

Cash and cash equivalents	\$219,409	\$ 166,176	\$ 225,300	\$ 206,324	\$ 174,083
Short-term restricted cash	50,000	10,000	11,950	11,450	12,017
Long-term restricted cash	9,270	9,270	14,394	11,221	14,579
Net loss	(85,199)	(104,493)	(154,093)	(117,021)	(131,528)
Net cash (used in) / provided by operating activities	(42,925)	(60,577)	(109,394)	(87,548)	2,890
Net cash used in investing activities	(47,791)	(10,803)	(24,554)	(13,348)	(35,346)
Net cash provided by / (used in) financing activities	227,180	18,907	194,152	141,448	(17,791)

We consider all highly liquid investments, including money market funds, with an original maturity of three months or less when purchased to be cash equivalents.

Short-term restricted cash of \$12.0 million in 2014 reflects pledged cash deposited into savings accounts at the financial institutions that process our sellers' payments transactions. We use the restricted cash to secure letters of credit with these financial institutions to provide collateral for liabilities arising from cash flow timing differences in the processing of these payments. We have recorded this amount as a current asset on our consolidated balance sheets given the short-term nature of these cash flow timing differences and given that there is no minimum time frame during which the cash must remain restricted.

Long-term restricted cash of \$14.4 million in 2014 reflects cash deposited into money market accounts that is used as collateral pursuant to multi-year lease agreements entered into in 2012 and 2014 for our office buildings. We have recorded this amount as a non-current asset on the consolidated balance sheets as the terms of the related leases extend beyond one year.

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We experience significant day-to-day fluctuations in our cash and cash equivalents, settlements receivables and customer payables and hence working capital. These fluctuations are primarily due to the following:

- *Timing of period end.* For periods that end on a weekend or a bank holiday our cash and cash equivalents, settlements receivable and customers payable amounts typically will be more than for periods ending on a weekday, as we settle to our sellers for payment processing activity on business days; and
- *Fluctuations in daily GPV.* When daily GPV increases, our cash and cash equivalents, settlements receivable, and customer payable amounts increase. Typically our cash, cash equivalents, settlements receivable, and customer payable balances at period end represent one to four days of receivables and disbursements to be made in the subsequent period. Customer payable and settlements receivable balances typically move in tandem, as pay-out and pay-in largely occur on the same business day. However, customers payable balances will be greater in amount than settlements receivable due to the fact that a subset of funds are held due to unlinked bank accounts, risk holds and chargebacks. Holidays and day-of-week may also cause significant volatility in daily GPV amounts.

## **Cash Flows from Operating Activities**

Cash used in operating activities consisted of net loss adjusted for certain non-cash items including depreciation and amortization, share-based compensation expense, provisions for transaction losses, excess tax benefit from share based award activity, provision for uncollectible receivables related to MCAs, deferred income taxes, and impairment of intangible assets, as well as the effect of changes in operating assets and liabilities, including working capital.

For the nine months ended September 30, 2015, cash provided by operating activities was \$2.9 million. We realized a net loss of \$131.5 million, offset by non-cash items consisting of share-based compensation of \$49.5 million, provision for transaction losses of \$33.0 million, and depreciation and amortization of intangible assets of \$18.5 million. Additional cash provided from changes in operating assets and liabilities, including increases in customers payable of \$89.4 million, accrued expenses of \$14.0 million, and other noncurrent liabilities of \$8.8 million, was offset by increases in settlements receivable of \$40.7 million, charge-offs and recoveries to accrued transaction losses of \$25.4 million, and merchant cash advance receivable of \$18.7 million.

For the nine months ended September 30, 2014, cash used by operating activities was \$87.5 million, as a result of a net loss of \$117.0 million, offset by non-cash items consisting of share-based compensation expense of \$24.7 million, provision for transaction losses of \$13.5 million, and depreciation and amortization of intangible assets of \$12.8 million. Additional uses of cash from changes in our operating assets and liabilities, including an increase in settlements receivable of \$57.8 million, merchant cash advance receivable of \$28.4 million, and other current assets of \$12.8 million, were offset by an increase in customers payable of