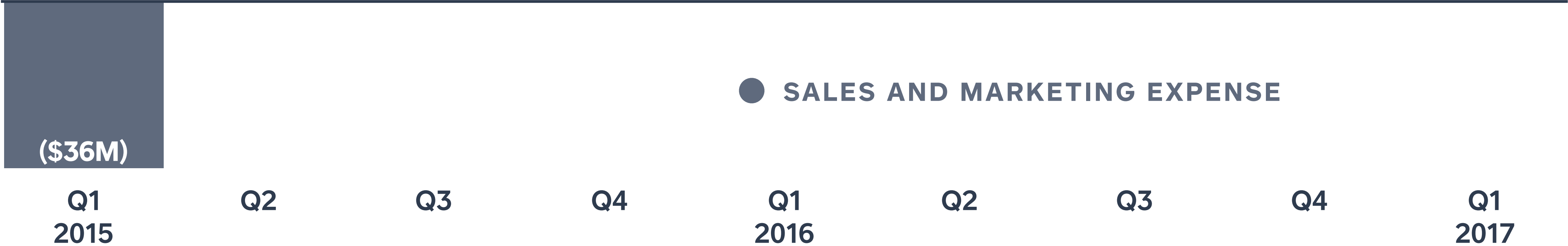
NEW SELLERS

STRONG REVENUE RETENTION

NEW PRODUCTS

Initial sales and marketing investment of \$36M

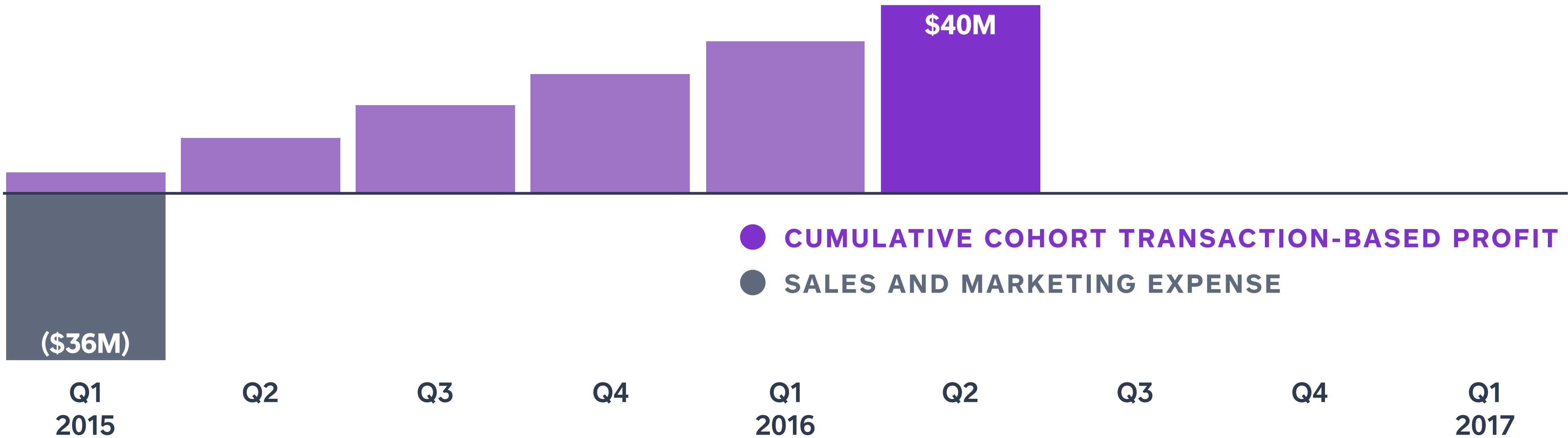
Q1 2015 Cohort



Profit exceeds initial sales and marketing in 4–5 quarters

Q1 2015 Cohort

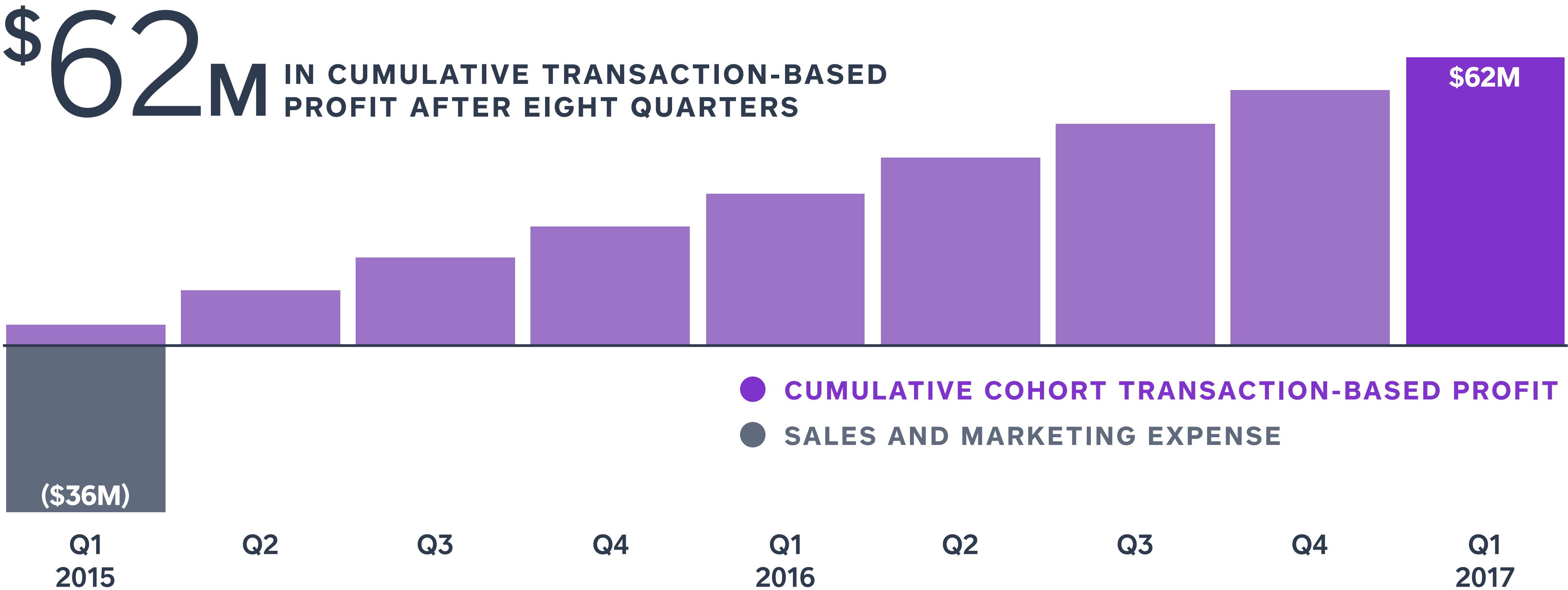
\$40M IN CUMULATIVE TRANSACTION-BASED
PROFIT AFTER FIVE QUARTERS



Cumulative cohort transaction-based profit is based on the Q1 2015 cohort of sellers.

... and continues to grow thereafter

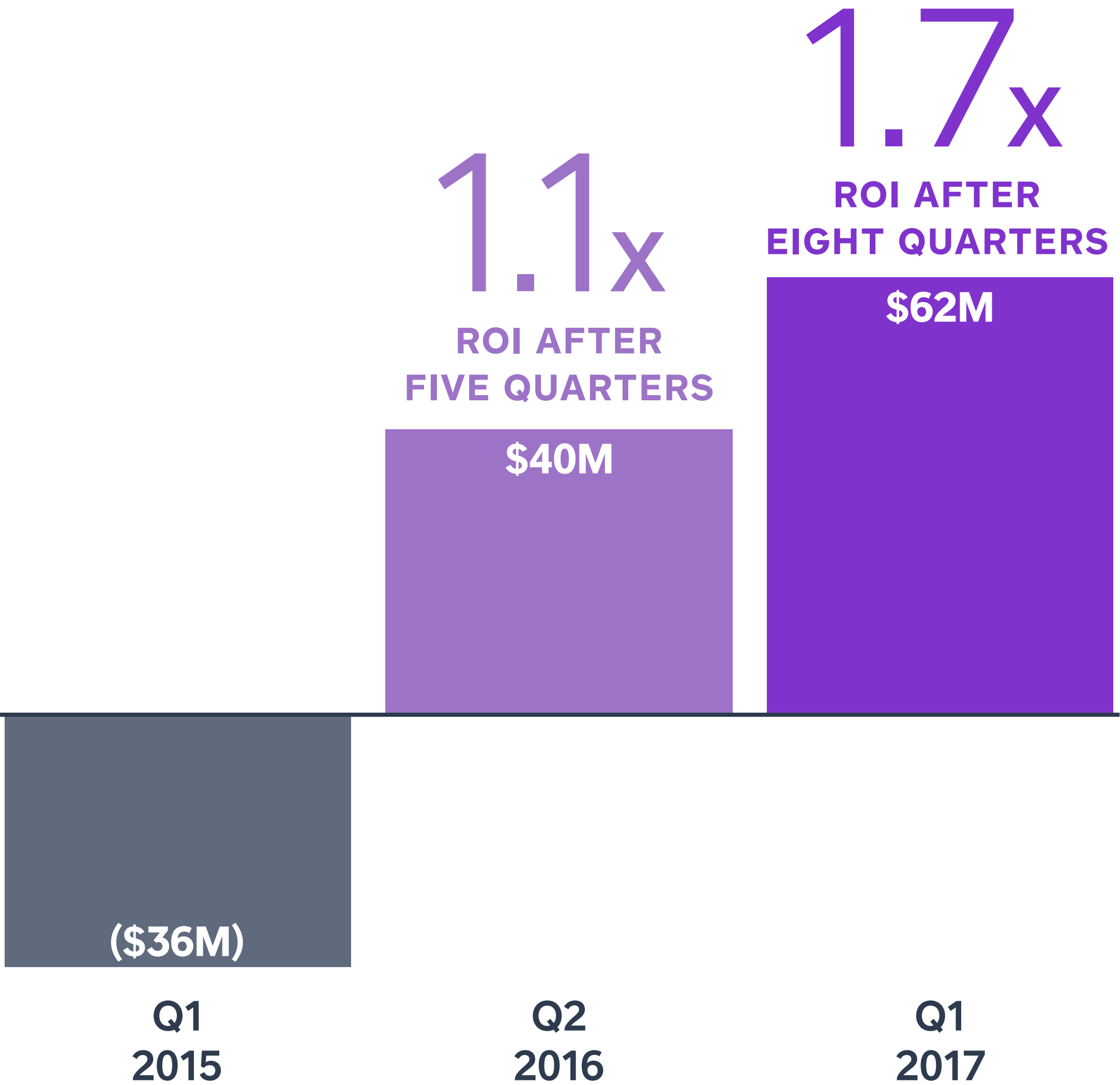
Q1 2015 Cohort



Cumulative cohort transaction-based profit is based on the Q1 2015 cohort of sellers.

Our cohort economics highlight go-to-market efficiency

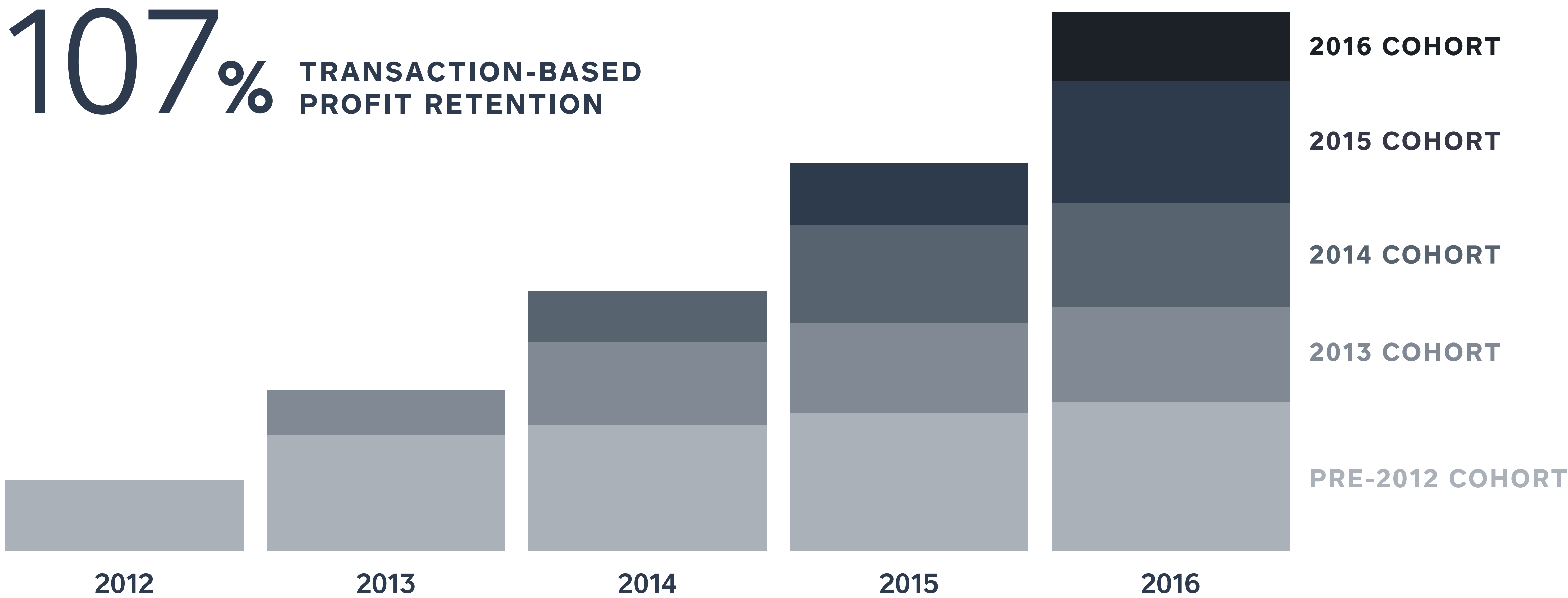
Q1 2015 Cohort



ROI is calculated by dividing cumulative cohort transaction-based profit of the Q1 2015 cohort of sellers by sales and marketing expenses.

Consistent cohort growth leads to strong revenue visibility

GPV by Annual Cohort

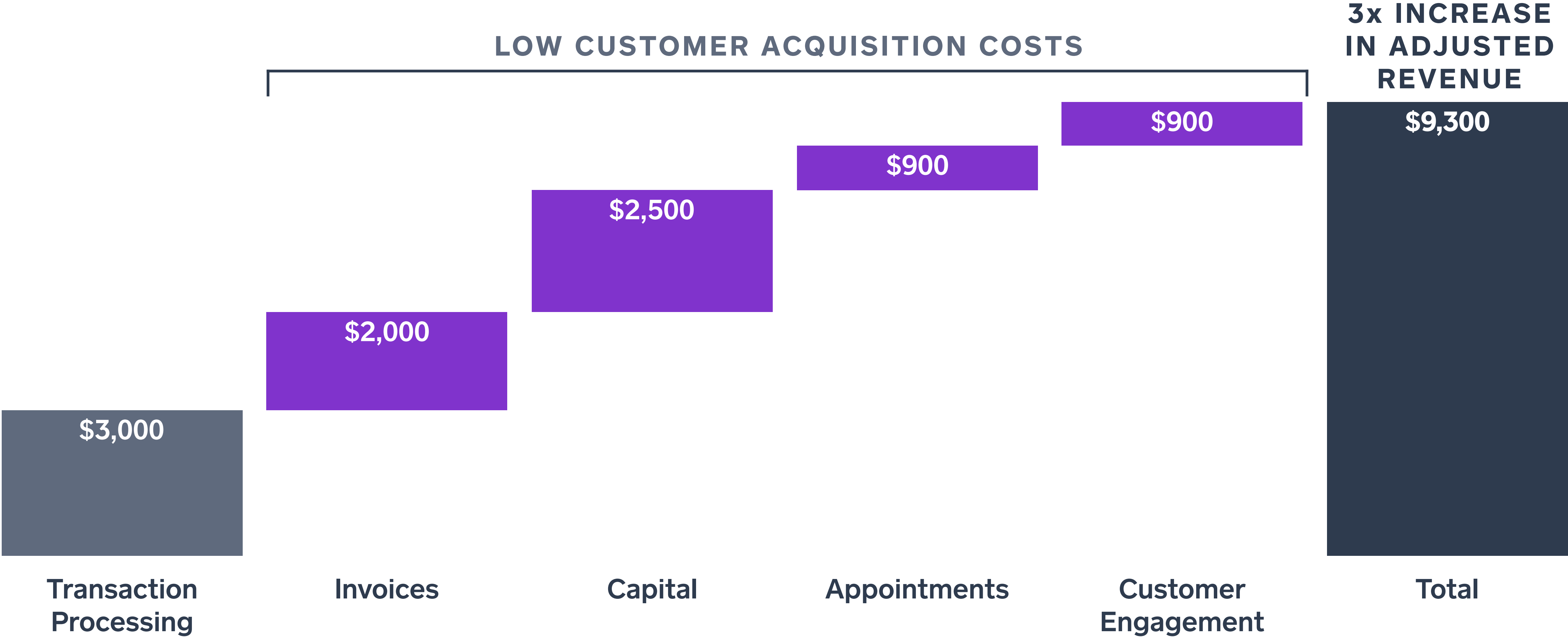


Transaction-based profit retention calculated as year-over-year retention of transaction-based revenue less transaction-based costs for our cohorts on average for the last four quarters ended March 31, 2017.



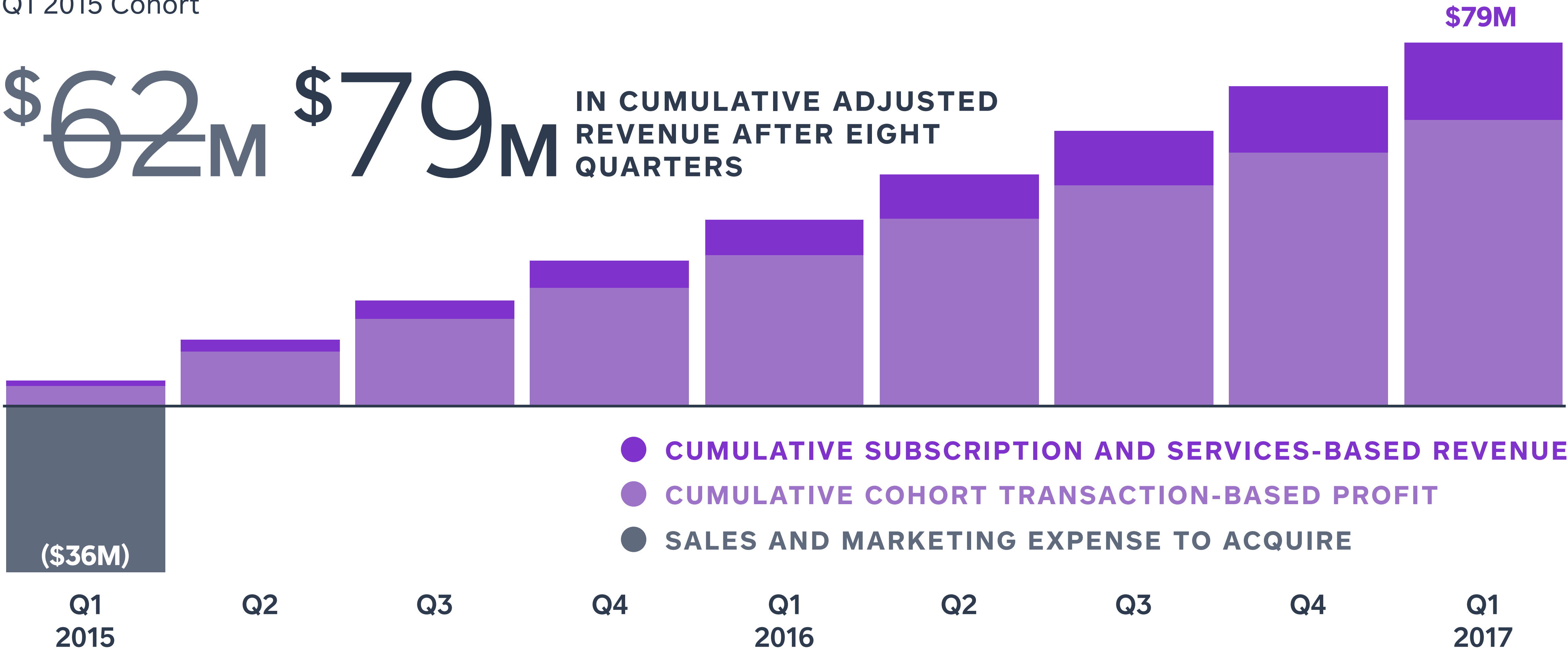
Cross-selling enhances cohort economics

Illustrative Seller Example—Adjusted Revenue opportunity for an individual seller
Retail seller, \$1M in annual sales, \$500K in GPV, three locations



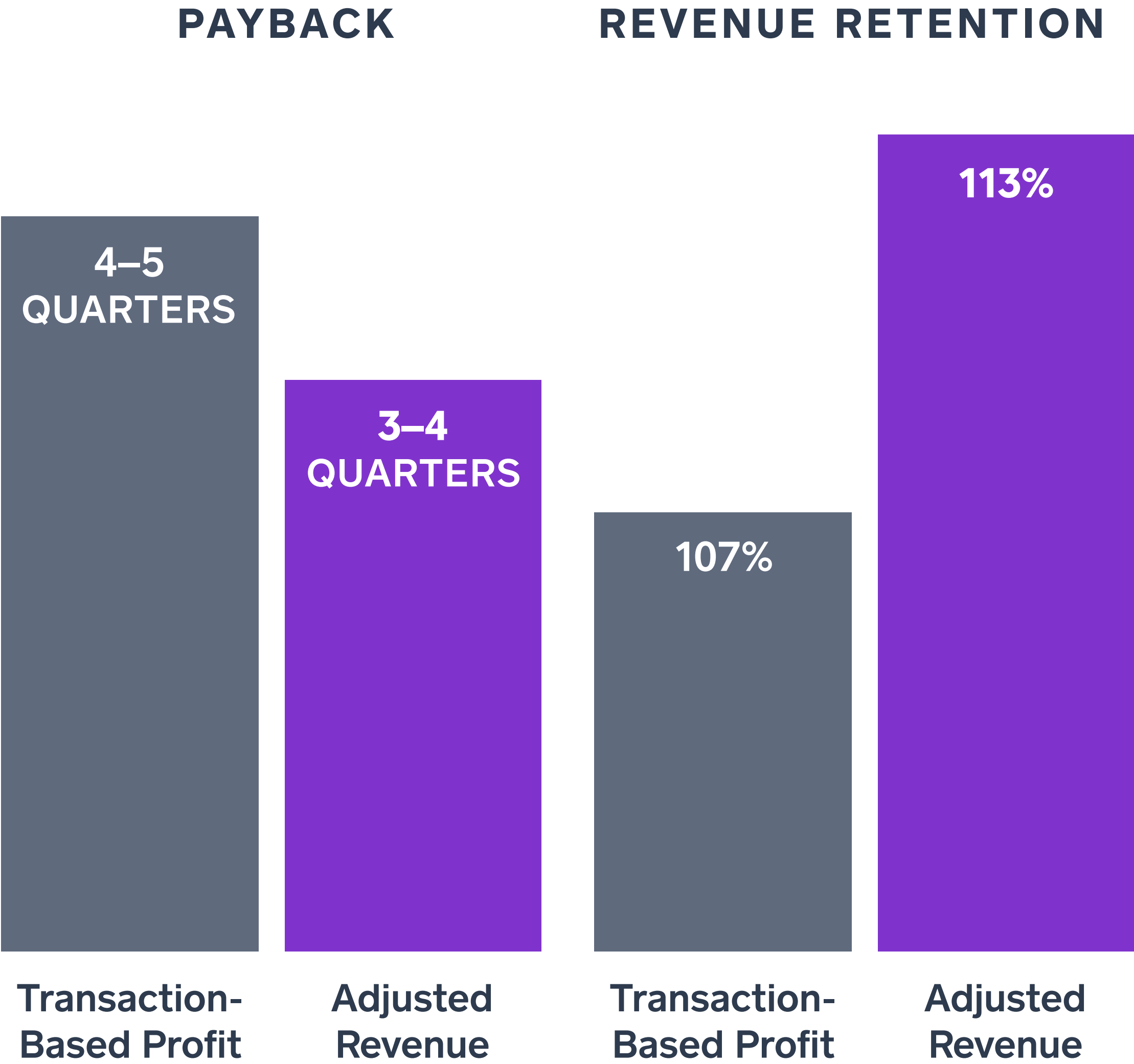
Cross-selling enhances cohort economics

Q1 2015 Cohort



Cumulative cohort transaction-based profit and subscription and services-based revenue (excluding hardware and Gift Cards revenue) is based on the Q1 2015 cohort of sellers.

Cross-selling enhances cohort economics

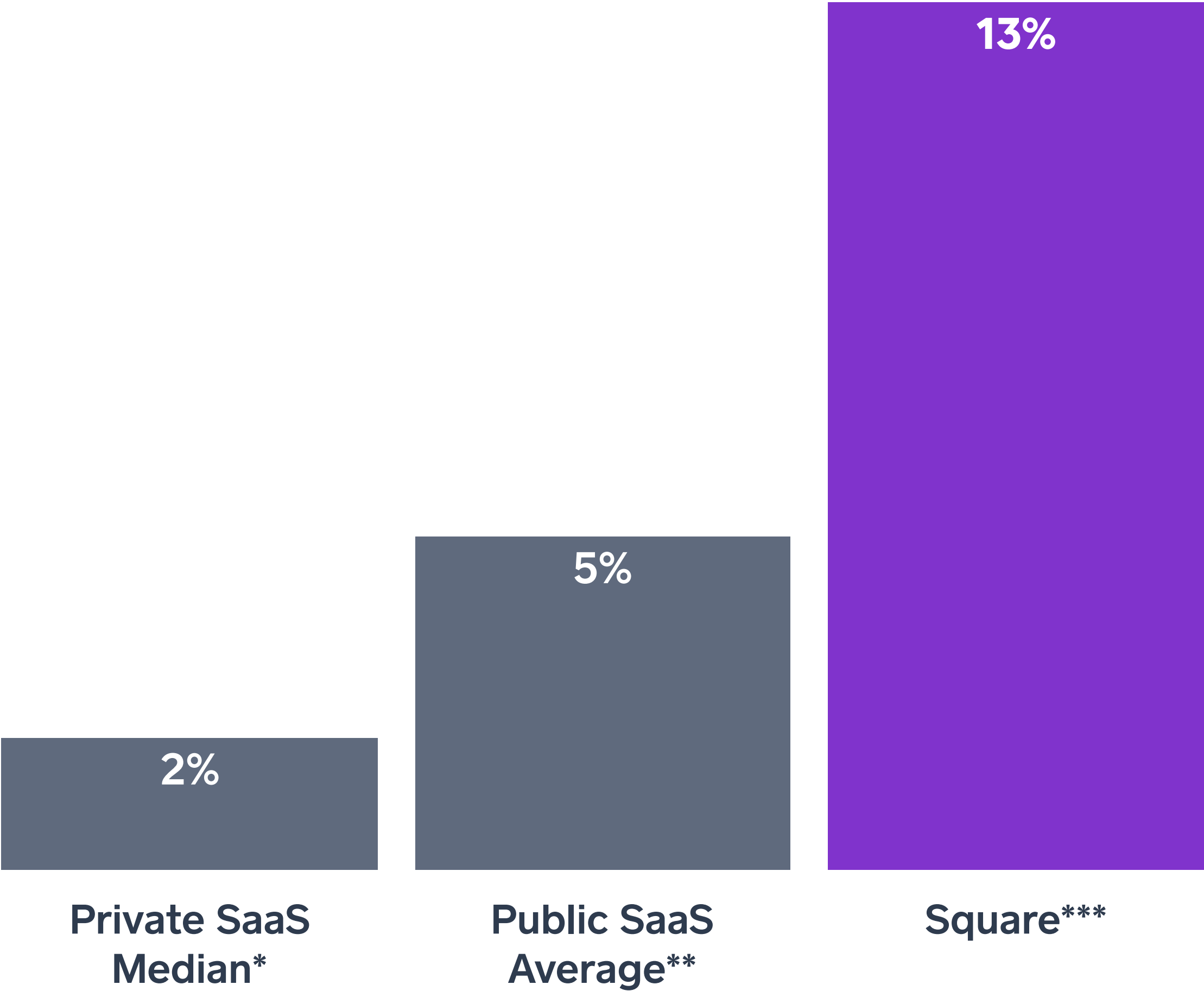


Payback for transaction-based profit and Adjusted Revenue represents the average number of quarters it takes for a quarterly cohort of sellers' cumulative transaction-based revenue net of transaction-based costs and Adjusted Revenue (excluding hardware and Gift Cards revenue) respectively to surpass our sales and marketing spending in the quarter in which we acquired that cohort. Revenue retention for transaction-based profit and Adjusted Revenue represents average retention of transaction-based revenue net of transaction-based costs and Adjusted Revenue (excluding hardware and Gift Cards revenue) respectively in the last four quarters ended March 31, 2017.

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REVENUE RETENTION METRICS

Industry-leading
revenue retention



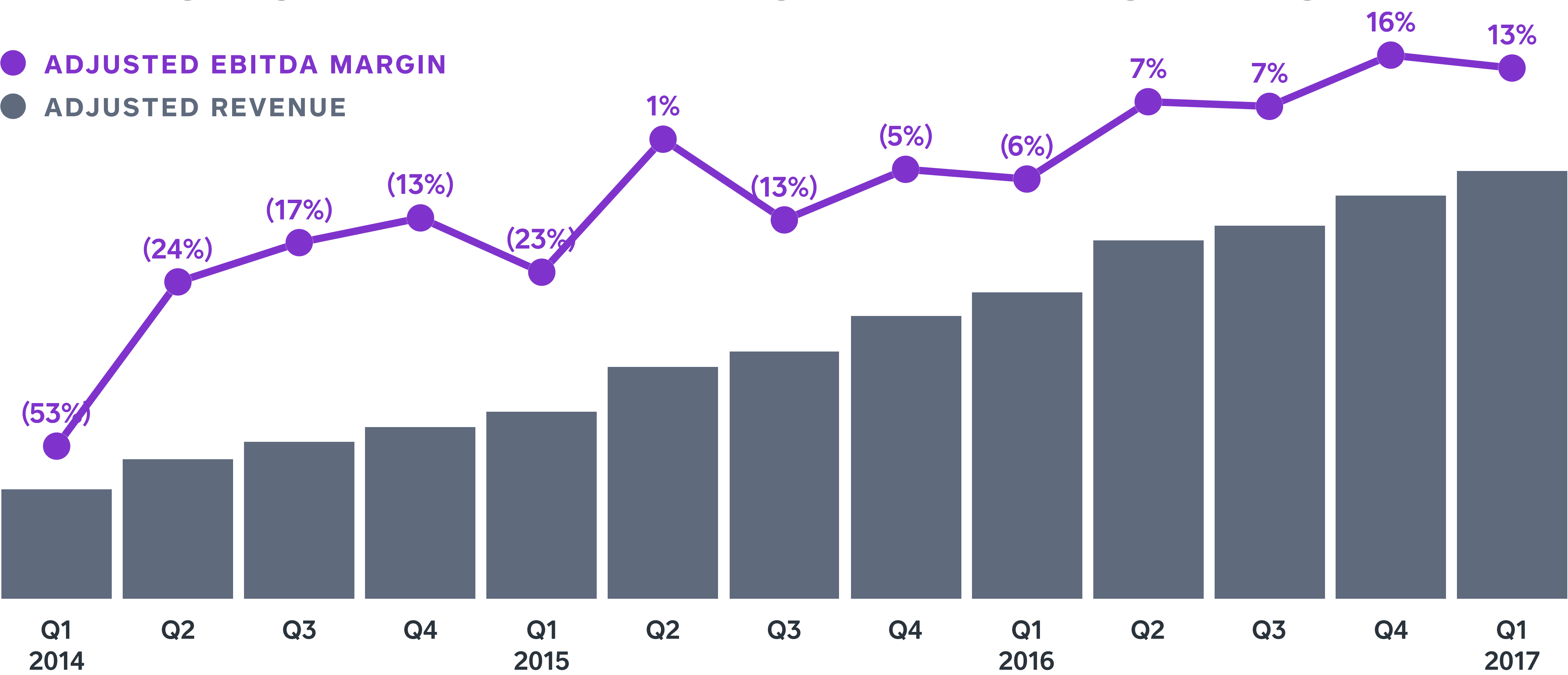
Sources: Pacific Crest Public SaaS Company Disclosure Metrics for Retention and Renewal Rates, 2016 Pacific Crest Private SaaS Company Survey, company’s most recent SEC filings.

*2016 Pacific Credit Private SaaS Company Survey results.

**Includes Amber Road, Benefitfocus, Brightcove, Castlight, ChannelAdvisor, Cvent, Demandware, Five9, GoDaddy, HubSpot, Instructure, Marin Software, Marketo, MINDBODY, New Relic, Paylocity, Responsys, Shopify, Twilio, Xactly, Zendesk.

***Average retention for Square Adjusted Revenue (excluding hardware and Gift Cards revenue) for the last four quarters ended March 31, 2017.

Investing in growth while benefiting from operating leverage

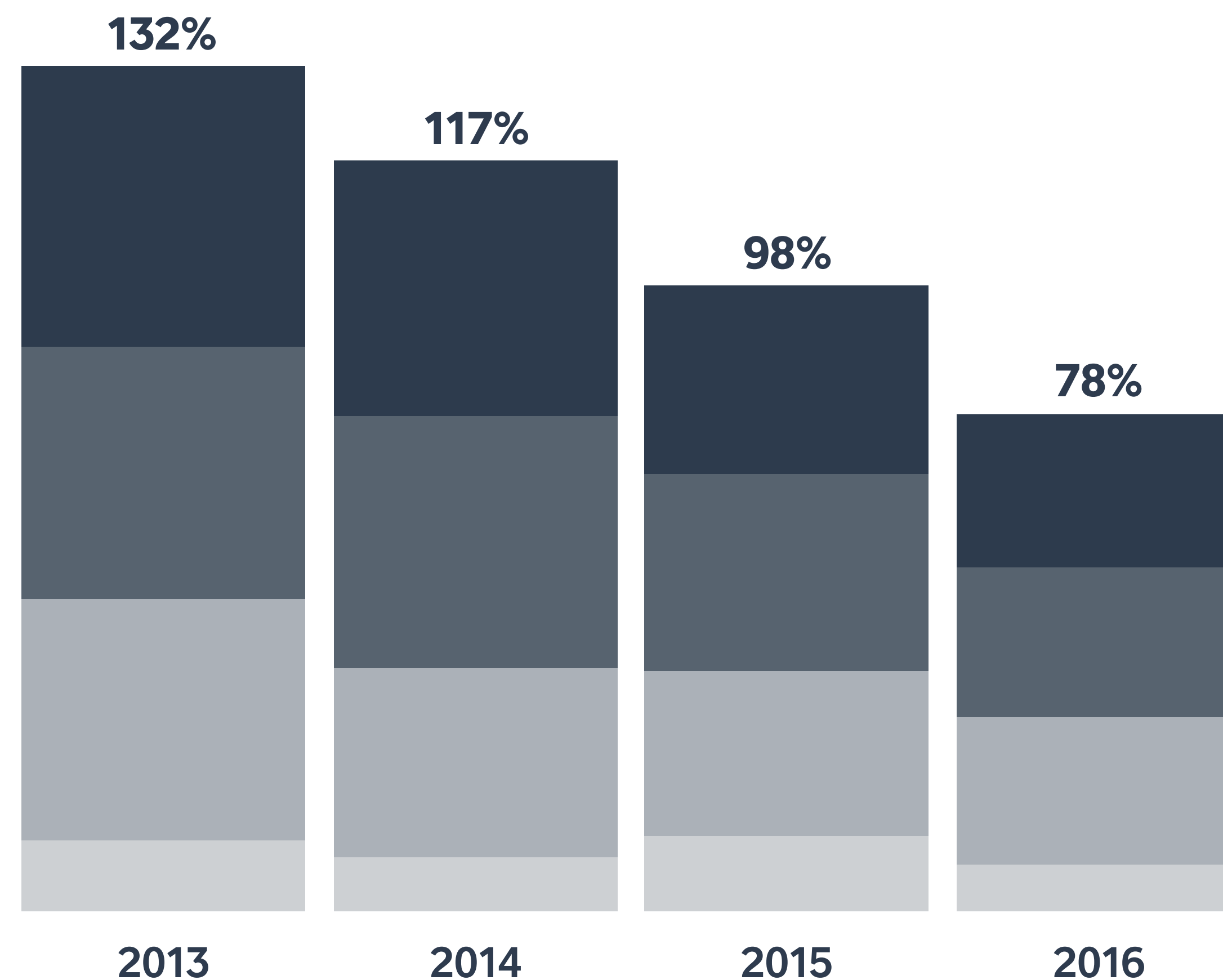


Adjusted EBITDA margins calculated on Adjusted Revenue basis. See Appendix for non-GAAP reconciliation.

Investing in growth
while benefiting from
operating leverage

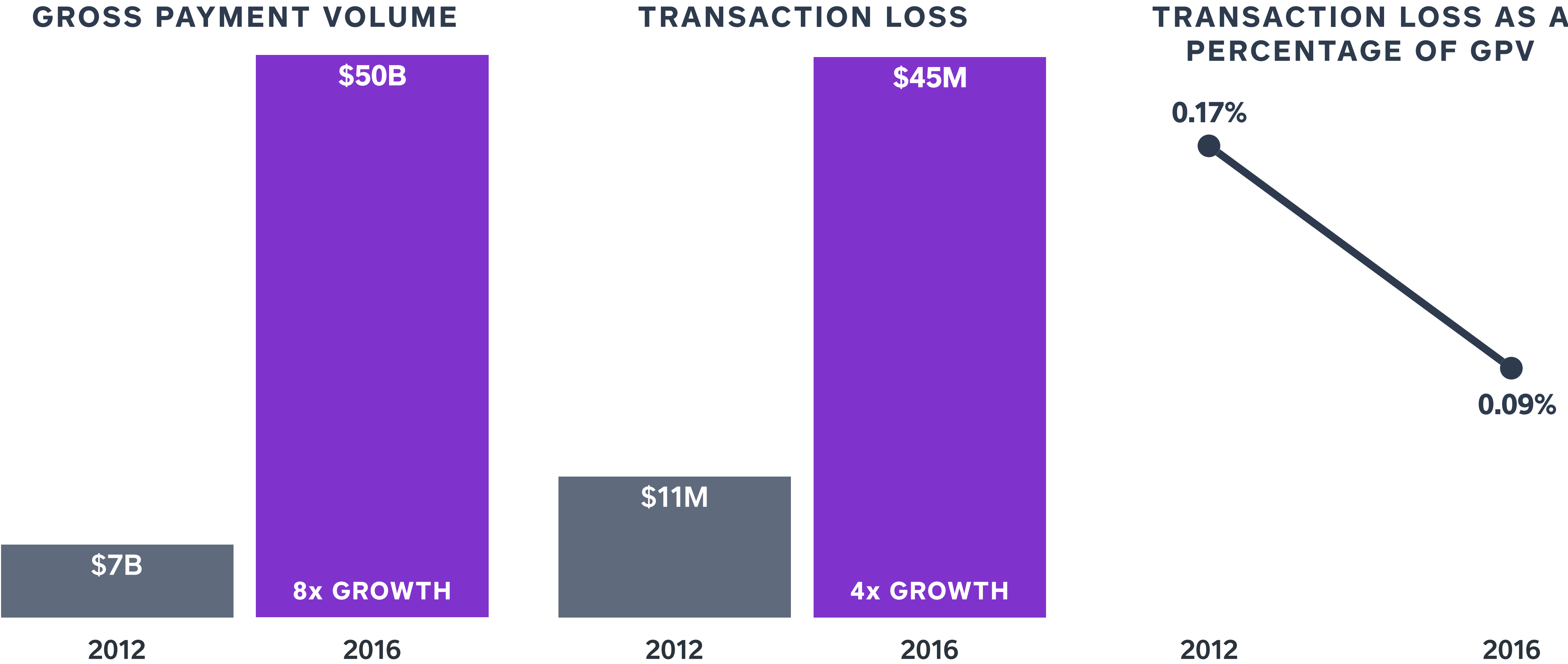
- PRODUCT DEVELOPMENT
- SALES AND MARKETING
- GENERAL AND ADMINISTRATIVE
- OTHER EXPENSES

NON-GAAP OPERATING EXPENSES



Operating Expenses excludes share-based compensation expense and the litigation settlement with Robert E. Morley in 2016.
Other expenses include transaction and advance losses and impairment of intangible assets.

Growing GPV while driving down transaction losses over time

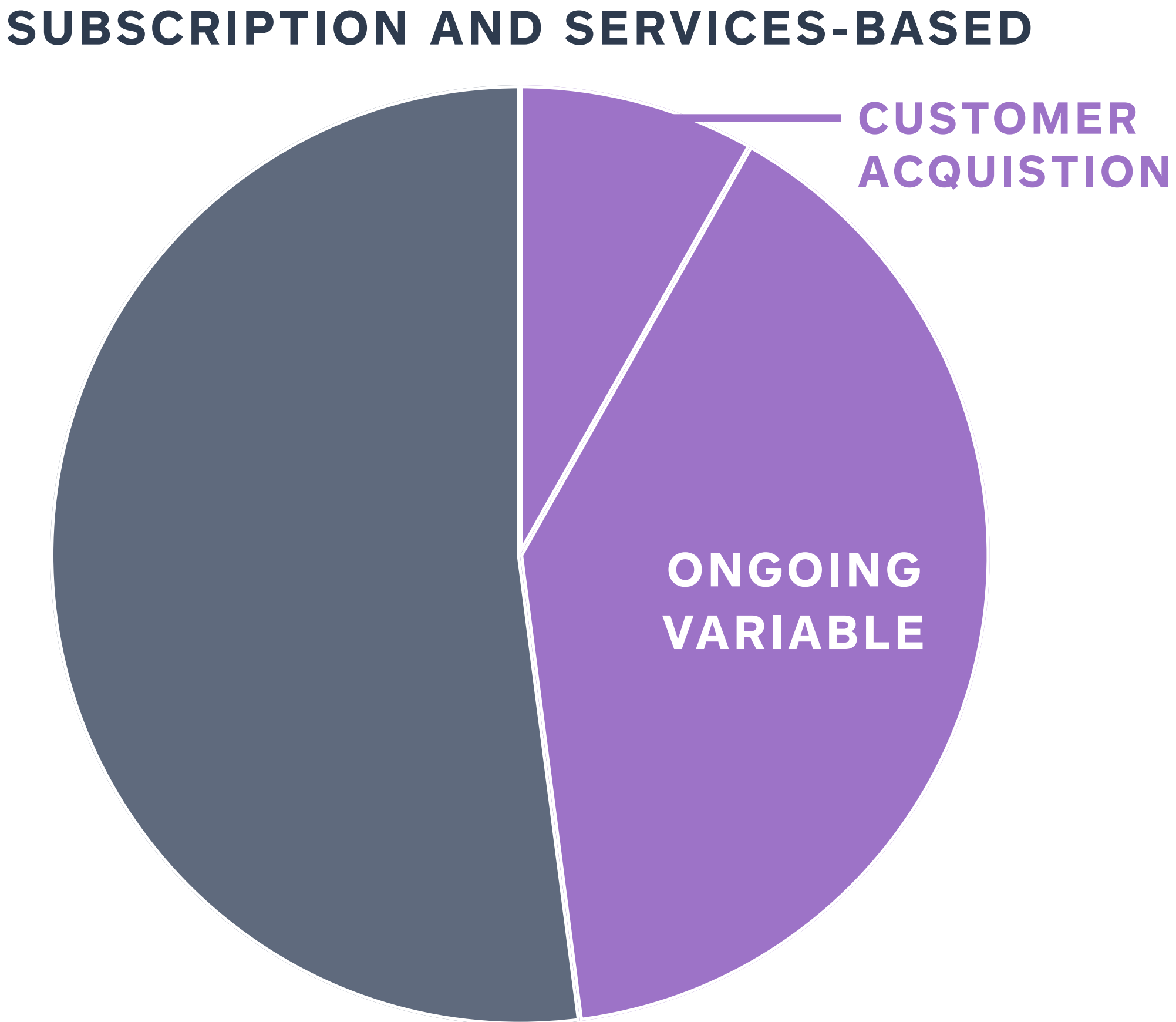
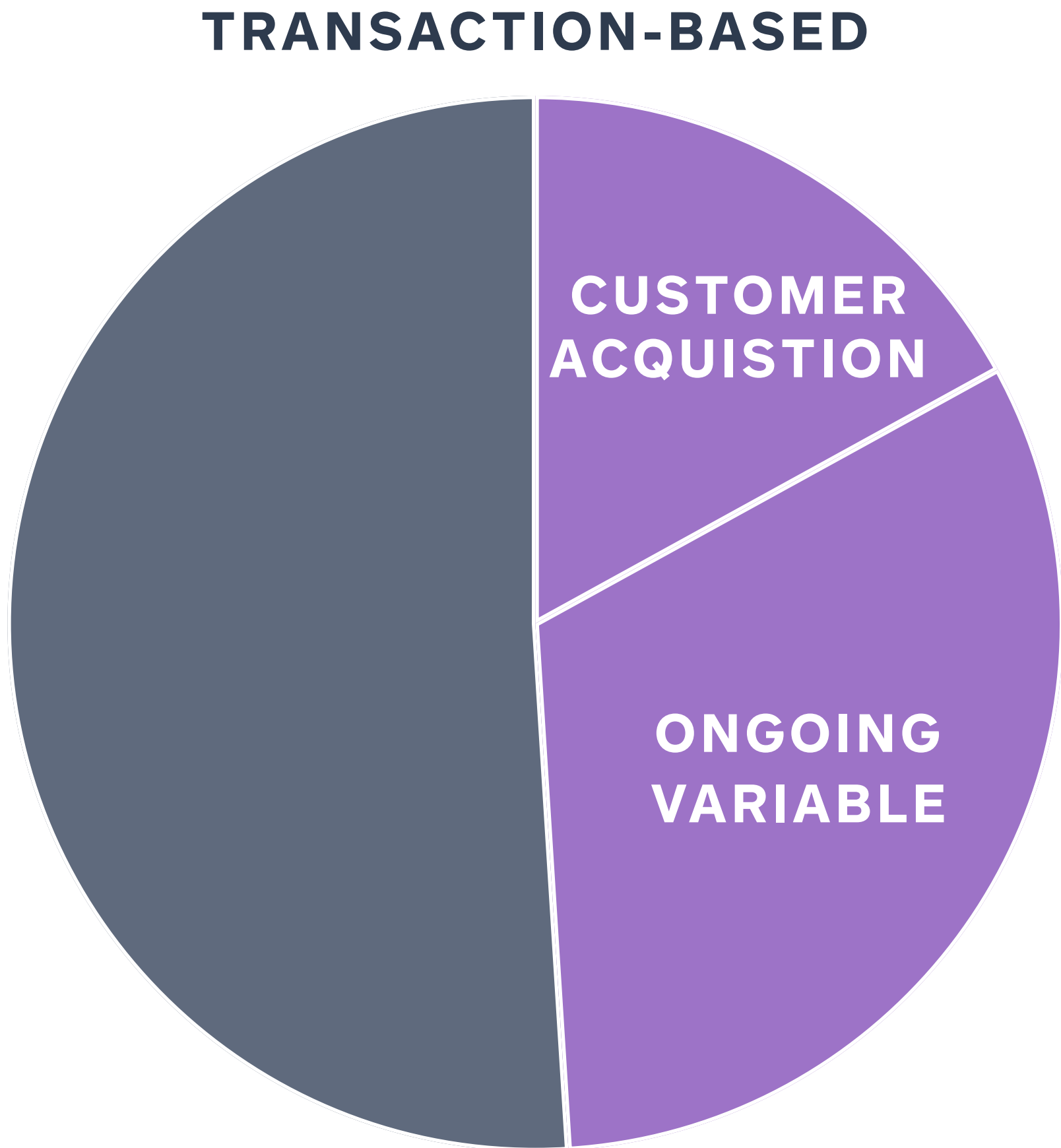


Our business benefits from high incremental margin

FIXED COSTS		VARIABLE COSTS	
GROWTH INVESTMENTS	PRODUCT ENGINEERING	CUSTOMER ACQUISITION	SALES AND MARKETING
	HARDWARE DEVELOPMENT	ONGOING VARIABLE	COST OF GOODS SOLD
	DATA SCIENCE		RISK LOSS
INFRASTRUCTURE INVESTMENTS	RISK OPERATIONS		DATA CENTER AND LICENSE FEES
	CORPORATE OPERATIONS		SUPPORT AND COMPLIANCE

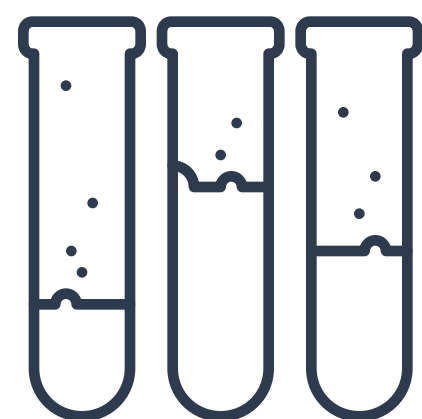
Our business benefits from high incremental margin

Variable cost as a percentage of Adjusted Revenue



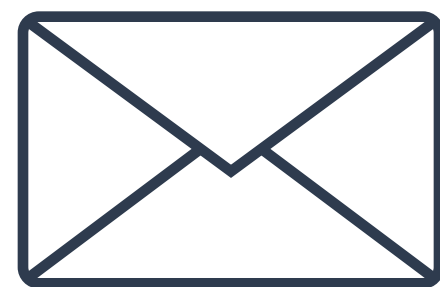
Variable costs include expenses related to sales and marketing, cost of goods sold, risk loss, data center and license fees, support, and compliance.

An overview of our investments today



PRODUCT DEVELOPMENT

Engineering, data science and design, hardware development



SALES AND MARKETING

Paid marketing, direct sales, account management, mag stripe reader, Square Cash peer-to-peer costs



GENERAL AND ADMINISTRATIVE

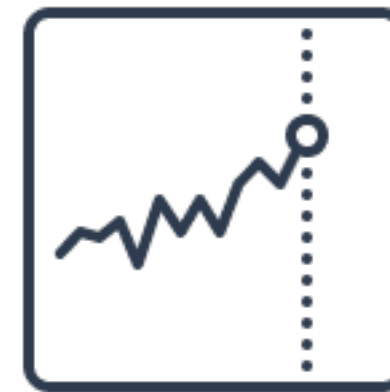
Finance, legal, communications, customer support, product operations, risk operations, HR

We are investing in sustainable growth



BUILDING A WORLD- CLASS TEAM

Continue to invest in talent acquisition to build and scale new products



GO TO MARKET

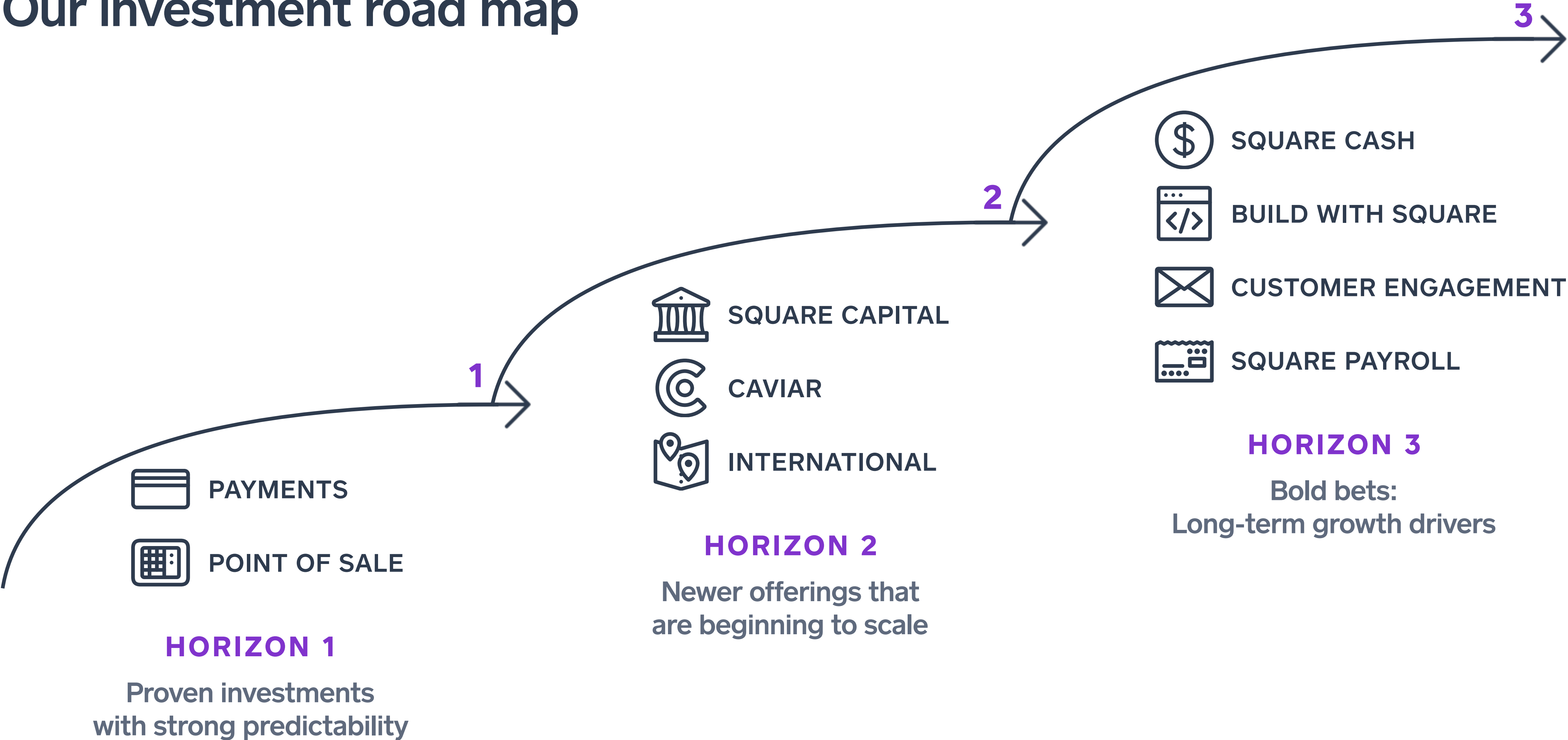
Maintaining go-to-market efficiency and expanding into new channels and markets



GENERAL AND ADMINISTRATIVE EFFICIENCY

... while leveraging machine learning to drive greater operational efficiency as we scale

Our investment road map



Long-term targets

	2015	2016	2017 Guidance (Midpoint)	Long Term
ADJUSTED REVENUE GROWTH	64%	52%	31%	20%–25%
ADJUSTED EBITDA MARGIN	(9%)	7%	13%	35%–40%

See appendix for GAAP reconciliation to Adjusted Revenue and Adjusted EBITDA.
Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by Adjusted Revenue.

Our business model provides a compelling investment opportunity

TREMENDOUS SCALE	Millions of active sellers, \$53 billion trailing four quarter GPV
SIGNIFICANT GROWTH	39% Adjusted Revenue year-over-year growth
ATTRACTIVE COHORT ECONOMICS	113% Adjusted Revenue retention rate and 3-to-4 quarter payback
STRONG MARGIN TRAJECTORY	\$27 million in Adjusted EBITDA, representing 13% margin

Data points shown above are as of March 31, 2017. Active sellers defined as sellers with five or more payments in the last 12 months. See appendix for GAAP reconciliation to Adjusted Revenue and Adjusted EBITDA. Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by Adjusted Revenue. Payback calculated as the number of quarters it takes for a cohort of sellers’ cumulative Adjusted Revenue (excluding hardware and Gift Cards revenue) to surpass our sales and marketing spending in the quarter in which we acquired that cohort. Revenue retention rate is calculated as year-over-year retention of Adjusted Revenue (excluding hardware and Gift Cards revenue) for our cohorts on average for the last four quarters.

Q&A





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Appendix

GAAP RECONCILIATION

Adjusted Revenue—Reconciliation to GAAP Total Net Revenue

Adjusted Revenue is a non-GAAP financial measure that reflects our total net revenue less transaction-based costs, and excludes Starbucks transaction-based revenue.

We believe it is useful to exclude transaction costs from Adjusted Revenue as this is a primary metric used by management to measure our business performance and it affords greater comparability to other payment processing companies.

Adjusted Revenue has limitations as a financial measure, should be considered as supplemental in nature, and is not meant as a substitute for the related financial information prepared in accordance with GAAP. The following table presents a reconciliation of total net revenue to Adjusted Revenue for each of the periods indicated:

	Three Months Ended												
	Mar. 31, 2014	Jun. 30, 2014	Sep. 30, 2014	Dec. 31, 2014	Mar. 31, 2015	Jun. 30, 2015	Sep. 30, 2015	Dec. 31, 2015	Mar. 31, 2016	Jun. 30, 2016	Sep. 30, 2016	Dec. 31, 2016	Mar. 31, 2017
	(in thousands) (unaudited)												
TOTAL NET REVENUE	165,082	206,796	227,420	250,894	250,557	310,013	332,188	374,360	379,269	438,533	439,002	451,917	461,554
LESS: STARBUCKS TRANSACTION-BASED REVENUE	(26,466)	(30,147)	(29,895)	(36,516)	(29,237)	(33,630)	(32,332)	(47,084)	(38,838)	(32,867)	(7,164)	(34)	0
LESS: TRANSACTION-BASED COSTS	(86,275)	(109,801)	(122,425)	(132,357)	(132,107)	(165,823)	(182,007)	(192,730)	(194,276)	(234,857)	(254,061)	(260,006)	(257,778)
ADJUSTED REVENUE	52,341	66,848	75,100	82,021	89,213	110,560	117,849	134,546	146,155	170,809	177,777	191,877	203,776

Adjusted EBITDA—Reconciliation to GAAP Net Loss

Adjusted EBITDA is a non-GAAP financial measure that represents our net loss, adjusted to eliminate the effect of Starbucks transaction-based revenue and Starbucks transaction-based costs, before interest income and expense, provision or benefit for income taxes, depreciation, amortization, share-based compensation expense, other income and expense, the gain or loss on the sale of property and equipment, and impairment of intangible assets. We have included Adjusted EBITDA in this document because it is a key measure used by our management to evaluate our operating performance, generate future operating plans, and make strategic decisions, including those relating to operating expenses and the allocation of internal resources. Accordingly, we believe that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors. In addition, it provides a useful measure for period-to-period comparisons of our business, as it removes the effect of certain non-cash items and certain variable charges.

Adjusted EBITDA has limitations as a financial measure, should be considered as supplemental in nature, and is not meant as a substitute for the related financial information prepared in accordance with GAAP. The following presents a reconciliation of net loss to Adjusted EBITDA for each of the periods indicated.

	Three Months Ended												
	Mar. 31, 2014	Jun. 30, 2014	Sep. 30, 2014	Dec. 31, 2014	Mar. 31, 2015	Jun. 30, 2015	Sep. 30, 2015	Dec. 31, 2015	Mar. 31, 2016	Jun. 30, 2016	Sep. 30, 2016	Dec. 31, 2016	Mar. 31, 2017
	(in thousands) (unaudited)												
NET LOSS	(43,991)	(35,364)	(37,666)	(37,072)	(47,978)	(29,620)	(53,930)	(48,289)	(96,755)	(27,345)	(32,323)	(15,167)	(15,090)
STARBUCKS TRANSACTION-BASED REVENUE	(26,466)	(30,147)	(29,895)	(36,516)	(29,237)	(33,630)	(32,332)	(47,084)	(38,838)	(32,867)	(7,164)	(34)	—
STARBUCKS TRANSACTION-BASED COSTS	33,016	37,496	37,377	43,066	36,211	40,921	41,410	46,896	36,610	28,672	4,528	(49)	—
SHARE-BASED COMPENSATION EXPENSE	6,219	8,102	10,332	11,447	13,461	15,232	20,793	32,806	31,198	36,922	36,779	33,887	31,670
DEPRECIATION AND AMORTIZATION	3,794	3,919	5,130	5,743	5,546	6,410	6,570	9,100	9,118	9,018	9,681	9,928	9,437
LITIGATION SETTLEMENT EXPENSE	—	—	—	—	—	—	—	—	50,000	(2,000)	—	—	—
INTEREST (INCOME) AND EXPENSE	456	(494)	1,390	810	1,210	394	781	(772)	(717)	(327)	111	153	499
PROVISION (BENEFIT) FOR INCOME TAXES	(810)	268	285	1,697	418	1,152	932	1,244	339	312	230	1,036	509
LOSS ON SALE OF PROPERTY AND EQUIPMENT	—	—	—	133	240	—	—	30	(38)	169	(219)	39	—
ADJUSTED EBITDA	(27,782)	(16,220)	(13,047)	(10,692)	(20,129)	859	(15,776)	(6,069)	(9,083)	12,554	11,623	29,793	27,025

Adjusted Net Income (Loss) Reconciliation

Adjusted Net Income (Loss), and Adjusted EPS are non-GAAP financial measures that represent our net loss and net loss per share, adjusted to eliminate the effect of Starbucks, share-based compensation expenses, amortization of intangible assets, amortization of debt discount and issuance costs in connection with our offering of convertible senior notes in the first quarter of 2017, the litigation settlement with Robert E. Morley, the gain or loss on the sale of property and equipment, and impairment of intangible assets. Adjusted EPS (basic) is computed by dividing the Adjusted Net Income (Loss) by the weighted-average number of shares of common stock outstanding during the period. Adjusted EPS (diluted) is computed by dividing Adjusted Net Income (Loss) by the weighted-average number of shares of common stock outstanding, including all potentially dilutive shares. Adjusted EPS (diluted) is the same as Adjusted EPS (basic) because the effects of potentially dilutive items were anti-dilutive given the Adjusted Net Loss position.

Adjusted EPS has limitations as a financial measure, should be considered as supplemental in nature, and is not meant as a substitute for the related financial information prepared in accordance with GAAP. The following presents a reconciliation of net loss to Adjusted EBITDA for each of the periods indicated.

	Three Months Ended								
	Mar. 31, 2015	Jun. 30, 2015	Sep. 30, 2015	Dec. 31, 2015	Mar. 31, 2016	Jun. 30, 2016	Sep. 30, 2016	Dec. 31, 2016	Mar. 31, 2017
	(in thousands) (unaudited)								
NET LOSS	(\$47,978)	(\$29,620)	(\$53,930)	(\$48,289)	(\$96,755)	(\$27,345)	(\$32,323)	(\$15,167)	(\$15,090)
STARBUCKS TRANSACTION-BASED REVENUE	(29,237)	(33,630)	(32,332)	(47,084)	(38,838)	(32,867)	(7,164)	(34)	0
STARBUCKS TRANSACTION-BASED COSTS	36,211	40,921	41,410	46,896	36,610	28,672	4,528	(49)	0
SHARE-BASED COMPENSATION EXPENSE	13,461	15,232	20,793	32,806	31,198	36,922	36,779	33,887	31,670
AMORTIZATION OF INTANGIBLE ASSETS	1,095	1,651	1,592	3,165	2,713	2,134	2,076	2,090	2,038
LITIGATION SETTLEMENT EXPENSE	—	—	—	—	50,000	(2,000)	—	—	—
AMORTIZATION OF DEBT DISCOUNT AND ISSUANCE COSTS	—	—	—	—	—	—	—	—	1,390
(GAIN) LOSS ON SALE OF PROPERTY AND EQUIPMENT	240	—	—	30	(38)	169	(219)	39	—
ADJUSTED NET INCOME (LOSS)	(\$26,208)	(\$5,446)	(\$22,467)	(\$12,476)	(\$15,110)	\$5,685	\$3,677	\$20,766	\$20,008
ADJUSTED EPS (DILUTED)	(\$0.18)	(\$0.04)	(\$0.15)	(\$0.05)	(\$0.05)	\$0.02	\$0.01	\$0.06	\$0.05
ADJUSTED EPS (BASIC)	(\$0.18)	(\$0.04)	(\$0.15)	(\$0.05)	(\$0.05)	\$0.02	\$0.01	\$0.05	\$0.05
DILUTED WEIGHTED-AVERAGE SHARES	145,069	149,253	152,334	234,548	331,324	334,488	343,893	356,343	366,737
BASIC WEIGHTED-AVERAGE SHARES	145,069	149,253	152,334	234,548	331,324	365,731	370,746	382,531	404,319

Reconciliation to GAAP Operating Expenses

	Year Ended December 31,			
	2013	2014	2015	2016
	(in thousands) (unaudited)			
OPERATING EXPENSES	(\$233,727)	(\$376,565)	(\$544,488)	(\$746,491)
SHARE-BASED COMPENSATION	14,658	36,100	82,292	138,786
DEPRECIATION AND AMORTIZATION	8,272	17,584	20,804	27,536
LITIGATION SETTLEMENT EXPENSE	0	—	—	48,000
LOSS (GAIN) ON SALE OF FIXED ASSETS	2,705	133	270	(49)
NON-GAAP OPERATING EXPENSES	(\$208,092)	(\$322,748)	(\$441,122)	(\$532,218)
PRODUCT DEVELOPMENT	(\$82,864)	(\$144,637)	(\$199,638)	(\$268,537)
SHARE-BASED COMPENSATION	8,820	24,758	54,738	91,404
DEPRECIATION AND AMORTIZATION	4,124	10,775	11,347	13,190
LOSS (GAIN) ON SALE OF FIXED ASSETS	—	—	—	—
NON-GAAP PRODUCT DEVELOPMENT	(\$69,920)	(\$109,104)	(\$133,553)	(\$163,943)
SALES AND MARKETING	(\$64,162)	(\$112,577)	(\$145,618)	(\$173,876)
SHARE-BASED COMPENSATION	1,235	3,738	7,360	14,122
DEPRECIATION AND AMORTIZATION	18	108	10	30
LOSS (GAIN) ON SALE OF FIXED ASSETS	0	—	53	73
NON-GAAP SALES AND MARKETING	(\$62,909)	(\$108,731)	(\$138,195)	(\$159,651)
GENERAL AND ADMINISTRATIVE	(\$68,942)	(\$94,220)	(\$143,466)	(\$251,993)
SHARE-BASED COMPENSATION	4,603	7,604	20,194	33,260
DEPRECIATION AND AMORTIZATION	4,130	6,701	9,447	14,316
LITIGATION SETTLEMENT EXPENSE	0	—	—	48,000
LOSS (GAIN) ON SALE OF FIXED ASSETS	2,705	133	217	(122)
NON-GAAP GENERAL AND ADMINISTRATIVE	(\$57,504)	(\$79,782)	(\$113,608)	(\$156,539)



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