

processor and will cease using our payment processing services altogether prior to the scheduled expiration of the agreement. For more information on Adjusted Revenue, see the section titled “—Key Operating Metrics and Non-GAAP Financial Measures.” We intend to continue to make investments that will serve sellers and buyers over the long term even if a return on these investments is not realized in the short term. For the nine months ended September 30, 2015 and September 30, 2014, we generated a net loss of \$131.5 million and \$117.0 million, respectively. In 2014 and 2013, we generated a net loss of \$154.1 million and \$104.5 million, respectively.

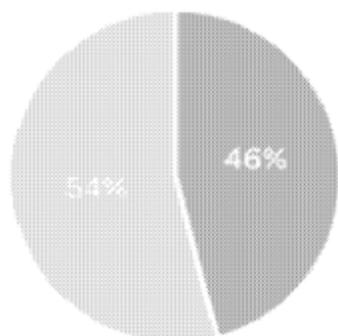
<sup>2</sup> Europay, MasterCard, and Visa (EMV) technology is a global payments standard that places microprocessor chips into credit and debit cards that store and protect cardholder data. Near Field Communication (NFC) is a technology that allows smartphones and other devices, such as payments readers, to communicate when they are close together, enabling transactions that require no physical contact between the payments device and the payments reader.

## Table of Contents

### Trends in Our Favor

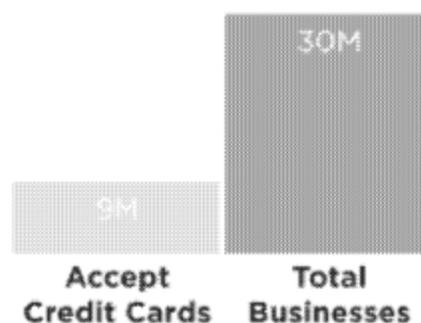
#### **Local Businesses Drive the Economy**

According to the U.S. Census Bureau's 2012 and 2013 reports and the U.S. Small Business Administration's March 2014 report, the approximately 30 million small businesses in the United States generated 46% of the nation's private sector output in 2010. These figures likely underestimate significant parts of the American economy. For example, they do not include the millions of businesses run by freelancers, artists, hobbyists, and others. We believe small businesses will continue to drive the economy as entrepreneurial activity creates millions of businesses each year. The Kauffman Index 2015 report estimates that in 2014 approximately 530,000 new entrepreneurs started businesses each month. Local businesses engage in significant commerce and are essential to the economy and character of local communities, acting as an on-ramp for anyone of any background to participate in economic growth.



**Local businesses generate almost half of private sector output**

Source:  
U.S. Small Business Administration



**Over 20M businesses in the U.S. do not accept credit cards**

Derived from:  
The Nilson Report, U.S. Census Bureau

#### **Commerce Is Increasingly Digital and Mobile**

The transition from cash and checks to electronic payments is occurring rapidly. In 2013, U.S. consumer payments totaled \$8.9 trillion, including 55% (\$4.9 trillion) through payment cards, 17% (\$1.6 trillion) through cash, and 12% (\$1.0 trillion) through checks, according to The Nilson Report published in December 2014. In 2018, consumer payments are expected to reach \$11.4 trillion, with payment cards growing to 66% (\$7.6 trillion) and cash and checks declining in use, also according to The Nilson Report published in December 2014. Globally, according to The Nilson Report published in January 2015, global purchase volume on payment cards is expected to increase from \$16 trillion in 2013 to \$49 trillion in 2023 (a 12% compound annual growth rate).