



Company Overview

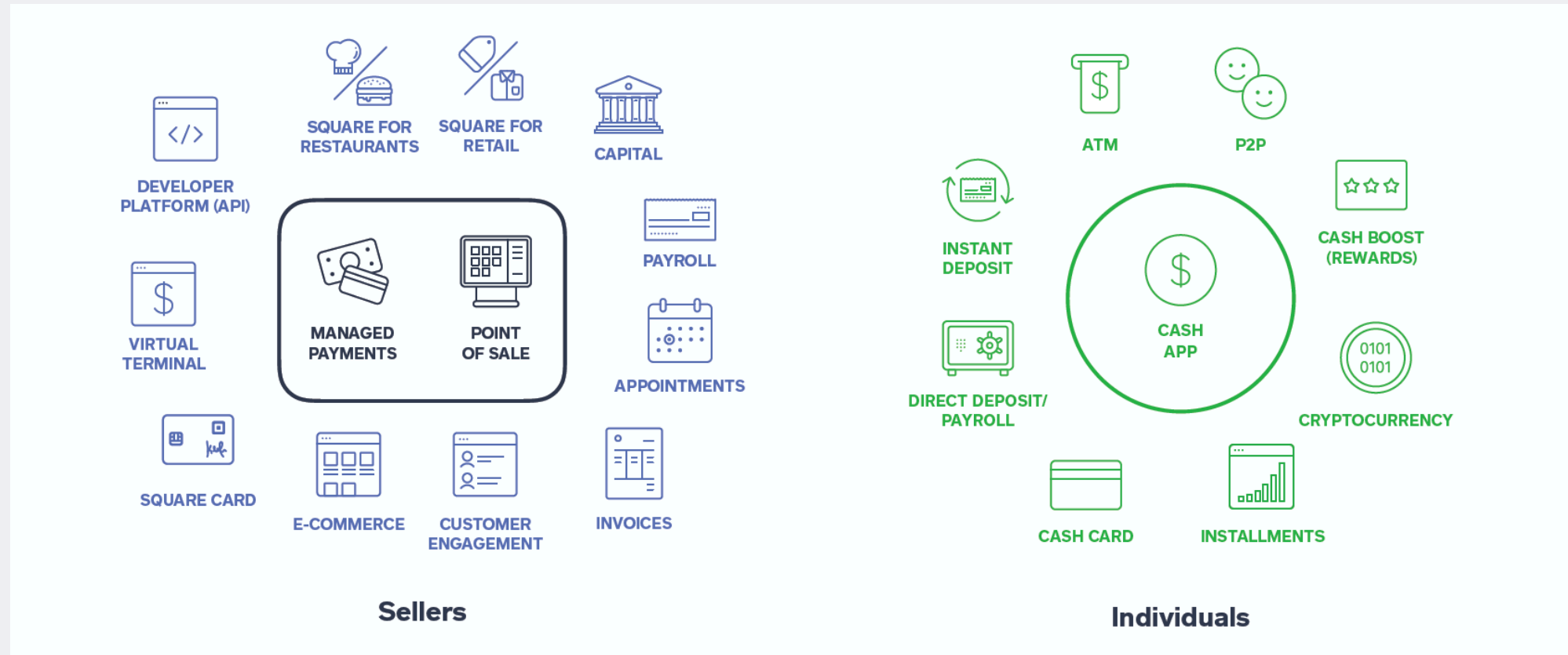
Current Price	\$59.25	Market Cap	\$25.3B
52 Week Range	\$49.82 - \$101.15	Enterprise Value	24.76B
Dividend Yield	N/A	Forward P/E	53.38

“We believe everyone should be able to participate and thrive in the economy”



- SQ was launched in 2009 by Jack Dorsey as a payment processing company, targeting small merchants.
- IPO in 2015 at \$9, became an industry darling and peaked at \$101.15
- Currently, offer several software and hardware payment products for small – large merchants as well as individual consumers.
- Merchant Ecosystem – Focus on POS for all payment types and styles of vendor, payment management, and marketing
- Individual Ecosystem – Centered around their Cash App, incorporating bitcoin, instant deposits and the cash card program

Ecosystems



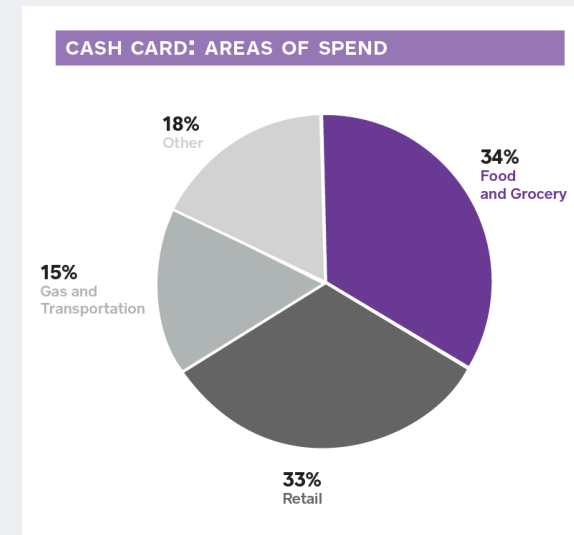
Competitive Advantages

Seller Ecosystem

- **First Mover Advantage** – Enabled SQ to establish themselves as the main player in POS, capturing a large client base.
- **Sustained Differentiation and Innovation** – Enabled unique market positioning relative to competitors,
- **Good Price Offering** – Offers free POS app and free card reader with sign up
- **Data Management**– Use of consumer data to offer personalized small loans and marketing campaigns.
- **Eventbrite Launch** – SQ is launching a tailored Omni Channel system for Eventbrite in the back half of 2019. Presents future opportunities for potential larger merchants to enter

Individual Ecosystem

- **Cash App Growth and Adoption** – June saw 3.5 million active users of the Cash App – driven by added features: Cash Boost
- **Synergies with Sellers** – The self feeding mechanism created by Cash Boost grows Merchants and Incentivizes individual consumption

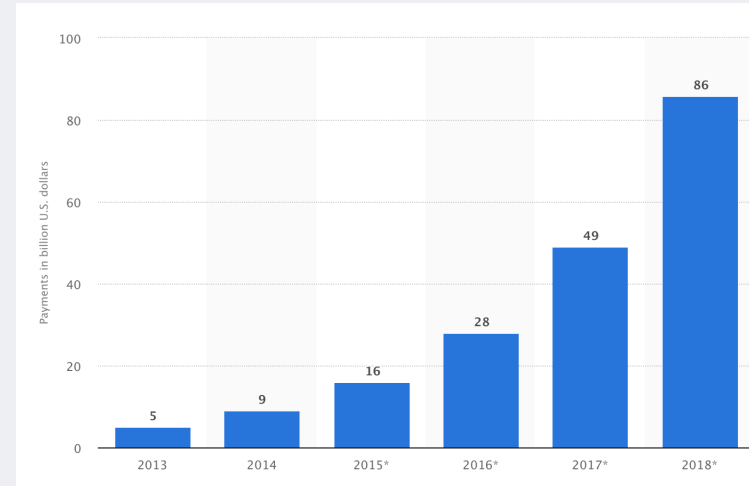


Drivers

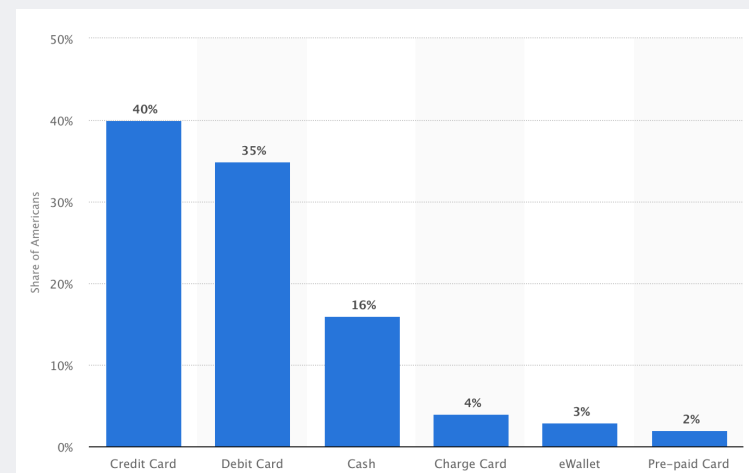
Demand for Variety

- The idea that no one should miss a sale was the fundamental idea behind SQ and the new wave payment processing industry.
- Large amount of SME's still operate off cash whilst bitcoin is growing
- Industry players need to cater for both ends of the scale – innovating and accounting for those lost in the past
- Poses two frontiers for innovation: accessibility and modernisation

Value of P2P Payments



Distribution of Payments 2018



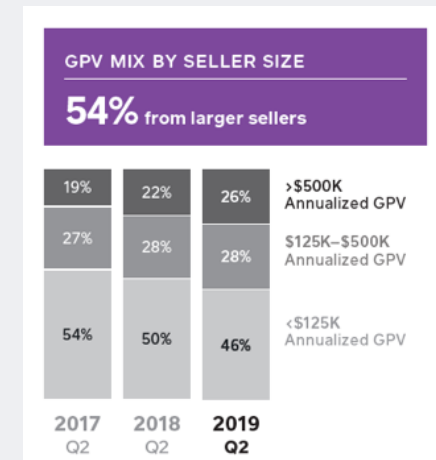
Drivers

Ecosystem

- The idea of being involved in an ecosystem serves as a fundamental goal in the tech sphere.
- Involvement as the central player or as a member of the team (omnichannel).

Fostering Organic Growth

- The continual development of SME's into larger merchants will serve as a catalyst for growth within the SQ ecosystem.
- As existing clients grow, SQ takes in more revenue from them.
- Lessens the need to acquire new SME's



Current Strategy

Increased focus on core operations – Caviar Sale

- SQ announced the sale of Caviar to DoorDash for 410m, mix of cash and stock.
- Caviar was previously their largest cost driver due to increased market competition and requirements. – Boost Margins
- Announced cash will be re-invested back into the the current ecosystems
- Potential DoorDash partnership/servicing presents exciting opportunity for growth.

Strengthen Omnichannel Offerings

- Recent launch of Orders API enables external apps to be processed on Square platforms
- Partners with several third party companies to enable a seamless – ne – device experience
- SQ for restaurants incorporates more than 20 delivery parties

Facilitate Growth of Cash App

- Proved to be fasted growing form of revenue for the company
- Announcement of free stock trading service

Grow International Market

- With offices recently opened in UK, Canada, Japan and Australia. SQ is emphasizing international growth as well as US growth.

Launch of Eventbrite Systems

- Formed partnership in 2017 – invested \$25 million in the company
- Planned launch of omni – channel system in back half of financial year
- Should contribute significantly to growth
- Could attract other large sellers

Key Risks

Increased Competition

- Square is facing competition from multiple sources as they seek to expand into different service lines and as others expand into theirs.

FOREX Risk

- Given the cross-boarder P2P of the Cash App
- FOREX Risk must be accounted for, appreciation or depreciation of the USD will effect rates and payments

Outstretch Managerial Bandwidth

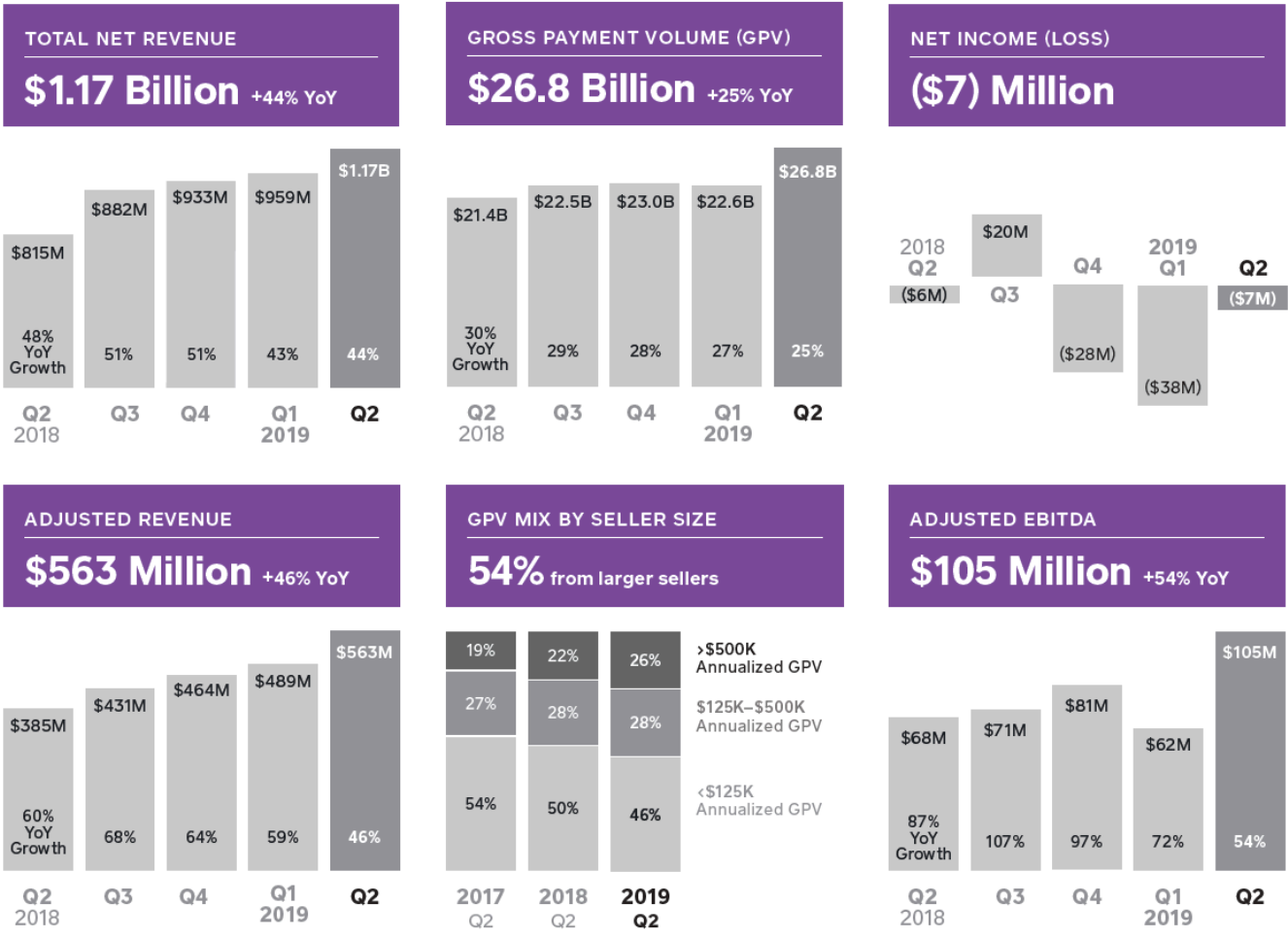
- Addition of new service lines brings about the need for knowledge on the board
- There is the potential for over reaching their managerial capability if they enter too many new fields

Fear of Recession

- Obviously a recession hits most companies hard.
- Given SQ's 46% makeup of SME's, they stand to be hit even harder

Growth Figures

SECOND QUARTER FINANCIAL METRICS



Overview

CA's

Strategy

Drivers

Risk

Financials

Assets	June 30, 2019	Dec 31, 2018
Current assets:		
Cash and cash equivalents	\$ 617,282	\$ 583,173
Short-term investments	572,206	540,991
Restricted cash	31,148	33,838
Settlements receivable	1,506,194	364,946
Customer funds	484,945	334,017
Loans held for sale	136,511	89,974
Other current assets	180,360	164,966
Total current assets	3,528,646	2,111,905
Property and equipment, net	130,747	142,402
Goodwill	270,161	261,705
Acquired intangible assets, net	84,216	77,102
Long-term investments	460,827	464,680
Restricted cash	14,433	15,836
Built-to-suit lease asset	—	149,000
Operating lease right-of-use assets	107,809	—
Other non-current assets	57,167	58,393
Total assets	\$ 4,654,006	\$ 3,281,023

Liabilities and Stockholders' Equity		
Current liabilities:		
Customers payable	1,802,128	749,215
Settlements payable	290,652	54,137
Accrued transaction losses	39,630	33,682
Accrued expenses	106,351	82,354
Operating lease liabilities, current	24,955	—
Other current liabilities	111,878	99,153
Total current liabilities	2,375,594	1,018,541
Long-term debt, net of current portion	919,026	899,695
Built-to-suit lease liability	—	149,000
Operating lease liabilities, non-current	107,265	—
Other non-current liabilities	67,649	93,286
Total liabilities	3,469,534	2,160,522
Stockholders' equity:		
Preferred stock, \$0.0000001 par value: 100,000,000 shares authorized at June 30, 2019, and December 31, 2018. None issued and outstanding at June 30, 2019, and December 31, 2018.	—	—
Class A common stock, \$0.0000001 par value: 1,000,000,000 shares authorized at June 30, 2019, and December 31, 2018; 341,709,651 and 323,546,864 issued and outstanding at June 30, 2019, and December 31, 2018, respectively.	—	—
Class B common stock, \$0.0000001 par value: 500,000,000 shares authorized at June 30, 2019, and December 31, 2018; 84,508,342 and 93,501,142 issued and outstanding at June 30, 2019, and December 31, 2018, respectively.	—	—
Additional paid-in capital	2,116,063	2,012,328
Accumulated other comprehensive loss	(926)	(6,053)
Accumulated deficit	(930,665)	(885,774)
Total stockholders' equity	1,184,472	1,120,501
Total liabilities and stockholders' equity	\$ 4,654,006	\$ 3,281,023

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CA's

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