

and wanted to accept card payments. We watched as they rang up customers—they would write down the order and add up the various items on a calculator. Unable to track the cash payments they received or the number of items sold, they were forced to stitch together disparate systems and processes, including counting cups to estimate cappuccinos they had sold. At Sightglass, we realized the power of the point-of-sale (POS) and the kinds of analytics we could deliver. Learning from the Sightglass experience, we integrated payments into the POS, helping sellers make well-informed decisions and save valuable time so they could focus on their customers.

Andrei, our third seller, was a flight instructor whose business had previously depended on checks, but he never knew when the checks would clear and the money would be available in his bank account. Even worse, sometimes the checks would bounce. Andrei helped us to understand that predictable and steady cash flow is critical to running a business. We designed a product that provides speed and transparency so sellers would get their money quickly and know the exact amount that would be available.

Our fourth seller was Kiya, the owner of a clothing store called Self Edge. Self Edge was a successful business in San Francisco, and Kiya wanted to expand to New York. Kiya was already accepting card payments with a traditional payment processor, and he asked them for another payment card terminal for his New York store. They turned him down. When we met Kiya, we were inspired by his passion and knowledge and we wanted to partner with him at his new location. We saw that we could serve Kiya better than traditional institutions because of our trust-based approach to risk management. We build long-term relationships with sellers as they succeed and grow.

Cheri, Jerad and Justin, Andrei, and Kiya signed up for Square and became our first sellers. We learned a great deal from them: the value of accessibility, the power of integrated services, the importance of speed, and the necessity of trust. What they taught us helped make Square what it is today and inspired our mission to make commerce easy.

These sellers are only four of the over 30 million businesses in the United States, with millions of entrepreneurs starting more each year. Each has its own story to tell. We measure our success by their success. We listen to them, learn from them, and help them grow into their ambitions.

Our Business

We started Square in February 2009 to enable anyone with a mobile device to accept card payments, anywhere, anytime. While we found early success providing easy access to card payments, commerce extends beyond payments. In

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every transaction, we see opportunity for our sellers: to learn more about which products are selling best, to reinvest in their businesses, or to create and engage loyal buyers. Although we currently generate approximately 95% of our revenue from payments and POS services, which includes the impact of revenue generated from Starbucks, we have extended our product and service offerings to include financial services and marketing services, all to help sellers start, run, and grow their businesses.

We work to democratize commerce—leveling the playing field for sellers of all sizes. Our focus on technology and design allows us to create products and services that are accessible, intuitive, and easy-to-use. We set attractive and transparent pricing, and we accept approximately 95% of sellers who seek to process payments with Square. We provide a free software app with our affordable (often free) hardware to turn mobile devices into powerful POS solutions in minutes. Our insights into our sellers' businesses have allowed us to develop services that are applicable to businesses of all types and sizes, from Square Analytics to digital receipts. We also continue to add advanced software features that tailor our POS solution to specific types of sellers, such as open tickets for bars and restaurants and inventory management for retailers.

Because of our approach, we have grown rapidly. Millions of sellers accept payments with Square. They span all types of businesses: from cabs to coffee shops, lawyers to landscapers, retail stores to restaurants. Although substantially all of our revenue is currently generated in the United States, we also serve sellers throughout Canada and Japan. As this international base of sellers grows, so too should our Gross Payment Volume (GPV) and revenue in these regions. We serve sellers of all sizes, ranging from a single vendor at a farmers' market to multinational businesses. Our products and services are built to scale, so sellers can stay with us over the life of their businesses. In the 12 months ended September 30, 2015, sellers using Square processed \$32.4 billion of GPV, which was generated by 638 million card payments from approximately 180 million payment cards. GPV measures the total dollar amount of card payment transactions we process for our sellers (net of refunds), excluding card payments processed for Starbucks and our Square Cash peer-to-peer service. Since we generate transaction revenue as a percentage of