

Table of Contents

Pursuant to the merger agreement, the Company issued 6,223,536 shares of common stock and 168,834 replacement stock options (including 1,296,701 shares and 119,409 replacement stock options related to replacement share-based awards that have been accounted for as post-combination compensation expense). During the year ended December 31, 2014, acquisition-related costs of \$0.3 million were recognized in general and administrative expense. The results of Caviar's operations have been included in the consolidated financial statements since the closing date.

The acquisition was accounted for as a business combination. This method requires, among other things, that assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date.

The following table summarizes the consideration paid for Caviar and the estimated fair value of the assets acquired and liabilities assumed at the closing date (in thousands, except share data):

Consideration:	
Stock (4,926,701 shares of common stock)	\$44,143
Options (49,425 common stock options)	173
	<u>\$44,316</u>
Recognized amounts of identifiable assets acquired and liabilities assumed:	
Current assets (inclusive of cash acquired of \$11,644)	\$11,823
Non-current assets	667
Intangible customer assets	5,300
Intangible technology assets	2,500
Total liabilities assumed	<u>(3,026)</u>
Total identifiable net assets acquired	17,264
Goodwill	27,052
Total	<u>\$44,316</u>

As of December 31, 2014, 1,292,207 shares of the total share consideration remain withheld for indemnification purposes.

Goodwill from the Caviar acquisition is primarily attributable to expected synergies as the Company continues to develop integrated business management tools for sellers in the restaurant vertical. None of the goodwill generated from the Caviar acquisition is deductible for tax purposes.

The results of operations from the Caviar acquisition have been consolidated with those of the Company as of the acquisition date. The Caviar acquisition's impact on revenue and net earnings were not material for the year ended December 31, 2014 or for the nine months ended September 30, 2015. Similarly, its impact on the Company's revenue and net earnings on a pro forma basis for all periods presented were not material.

BookFresh, LLC

On February 21, 2014, the Company acquired 100% of the outstanding shares of BookFresh, LLC ("BookFresh"), a San Francisco based company specializing in online appointment booking and scheduling software for small businesses. The acquisition of BookFresh accelerated the Company's plans for Square Appointments.

Table of Contents

Pursuant to the merger agreement, the Company issued 2,160,620 shares of common stock (including 57,060 shares related to replacement share-based awards that have been accounted for as post-combination compensation expense). Acquisition-related costs of \$0.2 million were recognized in general and administrative expenses. The results of BookFresh's operations have been included in the consolidated financial statements since the closing date.