March 2021
Company Overview
INVESTORS.SQUAREUP.COM

CRAFT + CARRY
New York, NY

PEER-TO-PEER BITCOIN
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 performance and results of operations; the business plans and strategies of Square, Inc. and its consolidated subsidiaries (the “Company”); future growth and growth rates in the Company’s businesses, products, and services; the Company’s ability to cross-sell and up-sell its products; the Company’s ability to maintain and/or improve upon its prior performance metrics, including its historic transaction loss rates, acceptance rates, and gross profit retention rates; information concerning expansion into new markets and total addressable market opportunity; and trends in the Company’s markets, business and financial and operating metrics. Such statements are subject to a number of risks, uncertainties, assumptions, and other factors that may cause the Company’s actual results, performance, or achievements to differ materially from results expressed or implied in this document. Investors are cautioned not to place undue reliance on these statements. In addition, our historical 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: uncertainty around COVID-19 and the effects of government and other measures seeking to contain its spread; an economic downturn or recession in the United States and in other countries around the world; 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 create and monetize an ecosystem of products for its Cash App; 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 ensure interoperability of its technology with that of third parties; the Company’s ability to retain existing customers, attract new customers, and increase sales to all customers; 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 filing on Form 10-Q, which is on file with the SEC and available on the investor relations page of the Company’s website. All forward-looking statements are based on information and estimates available to the company at the time of this document and are not guarantees of future performance. 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.
We are growing two significant ecosystems
Strong growth at scale
50% five-year CAGR

Gross Profit

- Seller Gross Profit
- Cash App Gross Profit

Caviar gross profit has been excluded for all periods. CAGR represents the compound annual gross profit growth rate from 2015 to 2020.
Addressing significant market opportunities...

SELLERS

$100B+

INDIVIDUALS

$60B+

...with significant runway to grow share in each ecosystem

<3%

PENETRATED OF $100B+ OPPORTUNITY

<3%

PENETRATED OF $60B+ OPPORTUNITY

Penetration within each of the Seller and Cash App ecosystems is calculated based on the sum of 2020 transaction-based gross profit, bitcoin gross profit, and subscription and services-based revenue as applicable within each ecosystem as a percentage of the overall market opportunity for each ecosystem.
Total
Addressable
Market
Seller ecosystem represents a $85B+ opportunity in the U.S.

~20\text{M} \rightarrow \$6\text{T} \rightarrow \$85\text{B}+

BUSINESSES \rightarrow GROSS RECEIPTS \rightarrow U.S. TAM OPPORTUNITY

For further information on how we calculate number of “Businesses”, “Gross Receipts”, and the “U.S. TAM Opportunity”, please see Appendix.
Seller ecosystem represents a $85B+ opportunity in the U.S.

$85B+ OPPORTUNITY

$39B + $30B + $12B + $5B

TRANSACTION PROFIT + SOFTWARE + SQUARE CAPITAL + FINANCIAL SERVICES


For further information on how we calculate “Transaction Profit” opportunity and “Software”, “Square Capital”, and “Financial Services” revenue opportunity please see Appendix.
...and $100B+ opportunity with multiple vectors for future growth

$85B + $16B TRANSACTION PROFIT IN CURRENT INTERNATIONAL MARKETS + NEW PRODUCTS AND USE CASES + NEW MARKETS + EXPAND FURTHER UPMARKET

Sources: The Nilson Report (Issue #1166), Euromonitor
For further information on how we calculate “Transaction Profit in Current International Markets” opportunity, please see Appendix.
Significant opportunities in serving larger sellers

Cash App ecosystem has a large opportunity in consumer financial services: $9 trillion in addressable volume in the U.S. alone

$4T SENDING

$2T SPENDING

$3T INVESTING


For further information on how we calculate the “Sending”, “Spending”, and “Investing” volume opportunity, please see Appendix.
Cash App ecosystem represents a $60B+ revenue opportunity in the U.S.

$60B+ OPPORTUNITY

$20B + $41B + $2B

SENDING + SPENDING + INVESTING

Sources: Square internal company data, The Nilson Report (Issue #1166), Visa USA Interchange Reimbursement Fees, CoinMetrics. For further information on how we calculate the “Sending”, “Spending”, and “Investing” revenue opportunity, please see Appendix.
With multiple vectors for future growth

$\geq 60B$

CASH APP REVENUE OPPORTUNITY TODAY

Medium-Term

NEW PRODUCTS AND USE CASES

Long-Term

NEW MARKETS
Multiple differentiators across Seller and Cash App ecosystems

- Strong aspirational brands with word-of-mouth
- Remarkable products with rapid development and improvements
- Elegant design to enable self-serve experience
- Integrated and scalable technology platform
- Scaled acquisition with strong returns on investment
- Ability to drive higher engagement and graduate customers to broader ecosystem of products
Seller Ecosystem
Square is building a unique ecosystem of products and services
As sellers and individuals use more services, their activity with Square increases, reinforcing our recurring revenue model.

**MANAGED PAYMENTS**
- Payments (In-person and online)
- Hardware
- Risk Management + Disputes

**POS + BUSINESS TOOLS**
- Square Point of Sale
- Customers (Marketing, Loyalty, Gift Cards)
- Employee Tracking & Reporting (Team Management)
- eCommerce (Square Online Store)

**VERTICAL SPECIFIC SOFTWARE**
- Services (Appointments, Invoices, Virtual Terminal)
- Retail (Square for Retail)
- Food + Drink (Square for Restaurants)

**FINANCIAL SERVICES**
- Access to Funds (Instant Deposit, Square Card)
- Payroll
- Financing (Square Capital, Installments)

**PLATFORM**
- Payments API Integrations (Reader SDK, In App Payments SDK, eComm API)
- Commerce APIs & Integrations (8 APIs including Employees API, Inventory API, and Customers API)
- Partner App Marketplace
Evolving mix to software, integrated payments, and financial services

Seller gross profit mix does not include hardware gross profit losses.
A platform for developers to meet sellers’ needs

**E-COMMERCE**
Integrate Square on websites, enabling sellers to manage offline and online businesses.

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

**IN-HOUSE**
Integrate Square into a seller’s specialized POS to accept payments and access other services.

- **Wix**
  - Wix E-Commerce
- **Magento**
  - Magento E-Commerce
- **QuickBooks**
  - QuickBooks Accounting
- **TouchBistro**
  - TouchBistro Point of Sale
- **Hampton JITNEY**
  - Hampton JITNEY Transportation
- **Philz Coffee**
  - Philz Coffee Coffeehouse
- **Woo**
  - WooCommerce E-Commerce
- **Godaddy**
  - Godaddy E-Commerce
- **Postmates**
  - Postmates Delivery
- **Mailchimp**
  - Mailchimp Marketing
- **Laser Away**
  - Laser Away Health & Beauty
- **The RealReal**
  - The RealReal Luxury Fashion
We lead with a strong brand. Our high NPS of 65 means our sellers recommend our services to others.

We focus on direct and scalable marketing channels both online and offline. These include online SEO, display advertising, direct mail, television, mobile, and affiliate and seller referral programs.

Our direct sales and account management teams contribute to the acquisition and support of our larger sellers.

Square hardware products are available at thousands of retail stores.

We work with third-party developers who offer our solutions to their customers.

We take a systematic approach to growth and retention marketing with machine learning as the underpinning engine.
## Why Seller 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
- **Automated risk assessment using machine learning** while maintaining **high acceptance rates**

### OMNI-CHANNEL CAPABILITIES
- Powerful solutions that enable sellers to **engage with buyers wherever they are**

### OPEN PLATFORM
- Flexible platform expands functionality that benefits **sellers, developers, partners, and Square**

### STRONG BRAND
- **Net promoter score of 65,** ~2x the average for banking service providers

### BREADTH AND EFFICIENCY OF GO-TO-MARKET
- **Self-serve onboarding** and ubiquitous and **scalable distribution channels**

### GROWTH
- **$468 million** in gross profit during Q1 2021, up **32%** year over year

---

Square Net Promoter Score (NPS) is for the U.S. and is represented as a trailing four-quarter average ended March 31, 2021. Banking NPS calculated by Satmetrix Systems, Inc., a third-party research firm, as of 2018.
Profit exceeded initial sales and marketing in four quarters

$33M IN CUMULATIVE GROSS PROFIT IN FOUR QUARTERS

Q1 2015 Cohort

<table>
<thead>
<tr>
<th></th>
<th>Sales and Marketing Expense</th>
<th>Cumulative Cohort Gross Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2015</td>
<td>($32M)</td>
<td></td>
</tr>
<tr>
<td>Q2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q1 2016</td>
<td>$33M</td>
<td></td>
</tr>
</tbody>
</table>

Sales and marketing shown above represents "Seller Go-to-Market Spend" in Q1 2015, as defined on slide 25. Cumulative cohort gross profit is based on the Q1 2015 cohort of sellers.
...and continued to grow thereafter

$172\text{M}$ in cumulative gross profit in five years

Sales and marketing shown above represents "Seller Go-to-Market Spend" as defined on slide 25. Cumulative cohort gross profit is based on the Q1 2015 cohort of sellers.
Efficient paybacks and positive retention have driven strong customer lifetime value and return on investment.

Each line represents a quarterly cohort from the first quarter of 2012 to the third quarter of 2020.
Maintained payback period even as we have grown larger sellers

Payback period on gross profit measures the effectiveness of “Seller Go-to-Market Spend” for a seller cohort. “Seller Go-to-Market Spend” represents sales and marketing expenses for the Seller ecosystem, excluding the portion of sales and marketing expenses from the legacy Weebly business. A seller cohort represents the new sellers onboarded to Square during a given period.
Strong gross profit retention has led to recurring revenue streams

Positive gross profit retention for every cohort from 2012 to 2019

Gross profit retention rate is calculated as the year-over-year gross profit growth of a quarterly seller cohort, averaged over the last four quarters (excluding gross profit from hardware, Gift Cards, Caviar, and Weebly prior to the acquisition). We do not include hardware or gift cards because they are typically non-recurring in nature, and we view hardware as an acquisition tool and not a profit center for our business. Each of our quarterly and annual cohorts had exhibited positive overall retention on aggregate from their date of onboarding through December 31, 2020.
Cash App Ecosystem
<table>
<thead>
<tr>
<th>Why <strong>Cash App</strong> wins: differentiated platform allow customers to easily send, spend, store and now invest money</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>STRONG NETWORK EFFECTS</strong></td>
</tr>
<tr>
<td><strong>ENGAGEMENT</strong></td>
</tr>
<tr>
<td><strong>PRODUCT VELOCITY</strong></td>
</tr>
<tr>
<td><strong>EFFICIENT CUSTOMER ACQUISITION</strong></td>
</tr>
<tr>
<td><strong>HEALTHY COHORT ECONOMICS</strong></td>
</tr>
<tr>
<td><strong>RAPID GROWTH IN MONETIZATION</strong></td>
</tr>
</tbody>
</table>

36 million monthly transacting actives as of December 31, 2020. Monthly transacting active customers includes Verse customers, which was immaterial. Cash Card monthly and weekly actives are as of March 2021.
Cash App Revenue Model

CASH APP REVENUE

ACTIVE CUSTOMERS (#)  REVENUE PER CUSTOMER ($)  
ACQUISITION  RETENTION  WINBACK  PRODUCT ADOPTION  ENGAGEMENT  MONETIZATION
We have driven growth across a diversity of services and revenue streams.

Sending equals revenue from Instant Deposit, Cash for Business, and P2P transactions funded with a credit card. Spending equals revenue from transaction fees on Cash Card, and interest on customer funds. Investing equals bitcoin gross profit.
Our network of monthly transacting actives has increased 10x over the past four years.

A monthly transacting active is defined as a Cash App customer who has one cash inflow or outflow during a given monthly period. Types of cash inflows or outflows include the following: sending or receiving a P2P transfer, making a direct deposit, withdrawing from an ATM, cashing in or out, buying or transferring bitcoin, buying or selling a stock, making a Cash Card payment, sending or receiving a Cash for Business payment.
Profit exceeded acquisition spend in less than 12 months

$1.6M

IN CUMULATIVE COHORT VARIABLE PROFIT AFTER TWELVE MONTHS

June 2017 Cohort

- Acquisition spend
- Cumulative Cohort Variable Profit

June 2017 acquisition spend uses the average monthly spend for 2017 to adjust for timing of spend during the year, and is representative of actual June 2017 spend. Cumulative cohort variable profit is based on the June 2017 monthly cohort of customers. For definitions of Cash App payback period, acquisition marketing spend, cohort variable profit, and cumulative variable profit see Appendix.
...and continued to grow thereafter

$7.7M

IN CUMULATIVE COHORT VARIABLE PROFIT AFTER 2.5 YEARS

June 2017 Cohort

- Acquisition spend
- Cumulative Cohort Variable Profit

June 2017 acquisition spend uses the average monthly spend for 2017 to adjust for timing of spend during the year, and is representative of actual June 2017 spend. Cumulative cohort variable profit is based on the June 2017 monthly cohort of customers. For definitions of Cash App payback period, acquisition marketing spend, cohort variable profit, and cumulative variable profit see Appendix.
Efficient paybacks and positive retention have driven strong customer lifetime value and return on investment.

Return on investment (ROI) is calculated by dividing a given Cash App monthly cohort’s cumulative variable profit by acquisition spend for the initial month when onboarded. For a more comprehensive definition of cohort variable profit and acquisition spend, please see Appendix.

Each line represents a monthly cohort from January 2017 through November 2020, using actual monthly acquisition spend for each period and not annual averages, and ROIs are impacted by the timing of acquisition expenses during the year. Payback periods for monthly Cash App cohorts have been less than 12 months on average from 2017 through 2020.
Strong gross profit retention has led to recurring revenue streams

>130% gross profit retention for each annual cohort over the past three years

Annual gross profit retention is calculated as the year-over-year gross profit growth of an annual Cash App customer cohort, excluding contra revenue and interest income. A customer’s annual cohort is determined based on the date they were first ever a transacting active on the platform. Each of our annual Cash App cohorts since 2015 and for the pre-2015 cohort have exhibited positive overall gross profit retention on aggregate from their date of onboarding through December 31, 2020.
Graduating customers to Cash Card can drive meaningful uplift in revenue

Cohort revenue mix is based on the cohort of customers who adopted Cash Card in January 2019. The periods presented are 6 months prior to adoption of Cash Card (July 2018 through December 2018) and 6 months after adoption (January 2019 through June 2019). Revenue includes transaction-based gross profit, bitcoin gross profit, and subscription and services-based revenue from Cash App.
Engagement with additional products has driven higher customer lifetime value
Appendix
Footnotes and GAAP Reconciliation
**Broad portfolio of Seller products with multiple monetization levers**

<table>
<thead>
<tr>
<th>Category</th>
<th>Transaction-based</th>
<th>Subscription and services</th>
<th>Hardware</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SIDECAR PAYMENTS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>POS App with payments usage only</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SOFTWARE AND INTEGRATED PAYMENTS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invoices, Virtual Terminal, Developer, APIs/SDKs, Third Party Apps</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Square for Retail, Restaurants, Appointments, Square Online Store</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Team Management, Marketing, Loyalty</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>FINANCIAL SERVICES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Square Card, Instant Transfer</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CAPITAL</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core Flex Loans</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>HARDWARE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Square Register, Terminal, Stand, and Contactless and Chip Reader, Third Party Peripherals</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Broad portfolio of Cash App products with multiple monetization levers**

<table>
<thead>
<tr>
<th>Engagement Drivers</th>
<th>Revenue Stream</th>
<th>Transaction-based</th>
<th>Subscription and services</th>
<th>Bitcoin</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SENDING MONEY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peer-to-Peer (fiat and bitcoin)</td>
<td>Instant Deposit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cash for Business</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Credit Card funding</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SPENDING MONEY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Boost (rewards)</td>
<td>Cash Card interchange</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stored balance</td>
<td>Cash Card Studio</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct Deposit</td>
<td>ATM withdrawals</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Interest Income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>INVESTING MONEY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bitcoin</td>
<td>Bitcoin</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock Brokerage</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Definitions

Slide 7:
"Businesses" in the US 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. "Businesses" also assumes a 3% share for Square of the estimated number of informal economy businesses, based on estimated U.S. volume from informal businesses based on IMF’s estimated 8% share for informal economy from 1991 through 2015 applied to US 2019 GDP, and applying an average assumed business size of $50,000 based on the average size of non-employer firms in the 2012 U.S. Census.

"Gross Receipts" is based on U.S. Census data regarding gross receipts for these “Businesses” as of 2012, adjusted for inflation through 2019 based on CPI from the U.S. Bureau of Labor Statistics.

"US TAM Opportunity" is calculated as sum of “Transaction Profit” and “Software”, “Square Capital”, and “Financial Services” revenue opportunities on subsequent slides.

Slide 8:
“Transaction Profit” opportunity is calculated by multiplying “Gross Receipts” opportunity by The Nilson Report’s estimate of card payments at 65% of 2018 U.S. consumer payment volume (as of December 2019), and multiplying by Square’s average transaction margin as a percentage of GPV of approximately 1%.

“Software” revenue opportunity is calculated by multiplying select employer and non-employer firms producing less than $100 million in annual gross receipts in select relevant industry verticals based on 2012 U.S. Census data by Square’s annualized software revenue per existing seller by product based on three months ending January 2020, or forecasted revenue per seller for products with recent price changes. Software products include: Restaurants, Appointments, Retail, Marketing, Loyalty, Payroll, Team Management, Square Online Store.

“Square Capital” revenue opportunity is calculated by multiplying the sum of FDIC’s $232B of U.S. small business loans under $250,000 outstanding as of December 31, 2019 by the average of Goldman Sachs’ estimated revenue rate on small business loans of 4% to 6% as of 2015.

“Financial Services” revenue opportunity is the sum of estimated Instant Transfers and Square Card opportunities. Instant Transfers opportunity is calculated by multiplying Square’s estimated average Instant Transfer volume per seller in 2H 2019 and pricing of 1.5% on volume by Square’s estimated blended attach rate on the “Businesses” opportunity with less than $250K in gross receipts. Square Card opportunity is calculated based on The Nilson Report’s estimates for 2019 US debit and prepaid spend, as of February 2020, applied to Forbes’ estimated share of business card spend to calculate overall business spend. Forbes’ estimate for businesses with credit cards was applied to 65M total businesses from “Businesses” opportunity plus informal economy businesses, with informal economy businesses based on IMF’s estimated 8% share for informal economy from 1991 through 2015 applied to US 2019 GDP and divided by an assumed average business size of $50,000 based on the median non-employer seller size based on US Census data. These were used to calculate average spend per business, which was then applied to the “Businesses” opportunity for less than $20M in gross receipts and a blended interchange rate assumption based on Mastercard’s public interchange rates.

Slide 9:
“Transaction Profit in Current International Markets” opportunity is calculated using the $2.9T of total estimated 2019 card payment volume across Australia, Canada, Japan, and United Kingdom based on Euromonitor’s 2018 estimates and forecasted based on Euromonitors 2018 growth in these markets, multiplied by Square’s estimated 55% addressable share of card volume in the U.S. (based on the $3.9T of addressable card volume relative to $7T in overall card spend) and applying Square’s average transaction profit margin of approximately 1%. Square’s share of card volume in the U.S. is based on “Gross Receipts” opportunity relative to The Nilson Report’s estimate of total 2018 U.S. estimated card volume (as of December 2019).
Definitions

Slide 11:
"Sending" volume opportunity is the sum of estimated P2P and micro-merchants volume opportunities. “P2P volume opportunity” is calculated based on U.S. Census data on adult population as of 2018 multiplied by estimated monthly P2P volumes per individual, which is the sum of Cash App internal average volume per monthly active, added to estimates for Zelle and Venmo monthly volume per customer based on respective public disclosures as of Q4 2019. “Micro-merchants volume opportunity” is the sum of gross receipts for employer and non-employer firms with less than $250,000 in annual gross receipts in select industry verticals based on 2012 U.S. Census data, as well as estimated U.S. volume from informal businesses based on IMF’s estimated 8% share for informal economy from 1991 through 2015 applied to US 2019 GDP.
“Spending” volume opportunity is calculated using The Nilson Report’s estimates for 2018 US debit and prepaid spend (as of December 2019).
“Investing” volume opportunity is calculated based on $3.6T in balance sheet assets for registered broker-dealers serving retail customers according to the S.E.C. Chairman as of May 2018, adjusted for an assumed 16-month average holding period of individual investors.

Slide 12:
“Sending” revenue opportunity is based on the approximate percentage of Cash App’s sending revenue as a percentage of peer-to-peer volumes, applied to the peer-to-peer portion of the “Sending” volume opportunity.
“Spending” revenue opportunity is calculated based on “Spending” volume opportunity multiplied by Visa’s public unregulated prepaid interchange rates as of April 2019 applied to Cash Card’s card-present vs. card-not-present transaction mix by volume and The Nilson Report’s 2018 average debit transaction size (as of December 2019).
“Investing” gross profit opportunity is calculated based on bitcoin USD-denominated volume for 2019 from CoinMetrics multiplied by Square’s bitcoin gross profit as a percentage of bitcoin revenue for full-year 2019.

Slide 31:
Cash App payback period is calculated as the length of time for a cohort’s cumulative variable profit to exceed acquisition marketing spend during the period when the cohort was onboarded. Acquisition marketing spend (or “acquisition spend”) includes acquisition marketing, referral expenses and referral contra-revenue for a given period, and excludes costs for P2P processing and risk loss. Cohort variable profit is calculated as gross profit across Cash App transaction-based profit, Cash Card gross profit including interchange and ATM withdrawals, Instant Deposit gross profit for Cash App, bitcoin gross profit and less certain variable sales and marketing expenses, including P2P processing and risk loss. A Cash App cohort represents the new customers onboarded to Cash App during a given period. Cumulative cohort variable profit is cohort variable profit over a given period.
Adjusted EBITDA—Reconciliation to GAAP

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NET INCOME (LOSS)</strong></td>
<td>($179,817)</td>
<td>($171,590)</td>
<td>($62,813)</td>
<td>($38,453)</td>
<td>$375,446</td>
<td>$213,105</td>
</tr>
<tr>
<td>STARBUCKS TRANSACTION-BASED REVENUE</td>
<td>(142,283)</td>
<td>(78,903)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>STARBUCKS TRANSACTION-BASED COSTS</td>
<td>165,438</td>
<td>69,761</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>SHARE-BASED COMPENSATION EXPENSE</td>
<td>82,292</td>
<td>138,786</td>
<td>155,836</td>
<td>216,881</td>
<td>297,863</td>
<td>397,500</td>
</tr>
<tr>
<td>DEPRECIATION AND AMORTIZATION</td>
<td>27,626</td>
<td>37,745</td>
<td>37,279</td>
<td>60,961</td>
<td>75,598</td>
<td>84,212</td>
</tr>
<tr>
<td>LITIGATION SETTLEMENT EXPENSE</td>
<td>—</td>
<td>48,000</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>INTEREST EXPENSE (INCOME), NET</td>
<td>1,163</td>
<td>(533)</td>
<td>10,053</td>
<td>17,982</td>
<td>21,516</td>
<td>56,943</td>
</tr>
<tr>
<td>OTHER (INCOME) EXPENSE, NET</td>
<td>450</td>
<td>(247)</td>
<td>(1,595)</td>
<td>(18,469)</td>
<td>273</td>
<td>(291,725)</td>
</tr>
<tr>
<td>PROVISION FOR INCOME TAXES</td>
<td>3,746</td>
<td>1,917</td>
<td>149</td>
<td>2,326</td>
<td>2,767</td>
<td>2,862</td>
</tr>
<tr>
<td>LOSS (GAIN) ON DISPOSAL OF PROPERTY AND EQUIPMENT</td>
<td>270</td>
<td>(49)</td>
<td>100</td>
<td>(224)</td>
<td>1,008</td>
<td>2,570</td>
</tr>
<tr>
<td>GAIN ON SALE OF ASSET GROUP</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(373,445)</td>
</tr>
<tr>
<td>ACQUISITION RELATED AND OTHER COSTS</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>4,708</td>
<td>9,739</td>
</tr>
<tr>
<td>ACQUIRED DEFERRED REVENUE ADJUSTMENT</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>12,853</td>
<td>7,457</td>
</tr>
<tr>
<td>ACQUIRED DEFERRED COSTS ADJUSTMENT</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(2,042)</td>
<td>(1,369)</td>
</tr>
<tr>
<td><strong>ADJUSTED EBITDA</strong></td>
<td>($41,115)</td>
<td>$44,887</td>
<td>$139,009</td>
<td>$256,523</td>
<td>$416,853</td>
<td>$474,071</td>
</tr>
</tbody>
</table>
Adjusted EBITDA—Reconciliation to GAAP

Adjusted EBITDA is a non-GAAP financial measure that represents our net income (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 litigation settlement with Robert E. Morley in 2016, the gain or loss on disposal of property and equipment, and impairment of intangible assets. We also exclude certain costs associated with acquisitions that are not normal recurring operating expenses, including amounts paid to redeem acquirees’ unvested stock-based compensation awards, and legal, accounting, and due diligence costs, and we add back the impact of the acquired deferred revenue and deferred cost adjustment, which was written down to fair value in purchase accounting. 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. We also make these adjustments for non-GAAP operating expenses, as applicable. Adjusted EBITDA has limitations as a financial measure, and should be considered as supplemental in nature to, and is not meant as a substitute for, the related financial information prepared in accordance with GAAP. The prior table presents a reconciliation of net income (loss) to Adjusted EBITDA for each of the periods indicated.
Discussion of financial results excluding Caviar

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL NET REVENUE</td>
<td>$668,603</td>
<td>$814,938</td>
<td>$882,108</td>
<td>$932,528</td>
<td>$959,359</td>
<td>$1,174,238</td>
<td>$1,266,474</td>
<td>$1,313,429</td>
</tr>
<tr>
<td>LESS: CAVIAR CONTRIBUTION TO TOTAL NET REVENUE</td>
<td>27,469</td>
<td>36,928</td>
<td>39,584</td>
<td>44,628</td>
<td>46,530</td>
<td>43,389</td>
<td>40,948</td>
<td>15,045</td>
</tr>
<tr>
<td>TOTAL NET REVENUE EXCLUDING CAVIAR</td>
<td>$641,134</td>
<td>$778,010</td>
<td>$842,524</td>
<td>$887,900</td>
<td>$912,829</td>
<td>$1,130,849</td>
<td>$1,225,526</td>
<td>$1,298,384</td>
</tr>
<tr>
<td>GROSS PROFIT, IN ACCORDANCE WITH GAAP</td>
<td>$255,170</td>
<td>$315,816</td>
<td>$352,660</td>
<td>$380,054</td>
<td>$396,754</td>
<td>$465,845</td>
<td>$500,037</td>
<td>$527,049</td>
</tr>
<tr>
<td>LESS: CAVIAR CONTRIBUTION TO GROSS PROFIT</td>
<td>6,248</td>
<td>9,337</td>
<td>9,736</td>
<td>11,049</td>
<td>11,440</td>
<td>13,296</td>
<td>12,663</td>
<td>4,190</td>
</tr>
<tr>
<td>GROSS PROFIT EXCLUDING CAVIAR</td>
<td>$248,922</td>
<td>$306,479</td>
<td>$342,924</td>
<td>$369,005</td>
<td>$385,314</td>
<td>$452,549</td>
<td>$487,374</td>
<td>$522,859</td>
</tr>
</tbody>
</table>

We have included total net revenue excluding Caviar and gross profit excluding Caviar because they are key measures 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 total net revenue excluding Caviar and gross profit excluding Caviar provide 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 impact of a business that was disposed of during the fourth quarter of 2019.