



# **Q4 2011 Earnings Conference Call Supplemental Materials**

**January 26, 2012**



## **Non-GAAP Financial Measures**

During this presentation, references to financial measures of Green Dot Corporation will include references to non-GAAP financial measures. For an explanation to the most directly comparable GAAP financial measures, see the Appendix to these materials or the Supplemental Non-GAAP Financial Information available at Green Dot Corporation's investor relations website at <http://ir.greendot.com/> under "Financial Information."

## **Caution About Forward-Looking Statements**

This presentation contains forward-looking statements, which are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements include, among other things, statements regarding the Company's full year 2012 guidance and other future events that involve risks and uncertainties. Actual results may differ materially from those contained in the forward-looking statements contained in this presentation, and reported results should not be considered as an indication of future performance. The potential risks and uncertainties that could cause actual results to differ from those projected include, among other things, the Company's dependence on revenues derived from Walmart and three other retail distributors, the Company's reliance on retail distributors for the promotion of its products and services, demand for the Company's products and services, competition, continued and improving returns from the Company's investments in new growth initiatives, the Company's ability to operate in a highly regulated environment, changes to existing laws or regulations affecting the Company's operating methods or economics, the Company's reliance on third-party vendors and card issuing banks, changes in credit card association or other network rules or standards, changes in card association and debit network fees or products or interchange rates, instances of fraud or developments in the prepaid financial services industry that impact prepaid debit card usage generally, business interruption or systems failure, potential difficulties in integrating operations of acquired entities and acquired technologies and the Company's involvement litigation or investigations. These and other risks are discussed in greater detail in the Company's Securities and Exchange Commission filings, including its quarterly report on Form 10-Q, which is available on the Company's investor relations website at <http://ir.greendot.com/> and on the SEC website at [www.sec.gov](http://www.sec.gov). All information provided in this release and in the attachments is as of January 26, 2012, and the Company assumes no obligation to update this information as a result of future events or developments.



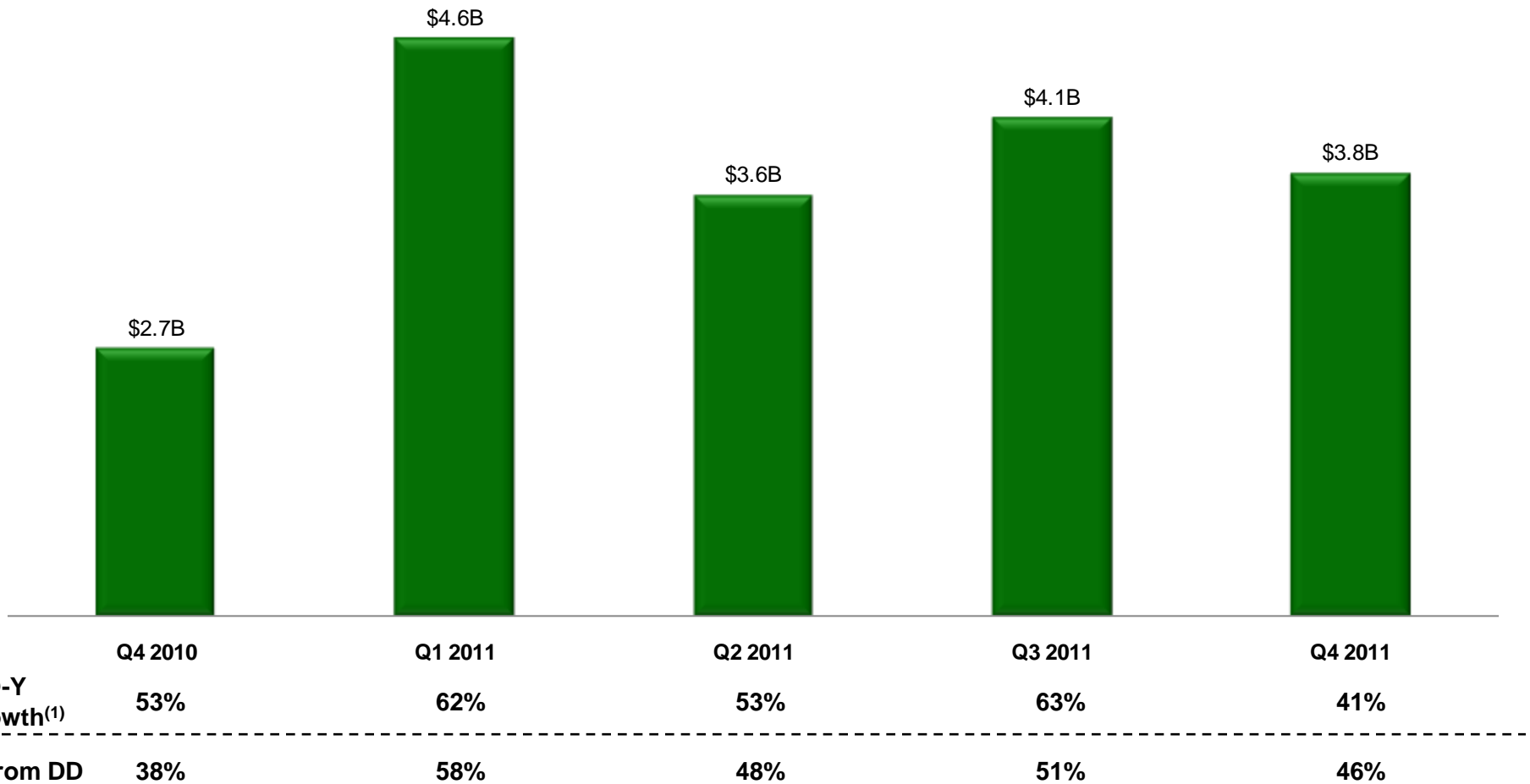
## **Non-GAAP financial results for the fourth quarter of 2011 compared to the fourth quarter of 2010**

- Non-GAAP total operating revenues increased 26% to \$123.2 million
- Adjusted EBITDA increased 42% to \$31.9 million and non-GAAP net income increased 40% to \$17.8 million

## **Key business metrics for the quarter ended December 31, 2011**

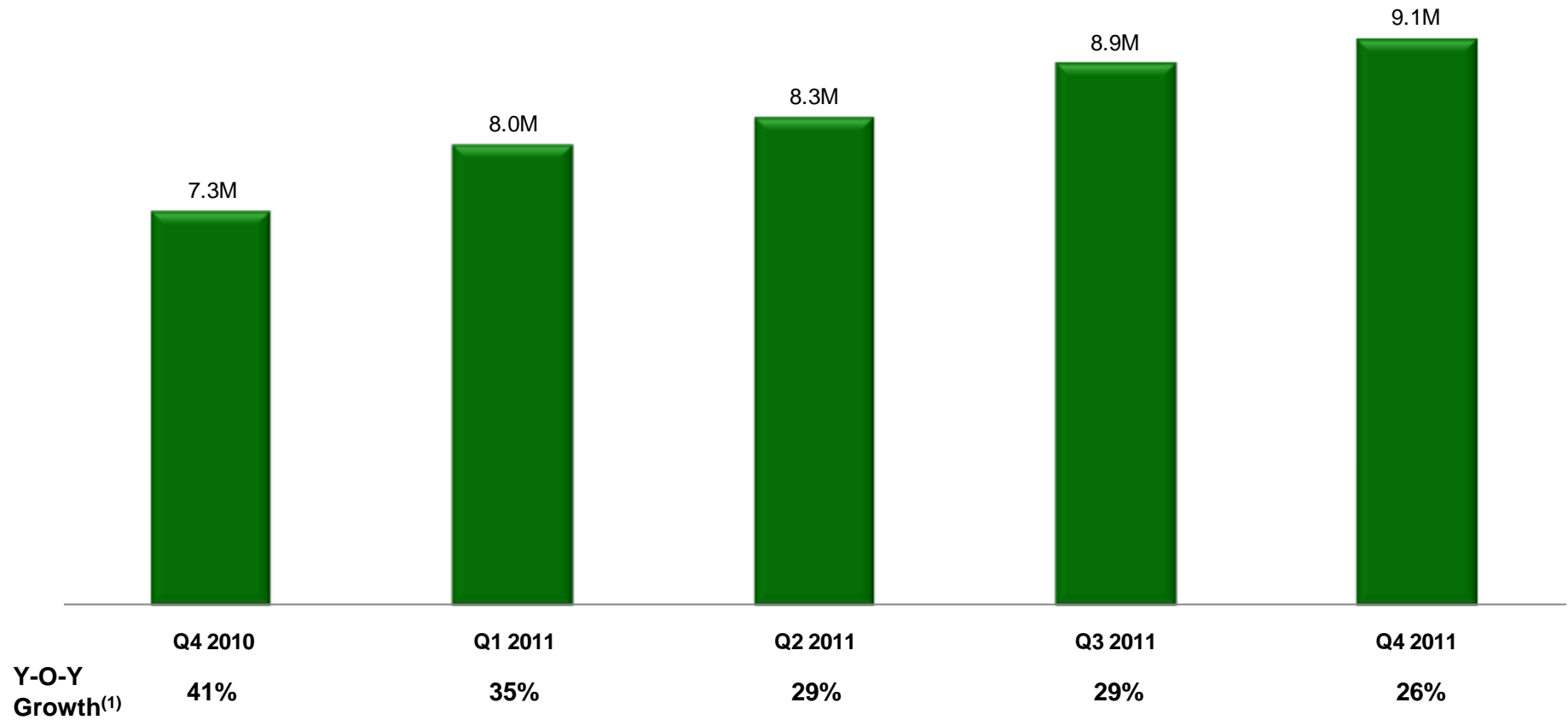
- Number of active cards was 4.2 million, an increase of 24%
- Gross dollar volume was \$3.8 billion, an increase of 41%
- Number of GPR debit cards activated was 2.0 million, an increase of 29%
- Number of first time reloaders was ~820K, an increase of 32%
- Funds loaded via Direct Deposit was up 69% YOY, with direct deposit accounting for 46% of all dollars loaded to Green Dot accounts
- Number of cash transfers was 9.1 million, an increase of 26%

# Gross Dollar Volume



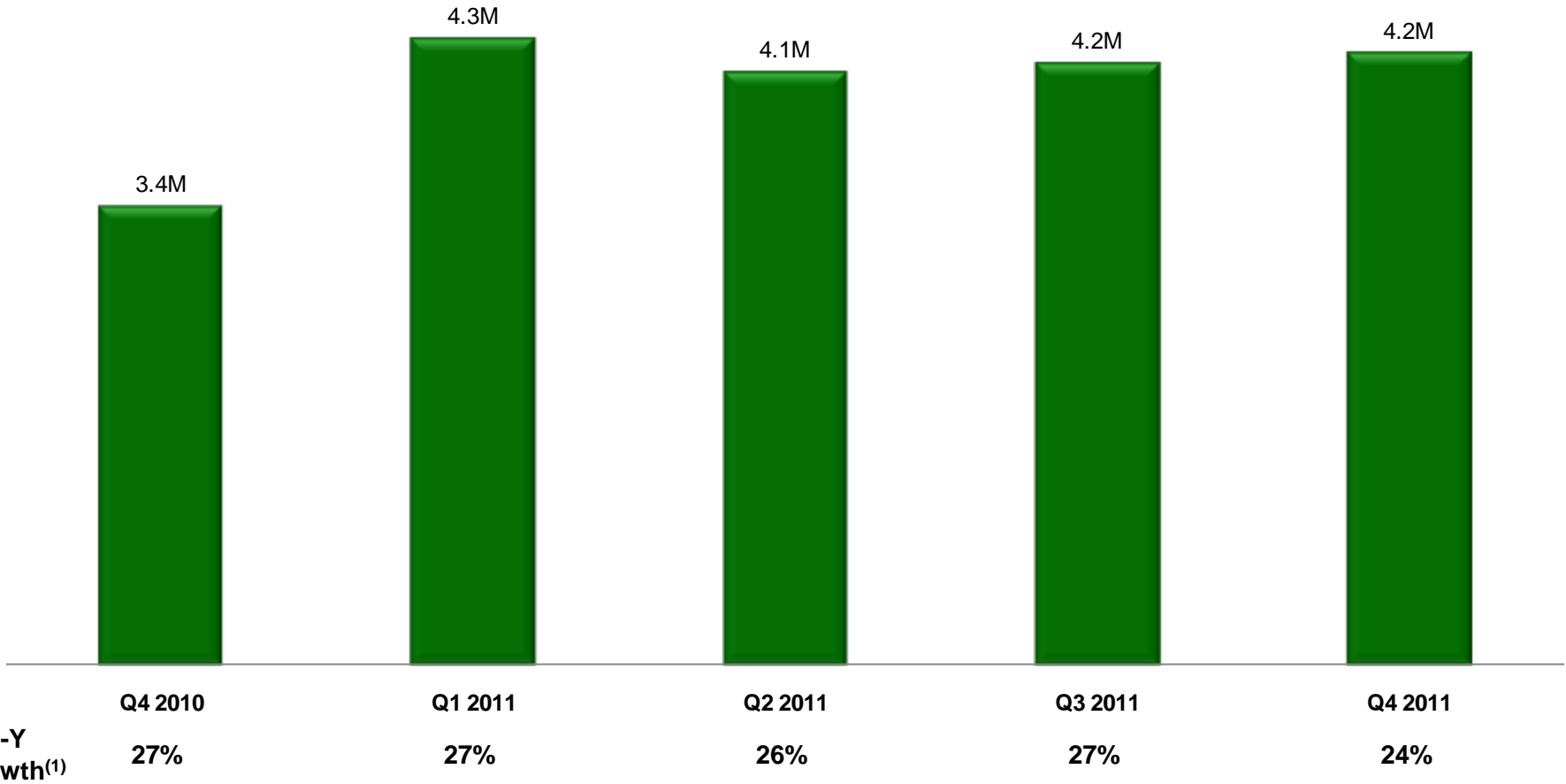
<sup>(1)</sup> Percentage change calculated based on figures disclosed in earnings release

# Number of Cash Transfers



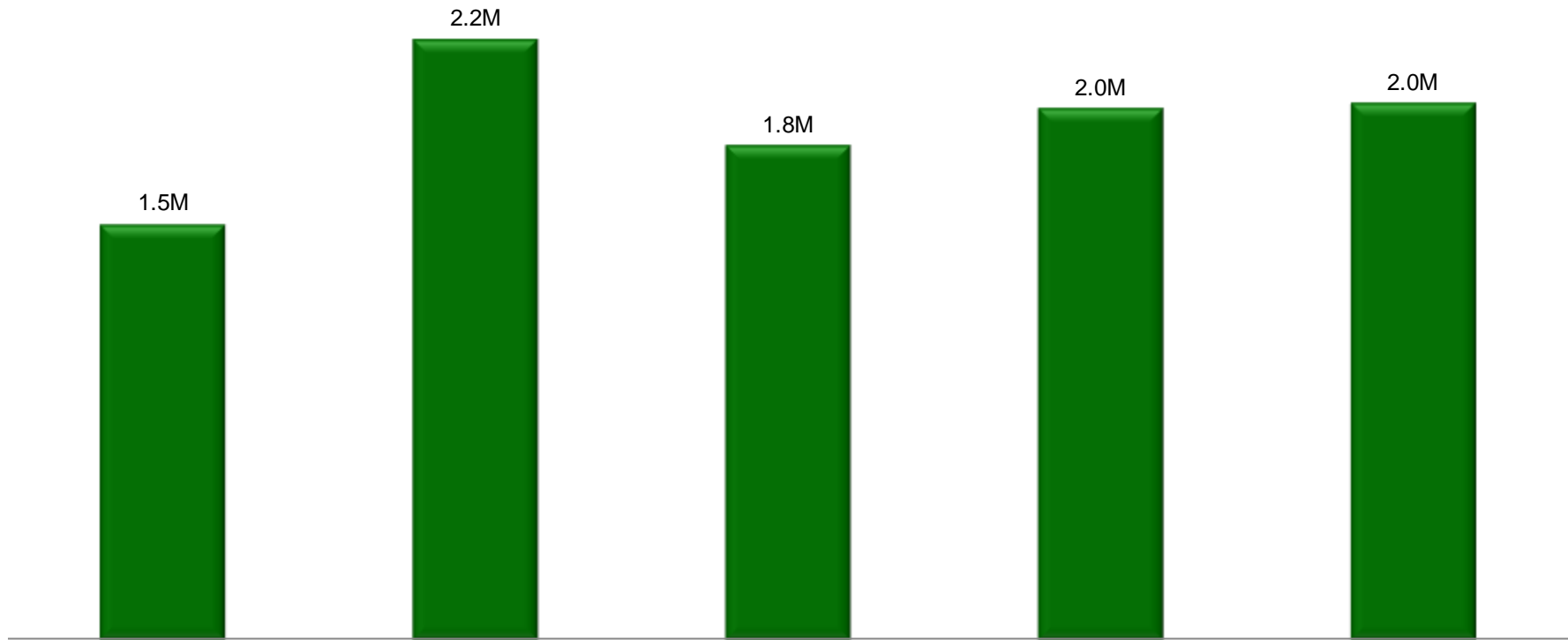
<sup>(1)</sup> Percentage change calculated based on figures disclosed in earnings release

# Number of Active Cards



(1) Percentage change calculated based on figures disclosed in earnings release

# New Card Activations



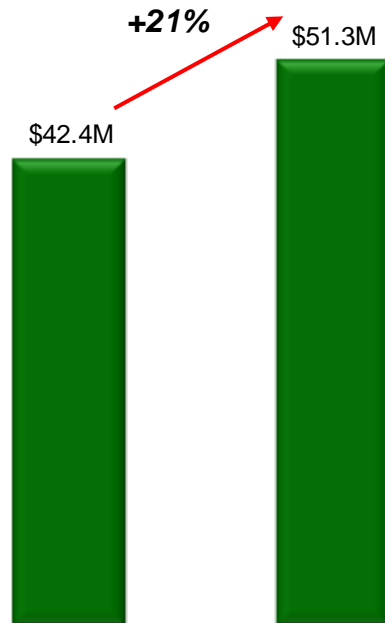
	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011
<b>Y-O-Y Growth<sup>(1)</sup></b>	10%	24%	24%	33%	29%
<b>Repeat Customers as % of Activations</b>	37%	45%	43%	46%	36%

<sup>(1)</sup> Percentage change calculated based on figures disclosed in earnings release

# Non-GAAP Total Operating Revenues Breakdown



## Card Revenues



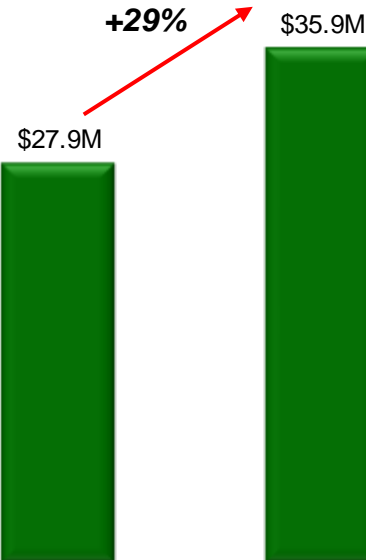
Q4 2010

Q4 2011

43%

42%

## Cash Transfer



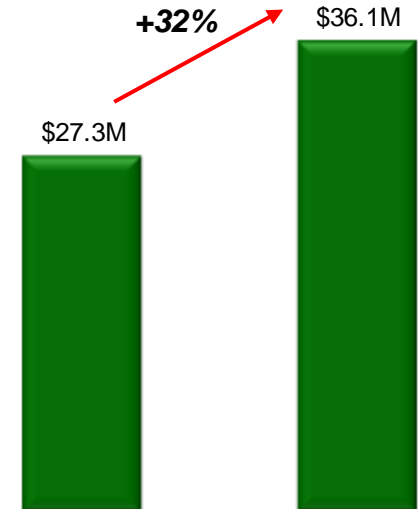
Q4 2010

Q4 2011

29%

29%

## Interchange



Q4 2010

Q4 2011

28%

29%

% of Non-GAAP Total Operating Revenues<sup>(1)</sup>

<sup>(1)</sup> Percentage change calculated based on figures disclosed in earnings release



# Operating Expenses



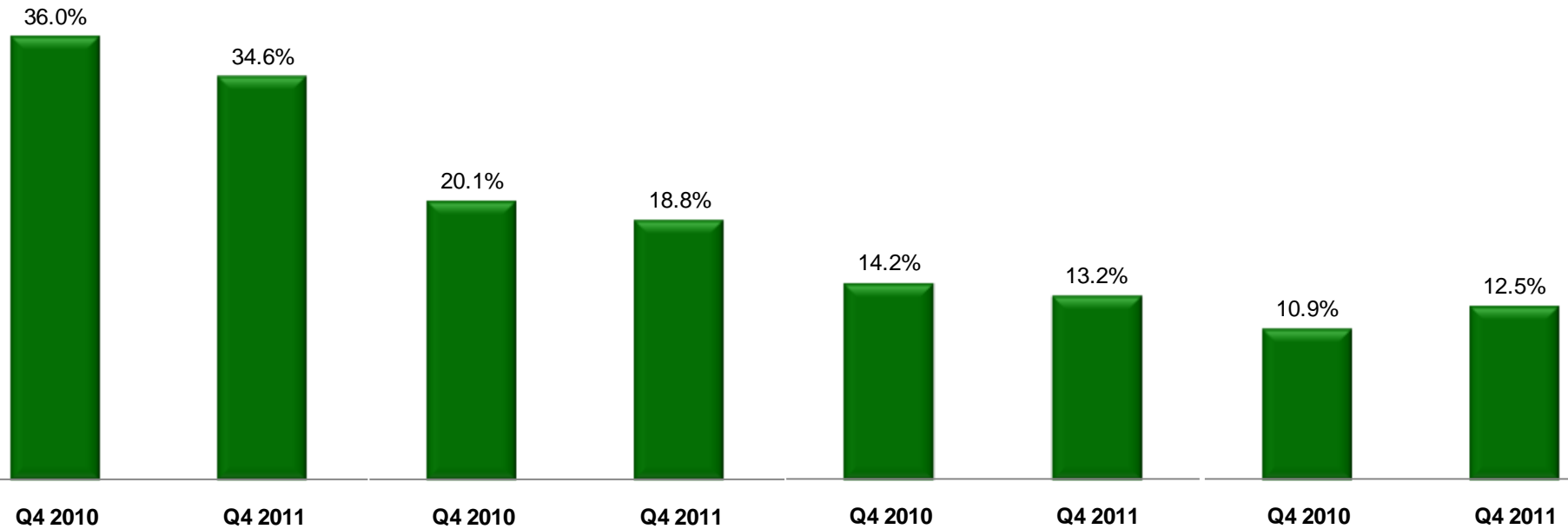
*(As a % of Non-GAAP total operating revenues)*

## Sales & Marketing

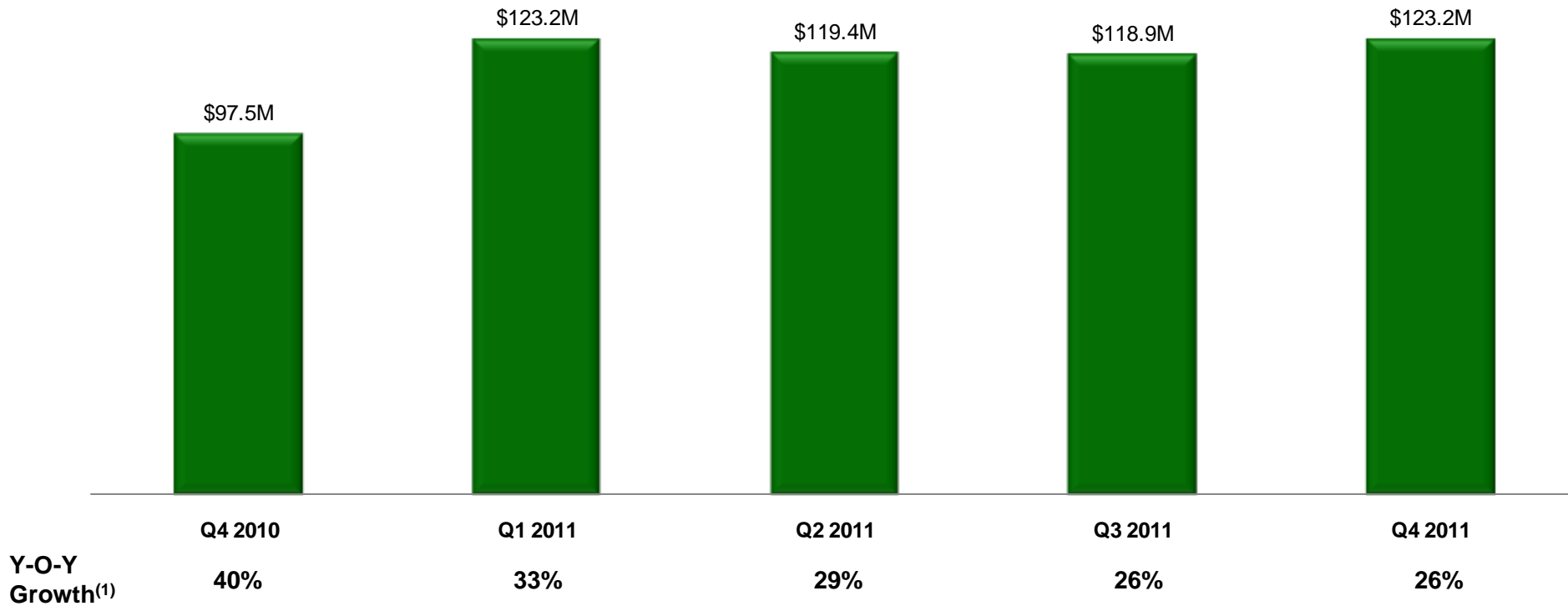
## Comp & Benefits

## Processing

## Other G&A

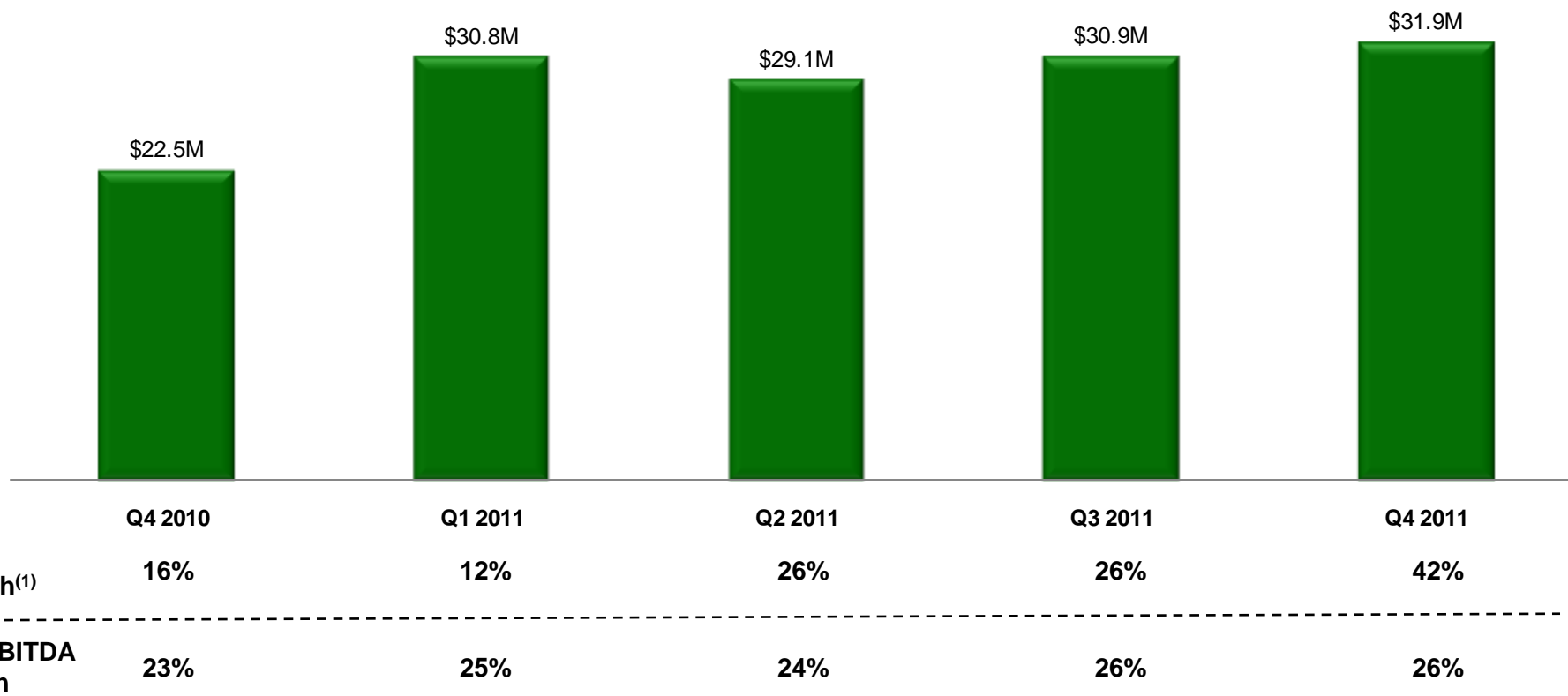


# Non-GAAP Total Operating Revenues



<sup>(1)</sup> Percentage change calculated based on figures disclosed in earnings release

# Adjusted EBITDA

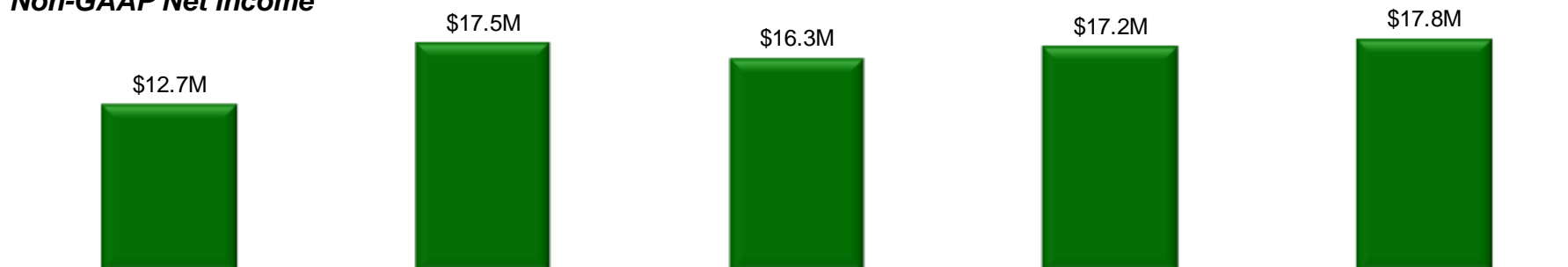


<sup>(1)</sup> Percentage change calculated based on figures disclosed in earnings release

# Non-GAAP Net Income and Non-GAAP Diluted EPS



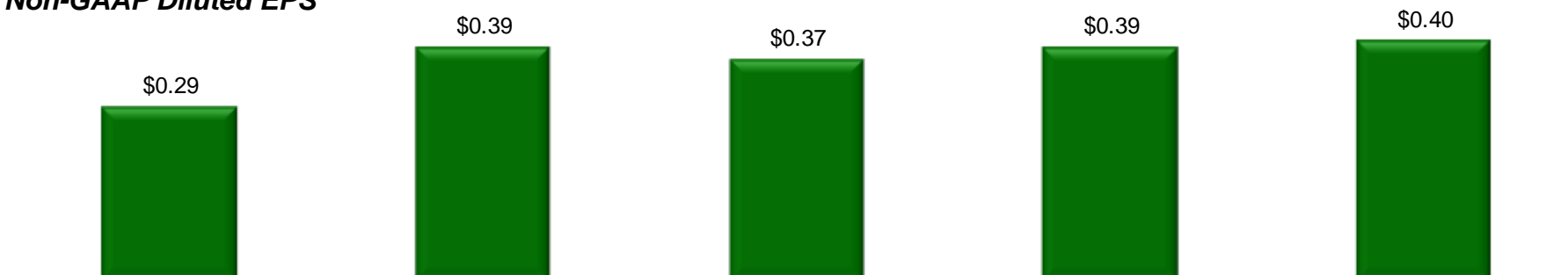
## Non-GAAP Net Income



Quarter	Y-O-Y Growth <sup>(1)</sup>
Q4 2010	21%
Q1 2011	27%
Q2 2011	5%
Q3 2011	32%
Q4 2011	40%

Quarter	Non-GAAP NI Margin
Q4 2010	13%
Q1 2011	14%
Q2 2011	14%
Q3 2011	14%
Q4 2011	14%

## Non-GAAP Diluted EPS



Quarter	Y-O-Y Growth <sup>(1)</sup>
Q4 2010	12%
Q1 2011	26%
Q2 2011	3%
Q3 2011	30%
Q4 2011	38%

<sup>(1)</sup> Percentage change calculated based on figures disclosed in earnings release

# 2012 Financial and Operating Metric Guidance



	Full Year 2012	
	Low	High
Non-GAAP Total Operating Revenues (Y-O-Y Growth)	\$582M +20%	\$601M +24%
Adjusted EBITDA (Y-O-Y Growth)	\$147M +20%	\$152M +24%
Non-GAAP Diluted EPS (Y-O-Y Growth)	\$1.85 +19%	\$1.90 +22%
Y-O-Y growth in active cards	+20%	
Y-O-Y growth in cash transfers	+20%	
Y-O-Y growth in GDV	+30%	



# Appendix



# **Supplemental Non-GAAP Financial Information**

# About Non-GAAP Financial Measures



To supplement the Company's consolidated financial statements presented in accordance with GAAP, the Company uses measures of operating results that are adjusted to exclude interest income, net; income tax expense; depreciation and amortization; employee stock-based compensation expense; and stock-based retailer incentive compensation expense. This presentation includes non-GAAP total operating revenues, non-GAAP net income, non-GAAP earnings per share data, non-GAAP weighted-average shares issued and outstanding and adjusted EBITDA. It also includes full-year 2012 guidance for non-GAAP total operating revenues and adjusted EBITDA. These non-GAAP financial measures are not calculated or presented in accordance with, and are not alternatives or substitutes for, financial measures prepared in accordance with accounting principles generally accepted in the United States of America, and should be read only in conjunction with the Company's financial measures prepared in accordance with GAAP. The Company's non-GAAP financial measures may be different from similarly-titled non-GAAP financial measures used by other companies. The Company believes that the presentation of non-GAAP financial measures provides useful information to management and investors regarding underlying trends in its consolidated financial condition and results of operations. The Company's management regularly uses these supplemental non-GAAP financial measures internally to understand, manage and evaluate the Company's business and make operating decisions. For additional information regarding the Company's use of non-GAAP financial measures and the items excluded by the Company from one or more of its non-GAAP financial measures, investors are encouraged to review the reconciliations of the Company's non-GAAP financial measures to the comparable GAAP financial measures, which are attached to this presentation, and which can be found by clicking on "Financial Information" in the Investor Relations section of the Company's website at <http://ir.greendot.com/>.



# Consolidated Statements of Operations



	Three months ended December 31,	
	2011	2010
	(Unaudited)	
	(In thousands)	
Operating revenues:		
Card revenues and other fees	\$ 51,275	\$ 42,397
Cash transfer revenues	35,883	27,872
Interchange revenues	36,068	27,274
Stock-based retailer incentive compensation	(3,552)	(5,696)
Total operating revenues	<u>119,674</u>	<u>91,847</u>
Operating expenses:		
Sales and marketing expenses	42,583	35,113
Compensation and benefits expenses	23,105	19,628
Processing expenses	16,314	13,847
Other general and administrative expenses	15,386	10,602
Total operating expenses	<u>97,388</u>	<u>79,190</u>
Operating income	22,286	12,657
Interest income	336	96
Interest expense	(144)	(4)
Income before income taxes	<u>22,478</u>	<u>12,749</u>
Income tax provision (benefit)	8,470	4,811
Net income	<u>14,008</u>	<u>7,938</u>
Dividends, accretion and allocated earnings of preferred stock	(593)	-
Net income allocated to common shareholders	<u>\$ 13,415</u>	<u>\$ 7,938</u>

# Supplemental Non-GAAP Financial Information



## Reconciliation of Total Operating Revenues to Non-GAAP Total Operating Revenues (1) (Unaudited)

	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010
	(in thousands)				
<b>Reconciliation of total operating revenues to non-GAAP total operating revenues</b>					
Total operating revenues	\$ 119,674	\$ 115,387	\$ 115,030	\$ 117,307	\$ 91,847
Stock-based retailer incentive compensation (2)(3)	3,552	3,549	4,356	5,880	5,696
Non-GAAP total operating revenues	<u>\$ 123,226</u>	<u>\$ 118,936</u>	<u>\$ 119,386</u>	<u>\$ 123,187</u>	<u>\$ 97,543</u>

## Reconciliation of Net Income to Non-GAAP Net Income (1) (Unaudited)

	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010
	(in thousands, except per share data)				
<b>Reconciliation of net income to non-GAAP net income</b>					
Net income	\$ 14,008	\$ 13,303	\$ 12,070	\$ 12,701	\$ 7,938
Employee stock-based compensation expense, net of tax (4)	1,547	1,687	1,524	1,147	1,252
Stock-based retailer incentive compensation, net of tax (2)	2,214	2,202	2,700	3,624	3,547
Non-GAAP net income	<u>\$ 17,769</u>	<u>\$ 17,192</u>	<u>\$ 16,294</u>	<u>\$ 17,472</u>	<u>\$ 12,737</u>
<b>Diluted earnings per share*</b>					
GAAP	\$ 0.33	\$ 0.30	\$ 0.27	\$ 0.29	\$ 0.18
Non-GAAP	\$ 0.40	\$ 0.39	\$ 0.37	\$ 0.39	\$ 0.29
<b>Diluted weighted-average shares issued and outstanding**</b>					
GAAP	40,813	42,426	42,358	42,481	42,218
Non-GAAP	44,142	44,077	44,120	44,353	44,200

\* Reconciliations between GAAP and non-GAAP diluted weighted-average shares issued and outstanding are provided in the next table.

\*\* Diluted weighted-average Class A shares issued and outstanding and diluted weighted-average Class B shares issued and outstanding are the most directly comparable GAAP measure for the periods indicated.

# Supplemental Non-GAAP Financial Information



## Reconciliation of GAAP to Non-GAAP Diluted Weighted-Average Shares Issued and Outstanding (1) (Unaudited)

	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010
	(in thousands)				
<b>Reconciliation of GAAP to non-GAAP diluted weighted-average shares issued and outstanding</b>					
Diluted weighted-average shares issued and outstanding*	40,813	42,426	42,358	42,481	42,218
Assumed conversion of weighted-average shares of preferred stock	1,789	—	—	—	—
Weighted-average shares subject to repurchase	1,540	1,651	1,762	1,872	1,982
Non-GAAP diluted weighted-average shares issued and outstanding	44,142	44,077	44,120	44,353	44,200

## Supplemental Detail on Non-GAAP Diluted Weighted-Average Shares Issued and Outstanding (Unaudited)

	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010
	(in thousands)				
<b>Supplemental detail on non-GAAP diluted weighted-average shares issued and outstanding</b>					
Stock outstanding as of quarter end:					
Class A common stock	30,162	25,165	25,002	23,906	14,762
Class B common stock	5,280	17,026	17,161	18,109	27,091
Preferred stock (on an as-converted basis)	6,859	—	—	—	—
Total stock outstanding as of quarter end:	42,301	42,191	42,163	42,015	41,853
Weighting adjustment	(58)	(15)	(148)	(81)	(782)
Dilutive potential shares:					
Stock options	1,895	1,899	2,103	2,411	3,120
Restricted stock units	4	2	—	—	—
Warrants	—	—	—	—	—
Employee stock purchase plan	—	—	2	8	9
Non-GAAP diluted weighted-average shares issued and outstanding	44,142	44,077	44,120	44,353	44,200

\* Represents the diluted weighted-average shares of Class A common stock for periods ending in 2011 and diluted weighted-average shares of Class B common stock for periods ending in 2010.

# Supplemental Non-GAAP Financial Information



## Reconciliation of Net Income to Adjusted EBITDA (1) (Unaudited)

	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010
	(in thousands)				
<b>Reconciliation of net income to adjusted EBITDA</b>					
Net income	\$ 14,008	\$ 13,303	\$ 12,070	\$ 12,701	\$ 7,938
Interest income, net	(192)	(134)	(136)	(102)	(92)
Income tax expense	8,470	8,139	7,416	7,906	4,811
Depreciation and amortization	3,558	3,276	2,965	2,531	2,183
Employee stock-based compensation expense (3)(4)	2,482	2,719	2,462	1,861	2,010
Stock-based retailer incentive compensation (2)(3)	3,552	3,549	4,356	5,880	5,696
Adjusted EBITDA	<u>\$ 31,878</u>	<u>\$ 30,852</u>	<u>\$ 29,133</u>	<u>\$ 30,777</u>	<u>\$ 22,546</u>
Non-GAAP total operating revenues	<u>\$ 123,226</u>	<u>\$ 118,936</u>	<u>\$ 119,386</u>	<u>\$ 123,187</u>	<u>\$ 97,543</u>
Adjusted EBITDA/non-GAAP total operating revenues (adjusted EBITDA margin)	<u>25.9 %</u>	<u>25.9 %</u>	<u>24.4 %</u>	<u>25.0 %</u>	<u>23.1 %</u>

# Supplemental Non-GAAP Financial Information



## Reconciliation of Forward Looking Guidance for Non-GAAP Financial Measures to Projected GAAP Total Operating Revenues (1) (Unaudited)

	Guidance Range	
	Low	High
	(in millions)	
<b>Reconciliation of total operating revenues to non-GAAP total operating revenues</b>		
Total operating revenues	\$ 568	\$ 587
Stock-based retailer incentive compensation (2)*	14	14
Non-GAAP total operating revenues	<u>\$ 582</u>	<u>\$ 601</u>

\* Assumes the Company's right to repurchase lapses on 36,810 shares of the Company's Class A common stock per month during 2011 at \$31.22 per share, our market price on the last trading day of 2011. A \$1.00 change in the Company's Class A common stock price represents an annual change of \$441,720 in stock-based retailer incentive compensation.

## Reconciliation of Forward Looking Guidance for Non-GAAP Financial Measures to Projected GAAP Net Income (1) (Unaudited)

	Guidance Range	
	Low	High
	(in millions)	
<b>Reconciliation of net income to adjusted EBITDA</b>		
Net income	\$ 66	\$ 69
Adjustments (5)	81	83
Adjusted EBITDA	<u>\$ 147</u>	<u>\$ 152</u>
Non-GAAP total operating revenues	<u>\$ 601</u>	<u>\$ 582</u>
Adjusted EBITDA / Non-GAAP total operating revenues (Adjusted EBITDA margin)	24%	26%

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# Supplemental Non-GAAP Financial Information



## Reconciliation of Forward Looking Guidance for Non-GAAP Financial Measures to Projected GAAP Net Income (1) (Unaudited)

	Guidance Range	
	Low	High
	(in millions)	
<b>Reconciliation of net income to non-GAAP net income</b>		
Net income	\$ 66	\$ 69
Adjustments	16	16
Non-GAAP Net Income	<u>\$ 82</u>	<u>\$ 85</u>
<b>Diluted earnings per share</b>		
GAAP	\$ 1.49	\$ 1.54
Non-GAAP	<u>\$ 1.85</u>	<u>\$ 1.90</u>
<b>Diluted weighted-average shares issued and outstanding</b>		
GAAP	36.1	36.5
Non-GAAP	44.3	44.7

## Reconciliation of Forward Looking Guidance for Non-GAAP Financial Measures to Projected GAAP Diluted weighted-average shares issued and outstanding (1) (Unaudited)

	Guidance Range	
	Low	High
	(in millions)	
<b>Reconciliation of GAAP to non-GAAP diluted weighted average shares issued and outstanding</b>		
Diluted weighted-average shares issued and outstanding	36.1	36.5
Assumed conversion of weighted-average shares of preferred stock	6.9	6.9
Weighted-average shares subject to repurchase	<u>1.3</u>	<u>1.3</u>
Non-GAAP diluted weighted-average shares issued and outstanding	<u>44.3</u>	<u>44.7</u>

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# Supplemental Non-GAAP Financial Information



- 1) To supplement the Company's consolidated financial statements presented in accordance with GAAP, the Company uses measures of operating results that are adjusted to exclude various, primarily non-cash, expenses and charges. These financial measures are not calculated or presented in accordance with GAAP and should not be considered as alternatives to or substitutes for operating revenues, operating income, net income or any other measure of financial performance calculated and presented in accordance with GAAP. These financial measures may not be comparable to similarly-titled measures of other organizations because other organizations may not calculate their measures in the same manner as we do. These financial measures are adjusted to eliminate the impact of items that the Company does not consider indicative of its core operating performance. You are encouraged to evaluate these adjustments and the reasons we consider them appropriate.

The Company believes that the non-GAAP financial measures it presents are useful to investors in evaluating the Company's operating performance for the following reasons:

- stock--based retailer incentive compensation is a non-cash GAAP accounting charge that is an offset to the Company's actual revenues from operations as the Company has historically calculated them. This charge results from the monthly lapsing of the Company's right to repurchase a portion of the 2,208,552 shares it issued to its largest distributor, Walmart, in May 2010. By adding back this charge to the Company's GAAP 2010 and future total operating revenues, investors can make direct comparisons of the Company's revenues from operations prior to and after May 2010 and thus more easily perceive trends in the Company's core operations. Further, because the monthly charge is based on the then-current fair market value of the shares as to which the Company's repurchase right lapses, adding back this charge eliminates fluctuations in the Company's operating revenues caused by variations in its stock price and thus provides insight on the operating revenues directly associated with those core operations;

# Supplemental Non-GAAP Financial Information



- the Company records employee stock-based compensation from period to period, and recorded employee stock-based compensation expenses of approximately \$2.5 million and \$2.0 million for the three-month periods ended December 31, 2011 and 2010, respectively. By comparing the Company's adjusted EBITDA, non-GAAP net income and non-GAAP diluted earnings per share in different historical periods, investors can evaluate the Company's operating results without the additional variations caused by employee stock-based compensation expense, which may not be comparable from period to period due to changes in the fair market value of the Company's Class A common stock (which is influenced by external factors like the volatility of public markets and the financial performance of the Company's peers) and is not a key measure of the Company's operations;
- adjusted EBITDA is widely used by investors to measure a company's operating performance without regard to items, such as interest expense, income tax expense, depreciation and amortization, employee stock-based compensation expense, and stock-based retailer incentive compensation expense, that can vary substantially from company to company depending upon their respective financing structures and accounting policies, the book values of their assets, their capital structures and the methods by which their assets were acquired; and
- securities analysts use adjusted EBITDA as a supplemental measure to evaluate the overall operating performance of companies.

The Company's management uses the non-GAAP financial measures:

- as measures of operating performance, because they exclude the impact of items not directly resulting from the Company's core operations;
- for planning purposes, including the preparation of the Company's annual operating budget;
- to allocate resources to enhance the financial performance of the Company's business;



# Supplemental Non-GAAP Financial Information



- to evaluate the effectiveness of the Company's business strategies; and
- in communications with the Company's board of directors concerning the Company's financial performance.

The Company understands that, although adjusted EBITDA and other non-GAAP financial measures are frequently used by investors and securities analysts in their evaluations of companies, these measures have limitations as an analytical tool, and you should not consider them in isolation or as substitutes for analysis of the Company's results of operations as reported under GAAP. Some of these limitations are:

- that these measures do not reflect the Company's capital expenditures or future requirements for capital expenditures or other contractual commitments;
- that these measures do not reflect changes in, or cash requirements for, the Company's working capital needs;
- that these measures do not reflect interest expense or interest income;
- that these measures do not reflect cash requirements for income taxes;
- that, although depreciation and amortization are non-cash charges, the assets being depreciated or amortized will often have to be replaced in the future, and these measures do not reflect any cash requirements for these replacements; and
- that other companies in the Company's industry may calculate these measures differently than the Company does, limiting their usefulness as comparative measures.

# Supplemental Non-GAAP Financial Information



- 2) This expense consists of the recorded fair value of the shares of Class A common stock for which the Company's right to repurchase has lapsed pursuant to the terms of the May 2010 agreement under which they were issued to Wal-Mart Stores, Inc., a contra-revenue component of the Company's total operating revenues. Prior to the three months ended June 30, 2010, the Company did not record stock-based retailer incentive compensation expense. The Company will, however, continue to incur this expense through May 2015. In future periods, the Company does not expect this expense will be comparable from period to period due to changes in the fair value of its Class A common stock. The Company will also have to record additional stock-based retailer incentive compensation expense to the extent that a warrant to purchase its Class B common stock vests and becomes exercisable upon the achievement of certain performance goals by PayPal. The Company does not believe these non-cash expenses are reflective of ongoing operating results.
- 3) The Company does not include any income tax impact of the associated non-GAAP adjustment to non-GAAP total operating revenues or adjusted EBITDA, as the case may be, because each of these non-GAAP financial measures is provided before income tax expense.
- 4) This expense consists primarily of expenses for employee stock options. Employee stock-based compensation expense is not comparable from period to period due to changes in the fair market value of the Company's Class A common stock (which is influenced by external factors like the volatility of public markets and the financial performance of the Company's peers) and is not a key measure of the Company's operations. The Company excludes employee stock-based compensation expense from its non-GAAP financial measures primarily because it consists of non-cash expenses that the Company does not believe are reflective of ongoing operating results. Further, the Company believes that it is useful to investors to understand the impact of employee stock-based compensation to its results of operations.

# Supplemental Non-GAAP Financial Information



- 5) These amounts represent estimated adjustments for net interest income, income taxes, depreciation and amortization, employee stock-based compensation expense, and stock-based retailer incentive compensation expense. Employee stock-based compensation expense and stock-based retailer incentive compensation expense include assumptions about the future fair market value of the Company's Class A common stock (which is influenced by external factors like the volatility of public markets and the financial performance of the Company's peers).