

## Square sinks as Dorsey-led firm's earnings disappoint (Update)

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Square CEO and founder Jack Dorsey holds an event in London on November 20, 2014

Shares in online payments firm Square took a pounding Friday after the group led by Twitter co-founder Jack Dorsey reported earnings that fell short of investor expectations.

At the close on Wall Street, Square slid 21.7 percent to \$10.22.

The San Francisco-based firm, which produces hardware and software for merchant and person-to-person payments, on Thursday reported a loss for the first quarter of \$96.8 million, more than double the deficit from a year ago.

Revenues rose to \$380 million from \$251 million in the same period last year.

Mark Mahaney at RBC Capital Markets said the results were "above expectations on a revenue basis" and roughly in line in terms of operating income, but "may not have met heightened investor expectations going into the quarter."

Mark Palmer at BTIG Research said a concern was the looming expiration of the "lock-up" period after which insiders can sell their shares.

"Square arguably needed to post a strong first quarter report to convince the soon-to-be unlocked investors to hold on to their shares," Palmer said.

"While we continue to believe the company is well positioned to enjoy sustained growth and profitability through both its core mobile payments business and its array of value-added functionality for small businesses, the uncertainty associated with the lock-up expiration... keeps us on the sidelines for now."

Square made its stock market debut last November at \$9 a share, amid concerns about how Dorsey could manage his roles of chief executive at both Twitter and Square.

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