

VYSOKÁ ŠKOLA EKONOMIE A MANAGEMENTU

Nárožní 2600/9a, 158 00 Praha 5

FINAL THESIS



MASTER OF BUSINESS ADMINISTRATION

VYSOKÁ ŠKOLA EKONOMIE A MANAGEMENTU

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Comparison of the company's performance of the three largest Fintech equity investments.

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STUDENT STATEMENT

By submitting this thesis, I declare that I have prepared the assigned final thesis on this topic independently and that I used only the literary sources mentioned in the thesis to process this final thesis.

I am aware of the fact that this work will be in accordance with § 47b of Act. published on higher education institutions, and I agree that such publication takes place regardless of the outcome of the defence of the work.

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Date and place: Bussum, 22 April 2023.

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SUMMARY

1. Main objective:

The main objective of this final thesis is to do deep research of the available financial data extracted from the publicly available annual reports for last five years, calculation of the indicators based on this extracted financial data, compare those financial indicators, and find the one best option for further investment. Researched objects are three very successful and well-known Fintech companies.

Main problem: Find out what are the financial indicators of three well-known Fintech companies and which one of them is the best object for potential investment.

2. Research methods:

Data collection: Collecting data from publicly available financial statements for the last five years (2017 – 2021) of three Fintech companies, extract the main financial information as balance sheet, profit and loss and the cash flow from operating activities. From these three statements the relevant data for financial analysis will be selected and sorted into clear table.

Research of financial indicators: Performance of financial analysis using horizontal and vertical analysis and financial ratio analysis by calculating the extracted data according to defined formulas and compare the results in the excel sheet charts and graphs.

Interpretation of results: Horizontal and vertical analysis will be interpreted separately. Calculated financial ratios will be interpreted in each category assigning the points to each company based on the results. Total points in each category will be assigned importance and after that they will be increased by a coefficient according to this importance.

Results: Results based on the methodology described above will be evaluated in a separate chapter. Finally, all three companies will be compared with another peer from the industry.

Goal of the Research: To give recommendation to potential investors which of the three analysed companies is the best object for investment.

3. Result of research:

Based on the research done the recommendation is to invest in the shares of PayPal Holdings, Inc., which is according to this research the most successful Fintech company of the last decade.

4. Conclusions and recommendation:

In conclusion I recommend watching the trend in the stock-price development of Fintech companies and invest in them, because in my opinion this field is still at the very beginning phase and this business model has huge potential and a future - not only for investors and corporations but also for ordinary people. I am convinced that Fintech companies will serve us and make our life easier in still bigger meaning of the word.

KEYWORDS

Fintech; PayPal; Green Dot; Square; Horizontal analysis; Vertical analysis; Financial ratios.

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1 Introduction

The main objective of this final thesis is to do a deep research, calculation of the indicators based on the financial data extracted from the publicly available annual reports for last five years, compare those financial indicators and find the one best option for further investment. Researched objects are three very successful and best-known Fintech companies. The relevant data from the available annual reports will be extracted, compared and there will be found out which of these three young Fintech companies could potentially be the best company for investors.

By choosing the topic for this final thesis, the aim was to fulfil two basic criteria: firstly, to choose an interesting topic from the modern economic world and secondly – using the rich experiences from the own accounting practice. Therefore, the financial analysis of the publicly available annual reports of three most successful Fintech companies active in the financial technology innovation business is the chosen topic for this research. The main problem is to determine which of the three Fintech companies is the most successful and worth to be invest in.

First, there will be introduction with theoretical description of few basic financial technology innovations which are very popular among people and companies in the last decade. The financial world has been going through a turbulent development in the last decade, new technologies are flooding the market every day and more people have the opportunity to use new technologies, especially through applications designed for mobile phones. Almost everyone is using one or more application which make the life of each of us easier.

Traditional financial institutions are described in more details how are the Fintech companies replacing banks, and which kind of consumers users already use – maybe some of them do not even realize that they are using Fintech services.

In the three following chapters will be described in a detail how the deposit accounts work, which innovations brought Fintech un the fields of payments and money transfers as well as in raising money, lending, and credits.

All annual reports of three Fintech companies are downloaded from the publicly available sources. Three publicly listed US companies are chosen intentionally, because the United States is the cradle of technological innovations, and American companies - listed on the stock exchange - are the best source of information for external financial analysis as well. The financial statements of these three above mentioned Fintech companies will be compared for the last five years as from 2017 up to and included 2021. To be able to get enough sources for the financial analysis – the first step is to collect the relevant materials – in this case publicly available Annual reports of the companies. Financial analysis uses the financial information of the company which is its financial statements (Balance sheet; profit and loss account, statement of cash flow and the related notes), it concentrates to determine the company as a whole and evaluates the figures received from the financial statements in short-term and long-term point of view.

Short term indicator informs the reader basically over the ability of the company to fulfil its short-term liabilities (as a short-term loan to banks and other third parties or group related companies, liabilities to trade creditors and employees).

Most important action in preparing for the financial analysis is collecting of the relevant financial statements. Those financial statements are – for companies listed on the stock exchange – publicly available on various internet websites.

For the purposes of this thesis, the three US listed companies are chosen, and their financial statements are available at the following websites:

PayPal Holdings, Inc. a company listed on NASDAQ under the name PYPL has all financial information available at PayPal (2022) . The company is founded in December 1998 and has a corporate seat in San Jose, California, USA.

Square, Inc. a company listed on the New York stock exchange (NYSE) under the name of SQ, recently renamed to Block, Inc., has all financial information available SQUARE (2022). Block, Inc. is incorporate in February 2009 and has a corporate seat in St. Louis, Missouri, USA. For other financial statements (2020 and older under the name of Square, Inc. is available on SEC (2022).

Green Dot Corporation a company listed on NYSE under the name of GDOT, has all financial information available at GREEN DOT (2022). The company is incorporated in 1999 with corporate seat in Austin, Texas, USA.

2 Theoretical-methodological part

In this theoretical-methodological part will be introduced the business model of financial technology companies – Fintech. Furthermore, selected indicators will be calculated according to chapter 2.2 “Financial ratios (purposes and types)” and eventually those calculated financial ratios - based on the extracted numbers available in the annual reports for the years 2017 up to and including 2021 – will be compared and evaluated. From that comparison will be possible to determine which company performed the best in the past five years.

Who is the user of annual reports and who can be interested in reading the financial analysis of the company? These are in the first line stakeholders of the company. The stakeholder is everyone who has any connection to the company or who is involved by the acting of the company. It can be among other employees of the company, its creditors, suppliers, customers, external consultants and of course shareholders. All stakeholders are somehow influenced by the company and exposed to a risk arising from the company acting.

How it is possible to measure and compare the financial statements? By using the following financial ratios:

- Profitability (a measure of an organization’s profit relative to its expenses): ROCE; ROA; ROE; ROS.
- Liquidity (a measure how easily can components be converted into cash): Current ratio; Quick ratio; Cash position.
- Activity (measures how efficiently a company is leveraging its assets to generate revenues): Days payable; Days receivable; Assets turnover.
- Solvency (ability of a company to meet its debts and obligations): Debt to assets; Debt to Equity; Interest earned ratio; Covering of debt burden.
- Market ratios (evaluate the company by the current price for a share): Earnings per share; Book value per share; Price-earnings ratio.
- Capital budgeting (method of estimating the financial viability of capital investment over the life of the investment): Present value.

What is the Ratio Analysis and what is the usage of it? CFI (2022) describes ratio analysis as “*Ratio analysis refers to the analysis of various pieces of financial information in the financial statements of a business. They are mainly used by external analysts to determine various aspects of a business, such as its profitability, liquidity, and solvency. Analysts rely on current and past financial statements to obtain data to evaluate the financial performance of a company. They use the data to determine if a company’s financial health is on an upward or downward trend and to draw comparisons to other competing firms.*”

Financial analysis is a quantitative method which use as a source the financial statements of a company, extract the data form financial statements, and calculate the various indicators determining the financial health of the company.

For what is it usable? The ratio analysis will be perform using the figures from the consolidated balance sheet and profit and loss account (sometimes also using figures from the consolidated operating cash flow) to get an insight in profitability, liquidity, operational efficiency, and solvency of both companies. Why two? It is anyway more interesting to compare three financials of the companies from the same Fintech industry, three US listed successful companies on financial market, who are not a bank but well the payment services providers. According to Hill (2018, p.34) Bill Gates said: “*We need banking, but not banks*” – and that’s what Fintech exactly is. Not regulated financial services providers, reacting extremely quickly on the needs of markets and markets niches, Investors and analyst are performing the ratio

analysis very often when they are intending to purchase the shares of a particular company, they are analysing the available financial information and data, getting the picture of the financial health of the company, its success on the market and they are able to use the results to estimate the future performance of the company. Investors and analysts very often compare a few companies within the same branch and on the same market getting the broad picture of who is the leader on the market and whose shares have the highest market value.

Shortly: ratio analysis gives an information how the company perform over the time, offers useful insight into a company financials and can give a broad picture of the company financial health.

What are the sources for financial analysis? Basic document which we use for extracting of information are financial statements of a company. Analysts get them from difference sources, they can get there internally if they have access to the company records for instance as employees of members of management or from the publicly available sources – it is possible to get some of the financial statements from the Chamber of commerce database of the particular countries, or it is possible to buy the financial statements on the company corporate websites or they are available for free – for the listed companies it is an obligation to let their financial statements which is also the case of the used sources in this thesis.

The first phase of financial analysis preparing is to extract the relevant information from the financial statements. Mostly it is balance sheet; Profit and loss accounts and a relevant part of cash flow statement from which the information about the paid interest can be extracted, paid dividend, cash generated from the operation activities and many other useful information.

Bragg (2020, p.9) describes this phase of preparation as follows: *“The starting point for many types of financial analysis is the financial statements. The financial statements are routinely issued by organizations at the end of each reporting period, and are intended to reveal their results of operations, financial position, and cash flows.”*

2.1 Description of Fintech companies

Fintech. A modern word, abbreviation for financial technologies. Everyone meets this institution, reads this word almost every day, however, do we know exactly what does it mean?

The financial technology companies are last few years the fastest growing companies around the world. These technologies make the life of millions of people easier. The reasons are few: technologies are accessible for almost everyone who has a mobile phone or computer and there is no need to go to bank to make any financial transactions as it used to be before. For advanced users are here the AI technologies (Artificial intelligence) used for advice in investing – so called Robo-advising challenges. This is developing in the last ten – fifteen years and it is an alternative to the traditional financial advisory. Big advantage is that these artificial advisor (which are hardware components on the computer working on a base of special algorithm) is that they are working for low fee, they can be improved and developed over time or can be easily replaced by the upgrades.

In the past, all financial transactions were the exclusive domain of banks. Banks did not provide only the function of deposition and transferring money but mainly cared about compliance and security function related to money transfers. This is called a regulatory function and relate mainly to prevention and protection against money laundering, financing of illegal activities and limitation of financial crime.

According to Nikolay (2021) there are the following main rules which banks follow to prevent the financial crime as:

- Global view on financial crime controls indexes (for example BASEL AML) which lists the countries with insufficient compliance.
- AML space – a rule of the European Parliament for the prevention of the financial system for the purposes of money laundering and terrorist financing.

Many jurisdictions have established information sharing forums where law enforcement, banks, regulators, and others share information on financial crime trends and mitigation strategies.

Fintech are innovations in the financial sector, helping people to transfers money, raise money, advise how to invest, helping to make the personal budget or even provide the complete tailor-made financial management online. Fintech companies are divided in the main four categories: business to business for banks; business to business for bank clients; business to client for small business and business to client for consumers.

Every one of us is using digital wallet PayPal, every one of us pays for sure at least once or more by his or her mobile phone, every one of us orders and pays for various goods (whether it is for household, cosmetics, shoes, or any other necessity for day-to day life) using the web shop, online shopping, and online payment by various manner.

Fintech changed dramatically the way of rendering financial services. Coming up with the new technologies and applications which everyone can use – even people in developing countries – using their mobile phones. The Fintech start-ups are scaling and growing extremely fast, according to KPMG was in 2016 over two hundred Fintech companies on the market with a value more than one billion dollars (USD). Looking at the volume of invested money in the last years in financial technology industry, the amazing numbers can be seen. According to KPMG one hundred billion of US dollar have been invested between the year 2014 and 2016 in Fintech (Hill, 2018).

Thus, the main business model of Fintech companies is to combine the newest technologies (mobile applications) and integrate them into existing financial system. Fintech companies use

the existing “rails” for financial services developed originally by the traditional financial institutions.

2.1.1 Functions and business models

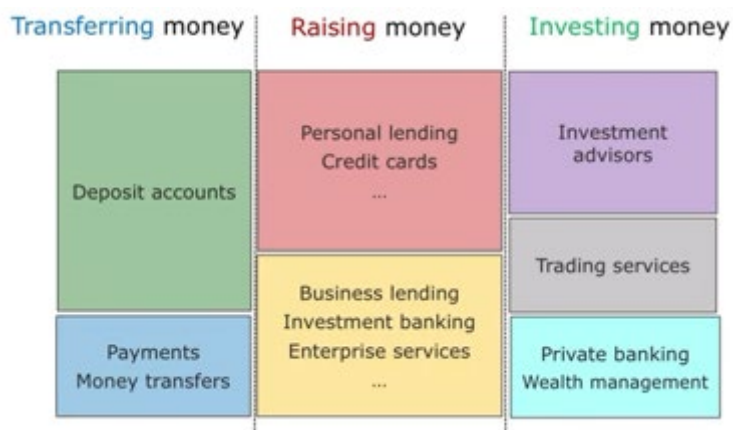
Let’s have a look now into few functions where the Fintech companies are in the last years replacing traditional financial institutions. It is not so long time ago, when we used to go to bank to withdraw the money by the desk and then pay everything cash in the physical shops, we used to stay in the queue waiting until it’s our turn to buy something with limited assortment. Those times are not so long ago. But today? We have unlimited possibilities to buy everything we need via internet, even bread and other grocery are order via web shop and delivered to our doors. And we even do not need a computer for this. All shops have their own application which can be immediately downloaded and installed on the smart phone.

And how about payments? A digital wallet PayPal has already been mentioned. But there is much more – we already heard about M-Pesa, Monzo, Ally, Klarna, Amazon or for example Bitcoin? Everyone from us already heard about at least few of them. The market is full of those financial technology services providers, very successful young companies, a little bit predator on the financial markets trying step-by-step replace the traditional system of financial servicing – banks. Let’s describe one of them in more detail: M-Pesa is revolutionary idea how to help the poorest people in Africa to access the payments and money transfer services. In Africa – there is very few banks established out of the big cities. They are far from each other and not reachable to poor native people. For example, small farmers and tradesmen in Kenya have very difficult access to payments services, however big percentage of people have mobile phone. And here is the occasion which Fintech recognized immediately and realized a service which became extreme useful and popular: M-Pesa (further reference is made to the paragraph 2.1).

Hill, p.39 (2018) says: *“The M stands for mobile phone and Pesa is the Swahili word for money. By using their mobile phones Kenyans can make and receive payments.”*

Let’s move further to banks. What is the classical function of banks? Reference is made to Figure 1 “The classical functions of banks are transferring money”. Clients have deposit accounts in banks, using them for payments and money transfers. Furthermore, the bank can offer a service for money raising there are various investment possibilities in lending money by the way of personal lending, credit cards or loans for business and corporate clients. And finally investing function. Clients have various possibilities to buy the securities, there are many investments advisors who can help to decide to client with various investments possibilities for example in real estate and for quiet wealthy clients there is a special function of private banking wealth management.

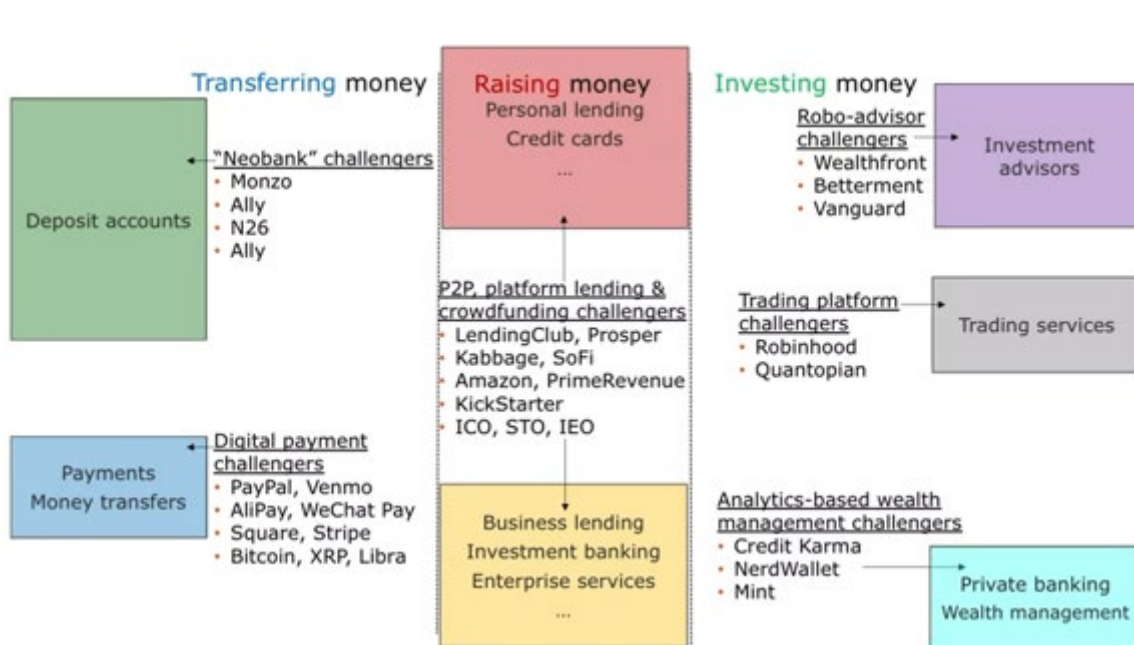
Figure 1 Functions of banks



Source: Coursera (2022)

And now it's a Fintech's turn it is amazing how – especially in the last ten years – a various financial technology base companies fulfilled the market offering their services. Reference is made to Figure 2 “Functions of Fintech companies”. Fintech companies can offer the same services as banks, they are not regulated by the central banks, therefore they can afford provide the services for lower fees. They are not so centralized as banks, which means that one Fintech is not providing all kinds of services as tradition bank, however they are specialized in one or two functions, cheaper and faster.

Figure 2 Functions of Fintech companies



Source: Coursera (2022)

For the deposit function we know for instance Monzo (an online bank established in 2015 with the corporate seat in London, United Kingdom. This is a fully digital bank, which started in

2015 with crowdfunding and nowadays providing credit card services, accounts, savings, and borrowings), or Ally (digital company offering banking services, dealer financial services and investing and borrowing services). Those new digital banks do not have any physical building with staff where the customer can go and make his or her transactions. They are called neo banks, they challenge the classical banks with cheaper and faster services, also with the possibilities, and large portfolio of service while remaining oriented in every single individual customer.

Next function which is already few years not only domain of the banks but on the market, there are lot of companies offering services is payments and money transfers. Let's have a look at the payments first. For people having the bank account and a debit or credit card there is no problem to buy a thing and pay it otherwise than cash. It is very simple, and the particular transaction is settled via issuer of the bank card by automatic clearing house. However, what if the merchant or customer do not have a bank account and can pay only cash? Is it safe? Is it efficient? Many of the Fintech companies saw a market gap in providing the services of non-cash payments to merchants who has no internet connection on their selling spots or to customers who do not have any bank account nor debit or credit card. And here is AliPay entering the market with revolution idea of paying without bank account or terminals using the AliPay digital wallet and QR code payment. It is just a simple solution for customers who never banked online but use mobile phone and digital wallet app. There are few very successful companies on the market whose domain is to serve as a payment service provider. One of them will be the analysis in the analytical part of this work – PayPal, however on the market there is few more companies the with the same success and popularity as PayPal. For example, Stripe, Klarna, Adyen and few more.

All social payments systems do not need to be used necessary for sharing the payment of bills. People can just simply send a money to each other without a reason. Further in this thesis a chapter will be dedicated to describing the digital payment challenges.

Now, let's have a look at Raising money function of new Fintech innovations: there are two kinds of lending: personal and business. For personal lending and credit cards are their various new platforms such a LendingClub, Amazon, Kabbage, online platforms enabling customers to access a broad range of financial products and services – small personal loans up to few thousand US dollars or euros, business checking, flexible funding, supporting customers and helping them to reach their while keeping the ethical and responsible ways of personal lending for low costs. Also, this part of Fintech will be described in more detail in a separate chapter.

Investing money function is one of the functions where Fintech replace the traditional banks and investment houses very successfully. Not everyone understands the complicated world of buying and selling securities and shares, not everyone is interest in stock market trading, some of us are already sweating only at the idea of trading with the securities on the stock exchange. Very few people understand when and for how much they should buy or sell a stock and most of the people rather do not participate in this market just only of the fear of losing money. However, some of the Fintech companies are focused on this activity and bring a variety of applications that help ordinary people to navigate in the stock market and give them the opportunity to evaluate every penny of their savings in a very fun and especially understandable way.

One of those Fintech oriented to investing money and therefore evaluation of savings is Betterment (2022): *“Investing is the key to building wealth”*. With its user-friendly app which each small investor can download on his or her mobile phone, he or she has an immediate overview of invested money in various stocks, total net worth available balances etc. Start with investing activities is quite easy, clear, and accessible, because each investor can start from the

amount of few dollars – thus no need to be a millionaire. Users create an online account, get access to an app which downloads to mobile phone and deposit money. Once the money is deposited, Betterment starts to invest this money in the market. Using the app, each investor can regularly check his or her portfolio of investments in stock or bonds and receive the dividend which can be withdrawn or reinvested into new stocks and bonds.

The last two functions are skipped intentionally: Trading services and Private banking wealth management – not because these are less interesting, but because these two are very specific topics and none of the three chosen companies for the financial analysis have those functions in their business model.

Let's have a closer look to deposits, payments and raising money, which are three areas where the Fintech is popular among the most users.

2.1.2 Deposit accounts

It is not long time ago when the deposit function was a service provided exclusively by the banks. If someone wanted to open the bank account to get for instance monthly salary from the employer, he or she must go to the closed bank house and ask the banker by the counter. Ten or fifteen years ago we could not imagine that everything will be possible online using the computer or even the mobile phone.

Nowadays we know the term “Challenger bank” which are actually according to Hill (2022, p.92): *“Banking model based solely or primarily on the following features: all mobile, user friendly, data driven, artificial intelligence enhanced, open application programming interfaces, no foreign exchange charges, robot investment advisory and simple money transfers.”*

There are many digital banks around the world which users can use for opening the bank account and using the deposit function to “store” the money. One of them is originally called DBS, incorporated in Singapore in 1968, using the embraced technology and renamed in 2017 to the World's Best Digital Bank. A big part of population in Singapore uses the services of this bank by online or mobile access. It is amazing how fast everything developed and how fast people learned and got used to consider the online and mobile banking a matter of course.

Also, here in Europe can users notice a growth of offer in digital banking services. One of them is German N26, offering to its customers opening the basic accounts and credit cards in almost all countries of European Union, supporting their services in many European languages. According to Hill (2018) operates N26 under the licensing of Wirecard Bank AG (a holder of German banking license) which is a supplier of electronic payment services and cooperate with Visa, MasterCard, Diners, Amex, AliPay, WeChat Pay, Apple Pay and many others.

N26 with their many customers are satisfied, N26 announce that opening the bank accounts take only eight minutes, however also this Fintech bank must run their internal compliance / know your client procedure and check if clients or corporate client entities are not transferring any illegally acquired funds. Especially among the corporate clients it happened already that few of the accounts were closed in relation with the suspicious transfers of transaction partners.

2.1.3 Payments and money transfers

Very popular and fast-growing field of the financial technologies represents payments. Here is the financial application the most used application on the mobile phone of all users.

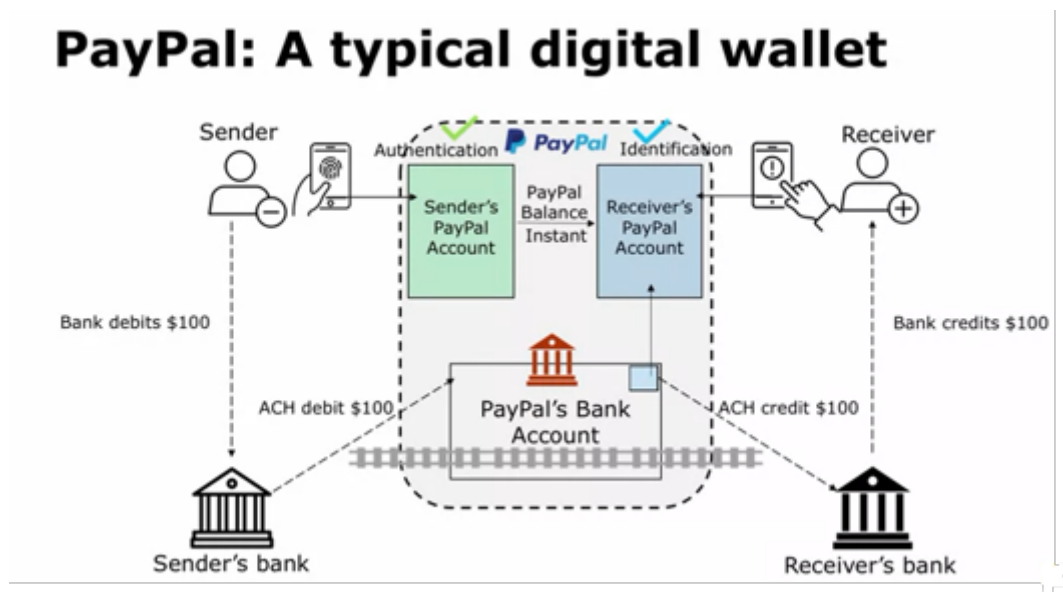
According to Nikolay (2021) “*Payment mechanisms for individuals and businesses — for payments to merchants and between individuals — are evolving fast worldwide. Solutions are often difficult to differentiate in their execution, so it’s useful to compare their features*”.

There are several kinds of payments and money transfers, the most common of which are domestic payments, international or cross-border payments and credit and debit card payments. In all of these fields can Fintech be a very beneficial technology facilitating money transfers for all users worldwide.

According to Hill (2018) are in regard of the financial technology’s payments developed in the following four areas:

- Mobile wallets: for user very easy manner of payment for services or goods, a mobile wallet is like a digital credit card. User creates an account using his or her name and password (sometimes for security reasons added by the second verification feature as pin received from the mobile phone or e-mail) and link the account to credit card or bank account. Services or goods purchased by the user are then very easy paid by authorizing the payment in the mobile wallet. Very good example of these Fintech is PayPal; Venmo; AliPay or WeChat Pay. Reference is made to Figure 3: PayPal business model:

Figure 3 PayPal business model



Source: Coursera (2022)

- P2P (Peer-to-Peer) mobile payments: these mobile applications enable users to connect with friend or family member or just any other user and make transfer of money to his or her account. The principle is the same. User will create an account linked to his or her credit card or bank account and giving the instruction through to mobile application the money are sent to recipient. This is also possible other way around; user can ask through this application for money. The counterparty will

receive the request and send the money to requestor. (Reference is made to this chapter below – paragraph called Tikkie).

- Point of sale: Fintech companies offer devices and software point of sale solutions for merchants providing digital receipts, track inventory, generate sales reports and providing analytics. This is how AliPay resolved the solution for the merchants who cannot afford the payment terminal which connect card payments of the customer with his or her bank account. Big disadvantages of the payment using the terminals are high transaction fee which merchant must pay for each sale to the customer's bank, purchasing the terminal is expensive and necessity of internet connection are big obstacles for (especially small) merchants. Therefore, AliPay came with the simple solution: QR code for offline users. Merchant bought an application obtain a special QR code, let it visible for his or her customers (even stuck on the sale stand) and customer can pay using the mobile phone. Sale point is not connected to internet, but merchant will receive the money on his or her bank account. Reference is made to Figure 4 (with the meaning of innovation number #1 AliPay's mobile wallet):

Figure 4 AliPay's innovation: Offline users

AliPay's innovation #2: Offline users

How to get people who never banked online to use a completely mobile & digital wallet app?

- Ease of use in brick-and-mortar transactions?



Source: Coursera (2022)

- Monetizing data: the huge amount of data flowing through payments providers are stored and analysed for various commercial reasons (for instance customers' spending patterns, but also preventing fraud).

Payment function is one of the basic functions which Fintech implemented in the beginning of the innovation phase. One of the most popular digital wallets and digital payments is (next to the very popular American PayPal) a young Amsterdam based company called Adyen. Adyen is providing the services to five thousand companies, among other to Facebook, Netflix, and Uber. So anytime when consumer pays for the monthly subscription by Netflix, the payment transfer goes via Adyen. It supports mobile apps, online payments, credit cards, mobile wallets, etc. Adyen also supports online payments in various stores using the payment terminals. In total Adyen process annually over USD fifty billion in digital payments (Hill, 2018).

Another very successful Fintech serving in money transfers, established in 2009 is Venmo. This provider of money transfer uses a permission of Facebook to link the users' personal credit card, debit card or the bank account to enable them to pay together. So, in this case, going for a lunch or to visit a concert, a group of few people can share the payment of the bill together. In practice it works as follows: one person pays the bill and all others will send their part of money to this paying person making together the whole sum of the bill. This transaction is shared in the group and all the involved people see how much is total and how much they should pay. This way of payment is so called social payment system.

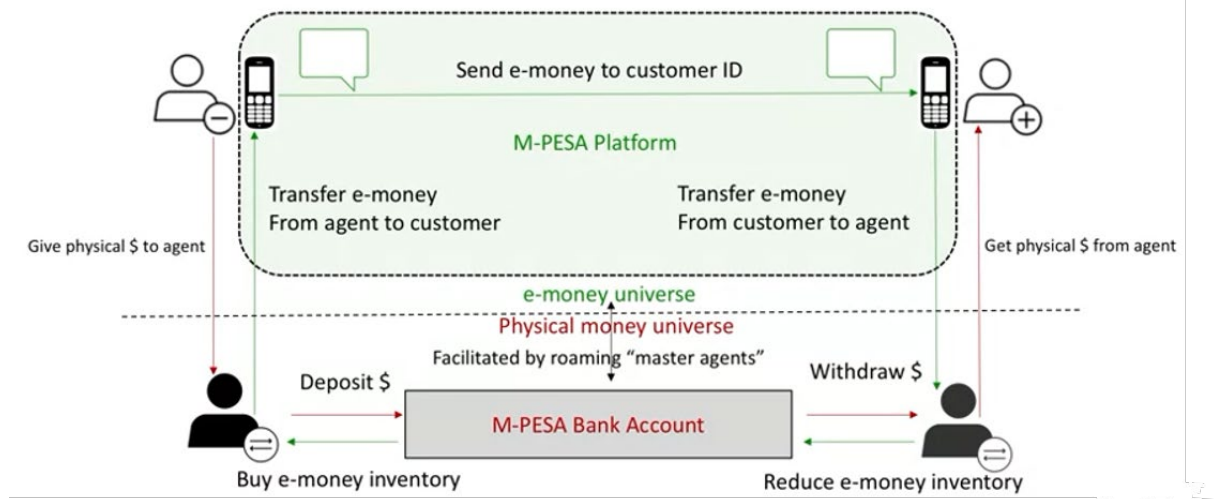
In the Netherlands – very popular social payment system is Tikkie (called “TIKKIE”). Tikkie works in the same way as Venmo with one difference – Tikkie works together with what's app not with Facebook. User just simply downloads Tikkie application on his or her mobile phone, links it with his or her bank account and once he or she paid something for a group of more people just sends a Tikkie request using friends' what's app numbers with a request to pay their part of the bill. On the other side requested person accepts the message and with the link given by Tikkie connects with his or her own bank and authorizes the transfer with the requested amount to that person who paid the bill.

Money transfers have undergone a very significant development during the last 15 years. Starting exclusively by the banks and financial institutions, moving lately to new Fintech companies, here will be mentioned few most significant business models that are revolutionary, brought many benefits and make the life of million ordinary people much simple. One of them is M-Pesa.

Business model of M-Pesa is very simple. There are two agents – one at the place of sender and one at the place of receiver. No need to have a bank house over there, it can be a local grocery shop, a gas station or even a shed, the only one condition is working telephone line or internet connection. A sender comes to agent A at the place A and gives him a physical money and the secret password. Agent A hands over the information about money and the secret password to agent B. In the far away city B, a beneficiary comes to agent B and using the secret password he can withdraw the money. The whole transaction is very simple and relatively fast, and the main idea is to make this service available to the widest possible number of people. The main task for agents is to maintain the volume / inventory of physical money at the most accurate level to avoid the situation that there is too much money by agent A and too few by agent B. M-Pesa started in 2007 in Kenya and today is very popular also in Tanzania, South Africa, Ghana, and many more African states, in Europe mainly in Romania and Albania but also in India and Egypt. Reference is made to the Figure 5: M-Pesa business model:

Figure 5 M-Pesa business model

M-PESA: the business



Source: Coursera (2022)

So, M-PESA is a very successful business model of Money transfers. Lot of people is working very far from their home or even abroad and need to send the money to their families. In The Netherlands we see lot of people from Africa and in Czech Republic people from Ukraine used to work there using the Fintech companies for sending the money to their home without using bank account because they are not able to open the bank account in the place of work (mostly they are working for defined period of time and opening the bank account without permanent residence is not possible and not efficient) and above this, their families they do not have the bank account for example somewhere in the small village very far from a big city. And this was exactly the moment when M-PESA and the companies working on the same principle entered the market and fill in the gap. One chapter will also be dedicated to this kind of Fintech innovation and describe the process in detail.

2.1.4 Raising money – Fintech in lending

Raising money – lending money – is very attractive product for Fintech. There are few types of raising money / lending in Fintech: Peer-to-peer lending, Peer-to-commercial lending, and marketplace lending for the other type of loans. In all these cases are lenders and borrowers matched outside the bank and Fintech company receive a fee for intermediation.

One of the very popular types of lending is crowd funding which is providing financing by the private individuals to small denominations for a project.

“There are relatively a large number of otherwise unconnected donors, each providing a small amount of money. On some sites, projects have often originated with an artistic or social aspect to them, and some models provide for a donor incentive such as a product reward, although equity or debt may be involved. Funding provided on these sites are usually not expected to be paid back and are less directly comparable to bank loans than the product of marketplace lenders” (Hill 2018, p.150).

There are special signs which crown funding have in opposite to the traditional bank loans: the application process is exclusively online; there is a fast response and higher approval rates; there is enhanced credit analysis and superior customers experience; lower rates than some alternatives as a credit card or traditional loans; both sides are on the market, thus no bank included; there are exclusively online tools; lighter regulatory burden; low overhead costs and entrepreneurial culture (Hill, 2018).

One of the famous Fintech providing the raising money services is Lending Club. This company was incorporated in 2006 and by the end of the year 2016 provides already loans in total amount of USD 24 billion (Hill, 2018). This company provides a loan very quickly. User just fill in the online application and some of the loans are provided in minutes or hours, but the average which is announced by Landing Club is seven days. Landing club rates the applicants themselves from A (the best) to G (the worst) and determine the value of an interest rate and the fee but these are typically lower than the standard interest rate on the market.

On the other hand, there are lenders (Lending club calls them investors) who specify the amount they wish to fund, for how long and for which purpose. Mostly one investor grants a loan to more borrowers. One loan has several borrowers and repayment, and interest is deposits on the account of investor and can be re-invested again. The borrowers are anonymous to investors.

Another very popular Fintech providing loan is SoFi (Social Finance) which says over itself that according to Hill (2018, p.8) “*modern finance company that’s fuelling the shift to a bank less world*”.

SoFi started originally as a support financing for the students on Stanford Business School, it has its own system of ranking the creditworthiness of the loan applicants and cooperate with more than 400 partners. On the websites of SoFi can be read that it funded already over USD one hundred billion in loans and has one hundred seventy-eight thousand members in its community (Hill, 2018). It does not provide only loans but also coaching, community events and happy us for its networking users.

2.2 Financial ratios (purpose and types)

Analytics, user, and investors can evaluate the financial performance of the company using the financial ratio analysis of the financial statements. The financial statements of listed companies are publicly available, and it is not a problem to download them even for the past few years (recommended period is at least five consecutive years backwards).

Financial ratios are the ratios used for the evaluation of the company performance and they are divided into five broad categories of profitability, liquidity, activity, debt, and market value (Wall Street Mojo, 2022).

What is the purpose of financial ratios? Each category serves to calculate and evaluate the financial performance of the company from the different point of view.

Profitability ratios show how good the company is in generating a profit. This can be measured by the few followings most used ratios: return on capital employed; return on assets; return on equity and return on sales (reference is made further to paragraph 2.2.1 “Profitability”). According to Bragg (2020, p.53) there a few other ratios as calculation of *“Breakeven point which reveals the sales level at which a company breaks even; gross profit ratio which shows the revenues minus the cost of goods sold as a proportion of sales and net profit ratio which calculates the amount of profit after taxes and all expenses have been deducted from the sales.”*

Liquidity ratios which are one of the first ratios calculated by analytics measuring ability of a company to stay in the business because they show the ability of a company to have a cash available. Most common ratio used for the liquidity analysis are current ratio which shows the ability of a company to pay its current liabilities, quick ratio which shows the same, however exclude the inventory from the formula and cash position ratio which shows the cash available immediately for payment of the liabilities (reference is made further to paragraph 2.2.2 “Liquidity”).

Bragg (2020, p.52 a 53) mentions still two additional liquidity ratios *“Cash coverage ratio which shows the amount of cash available to pay the interest and liquidity index which measures the amount of time required to convert assets into cash.”*

Activity ratios are the indicators of effectiveness using the company assets. This group of ratios is divided into two sub-groups – the first one shows the speed with which are the items of financial statements returned within a period and the second sub-group shows the duration of the above-mentioned items return in days. Here we speak about account payable turnover – how fast the company pays to its suppliers; account receivable turnover which measure how fast it collects the cash for its products or services from the customers; inventory turnover which shows the effectiveness with which a company is able to use the materials and goods in its warehouse or storage – mainly here can be seen the quality of management because the stored materials and good can blocked enormous value of money; fixed assets turnover which shows how a company is able to generate its profit from the given fixed assets (reference is made further to paragraph 2.2.3 “Activity ratios”).

Bragg (2020, p.53) mentions one additional activity ratio *“Sales to working capital ratio which shows the amount of working capital required to support a given number of sales.”*

Debt ratios (so-called Leverage ratios) show how a company can pay its debts. The most interesting ratios in this category are debt to assets ratio; debt to equity ratio; interest earned ratio and ratio of covering debt burden (reference is made further to paragraph 2.2.4 “Debt ratio”).

Bragg (2020, p. 53) mentions also *“Fixed charge coverage which shows the ability of a company to pay for its fixed costs.”*

Market ratios help to evaluate the share price of a company, it is very interesting analysis especially for potential investors, because it shows what is the price of the company and whether the share price is under – or overvalued. Further in paragraph 2.2.5 “Market ratios” can be seen the detail description of three basic ratios used for market value analysis: earnings per share; the price-earnings ratio and book value of equity per share.

According to Borosky (2022, p. 63) *“The power of financial ratios comes from their ability to show how a company is performing as a percent of a benchmark. By using percentages, we can compare financial ratios, in a meaningful way, with industry competitors, as well as historically. These comparisons allow us to identify performance and other trends within a company with relative ease.”*

Let’s now have a detail look at the above-mentioned group of ratios.

2.2.1 Profitability

Borosky (2022, p.87) says: *“Financial analysts and investors are interest in profits. Because of this essential topic, finance professionals have come up with various profitability ratios. These ratios take a look at a company’s profits from different perspectives. For example, the return on equity ratio analyses a company’s returns as compared to equity investments in the company. By reviewing profits from different angles, investors can have a well-rounded understanding of the profitability of an organization.”*

This is true. What is the intention of inventors? Mainly profit, however not short-term. Investors wish to invest the money in sustainable business to make sure to get the dividend or interest in the following years, thus long-term.

Let’s describe the profitability ratios as a pyramid of the following components: the base figure of profitability is EBITDA which means the earn before interest, taxes, depreciation and amortization, thus operational profit excluding the fixed part of costs. Then we move on to Gross profit margin, which is operational profit less cost of goods sold, we go further to net profit margin which is a percentage of revenue left after we deducted all costs related to sales. Finally we are getting to Operation profit margin which measures how much profit a company makes on a dollar of sales after paying for variable costs of production, such as wages and raw materials, but before paying interest or tax. It is calculated by dividing a company’s operating income by its net sales (Mankiw, 2020).

There are four basic ratios showing the rentability of the Company:

1a. Return on Capital Employed showing the profitability of the long-term invested capital. This ratio can help user of analysis to understand how well the company generates its profits from its capital. It is very important ratio for all shareholders (and stakeholders and other potential investors) because it shows how the company treats the entrusted capital.

Return on capital employed is calculated as follows:

$$\text{ROCE} \Rightarrow \text{EBIT} / (\text{Equity} + \text{Long term liabilities}) \quad (1)$$

1b. Return on Assets says how profitable a company is in relation to its total assets – how effectively the company uses its asses to generate a profit.

Daft, et al. (2022, p.569) says that *“Return on assets (ROA) is a metric that indicates a company's profitability in relation to its total assets. ROA can be used by management, analysts, and investors to determine whether a company uses its assets efficiently to generate*

a profit. ROA can be calculated by dividing its net income by its total assets. It's always best to compare the ROA of companies within the same industry because they'll share the same asset base. ROA factors in a company's debt while return on equity does not."

Return on assets is calculated by several manners, however in here the following formula will be used:

$$\text{ROA} = \text{EBIT} / \text{Assets} \quad (2)$$

1c. Return on Equity shows to user of analysis what is the profitability of its own equity. Return on equity is a measure of financial performance calculated by dividing net income by shareholders' equity. Because shareholders' equity is equal to a company's assets minus its debt, Return on equity is considered the return on net assets. Return on equity is considered a gauge of a corporation's profitability and how efficient it is in generating profits.

Return on equity (ROE) is the measure of a company's net income divided by its shareholders' equity. ROE is a gauge of a corporation's profitability and how efficiently it generates those profits. ROE is considered satisfactory based on industry standards, though a ratio near the long-term average of the S&P 500 of around 14% is typically considered acceptable. (Daft, et al. 2022).

Return on Equity is calculated as follows:

$$\text{ROE} = \text{Net Income} / \text{Equity} \quad (3)$$

1d. Return on Sales disclose the company's ability of a company to turn the sales into the profits. This ratio shows to user how much of the profit has been created from each unit (crown, euro, dollar, etc.) of sold product or service. It can be easily calculated dividing the earn after tax by sale turnover:

$$\text{ROS} \Rightarrow \text{EAT} / \text{Sales turnover} \quad (4)$$

Return on sales is very useful when we want to compare the companies from the same industry.

There is few other profitability ratios which can be used by the analyst, however they will not be presented in the analytical part to keep the analysis more simple and clear; for example: Net profit margin which is equal to Net income / Sales; Gross profit margin which is equal to (Revenues – Cost of goods sold) / Revenues; Operating profit margin which is equal to EBIT / Sales and Basic earning power which is equal to EBIT / (Total assets – current liabilities).

Profitability ratios can be described as a class of financial metrics that are used to assess a business's ability to generate earnings relative to its revenue, operating costs, balance sheet assets, or shareholders' equity over time, using data from a specific point in time (Richardson, 2022).

Profitability ratios can be compared with efficiency ratios, which consider how well a company uses its assets internally to generate income thus as opposed to after-cost profits and are one of the most popular ratios which the user extract from the financial analysis.

2.2.2 Liquidity

Borosky (2022, p.64) describes the Liquidity as follows “*As financial analyst and investors, we need to make sure companies are financially solvent in the short term (over the next twelve months). A great way to determine if a company can meet its short-term obligations is through the use of liquidity ratios.*”

We see that on the standard European balance sheet (most of the local European general accepted accounting principles “GAAP” as well as according to international financial reporting standards “IFRS”), the components are sorted from the less liquid (means the probability of quick sale is very low) to the most liquid (the probability of sale is very high), while according to GAAP of United States of America the balance sheet is sorted other way around.

Let’s have a look in liquidity ratio. What does this ratio talk about the financial figures of the Company? Liquidity ratios tell us about a company's cash position. This ratio can answer the basic question: Coursera (2021) raise the question: “*Is there enough cash which is going to come in to cover the cash the company needs to pay out in the short term, and in the longer term what is the company's borrowing capacity?*”

User of the financial analysis can see if the Company is able to cover its cash need from its own sources or if it is able to borrow money if it will need to meet the future cash obligations. Those are the kind of things which will be solved in the analysis of liquidity ratio.

There are three kinds of Liquidity ratio:

2a. Current ratio, which shows the ability of the company to pay its short-term liabilities without any further short-term loans or overdrafts. It is calculated as follows:

$$\text{Current ratio} \Rightarrow \text{Short term assets} / \text{Short term liabilities} \quad (5)$$

2b. Quick ratio, which tells us about the short-term funds available in the company excluding the inventory form the short-term assets and it is calculated as follows:

$$\text{Quick ratio} \Rightarrow \text{Short term assets} - \text{Inventory} / \text{Short term liabilities} \quad (6)$$

Quick ratio is more precise in telling how much immediate funds the company must meets it payment obligation right now, because from the short-term assets the inventory is excluded. In the case of Fintech companies included in this final thesis and according to their business model the “Cash” is considered Inventory.

2c. Cash position ratio, which us the most exact ratio showing the current available funds of the company. This is just calculated as

$$\text{Cash position ratio} = \text{Cash and cash equivalents} / \text{Short term liabilities} \quad (7)$$

Among the liquidity ratios also belong the Net working capital, which is equal to Current assets – current liabilities.

Richardson (2022) describes the Liquidity ratios as important class of financial metrics used to determine a debtor's ability to pay off current debt obligations without raising external capital. What can we read from the liquidity ratios? They show the company's ability to pay debt

obligations and its margin of safety through the calculation of metrics including the current ratio, quick ratio, and operating cash flow ratio.

Liquidity can be described into three common categories:

- Liquidity ratios are an important class of financial metrics used to determine a debtor's ability to pay off current debt obligations without raising external capital.
- Common liquidity ratios include the quick ratio, current ratio, and days sales outstanding.
- Liquidity ratios determine a company's ability to cover short-term obligations and cash flows, while solvency ratios are concerned with a longer-term ability to pay ongoing debts.

So further in the analytical part of my thesis will be looked at some short-term liquidity ratios which are telling us about the company's short-term cash position. There will be few ratios calculated that use assets and liabilities to give us the information about ability of paying the short-term liabilities, and some ratios that use interest expense and cash flow numbers to give us that information as well. All those ratios can tell us about the companies borrowing capacity, risk of bankruptcy and how it is financing its growth.

In the beginning, the first bucket of short-term liquidity ratios will be calculated. All these calculations are intended to answer the question: “Does the company have enough cash coming in to cover its obligations to pay out cash in the next period?” Ideally, all these ratios would be over one. So, the set of liquidity ratios are trying to say if the company has enough current assets that are going to turn into cash in the next year to cover the current liabilities which have to be paid in cash in the next year.

2.2.3 Activity ratios

Activity ratios – so-called Assets ratios as well – are the ratios which show to analysts whether a company is using its assets effectively and how effectively management is using these company’s resources.

Borosky (2022, p.71) says: “*Assets utilization ratios are available to use when assessing whether a company is wasting its money on underutilized assets.*”

The popular asset utilization ratios are Inventory turnover ratio; Total assets turnover ratio; Fixed assets turnover ratio and Accounts receivables turnover ratio.

According to WallStreetMojo (2022) Activity ratios refer to the type of the financial ratios which are used by the company to figure out the efficiency with which the company can use its different operating assets that are present in its balance sheet and convert the same into the sales or the cash. So, they help to evaluate a business’s operating efficiency by analysing fixed assets, inventories, and accounts receivables. It not just expresses a business’s financial health but also indicates the utilization of the balance sheet components.

From the above cited text can be seen that activity ratios are used to manage the assets and inform the user about the company’s ability to use the assets. It means that the measure of how much of the funds is currently locked in the items of assets. There are two kinds of ratios: the first sort measures the speed of turnover of the particular asset item and the second sort the duration.

3a. The first set of Activity ratios:

$$\text{Total Assets Turnover} = \text{Total Sales turnover} / \text{Total assets} \quad (8)$$

This ratio shows usage of the total assets of the company.

$$\text{Fixed Assets Turnover} = \text{Total Sales turnover} / \text{Total fixed assets} \quad (9)$$

This ratio shows the effectiveness of usage of the company's fixed assets.

$$\text{Inventory Turnover} = \text{Total Sales turnover} / \text{Total inventory} \quad (10)$$

This ratio shows the frequency of the inventory items – how many times is the item bought – stocked - sold and bought again in the period of one year.

3b. The second set of Activity ratios:

$$\text{Duration of the Inventory Turnover} = \text{Inventory} / (\text{Total Sales Turnover} / 360) \quad (11)$$

This ratio shows the average number of days when the inventory stays in the company warehouse – until the time it is spent or sold.

$$\text{Duration of Maturity of Receivables} = \text{Total receivables} / (\text{Total Sales Turnover} / 360) \quad (12)$$

This ratio shows how much it takes in the average from the moment of invoicing until the income of the payment from debtors.

$$\text{Duration of Creditors Payment Period} = \text{Creditors} * 360 / \text{COGS} \quad (13)$$

This ratio shows how long it takes from the purchase of an item until the payment of the invoice – so the period of the free credit from trade payables.

Trade deficit – interesting indicator showing the number of days between fulfillment of payables and getting money from debtors – in this period the company must cover (over bridge) the activity by its own sources. Each company loves to use the source of the financing from the third party's account – a liability or third-party debt. The reason is that managers consider borrowed money cheaper and if the company wishes to grow, it must invest money into new projects, services, or goods. The advantage of borrowed money is that even if the company must pay the interest – this interest is tax deductible – thus company saves the money on paid corporate income tax as well. However, the good balance between debt and own capital must be kept because as Borosky (2022, p.98) says to his students and clients: *“Some debt, like chocolate cake, is good. However, too much debt, again, like chocolate cake, is not healthy.”*

2.2.4 Debt ratios

These - sometimes also called leverage - ratios show the extent to which a company is relying - more than its own sources - upon debt to fund its operations and can pay back the interest from this debt and repaid the debt itself.

4a. Total Debt to Total Assets ratio shows the share of the liability to the total assets. From this ratio can the user of financial analysis see the solvency of the company and is able to consider if the total value of equity (own sources) is reasonable to the total volume of liabilities. This ratio is calculated as follows by three various manners (depends on what the use of financial analysis prefers):

$$\text{Total Debt to Total Assets} = \text{Liability} / \text{Total Assets} \quad (14)$$

$$\text{The own part of the capital} = \text{Total Equity} / \text{Total Assets} \quad (15)$$

$$\text{Financial leverage} = \text{Total Assets} / \text{Equity} \quad (16)$$

Mankiw (2020, p.601) says that “*Leverage is the use of debt (borrowed capital) in order to undertake an investment or project. The result is to multiply the potential returns from a project. At the same time, leverage will also multiply the potential downside risk in case the investment does not pan out. When one refers to a company, property, or investment as "highly leveraged," it means that item has more debt than equity*”.

4b. Debt to Equity ratio shows the level of the financial risk related to company for shareholders and potential investors. The debt-to-equity ratio shows to which level is the company financing its activities using debt in comparison to its total owned funds (Equity). It shows the ability of their own capital to cover all outstanding debts.

The debt-to-equity (D/E) ratio compares a company’s total liabilities to its shareholder equity and can be used to evaluate how much leverage a company is using. Higher-leverage ratios tend to show a company or stock with higher risk to shareholders. However, the D/E ratio is difficult to compare across industry groups where ideal amounts of debt will vary. Investors will often change the D/E ratio to focus on long-term debt only because the risks associated with long-term liabilities are different than short-term debt and payables. (Mankiw, 2020).

Debt-to-equity ratio is calculated as follows:

$$\text{D/E ratio} = \text{Total liability} / \text{Equity} \quad (17)$$

4c. Ratios using the paid interest (price paid by the company for borrowed capital) are two basic ratios showing the adequacy of the economic effect in term of the obligation of the company to pay the interest:

$$\text{Interest earned ratio} = \text{EBIT} / \text{Paid interest} \quad (18)$$

Ratio of covering the debt burden – which means how the company can pay not only interest but also amortize the loan.

$$\text{Ratio of covering debt burden} = \text{EBIT} / (\text{Paid interest} + \text{loan redemption}) \quad (19)$$

These ratios are extremely useful, especially for potential creditors – banks and third-party lenders.

2.2.5 Market ratios

Market ratios are the ratios which evaluate the current share price of a publicly held company. These ratios are immensely popular and useful for future potential investor how want to buy stock of the company on the stock exchange. Investors can easily decide by calculation the few

markets ratio – especially seeing the trend of few last years – how the company is staying and how worth the shares of the company are in comparison with others in the same industry.

The book-to-market ratio is one indicator of a company's value. The ratio compares a firm's book value to its market value. A company's book value is calculated by looking at the company's historical cost, or accounting value. A firm's market value is determined by its share price in the stock market and the number of shares it has outstanding, which is its market capitalization (Lobao, 2021).

There are three basic Market ratios:

5a. Earnings per share (EPS) is a measurement of the company's profit. Together with the Price-earnings ratio can be a particularly good indicator for investors of where to invest the money. Earnings per share show how much money a company makes for each share of its stock.

$$\text{EPS} \Rightarrow (\text{Profit} - \text{Dividends}) / \text{number of outstanding shares} \quad (20)$$

Unfortunately, this ratio is not enough to help investors to make good decisions. For a larger view and comparison of more companies in the same industry he or she needs to know the next ratio which is called the price-earnings ratio.

5b. The price-earnings ratio, the ratio valuing a company's shares, is used by investors for comparison with the other companies in the same industry and shows how much the investors are willing to pay for a stock of the company compared to the company earnings. In general, the lower price-earnings ratio (P/E ratio) by the same earnings per share (EPS ratio) is more interesting for investor, because it means that the he or she will pay less for each dollar of earnings buying the shares with lower P/E.

$$\text{P/E ratio} \Rightarrow \text{Current price for a stock} / \text{Company earnings per share} \quad (21)$$

5c. The last market ratio which is used in this final thesis is **Book value of equity per share** is the ratio of equity available to common shareholders divided by the number of outstanding shares. This figure stands for the minimum value of a company's equity and measures the book value of a company on a per-share basis. It effectively shows a company's net asset value per share, and it is used by investors to evaluate a company's stock price. It compares the total shareholder equity said on the balance sheet to the total number of shares outstanding. In the most cases are the book value per share different than the value given by the market (Market price per share). If the market price per share is higher than the book value per share it can be caused by the company's good name, the number of satisfied customers, and potential demand for shares on the stock exchange. Other way around, when the market price is lower than the book value it can mean that the company is mature, products or services are outdated, and the company does not have much potential to growth in the future or surprise investors with some innovations.

$$\text{BVPS} \Rightarrow \text{Total Equity} / \text{Total shares outstanding} \quad (22)$$

2.2.6 Capital budgeting

Capital budgeting is a process when the company considers few proposals of investment. Because this is a crucial decision which company is making, there is a method developed consisting of few steps including the first analysis of the costs of the investment, benefits which the investment may bring, and the final impact on the company sources. Capital budgeting is a process where the company management figures out the value of potential investments, considering the costs, benefits, and risks. There are three methods for capital budgeting: Payback method, which determines how long it would take to company to have positive cash flow from the investment to cover all invested money; Net present value where the current value

of the future investment is calculated using the discounted cash flows and Internal rate of return where an expected return of each project is measured and if the rate of these expected returns are higher than cost of the capital invested than the project gets green light.

Capital budgeting process consists of the following steps: Finding the opportunity, evaluating the project, selecting a project and implementation.

The company can find opportunities related to existing products or product lines (like the service) or can generate a new opportunity – produce brand new product or service. For realizing this mostly new investment in machines and technologies is necessary.

Once finding this new opportunity, capital budgeting is applicable. The company must evaluate a return of a big investment (buying some expensive long-term assets or investment in innovative technology). The most important action in this phase is to decide the costs and if the project will bring the desired value and if the project will be accepted or not due to the added value which it brings to the company.

For deciding the value of a project there are various techniques available. The most common are the following three techniques:

$$\text{Payback Period PP} \Rightarrow \text{Initial Cash Investment} / \text{annual cash flow} \quad (23)$$

$$\text{Net present value NPV} \Rightarrow \text{Net cash flow} / (1 + \text{discount rate})^{\text{time of cash flow}} \quad (24)$$

$$\text{Profitability index PI} \Rightarrow \text{Present value of Cash Inflows} / \text{Initial investment} \quad (25)$$

Once the project is selected it needs to be implemented. The implementation means to put the chosen project into praxis. During this time, the project needs to be evaluated again because the company may face the additional challenges related to implementation of the project or the reaction of market (for example on new product or service) may be different than expected and the realized cash flows from production of new project or implementation of new service can differ from the budget. It is particularly important to see if the first expectations were met or if there are big variations and deviations from the budget. Especially when the implementation period is long then it is necessary to make regular review and control of progression.

Camm, et al. (2021, p.673) determines the capital budgeting as follows: *“In a capital budgeting problem the company’s objective function is to maximize the net present value of the capital budgeting projects.”*

2.2.7 Other common types of Financial analysis

2.2.7.1 Horizontal and Vertical analysis

Among the basic financial analysis, used often in the beginning of review the annual reports by analysis belong Horizontal and Vertical analysis. Horizontal analysis is the comparison of financial information over a sequence of reporting periods, mostly done for last five years where the analyst compares the information horizontally – thus examines the information about the particular items from the balance sheet and profit and loss account between the consecutive years. Calculated percentage is given to each change in the item and the trend is compared and evaluated in the row of (mostly) five years.

Bragg (2020) describes the horizontal analysis as follows: *“The analysis is most commonly a simple grouping of information that is sorted by period, but the numbers in each succeeding*

period can also be expressed as a percentage of the amount in the baseline year, with the baseline amount being listed as 100%.”

Horizontal analysis is also called trend analysis. It monitors the development of individual items of financial statements over time. The evaluation is performed on the basis of quantification of changes in absolute and relative positions - in line with the financial statements - therefore horizontal analysis. In order to have sufficient explanatory power, it is necessary to have a longer series of time data - at least two consecutive financial years in order to ensure the comparability of data in the selected time series and also to exclude random and extraordinary influences.

Horizontal analysis is used in financial statement analysis to compare historical data, such as ratios, or line items, over a number of accounting periods. Horizontal analysis can either use absolute comparisons or percentage comparisons, where the numbers in each succeeding period are expressed as a percentage of the amount in the baseline year, with the baseline amount being listed as 100%. This is also known as base-year analysis (Annansingh, et al. 2022).

The key takeaways are determined as follows: Horizontal analysis is used in the review of a company's financial statements over multiple periods. It is usually depicted as percentage growth over the same line item in the base year. Furthermore, horizontal analysis allows financial statement users to easily spot trends and growth patterns and shows a company's growth and financial position versus competitors. The limitation of horizontal analysis is that it can be manipulated to make the current period look better if specific historical periods of inferior performance are chosen as a comparison (Franklin, et al. 2019).

How the horizontal analysis can be used? Investors and analysts use this analysis to see what has been driving a company financial performance over the given number of years to determine the trends and the direction of potential company's growth in the future. This analysis helps them to determine the changes in particular balance sheet items in the past and helps to estimate the development of those numbers in the near future. Analysis of the financial statement in the time helps to get a better picture of a company performance, efficiency, and profitability.

The base of vertical analysis is in the percentage analysis of financial statements where the percentage of individual items of the balance sheet or profit and loss account are calculated with respect to the base (total amount of assets or equity and liabilities). Thus, in the case of a vertical balance sheet analysis, the difference between the individual asset items in the total assets and the share of the individual capital and liability items in the total of equity and liabilities are calculated. In the case of profit and loss accounts, for example, the total turnover (total volume of sales) may be chosen as a basis.

Vertical analysis stands for proportional analysis of financial statements. The base principle is to take on a total amount as 100% and compare all other items in the balance sheet or profit and loss account in respect of this base. Because all balance sheet – or profit and loss items are said in the percentage related to this basis (total of assets etc.) it shows to user of this analysis how the individual items in balance sheet or profit and loss account are represented in one financial period. Vertical analysis shows the relative proportions of individual items in balance sheet or profit and loss account. Immensely popular usage of this analysis is to show to user the profit and loss accounts' items how are they proportional presented related to a total of sales or with the other words what are the percentages of the individual expenses' items related to total a of turnover (total volume of sales). Vertical analysis is a useful trend analysis if it is done in the period of more consecutive years – for example especially useful is to show the changes of the individual items in a five-year period.

This method can be used to compare the development of the company in the longer term if the comparability of data is ensured. This method is also usable for comparing the evaluated company with i) other companies in the same kind of business ii) with a plan iii) with industry averages or iv) with standard recommended values (Annansingh, et al. 2022).

The central issue when creating a vertical analysis of a balance sheet is what to use as the denominator in the percentage calculation. The usual denominator is the asset total, but the total of all liabilities can also be used when calculating all liability line-item percentages, and the total of all equity accounts when calculating all equity line-item percentages (Bragg, 2020).

Furthermore, says Bragg (2020, p.55) that *“Vertical analysis is the proportional analysis of a financial statement, where each line item on a financial statement is listed as a percentage of another item. Typically, this means that every line item on an income statement is stated as a percentage of gross sales, while every line item on a balance sheet is stated as a percentage of total assets.”*

What is thus the difference between both types this analysis? The primary difference lies in focus on the relationship between the numbers in one single financial period or one moment in time. Vertical analysis is also known as common size financial statement analysis. Horizontal analysis looks at amounts from the financial statements over a horizon of many years. Horizontal analysis is also referred to as trend analysis. Assume that the base year for analysis is three years earlier. All of the amounts on the balance sheets and the income statements for analysis will be expressed as a percentage of the base year amounts. The amounts from three years earlier are presented as 100% or simply 100. The amounts from the most recent years will be divided by the base year amounts. The crucial fact for both analyses is a few the financial period used. The more periods the better, mostly five consecutive periods are chosen where the oldest period is the basis for both analyses. The uncertainty of the fiscal year used as a base is that just that year must not be always the “standard” year of the company, because the analyst does not always have the information if just that year was not influenced by some extraordinary deed (was that year extraordinary good or bad?).

Further in the Analytical part of this thesis there will be presentation of selected items of horizontal analysis (Revenue; Net Income available to Common Stakeholders; Equity and Liabilities) and continue with vertical analysis, which gives lot of information to user prior to examine the financial ratios in more detail (reference is made to paragraph 3.1).

2.2.8 Analysis of Financial Resource Funds

Analysis of financial resources funds will not be presented in the analytical part of this thesis; however, this will be mentioned briefly in the theoretical part. This analysis belongs among the elementary methods of financial analysis. Here we speak about the analysis of the net working capital, net cash available (quick ratio) and net cash receivables (current ratio). These ratios show the solvency of the company – the ability to pay the liabilities on time.

- Net working capital is calculated by two ways: i) as a difference of short-term assets and short term (current) liabilities => in this case it is considered a part of the current assets financed by the long-term sources (from the equity (own capital) or from the third-party liabilities) or ii) as a difference of long-term capital (equity plus long term liabilities) and long term (non-current) assets. In this case is net working capital considered as a part of the long-term capital which could be replaced by the cheaper short-term liabilities.

For calculation is always crucial (and can be also tricky) the valuation of short-term assets – here should be also included some items which are very sensitive for valuation (bad debts; value of short-term receivables ; value of inventory etc. As always, managers have to consider the prudent rule of financing: short term assets should be financed by short term liabilities and long-term assets partially by own capital and the rest by long term liabilities where the useful lifetime of assets and the payment term of liabilities are considered.

From the long-time perspective the company should have the Net working capital positive. If so, it means that the Company is financially healthy and should be able to fulfil its short-term liabilities in time without any problems. In case that the Net working capital is continuously negative the Company must consider selling the long-term assets to cover the debts which is in the long-time period unsustainable trend and the company should consider its re-financing or – in the worst case - liquidation.

- Net cash available (quick ratio) is calculated as cash on hand and in banks and cash equivalents minus short term payables. This ratio is tougher indicator of the financial position of the company because it takes in consideration only available cash or cash equivalents. This net cash is compared with the short-term payables.

The quick ratio measures a company's capacity to pay its current liabilities without needing to sell its inventory or obtain additional financing. It is considered a more conservative measure than the current ratio, which includes all current assets as coverage for current liabilities. The higher the ratio result, the better a company's liquidity, and financial health; the lower the ratio, the more likely the company will struggle with paying debts.

- Net cash receivable (current ratio) is calculated as short-term assets minus inventory minus bad debts minus short term payables. The same as two above mentioned ratios, also current ratio measures a company ability to pay the short-term liabilities, but not due immediately but withing a horizon of one year. It tells user of the analysis how the company can maximize the short-term assets to cover the current liabilities (immediately payable obligation from the operations – for example trade creditors) and other short-term liabilities (with term less than one year).

For its calculation this ratio includes all items from the short-term assets and short-term liabilities, and it tells user how much of the assets can be turned into a cash within one year. The same as above mentioned ratios it helps user to understand how much of the current assets can be used to cover the short-term debts.

Weaknesses of the current ratio include the difficulty of comparing the measure across industry groups, the overgeneralization of the specific asset and liability balances, and the lack of trending information.

2.3 Financial ratios for executive and their decision making.

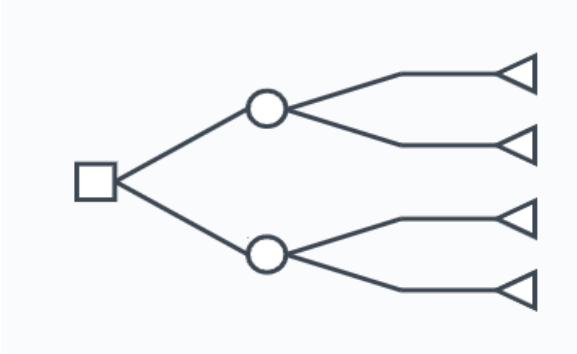
Process in a company when management considers possibilities and makes choices is called decision making. It is a process based on the collection information, assess the probabilities and choosing the best alternative. The decision making is based on the various approaches and the decision maker must understand the problem and those approaches, must be able to make a judgement of all possible alternatives and choose the appropriate one. Financial analysis using the ratios is one of the useful resources which help to decide correctly.

According to Camm, et al. (2021) there are three basics approach for decision making. The first of them is optimistic approach which evaluates each decision alternative in the terms how they can occur in the best way. If there is a project for which the maximum profit is desired, decision maker chooses an alternative with calculated largest profit – then the maximum profit for each decision is determined, all steps are systematically leading to the decision with the overall largest profit that provides the largest profit is chosen. The second approach is conservative approach which evaluates each decision alternative in the opposite term – it means that each alternative is viewed from the perspective of the worst payoff. Among all decision alternative is chose that one which has the best of all worst possible payoffs. For the case of the largest profit manager with a conservative approach would choose the alternative with the minimum possible profit. So first a minimum profit of each alternative is determined and then the one with the highest minimum possible profit is chosen. Minimax regret approach is the last of three approaches in decision making. In this approach a regret means the opportunity loss.

According to Camm, et al. (2021, p.742) is minimax regret approach “a difference between the payoff associated with a particular decision alternative and the payoff associated with the decision that would yield the most desirable payoff for a given state of nature. Thus, regret represents how much potential payoff one would forgo by selecting a particular decision alternative, given that a specific state of nature will occur.”

Very useful tool for decision making is so-called decision tree. Decision tree provides a graphical presentation of decision-making process displaying the method how the alternative has been chosen. For set up of the decision tree is always very useful to decide the problem into a few subproblems and continue step by step, one by one through the decision tree to reach the best possible alternative. Also, few people see the problem from various perspectives using their personal knowledges and experiences. Therefor there is always better to discuss the problem with the team of colleagues or draw the decision tree together worth other managers involved in the same project. Reference is made to figure 4 showing the simple decision tree:

Figure 6 Decision tree



Source: Lucidchart (2022)

2.3.1 The purpose of financial analysis

Financial analysis is having crucial function in providing the information to management. The analyst must understand how the business model works, must understand the financial statements to extract the correct necessary data form it. Financial analysis enable user to have a look into the financial performance of a company. It shows for instance if it increases or decreases its revenue, if it has enough cash and can pay its debts, etc. User of the financial analysis can very quickly see if a company has a negative or positive results and what is the trend of results in few past years.

Borosky (2022, p.9) says: *“When analysing financial statements, especially the income statement, a common objective for financial analyst is to identify trends. Trends, for financial evaluation purposes, are noteworthy events that happen over time. As an example, if revenues for a company fall for two, or more consecutive periods, this would be a trend, specifically, a concerning one.”*

Therefore, it is very important for the purposes of the financial performance analysis of the company to be able to see the development of ratios in larger period, the best generally recommended line is five years. In this final thesis the trend will be analysed of various financial ratios in the period of five consecutive years starting with 2017 through 2021.

According to Bragg (2020, p. 1 and 2) Financial analysis service mainly for the following seven purposes:

- Acquisition and pricing: always when the management board consider making an offer to buy new company or merger with another company (can be a company with strategic business model or marketplace or even competitor), an analyst is requested to make a basic analysis of the financial indicators of the target company.
- Capital budgeting: when management board intends to invest a money in new assets or project, financial analysis helps to indicate the future cash flows from this investment and decide whether the investment is repayable, how the future cash flow will look like, and what is the payback period (reference is made also to chapter 2.2.6).
- Dividend policy: management board intention is to satisfied investors with regular dividends. It is again a work of a financial analyst to help determine what is the best dividend policy, how much can be pay out and how much needs to be reinvest or how to use the cash alternatively. Analyst helps to determine the frequency of dividend payments, and what will be the optimal level of dividend amount to make sure the company is able to fulfil its liabilities.
- Foreign exchange risk: When the company considers making a transaction in foreign currency, the analyst is requested to make an analysis how much must be changed from one currency to the other, how are the risks and how to mitigate these risks (what is the price to reduce the risk, and what is the cost of recommended option).
- Growth rate: management board is obliged to compile the budget for few next years and the financial analyst is requested to help with the analysis of a company growth for next few years. Analyst can also point out the potential problems and the bottleneck in the company processes.
- Product terminations: Very basic analysis of profitability of products or services. The financial analysis can help management to decide whether the product or service will continue or will be terminated due to insufficient effectiveness which it brings to the company revenues.

2.3.2 Decision making

Financial statement analysis is a crucial background information for decision making. Almost all decisions made by the managements of the company is based on the financial analysis, management must collect the precise relevant information from accounting or controlling departments of the company, must rely on their work because each management decision has a big impact on the future of the company. If management received precise and correct financial data from the supporting departments, can make the correct decision and all stakeholders are positively affected by this decision. If not, if the financial analysis is done wrong, or in a hurry, or accounting and controlling managers do not have all relevant information to complete the analysis, they will produce incorrect analysis with wrong results which are not correctly interpreted, and the decision of top management has negative impact on the future of the company and all related stakeholders. There are also other cases known when the management influence intentionally the result of analysis or used earnings management to produce better (or worse when suitable) results, affecting the next decision of top management and especially presenting those modified results of financial analysis to potential investors and external users. Therefore, a precision of the background information and analysis itself is crucial for depicting the actual situation in which the company currently states.

Accounting information is an important part of managers' everyday decision-making process. Managers are affected by reporting, accounting and financial reports have crucial influence of their decisions in daily business. To make correct report from correctly collected accounting data and especially correct reading and understanding to presented report is extremely important in planning of the next steps for each business.

According to Birt et al., (2020, p.2) *“The role of the accountant is continually evolving and comprises a lot more than just the rudimentary preparation of financial statements and the traditional work areas of management and financial accounting. Accountants can work in exciting new growth areas such as artificial intelligence (AI), analytics, blockchain technology, Fintech, forensic accounting, sustainability accounting, procurement, and insolvency”*.

There is lot of various sources – especially large books written which can be used for the decision making – so managers have a lot of external sources to study how to interpret the result from the financial analysis. Nevertheless, the precise background information and calculation of financial ratios is crucial for them.

Managers of the company must plan, coordinate, and lead the other employees of the company to reach the goals given by the top management. Managers are responsible for their decisions made and therefore they need reliable information to do so. According to Camm, et al. (2021) there are three basic types of decision making. Strategic decisions which are made on the top level of the company have an impact for long term horizon of three to five years. It is about decisions which influence the future direction of the whole company, they are based on the long-term goals and aspiration for the future. Strategic decisions are due to their importance in charge of high executives. Tactical decisions are made in the respect how the company should achieve the goals given by the strategic decisions. Tactical decisions include the ways and methods how the goals will be achieved, they are for short term period of one year and are reviewed annually. They belong in a charge of a middle management. The third group of the decisions are operational decisions. Here are the actions taken each day in day-to day operational life of the company. Decisions makers here are the operational managers who are also in direct contact with the customers and clients of the company.

Camm, et al. (2020) continues further with describing the process of decision making (and this process is similar for all three levels of decisions):

1. *“Identify and define the problem.*
2. *Determine the criteria that will be used to evaluate alternative solutions.*
3. *Determine the set of alternative solutions.*
4. *Evaluate the alternatives.*
5. *Choose an alternative.*

The most critical part is step number 1. Only if the problem is well defined with clear metrics of success or failure (step 2) can a proper approach for solving the problem (step 3 and 4) be devised. Decision making concludes with the choice of one of the alternatives (step 5).”

Managerial decisions are very important for the future of the company. There are two factors influencing the decision of manager (and it does not matter on which level). The first one is the personal experience of manager. However, the more experienced manager the better decision could not be always the case. Manager can draw a lot from his own experiences, but must be also willing to learn new things, new approaches and trends and must be open to external criticism. The second factor is to have relevant data available. And therefore, the importance of precise financial analysis is crucial.

2.4 Work methodology

In the following few chapters, a methodology of the work on this final thesis will be described including collecting of relevant information, how the background information will be approached and how they will be sorted out in the clear excel sheet tables. To deliver a thorough preparation work is the crucial item of getting the reliable information from the financial analysis.

Data collection: Collecting data from publicly available financial statements for the last five years (2017 – 2021) of three Fintech companies, extract the main financial information as balance sheet, profit and loss and the cash flow from operating activities. From these three statements the relevant data for financial analysis will be selected and sorted into clear table. Reference is made to chapter 2.4.1 “Background and excel charts preparation for calculation of financial ratios”.

Performance of financial analysis using horizontal and vertical analysis and financial ratio analysis by calculating the extracted data according to defined formulas and compare the results in the excel sheet charts and graphs. Horizontal and vertical analysis will be interpreted separately. Calculated financial ratios will be interpreted in each category assigning the points to each company based on the results. Total points in each category will be assigned importance and after that they will be increased by a coefficient according to this importance.

Approach: First chapter of each particular company is dedicated to Horizontal and Vertical analysis and interpretation of it. For calculation of each part of analysis and all financial ratios, the financial information is extracted from the last five years’ annual reports of Green Dot, Square and PayPal. Once the extracted data is collected, I calculated the particular ratio using the formulas mentioned under numbers 1 up to 22 according to the formulas in the chapter 2.2.1 “Profitability” up to chapter 2.2.5 “Market ratios”.

Calculation of ratios according to chapter 2.2.6 “Capital budgeting” is omitted intentionally, because from the publicly available sources of all three analysed companies it is not possible to get the relevant and reliable information needed for calculation of ratios under numbers 23, 24 and 25.

Results based on the methodology described above will be evaluated in a separate chapter. For each particular result in the financial ratio analysis, each company gets the certain number of points. Total points in each category of the financial ratios will be then multiplied by certain coefficient depending on relevance and importance of the financial ratios group. All points will be presented in a clear table and according to these points the best option – Fintech company will be recommended for investment.

Finally, all three companies will be compared with another peer from the industry. The goal of the financial analysis is to give recommendation to potential investors which of the three analysed companies is the best object for investment. Reference is made to chapter 2.4.2 “Interpretation of results and limitations” and to chapter 3.8 “Evaluation of results and comparison with the industry peer”.

2.4.1 Background and excel charts preparation for calculation of financial ratios

The first step is modifying the large financial statements of all three above mentioned companies to a simple and clear excel sheet table overview in the same format. There will be three kinds of background financial information used for the financial analysis: Statement of financial position (Balance sheet), Income statement and Statement of cash flow. Extracted relevant data for all three companies for the last five years starting at 2017 through 2021 will

be collected. Precision of the background documents plays the big role to achieve a financial analysis is crucial for the comparison of the results, therefore the meaningful base of the financial data is very important step in preparation work.

All necessary financial statements are collected from the web sites (for the websites addresses is reference made to chapter 2.4.1 above). The following files are downloaded: Annual reports of PayPal for years 2017 – 2021 and the same for Square, Inc., and Green Dot Corporation. Once the Annual reports are downloaded, relevant financial data must be extracted and sorted out in excel sheets tables. For the financial analysis we need the following information: Balance sheet; Statement of Operations and Cash Flow. All three companies provide the consolidated annual reports completed with the report if independent auditor which is mandatory if the company is listed on the stock exchange.

Balance sheet - also known as a statement of financial position – is an overview of the company assets and liabilities (sources received from the third parties) completed with the overview of the shareholders' equity (own capital) where assets must be always equal to liabilities plus shareholders' equity. Balance sheet includes the information about current assets (among others current assets which is represented by cash, receivables, inventories and non-current assets representing by investments in tangible, intangible and financial fixed assets which has a lifetime longer than one year), liabilities (also divided into current liabilities as trade payables, accrued expenses, tax liabilities, current loans and other similar items and non-current liabilities – sources where the duration is longer than one year). Shareholders' equity consists of capital stock (shares which are issued by the company), additional capital from the owners (mostly informal capital as a share premium) and retained earnings which is accumulated volume of profits or losses from the past periods which are not yet paid out to shareholders. This is a primary source for analyst to calculate the liquidity and activity ratios and some of the solvency ratios.

Balance sheet always shows the financial standing of the company in the specific point of time. It shows to users (analyst, potential investors, managers, and other stakeholders) how much assets – cash, receivables, inventories; liabilities – debt, payables to suppliers but also accrued expenses and tax payables; as well as own sources the company disposes at the specific point of time.

A special part of the balance sheet items are long term provisions; however, these are only known by the financial statements prepared under the international financial and reporting standards (IFRS) under the international accounting standard 37 (IAS 37) and not under the US generally accepted accounting principles (GAAP) according to which all three companies' annual reports are prepared.

According to Flood (2021, p. 20) are the three groups of items belonging to balance sheet described as follows: *“Assets are probable future economic benefits obtained or controlled by a particular entity as a result of past transactions or events. Liabilities are probable future sacrifices of economic benefits arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events. Equity (net assets) is the residual interest in the assets that remains after deducting its liabilities. In a business enterprise, equity is the ownership interest.”*

For purposes of financial analysis are the following balance sheet items very important: cash, inventory, accounts receivable on the assets side and accounts payable, long-term, and short-term debt on the liability side as well as the equity itself.

Income statement is an integral part of the financial statements showing the company's result in the given period. Income statement consists of the following main parts: Operating revenues and expenses, General and administrative expenses, Finance income and expenses, other

income and expenses and Taxes. If we investigate more details, the Income statement can be compiled by the several methods. It can be presented by the nature of items which means that the items are sorted according to their nature (for example expenses are divided into direct and indirect costs in the view of production) or can be presented by the function of items (Operational income and expenses; administrative income and expenses etc.).

Other manner of income statement compilation is single-step, multi-step, or the contribution margin. In the single-step income statement the subtotals are presented for the revenue items and another subtotal for expenses and the result is or profit or loss in the bottom. In the multi-step there are multiple subtotals which makes easier to user separate the groups of revenues and expenses according to type of activity. User of the income statement can easily read how much the company achieves from the fields of activities (for example how much is operating result, how much finance result etc.). In the contribution margin income statement are all variable expenses deducted from sales which results to a marginal profit and then all fixed costs are deducted which results to profit or loss for the period. The last type of the income statements is more typical for internal using and not for public presentation.

Flood (2021, p. 20) describes the main two components of the income statement (revenue and expenses) as follows: *“Revenues is inflow or other enhancement of assets of an entity or settlement of its liabilities (or a combination of both) from delivering or producing goods rendering services, or other activities that constitute the entity’ ongoing major and central operations. Expenses are outflows or other using up of assets or incurrences of liabilities (or a combination of both) from delivering or producing goods, rendering services, or carrying out other activities that constitute the entity’ ongoing major and central operations.”*

In this final thesis the represented income statements of all three Fintech are in format of multi-step income statements, and this will be also reflected in the extracted income statements which are used as a base for the financial ratio analysis.

Statement of Cash flows: Flood (2021, p. 70) *“is a required part of a complete set of financial statements for business enterprises and not-for-profit organizations.”*

Cash flow statement consists of three main parts and user can read from this statement the following information: Profit or loss from operating activities where all items from the balance sheet and income statement related directly to operating activities are included. Profit and loss from financing activities where all financing related items are included such obtaining funds from owners, granted loans and loan redemptions, paid interest and received subsidies. The last part of the cash flow statement is Profit or loss from investing activities where the company presents the flows of money from investing in fixed assets items, and capital gain or losses, but also the loans provided for assets which is hold for production, good or services, and acquiring and disposing the equity instruments.

There are two methods of compiling the cash flow statement: Direct method which is used less and the indirect method which is used very often. By compiling cash flow statements using the direct method is the cash paid for expenses (outflows) simply deducted from the cash from revenues (inflows). The same works for other two parts of the cash flow statement. This method is very simple and is based on the real payments and income of money. By indirect method is the net result adjusted for all differences resulting from the non-cash operations. For example, net movements between two consecutive years in payables to trade creditors are added (when the payable in year t+1 is higher than in year t) or deducted when the payable to trade creditors decreased between the years t+1 and t (there is outflow of the cash because the company paid its liability to trade creditors).

For the purposes of financial analysis in this thesis, the most important information deriving from the statement of cash flow are information from financing activities which are needed for calculation of ratios related to debt (how much interest is repaid, what is the loan redemption, etc.).

For extracted excel sheets with financial information for year 2017 up to and including 2021 is reference made to attachments 1, 2 and 3.

2.4.2 Interpretation of results and limitations

There are two basic methods for comparing the financial statements. The first one – which will not be used in this final thesis – is horizontal analysis, comparing the financial information over the series of reporting periods and vertical analysis which is a proportional analysis of financial items where each line of the item on statement is listed in percentage of the basis (can be for example the total volume of revenue etc.).

The second method – which will be presented in this final thesis - is the financial analysis using the financial ratios. The financial ratios introduced in chapter 2.2.1 “Profitability” up to and including chapter 2.2.5 “Market ratios” will be calculated using the formulas 1 up to and including 22. Once all ratios are calculated and collected in a clear excel sheet table, they will be compared among those three Fintech companies. By comparing the results over five years period the trend of companies is obvious especially when the ratios are presented graphically.

Interpretation of the calculated ratio will be given in analytical part of this final thesis, with a help of graphical presentation for clearer picture. Calculated ratios will be explained and interpreted in the way how particular companies are standing and what is the trend of each of them as well as related to the industry. Therefore, the ratios will be presented for five years following by the word interpretation and explanation of the calculated results.

Borosky (2022, p.63) says: *“The power of financial ratios comes from their ability to show how a company is performing as a percent of a benchmark. By using percentage, we can compare financial ratios, in a meaningful way, with industry competitors, as well as historically. These comparisons allow us to identify performance and other trends within a company with relative ease.”*

There are also limitations of ratio analysis:

All the information is taken from the historical results. It means that all ratios are collected from the presented financial statements and analyst – especially external one who does not have access to internal information of the company - must rely on the these presented financial statements that they give true and fair picture of the company’s standing in the point of time (for this purpose serves as a verification of correctness the independent auditor’s report).

Information in financial statements is disclosed in the current costs but some of the valuation is done in historical costs which may distort a continuity of given information.

Information derived from the financial statement used for the financial analysis and ratio calculation may be aggregate differently in the past which means that information got for one year does and the whole period are not acquired by the same method.

The company may undergo significant organization changed during the period under review and the information in financial statements for year one, two and three can be presented differently than in year four and five.

The same applies to accounting principles and business conditions. The company may change the accounting principles during the years (even if it is allowed only once and there is no way

back) for example from the local GAAP to US GAAP, from the local GAAP to IFRS, or from US GAAP to IFRS for the purposes of the group consolidation and reporting etc. For purposes of this final thesis this it is not the case because all three Fintech use the US GAAP accounting principles consistently for all five years.

The company may change the business conditions and payment terms to suppliers or customers so the account payable and account receivable items got from the balance sheet do not have to be necessarily consistent.

3 Analytical part

In this part of the final thesis, the necessary financial information will be extracted from the annual reports of all three Fintech companies and calculate the ratios mentioned in chapter 2.2 “Financial ratios (purpose and types)” under numbers 1 up to 22. There will be no calculation for ratios mentioned in the sub-chapter 2.2.6 “Capital budgeting” since the necessary financial information are not available from the publicly available sources. Nevertheless, it is very probable that the final analysis of the available financial information will be interesting for readers, and it will serve as a good sample how the financial analysis could look like.

First a short description of all three Fintech companies will be presented, following by the presentation of calculated ratio completing with the graph for more convenient comparison of calculated results.

3.1 Description of top three Fintech companies

In financial analysis there will be focus on analysis of the financial indicators of three very successful American financial technology companies, which are Green Dot Corporation, PayPal Holdings, Inc. and Square, Inc. The Motley Fool describes those three companies among the top five most successful Fintech companies on the current market.

3.1.1 Green Dot Corporation

- Green Dot Corporation (further in this thesis mentioned as “Green Dot”), 3465 E. Foothill Blvd. Pasadena, California 91107, acting under the jurisdiction of Delaware, USA.

The Motley Fool (2022) describes Green Dot as follows: *“Green Dot s one of the oldest Fintech companies in the market, best known for pioneering the prepaid debit card two decades ago. The company’s debit-card business remains a large one, but it’s losing market share to companies like Square and PayPal, which offer new and innovative solutions to the same problem. However, Green Dot has started to try to capitalize on its key advantage -- it has a banking charter -- with moves like introducing a savings account with a 2% yield to Walmart Money Card customers and appointing a highly experienced CEO to head up the banking efforts.*

It's also worth keeping Green Dot on your radar for its banking-as-a-service (BaaS) platform, which is used by companies such as Apple, Uber, and is still in the early stages of realizing its true potential. In a nutshell, Green Dot lets companies offer banking products without having to become banks themselves (think of Apple Pay Cash). Green Dot essentially lets these companies use its banking infrastructure to power their products, and this could be a major growth industry in the future.”

According to Green Dot (2021, p. 1) is Green Dot Corporation *“a financial technology and registered bank holding company committed to giving all people the power to bank seamlessly, affordably, and with confidence. Green Dot technology platform enables to build products and features that address the most pressing financial challenges of consumers and businesses, transforming the way they manage and move money, and making financial empowerment more accessible for all”.*

Among the services provided by Green Dot Corporation belong Innovative consumer and small business checking account products that allow customers to acquire and manage their checking account entirely through a mobile application available on smartphone devices; network-

branded reloadable prepaid debit cards marketed under several leading consumer brand names; network-branded gift cards (known as open-loop) that are sold at participating retail stores; and secured credit programs designed to help people establish or rehabilitate their national credit bureau score.

The main business model of this young and successful Fintech is to earn revenues from the customers deposit account programs as well as fees assessed to merchants for purchase transactions initiated by our cardholders (commonly known as interchange); card revenues and other fees, principally consisting of fees charged to cardholders for certain transactions and usage of our products and platform management fees we earn from our partners for use of our technology platform and our program management capabilities; and interest income earned from the investment of deposits held at Green Dot Bank (Green Dot, 2021).

Green Dot also offers a variety of products and services that specialize in facilitating the movement of funds on behalf of consumers and businesses, referred to as money processing and tax processing services. The money processing services include the cash transfer services that enable consumers to deposit or pick up cash and pay bills with cash at the point-of-sale at any participating retailer. Green Dot also offers services related to deposit account programs and any third-party bank or program manager that has enabled its cards to accept funds through our processing system.

There are not only services related to deposit and cash transactions but also large scale of tax processing services which are designed for participants in the tax industry. These tax services include tax refund transfers that provide the processing technology to facilitate receipt of a taxpayers' refund proceeds. When a customer of a third-party tax preparation provider chooses to pay their tax preparation fees using our processing services, we deduct the tax preparation service fee and our processing service fee from the customer's refund and remit the remaining balance to the customer's account.

Green Dot has also various useful services for small business. It includes lending to independent tax preparation providers that seek small advances in order to help provide working capital prior to generating income during the tax filing season; and fast cash advance, a consumer-friendly loan that enables tax refund recipients utilizing our tax processing services the opportunity to receive a portion of their expected tax refund amount in advance of receiving their actual tax refund. For these services earns Green Dot primarily fees charged to consumers on a per transaction basis for cash transfer services, tax refund transfers and simply paid disbursements.

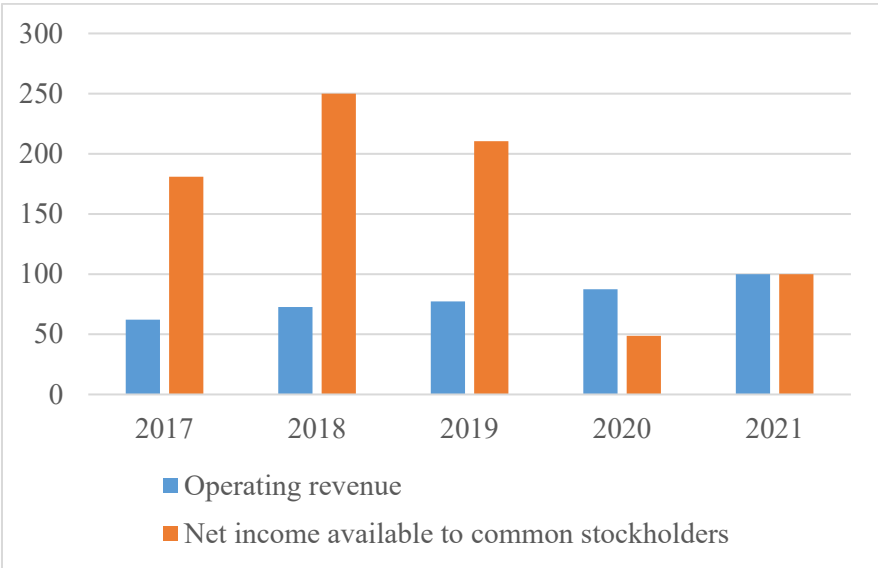
3.1.2 Horizontal analysis of Financial data of Green Dot Corporation and its interpretation

Let's have a look into the horizontal analysis of operating revenue and net income available to common shareholders of Green Dot Corporation between the year 2017 and 2021, where the year 2021 is a basis and to the value of revenue USD 1,433,197 thousand and net income available to shareholders in amount of USD 47,470 thousand respectively is given 100%.

In case of the operating revenue, we see the growth from sixty two percent in 2017 to one hundred in 2021, which is very positive growth. In case of net available income, the growth is not so linear and significant – in the years 2017 and 2018 the net income reached the level of hundred one percent and in 2018 even two hundred fifty of the level of 2021. Then we see the significant decrease from 2019 two hundred ten percent up to only forty eight percent in 2020 which is the worse year of this company in terms of net profit.

What happened in 2020? Answer can be found in the paragraph “3.1.3 Vertical analysis of Financial data of Green Dot Corporation and its interpretation” in detail analysis of operating expenses. In 2020 took total operating expenses big portion of revenues compared to another years. Whereas in years 2017, 2018 and 2019 the portion of the operating expenses represent eighty-eight up to eighty nine percent of revenue in 2020 it is suddenly ninety-seven – almost ninety eight percent. Therefore, the net income is so low in comparison with other years. Reference is made to Figure 7 “Horizontal analysis of Operating revenue and net Income”:

Figure 7 Horizontal analysis of Operating revenue and Net Income



Source: Annual report of Green Dot Corporation 2017 – 2021; own calculation

Let’s continue in the horizontal analysis comparing the own- and third-party sources of financing. From the Figure 8 “Horizontal analysis of Own- and Third-party sources” we may see that the third-party financing is increasing from thirty nine percent in 2017 up to almost eighty five percent in 2020 in absolute numbers from USD 1,432,981 thousand in 2017 to USD 3,654,804 in 2021 which is more than double. It can be explained by the rapid growth of the company, increase of the numbers of active customers and related short-term deposits. This is confirmed by the obvious increase in short term deposit which can be seen in the balance sheet. On the other hand, the Equity is increasing only by the appropriation of net income which was not high especially in 2020 and 2021.

Figure 8 Horizontal analysis Own- and Third-party Sources

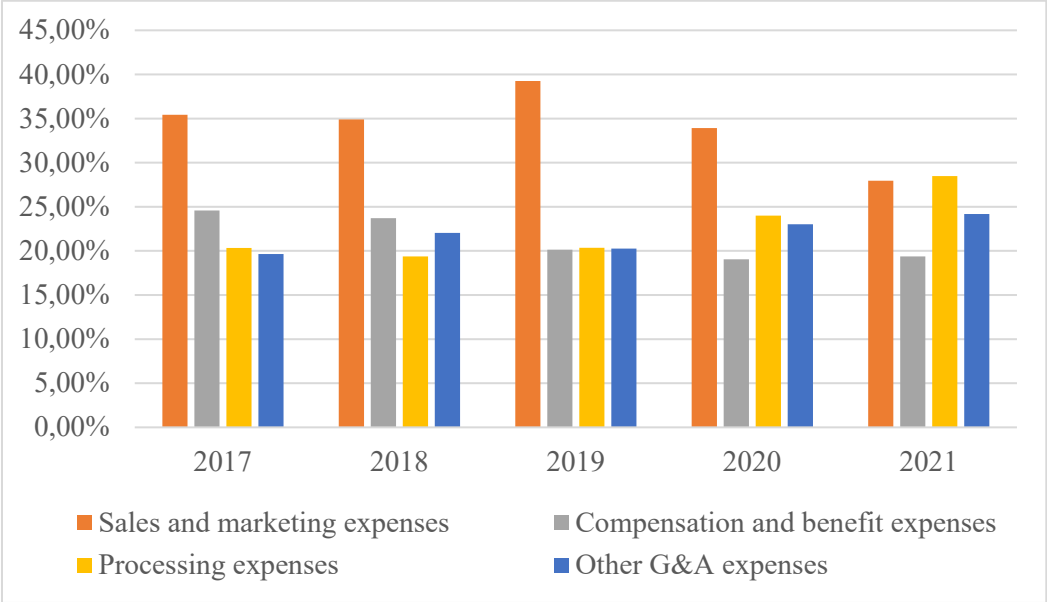


Source: Annual report of Green Dot Corporation 2017 – 2021; own calculation

3.1.3 Vertical analysis of Financial data of Green Dot Corporation and its interpretation

Let’s first have a look at the vertical analysis of the operating expenses and operating result relative to the total revenue of this company between the years 2017 and 2021. Reference is made to the following figure:

Figure 9 Vertical analysis of Operating expenses relative to Revenue



Source: Annual report of Green Dot Corporation 2017 – 2021; own calculation

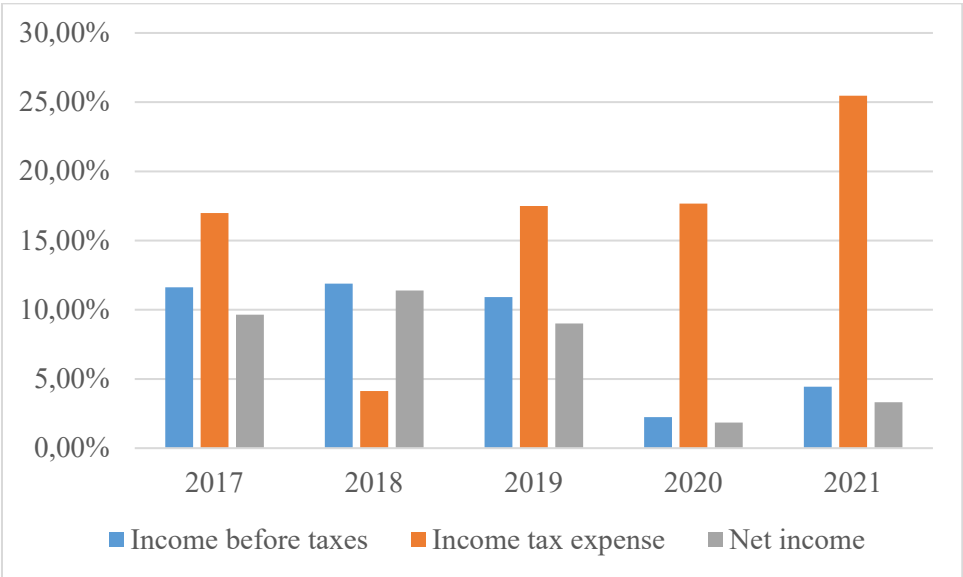
The most significant expense among all operating expenses are Sales and Marketing expenses which varies between 28% and 35%. Green Dot pays every year lot of money for marketing campaigns and commercials especially on internet to gain as much new clients as possible.

Those expenses reach to a value of four hundred million dollars per year and represents one third of all operating expenses relative to revenues.

The next significant expense growing from 20% in 2017 up to 28% in 2021 are processing expenses, which means in absolute numbers hundred sixty in 2017 up to four hundred million dollars in 2021. Processing expenses relate to fees from debit cards and money transactions paid to intermediaries – mostly banks and other financial institutions.

Next very interesting analysis of set of numbers is analysis of Income before taxes and influence of corporate income tax on the net profit of the company. Let’s have a look at the development of the corporate income tax and how this influenced the net income. Reference is made to figure 8 “Income before taxes and Income tax expense”:

Figure 10 Income before taxes and Income tax expense



Source: Annual report of Green Dot Corporation 2017 – 2021; own calculation

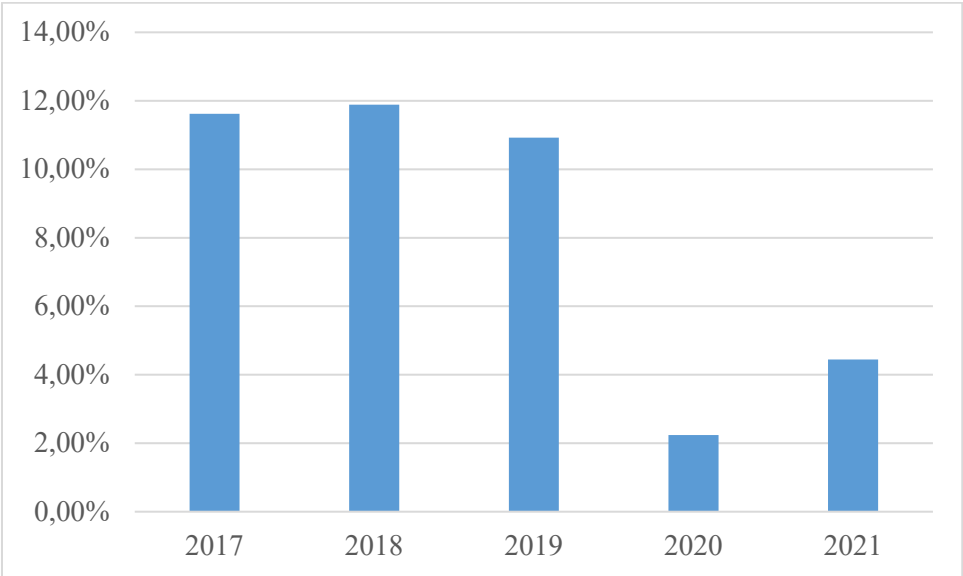
Corporate income tax varies between 4% in 2018 and 25% in 2021. This large variation in influenced by several factors: first of all, the income statement is consolidated and therefore all various local rates of the income taxed by particular subsidiaries are included in the consolidation. The second factor is that there are lot of various tax incentives given by the particular countries to subsidiaries of the company. There is one very interesting fact about the corporate income tax when we look at the figure 8 – the corporate income tax is growing during the years 2017 to 2021 while the gross income and then the net income are getting lower. For detail analysis we would need to study the corporate structure of Green Dot and see which corporate income tax rates influenced the consolidated corporate income tax rate the most.

As a third very interesting part of vertical analysis is development of EBIT, reference is made to figure 9 “EBIT to Total Revenue”. From this graph is obvious that Earnings before tax are on the level of 11% while in 2020 and 2021 they dropped to slightly above 2% and 4% respectively. There are several factors influencing this development. First of all, the Revenues did not grow so fast between the years 2020 and 2021 as in between 2017 and 2019. On the other side the expenses grew much faster, especially as we saw on the graph of the operating expenses, that sales and marketing expenses grew very fast as well as the corporate income tax (as explained in the interpretations to Figure 8). Operating result dropped down also

dramatically in 2020 in comparison with the year before (2019) due to lower increase of Revenues and almost 10% higher share of operating expenses (in absolute numbers are operating expenses higher about more than 200 million US dollars in 2020 than in 2019). Decrease in Revenue can be explained by the coming pandemic of Covid-19 – while money spent on sales and marketing ran inertially as well as increased processing costs.

However, very good sign for the company is that we see increasing trend between the years 2020 and 2021. For the further analysis would be very useful to check the figures of the financial year 2022 and calculate the EBIT. Increasing trend would be a good sign for investors, while the decreasing would be a sign of company’s struggling with the financial results.

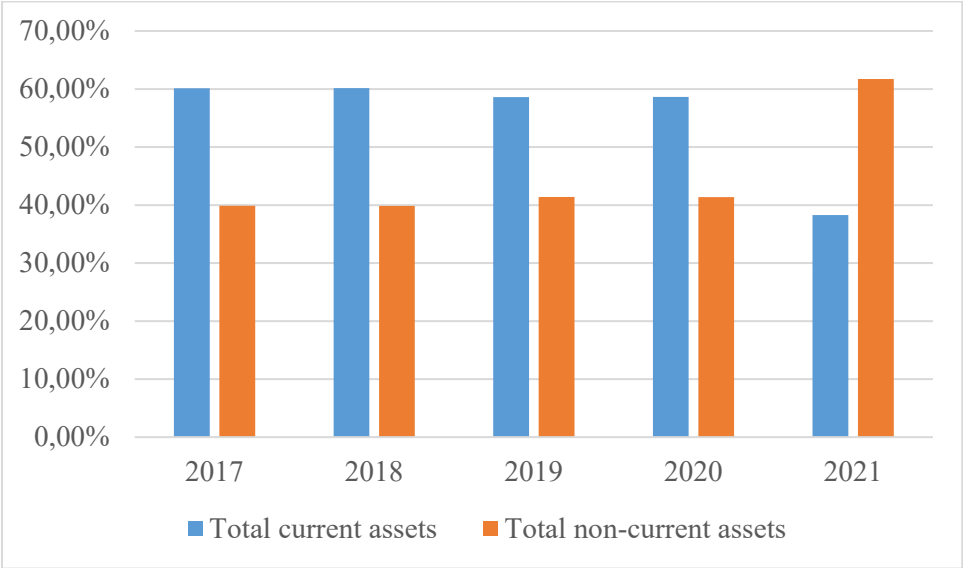
Figure 11 EBIT to Total Revenue



Source: Annual report of Green Dot Corporation 2017 – 2021; own calculation

Let’s have a look in Vertical analysis of the Balance sheet items. The most interesting item for financial analyst is to see how the current and non-current assets is divided in the total assets of the company and if the current liabilities are covered by the current assets – so if the company is financially healthy. There should be enough working capital in the company to cover the debts of the company and the ideal split between current and non-current assets in the common practice is given as 60% for current assets and 40% for non-current. Reference is made to figure 10 “Share of current and non-current assets” of Green Dot Corporation, Inc.:

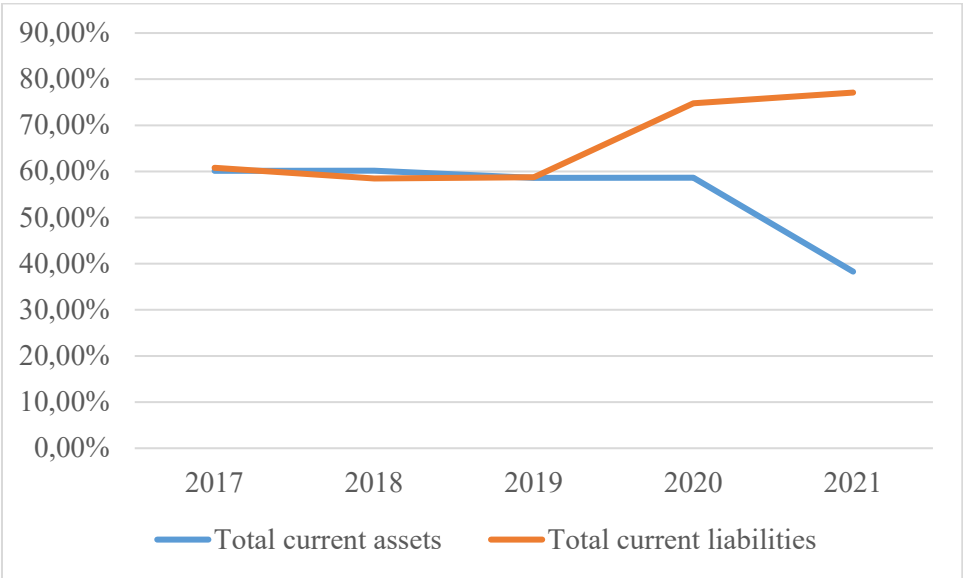
Figure 12 Share of Current and Non-current assets



Source: Annual report of Green Dot Corporation 2017 – 2021; own calculation

Looking at Figure 10, we see the ideal split in the years 2017 – 2020, however due to already mentioned financial struggles in 2020 the current assets decrease dramatically in 2020 and got to the level of 40% while the non-current assets increased to a level of 60% of the total assets of the company which may result to problems with sufficiency of working capital and covering the short-term debts.

Figure 13 Share of current assets and current liabilities in total assets resp. liabilities



Source: Annual report of Green Dot Corporation 2017 – 2021; own calculation

To determine if the analysis of the split is correct there will be added still one graph where can be seen the share of current assets and current liabilities of Green Dot Corporation, Inc. Reference is made to Figure 11 “Working capital “ – here is obvious what exactly was already

indicated in Figure 10: the share between current assets and current liabilities is ideal between the years 2017 -2019 – in 2020 is the situation getting worse and absolutely bad situation occurred in 2021 when Green Dot Corporation was not able to cover the current liabilities by the current assets – working capital is getting to negative values. The highest item – almost 90% are the current deposits it means that if all clients would demand their cash at once, Green Dot Corporation would go bankrupt.

Luckily that situation did not happen. From the Figure 12 we see that liabilities and equity are in the ideal proportion 60% in favour of current to 40% long-term and equity. Equity is growing nicely between the years 2017 -2019, staying at the same level in 2020 and decreasing in 2021, however is not replaced by the third-party long-term capital which means that the company manages the unfavourable situation on its own.

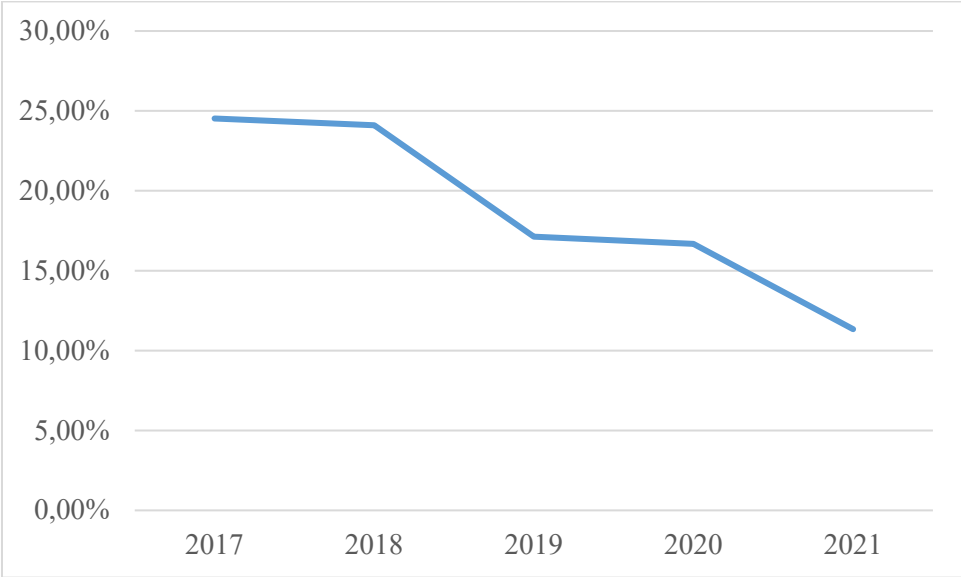
Figure 14 Share of Liabilities and Equity



Source: Annual report of Green Dot Corporation 2017 – 2021; own calculation

Decrease of equity is caused by the decreasing net income in 2020 and 2021, however there is still positive cash flow from the operating activities which is a very good sign, the ratio between Net cash provided by operating activities and revenue is decreasing, however still remains above 10% all five years of the analysed results. Reference is made to Figure 13 “Ratio of Net cash provided by operating activities to revenues”.

Figure 15 Net cash provided by operating activities



Source: Annual report of Green Dot Corporation 2017 – 2021; own calculation

3.1.4 PayPal Holdings, Inc.

- PayPal Holdings, Inc. (further in this thesis mentioned as “PayPal”) 2211 North First Street, San Jose, California 95131, acting under the jurisdiction of Delaware, USA.

The Motley Fool (2022) describes PayPal as follows: *“PayPal is the undisputed leader in online payments, but it is so much more than that. For one thing, its Venmo person-to-person payment platform has emerged as an industry leader and continues to grow its massive user base at a breath-taking pace. PayPal has also been acquiring complementary businesses, such as e-commerce tool Honey, and has been building up partnerships that could greatly expand its addressable market.*

PayPal has over 361 million active accounts, but CEO Dan Schulman believes that the company can increase this figure to a billion in the not-too-distant future. The COVID-19 pandemic could even help accelerate PayPal's growth, as more people are choosing to shop online and send money to friends and family electronically.”

PayPal Holdings, Inc. was incorporated in Delaware in January 2015 and is a leading technology platform that enables digital payments and simplifies commerce experiences on behalf of merchants and consumers worldwide. PayPal is committed to democratizing financial services to help improve the financial health of individuals and to increase economic opportunity for entrepreneurs and businesses of all sizes around the world. The main goal of PayPal Holdings, Inc. is to enable its merchants and consumers to manage and move their money anywhere in the world in the markets PayPal Holdings, Inc. serves, anytime, on any platform, and using any device when sending payments or getting paid (PayPal, 2021).

What are the main services of PayPal? PayPal’s payment solutions enable its customers to send and receive payments. PayPal operates a global, two-sided network at scale that connects merchants and consumers with 426 million active accounts (consisting of 392 million consumer active accounts and 34 million merchant active accounts) across more than 200 markets. PayPal helps merchants and consumers connect, transact, and complete payments, whether they are

online or in person. PayPal is more than a connection to third-party payment networks. It provides proprietary payment solutions accepted by merchants that enable the completion of payments on our payment's platform on behalf of its customers.

What can PayPal offer to its customers? The flexibility to use their accounts to purchase and receive payments for goods and services, as well as the ability to transfer and withdraw funds. PayPal helps and enables consumers to exchange funds more safely with merchants using a variety of funding sources, which may include a bank account, a PayPal or Venmo account balance, PayPal and Venmo branded credit products, a credit card, a debit card, certain cryptocurrencies, or other stored value products such as gift cards, and eligible credit card rewards. Our PayPal, Venmo, and Xoom products also make it safer and simpler for friends and family to transfer funds to each other (PayPal, 2021).

Among other services belong end-to-end payments solution that provides authorization and settlement capabilities for merchants, as well as instant access to funds and pay-outs. PayPal helps merchants connect with their customers, process exchanges and returns, and manage risk.

The main source of revenue of PayPal is charging fees for completing payment transactions for its customers and other payment-related services that are typically based on the volume of activity processed on PayPal payments platform. In general, PayPal does not charge customers to fund or draw from their accounts; however, generates revenue from customers on fees charged for foreign currency conversion, instant transfers from their PayPal or Venmo account to their debit card or bank account, and to facilitate the purchase and sale of cryptocurrencies.

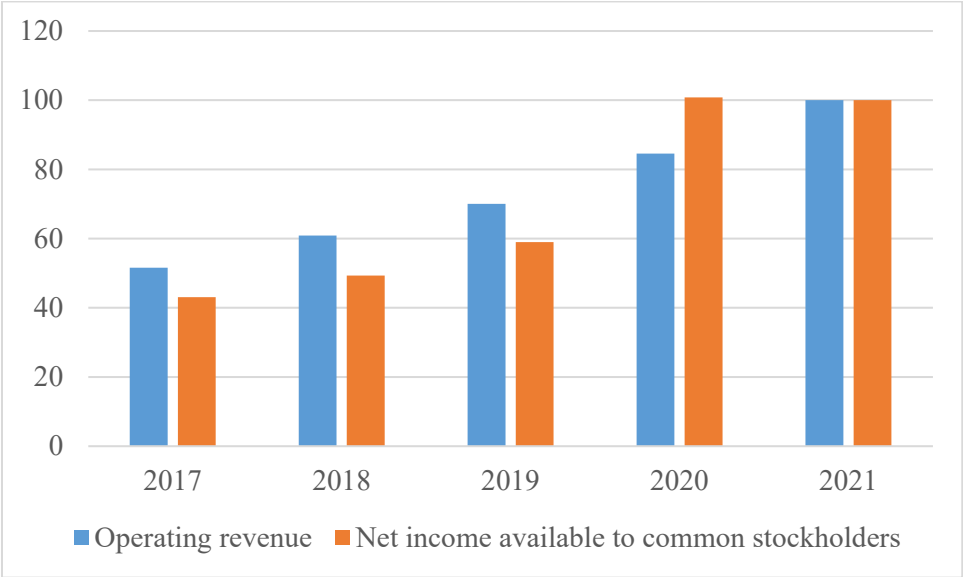
PayPal revenues include also providing other value-added services, which comprises revenue earned through partnerships, interest and fees from merchant and consumer credit products, referral fees, subscription fees, gateway services, and other services that PayPal provides to merchants and consumers.

3.1.5 Horizontal analysis of Financial data of PayPal Holdings, Inc., and its interpretation

Looking at the Horizontal analysis of PayPal Holdings, Inc., the first significant increase we may see in both part of analysed items – Revenues as well as in net income available for common stakeholders. This is a confirmation how well the company performed in all years under review, especially in 2020 and 2021.

Revenue is starting on the level of fifty two percent in 2017, growing fast up to almost eighty-five in 2020, with base of one hundred in 2021. The same trend we may see in net income available to common stakeholders from the level of forty-three in 2017 growing to hundred one in 2020. Having said this, can be seen in paragraph “3.1.6 Vertical analysis of Financial data of PayPal Holdings, Inc. and its interpretation”, looking at the level of operating expenses that they are growing in line with the revenues, there are no significant fluctuations and therefore the net income is growing linearly as well. Reference is made to Figure 16 “Horizontal analysis of Operating Revenue and Net Income”:

Figure 16 Horizontal analysis of Operating Revenue and Net Income



Source: Annual report of PayPal Holdings, Inc. 2017 – 2021; own calculation

Let’s continue with horizontal analysis of own- and third-party source of finance as by Green Dot Corporation. In the liabilities of PayPal Holdings, Inc we may see linear increase between year 2017 and 2021 from original forty six percent, growing up to ninety-three in 2020. This is caused mainly by increase of settlement obligations in short term liabilities – the same as by Green Dot Corporation the company was growing rapidly, making higher volume of transactions with more customers. However, PayPal Holdings, Inc. must have reached out for the additional manner of financing – in long-term liabilities we see the increase in long term debtor from 4,965,000 thousand in 2019 to almost double in 2021 (USD 8,049,000 thousands).

In term of own capital – Equity – there is slow but regular growth from seventy four percent in 2017 up to ninety-two in 2020 caused mainly by appropriation of net income to retained earnings. Reference is made to Figure 17 “Horizontal analysis of Own- and Third-party sources”.

Figure 17 Horizontal analysis of Own- and Third-party sources



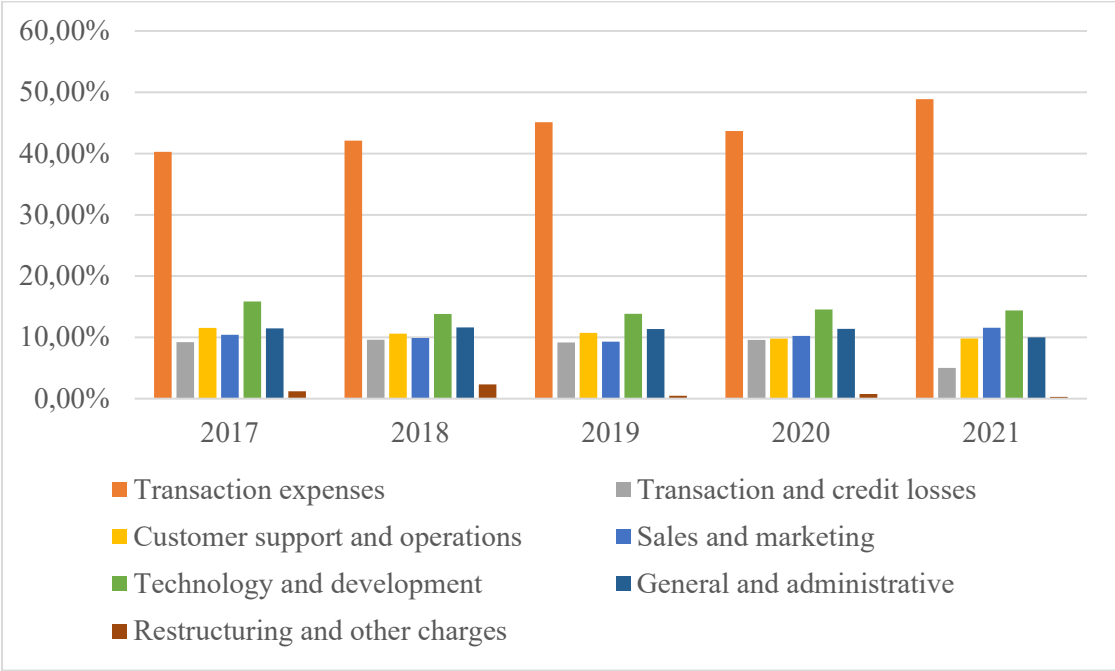
Source: Annual report of PayPal Holdings, Inc. 2017 – 2021; own calculation

3.1.6 Vertical analysis of Financial data of PayPal Holdings, Inc., and its interpretation

First, let’s have a look at the vertical analysis of PayPal Holdings Inc. profit and loss account for years 2017 up to and including 2021. From the first glance is obvious that the main part of the operating expenses makes transaction expenses. Those kinds of expenses are arising from the transfers made by the customers for using the “bank rails” which were ever created by the bank institutions for transferring money from one bank to another. New kind of financial institutions – Fintech companies are allowed to use those bank rails as well; however, they must pay for each transactions made which used those rails.

We see that during the years the transaction expenses have increasing trend and they take a large part of the total operating expenses ranging between 40% and 50%. Other parts of the operating expenses are presented almost equally and range between 10% and 15% each. We see here mainly customer and support and operations expenses, technology, and development (which is very important part of the operations of Fintech companies, since the security of internet connection and developing new networks is an essence of their business model). Furthermore: sales and marketing and general and administrative expenses. Reference is made to Figure 14: “Vertical analysis of Operating expenses”.

Figure 18 Vertical analysis of Operating expenses

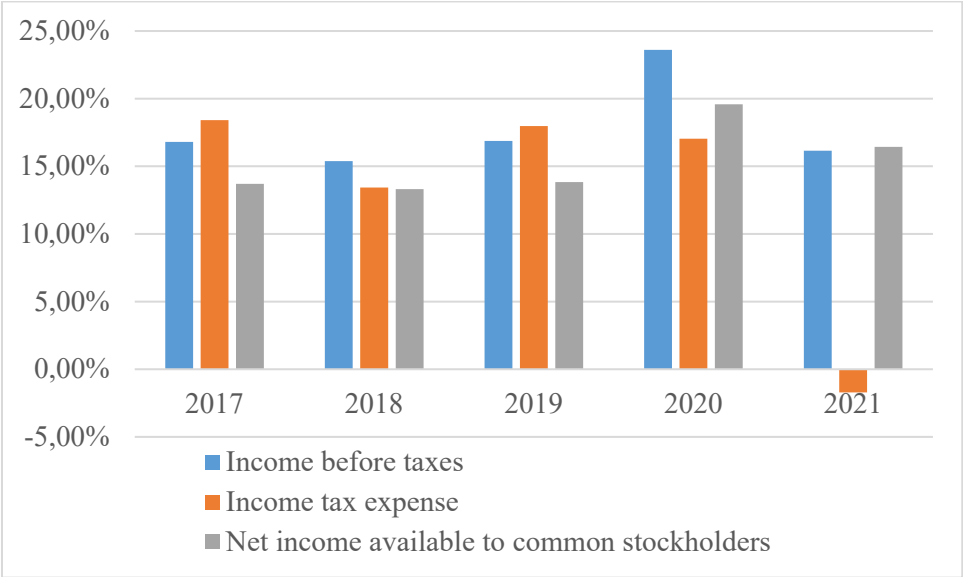


Source: Annual report of PayPal Holdings, Inc. 2017 – 2021; own calculation

Let’s have a look at the result of PayPal Holding, Inc. in connection with Income before taxes, taxes, and net income after tax. In the same analysis as presented in Green Dot vertical analysis can be seen, that Income before taxes varies from 17% in 2017 with the corporate income tax on the level of 18%; then in 2018 the income before taxed decreased slightly to 15% with the corporate income tax on the level of 13%; increasing in years 2019 and 2020 to 17% and 24% respectively while the corporate income tax increased to 18% and decreased to 17% respectively in the years 2019 and 2020. Trend in the percentage of corporate income tax is from the obvious reasons hard to explain because the profit and loss is consolidated for the whole group with various portfolio of services in various countries. However, the biggest difference in analysed items can be seen in year 2021 when the income before tax is on 16% related to revenues while the corporate income tax is on the level of 2% negative – here can be seen the effect of losses which might have been compensated in various countries where PayPal holdings, Inc. has its subsidiaries.

Net income available to common shareholders is more stable – in years 2017 up to 2019 on the level of 13%, increasing in 2020 to almost 20% and decreasing slightly to 16% for the year 2021. Reference is made to Figure 15 “Vertical analysis of Income and Taxes”.

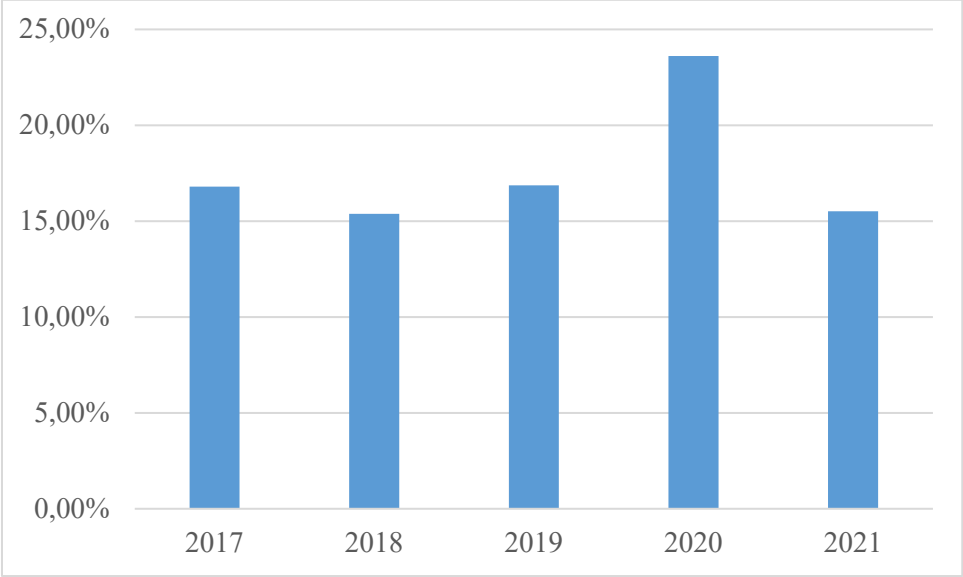
Figure 19 Vertical analysis of Income and Taxes



Source: Annual report of PayPal Holdings, Inc. 2017 – 2021; own calculation

And from the Figure 16 can be seen that EBIT copying the Net income available to common shareholders ranging in percentage around 16% in the years 2017 up to 2019, increasing to 24 % in 2020 and decreasing slightly in 20201 back to 16%. Reference is made to Figure 16 “EBIT”:

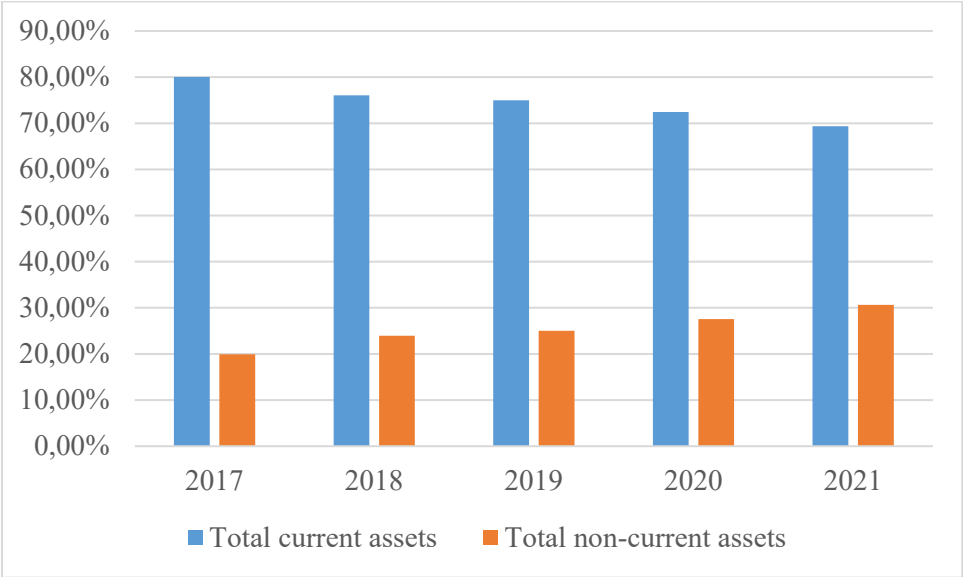
Figure 20 EBIT



Source: Annual report of PayPal Holdings, Inc. 2017 – 2021; own calculation

In the second part of vertical analysis of PayPal Holdings, Inc. we look first – the same as by Green Dot Corporation vertical analysis - at the split between current and non-current assets in the balance sheet of the company. We see very obviously that current assets are decreasing from 80% in 2017 to 70% in 2021. Reference is made to Figure 17 “Split of current and non-current assets”:

Figure 21 Split of current and non-current assets

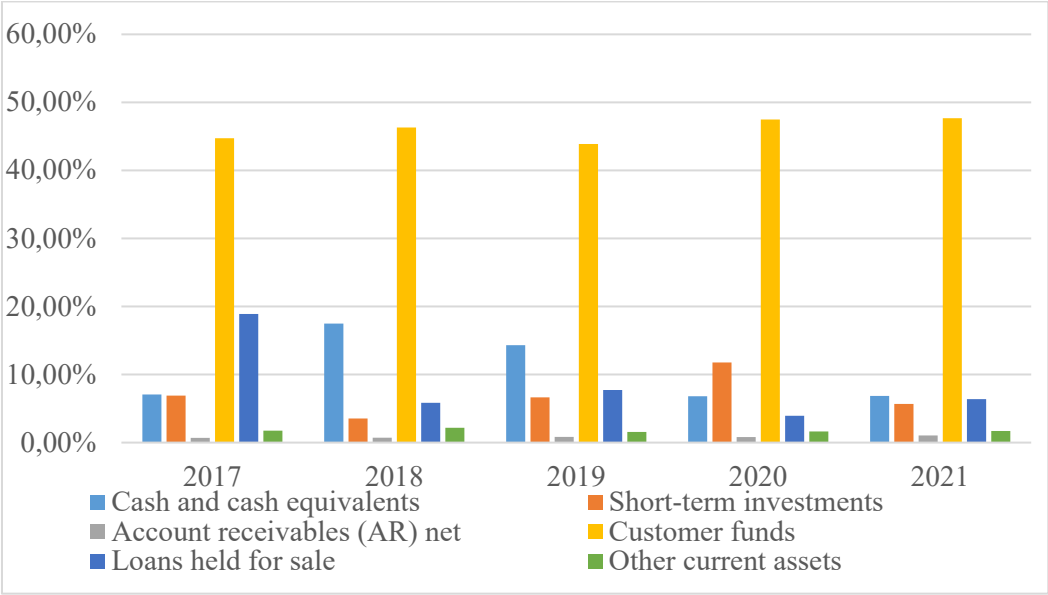


Source: Annual report of PayPal Holdings, Inc. 2017 – 2021; own calculation

For the first glance it could make an impression that his company is very strong because it has lot of cash funds available and can very easily pay its debt, however too much cash means that the company does not manage the entrusted funds effectively. 20% of cash funds in 2017 up to 10% of cash funds in 2021 could have been further invested for short term with purpose of increase its value.

In the mirror manner can be seen the increased of non-current assets from 20% in 2017 to 30 % in 2021. Looking at the balance sheet of PayPal Holdings, Inc. From the Figure 18 can be found the details split of particular items of current assets where the cash (customers funds and cash and cash equivalents) is rely on the most significant item reaching together the level of almost 54% up to 63% of all current asserts in the balance sheet for all the years of analysis, while short term investments and loans for sale range between 25% in 2017 and 15% in the rest of the years. Reference is made to Figure 18 “Split of current assets items”:

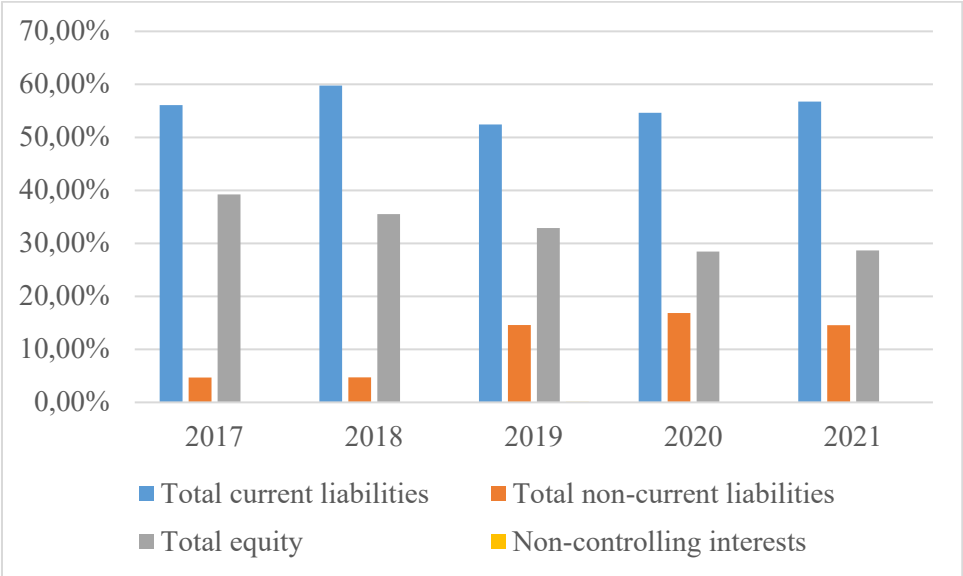
Figure 22 Split of current assets items



Source: Annual report of PayPal Holdings, Inc. 2017 – 2021; own calculation

On the side of liabilities and equity we see that current and non-current liabilities range between 54% and 59%, non-current liabilities range between 5% in 2017 and 2018 then increased to the level of 15% in 2019 up to 2021 and own capital – equity is decreasing from 40% in 2017 to 28% in 2021. Reference is made to Figure 19 “Split of Liabilities and equity”. Decrease in equity could be caused by two reasons: payment of dividend to common shareholders or negative net income. Since PayPal Holdings, Inc. is performing very well in years 2017 up to 2021 and did not suffer losses the reason of decrease in equity is payment of dividend to common shareholders, which is obvious in the detail balance sheet “Treasury stock” (varies between 12% in 2017 up to 55% in 2021). It means that more than a half of retained earnings are paid out as dividend to common shareholders, and it is very good sign for all investors.

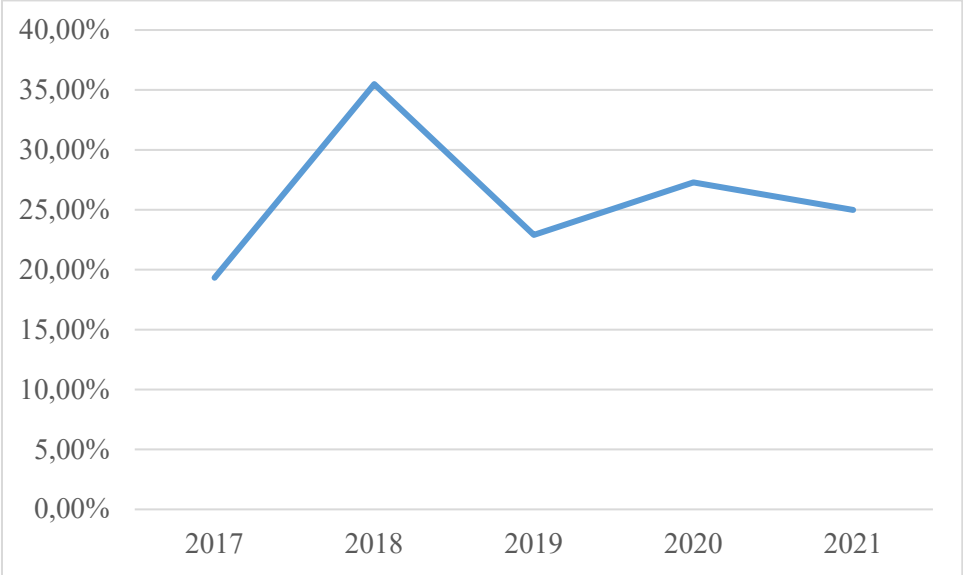
Figure 23 Split of Liabilities and Equity



Source: Annual report of PayPal Holdings, Inc. 2017 – 2021; own calculation

Finally, still one graph is presented to emphasize the great performance of PayPal Holdings, Inc. trend in cash generated from the operating activities – very significant and interesting figure for current and also potential investors. Reference is made to Figure 20 “Net cash provided by operating activities”:

Figure 24 Net cash provided by operating activities



Source: Annual report of PayPal Holdings, Inc. 2017 – 2021; own calculation

While Green Dot Corporation generated the cash by operating activities from 25% in 2017 up to 11% in 2021, PayPal Holdings, Inc. generates the cash by operating activities from 20% in 2017 to 25% in 2021, with significantly successful year 2018 where the generated cash reached the level of amazing 35%.

3.1.7 Square, Inc.

- Square, Inc., (further in this thesis mentioned as “Square”) 1455 Market Street, San Francisco, California 94103, acting under the jurisdiction of Delaware, USA.

The Motley Fool (2022) describes Square as follows: *“Over the past several years, Square’s product has evolved from a way for merchants to accept credit cards using their mobile phones into a large-scale small-business and individual financial ecosystem. The company now processes card payments at an annualized rate of over \$100 billion, it has a thriving small-business lending platform (Square Capital), and it has started to gain serious traction with larger merchants in addition to its core small-business clientele.”*

Two big parts of Square’s business are especially exciting. First is its Cash App, with an active user base that has doubled year over year and virtually unlimited potential to build out its consumer financial service offerings. Second is Square Online Store, the new but rapidly growing platform that helps Square’s merchants build out an omnichannel presence. It also facilitates curb side pickup, which could be a major growth catalyst in the post-COVID world.”

Hill (2018, p.66) says the following over Square: *“Square offers mobile credit card readers which conveniently allow small- to medium-sized retailers to receive payments by swiping*

magnetic cards, chips, or NFC. NFC, or “near-field communications” allows communication between a mobile phone and a payment terminal. The “free” Square Reader device can plug into a standard 3.5 mm phone or tablet jack. A stand for iPad is also available, providing a countertop terminal. Free software is also provided which will print or email receipts, sales reports, inventory management, and other features.”

Square was incorporated in February 2009 to enable businesses (sellers) to accept card payments - an important capability that was previously inaccessible to many businesses. Square business model is to recognize variety of sellers’ needs for payments solution and connect this with Squares’ strength technology and innovations. Since its incorporation Square expanded and now provides more than thirty distinct products and services to sellers that help them manage and grow their businesses (Square, 2021).

Similarly, with cash application Square has built a parallel ecosystem of financial services to help individuals manage their money. The purpose of economic improvement drives the development of all Square’s products and services. This cash application started with the single ability to send and receive money, but now provides an ecosystem of financial services that allows individuals to store, send, receive, spend, and invest their money.

What can we understand under Square ecosystem? Square offers a cohesive commerce ecosystem that helps to sellers start, run, and grow their business. Square combines software, hardware, and financial services to create products and services that are cohesive, fast, self-serve and elegant. These attributes differentiate Square in a fragmental industry that traditionally forces to stitch together products and services from multiple vendors, and more often rely on inefficient non-digital processes and tools.

According to Square (2021, p.4): “Our ability to add new sellers efficiently, help them to grow their business, and cross-sell products and services has historically led to continues and sustained long-term growth. In the year ended December 31,2020, we processed USD 103.7 billion of seller gross payment volume, which was generated by more 2 billion card payments from 405 million payments cards. At the end of 2020, our Square point of sale-ecosystem had over 210 buyer profiles and approximately 295 million items were listed on Square by sellers. Cash app ecosystem provides system of financial products and services to help individuals manage their money. The goal is to redefine the world’s relationship with money making in more relatable, instantly available, and universally accessible”.

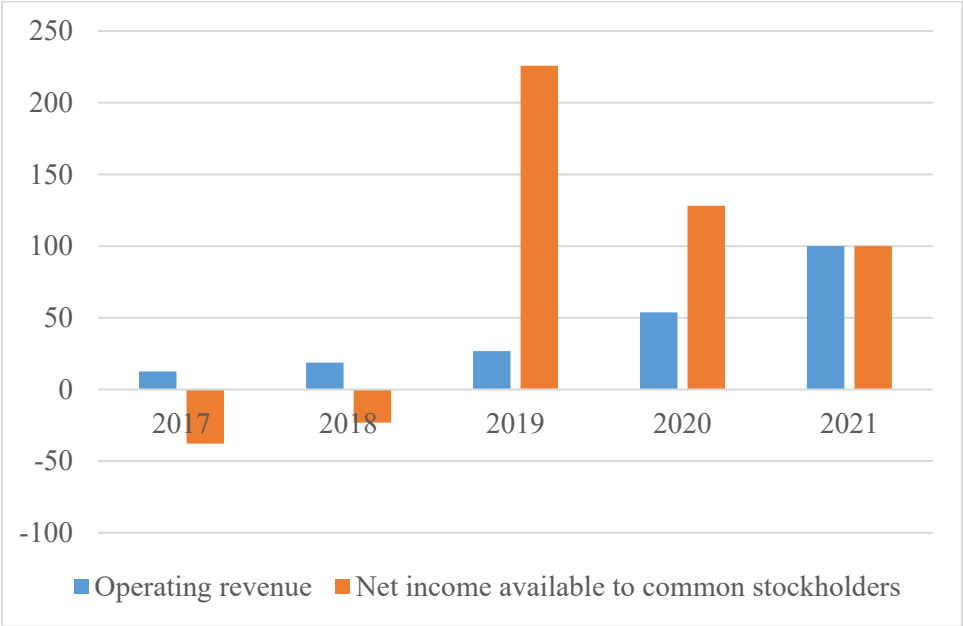
3.1.8 Horizontal analysis of Financial data of Square, Inc., and its interpretation

Looking at the Horizontal analysis f Square, Inc. we see for the first glance that 2017 and 2018 was not very successful year for the company in term of the net income available to common stakeholders. The values are negative due to losses which the company suffered in these two years. The best situation came in 2019 where the net income reached level of USD 375,446 thousand, however this was caused not by the growing revenues but by gain on sale of assets group.

The better situation for the company came in 2020 where can be seen the increase of revenue to fifty four percent of the level in 2021 and net income is even above the level of 2021 on hundred twenty eight percent.

Operating revenue is growing linearly from twelve percent in 2017 up to fifty-four in 2020. Reference is made to Figure 25 ‘Horizontal analysis of Operating Revenue and Net Income”:

Figure 25 Horizontal analysis Operating Revenue and Net Income

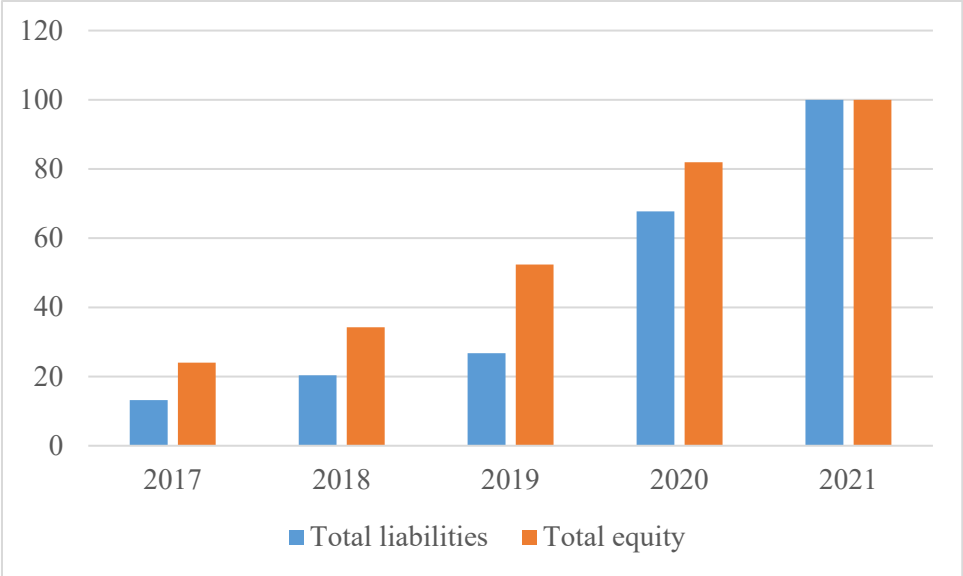


Source: Annual report of Square, Inc. 2017 – 2021; own calculation

The same trend as by Green Dot Corporation and PayPal Holding, Inc. we see in development of own- and third-party sources. Company is growing fast in 2020, having more customers and therefore more short-term payables as well as increasing of third-party financing - long term debt, causing the increase of liabilities from original thirteen, twenty and twenty six percent in 2017, 2018 and 2019 to sixty eight percent in 2020.

Own capital follows the trend of the previous two companies – starting at a level of twenty four percent in 2017 growing up to eighty two percent in 2020 caused by appropriation of net income to retained earnings as well as additional investment by shareholders in form of additional paid in capital. Reference is made to Figure 26 “Horizontal analysis of own- and Third-party sources”:

Figure 26 Horizontal analysis of Own- and Third-party sources



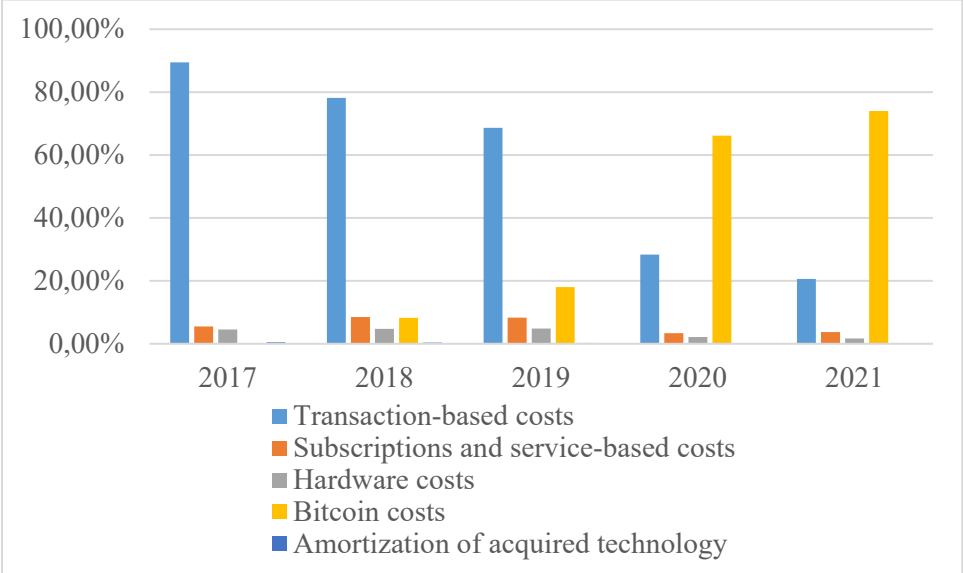
Source: Annual report of Square, Inc. 2017 – 2021; own calculation

3.1.9 Vertical analysis of Financial data of Square, Inc., and its interpretation

For Square we have in the Profit and Los account two sets of expenses. The first set are Costs of revenue. Reference is made to Figure 21 “Cost of Revenue”. We see the most significant kind of expenses related to revenue are transaction-based costs. These costs are paid to intermediates (banks and other institutions owning the “Bank rails” on which are the transactions actually take place) – Square improve the efficiency of these expenses during the period under review (2017 – 2021) significantly. From almost 90% of all costs of revenue in 2017 are these expenses pushed down to 21% in 2021. On the other hand, we see that the expenses related to revenue on Bitcoins is increasing during the years from zero in 2017 to 74% in 2021. The question is if the Bitcoins do have such a significant influence on the company’s revenue as the expenses have. This decision must be made by management of Square.

The rest of the cost of revenue seems to be consistent during the reviewed period of those five years and varies between 4% up to 8% and around zero for amortization of acquired technology respectively.

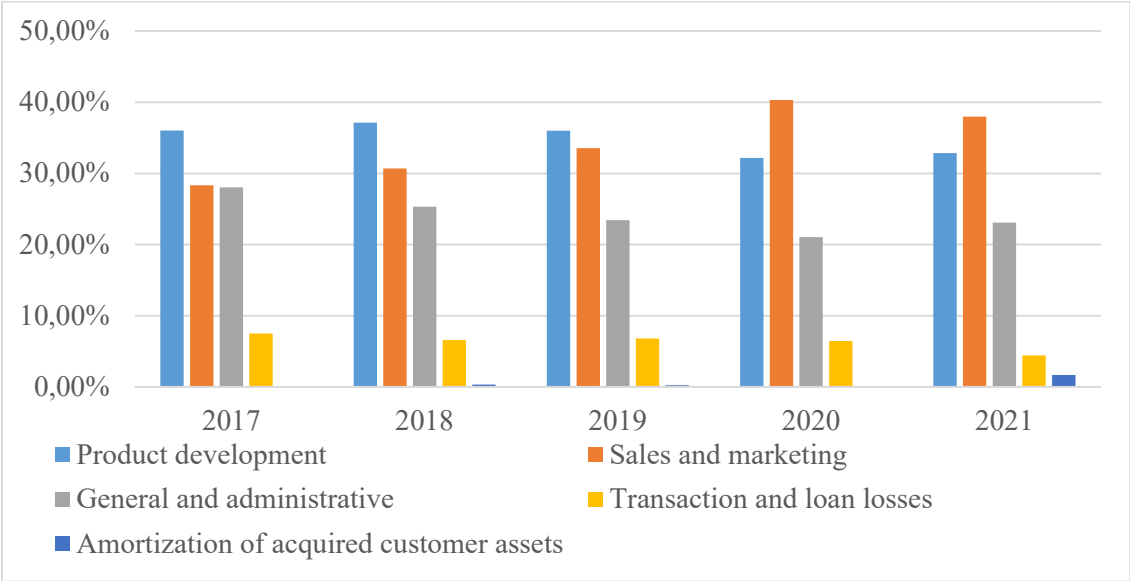
Figure 27 Cost of Revenue



Source: Annual report of Square, Inc. 2017 – 2021; own calculation

The second set of expenses are operating expenses. Reference is made to Figure 22 “Operating expenses”. The most significant expenses in this category are Product development – the company invest to development of new products and services around 35% of all operating expenses which is very good strategy. Sales and marketing expenses which varies between 29% in 2017 up to 40 in 2020 and back to 38% in 2021. Sales and Marketing, public relation and promotion is for Fintech companies very important business factors. General and administrative costs are the third most significant operational expenses and varies between 28% in 2017 pushed down to 23% in 2021.

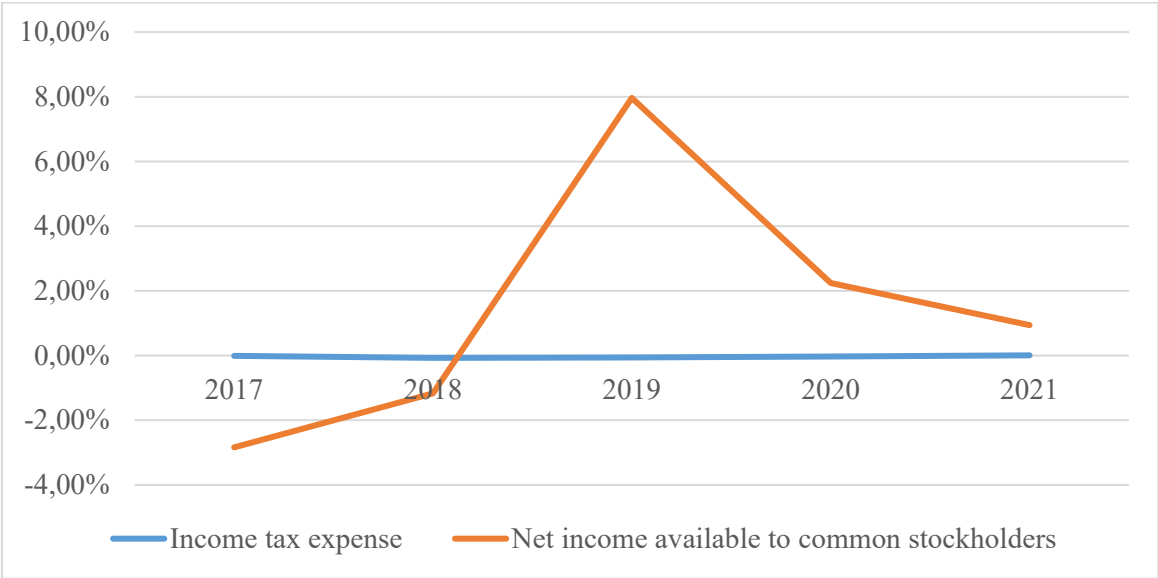
Figure 28 Operating expenses



Source: Annual report of Square, Inc. 2017 – 2021; own calculation

What effect has corporate income tax on net income by Square? It is obvious from the Figure 23 “Income tax expense related to Net income” that it ranges between 0.01% to 0.07% negative during 2017 – 2020 to 0.01% in 2021. Most of the negative corporate income tax is caused by the negative net income in years 2017 and 2018, where still in 2019 and 2020 the company may set off those losses with the incomes and the first corporate income tax is paid 2021 in amount of USD 1.364Mio, however the net income is again decreasing significantly in 2020 and 2021.

Figure 29 Income tax expense related to Net income

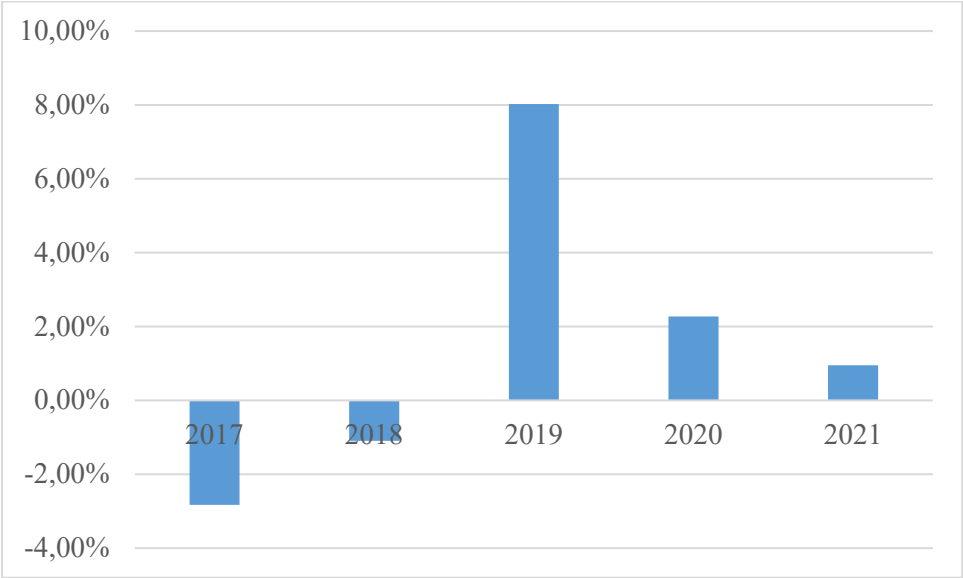


Source: Annual report of Square, Inc. 2017 – 2021; own calculation

What can be said about EBIT? Due to losses in 2017 and 2018 is EBIT negative 3% and 1% respectively, growing nicely to 8% in 2019 due to profit, but decreasing again in 2020 and 2021 to 2% and 1% respectively due to decreasing net income. Reference is made to Figure 24

“EBIT”. This should be completed by the report of cash generating from the operation activities, since this is a main indicator of cash flow and funds which company is able to generate for its operation. This ratio fluctuates between 6% in 2017 to almost 10% in 2019 and decreases back to 2% in 2020 and 5% in 2021.

Figure 30 EBIT



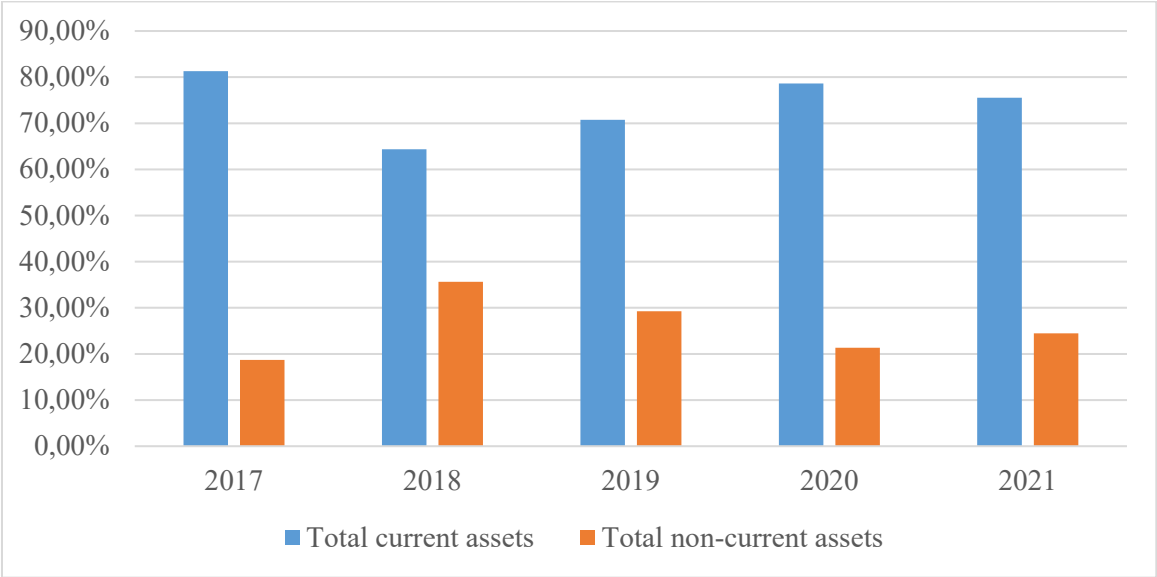
Source: Annual report of Square, Inc. 2017 – 2021; own calculation

The same as both companies in paragraph 3.1.2 and 3.1.4 also Square has bigger proportion of current assets than non-current which is absolutely correct however the ratio of split is not 60% to 40% as recommended by the economist and analyst, but 80% and 20% in 2017 through 70% and 30% in 2019 and 75% and 25% in 2021. Reference is made to Figure 25 “Ratio of Current and Non-current assets”.

The split of the current and non-current assets is caused by the business model of Square – the core of the business is in cash, deposits and cash equivalents which are all classified in current assets. If we look at the composition of current assets we see indeed the most significant part is cash (around 30% of all current assets) and settlement assets ranges between 28% in 2017 and 8 in 2021. Significant part of the current assets became Customer funds which were on the level of 5 % in 2017 but grew to 20% in 2021.

The most significant item in non-current assets investment in long term securities which varies between 9% in 2017 and 11% in 2021.

Figure 31 Ratio of Current and Non-current assets



Source: Annual report of Square, Inc. 2017 – 2021; own calculation

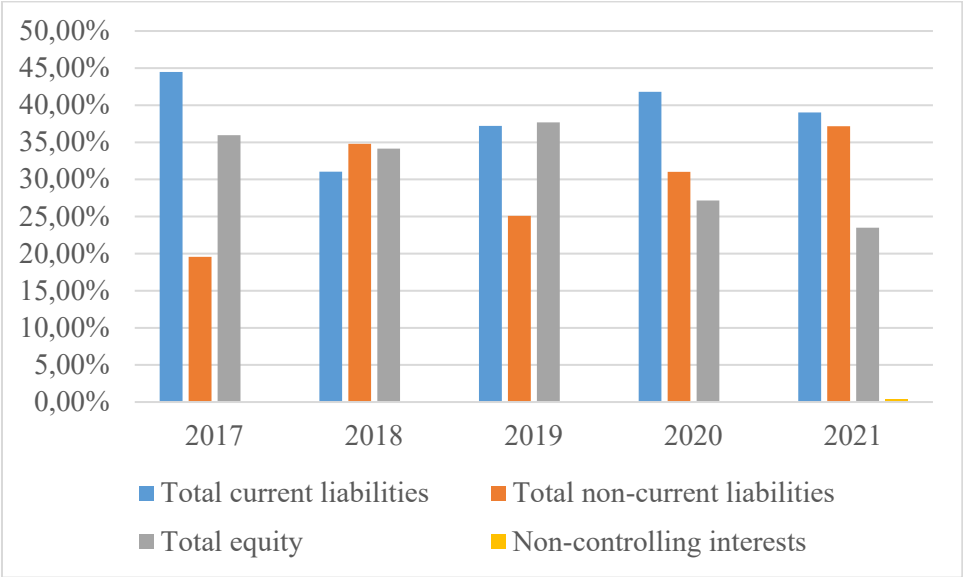
What can be seen in the own- and third-party sources of funding? Total current liabilities fluctuate between 45% in 2017, decreasing to 30% in 2018, grew back to 40% in 2020 and decreased slightly to 38% in 2021 followed by the mirror trends in non-current liabilities. Equity which is an own source of financing of the company operation is fluctuating between 35% in 2017 and 38% in 2019 but decreasing to 27% and 23% in 2020 and 2021 respectively.

Composition of current liabilities is relatively consistent. The most significant item is account payable to customers (52% in 2017 to 37% in 2021), settlement obligations (8% in 2017 decreasing through the years to 2% in 2021) and accrued expenses (around 6%).

In non-current labialise are the main source of financing by third parties' long-term debt (most probably a bank loan because in Statement of cash flows we see the interest paid and loan redemption) varying between 52% in 2017 through 33% in 2019 and back to 43% in 2021.

One interesting item in own capital – Equity is that the losses incurred during the years and capital needed for operations and further development is funded by additional paid in capital which is an informal kind of financing by the shareholders, and it varies between 1.6Mio in 2017 up to USD 3.3Mio in 20121 in absolute numbers.

Figure 32 Ratio of Current and Non-current liabilities and Equity



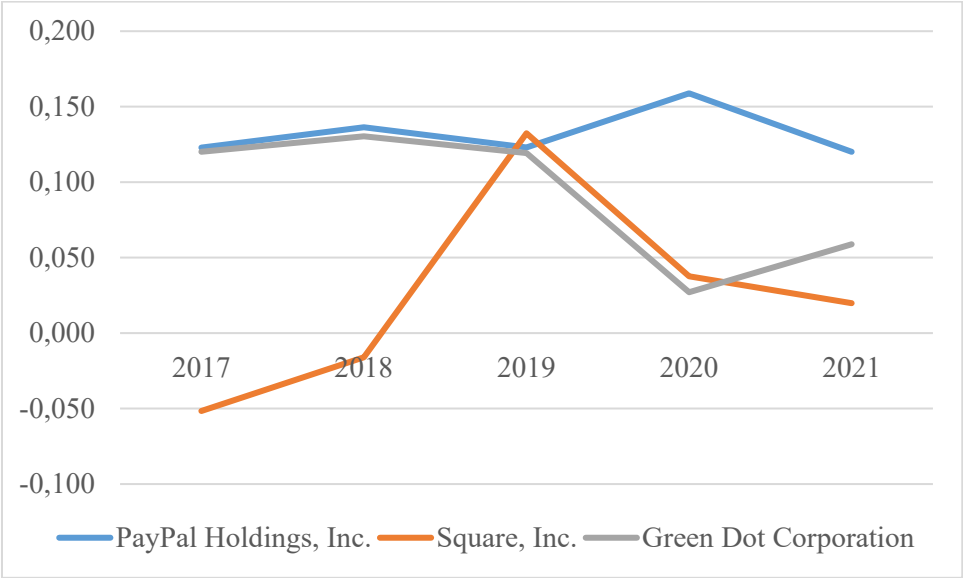
Source: Annual report of Square, Inc. 2017 – 2021; own calculation

3.2 Calculation and comparison of Profitability ratios

What do the Profitability ratios say about the financial health of the company? These are the most significant ratios in the financial analysis, each analyst starts the report just with those ratios – they are very interesting because they show the ability of business to generate a profit.

For the Profitability ratios applies that higher values are better – and the stable / increasing course during the years means that the company is doing well. Reference is made to Figure 27 “ROCE Return on Capital Employed”:

Figure 33 ROCE (Return on Capital Employed)



Source: Annual report of Green Dot Corporation 2017 – 2021; Square, Inc. 2017 – 2021 and PayPal Holdings, Inc. 2017- 2021; own calculation

As we see from the presented graph, ratios of PayPal and Green Dot are in the first three years almost identical. They reached the values between 0.120 and 0.136. PayPal is continuing its good performance in 2020 with the value of 0.159 and back to 0.120 in 2021, while Green Dot is falling down to value of Square in 2020 (0.027 and 0.038 respectively). Green Dot is then improving to 0.059 in 2021 while Square continues to fall down to 0.020 in 2021.

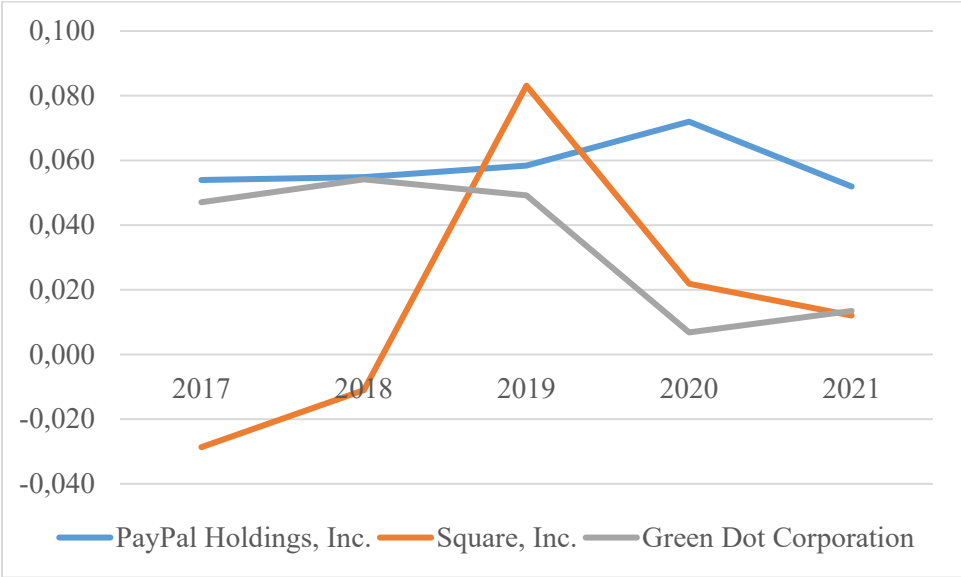
It is very interesting to see that in 2019 all three companies reach almost the same value of this ratio around 0.123. What does this ratio say about the company performance? This ratio is equal to EBIT (Earn before interest and tax) divided by Capital (Equity and long-term liabilities) which means that from each invested dollar 12.3 cents is earned back in 2019. Thus, higher value of the ratio means better performance and return for investors.

As we may see, the best performance is reached by PayPal and the worse by Square which is in the beginning even negative (in 2017 and 2018 for each dollar is the invested value destroyed by 5.2 and 1.6 cent respectively).

To make the complete analysis more interesting, let’s give each company a number of points according to their results with each particular ratio. This time PayPal gets three points (as the best reached values), Green Dot two and Square one (as the worse reached ratio).

Regarding the Return on Assets is the reference made on Figure 28 “ROA Return on Assets”:

Figure 34 ROA Return on Assets



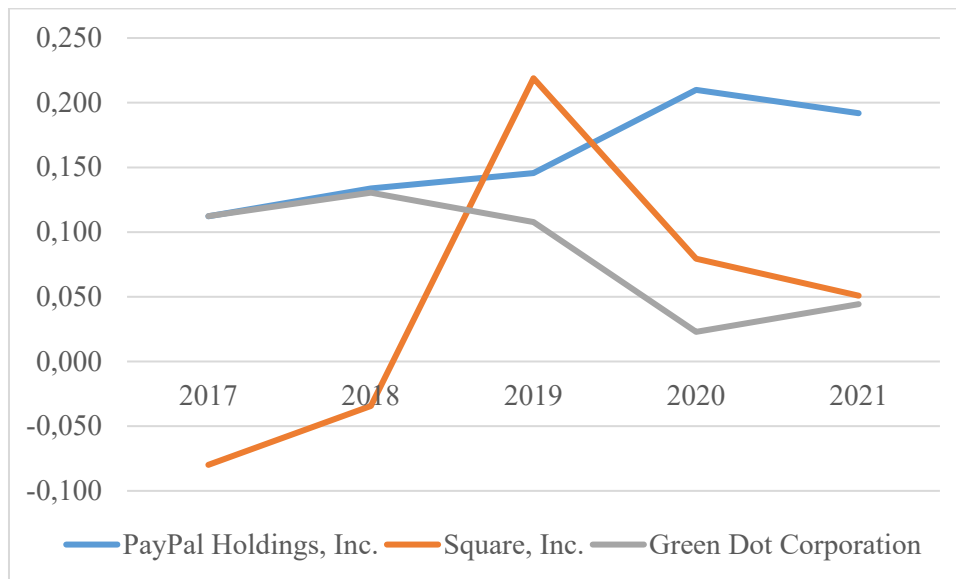
Source: Annual report of Green Dot Corporation 2017 – 2021; Square, Inc. 2017 – 2021 and PayPal Holdings, Inc. 2017- 2021; own calculation

Return on Capital shows how effectively the company employed its assets in reaching good results. We may see here the values around 0.05 for PayPal, values between 0.047 and 0.013 for Green Dot and negative 0.029 to 0.009 positive for Square. Since the ratio is equal to EBIT divided buy the total assets, we see that the results are the same as with the ROCE above. PayPal has generated an average profit of 5 cent for each invested dollar into a fixed assets while Square in the first two years destroyed the invested value of each dollar into fixed asset by generating a loss of 2.9 cents. Again, all three companies reached the best values in 2019.

Again, we give the companies the points: three to PayPal for the best performance, two to Green Dot and one to Square.

Let’s now presented the most interesting ratio for shareholders: Return on Equity. Equity represents the own source of the company’s capital, and it is a sum of all money which shareholders invested into a company. Therefore, this ration inform shareholders how effectively are these own sources used to generate the profit. Reference is made to Figure 29 “ROE Return on Equity”:

Figure 35 ROE Return on Equity



Source: Annual report of Green Dot Corporation 2017 – 2021; Square, Inc. 2017 – 2021 and PayPal Holdings, Inc. 2017- 2021; own calculation

This ratio has very similar course as ROA presented above. Shareholders of PayPal may be very satisfied because for each invested Dollar they got back 11 up to 19 cents (with the peak in 2020 when the company generated a profit of 21 cents per one invested dollar).

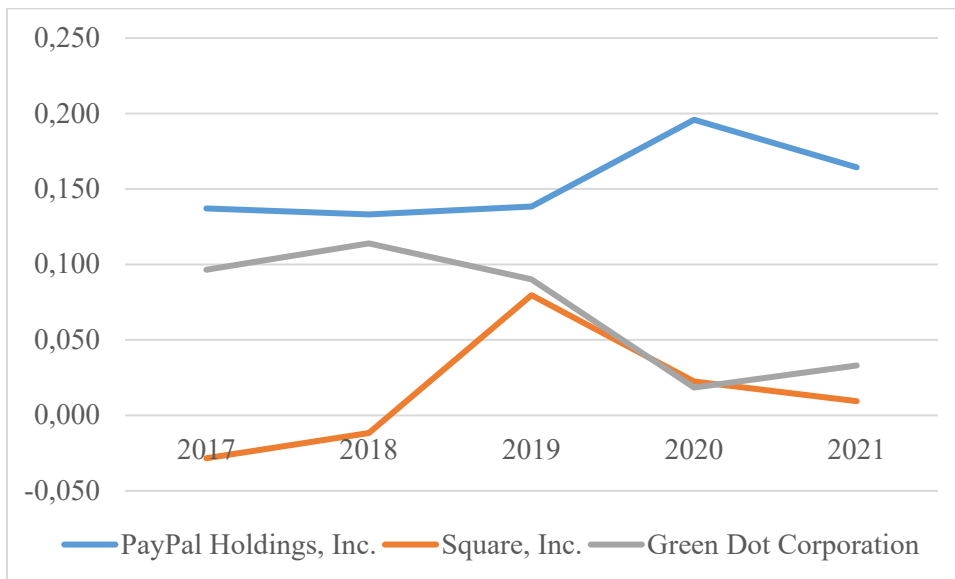
Square reaches very good value of – so far – each ratio in the year 2019. To investigate the reason, it is very good to have a look into the Income statement for this year where we see on the first glance that the total result is influenced positively by the Gain in sale of assts group in amount of USD 373 million. This one-off gain raised the profit of 2019 significantly and therefore also influenced the calculated profitability ratios – return on equity is in 2019 calculated at 21 cent per invested dollar, while in 2017 and 2018 2.8 cent and 1.2 cent negative: in 2020 2.2 cent and closing the timeline with 0.9 cent per invested dollar in 2021.

Green Dot has its standard course of the ratio curve with the bottom reached in 2020 when the EBIT was on the lowest level of USD 28 million and the net profit of USD 23 million. Return on equity ratio ranges between 11.2, 13 and 10.8 cent per invested dollar in 2017 up to 2019 decreasing in 2020 to 2.3 and 4.4 cent per invested dollar in 2020 and 2021 respectively.

For Return on Equity ratio (which is equal to Net Income divided by Equity) PayPal gets three points, Green Dot two and Square one point which is the same as for other two above calculated ratios.

The last calculated ratio is Return on Sales which is equal to Earn after tax divided by Sales turnover. This ratio is used when analyst needs to evaluate a company’s operational efficiency. This ratio shows how much the company generates the profit on each dollar of sales. Also here applies that increasing trend means a good performance and efficient operation of the company. Reference is made to Figure 30 “ROS Return on Sales”:

Figure 36 ROS Return on sales

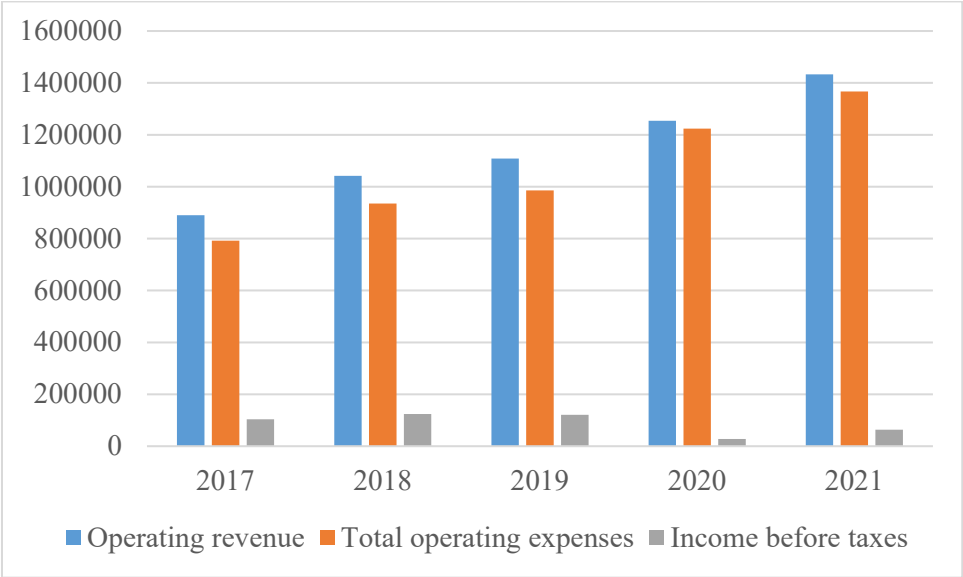


Source: Annual report of Green Dot Corporation 2017 – 2021; Square, Inc. 2017 – 2021 and PayPal Holdings, Inc. 2017- 2021; own calculation

From this graph is obvious that PayPal perform very efficiently, as well as Green Dot – however Green Dot only between the year 2017 and 2019. Values of the ratio for PayPal ranges between 0.137 and 0.138 in 2017 and 2019 with peak in 2020 (0.196) and slight decrease in 2021 to 0.164. For each dollar of the sold service PayPal generated up to 19.6 cent of the profit.

Year 2020 was not very good for Green Dot. Until now by each ratio we saw the decrease in values particular in this year. Let’s have a look into the Income statement of Green Dot and investigate what happened in 2020. We see that the Revenues (Sales) are increasing, which is good, however if we look at the total operating expenses, we see that they grew proportionally faster than the revenues. It is seen in the following Figure 31 “Income before taxes Green Dot Corporation”:

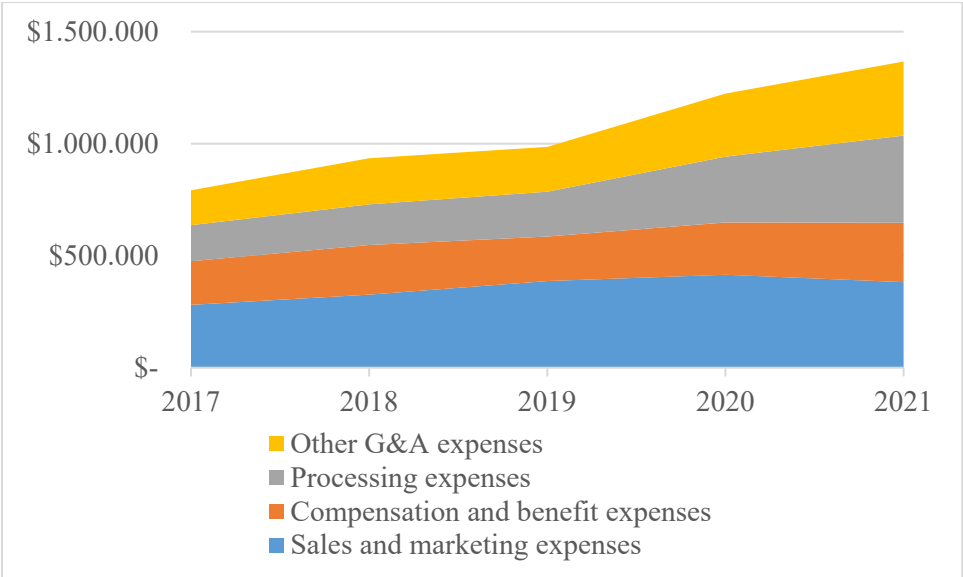
Figure 37 Income before taxes Green Dot Corporation



Source: Income statement of Green Dot Corporation 2017 – 2021 own calculation

It is obvious to see that the income before taxes is significantly lower in 2020 and 2021 than in the years 2017 – 2019. On the second look into a detail of the particular operating expenses we see that this is caused by the significant increase of the General and administrative expenses from USD 156 million in 2017 to USD 331 in 2021 and increase of Processing expenses from USD 161 million in 2017 to USD 389 million in 2021. All these increases have a negative influence on net profit for those two years (2020 and 2021). Reference is made to Figure 32 “Detail of operating expenses Green Dot Corporation”:

Figure 38 Detail of operating expenses Green Dot Corporation



Source: Income statement of Green Dot Corporation 2017 – 2021 own calculation

Looking at the Return on sales for Square Inc. we see the ratios ranged between 0.028 negative in 2017 to 0.009 positive in 2021. The best year is again 2019 with 8 cents of generated profit on 1 Dollar of sales (ratio 0.080).

All those facts lead to the conclusion that PayPal has the highest operational efficiency (and therefore gets three points), followed by Green Dot (getting two points) and Square (one point).

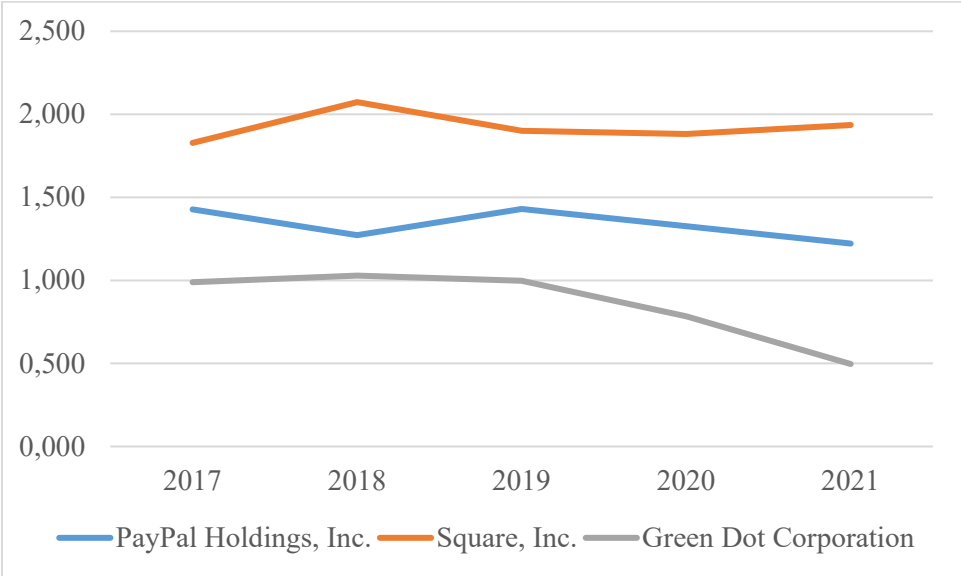
For the total Profitability ratios is the situation as follows: PayPal has the best Profitability from those three companies (with total of twelve points), the second is Green Dot with eight points and the worst Profitability show the figures of Square with four points.

3.3 Calculation and comparison of Liquidity ratios

Liquidity. For the Fintech companies probably the most important indicator of the financial health because Cash and the cash equivalents are a core “material” for all Fintech business models. Let’s have a look in the extracted numbers from the financial statements of the three analysed Fintech and the ratios calculated from these figures.

The first calculated ratio of Liquidity is Current ratio. It is very simple ratio equal to current assets divided by current liabilities. It gives us information about a company’s ability to pay the short-term obligation within a term of one year using the cash. Reference is made to Figure 33 “Current ratio”:

Figure 39 Current ratio



Source: Annual report of Green Dot Corporation 2017 – 2021; Square, Inc. 2017 – 2021 and PayPal Holdings, Inc. 2017- 2021; own calculation

We see that Square has the highest current ratio ranging the values between 1.828 in 2017 through 2.073 in 2018 back to 1.936 in 2021. It means that its current assets are almost two times bigger than current liabilities which is very positive information, however too high current ratio can also be a signal that management may not be using the current assets effectively.

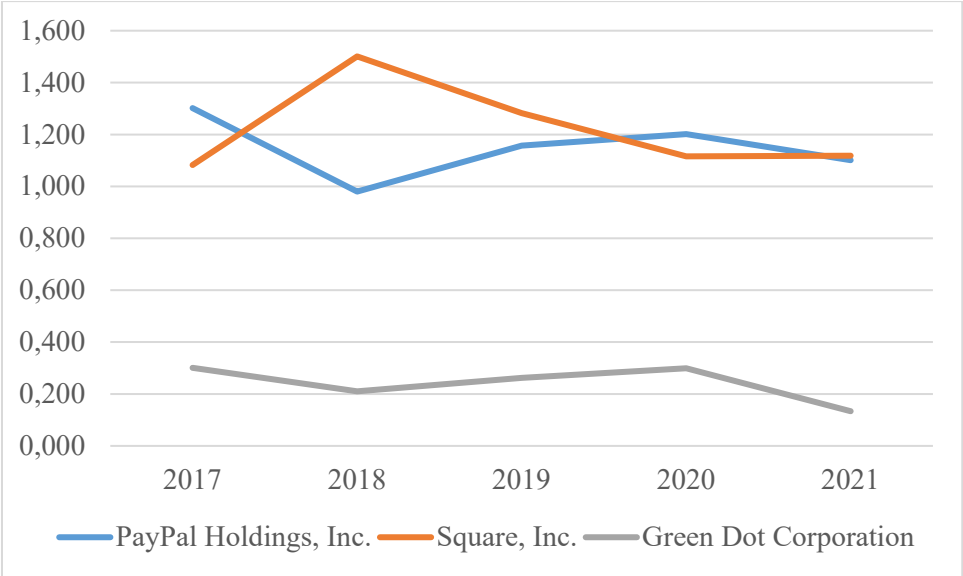
Current ratio of PayPal ranges between 1.428 in 2017 and 1.222 in 2021, which means that the company is able to cover the current liabilities with current assets easily and there is always a small surplus of current assets.

The worst result for Current ratio shows Green Dot where the ratio ranges between 0.989 in 2017 and decreased to 0.497 in 2021, which is actually very bad – the company is not able to cover the current liabilities with current assets and must use long-term sources of financing or must postpone the payment of its liabilities very significantly.

For the current ratio gets Square three points, PayPal two and Green Dot one.

We go further with the calculation of Liquidity ratios – now let’s have a look into Quick ratio which is equal to current assets excluding inventory divided by current liabilities. Reference is made to Figure 34 “Quick ratio”. For the purpose of this final thesis, the cash is considered inventory – since this is the most significant assets for Fintech companies. Then the Quick ratio is calculated as all other parts of the current assets except of cash and it is clear how big influence has the cash on liquidity of all three companies.

Figure 40 Quick ratio



Source: Annual report of Green Dot Corporation 2017 – 2021; Square, Inc. 2017 – 2021 and PayPal Holdings, Inc. 2017- 2021; own calculation

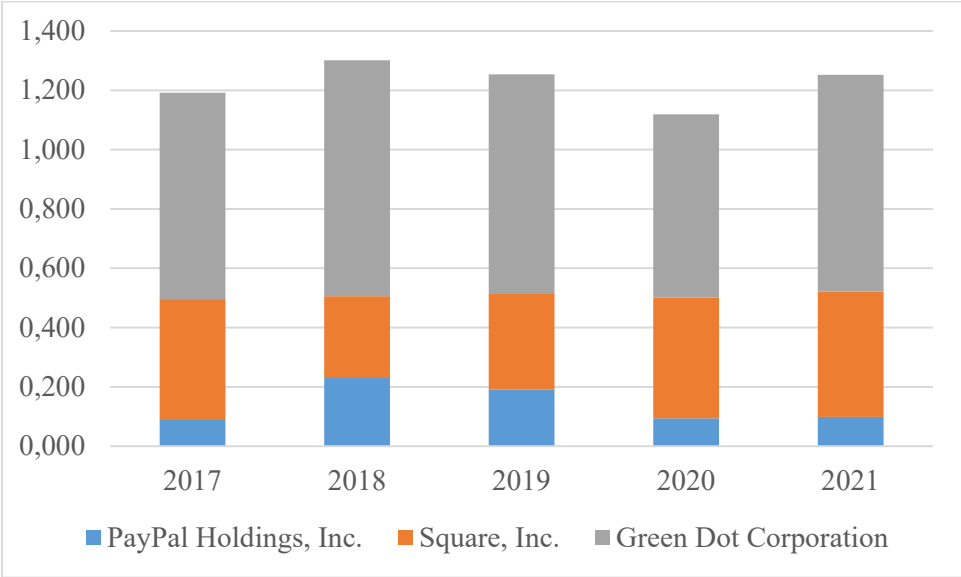
Again, we may see the significant leading of Square as a best company in respect of liquidity. Quick ratio of Square ranges between 1.082 in 2017 through 1.501 in 2018 back to 1.118 in 2021. If we look at the detail of composition of current assets, we see that Cash is significant part of current assets by Square.

Quick ratio for PayPal varies between 1.302 in 2017 through 0.98 in 2018 and back to 1.101 in 2021. This is approximately on the same level as by Square.

On the other hand, by Green Dot ranges the Quick ratio between 0.301 in 2017 and 0.134 in 2021. This means that Green Dot has a biggest cash “inventory“ from all three Fintech companies.

The detail of particular share of cash in the current assets we may see from the Figure 35 “Share of the cash in current assets”:

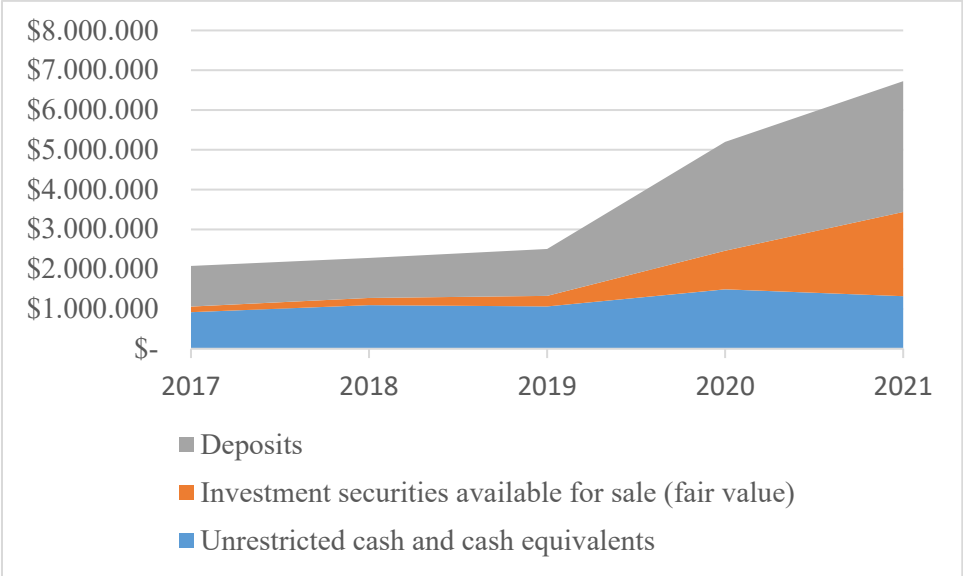
Figure 41 Share of the cash in current assets



Source: Annual report of Green Dot Corporation 2017 – 2021; Square, Inc. 2017 – 2021 and PayPal Holdings, Inc. 2017- 2021; own calculation

We may see that the biggest “inventory” has Green Dot, follows by Square and the less money in the stock has PayPal. This is logical from the point of view of the business models of particular companies. Green Dot is a digital bank, providing the customers with mobile accounts and debit cards – this means that the money is significant “material”. Customers are depositing the money by Green Dot and the company must be able to cover the demand for money withdraw. If we take a closer look into the balance sheet of Green Dot we may see that the volume of cash is almost identical with the volume of deposits in the current liabilities during the years 2017 – 2019, however this reciprocity is disrupted in 2020 and 2021 when the deposits increased significantly and the gap between cash and the deposit liability is covered by the long-term assets – investment in securities available for sale. Reference is made to figure 36 “Share of cash and Deposit liability”:

Figure 42 Share of cash and Deposit liability

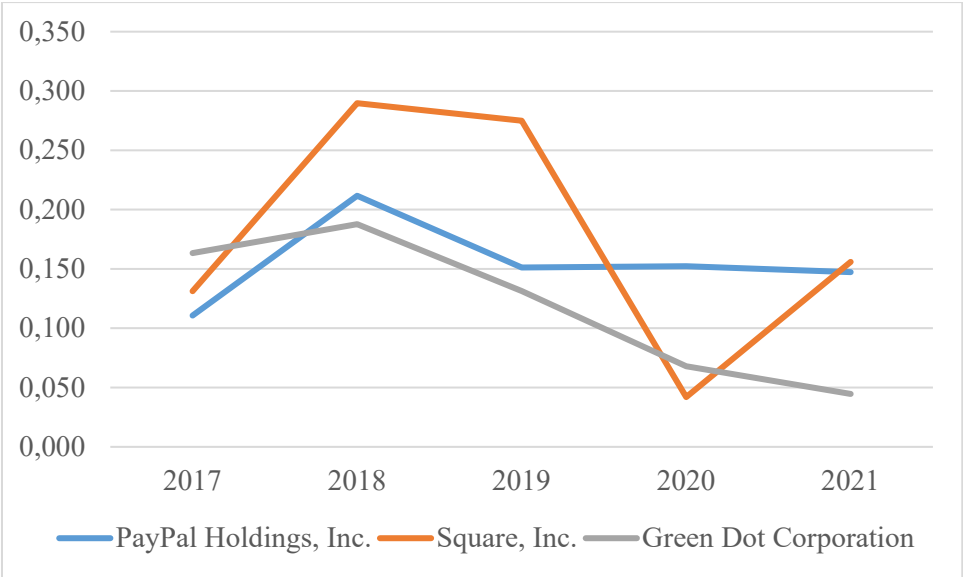


Source: Annual report of Green Dot Corporation 2017 – 2021; own calculation

For quick ratio Square gets three points, PayPal two and Square one point.

The last calculated Liquidity ratio is Cash position ratio which is equal to Cash from operations divided by current liabilities. Reference is made to Figure 37 “Cash position ratio”:

Figure 43 Cash position ratio



Source: Annual report of Green Dot Corporation 2017 – 2021; Square, Inc. 2017 – 2021 and PayPal Holdings, Inc. 2017- 2021; own calculation

Again, we see that for Square ranges the ratio between 0.131 in 2017 through 0.290 in 2018 and back to 0.156 in 2021 follow by PayPal where the starting and ending values of ratios are almost on the same level: 0.111 in 2017 to 0.147 in 2021 which means that the company for each Dollar invested in the operations increase the value of 10 to 15 cents.

Different situation is by Green Dot where in the beginning cash generated from operations is very good – 0.163 and 0.188 cent from each used Dollar in 2017 and 2018 respectively, however as from 2019 the cash generated from operations decreased significantly from 0.131 and 0.068 cents in 2019 and 2020 respectively to 0.045 cent per one used Dollar in 2021.

Also, here Square gets three points, PayPal two and Green Dot only one point for their performance regarding the cash generated form the operations.

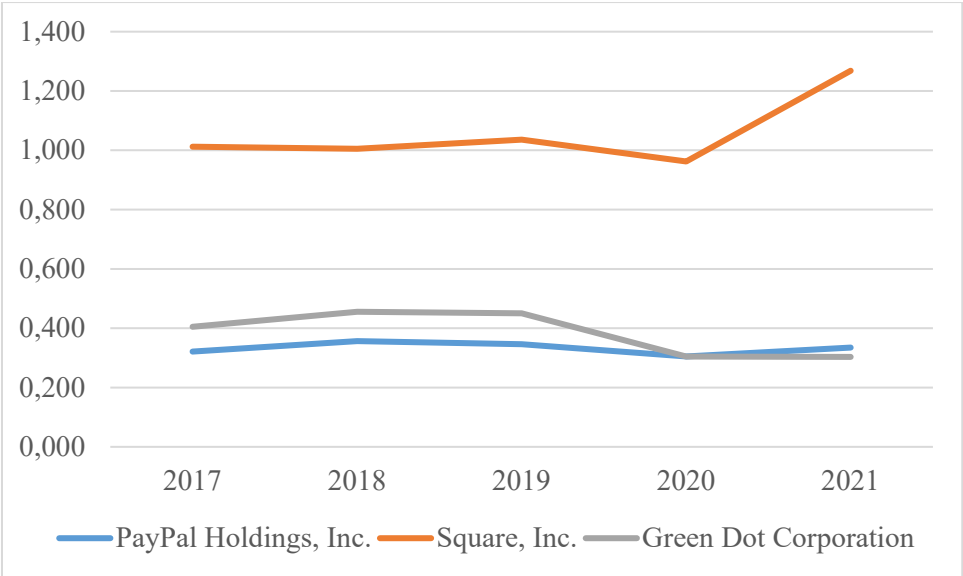
For the total Liquidity ratios is the situation as follows: Square has the best Liquidity from those three companies (with total of nine points), the second is PayPal with six points and the worst Liquidity show the figures of Green Dot with three points.

3.4 Calculation and comparison of Activity ratios

What do the activity ratio talk about the financial performance of a company? They say how effectively a company uses its assets on its balance sheet to generate a profit. In this part of thesis, a closer look will be taken at the following activity ratios:

Total Assets Turnover: a ratio which tells how effectively a company uses the total assets. It is equal Sales divided by total assets – it says that the higher ratio the better usage of the total assets Reference is made to Figure 38 “Total Assets turnover”:

Figure 44 Total Asset Turnover

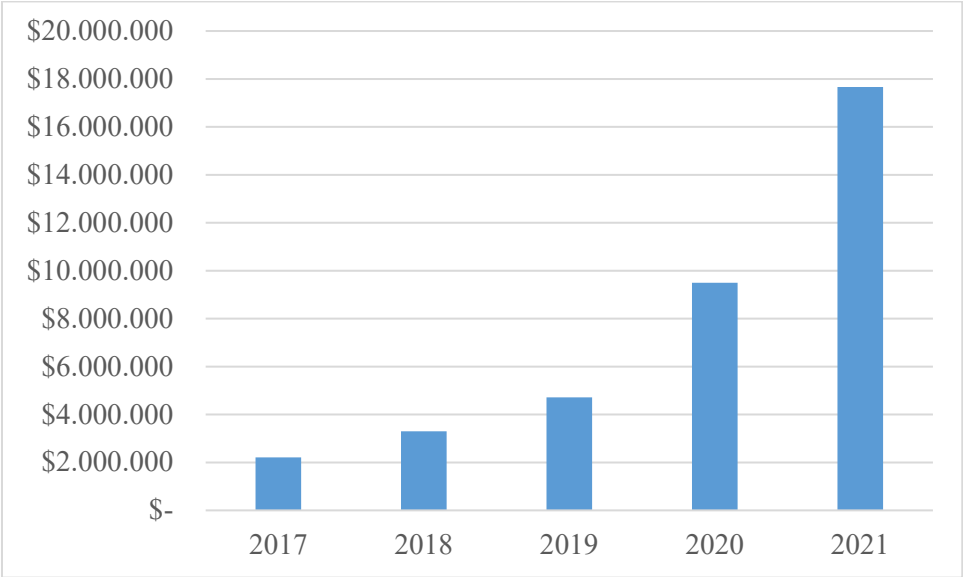


Source: Annual report of Green Dot Corporation 2017 – 2021; Square, Inc. 2017 – 2021 and PayPal Holdings, Inc. 2017- 2021; own calculation

From the graph above we see that the best usage of the assets has Square. Its ratios range between 1.012 in 2017 up to 1.268 in 2021. Let’s have a closer look at the composition of the assets on the balance sheet of Square. We may see that there is a significant increase of cash in 2020 and 2021 from USD 725 thousand in 2017 to almost USD 3.1 million and USD 4.5million in 2020 and 2021 respectively, following by significant increase of account receivable from USD 103 thousand in 2017 to USD 2.0 million and USD 2.8 million in 2020 and 2021 respectively and increase in long term investment in securities from 204 thousand in 2017 to USD 464 thousand and USD 1.5 million in 2020 and 2021 respectively.

These leverage in the assets generated higher sales – as we may see in the operating revenues an increase from USD 2.2 million in 2017 to 9.5 million in 2020 and 17.6 million in 2021 respectively which is a massive positive growth. Thus, the total Operating revenue is in 2019 twice as high in comparison with 2017 and in 2021 even eight times higher than in 2017. This is a reason why is Square mentioned among the five faster growing Fintech of the last decade. Reference is made to Figure 39: “Growth of Operating revenues Square”:

Figure 45 Growth in Operating revenues Square

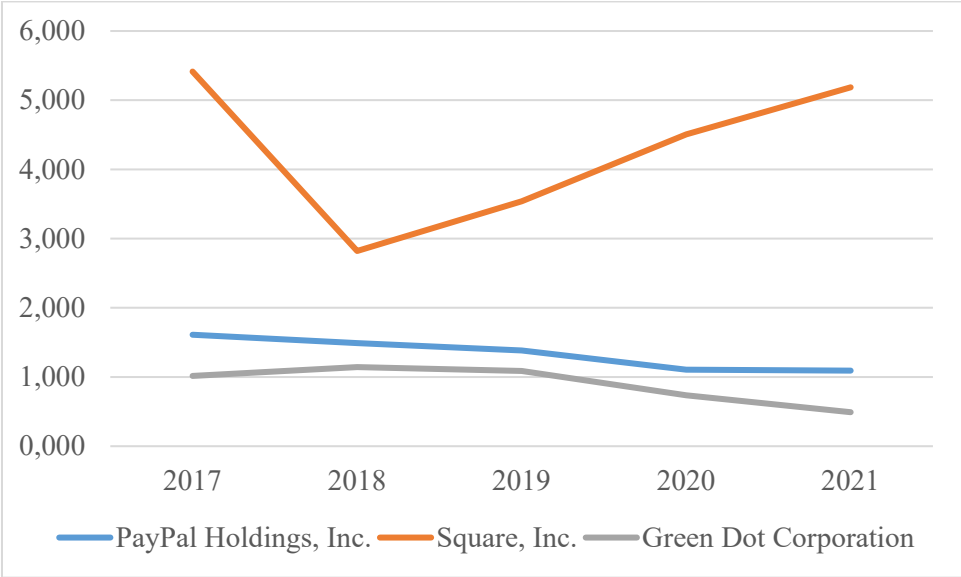


Source: Annual report of Square, Inc. 2017 – 2021; own calculation

If we look at the total asset turnover of Green Dot and PayPal it is obvious that the turnover is consistent between the years 2017 and 2021 and the ratios of both companies varies between 0.3 and 0.4 which means that for each Dollar invested in asset the company generate 30 up to 40 cents of Revenue. In this part of the financial analysis gets Square three points, Green Dot two and PayPal one point.

The next ratio is Fixed assets turnover, and it is an extraction of the fixed assets only – it is equal to sales divided to total fixed assets. As it can be seen in the Figure 20 “Fixed assets turnover” the ratios of Green Dot and PayPal are again very similar and varies between 1.016 in 2017 decreasing to 0.491 in 2021 for Green Dot and between 1.611 down to 1.092 in 2021 for PayPal. On the other hand, the ratios of Square differ significantly from both above-mentioned companies and range between 5.414 in 2017 down to 2.821 in 2018 back to 5.187 in 2021. Reference is made to Figure 40 “Fixed assets turnover”:

Figure 46 Fixed assets Turnover

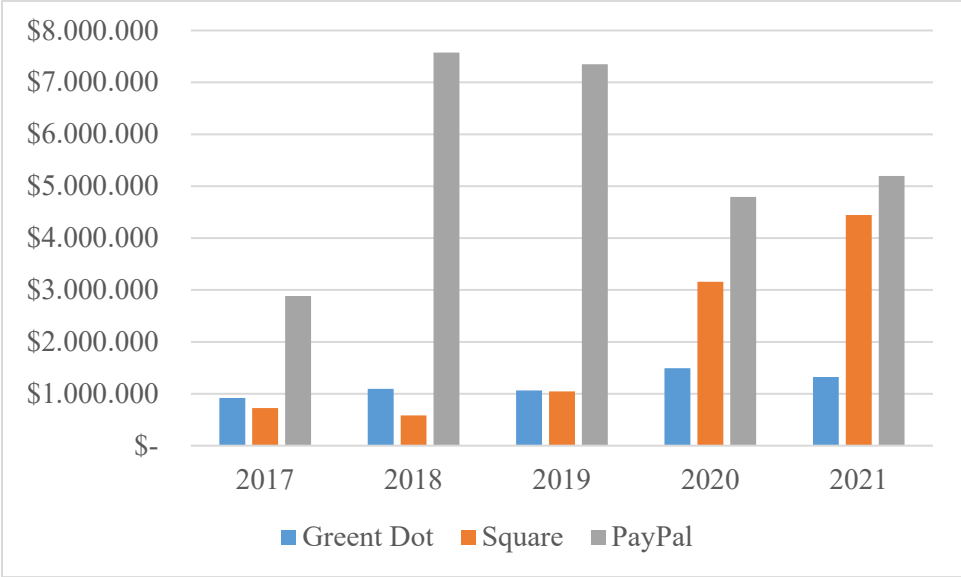


Source: Annual report of Green Dot Corporation 2017 – 2021; Square, Inc. 2017 – 2021 and PayPal Holdings, Inc. 2017- 2021; own calculation

Square generates about 5 Dollar of Revenue from each invested Dollar into fixed assets, PayPal approximately 1.5 Dollar and Green Dot 1 Dollar (in 2021 only 50 cent) of Revenue per each invested Dollar. Therefore, Square gets three points for the fixed assets turnover ratio, PayPal two and Green Dot one point.

Inventory turnover in this thesis is calculated as Sales divided by cash which is considered inventory for these purposes. This means that higher sales and lower amount of available cash present the better results. Let’s first have a look in the trend of cash by all three companies:

Figure 47 Cash

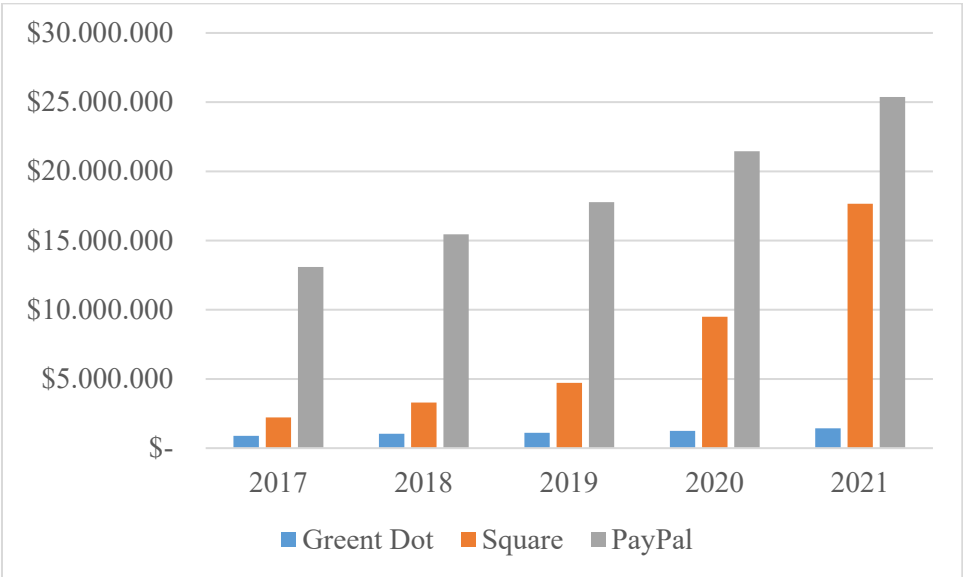


Source: Annual report of Green Dot Corporation 2017 – 2021; Square, Inc. 2017 – 2021 and PayPal Holdings, Inc. 2017- 2021; own calculation

We see very significant movements in Cash by PayPal and on the other hand very stable trend in Cash for Green Dot. Last two year is the trend by all three companies on the same level per company. Considering the development in Operating revenues (reference is made to figure 22 “Operating revenues”) it can explain very carious results of calculated Inventory = Cash turnover ratios (Reference is made to Figure 43 “Inventory Turnover”).

Regarding operating revenue have all three companies very stable and consistent trend however Square is the clear leader in this respect – growth of the operating revenues is the fastest form all three companies. PayPal has also grown trend, consistent growth, and the best results from all three companies, operating revenues of Green Dot are also growing, however very slow in comparison of the other two companies. Reference is made to Figure 42 “Operating revenue”):

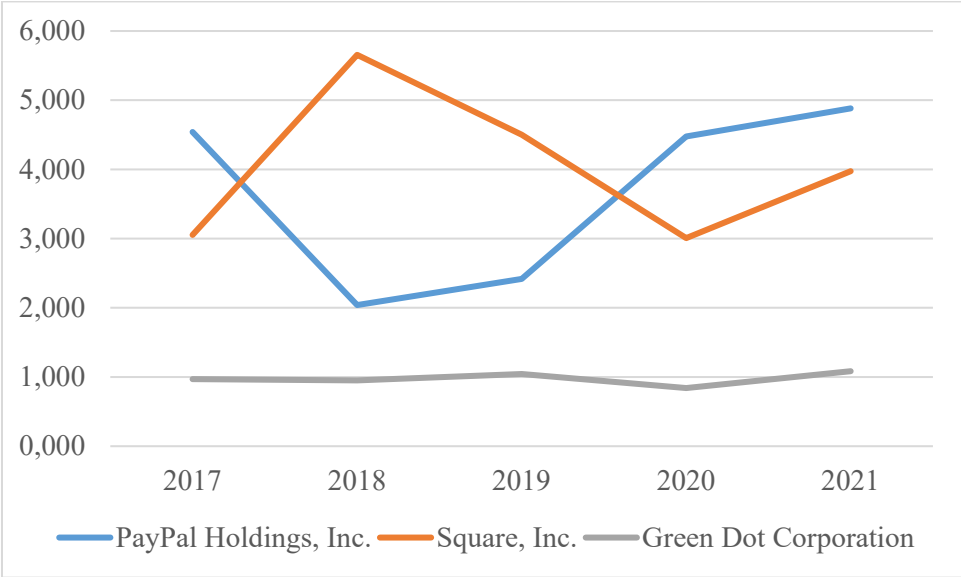
Figure 48 Operating revenue



Source: Annual report of Green Dot Corporation 2017 – 2021; Square, Inc. 2017 – 2021 and PayPal Holdings, Inc. 2017- 2021; own calculation

Having said all the above, it is obvious now how diverse and turbulent development of the Inventory turnover ratios is. In this case PayPal gets three points, Square two and Green Dot one. Reference is made to Figure 43 “Inventory Turnover”):

Figure 49 Inventory turnover



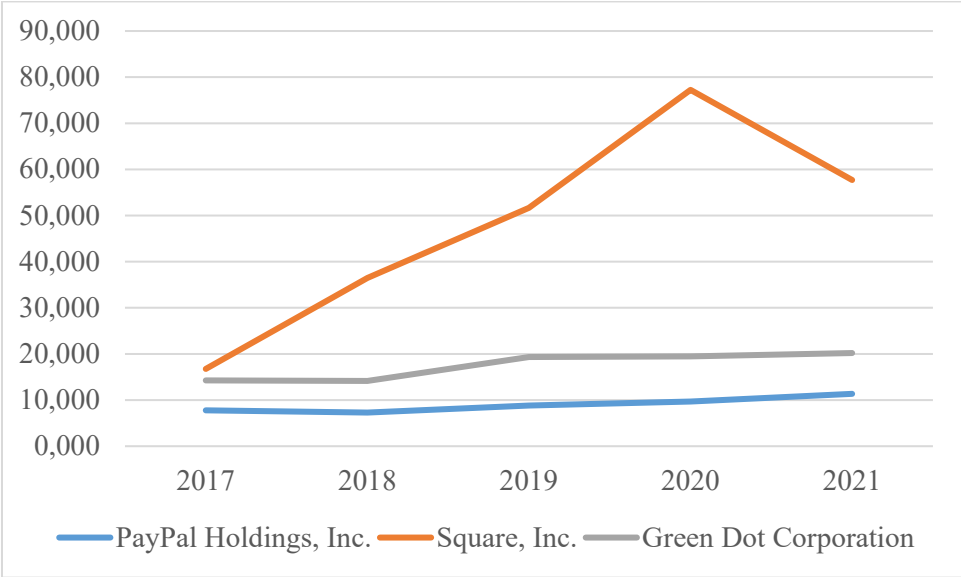
Source: Annual report of Green Dot Corporation 2017 – 2021; Square, Inc. 2017 – 2021 and PayPal Holdings, Inc. 2017- 2021; own calculation

How is the situation with Activity days? There will be deeper look taken at two basic ratios which are Days receivables and Days Payables. Here we know one additional ratio called Days of Inventory but in this case the inventory for the Fintech companies means Cash and this would not give a reasonable and comparable values.

All three companies have relatively low number of days to get their receivables paid. This is very good sign for aal stakeholders since the lower number of days of collection receivable the better – the cash is not blocked by the customers and the company does not need to bridge the gap between issuing an invoice and collecting money by its own sources. This ratio is equal to Receivables divided to sales which are divided by days in the year (thus 360 for this case). It is obvious that the best days of Receivables shows PayPal with its only 8 up to 11 days of collecting money from its customers, followed by Green Dot with an average of 17 days of collecting money from its customers and the worst results has Square with an average of 48 days of collecting money from its customers (varying between 17 days ion 2017 up to 77 in 2020 and back to 58 days ion 2021).

For this ratio PayPal receives three points, followed by Green Dot with two and Square with one point. Reference is made to Figure 44 “Days receivable”:

Figure 50 Days Receivables



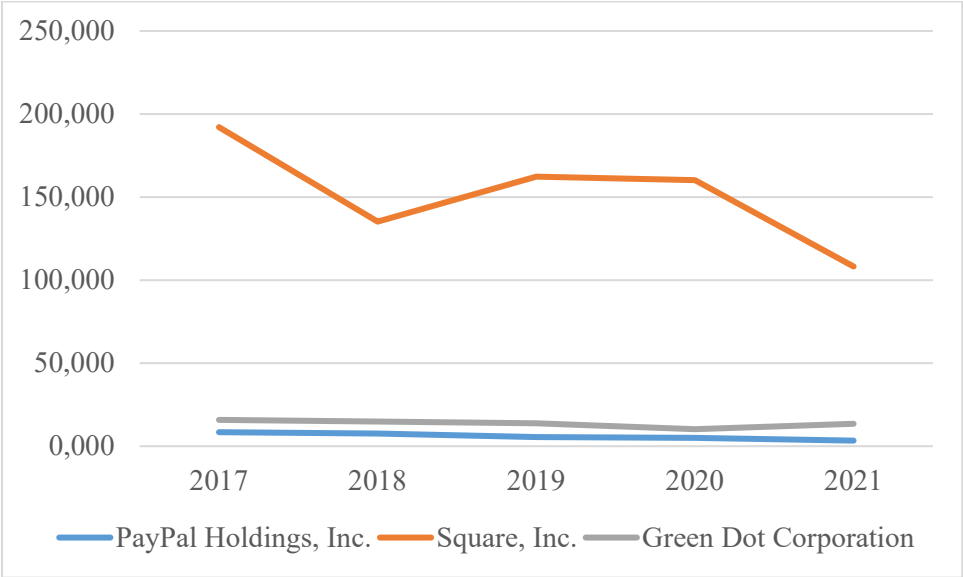
Source: Annual report of Green Dot Corporation 2017 – 2021; Square, Inc. 2017 – 2021 and PayPal Holdings, Inc. 2017- 2021; own calculation

The last calculation of activity days is Day Payables which means how long it takes until the company pays its short-term liabilities to its vendors and suppliers. This is the longer the better for the company however the company must fulfil the obligation to pay, and the overdue liabilities are not good sign in the company balance sheet. This ratio is calculated as Creditors multiplied by the number of the days in the year (thus 360) divided by Cost of goods sold (operating expenses in this case).

As it can be seen from the Figure 25 “Day Payables” PayPal has very low number of days until it pays its obligations, the ratio varies between 8 days in 2017 down to 3 days in 2021, followed by Green Dot with 16 days in 2017 down to 13.5 in 2021. Very bad result has Square which shows the range between 192 days in 2017 down to 108 in 2021. Also, in this case we see the improvement and the trend to pay its obligation as soon as possible, however this is still too high value, the best practice is that the obligations are paid within 15 to 30 days.

For this ratio Green Dot gets three points (as the best result within the best practice average), PayPal two and Square one point. Reference is made to Figure 45 “Day Payables”:

Figure 51 Days Payables



Source: Annual report of Green Dot Corporation 2017 – 2021; Square, Inc. 2017 – 2021 and PayPal Holdings, Inc. 2017- 2021; own calculation

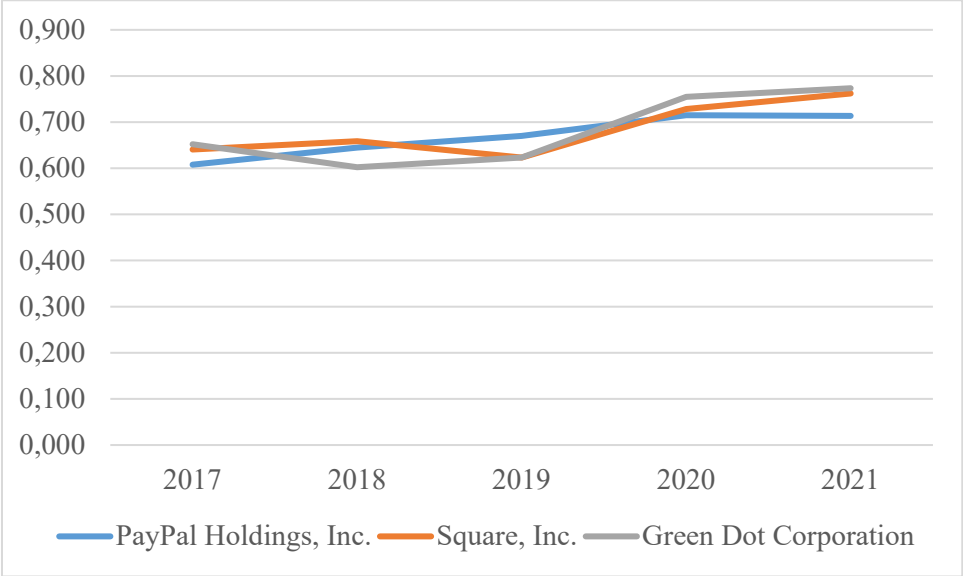
In the comparison of the total Activity ratios are the results very tight: the best is PayPal with total of eleven points, followed by Square with ten points and Green Dot with total of nine points.

3.5 Calculation and comparison of Debt ratios

Let’s have a look at the Debt ratios. These ratios show how much money a company has to cover its debts and they measure the extend of a company leverage (using borrowed capital). When the debt ratio is higher than one it means that the company has more external sources than its own assets and may get into solvency problems.

First, a ratio called total debt to total assets will be calculated which is equal to liability divided by total assets. Reference is made to Figure 46 “Total debt to total assets”:

Figure 52 Total debt to total assets



Source: Annual report of Green Dot Corporation 2017 – 2021; Square, Inc. 2017 – 2021 and PayPal Holdings, Inc. 2017- 2021; own calculation

As it can be seen, all three companies have their total debt ratio lower than one which is positive, the most consistent debt covering has PayPal whose ratio ranges between 0.608 in 2017 and 0.713 in 2021, followed by two almost identical curves of Square (where the ratios vary between 0.640 in 2017 and 0.762 in 2021) and Green Dot (with its range of ratios between 0.652 in 2017 up to 0.773 in 2021). Therefore, for this part of analysis PayPal gets three points, Square two and Green Dot one point.

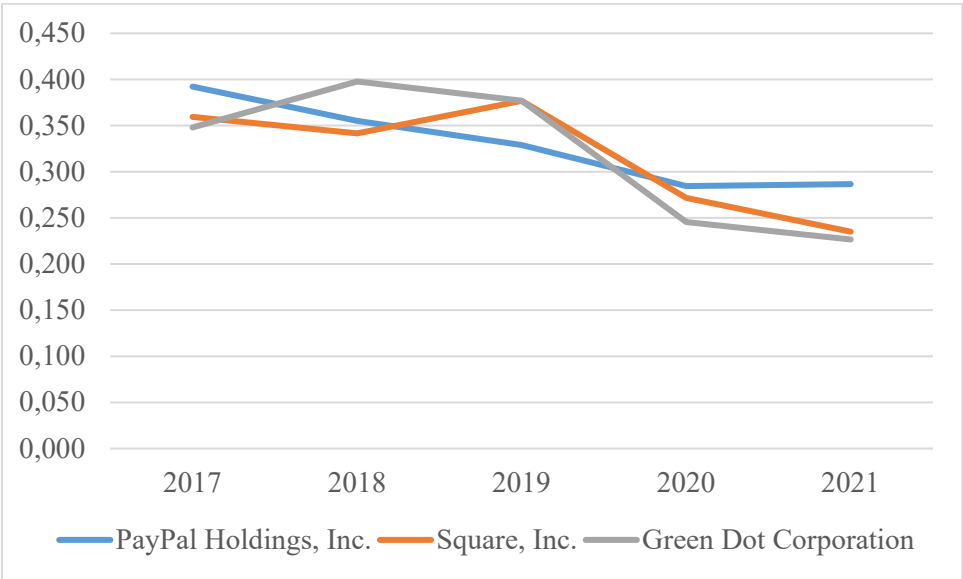
Next ratio is very interest from the own capital point of view. It shows how is the relation between own capital (equity) and total assets (it is equal to equity divided by total assets). In this case the higher ratio the better situation because the company does not depend on the external capital, however the costs of the own capital are more expensive – especially when the interest rate for external financing is low and the costs of external financing are tax deductible. For these said reasons the ratio should not be so high, it is always a decision of the company’s top management how the ratio between own and external capital should be.

From the Figure 47 is obvious that all companies had in 2017 ratio of the capital against the assets in a range between 0.350 and 0.400 and by all of them is the external part of capital increasing during the time of the last five years – so the own part of capital in decreasing to the range of 0.300 to 0.230 in 2021. Although it can be said that one third of own capital and two thirds of external is still sustainable trend. Obviously, the best result reached PayPal with its

ratio ranging between 0.392 in 2017 to 0.287 in 2021 – thus gets three points; followed by Square 0.360 in 2017 to 0.235 in 2021 – getting two points and Green Dot where the ratio varies between 0.348 in 2017 to 0.227 in 2021 (one point).

It would be very interesting to add the additional year (at least a first half of 2022) and see if the level of external financing is kept on the level of 25% or if it is still decreasing. The interest rates called up by the central bank are increasing significantly in the first half of 2022 – thus the costs of the external capital are getting more expensive now. For the own part of the capital ratio is the refence made to Figure 47:

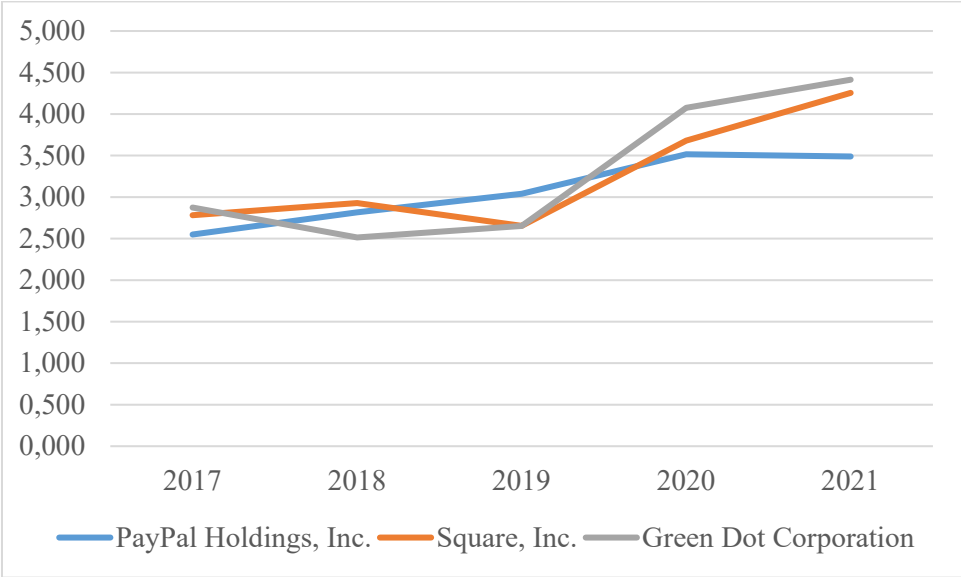
Figure 53 The own part of the Capital



Source: Annual report of Green Dot Corporation 2017 – 2021; Square, Inc. 2017 – 2021 and PayPal Holdings, Inc. 2017- 2021; own calculation

Next ratio is financial leverage which shows the usage of debts (borrowed funds) to finance the assets of the company. It is equal to total assets divided by equity, thus the higher financial leverage the more is the asset financed by the external funds (borrowed capital). Obviously from the Figure 28 we see that the borrowed funds increased by all three companies during the years 2017 and 2021 therefore also the financial leverage has an increasing trend. Again, the most consistent trend has PayPal and gets three points, followed by Square with two points and the highest usage of external financing - running to almost 50% - has Green Dot and therefore getting one point. Reference is made to Figure 48 “Financial leverage”:

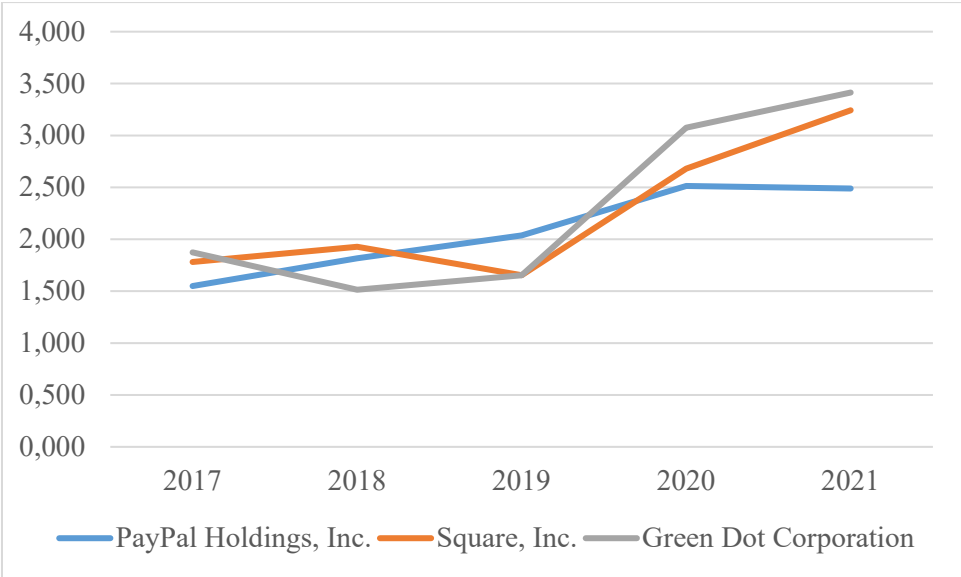
Figure 54 Financial leverage



Source: Annual report of Green Dot Corporation 2017 – 2021; Square, Inc. 2017 – 2021 and PayPal Holdings, Inc. 2017- 2021; own calculation

Next ratio shows the relation between total liabilities and the own capital (it is equal to total liability divided by equity) so-called D/E ratio and evaluates how far a company is financing its operations through debt in relation to own sources (equity). It reflects the ability of equity to cover all outstanding debts in the case that the operation will not be able to do it (in the case of the business downturn). The higher the ratio is, the higher risk it means for the shareholders. Reference is made to Figure 49 “Debt-to-equity ratio”:

Figure 55 Debt-to-Equity ratio



Source: Annual report of Green Dot Corporation 2017 – 2021; Square, Inc. 2017 – 2021 and PayPal Holdings, Inc. 2017- 2021; own calculation

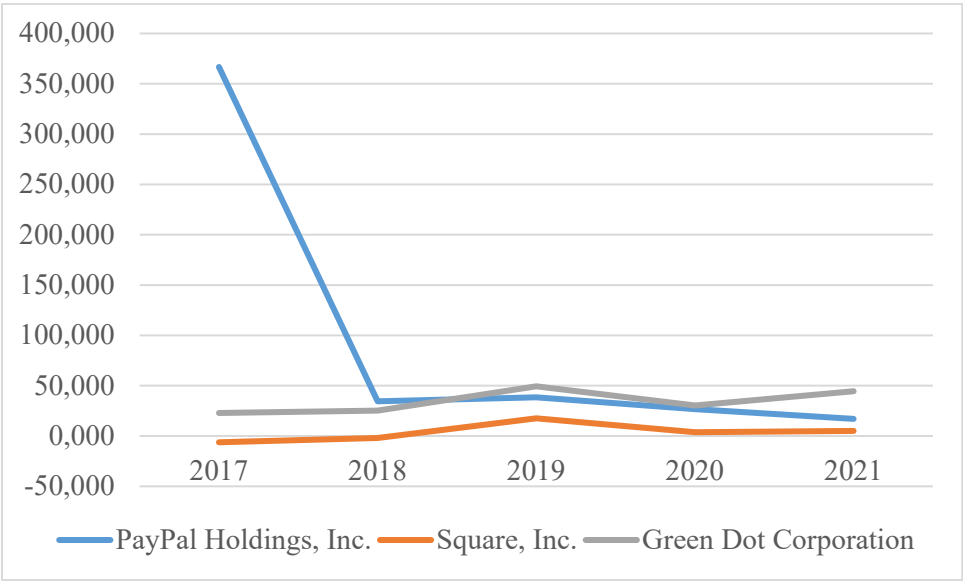
From the graph above we see that the riskiest financing has Green Dot where the ratio ranges between 1.874 in 2017 to 3.414 in 2021 followed by Square where the ratio varies between 1.782 in 2017 up to 3.414 in 2021 and the best situation is by PayPal where the ratio reaches the value between 1.549 in 2017 to 2.489 in 2021).

In this case PayPal gets three points, Square two and Green Dot one.

Let’s take a look at Interest earned ratio. This ratio shows a company ability to meet its debt obligation and is equal to EBIT (earning after interest and tax) divided by paid interest (a figure taken form the cash flow statement). So, the higher ratio the better because the company generates enough profits to cover its interests. We see obviously from the following graph that PayPal and Green Dot are able to pay their interests (ratios of PayPal varies between 34 in 2018 and 17 in 2021 – excluding 2017 when the company did not pay almost any interest and the ratio is 367), ratios of Green Dot vary between 23 in 2017 to 44 in 2021 – so this is overall the best result. Square had in the beginning (2017 and 2018) 6 and 2 negative respectively due to incurred losses, however the company EBIT is then increased to positive numbers and the ratio reached positive values from 17 in 2019 to 5 in 2021.

For this ratio Green Dot gets three points, PayPal two and Square one point. Reference is made to Figure 50 “Interest earned ratio”:

Figure 56 Interest earned ratio

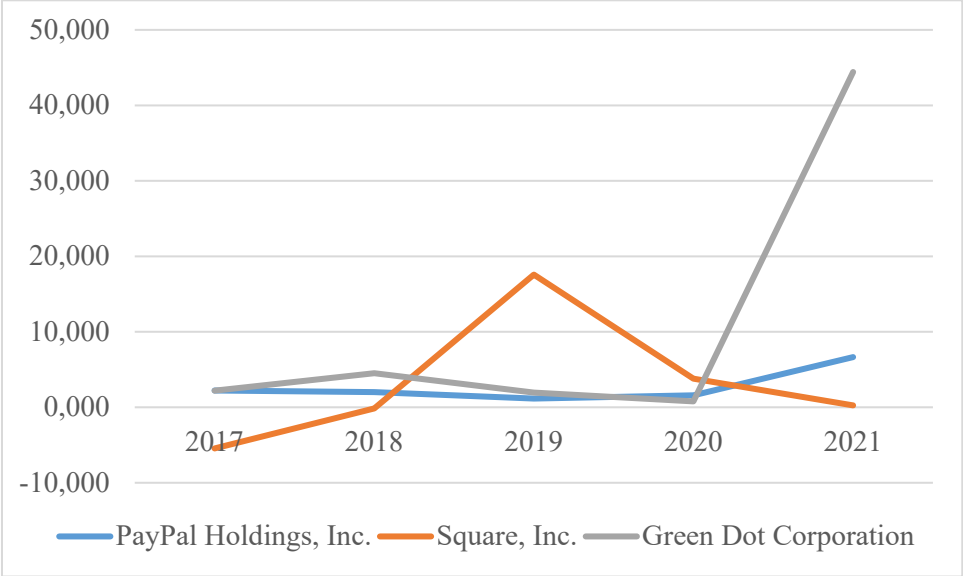


Source: Annual report of Green Dot Corporation 2017 – 2021; Square, Inc. 2017 – 2021 and PayPal Holdings, Inc. 2017- 2021; own calculation

The similar results are obtained in Ratio covering the debt burden, which shows how easy a company can pay the interest on its outstanding debt and repaid its loan obligation. This ratio is calculated as EBIT divided by paid interest plus loan redemption. It is obvious from the following graph that PayPal has very consistent line of repayment its interest and loans, ratio varies here between 2.2 in 2017 and 6.6 in 2021 – so the situation is getting better due to growing revenues. Green Dot has the same consistent line between the years 2017 (ratio 2.2 and 2020 (ratio 0.8), in 2021 the ratio increased to 44 due to growing revenues and decreasing

loans. Square is the same as in the previous case in the negative values in years 2017 and 2018 due to incurred losses (the ratio varies between 5.5 negative and 0.1 negative) hen the situation got better in 2019 (ratio 17.6 positive up to 0.2 in 2021) due to decreasing EBIT and high loan redemption in 2021. Therefore, PayPal gets three points, Green Dot two and Square one point. Reference is made to Figure 51 “Ratio covering the debt burden”:

Figure 57 Ratio covering the debt burden



Source: Annual report of Green Dot Corporation 2017 – 2021; Square, Inc. 2017 – 2021 and PayPal Holdings, Inc. 2017- 2021; own calculation

In this part (Debt ratios) the best results show PayPal with a total of 17 points, followed by Square with ten points and Green Dot with nine points.

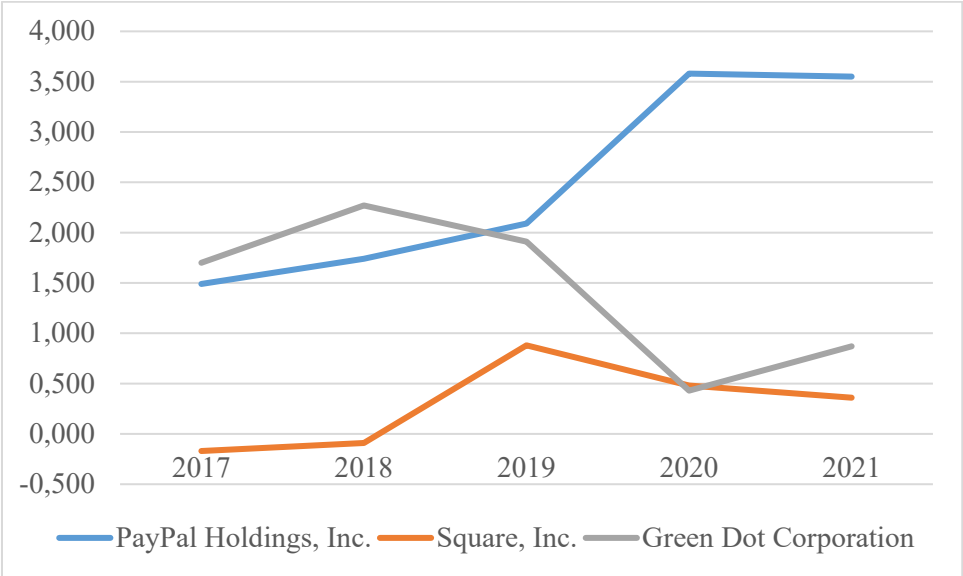
3.6 Calculation and comparison of Market ratios

Market ratios are used to evaluate the shares by the publicly held company. These ratios are very important indicators of the company’s values for the current shareholders but also for the potential investors. Comparing the book value of shares which can be very easily calculated from the publicly available sources (annual reports) with the publicly announced price per share can determine if the value per share is over- or under-priced.

Let’s have a look at the most used ratio which is EPS (Earnings per share) which tells the investors how much revenues are generated by one share. This is calculated by the company’s net profit divided by the number of shares. EPS indicates how much money can a company make for every single share of its stock.

In this thesis, the EPS ratio is not calculated, but taken over from the annual report of the companies, because this is an obligatory part of each Income statement. The ratio is calculated and verified by the company auditors, so there should not be any doubt about the correctness of the calculation. Reference is made to Figure 52 “EPS (Earning per share)”:

Figure 58 EPS (Earning per share)



Source: Annual report of Green Dot Corporation 2017 – 2021; Square, Inc. 2017 – 2021 and PayPal Holdings, Inc. 2017- 2021

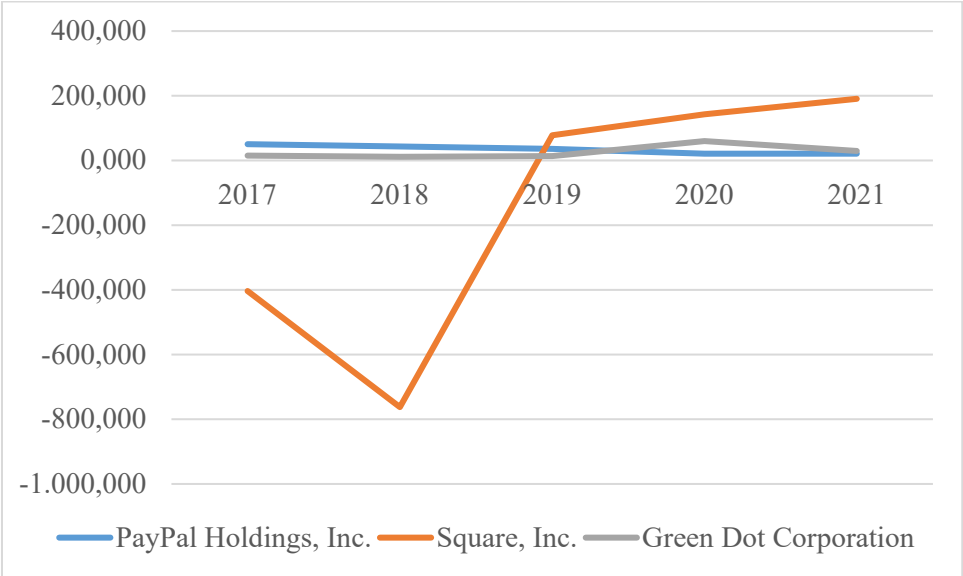
According to the graph above we may see that the best result reached PayPal whose value of the shares are growing consistently. According to the income statement of PayPal earning per share is growing from USD 1.490 in 2017 to USD 3.550 in 2021. Green Dot has very good value in years 2017 up to 2019 (USD 1.700 in 2017; USD 2.270 in 2018 and USD 1.910 in 2019), however then is the value decreasing to USD 0.430 in 2020 (so significant decline) with the slight improvement to USD 0.870 per share in 2021.

Square is struggling – incurring losses – in 2017 (USD 0.170 negative) as well as in 2018 (USD 0.090 negative), however there is an improvement in 2019 to USD 0.880 and back down to USD 0.480 and 0.360 in 2020 and 2021 respectively.

Thus, for this part of analysis, PayPal gets three points, followed by Green Dot with two and Square with one point.

The last ratio analysed is P/E (Price earnings) ratio. This ratio tells analyst how much a company is worth at all. Its calculation is simple and is equal to current stock price divided by the company’s earnings per share. This ratio tells how much the investors will pay per share for one Dollar of the Revenue. Reference is made to Figure 53 “P/E (Price earnings) ratio”:

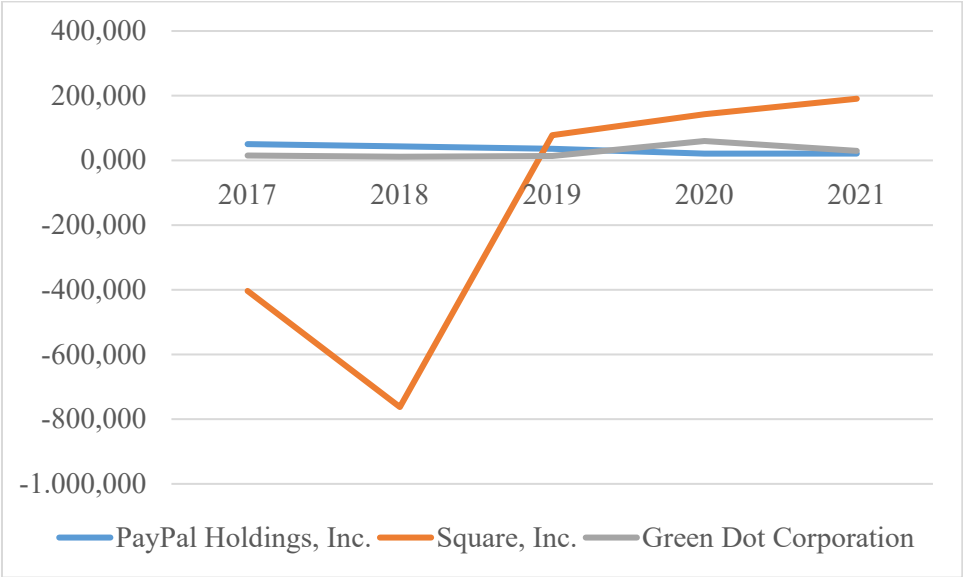
Figure 59 P/E Price earnings ratio



Source: Annual report of Green Dot Corporation 2017 – 2021; Square, Inc. 2017 – 2021 and PayPal Holdings, Inc. 2017- 2021; own calculation

On the first glance is obvious that the P/E ratio is for PayPal and Green Dot is very similar. For both companies the ratios range between USD 20 and USD 30 in 2021 and we take a closer look at the trend – this is by both companies unfortunately decreasing during those five years. Square ratios are fluctuating significantly from USD 404 negative in 2017 to USD 191 in 2021 however, the trend of the last years is very positive (in 2019 value of USD 78 and USD 143 in 2020), which gives to Square three points for this ratio, two to Green Dot and one to PayPal. Reference is made to Figure 54 “P/E (Price earnings) ratio”:

Figure 60 P/E (Price earnings ratio)



Source: Annual report of Green Dot Corporation 2017 – 2021; Square, Inc. 2017 – 2021 and PayPal Holdings, Inc. 2017- 2021; own calculation

3.7 Calculation and comparison of Capital budgeting ratios

From the publicly available sources it is not possible to determine, extract and calculate the capital budgeting ratios. This information is very sensitive and kept internally for usage and evaluation of management of a company. Therefore, it was not able to calculate and evaluate all three companies regarding those ratios. Information about this kind of company's activities is available in Strategic oversight which is actually a very short note saying to users that this is a primary responsibility of the company Board.

Instead of calculation of capital budgeting ratios let's have a look at the annual reports – the most relevant is the last financial year - of all three companies and try to extract any interesting information about the capital expenditures of the companies. Mostly this kind of information can be found in the initial word of president or CEO (chief executive officer) of the company.

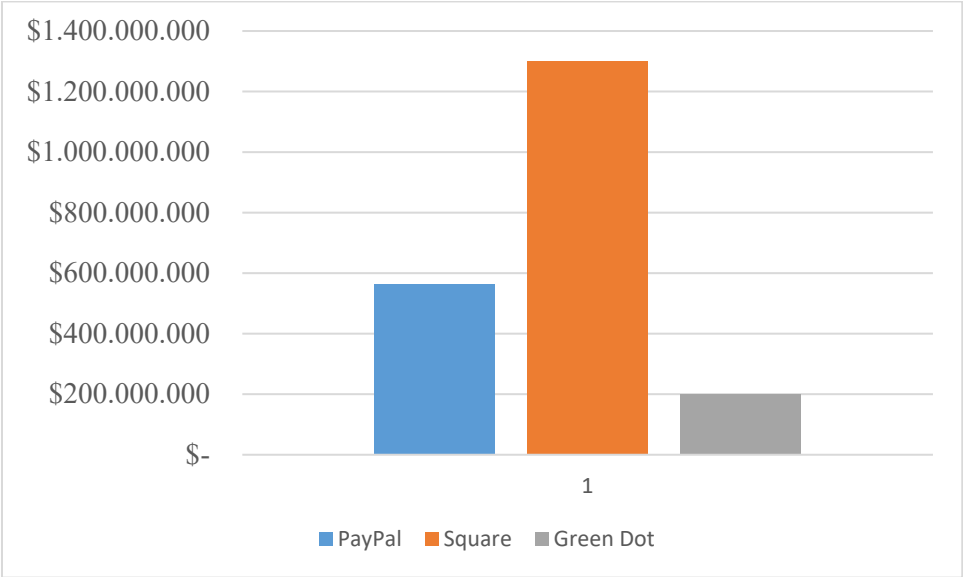
In the Annual report of Green Dot (2021) is mentioned that capital expenditure will be covered by the cash flow generated from the operational activities. From the cash flow statement, we may read that the company spent in 2021 USD 1.4 billion of net cash in investing activities. If we deduct the investments in non-capital items as purchases of available held-for-sale investment securities, the amount spent on capital expenditures in 2021 is USD 200 million.

In the Annual report of PayPal (2022) we may read that the company issued fixed rate notes in amounts of USD nine billion for - among others - capital expenditures. This happened between September 2019 and May 2020 and capital expenditures included acquisition of business, assets, and strategic investments. In the detail overview of the payments in Annual report 2022 we see that the company has purchase obligation in amount of USD 562 million.

Square (2022) is mentioning in its report that all initial investments and capital expenditures are financed through the debt and equity finance which means that the company has high capital costs and indebtedness. The company issued in May 2021 senior unsecured notes in amount of USD 2 billion to use the net proceeds for potential acquisition, strategic transaction, capital expenditures and working capital. From the cash flow we see that investing activities in 2021 amounted to 1.3 billion and they primarily relate to capital expenditures to support growth, investments in marketable debt securities, investment in held entity and business acquisitions.

Comparison of all three companies' capital expenditures we may see in the following graph. Reference is made to Figure 55 "Capital expenditures".

Figure 61 Capital expenditures



Source: Annual report of Green Dot Corporation 2021; Square, Inc. 2022 and PayPal Holdings, Inc. 2022

3.8 Evaluation of results and comparison with the industry peer

This is the end of the financial ratios analysis and now the results can be presented with the outcome of research which one of the three Fintech companies have the best financial results for the last five years.

There are five groups of financial ratios of each company available however not all indicators are equally important for analyst in determining which company achieved the best results. Let's first determine the importance of financial ratios as it was described in the methodology and interpret the result of particular company:

Points from profitability ratios are multiplied by two, because these ratios are the most important indicators of financial analysis, on which the eyes of investors focus the first and these ratios express the trend of the company's financial health the most. Profitability ratios assess a company ability to generate earnings relative to its revenue therefore they are the most attractive for potential investors. From the research is obvious that PayPal achieved the best results getting significantly better results in all four subcategories of profitability ratios. PayPal reached a total of 24 points, followed by Green Dot with 16 points and Square with 8 points.

The second most important indicator is considered to be the market ratio, which expresses the fair value of the company, analyse the stock prices, and compare the market prizes of a company with its competitors. Investors look at Market ratios to evaluate the current share price and determine whether the company shares are over- or under-priced. Therefore, the results in this category are increased by fifty percent (or multiplied by one and half point). Regarding Market ratio analysis all three companies reached the same result of 6 points, which is very interesting situation.

All other financial ratios - liquidity, activity, and the total debt – have in this analysis the same weight and are equally important. Therefore, they are not increased by any percentage.

In category of Liquidity, Square achieved the best results with 9 points, followed by PayPal with 6 points and the worse liquidity was calculated by Green Dot reaching only 3 points overall with the worse results in all particular ratios. It means that Square has the most liquid assets and is the most able to pay off its short-term debts.

In results of Activity ratios achieved PayPal the best results with 11 points meaning that PayPal can leverage the assets by the most efficient way to generate the revenues and cash. PayPal is followed closely by Square with 10 points and Green Dot with 9 points.

In category Debt are the differences in reached results more significant: PayPal achieved a level of 17 points, Square 10 points, and Green Dot 9. It means that PayPal has the lowest debts and will not be burdened by high interest in future years, therefore can reached the better results – higher net income and can thus appropriate more of the retained earnings to its shareholders.

The overview of all points achieved during the financial ratio analysis can be seen in the following figure. Reference is made to Attachment 22 “Results of Internal analysis performance points.”

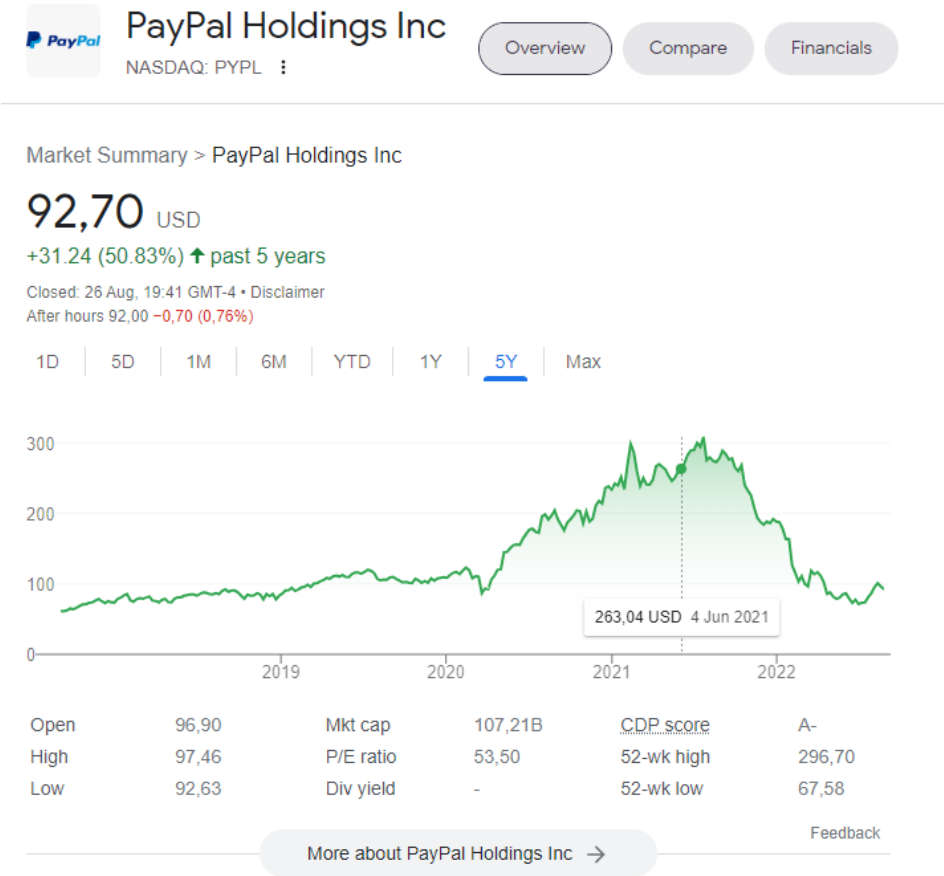
The best and the most consistent development in the financial results performed PayPal with total of 64 points. This is definitely a company worth to invest in. From the presented graphs and calculated ratios, we may see that the company reached the best results in profitability ratios, where all four returns on capital employed asset, equity and sales reached consistent results of 10% up to 20%. From the graphs we may see that the profitability ratios are growing with the peak in 2020 and slight decrease in 2021. PayPal also reached the best results in Activity ratios which means that it employed its assets in very efficient manner and the best results in debt ratios which means that it is not burdened with lot of liabilities. Furthermore, we

may have seen that PayPal uses for investments the optimal level of the cash generated from the operating activities.

For the further analysis of profitability ratios of PayPal would be very useful to calculate the same for the financial year 2022 – it would be very interesting to check if the profitability ratios will continue to grow or decline. However, this company – in respect of its history and development in the last five years - definitely deserves to be invested in.

My calculation of the ratios can be confirmed also by the development of the stock price. From the internet source NASDAQ PYPL, we see that the best price for one stock was indeed in year 2021. Reference is made to Figure 57 “PayPal Market summary 5 years”. We really may see a slight decline in 2021 however the overall trend of PayPal shares in the last five year is increasing and the company reaches amazing 50.83% of growth in the share value.

Figure 62 PayPal Market summary 5 years



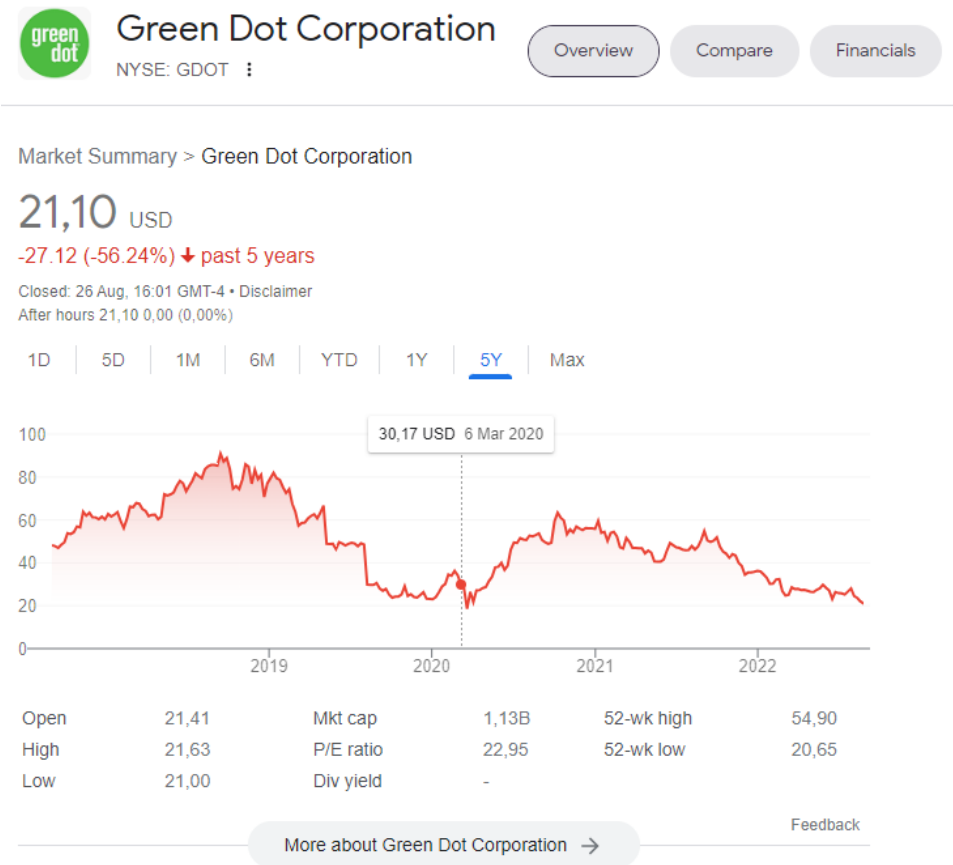
Source: PayPal Holdings Inc. NASDAQ PYPL overview.

On the second place we may see the company Green Dot with a total of 43 points, which is the same as Square, Inc. reached, however Green Dot is winner in the profitability analysis, and it gives him an upper hand in this analysis. This financial analysis made is in line with the trend of stock value as we may see from the Figure 39 “Green Dot Corporation Market summary 5 years”. This Fintech company reached the second-best result from all three companies. The stock price is the lowest form all three companies – reached only USD 21 per stock, and the

trend from the last five years is more negative than positive. The value of stock decreased by 56% in the past five years which is very negative result and bad sign for potential investors.

If we look at the points reached from the financial ratio analysis, we may see that the company has the worst results in liquidity – it means that it may get to the problems in the near future with payment of its short-term obligations. There is a shortage of cash which does not cover the deposit liabilities, not even if we compare the non-current assets and the long-term liabilities - the company is not able to cover the short-term deposit liabilities with non-current assets (investment in securities available for sale). This is confirmed by the calculation of debt ratio where Green Dot reached also the worst results – debt to assets, debt to equity and the financial leverage, which means that the company does not generate enough cash to make the debt covering position better. All this is confirmed also the worst result in activity which means that it does not employ its asst effectively – mostly in the fixed assts and inventory (cash).

Figure 63 Green Dot Market Summary 5 years



Source: Green Dot Corporation NYSE: GDOT overview.

The third place belongs to Square reaching 43 points, which is the same a Green Dot did, however because the profitability analysis is considered the most important one, and Green Dot reached better results, therefore Square is moved to the third position. Square is relatively young company with not stable capital yet, suffering in past year lot of losses and very high level of indebtedness. From the annual report 2022 we may read that the company issued additional USD 1.2 billion debt to be able to invest on growth and also finance the working capital. Profitability ratios – the most important for new potential investor – are on the low-level ranging

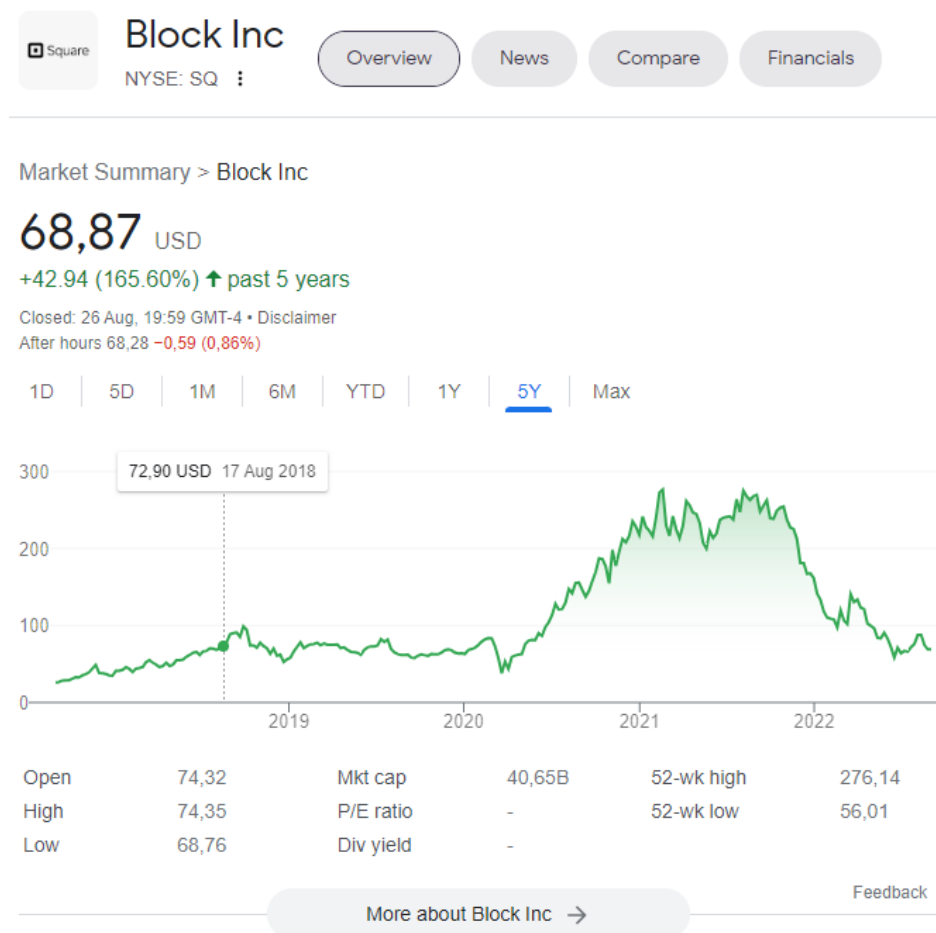
between 5 percent negative to 2 percent positive in average. Thus, the level of return of invested money is still low.

On the other hand, it is very promising young company with great potential as we may see from the development of the stock price for the last five years. Reference is made to Figure 38 “Square Market summary 5 years”. (In December 2021 Square changed its name to Block Inc.). We may see the development of the stock price value on the following graph. The value of stock increasing significantly; however, the difference is – in comparison of PayPal and Green Dot that in the beginning Square incurred losses (2017 and 2018).

For the European customers is Square not so commonly known company. Square is mainly oriented on US market, where it helps to customers run and grow the business with the complex business model of integrated ecosystems with commerce solutions, business software and banking services. Its potential is – despite the losses suffered in the past – high. We may see the growth of the stock value from the Figure 38 “Square Market summary 5 years. Even though the value of the stock is much lower than the one of PayPal, the growth for the last five years shows more than 160% which is amazing.

The last look on Square belong to analysis of operating result. What is the reason that the operating result on in the are the first years of the period under review (2017 – 2021) negative? We may see that the highest costs for those three years belongs to development and selling expenses. Even if the operating revenue grows rapidly between the year 2017 and 2021 as we may see clearly from the Figure 19 “Growth in operating revenue Square”, the company invested in product development and selling expenses lot of funds which caused the losses in 2017 and 2018. However, for the long-term horizon it seemed to be a good management decision, the company is growing and the last year under review – 2021 – is the result of Square a profit of USD 166 thousand.

Figure 64 Square Market summary 5 years



Source: Block Inc. NYSE SQ: overview.

Let's compare those Fintech companies (Green Dot, Square and PayPal) with some other company in the same industry. The one based in the Europe is chosen very well-known payment service provider based in Amsterdam called Adyen N.V.

Adyen is a Dutch payment company, which helps its customers to accept the e-commerce payments, mobile payments, and point-of-sale payments. As we may see from the Figure 60 "Adyen NV Market summary 5 years" it is amazingly growing company with value of stock at more the EUR 1,500 growing incredibly fast in the past five years by more than 260%. Adyen has been incorporated in Amsterdam in 2006 by two Dutch citizens. From the small company it grew to one of the biggest Fintech in Europe with the annual turnover of five billion EUR and revenue of almost five million EUR, employing nowadays more than two thousand employees. Adyen is listed on Euronext and performing amazingly. Its shares are valued more than fifteen hundred EUR per stock, and it is one of the most successful Fintech companies in Europe for last decade.

Figure 65 Adyen NV Market summary 5 years



Source: Adyen NV AMS: ADYEN overview.

According to all four Market summaries we see exactly the same trend in stock value the value is since 2018 increasing with a peak in the second half of 2021 (US listed companies have peak a little bit earlier by the end of summer 2021; Adyen in November 2021) and then in 2022 is the trend again decreasing. From this it might have been concluded that now the market find itself in an economic recession which is also confirmed by various media. Stock value in 2022 of all compared Fintech companies is further decreasing in 2022 and according to the forecast of economists.

4 Conclusion

How did perform three of the most successful companies on financial technologies market? What is the result from comparison of their financial indicators? Those two questions were the research questions of this final thesis. Collect the available financial information for the last five years, calculate the financial ratios, compare them, and find out what which one of them is the most successful and worth for investors to buy their shares was the main goal of this research.

The following procedure was defined in the assignment of this final thesis:

Data collection: Collecting data from publicly available financial statements for the last five years (2017 – 2021) of three Fintech companies, extract the main financial information as balance sheet, profit and loss and the cash flow from operating activities. From these three statements the relevant data for financial analysis were selected and sorted into clear table.

Thus, first of all, the relevant information is collected from the publicly available sources – the financial statements of all three companies for the last five years. Once all publicly available financial statements for all three companies were collected for year 2017 up to and including 2021, continuing with the next step according to the assignment and it was research of financial indicators: Performance of financial analysis using horizontal and vertical analysis and financial ratio analysis by calculating the extracted data according to defined formulas and compare the results in the excel sheet charts and graphs.

The relevant information needed for the financial analysis are extracted, acquired form the financial statements in the excel sheets charts and then the relevant ratios are calculated. Furthermore, these calculated financial ratios are compared to each other, the results are interpreted, and the trend of the particular ratios is put in clear charts.

Interpretation of the calculated ratios was the next action: Horizontal and vertical analysis were interpreted separately. Calculated financial ratios were interpreted in each category assigning the points to each company based on the results. To total points in each category were assigned importance and after that they were increased by a coefficient according to this importance. Interpretations in analytical part of this final thesis were given with a help of graphical presentation for clearer picture. Calculated ratios were explained and interpreted in the way how particular companies are standing and what is the trend of each of them as well as related to the industry.

Finally, the results were presented, based on the methodology described in chapter 2.4 “Work methodology” and were evaluated in 3.8 “Evaluation of results and comparison with industry peer”, where all three companies were compared with another peer from the industry Adyen N.V. For this final comparison with another successful company in the same industry the publicly available information about the shares values of Adyen NV are used. Adyen N.V. is the one of the most successful Fintech on the European market. The aim of presentation of development of the share price of Adyen NV was to prove that the interpretation of the development of the share price stated correctly and the indicated trend is a real trend in the entire Fintech industry.

Goal of the Research: To give recommendation to potential investors which of the three analysed companies is the best object for investment. The key points and results of my research was to calculate and compare the financial ratios of the above-mentioned Fintech companies to be able to make a conclusion which one of them is most valuable and worth for potential investors to put money in it. Research was done for the period of the last five years which is recommended period from the financial experts.

Why is this work relevant? It can serve as a model of simple and reliable financial analysis for determining the trend and monitoring the development of financial indicators of any company. Since the methodology and the description of how the individual results can be interpreted are also presented here, it is possible to proceed with a deeper analysis of the above-mentioned companies or, according to it, a suitable analysis can be set up for any other company.

Investment in shares of PayPal is highly recommended, however it is based on the research of financial ratios of the last five years, there is no guarantee that the company will perform so successful also in the future although it is very probable that it will remain one of the most successful Fintech in the world.

In conclusion - following the trend in the stock-price development of Fintech companies – is recommended to invest in them in general, because in my opinion this field is still at the very beginning phase and this business model has huge potential and future - not only for investors and corporations but also for ordinary people. Fintech companies will serve us and make our life easier in still bigger meaning of the word.

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Attachments

Attachment 1:

Consolidated Statements of Operations; Balance sheet and the Cash Flow from Operating activities of Green Dot Corporation for the years 2017 up to and including 2021. Source: <https://ir.greendot.com/financial-information/annual-reports/>

Attachment 2:

Calculated Horizontal Analysis of Green Dot Corporation. Source: Own calculation from Consolidated Statements of Operations; Balance sheet 2017 up to and including 2021. Source: <https://ir.greendot.com/financial-information/annual-reports/>

Attachment 3 :

Calculated Vertical Analysis of Green Dot Corporation. Source: Own calculation from Consolidated Statements of Operations; Balance sheet 2017 up to and including 2021. Source: <https://ir.greendot.com/financial-information/annual-reports/>

Attachment 4:

Calculated ratios of Green Dot Corporation. Source: Own calculation; Earnings per share ratio overtaken from the Consolidated Statements of Operations 2017 up to and including 2021. Source: <https://ir.greendot.com/financial-information/annual-reports/>

Attachment 5:

Consolidated Statements of Operations; Balance sheet and the Cash Flow from Operating activities of Square, Inc. for the years 2017 up to and including 2021. Source: <https://investors.block.xyz/financials/annual-results/default.aspx>

Attachment 6:

Calculated Horizontal Analysis of Square, Inc. Source: Own calculation from Consolidated Statements of Operations; Balance sheet 2017 up to and including 2021. Source: <https://investors.block.xyz/financials/annual-results/default.aspx>

Attachment 7:

Calculated Vertical Analysis of Square, Inc. Source: Own calculation from Consolidated Statements of Operations; Balance sheet 2017 up to and including 2021. Source: <https://investors.block.xyz/financials/annual-results/default.aspx>

Attachment 8:

Calculated ratios of Square, Inc. Source: Own calculation; Earnings per share ratio overtaken from the Consolidated Statements of Operations 2017 up to and including 2021. Source: <https://investors.block.xyz/financials/annual-results/default.aspx>

Attachment 9:

Consolidated Statements of Operations; Balance sheet and the Cash Flow from Operating activities of PayPal Holdings, Inc. for the years 2017 up to and including 2021. Source: <https://investor.pypl.com/financials/annual-reports/default.aspx>

Attachment 10:

Calculated Horizontal Analysis of PayPal Holdings, Inc. Source: Own calculation from Consolidated Statements of Operations; Balance sheet 2017 up to and including 2021. Source: <https://investor.pypl.com/financials/annual-reports/default.aspx>

Attachment 11:

Calculated Vertical Analysis of PayPal Holdings, Inc. Source: Own calculation from Consolidated Statements of Operations; Balance sheet 2017 up to and including 2021. Source: <https://investor.pypl.com/financials/annual-reports/default.aspx>

Attachment 12:

Calculated ratios of PayPal Holdings, Inc. Source: Own calculation; Earnings per share ratio overtaken from the Consolidated Statements of Operations 2017 up to and including 2021. Source: <https://investor.pypl.com/financials/annual-reports/default.aspx>

Attachment 13:

Horizontal Analysis and graphics. Source: Annual report of Green Dot Corporation 2017 – 2021; Square, Inc. 2017 – 2021 and PayPal Holdings, Inc. 2017- 2021; own calculation.

Attachment 14:

Vertical Analysis and graphics of Green Dot corp. Source: Annual report of Green Dot Corporation 2017 – 2021; own calculation.

Attachment 15:

Vertical Analysis and graphics of Square Inc. Source: Annual report of Square, Inc. 2017 – 2021; own calculation.

Attachment 16:

Vertical Analysis and graphics of PayPal Holdings Inc. Source: Annual report of PayPal Holdings, Inc. 2017- 2021; own calculation.

Attachment 17:

Profitability ratios values and graphics. Source: Annual report of Green Dot Corporation 2017 – 2021; Square, Inc. 2017 – 2021 and PayPal Holdings, Inc. 2017- 2021; own calculation.

Attachment 18:

Liquidity ratios values and graphics. Source: Annual report of Green Dot Corporation 2017 – 2021; Square, Inc. 2017 – 2021 and PayPal Holdings, Inc. 2017- 2021; own calculation.

Attachment 19:

Activity ratios values and graphics. Source: Annual report of Green Dot Corporation 2017 – 2021; Square, Inc. 2017 – 2021 and PayPal Holdings, Inc. 2017- 2021; own calculation.

Attachment 20:

Debt ratios values and graphics. Source: Annual report of Green Dot Corporation 2017 – 2021; Square, Inc. 2017 – 2021 and PayPal Holdings, Inc. 2017- 2021; own calculation.

Attachment 21:

Market ratios values and graphics. Source: Annual report of Green Dot Corporation 2017 – 2021; Square, Inc. 2017 – 2021 and PayPal Holdings, Inc. 2017- 2021; own calculation.

Attachment 22:

Results of Internal analysis performance points.

Attachment 1

Green Dot Corporation

Consolidated Statements of Operations

<i>In thousands USD</i>	2017	2018	2019	2020	2021
Operating revenue	\$ 890.151	\$ 1,041.758	\$ 1,108.595	\$ 1,253.760	\$ 1,433.197
Sales and marketing expenses	\$ -280.561	\$ -326.333	\$ -386.840	\$ -415.111	\$ -382.163
Compensation and benefit expenses	\$ -194.654	\$ -221.627	\$ -198.412	\$ -233.155	\$ -264.686
Processing expenses	\$ -161.011	\$ -181.160	\$ -200.674	\$ -293.711	\$ -389.284
Other G&A expenses	\$ -155.601	\$ -206.040	\$ -199.751	\$ -281.710	\$ -330.590
Total operating expenses	\$ -791.827	\$ -935.160	\$ -985.677	\$ -1,223.687	\$ -1,366.723
Operating Result	\$ 98.324	\$ 106.598	\$ 122.918	\$ 30.073	\$ 66.474
Interest income	\$ 11.243	\$ 23.701	\$ 27	\$ -1.217	\$ -2.624
Interest expenses	\$ -6.109	\$ -6.482	\$ -1.864	\$ -761	\$ -150
Income before taxes	\$ 103.458	\$ 123.817	\$ 121.081	\$ 28.095	\$ 63.700
Income tax expense	\$ -17.571	\$ -5.114	\$ -21.184	\$ -4.964	\$ -16.220
Net income	\$ 85.887	\$ 118.703	\$ 99.897	\$ 23.131	\$ 47.480
Income attributable to preferred stock	\$ -	\$ -	\$ -	\$ -	\$ -
Net income available to common stockholders	\$ 85.887	\$ 118.703	\$ 99.897	\$ 23.131	\$ 47.480
EBIT	\$ 103.458	\$ 123.817	\$ 121.081	\$ 28.095	\$ 63.700
<i>Basic earnings per common share</i>	\$ 1.70	\$ 2.27	\$ 1.91	\$ 0.43	\$ 0.87
<i>Diluted earnings per common share</i>	\$ 1.61	\$ 2.18	\$ 1.88	\$ 0.42	\$ 0.85
<i>Basic weighted-average common shares issued and outstanding</i>	\$ 50.482	\$ 52.222	\$ 52.195	\$ 52.438	\$ 54.070
<i>Diluted weighted-average common shares issued and outstanding</i>	\$ 53.198	\$ 54.481	\$ 53.138	\$ 53.685	\$ 55.220

Consolidated Balance sheets

<i>In thousands USD</i>	2017	2018	2019	2020	2021
ASSETS					
Unrestricted cash and cash equivalents	\$ 919.243	\$ 1,094.728	\$ 1,063.426	\$ 1,491.842	\$ 1,322.319
Restricted cash	\$ 90.852	\$ 490	\$ 2,728	\$ 4,859	\$ 3,321
Investment in securities available for sale (fair value)	\$ 11.889	\$ 19,960	\$ 10,020	\$ -	\$ -
Settlement assets	\$ 209.399	\$ 153.992	\$ 239.222	\$ 782.262	\$ 320.377
Account receivable net	\$ 35.277	\$ 40.942	\$ 59.543	\$ 67.755	\$ 80.401
Prepaid expenses and other assets	\$ 47.086	\$ 57.070	\$ 66.183	\$ 66.705	\$ 81.380
Income tax receivable	\$ 7.459	\$ 8.772	\$ 870	\$ -	\$ 1,354
Total current assets	\$ 1,321.205	\$ 1,375.954	\$ 1,441.992	\$ 2,413.423	\$ 1,809.152
Investment securities available for sale (fair value)	\$ 141.620	\$ 181.223	\$ 267.419	\$ 970.969	\$ 2,115.501
Loans to bank customers	\$ 18.570	\$ 21.363	\$ 21.417	\$ 21.011	\$ 19,270
Prepaid expenses and other assets	\$ 8.179	\$ 8.125	\$ 10.991	\$ 40.481	\$ 136.400
Property, equipment and internal used software net	\$ 97.282	\$ 120.269	\$ 145.476	\$ 133.400	\$ 135.341
Operating lease right-of-use assets	\$ -	\$ -	\$ 26.373	\$ 13.134	\$ 10,967
Deferred expenses	\$ 21.791	\$ 21.201	\$ 16.891	\$ 18.332	\$ 16,855
Net deferred taxes	\$ 6.507	\$ 7.867	\$ 9.037	\$ 12.739	\$ 15,048
Goodwill and intangible assets	\$ 582.377	\$ 551.116	\$ 520.994	\$ 491.778	\$ 466,943
Total non-current assets	\$ 876.326	\$ 911.164	\$ 1,018.598	\$ 1,701.844	\$ 2,916.325
Total assets	\$ 2,197.531	\$ 2,287.118	\$ 2,460.590	\$ 4,115.267	\$ 4,725.477

LIABILITIES AND STOCKHOLDERS' EQUITY

Account payable	\$ 34.863	\$ 38.631	\$ 37.876	\$ 34.823	\$ 51.353
Deposits	\$ 1,022.180	\$ 1,005.485	\$ 1,175.341	\$ 2,735.116	\$ 3,286.889
Obligations to customers	\$ 95.354	\$ 58.370	\$ 69.377	\$ 95.375	\$ 124.221
Settlement obligations	\$ 6.956	\$ 5.788	\$ 13.251	\$ 17.759	\$ 15.682
Amounts due to card issuing banks for overdrawn accounts	\$ 1.371	\$ 1.681	\$ 380	\$ 235	\$ 513
Other accrued liabilities	\$ 123.397	\$ 134.000	\$ 107.842	\$ 145.359	\$ 128.294
Deferred revenue	\$ 30.875	\$ 34.607	\$ 28.355	\$ 28.584	\$ 28.903
Note payable / operating lease	\$ 20.906	\$ 58.705	\$ 8.764	\$ 8.175	\$ 6.918
Income tax payable	\$ 74	\$ 67	\$ 3.948	\$ 12.146	\$ 291
Total current liabilities	\$ 1,335.976	\$ 1,337.334	\$ 1,445.134	\$ 3,077.572	\$ 3,643.064
Other accrued liabilities	\$ 30.520	\$ 30.927	\$ 10.883	\$ 4.275	\$ 3.531
Note payable / operating lease	\$ 58.705	\$ -	\$ 24.445	\$ 16.396	\$ 8.209
Line of credit	\$ -	\$ -	\$ 35.000	\$ -	\$ -
Net deferred tax liabilities	\$ 7.780	\$ 9.045	\$ 17.772	\$ 7.192	\$ -
Total non-current liabilities	\$ 97.005	\$ 39.972	\$ 88.100	\$ 27.863	\$ 11.740
Total liabilities	\$ 1,432.981	\$ 1,377.306	\$ 1,533.234	\$ 3,105.435	\$ 3,654.804
Common stock	\$ 51	\$ 53	\$ 52	\$ 54	\$ 55
Additional paid in capital	\$ 354.789	\$ 380.753	\$ 296.224	\$ 354.460	\$ 401.055
Retained earnings	\$ 410.440	\$ 529.143	\$ 629.040	\$ 651.890	\$ 699.370
Accumulated other comprehensive loss	\$ -730	\$ -137	\$ 2.040	\$ 3.428	\$ -29.807
Total equity	\$ 764.550	\$ 909.812	\$ 927.356	\$ 1,009.832	\$ 1,070.673
Total liabilities and stockholders' equity	\$ 2,197.531	\$ 2,287.118	\$ 2,460.590	\$ 4,115.267	\$ 4,725.477
	\$ -	\$ -	\$ -	\$ -	\$ -

Consolidated Statements of Cash Flow from operating activities

<i>In thousands USD</i>	2017	2018	2019	2020	2021
Operating activities					
Profit / (Loss)	\$ 85.887	\$ 118.703	\$ 99.897	\$ 23.131	\$ 47.480
Adjustments for:					
Amortization, Depreciation, Impairments and Provisions	\$ 179.992	\$ 207.847	\$ 125.134	\$ 156.603	\$ 184.868
Changes in operating assets and liabilities	\$ -47.569	\$ -75.499	\$ -35.117	\$ 29.444	\$ -69.815
Net cash provided by operating activities	\$ 218.310	\$ 251.051	\$ 189.914	\$ 209.178	\$ 162.533
Paid interest	\$ 4.520	\$ 4.888	\$ 2.452	\$ 926	\$ 1.434
Loan redemptions	\$ 42.500	\$ 22.500	\$ 60.000	\$ 35.000	\$ -
Actual Price per Share				\$	26

Attachment 2

Green Dot Corporation

Consolidated Statements of Operations															
<i>In thousands USD</i>	2017		2018		2019		2020		2021						
Operating revenue	\$	890.151	62.11%	\$	1,041.758	72.69%	\$	1,108.595	77.35%	\$	1,253.760	87.48%	\$	1,433.197	100.00%
Sales and marketing expenses	\$	-280.561		\$	-326.333		\$	-386.840		\$	-415.111		\$	-382.163	
Compensation and benefit expenses	\$	-194.654		\$	-221.627		\$	-198.412		\$	-233.155		\$	-264.686	
Processing expenses	\$	-161.011		\$	-181.160		\$	-200.674		\$	-293.711		\$	-389.284	
Other G&A expenses	\$	-155.601		\$	-206.040		\$	-199.751		\$	-281.710		\$	-330.590	
Total operating expenses	\$	-791.827	57.94%	\$	-935.160	68.42%	\$	-985.677	72.12%	\$	-1,223.687	89.53%	\$	-1,366.723	100.00%
Operating Result	\$	98.324		\$	106.598		\$	122.918		\$	30.073		\$	66.474	
Interest income	\$	11.243		\$	23.701		\$	27		\$	-1.217		\$	-2.624	
Interest expenses	\$	-6.109		\$	-6.482		\$	-1.864		\$	-761		\$	-150	
Income before taxes	\$	103.458		\$	123.817		\$	121.081		\$	28.095		\$	63.700	
Income tax expense	\$	-17.571		\$	-5.114		\$	-21.184		\$	-4.964		\$	-16.220	
Net income	\$	85.887		\$	118.703		\$	99.897		\$	23.131		\$	47.480	
Income attributable to preferred stock	\$	-		\$	-		\$	-		\$	-		\$	-	
Net income available to common stockholders	\$	85.887	180.89%	\$	118.703	250.01%	\$	99.897	210.40%	\$	23.131	48.72%	\$	47.480	100.00%

Consolidated Balance sheets										
<i>In thousands USD</i>	2017	2018	2019	2020	2021					
ASSETS										
Unrestricted cash and cash equivalents	\$	919.243	\$	1,094.728	\$	1,063.426	\$	1,491.842	\$	1,322.319
Restricted cash	\$	90.852	\$	490	\$	2,728	\$	4,859	\$	3,321
Investment in securities available for sale (fair value)	\$	11,889	\$	19,960	\$	10,020	\$	-	\$	-
Settlement assets	\$	209,399	\$	153,992	\$	239,222	\$	782,262	\$	320,377
Account receivable net	\$	35,277	\$	40,942	\$	59,543	\$	67,755	\$	80,401
Prepaid expenses and other assets	\$	47,086	\$	57,070	\$	66,183	\$	66,705	\$	81,380
Income tax receivable	\$	7,459	\$	8,772	\$	870	\$	-	\$	1,354
Total current assets	\$	1,321.205	\$	1,375.954	\$	1,441.992	\$	2,413.423	\$	1,809.152
Investment securities available for sale (fair value)	\$	141.620	\$	181,223	\$	267,419	\$	970,969	\$	2,115,501
Loans to bank customers	\$	18,570	\$	21,363	\$	21,417	\$	21,011	\$	19,270
Prepaid expenses and other assets	\$	8,179	\$	8,125	\$	10,991	\$	40,481	\$	136,400
Property, equipment and internal used software net	\$	97,282	\$	120,269	\$	145,476	\$	133,400	\$	135,341
Operating lease right-of-use assets	\$	-	\$	-	\$	26,373	\$	13,134	\$	10,967
Deferred expenses	\$	21,791	\$	21,201	\$	16,891	\$	18,332	\$	16,855
Net deferred taxes	\$	6,507	\$	7,867	\$	9,037	\$	12,739	\$	15,048
Goodwill and intangible assets	\$	582,377	\$	551,116	\$	520,994	\$	491,778	\$	466,943
Total non-current assets	\$	876.326	\$	911.164	\$	1,018.598	\$	1,701.844	\$	2,916.325
Total assets	\$	2,197.531	\$	2,287.118	\$	2,460.590	\$	4,115.267	\$	4,725.477

LIABILITIES AND STOCKHOLDERS' EQUITY															
	2017	2018	2019	2020	2021										
Account payable	\$	34,863	\$	38,631	\$	37,876	\$	34,823	\$	51,353					
Deposits	\$	1,022,180	\$	1,005,485	\$	1,175,341	\$	2,735,116	\$	3,286,889					
Obligations to customers	\$	95,354	\$	58,370	\$	69,377	\$	95,375	\$	124,221					
Settlement obligations	\$	6,956	\$	5,788	\$	13,251	\$	17,759	\$	15,682					
Amounts due to card issuing banks for overdrawn accounts	\$	1,371	\$	1,681	\$	380	\$	235	\$	513					
Other accrued liabilities	\$	123,397	\$	134,000	\$	107,842	\$	145,359	\$	128,294					
Deferred revenue	\$	30,875	\$	34,607	\$	28,355	\$	28,584	\$	28,903					
Note payable / operating lease	\$	20,906	\$	58,705	\$	8,764	\$	8,175	\$	6,918					
Income tax payable	\$	74	\$	67	\$	3,948	\$	12,146	\$	291					
Total current liabilities	\$	1,335.976	\$	1,337.334	\$	1,445.134	\$	3,077.572	\$	3,643.064					
Other accrued liabilities	\$	30,520	\$	30,927	\$	10,883	\$	4,275	\$	3,531					
Note payable / operating lease	\$	58,705	\$	-	\$	24,445	\$	16,396	\$	8,209					
Line of credit	\$	-	\$	-	\$	35,000	\$	-	\$	-					
Net deferred tax liabilities	\$	7,780	\$	9,045	\$	17,772	\$	7,192	\$	-					
Total non-current liabilities	\$	97.005	\$	39.972	\$	88.100	\$	27.863	\$	11.740					
Total liabilities	\$	1,432.981	39.21%	\$	1,377.306	37.68%	\$	1,533.234	41.95%	\$	3,105.435	84.97%	\$	3,654.804	100.00%
Common stock	\$	51	\$	53	\$	52	\$	54	\$	55					
Additional paid in capital	\$	354,789	\$	380,753	\$	296,224	\$	354,460	\$	401,055					
Retained earnings	\$	410,440	\$	529,143	\$	629,040	\$	651,890	\$	699,370					
Accumulated other comprehensive loss	\$	-730	\$	-137	\$	2,040	\$	3,428	\$	-29,807					
Total equity	\$	764.550	71.41%	\$	909.812	84.98%	\$	927.356	86.61%	\$	1,009.832	94.32%	\$	1,070.673	100.00%
Total liabilities and stockholders' equity	\$	2,197.531	\$	2,287.118	\$	2,460.590	\$	4,115.267	\$	4,725.477					

Attachment 3

Green Dot Corporation

Consolidated Statements of Operations

In thousands USD	2017		2018		2019		2020		2021						
Operating revenue	\$	890.151	\$	1,041.758	\$	1,108.595	\$	1,253.760	\$	1,433.197					
Sales and marketing expenses	\$	-280.561	35.43%	\$	-326.333	34.90%	\$	-386.840	39.25%	\$	-415.111	33.92%	\$	-382.163	27.96%
Compensation and benefit expenses	\$	-194.654	24.58%	\$	-221.627	23.70%	\$	-198.412	20.13%	\$	-233.155	19.05%	\$	-264.686	19.37%
Processing expenses	\$	-161.011	20.33%	\$	-181.160	19.37%	\$	-200.674	20.36%	\$	-293.711	24.00%	\$	-389.284	28.48%
Other G&A expenses	\$	-155.601	19.65%	\$	-206.040	22.03%	\$	-199.751	20.27%	\$	-281.710	23.02%	\$	-330.590	24.19%
Total operating expenses	\$	-791.827	88.95%	\$	-935.160	89.77%	\$	-985.677	88.91%	\$	-1,223.687	97.60%	\$	-1,366.723	95.36%
Operating Result	\$	98.324	11.05%	\$	106.598	10.23%	\$	122.918	11.09%	\$	30.073	2.40%	\$	66.474	4.64%
Interest income	\$	11.243		\$	23.701		\$	27		\$	-1.217		\$	-2.624	
Interest expenses	\$	-6.109		\$	-6.482		\$	-1.864		\$	-761		\$	-150	
Income before taxes	\$	103.458	11.62%	\$	123.817	11.89%	\$	121.081	10.92%	\$	28.095	2.24%	\$	63.700	4.44%
Income tax expense	\$	-17.571	16.98%	\$	-5.114	4.13%	\$	-21.184	17.50%	\$	-4.964	17.67%	\$	-16.220	25.46%
Net income	\$	85.887	9.65%	\$	118.703	11.39%	\$	99.897	9.01%	\$	23.131	1.84%	\$	47.480	3.31%
Income attributable to preferred stock	\$	-		\$	-		\$	-		\$	-		\$	-	
Net income available to common stockholders	\$	85.887		\$	118.703		\$	99.897		\$	23.131		\$	47.480	

EBIT \$ 103.458 11.62% \$ 123.817 11.89% \$ 121.081 10.92% \$ 28.095 2.24% \$ 63.700 4.44%

Consolidated Balance sheets

In thousands USD	2017		2018		2019		2020		2021						
ASSETS															
Unrestricted cash and cash equivalents	\$	919.243	41.83%	\$	1,094.728	47.86%	\$	1,063.426	43.22%	\$	1,491.842	36.25%	\$	1,322.319	27.98%
Restricted cash	\$	90.852	4.13%	\$	490	0.02%	\$	2.728	0.11%	\$	4.859	0.12%	\$	3.321	0.07%
Investment in securities available for sale (fair value)	\$	11.889	0.54%	\$	19.960	0.87%	\$	10.020	0.41%	\$	-	0.00%	\$	-	0.00%
Settlement assets	\$	209.399	9.53%	\$	153.992	6.73%	\$	239.222	9.72%	\$	782.262	19.01%	\$	320.377	6.78%
Account receivable net	\$	35.277	1.61%	\$	40.942	1.79%	\$	59.543	2.42%	\$	67.755	1.65%	\$	80.401	1.70%
Prepaid expenses and other assets	\$	47.086	2.14%	\$	57.070	2.50%	\$	66.183	2.69%	\$	66.705	1.62%	\$	81.380	1.72%
Income tax receivable	\$	7.459	0.34%	\$	8.772	0.38%	\$	870	0.04%	\$	-	0.00%	\$	1.354	0.03%
Total current assets	\$	1,321.205	60.12%	\$	1,375.954	60.16%	\$	1,441.992	58.60%	\$	2,413.423	58.65%	\$	1,809.152	38.29%
Investment securities available for sale (fair value)	\$	141.620	6.44%	\$	181.223	7.92%	\$	267.419	10.87%	\$	970.969	23.59%	\$	2,115.501	44.77%
Loans to bank customers	\$	18.570	0.85%	\$	21.363	0.93%	\$	21.417	0.87%	\$	21.011	0.51%	\$	19.270	0.41%
Prepaid expenses and other assets	\$	8.179	0.37%	\$	8.125	0.36%	\$	10.991	0.45%	\$	40.481	0.98%	\$	136.400	2.89%
Property, equipment and internal used software net	\$	97.282	4.43%	\$	120.269	5.26%	\$	145.476	5.91%	\$	133.400	3.24%	\$	135.341	2.86%
Operating lease right-of-use assets	\$	-	0.00%	\$	-	0.00%	\$	26.373	1.07%	\$	13.134	0.32%	\$	10.967	0.23%
Deferred expenses	\$	21.791	0.99%	\$	21.201	0.93%	\$	16.891	0.69%	\$	18.332	0.45%	\$	16.855	0.36%
Net deferred taxes	\$	6.507	0.30%	\$	7.867	0.34%	\$	9.037	0.37%	\$	12.739	0.31%	\$	15.048	0.32%
Goodwill and intangible assets	\$	582.377	26.50%	\$	551.116	24.10%	\$	520.994	21.17%	\$	491.778	11.95%	\$	466.943	9.88%
Total non-current assets	\$	876.326	39.88%	\$	911.164	39.84%	\$	1,018.598	41.40%	\$	1,701.844	41.35%	\$	2,916.325	61.71%
Total assets	\$	2,197.531	100.00%	\$	2,287.118	100.00%	\$	2,460.590	100.00%	\$	4,115.267	100.00%	\$	4,725.477	100.00%

LIABILITIES AND STOCKHOLDERS' EQUITY

	2017		2018		2019		2020		2021						
Account payable	\$	34.863	2.43%	\$	38.631	2.80%	\$	37.876	2.47%	\$	34.823	1.12%	\$	51.353	1.41%
Deposits	\$	1,022.180	71.33%	\$	1,005.485	73.00%	\$	1,175.341	76.66%	\$	2,735.116	88.08%	\$	3,286.889	89.93%
Obligations to customers	\$	95.354	6.65%	\$	58.370	4.24%	\$	69.377	4.52%	\$	95.375	3.07%	\$	124.221	3.40%
Settlement obligations	\$	6.956	0.49%	\$	5.788	0.42%	\$	13.251	0.86%	\$	17.759	0.57%	\$	15.682	0.43%
Amounts due to card issuing banks for overdrawn accounts	\$	1.371	0.10%	\$	1.681	0.12%	\$	380	0.02%	\$	235	0.01%	\$	513	0.01%
Other accrued liabilities	\$	123.397	8.61%	\$	134.000	9.73%	\$	107.842	7.03%	\$	145.359	4.68%	\$	128.294	3.51%
Deferred revenue	\$	30.875	2.15%	\$	34.607	2.51%	\$	28.355	1.85%	\$	28.584	0.92%	\$	28.903	0.79%
Note payable / operating lease	\$	20.906	1.46%	\$	58.705	4.26%	\$	8.764	0.57%	\$	8.175	0.26%	\$	6.918	0.19%
Income tax payable	\$	74	0.01%	\$	67	0.00%	\$	3.948	0.26%	\$	12.146	0.39%	\$	291	0.01%
Total current liabilities	\$	1,335.976	60.79%	\$	1,337.334	58.47%	\$	1,445.134	58.73%	\$	3,077.572	74.78%	\$	3,643.064	77.09%
Other accrued liabilities	\$	30.520	2.13%	\$	30.927	2.25%	\$	10.883	0.71%	\$	4.275	0.14%	\$	3.531	0.10%
Note payable / operating lease	\$	58.705	4.10%	\$	-	0.00%	\$	24.445	1.59%	\$	16.396	0.53%	\$	8.209	0.22%
Line of credit	\$	-	0.00%	\$	-	0.00%	\$	35.000	2.28%	\$	-	0.00%	\$	-	0.00%
Net deferred tax liabilities	\$	7.780	0.54%	\$	9.045	0.66%	\$	17.772	1.16%	\$	7.192	0.23%	\$	-	0.00%
Total non-current liabilities	\$	97.005	4.41%	\$	39.972	1.75%	\$	88.100	3.58%	\$	27.863	0.68%	\$	11.740	0.25%
Total liabilities	\$	1,432.981	65.21%	\$	1,377.306	60.22%	\$	1,533.234	62.31%	\$	3,105.435	75.46%	\$	3,654.804	77.34%
Common stock	\$	51	0.01%	\$	53	0.01%	\$	52	0.01%	\$	54	0.01%	\$	55	0.01%
Additional paid in capital	\$	354.789	46.40%	\$	380.753	41.85%	\$	296.224	31.94%	\$	354.460	35.10%	\$	401.055	37.46%
Retained earnings	\$	410.440	53.68%	\$	529.143	58.16%	\$	629.040	67.83%	\$	651.890	64.55%	\$	699.370	65.32%
Accumulated other comprehensive loss	\$	-730	-0.10%	\$	-137	-0.02%	\$	2.040	0.22%	\$	3.428	0.34%	\$	-29.807	-2.78%
Total equity	\$	764.550	34.79%	\$	909.812	39.78%	\$	927.356	37.69%	\$	1,009.832	24.54%	\$	1,070.673	22.66%
Total liabilities and stockholders' equity	\$	2,197.531	100.00%	\$	2,287.118	100.00%	\$	2,460.590	100.00%	\$	4,115.267	100.00%	\$	4,725.477	100.00%

Consolidated Statements of Cash Flow from operating activities

In thousands USD	2017		2018		2019		2020		2021						
Operating activities															
Profit / (Loss)	\$	85.887	\$	118.703	\$	99.897	\$	23.131	\$	47.480					
Adjustments for:															
Amortization, Depreciation, Impairments and Provisions	\$	179.992	\$	207.847	\$	125.134	\$	156.603	\$	184.868					
Changes in operating assets and liabilities	\$	-47.569	\$	-75.499	\$	-35.117	\$	29.444	\$	-69.815					
Net cash provided by operating activities	\$	218.310	24.53%	\$	251.051	24.10%	\$	189.914	17.13%	\$	209.178	16.68%	\$	162.533	11.34%

Attachment 4

Return on Capital Employed (ROCE)
Return on Assets (ROA)
Return on Equity (ROE)
Return on Sales (ROS)

↓
Profitability ratios

Current ratio
Quick ratio
Cash position ratio (CPR)

↓
Liquidity ratios

Total Assets Turnover
Fixed Assets Turnover
Inventory Turnover
Duration (turnover in 1 year)
Net Trade Cycle

↓
Activity ratios

Total debt to Total Assets
Debt to Equity
Paid interest

↓
Debt ratios

		Green Dot Corporation					Number of formula in Theoretical-Methodological part
		2017	2018	2019	2020	2021	
Profitability	Return on Capital Employed (ROCE) = EBIT / (Equity + Long term liabilities)	0,120	0,130	0,119	0,027	0,059	1
	Return on Assets (ROA) = EBIT / Assets	0,047	0,054	0,049	0,007	0,013	2
	Return on Equity (ROE) = Net Income / Equity	0,112	0,130	0,108	0,023	0,044	3
	Return on Sales (ROS) = EAT / Sales turnover	0,096	0,114	0,090	0,018	0,033	4
Liquidity	Current Ratio = Current Assets / Current Liabilities	0,989	1,029	0,998	0,784	0,497	5
	Quick Ratio = (Current Assets - Inventory) / Current Liabilities	0,301	0,210	0,262	0,299	0,134	6
	CPR = Cash from Operations / Current Liabilities	0,163	0,188	0,131	0,068	0,045	7
Activity	Total Assets Turnover = Sales / Total Assets	0,405	0,455	0,451	0,305	0,303	8
	Fixed Assets Turnover = Sales / Total Fixed Assets	1,016	1,143	1,088	0,737	0,491	9
	Inventory Turnover = Sales / Total Inventory	0,968	0,952	1,042	0,840	1,084	10
	Days Inventory = Inventory / (Sales / 360)	371,766	378,305	345,332	428,362	332,149	11
	Days Receivables = Receivables / (Sales / 360)	14,267	14,148	19,336	19,455	20,196	12
	Days Payable = Creditors * 360 / COGS	15,850	14,871	13,833	10,245	13,527	13
Debt	Total debt to Total Assets = Liability / Total Assets	0,652	0,602	0,623	0,755	0,773	14
	The own part of the Capital = Equity / Total Assets	0,348	0,398	0,377	0,245	0,227	15
	Financial leverage = Total Assets / Equity	2,874	2,514	2,653	4,075	4,414	16
	Debt-to-Equity ratio = Total liability / Equity	1,874	1,514	1,653	3,075	3,414	17
	Interest earned ratio = EBIT / Paid interest	22,889	25,331	49,381	30,340	44,421	18
	Ratio of covering the Debt burden = EBIT / (Paid interest + loan redemption)	2,200	4,521	1,939	0,782	44,421	19
Market ratio	EPS (Earning per share) = (Profit - Dividends) / number of outstanding shares	1,700	2,270	1,910	0,430	0,870	20
	P/E ratio = Current price for a stock / Company earnings per share	15,165	11,357	13,497	59,953	29,632	21
	Book Value of Equity per Share = Total Equity / Total shares outstanding						22
	Payback Period = Initial Cash Investment / annual cash flow						23
	NetPresent Value = Net cash flow / (1 + discounted rate) _{time of cash flow}						24
	Profitability index = Present value of Cash Inflows / Initial investment						25
		Not enough reliable sources of information					

Attachment 5

Square, Inc.

Consolidated Statements of Operations

<i>In thousands USD</i>	2017	2018	2019	2020	2021
Operating revenue	\$ 2,214,253	\$ 3,298,177	\$ 4,713,500	\$ 9,497,578	\$ 17,661,203
Transaction-based costs	\$ -1,230,290	\$ -1,558,562	\$ -1,937,971	\$ -1,916,644	\$ -2,729,442
Subscriptions and service-based costs	\$ -75,720	\$ -169,884	\$ -234,270	\$ -228,649	\$ -495,761
Hardware costs	\$ -62,393	\$ -94,114	\$ -136,385	\$ -144,342	\$ -221,185
Bitcoin costs	\$ -	\$ -164,827	\$ -508,239	\$ -4,474,534	\$ -9,794,992
Amortization of acquired technology	\$ -6,544	\$ -7,090	\$ -6,950	\$ -	\$ -
Total cost of revenue	\$ -1,374,947	\$ -1,994,477	\$ -2,823,815	\$ -6,764,169	\$ -13,241,380
Gross profit	\$ 839,306	\$ 1,303,700	\$ 1,889,685	\$ 2,733,409	\$ 4,419,823
Product development	\$ -321,888	\$ -497,479	\$ -670,606	\$ -885,681	\$ -1,399,079
Sales and marketing	\$ -253,170	\$ -411,151	\$ -624,832	\$ -1,109,670	\$ -1,617,189
General and administrative	\$ -250,553	\$ -339,245	\$ -436,250	\$ -579,203	\$ -983,326
Transaction and loan losses	\$ -67,018	\$ -88,077	\$ -126,959	\$ -177,670	\$ -187,991
Amortization of acquired customer assets	\$ -883	\$ -4,362	\$ -4,481	\$ -	\$ -71,126
Total operating expenses	\$ -893,512	\$ -1,340,314	\$ -1,863,128	\$ -2,752,224	\$ -4,258,711
Operating result	\$ -54,206	\$ -36,614	\$ 26,557	\$ -18,815	\$ 161,112
Gain in sale of asset group	\$ -	\$ -	\$ 373,445	\$ -	\$ -
Interest expense net	\$ -10,053	\$ -17,982	\$ -21,516	\$ -56,943	\$ -33,124
Other expense (income) net incl. non-controlling interests	\$ 1,595	\$ 18,469	\$ -273	\$ 291,725	\$ 36,932
Income tax expense	\$ -149	\$ -2,326	\$ -2,767	\$ -2,862	\$ 1,364
Net income available to common stockholders	\$ -62,813	\$ -38,453	\$ 375,446	\$ 213,105	\$ 166,284
EBIT	\$ -62,664	\$ -36,127	\$ 378,213	\$ 215,967	\$ 167,648
<i>Basic earnings per common share</i>	\$ -0,17	\$ -0,09	\$ 0,88	\$ 0,48	\$ 0,36
<i>Diluted earnings per common share</i>	\$ -0,17	\$ -0,09	\$ 0,81	\$ 0,44	\$ 0,33
<i>Basic weighted-average common shares issued and outstanding</i>	\$ 379,344	\$ 405,731	\$ 424,999	\$ 443,126	\$ 458,432
<i>Diluted weighted-average common shares issued and outstanding</i>	\$ 379,344	\$ 405,731	\$ 466,076	\$ 482,167	\$ 501,779

Consolidated Balance sheets

<i>In thousands USD</i>	2017	2018	2019	2020	2021
ASSETS					
Cash and cash equivalents	\$ 725,279	\$ 583,173	\$ 1,047,118	\$ 3,158,058	\$ 4,443,669
Investment in short-term securities	\$ 169,576	\$ 540,991	\$ 492,456	\$ 695,112	\$ 869,283
Settlement assets	\$ 620,523	\$ 364,946	\$ 588,692	\$ 1,024,895	\$ 1,171,612
Customer funds (AR)	\$ 103,042	\$ 334,017	\$ 676,292	\$ 2,037,832	\$ 2,830,995
Loans held for sale	\$ 73,420	\$ 89,974	\$ 164,834	\$ 462,665	\$ 517,940
Other current assets	\$ 86,454	\$ 198,804	\$ 250,409	\$ 383,067	\$ 687,429
Total current assets	\$ 1,778,294	\$ 2,111,905	\$ 3,219,801	\$ 7,761,629	\$ 10,520,928
Property and equipment net	\$ 91,496	\$ 142,402	\$ 149,194	\$ 233,520	\$ 282,140
Goodwill	\$ 58,327	\$ 261,705	\$ 266,345	\$ 316,701	\$ 519,276
Intangible assets net	\$ 14,334	\$ 77,102	\$ 69,079	\$ 137,612	\$ 257,049
Investment in long term securities	\$ 203,667	\$ 464,680	\$ 537,303	\$ 463,950	\$ 1,526,430
Build-to-suit lease asset	\$ -	\$ 149,000	\$ -	\$ -	\$ -
Operating lease right-of-use assets	\$ -	\$ -	\$ 113,148	\$ 456,888	\$ 449,406
Other non-current assets	\$ 41,152	\$ 74,229	\$ 196,388	\$ 499,250	\$ 370,535
Total non-current assets	\$ 408,976	\$ 1,169,118	\$ 1,331,457	\$ 2,107,921	\$ 3,404,836
Total assets	\$ 2,187,270	\$ 3,281,023	\$ 4,551,258	\$ 9,869,550	\$ 13,925,764

LIABILITIES AND STOCKHOLDERS' EQUITY

Customers payable (AP)	\$ 733.736	\$ 749.215	\$ 1.273.135	\$ 3.009.051	\$ 3.979.624
Settlement obligations	\$ 114.788	\$ 54.137	\$ 95.834	\$ 239.362	\$ 254.611
Accrued expenses and other current liabilities	\$ 79.173	\$ 215.189	\$ 297.841	\$ 360.850	\$ 639.309
Operating lease liabilities	\$ 45.130	\$ -	\$ 27.275	\$ 52.747	\$ 64.027
Liquidity facility advances	\$ -	\$ -	\$ -	\$ 464.094	\$ 497.533
Total current liabilities	\$ 972.827	\$ 1.018.541	\$ 1.694.085	\$ 4.126.104	\$ 5.435.104
Long-term debt	\$ 358.572	\$ 899.695	\$ 938.832	\$ 2.586.924	\$ 4.559.208
Build-to-suit lease liability	\$ -	\$ 149.000	\$ -	\$ -	\$ -
Operating lease liabilities	\$ -	\$ -	\$ 108.830	\$ 389.662	\$ 395.017
Other non-current liabilities	\$ 69.538	\$ 93.286	\$ 94.461	\$ 85.291	\$ 222.846
Total non-current liabilities	\$ 428.110	\$ 1.141.981	\$ 1.142.123	\$ 3.061.877	\$ 5.177.071
Total liabilities	\$ 1.400.937	\$ 2.160.522	\$ 2.836.208	\$ 7.187.981	\$ 10.612.175
Common stock	\$ -	\$ -	\$ -	\$ -	\$ -
Additional paid in capital	\$ 1.630.386	\$ 2.012.328	\$ 2.223.749	\$ 2.955.464	\$ 3.317.255
Retained earnings	\$ -842.735	\$ -885.774	\$ -510.328	\$ -297.223	\$ -27.965
Accumulated other comprehensive loss	\$ -1.318	\$ -6.053	\$ 1.629	\$ 23.328	\$ -16.435
Total equity	\$ 786.333	\$ 1.120.501	\$ 1.715.050	\$ 2.681.569	\$ 3.272.855
Non-controlling interests	\$ -	\$ -	\$ -	\$ -	\$ 40.734
Total liabilities and stockholders' equity	\$ 2.187.270	\$ 3.281.023	\$ 4.551.258	\$ 9.869.550	\$ 13.925.764
	\$ -	\$ -	\$ -	\$ -	\$ -

Consolidated Statements of Cash Flow from operating activities

<i>In thousands USD</i>	2017	2018	2019	2020	2021
Operating activities					
Profit / (Loss)	\$ -62.813	\$ -38.453	\$ 375.446	\$ 213.105	\$ 166.284
Adjustments for:					
Amortization, Depreciation, Impairments and Provisions	\$ 273.169	\$ 379.389	\$ 201.099	\$ 509.402	\$ 1.062.770
Changes in operating assets and liabilities	\$ -82.645	\$ -45.856	\$ -110.846	\$ -549.397	\$ -381.224
Net cash provided by operating activities	\$ 127.711	\$ 295.080	\$ 465.699	\$ 173.110	\$ 847.830
Paid interest	\$ 10.053	\$ 17.982	\$ 21.516	\$ 56.943	\$ 33.124
Loan redemptions	\$ 1.439	\$ 224.173	\$ -	\$ -	\$ 648.100
Actual Price per Share					\$ 69

Attachment 6

Square, Inc.

Consolidated Statements of Operations

<i>In thousands USD</i>	2017		2018		2019		2020		2021	
Operating revenue	\$ 2,214,253	12,54%	\$ 3,298,177	18,67%	\$ 4,713,500	26,69%	\$ 9,497,578	53,78%	\$ 17,661,203	100,00%
Transaction-based costs	\$ -1,230,290		\$ -1,558,562		\$ -1,937,971		\$ -1,916,644		\$ -2,729,442	
Subscriptions and service-based costs	\$ -75,720		\$ -169,884		\$ -234,270		\$ -228,649		\$ -495,761	
Hardware costs	\$ -62,393		\$ -94,114		\$ -136,385		\$ -144,342		\$ -221,185	
Bitcoin costs	\$ -		\$ -164,827		\$ -508,239		\$ -4,474,534		\$ -9,794,992	
Amortization of acquired technology	\$ -6,544		\$ -7,090		\$ -6,950		\$ -		\$ -	
Total cost of revenue	\$ -1,374,947		\$ -1,994,477		\$ -2,823,815		\$ -6,764,169		\$ -13,241,380	
Gross profit	\$ 839,306		\$ 1,303,700		\$ 1,889,685		\$ 2,733,409		\$ 4,419,823	
Product development	\$ -321,888		\$ -497,479		\$ -670,606		\$ -885,681		\$ -1,399,079	
Sales and marketing	\$ -253,170		\$ -411,151		\$ -624,832		\$ -1,109,670		\$ -1,617,189	
General and administrative	\$ -250,553		\$ -339,245		\$ -436,250		\$ -579,203		\$ -983,326	
Transaction and loan losses	\$ -67,018		\$ -88,077		\$ -126,959		\$ -177,670		\$ -187,991	
Amortization of acquired customer assets	\$ -883		\$ -4,362		\$ -4,481		\$ -		\$ -71,126	
Total operating expenses	\$ -893,512		\$ -1,340,314		\$ -1,863,128		\$ -2,752,224		\$ -4,258,711	
Operating result	\$ -54,206		\$ -36,614		\$ 26,557		\$ -18,815		\$ 161,112	
Gain in sale of asset group	\$ -		\$ -		\$ 373,445		\$ -		\$ -	
Interest expense net	\$ -10,053		\$ -17,982		\$ -21,516		\$ -56,943		\$ -33,124	
Other expense (income) net incl. non-controlling interests	\$ 1,595		\$ 18,469		\$ -273		\$ 291,725		\$ 36,932	
Income tax expense	\$ -149		\$ -2,326		\$ -2,767		\$ -2,862		\$ 1,364	
Net income available to common stockholders	\$ -62,813	-37,77%	\$ -38,453	-23,12%	\$ 375,446	225,79%	\$ 213,105	128,16%	\$ 166,284	100,00%

Consolidated Balance sheets

<i>In thousands USD</i>	2017		2018		2019		2020		2021	
ASSETS										
Cash and cash equivalents	\$ 725,279		\$ 583,173		\$ 1,047,118		\$ 3,158,058		\$ 4,443,669	
Investment in short-term securities	\$ 169,576		\$ 540,991		\$ 492,456		\$ 695,112		\$ 869,283	
Settlement assets	\$ 620,523		\$ 364,946		\$ 588,692		\$ 1,024,895		\$ 1,171,612	
Customer funds (AR)	\$ 103,042		\$ 334,017		\$ 676,292		\$ 2,037,832		\$ 2,830,995	
Loans held for sale	\$ 73,420		\$ 89,974		\$ 164,834		\$ 462,665		\$ 517,940	
Other current assets	\$ 86,454		\$ 198,804		\$ 250,409		\$ 383,067		\$ 687,429	
Total current assets	\$ 1,778,294		\$ 2,111,905		\$ 3,219,801		\$ 7,761,629		\$ 10,520,928	
Property and equipment net	\$ 91,496		\$ 142,402		\$ 149,194		\$ 233,520		\$ 282,140	
Goodwill	\$ 58,327		\$ 261,705		\$ 266,345		\$ 316,701		\$ 519,276	
Intangible assets net	\$ 14,334		\$ 77,102		\$ 69,079		\$ 137,612		\$ 257,049	
Investment in long term securities	\$ 203,667		\$ 464,680		\$ 537,303		\$ 463,950		\$ 1,526,430	
Build-to-suit lease asset	\$ -		\$ 149,000		\$ -		\$ -		\$ -	
Operating lease right-of-use assets	\$ -		\$ -		\$ 113,148		\$ 456,888		\$ 449,406	
Other non-current assets	\$ 41,152		\$ 74,229		\$ 196,388		\$ 499,250		\$ 370,535	
Total non-current assets	\$ 408,976		\$ 1,169,118		\$ 1,331,457		\$ 2,107,921		\$ 3,404,836	
Total assets	\$ 2,187,270		\$ 3,281,023		\$ 4,551,258		\$ 9,869,550		\$ 13,925,764	
LIABILITIES AND STOCKHOLDERS' EQUITY										
Customers payable (AP)	\$ 733,736		\$ 749,215		\$ 1,273,135		\$ 3,009,051		\$ 3,979,624	
Settlement obligations	\$ 114,788		\$ 54,137		\$ 95,834		\$ 239,362		\$ 254,611	
Accrued expenses and other current liabilities	\$ 79,173		\$ 215,189		\$ 297,841		\$ 360,850		\$ 639,309	
Operating lease liabilities	\$ 45,130		\$ -		\$ 27,275		\$ 52,747		\$ 64,027	
Liquidity facility advances	\$ -		\$ -		\$ -		\$ 464,094		\$ 497,533	
Total current liabilities	\$ 972,827		\$ 1,018,541		\$ 1,694,085		\$ 4,126,104		\$ 5,435,104	
Long-term debt	\$ 358,572		\$ 899,695		\$ 938,832		\$ 2,586,924		\$ 4,559,208	
Build-to-suit lease liability	\$ -		\$ 149,000		\$ -		\$ -		\$ -	
Operating lease liabilities	\$ -		\$ -		\$ 108,830		\$ 389,662		\$ 395,017	
Other non-current liabilities	\$ 69,538		\$ 93,286		\$ 94,461		\$ 85,291		\$ 222,846	
Total non-current liabilities	\$ 428,110		\$ 1,141,981		\$ 1,142,123		\$ 3,061,877		\$ 5,177,071	
Total liabilities	\$ 1,400,937	13,20%	\$ 2,160,522	20,36%	\$ 2,836,208	26,73%	\$ 7,187,981	67,73%	\$ 10,612,175	100,00%
Common stock	\$ -		\$ -		\$ -		\$ -		\$ -	
Additional paid in capital	\$ 1,630,386		\$ 2,012,328		\$ 2,223,749		\$ 2,955,464		\$ 3,317,255	
Retained earnings	\$ -842,735		\$ -885,774		\$ -510,328		\$ -297,223		\$ -27,965	
Accumulated other comprehensive loss	\$ -1,318		\$ -6,053		\$ 1,629		\$ 23,328		\$ -16,435	
Total equity	\$ 786,333	24,03%	\$ 1,120,501	34,24%	\$ 1,715,050	52,40%	\$ 2,681,569	81,93%	\$ 3,272,855	100,00%
Non-controlling interests	\$ -		\$ -		\$ -		\$ -		\$ 40,734	
Total liabilities and stockholders' equity	\$ 2,187,270		\$ 3,281,023		\$ 4,551,258		\$ 9,869,550		\$ 13,925,764	

Attachment 7

Square, Inc.

Consolidated Statements of Operations															
<i>In thousands USD</i>	2017		2018		2019		2020		2021						
Operating revenue	\$	2,214,253	\$	3,298,177	\$	4,713,500	\$	9,497,578	\$	17,661,203					
Transaction-based costs	\$	-1,230,290	89,48%	\$	-1,558,562	78,14%	\$	-1,937,971	68,63%	\$	-1,916,644	28,34%	\$	-2,729,442	20,61%
Subscriptions and service-based costs	\$	-75,720	5,51%	\$	-169,884	8,52%	\$	-234,270	8,30%	\$	-228,649	3,38%	\$	-495,761	3,74%
Hardware costs	\$	-62,393	4,54%	\$	-94,114	4,72%	\$	-136,385	4,83%	\$	-144,342	2,13%	\$	-221,185	1,67%
Bitcoin costs	\$	-	0,00%	\$	-164,827	8,26%	\$	-508,239	18,00%	\$	-4,474,534	66,15%	\$	-9,794,992	73,97%
Amortization of acquired technology	\$	-6,544	0,48%	\$	-7,090	0,36%	\$	-6,950	0,25%	\$	-	0,00%	\$	-	0,00%
Total cost of revenue	\$	-1,374,947	-62,10%	\$	-1,994,477	-60,47%	\$	-2,823,815	-59,91%	\$	-6,764,169	-71,22%	\$	-13,241,380	-74,97%
Gross profit	\$	839,306	37,90%	\$	1,303,700	39,53%	\$	1,889,685	40,09%	\$	2,733,409	28,78%	\$	4,419,823	25,03%
Product development	\$	-321,888	36,03%	\$	-497,479	37,12%	\$	-670,606	35,99%	\$	-885,681	32,18%	\$	-1,399,079	32,85%
Sales and marketing	\$	-253,170	28,33%	\$	-411,151	30,68%	\$	-624,832	33,54%	\$	-1,109,670	40,32%	\$	-1,617,189	37,97%
General and administrative	\$	-250,553	28,04%	\$	-339,245	25,31%	\$	-436,250	23,41%	\$	-579,203	21,04%	\$	-983,326	23,09%
Transaction and loan losses	\$	-67,018	7,50%	\$	-88,077	6,57%	\$	-126,959	6,81%	\$	-177,670	6,46%	\$	-187,991	4,41%
Amortization of acquired customer assets	\$	-883	0,10%	\$	-4,362	0,33%	\$	-4,481	0,24%	\$	-	0,00%	\$	-71,126	1,67%
Total operating expenses	\$	-893,512	40,35%	\$	-1,340,314	40,64%	\$	-1,863,128	39,53%	\$	-2,752,224	28,98%	\$	-4,258,711	24,11%
Operating result	\$	-54,206	2,45%	\$	-36,614	1,11%	\$	26,557	-0,56%	\$	-18,815	0,20%	\$	161,112	-0,91%
Gain in sale of asset group	\$	-	-	\$	-	-	\$	373,445	-	\$	-	-	\$	-	-
Interest expense net	\$	-10,053	-	\$	-17,982	-	\$	-21,516	-	\$	-56,943	-	\$	-33,124	-
Other expense (income) net incl. non-controlling interests	\$	1,595	-	\$	18,469	-	\$	-273	-	\$	291,725	-	\$	36,932	-
Income tax expense	\$	-149	-0,01%	\$	-2,326	-0,07%	\$	-2,767	-0,06%	\$	-2,862	-0,03%	\$	1,364	0,01%
Net income available to common stockholders	\$	-62,813	-2,84%	\$	-38,453	-1,17%	\$	375,446	7,97%	\$	213,105	2,24%	\$	166,284	0,94%

EBIT	\$	-62,664	-2,83%	\$	-36,127	-1,10%	\$	378,213	8,02%	\$	215,967	2,27%	\$	167,648	0,95%
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Consolidated Balance sheets															
<i>In thousands USD</i>	2017		2018		2019		2020		2021						
ASSETS															
Cash and cash equivalents	\$	725,279	33,16%	\$	583,173	17,77%	\$	1,047,118	23,01%	\$	3,158,058	32,00%	\$	4,443,669	31,91%
Investment in short-term securities	\$	169,576	7,75%	\$	540,991	16,49%	\$	492,456	10,82%	\$	695,112	7,04%	\$	869,283	6,24%
Settlement assets	\$	620,523	28,37%	\$	364,946	11,12%	\$	588,692	12,93%	\$	1,024,895	10,38%	\$	1,171,612	8,41%
Customer funds (AR)	\$	103,042	4,71%	\$	334,017	10,18%	\$	676,292	14,86%	\$	2,037,832	20,65%	\$	2,830,995	20,33%
Loans held for sale	\$	73,420	3,36%	\$	89,974	2,74%	\$	164,834	3,62%	\$	462,665	4,69%	\$	517,940	3,72%
Other current assets	\$	86,454	3,95%	\$	198,804	6,06%	\$	250,409	5,50%	\$	383,067	3,88%	\$	687,429	4,94%
Total current assets	\$	1,778,294	81,30%	\$	2,111,905	64,37%	\$	3,219,801	70,75%	\$	7,761,629	78,64%	\$	10,520,928	75,55%
Property and equipment net	\$	91,496	4,18%	\$	142,402	4,34%	\$	149,194	3,28%	\$	233,520	2,37%	\$	282,140	2,03%
Goodwill	\$	58,327	2,67%	\$	261,705	7,98%	\$	266,345	5,85%	\$	316,701	3,21%	\$	519,276	3,73%
Intangible assets net	\$	14,334	0,66%	\$	77,102	2,35%	\$	69,079	1,52%	\$	137,612	1,39%	\$	257,049	1,85%
Investment in long term securities	\$	203,667	9,31%	\$	464,680	14,16%	\$	537,303	11,81%	\$	463,950	4,70%	\$	1,526,430	10,96%
Build-to-suit lease asset	\$	-	0,00%	\$	149,000	4,54%	\$	-	0,00%	\$	-	0,00%	\$	-	0,00%
Operating lease right-of-use assets	\$	-	0,00%	\$	-	0,00%	\$	113,148	2,49%	\$	456,888	4,63%	\$	449,406	3,23%
Other non-current assets	\$	41,152	1,88%	\$	74,229	2,26%	\$	196,388	4,32%	\$	499,250	5,06%	\$	370,535	2,66%
Total non-current assets	\$	408,976	18,70%	\$	1,169,118	35,63%	\$	1,331,457	29,25%	\$	2,107,921	21,36%	\$	3,404,836	24,45%
Total assets	\$	2,187,270	100,00%	\$	3,281,023	100,00%	\$	4,551,258	100,00%	\$	9,869,550	100,00%	\$	13,925,764	100,00%

LIABILITIES AND STOCKHOLDERS' EQUITY															
	2017		2018		2019		2020		2021						
Customers payable (AP)	\$	733,736	52,37%	\$	749,215	34,68%	\$	1,273,135	44,89%	\$	3,009,051	41,86%	\$	3,979,624	37,50%
Settlement obligations	\$	114,788	8,19%	\$	54,137	2,51%	\$	95,834	3,38%	\$	239,362	3,33%	\$	254,611	2,40%
Accrued expenses and other current liabilities	\$	79,173	5,65%	\$	215,189	9,96%	\$	297,841	10,50%	\$	360,850	5,02%	\$	639,309	6,02%
Operating lease liabilities	\$	45,130	3,22%	\$	-	0,00%	\$	27,275	0,96%	\$	52,747	0,73%	\$	64,027	0,60%
Liquidity facility advances	\$	-	0,00%	\$	-	0,00%	\$	-	0,00%	\$	464,094	6,46%	\$	497,533	4,69%
Total current liabilities	\$	972,827	69,44%	\$	1,018,541	47,14%	\$	1,694,085	59,73%	\$	4,126,104	57,40%	\$	5,435,104	51,22%
Long-term debt	\$	358,572	25,60%	\$	899,695	41,64%	\$	938,832	33,10%	\$	2,586,924	35,99%	\$	4,559,208	42,96%
Build-to-suit lease liability	\$	-	0,00%	\$	149,000	6,90%	\$	-	0,00%	\$	-	0,00%	\$	-	0,00%
Operating lease liabilities	\$	-	0,00%	\$	-	0,00%	\$	108,830	3,84%	\$	389,662	5,42%	\$	395,017	3,72%
Other non-current liabilities	\$	69,538	4,96%	\$	93,286	4,32%	\$	94,461	3,33%	\$	85,291	1,19%	\$	222,846	2,10%
Total non-current liabilities	\$	428,110	30,56%	\$	1,141,981	52,86%	\$	1,142,123	40,27%	\$	3,061,877	42,60%	\$	5,177,071	48,78%
Total liabilities	\$	1,400,937	64,05%	\$	2,160,522	65,85%	\$	2,836,208	62,32%	\$	7,187,981	72,83%	\$	10,612,175	76,21%
Common stock	\$	-	-	\$	-	-	\$	-	-	\$	-	-	\$	-	-
Additional paid in capital	\$	1,630,386	207,34%	\$	2,012,328	179,59%	\$	2,223,749	129,66%	\$	2,955,464	110,21%	\$	3,317,255	101,36%
Retained earnings	\$	-842,735	-107,17%	\$	-885,774	-79,05%	\$	-510,328	-29,76%	\$	-297,223	-11,08%	\$	-27,965	-0,85%
Accumulated other comprehensive loss	\$	-1,318	-0,17%	\$	-6,053	-0,54%	\$	1,629	0,09%	\$	23,328	0,87%	\$	-16,435	-0,50%
Total equity	\$	786,333	35,95%	\$	1,120,501	34,15%	\$	1,715,050	37,68%	\$	2,681,569	27,17%	\$	3,272,855	23,50%
Non-controlling interests	\$	-	-	\$	-	-	\$	-	-	\$	-	-	\$	40,734	0,30%
Total liabilities and stockholders' equity	\$	2,187,270	100,00%	\$	3,281,023	100,00%	\$	4,551,258	100,00%	\$	9,869,550	100,00%	\$	13,925,764	100,00%

Consolidated Statements of Cash Flow from operating activities												
<i>In thousands USD</i>	2017		2018		2019		2020		2021			
Operating activities												
Profit / (Loss)	\$	-62,813	\$	-38,453	\$	375,446	\$	213,105	\$	166,284		
Adjustments for:												
Amortization, Depreciation, Impairments and Provisions	\$	273,169	\$	379,389	\$	201,099	\$	509,402	\$	1,062,770		
Changes in operating assets and liabilities	\$	-82,645	\$	-45,856	\$	-110,846	\$	-549,397	\$	-381,224		
Net cash provided by operating activities	\$	127,711	5,77%	\$	295,080	8,95%	\$	465,699	9,88%	\$	847,830	4,80%

Attachment 8

Return on Capital Employed (ROCE)
Return on Assets (ROA)
Return on Equity (ROE)
Return on Sales (ROS)

↓
Profitability ratios

Current ratio
Quick ratio
Cash position ratio (CPR)

↓
Liquidity ratios

Total Assets Turnover
Fixed Assets Turnover
Inventory Turnover
Duration (turnover in 1 year)
Net Trade Cycle

↓
Activity ratios

Total debt to Total Assets
Debt to Equity
Paid interest

↓
Debt ratios

Profitability

Liquidity

Activity

Debt

Market ratio

Return on Capital Employed (ROCE) = EBIT / (Equity + Long term liabilities)
Return on Assets (ROA) = EBIT / Assets
Return on Equity (ROE) = Net Income / Equity
Return on Sales (ROS) = EAT / Sales turnover

Current Ratio = Current Assets / Current Liabilities
Quick Ratio = (Current Assets - Inventory) / Current Liabilities
CPR = Cash from Operations / Current Liabilities

Total Assets Turnover = Sales / Total Assets
Fixed Assets Turnover = Sales / Total Fixed Assets
Inventory Turnover = Sales / Total Inventory
Days Inventory = Inventory / (Sales / 360)
Days Receivables = Receivables / (Sales / 360)
Days Payable = Creditors * 360 / COGS

Total debt to Total Assets = Liability / Total Assets
The own part of the Capital = Equity / Total Assets
Financial leverage = Total Assets / Equity
Debt-to-Equity ratio = Total liability / Equity
Interest earned ratio = EBIT / Paid interest
Ratio of covering the Debt burden = EBIT / (Paid interest + loan redemption)

EPS (Earning per share) = (Profit - Dividends) / number of outstanding shares
P/E ratio = Current price for a stock / Company earnings per share
Book Value of Equity per Share = Total Equity / Total shares outstanding
Payback Period = Initial Cash Investment / annual cash flow
NetPresent Value = Net cash flow / (1 + discounted rate)^{time of cash flow}
Profitability index = Present value of Cash Inflows / Initial investment

Square, Inc.				
2017	2018	2019	2020	2021
-0,052	-0,016	0,132	0,038	0,020
-0,029	-0,011	0,083	0,022	0,012
-0,080	-0,034	0,219	0,079	0,051
-0,028	-0,012	0,080	0,022	0,009
1,828	2,073	1,901	1,881	1,936
1,082	1,501	1,283	1,116	1,118
0,131	0,290	0,275	0,042	0,156
1,012	1,005	1,036	0,962	1,268
5,414	2,821	3,540	4,506	5,187
3,053	5,656	4,501	3,007	3,974
117,918	63,654	79,975	119,704	90,578
16,753	36,458	51,653	77,243	57,706
192,113	135,232	162,308	160,147	108,196
0,640	0,658	0,623	0,728	0,762
0,360	0,342	0,377	0,272	0,235
2,782	2,928	2,654	3,681	4,255
1,782	1,928	1,654	2,681	3,242
-6,233	-2,009	17,578	3,793	5,061
-5,453	-0,149	17,578	3,793	0,246
-0,170	-0,090	0,880	0,480	0,360
-403,647	-762,444	77,977	142,958	190,611
Not enough reliable sources of information				

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Attachment 9

PayPal Holdings, Inc.

Consolidated Statements of Income

<i>In thousands USD</i>	2017	2018	2019	2020	2021
Operating revenue	\$ 13,094,000	\$ 15,451,000	\$ 17,772,000	\$ 21,454,000	\$ 25,371,000
Transaction expenses	\$ 4,419,000	\$ 5,581,000	\$ 6,790,000	\$ 7,934,000	\$ 10,315,000
Transaction and credit losses	\$ 1,011,000	\$ 1,274,000	\$ 1,380,000	\$ 1,741,000	\$ 1,060,000
Customer support and operations	\$ 1,265,000	\$ 1,407,000	\$ 1,615,000	\$ 1,778,000	\$ 2,075,000
Sales and marketing	\$ 1,142,000	\$ 1,314,000	\$ 1,401,000	\$ 1,861,000	\$ 2,445,000
Technology and development	\$ 1,740,000	\$ 1,831,000	\$ 2,085,000	\$ 2,642,000	\$ 3,038,000
General and administrative	\$ 1,258,000	\$ 1,541,000	\$ 1,711,000	\$ 2,070,000	\$ 2,114,000
Restructuring and other charges	\$ 132,000	\$ 309,000	\$ 71,000	\$ 139,000	\$ 62,000
Total operating expenses	\$ 10,967,000	\$ 13,257,000	\$ 15,053,000	\$ 18,165,000	\$ 21,109,000
Operating result	\$ 2,127,000	\$ 2,194,000	\$ 2,719,000	\$ 3,289,000	\$ 4,262,000
Other income	\$ 73,000	\$ 182,000	\$ 279,000	\$ 1,776,000	\$ -
Other expenses	\$ -	\$ -	\$ -	\$ -	\$ -163,000
Income tax expense	\$ -405,000	\$ -319,000	\$ -539,000	\$ -863,000	\$ 70,000
Net income available to common stockholders	\$ 1,795,000	\$ 2,057,000	\$ 2,459,000	\$ 4,202,000	\$ 4,169,000
EBIT	\$ 2,200,000	\$ 2,376,000	\$ 2,998,000	\$ 5,065,000	\$ 3,936,000
<i>Basic earnings per common share</i>	\$ 1.49	\$ 1.74	\$ 2.09	\$ 3.58	\$ 3.55
<i>Diluted earnings per common share</i>	\$ 1.47	\$ 1.71	\$ 2.07	\$ 3.54	\$ 3.52
<i>Basic weighted-average common shares issued and outstanding</i>	\$ 1.203	\$ 1.184	\$ 1.174	\$ 1.173	\$ 1.174
<i>Diluted weighted-average common shares issued and outstanding</i>	\$ 1.221	\$ 1.203	\$ 1.188	\$ 1.187	\$ 1.186

Consolidated Balance sheets

<i>In thousands USD</i>	2017	2018	2019	2020	2021
ASSETS					
Cash and cash equivalents	\$ 2,883,000	\$ 7,575,000	\$ 7,349,000	\$ 4,794,000	\$ 5,197,000
Short-term investments	\$ 2,812,000	\$ 1,534,000	\$ 3,412,000	\$ 8,289,000	\$ 4,303,000
Account receivables (AR) net	\$ 283,000	\$ 313,000	\$ 435,000	\$ 577,000	\$ 800,000
Customer funds	\$ 18,242,000	\$ 20,062,000	\$ 22,527,000	\$ 33,418,000	\$ 36,141,000
Loans held for sale	\$ 7,712,000	\$ 2,532,000	\$ 3,972,000	\$ 2,769,000	\$ 4,846,000
Other current assets	\$ 713,000	\$ 947,000	\$ 800,000	\$ 1,148,000	\$ 1,287,000
Total current assets	\$ 32,645,000	\$ 32,963,000	\$ 38,495,000	\$ 50,995,000	\$ 52,574,000
Property and equipment net	\$ 1,528,000	\$ 1,724,000	\$ 1,693,000	\$ 1,807,000	\$ 1,909,000
Goodwill	\$ 4,339,000	\$ 6,284,000	\$ 6,212,000	\$ 9,135,000	\$ 11,454,000
Intangible assets net	\$ 168,000	\$ 825,000	\$ 778,000	\$ 1,048,000	\$ 1,332,000
Long-term investments	\$ 1,961,000	\$ 971,000	\$ 2,863,000	\$ 6,089,000	\$ 6,797,000
Other non-current assets	\$ 133,000	\$ 565,000	\$ 1,292,000	\$ 1,305,000	\$ 1,737,000
Total non-current assets	\$ 8,129,000	\$ 10,369,000	\$ 12,838,000	\$ 19,384,000	\$ 23,229,000
Total assets	\$ 40,774,000	\$ 43,332,000	\$ 51,333,000	\$ 70,379,000	\$ 75,803,000

LIABILITIES AND STOCKHOLDERS' EQUITY

Customers payable (AP)	\$ 257.000	\$ 281.000	\$ 232.000	\$ 252.000	\$ 197.000
Settlement obligations	\$ 20.742.000	\$ 23.560.000	\$ 24.527.000	\$ 35.418.000	\$ 38.841.000
Accrued expenses and other current liabilities	\$ 1.781.000	\$ 2.002.000	\$ 2.087.000	\$ 2.648.000	\$ 3.755.000
Income tax payable	\$ 83.000	\$ 61.000	\$ 73.000	\$ 129.000	\$ 236.000
Total current liabilities	\$ 22.863.000	\$ 25.904.000	\$ 26.919.000	\$ 38.447.000	\$ 43.029.000
Long-term debt	\$ -	\$ -	\$ 4.965.000	\$ 8.939.000	\$ 8.049.000
Deferred tax and Other long term liability	\$ 1.917.000	\$ 2.042.000	\$ 2.520.000	\$ 2.930.000	\$ 2.998.000
Total non-current liabilities	\$ 1.917.000	\$ 2.042.000	\$ 7.485.000	\$ 11.869.000	\$ 11.047.000
Total liabilities	\$ 24.780.000	\$ 27.946.000	\$ 34.404.000	\$ 50.316.000	\$ 54.076.000
Common stock	\$ -	\$ -	\$ -	\$ -	\$ -
Treasury stock	\$ -2.001.000	\$ -5.511.000	\$ -6.872.000	\$ -8.507.000	\$ -11.880.000
Additional paid in capital	\$ 14.314.000	\$ 14.939.000	\$ 15.588.000	\$ 16.644.000	\$ 17.208.000
Retained earnings	\$ 3.823.000	\$ 5.880.000	\$ 8.342.000	\$ 12.366.000	\$ 16.535.000
Accumulated other comprehensive income (loss)	\$ -142.000	\$ 78.000	\$ -173.000	\$ -484.000	\$ -136.000
Total equity	\$ 15.994.000	\$ 15.386.000	\$ 16.885.000	\$ 20.019.000	\$ 21.727.000
Non-controlling interests	\$ -	\$ -	\$ 44.000	\$ 44.000	\$ -
Total liabilities and stockholders' equity	\$ 40.774.000	\$ 43.332.000	\$ 51.333.000	\$ 70.379.000	\$ 75.803.000
	\$ -	\$ -	\$ -	\$ -	\$ -

Consolidated Statements of Cash Flow from operating activities

<i>In thousands USD</i>	2017	2018	2019	2020	2021
Operating activities					
Profit / (Loss)	\$ 1.795.000	\$ 2.057.000	\$ 2.459.000	\$ 4.202.000	\$ 4.169.000
Adjustments	\$ 736.000	\$ 3.426.000	\$ 1.612.000	\$ 1.652.000	\$ 2.171.000
Net cash provided by operating activities	\$ 2.531.000	\$ 5.483.000	\$ 4.071.000	\$ 5.854.000	\$ 6.340.000
Paid interest	\$ 6.000	\$ 69.000	\$ 78.000	\$ 190.000	\$ 231.000
Loan redemptions	\$ 980.000	\$ 1.115.000	\$ 2.516.000	\$ 3.000.000	\$ 361.000
Actual Price per Share				\$	\$ 75

Attachment 10

PayPal Holdings, Inc.

Consolidated Statements of Income										
<i>In thousands USD</i>	2017	2018	2019	2020	2021					
Operating revenue	\$ 13,094.000	\$ 15,451.000	\$ 17,772.000	\$ 21,454.000	\$ 25,371.000	51.61%	60.90%	70.05%	84.56%	100.00%
Transaction expenses	\$ 4,419.000	\$ 5,581.000	\$ 6,790.000	\$ 7,934.000	\$ 10,315.000					
Transaction and credit losses	\$ 1,011.000	\$ 1,274.000	\$ 1,380.000	\$ 1,741.000	\$ 1,060.000					
Customer support and operations	\$ 1,265.000	\$ 1,407.000	\$ 1,615.000	\$ 1,778.000	\$ 2,075.000					
Sales and marketing	\$ 1,142.000	\$ 1,314.000	\$ 1,401.000	\$ 1,861.000	\$ 2,445.000					
Technology and development	\$ 1,740.000	\$ 1,831.000	\$ 2,085.000	\$ 2,642.000	\$ 3,038.000					
General and administrative	\$ 1,258.000	\$ 1,541.000	\$ 1,711.000	\$ 2,070.000	\$ 2,114.000					
Restructuring and other charges	\$ 132.000	\$ 309.000	\$ 71.000	\$ 139.000	\$ 62.000					
Total operating expenses	\$ 10,967.000	\$ 13,257.000	\$ 15,053.000	\$ 18,165.000	\$ 21,109.000					
Operating result	\$ 2,127.000	\$ 2,194.000	\$ 2,719.000	\$ 3,289.000	\$ 4,262.000					
Other income	\$ 73.000	\$ 182.000	\$ 279.000	\$ 1,776.000	\$ -					
Other expenses	\$ -	\$ -	\$ -	\$ -	\$ -163.000					
Income before taxes	\$ 2,200.000	\$ 2,376.000	\$ 2,998.000	\$ 5,065.000	\$ 4,099.000					
Income tax expense	\$ -405.000	\$ -319.000	\$ -539.000	\$ -863.000	\$ 70.000					
Net income available to common stockholders	\$ 1,795.000	\$ 2,057.000	\$ 2,459.000	\$ 4,202.000	\$ 4,169.000	43.06%	49.34%	58.98%	100.79%	100.00%

Consolidated Balance sheets					
<i>In thousands USD</i>	2017	2018	2019	2020	2021
ASSETS					
Cash and cash equivalents	\$ 2,883.000	\$ 7,575.000	\$ 7,349.000	\$ 4,794.000	\$ 5,197.000
Short-term investments	\$ 2,812.000	\$ 1,534.000	\$ 3,412.000	\$ 8,289.000	\$ 4,303.000
Account receivables (AR) net	\$ 283.000	\$ 313.000	\$ 435.000	\$ 577.000	\$ 800.000
Customer funds	\$ 18,242.000	\$ 20,062.000	\$ 22,527.000	\$ 33,418.000	\$ 36,141.000
Loans held for sale	\$ 7,712.000	\$ 2,532.000	\$ 3,972.000	\$ 2,769.000	\$ 4,846.000
Other current assets	\$ 713.000	\$ 947.000	\$ 800.000	\$ 1,148.000	\$ 1,287.000
Total current assets	\$ 32,645.000	\$ 32,963.000	\$ 38,495.000	\$ 50,995.000	\$ 52,574.000
Property and equipment net	\$ 1,528.000	\$ 1,724.000	\$ 1,693.000	\$ 1,807.000	\$ 1,909.000
Goodwill	\$ 4,339.000	\$ 6,284.000	\$ 6,212.000	\$ 9,135.000	\$ 11,454.000
Intangible assets net	\$ 168.000	\$ 825.000	\$ 778.000	\$ 1,048.000	\$ 1,332.000
Long-term investments	\$ 1,961.000	\$ 971.000	\$ 2,863.000	\$ 6,089.000	\$ 6,797.000
Other non-current assets	\$ 133.000	\$ 565.000	\$ 1,292.000	\$ 1,305.000	\$ 1,737.000
Total non-current assets	\$ 8,129.000	\$ 10,369.000	\$ 12,838.000	\$ 19,384.000	\$ 23,229.000
Total assets	\$ 40,774.000	\$ 43,332.000	\$ 51,333.000	\$ 70,379.000	\$ 75,803.000

LIABILITIES AND STOCKHOLDERS' EQUITY					
	2017	2018	2019	2020	2021
Customers payable (AP)	\$ 257.000	\$ 281.000	\$ 232.000	\$ 252.000	\$ 197.000
Settlement obligations	\$ 20,742.000	\$ 23,560.000	\$ 24,527.000	\$ 35,418.000	\$ 38,841.000
Accrued expenses and other current liabilities	\$ 1,781.000	\$ 2,002.000	\$ 2,087.000	\$ 2,648.000	\$ 3,755.000
Income tax payable	\$ 83.000	\$ 61.000	\$ 73.000	\$ 129.000	\$ 236.000
Total current liabilities	\$ 22,863.000	\$ 25,904.000	\$ 26,919.000	\$ 38,447.000	\$ 43,029.000
Long-term debt	\$ -	\$ -	\$ 4,965.000	\$ 8,939.000	\$ 8,049.000
Deferred tax and Other long term liability	\$ 1,917.000	\$ 2,042.000	\$ 2,520.000	\$ 2,930.000	\$ 2,998.000
Total non-current liabilities	\$ 1,917.000	\$ 2,042.000	\$ 7,485.000	\$ 11,869.000	\$ 11,047.000
Total liabilities	\$ 24,780.000	\$ 27,946.000	\$ 34,404.000	\$ 50,316.000	\$ 54,076.000
Common stock	\$ -	\$ -	\$ -	\$ -	\$ -
Treasury stock	\$ -2,001.000	\$ -5,511.000	\$ -6,872.000	\$ -8,507.000	\$ -11,880.000
Additional paid in capital	\$ 14,314.000	\$ 14,939.000	\$ 15,588.000	\$ 16,644.000	\$ 17,208.000
Retained earnings	\$ 3,823.000	\$ 5,880.000	\$ 8,342.000	\$ 12,366.000	\$ 16,535.000
Accumulated other comprehensive income (loss)	\$ -142.000	\$ 78.000	\$ -173.000	\$ -484.000	\$ -136.000
Total equity	\$ 15,994.000	\$ 15,386.000	\$ 16,885.000	\$ 20,019.000	\$ 21,727.000
Non-controlling interests	\$ -	\$ -	\$ 44.000	\$ 44.000	\$ -
Total liabilities and stockholders' equity	\$ 40,774.000	\$ 43,332.000	\$ 51,333.000	\$ 70,379.000	\$ 75,803.000

Attachment 11

PayPal Holdings, Inc.

Consolidated Statements of Income															
<i>In thousands USD</i>	2017		2018		2019		2020		2021						
Operating revenue	\$	13,094,000	\$	15,451,000	\$	17,772,000	\$	21,454,000	\$	25,371,000					
Transaction expenses	\$	4,419,000	40,29%	\$	5,581,000	42,10%	\$	6,790,000	45,11%	\$	7,934,000	43,68%	\$	10,315,000	48,87%
Transaction and credit losses	\$	1,011,000	9,22%	\$	1,274,000	9,61%	\$	1,380,000	9,17%	\$	1,741,000	9,58%	\$	1,060,000	5,02%
Customer support and operations	\$	1,265,000	11,53%	\$	1,407,000	10,61%	\$	1,615,000	10,73%	\$	1,778,000	9,79%	\$	2,075,000	9,83%
Sales and marketing	\$	1,142,000	10,41%	\$	1,314,000	9,91%	\$	1,401,000	9,31%	\$	1,861,000	10,24%	\$	2,445,000	11,58%
Technology and development	\$	1,740,000	15,87%	\$	1,831,000	13,81%	\$	2,085,000	13,85%	\$	2,642,000	14,54%	\$	3,038,000	14,39%
General and administrative	\$	1,258,000	11,47%	\$	1,541,000	11,62%	\$	1,711,000	11,37%	\$	2,070,000	11,40%	\$	2,114,000	10,01%
Restructuring and other charges	\$	132,000	1,20%	\$	309,000	2,33%	\$	71,000	0,47%	\$	139,000	0,77%	\$	62,000	0,29%
Total operating expenses	\$	10,967,000	83,76%	\$	13,257,000	85,80%	\$	15,053,000	84,70%	\$	18,165,000	84,67%	\$	21,109,000	83,20%
Operating result	\$	2,127,000	16,24%	\$	2,194,000	14,20%	\$	2,719,000	15,30%	\$	3,289,000	15,33%	\$	4,262,000	16,80%
Other income	\$	73,000		\$	182,000		\$	279,000		\$	1,776,000		\$	-	
Other expenses	\$	-		\$	-		\$	-		\$	-		\$	-163,000	
Income before taxes	\$	2,200,000	16,80%	\$	2,376,000	15,38%	\$	2,998,000	16,87%	\$	5,065,000	23,61%	\$	4,099,000	16,16%
Income tax expense	\$	-405,000	18,41%	\$	-319,000	13,43%	\$	-539,000	17,98%	\$	-863,000	17,04%	\$	70,000	-1,71%
Net income available to common stockholders	\$	1,795,000	13,71%	\$	2,057,000	13,31%	\$	2,459,000	13,84%	\$	4,202,000	19,59%	\$	4,169,000	16,43%

EBIT	\$	2,200,000	16,80%	\$	2,376,000	15,38%	\$	2,998,000	16,87%	\$	5,065,000	23,61%	\$	3,936,000	15,51%
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Consolidated Balance sheets															
<i>In thousands USD</i>	2017		2018		2019		2020		2021						
ASSETS															
Cash and cash equivalents	\$	2,883,000	7,07%	\$	7,575,000	17,48%	\$	7,349,000	14,32%	\$	4,794,000	6,81%	\$	5,197,000	6,86%
Short-term investments	\$	2,812,000	6,90%	\$	1,534,000	3,54%	\$	3,412,000	6,65%	\$	8,289,000	11,78%	\$	4,303,000	5,68%
Account receivables (AR) net	\$	283,000	0,69%	\$	313,000	0,72%	\$	435,000	0,85%	\$	577,000	0,82%	\$	800,000	1,06%
Customer funds	\$	18,242,000	44,74%	\$	20,062,000	46,30%	\$	22,527,000	43,88%	\$	33,418,000	47,48%	\$	36,141,000	47,68%
Loans held for sale	\$	7,712,000	18,91%	\$	2,532,000	5,84%	\$	3,972,000	7,74%	\$	2,769,000	3,93%	\$	4,846,000	6,39%
Other current assets	\$	713,000	1,75%	\$	947,000	2,19%	\$	800,000	1,56%	\$	1,148,000	1,63%	\$	1,287,000	1,70%
Total current assets	\$	32,645,000	80,06%	\$	32,963,000	76,07%	\$	38,495,000	74,99%	\$	50,995,000	72,46%	\$	52,574,000	69,36%
Property and equipment net	\$	1,528,000	3,75%	\$	1,724,000	3,98%	\$	1,693,000	3,30%	\$	1,807,000	2,57%	\$	1,909,000	2,52%
Goodwill	\$	4,339,000	10,64%	\$	6,284,000	14,50%	\$	6,212,000	12,10%	\$	9,135,000	12,98%	\$	11,454,000	15,11%
Intangible assets net	\$	168,000	0,41%	\$	825,000	1,90%	\$	778,000	1,52%	\$	1,048,000	1,49%	\$	1,332,000	1,76%
Long-term investments	\$	1,961,000	4,81%	\$	971,000	2,24%	\$	2,863,000	5,58%	\$	6,089,000	8,65%	\$	6,797,000	8,97%
Other non-current assets	\$	133,000	0,33%	\$	565,000	1,30%	\$	1,292,000	2,52%	\$	1,305,000	1,85%	\$	1,737,000	2,29%
Total non-current assets	\$	8,129,000	19,94%	\$	10,369,000	23,93%	\$	12,838,000	25,01%	\$	19,384,000	27,54%	\$	23,229,000	30,64%
Total assets	\$	40,774,000	100,00%	\$	43,332,000	100,00%	\$	51,333,000	100,00%	\$	70,379,000	100,00%	\$	75,803,000	100,00%

LIABILITIES AND STOCKHOLDERS' EQUITY															
	2017		2018		2019		2020		2021						
Customers payable (AP)	\$	257,000	1,04%	\$	281,000	1,01%	\$	232,000	0,67%	\$	252,000	0,50%	\$	197,000	0,36%
Settlement obligations	\$	20,742,000	83,70%	\$	23,560,000	84,31%	\$	24,527,000	71,29%	\$	35,418,000	70,39%	\$	38,841,000	71,83%
Accrued expenses and other current liabilities	\$	1,781,000	7,19%	\$	2,002,000	7,16%	\$	2,087,000	6,07%	\$	2,648,000	5,26%	\$	3,755,000	6,94%
Income tax payable	\$	83,000	0,33%	\$	61,000	0,22%	\$	73,000	0,21%	\$	129,000	0,26%	\$	236,000	0,44%
Total current liabilities	\$	22,863,000	92,26%	\$	25,904,000	92,69%	\$	26,919,000	78,24%	\$	38,447,000	76,41%	\$	43,029,000	79,57%
Long-term debt	\$	-	0,00%	\$	-	0,00%	\$	4,965,000	14,43%	\$	8,939,000	17,77%	\$	8,049,000	14,88%
Deferred tax and Other long term liability	\$	1,917,000	7,74%	\$	2,042,000	7,31%	\$	2,520,000	7,32%	\$	2,930,000	5,82%	\$	2,998,000	5,54%
Total non-current liabilities	\$	1,917,000	7,74%	\$	2,042,000	7,31%	\$	7,485,000	21,76%	\$	11,869,000	23,59%	\$	11,047,000	20,43%
Total liabilities	\$	24,780,000	60,77%	\$	27,946,000	64,49%	\$	34,404,000	67,02%	\$	50,316,000	71,49%	\$	54,076,000	71,34%
Common stock	\$	-		\$	-		\$	-		\$	-		\$	-	
Treasury stock	\$	-2,001,000	12,51%	\$	-5,511,000	35,82%	\$	-6,872,000	40,70%	\$	-8,507,000	42,49%	\$	-11,880,000	54,68%
Additional paid in capital	\$	14,314,000	-89,50%	\$	14,939,000	-97,09%	\$	15,588,000	-92,32%	\$	16,644,000	-83,14%	\$	17,208,000	-79,20%
Retained earnings	\$	3,823,000	-23,90%	\$	5,880,000	-38,22%	\$	8,342,000	-49,40%	\$	12,366,000	-61,77%	\$	16,535,000	-76,10%
Accumulated other comprehensive income (loss)	\$	-142,000	0,89%	\$	78,000	-0,51%	\$	-173,000	1,02%	\$	-484,000	2,42%	\$	-136,000	0,63%
Total equity	\$	15,994,000	39,23%	\$	15,386,000	35,51%	\$	16,885,000	32,89%	\$	20,019,000	28,44%	\$	21,727,000	28,66%
Non-controlling interests	\$	-	0,00%	\$	-	0,00%	\$	44,000	0,09%	\$	44,000	0,06%	\$	-	0,00%
Total liabilities and stockholders' equity	\$	40,774,000	100,00%	\$	43,332,000	100,00%	\$	51,333,000	100,00%	\$	70,379,000	100,00%	\$	75,803,000	100,00%

Consolidated Statements of Cash Flow from operating activities															
<i>In thousands USD</i>	2017		2018		2019		2020		2021						
Operating activities															
Profit / (Loss)	\$	1,795,000	\$	2,057,000	\$	2,459,000	\$	4,202,000	\$	4,169,000					
Adjustments	\$	736,000	\$	3,426,000	\$	1,612,000	\$	1,652,000	\$	2,171,000					
Net cash provided by operating activities	\$	2,531,000	19,33%	\$	5,483,000	35,49%	\$	4,071,000	22,91%	\$	5,854,000	27,29%	\$	6,340,000	24,99%

Attachment 12

Return on Capital Employed (ROCE)
Return on Assets (ROA)
Return on Equity (ROE)
Return on Sales (ROS)

↓
Profitability ratios

Current ratio
Quick ratio
Cash position ratio (CPR)

↓
Liquidity ratios

Total Assets Turnover
Fixed Assets Turnover
Inventory Turnover
Duration (turnover in 1 year)
Net Trade Cycle

↓
Activity ratios

Total debt to Total Assets
Debt to Equity
Paid interest

↓
Debt ratios

Profitability

Liquidity

Activity

Debt

Market ratio

Return on Capital Employed (ROCE) = EBIT / (Equity + Long term liabilities)
Return on Assets (ROA) = EBIT / Assets
Return on Equity (ROE) = Net Income / Equity
Return on Sales (ROS) = EAT / Sales turnover

Current Ratio = Current Assets / Current Liabilities
Quick Ratio = (Current Assets - Inventory) / Current Liabilities
CPR = Cash from Operations / Current Liabilities

Total Assets Turnover = Sales / Total Assets
Fixed Assets Turnover = Sales / Total Fixed Assets
Inventory Turnover = Sales / Total Inventory
Days Inventory = Inventory / (Sales / 360)
Days Receivables = Receivables / (Sales / 360)
Days Payable = Creditors * 360 / COGS

Total debt to Total Assets = Liability / Total Assets
The own part of the Capital = Equity / Total Assets
Financial leverage = Total Assets / Equity
Debt-to-Equity ratio = Total liability / Equity
Interest earned ratio = EBIT / Paid interest
Ratio of covering the Debt burden = EBIT / (Paid interest + loan redemption)

EPS (Earning per share) = (Profit - Dividends) / number of outstanding shares
P/E ratio = Current price for a stock / Company earnings per share
Book Value of Equity per Share = Total Equity / Total shares outstanding
Payback Period = Initial Cash Investment / annual cash flow
NetPresent Value = Net cash flow / (1 + discounted rate)^{time of cash flow}
Profitability index = Present value of Cash Inflows / Initial investment

PayPal Holdings, Inc.				
2017	2018	2019	2020	2021
0,123	0,136	0,123	0,159	0,120
0,054	0,055	0,058	0,072	0,052
0,112	0,134	0,146	0,210	0,192
0,137	0,133	0,138	0,196	0,164
1,428	1,273	1,430	1,326	1,222
1,302	0,980	1,157	1,202	1,101
0,111	0,212	0,151	0,152	0,147
0,321	0,357	0,346	0,305	0,335
1,611	1,490	1,384	1,107	1,092
4,542	2,040	2,418	4,475	4,882
79,264	176,493	148,866	80,444	73,742
7,781	7,293	8,812	9,682	11,352
8,436	7,631	5,548	4,994	3,360
0,608	0,645	0,670	0,715	0,713
0,392	0,355	0,329	0,284	0,287
2,549	2,816	3,040	3,516	3,489
1,549	1,816	2,038	2,513	2,489
366,667	34,435	38,436	26,658	17,039
2,231	2,007	1,156	1,588	6,649
1,490	1,740	2,090	3,580	3,550
50,362	43,126	35,904	20,961	21,138
Not enough reliable sources of information				

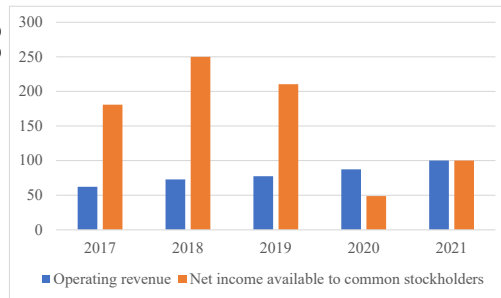
Number of formula in
Theoretical-
Methodological part

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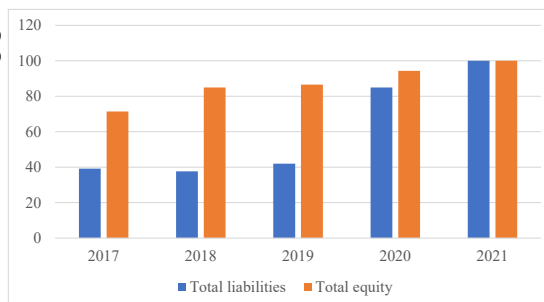
Attachment 13

Horizontal Analysis Greent Dot Corp.

	2017	2018	2019	2020	2021
Operating revenue	62,11	72,69	77,35	87,48	100
Net income available to common stockholders	180,89	250,01	210,4	48,72	100

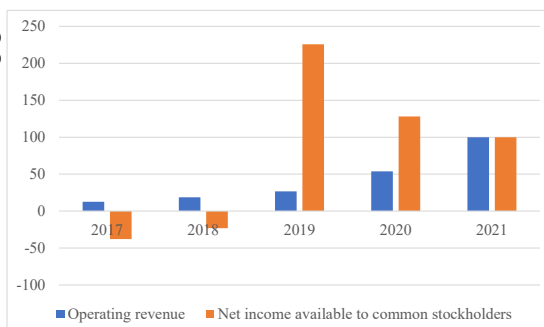


	2017	2018	2019	2020	2021
Total liabilities	39,21	37,68	41,95	84,97	100
Total equity	71,41	84,98	86,61	94,32	100

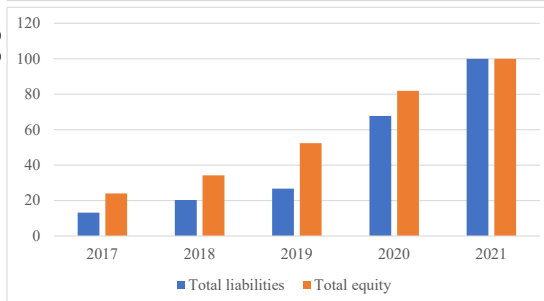


Horizontal Analysis Square, Inc.

	2017	2018	2019	2020	2021
Operating revenue	12,54	18,67	26,69	53,78	100
Net income available to common stockholders	-37,77	-23,12	225,79	128,16	100

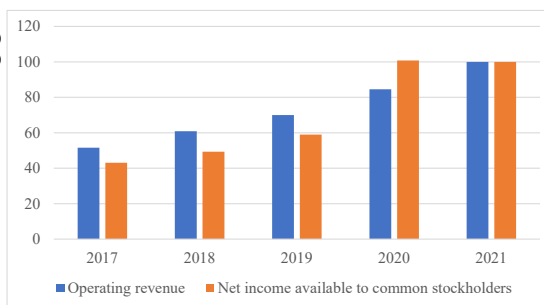


	2017	2018	2019	2020	2021
Total liabilities	13,2	20,36	26,73	67,73	100
Total equity	24,03	34,24	52,4	81,93	100

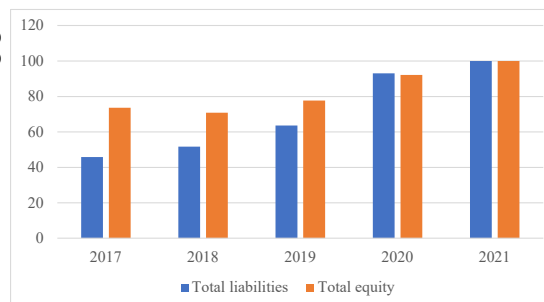


Horizontal Analysis PayPal Holdings Inc.

	2017	2018	2019	2020	2021
Operating revenue	51,61	60,9	70,05	84,56	100
Net income available to common stockholders	43,06	49,34	58,98	100,79	100



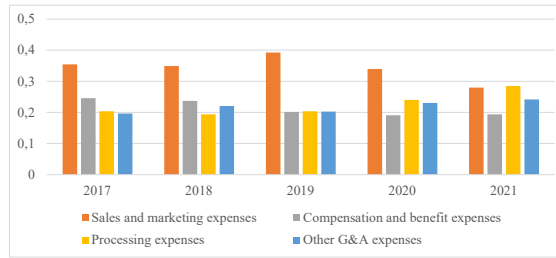
	2017	2018	2019	2020	2021
Total liabilities	45,82	51,68	63,62	93,05	100
Total equity	73,61	70,82	77,71	92,14	100



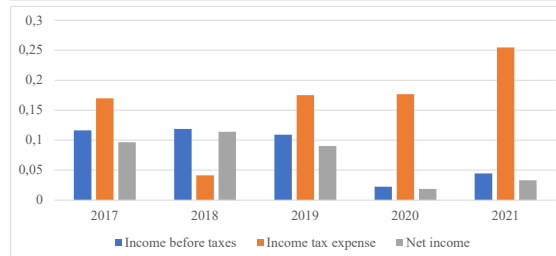
Attachment 14

Vertical analysis Green Dot Corp.

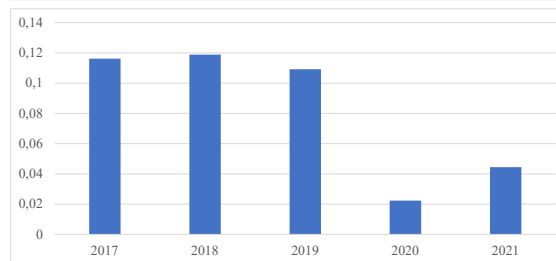
	2017	2018	2019	2020	2021
Sales and marketing expenses	35,43%	34,90%	39,25%	33,92%	27,96%
Compensation and benefit expenses	24,58%	23,70%	20,13%	19,05%	19,37%
Processing expenses	20,33%	19,37%	20,36%	24,00%	28,48%
Other G&A expenses	19,65%	22,03%	20,27%	23,02%	24,19%



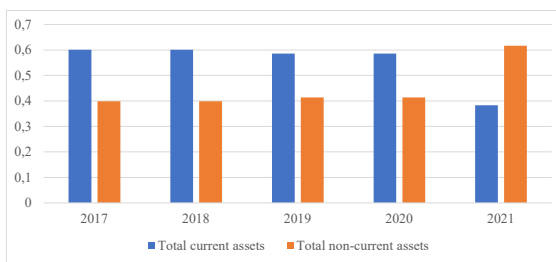
	2017	2018	2019	2020	2021
Income before taxes	11,62%	11,89%	10,92%	2,24%	4,44%
Income tax expense	16,98%	4,13%	17,50%	17,67%	25,46%
Net income	9,65%	11,39%	9,01%	1,84%	3,31%



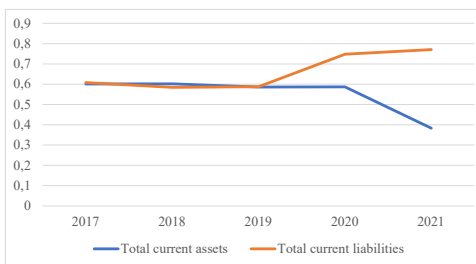
	2017	2018	2019	2020	2021
EBIT	11,62%	11,89%	10,92%	2,24%	4,44%



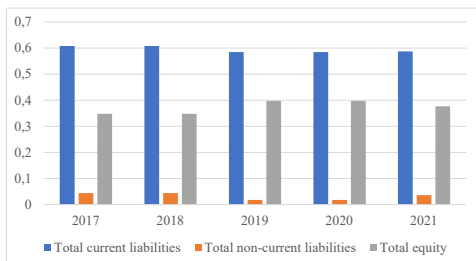
	2017	2018	2019	2020	2021
Total current assets	60,12%	60,16%	58,60%	58,65%	38,29%
Total non-current assets	39,88%	39,84%	41,40%	41,35%	61,71%



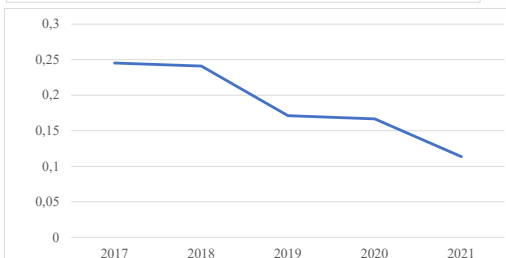
	2017	2018	2019	2020	2021
Total current assets	60,12%	60,16%	58,60%	58,65%	38,29%
Total current liabilities	60,79%	58,47%	58,73%	74,78%	77,09%



	2017	2018	2019	2020	2021
Total current liabilities	60,79%	60,79%	58,47%	58,47%	58,73%
Total non-current liabilities	4,41%	4,41%	1,75%	1,75%	3,58%
Total equity	34,79%	34,79%	39,78%	39,78%	37,69%
	100,00%	100,00%	100,00%	100,00%	100,00%



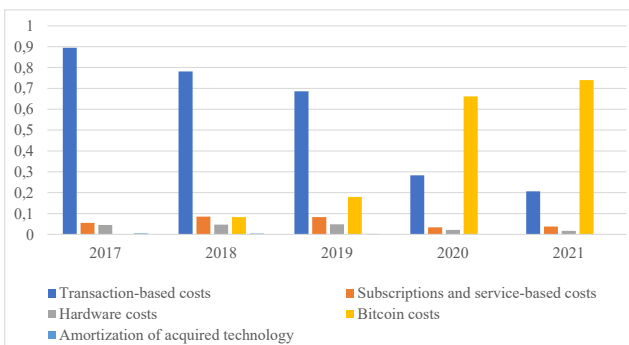
	2017	2018	2019	2020	2021
Net cash provided by operating activities	24,53%	24,10%	17,13%	16,68%	11,34%



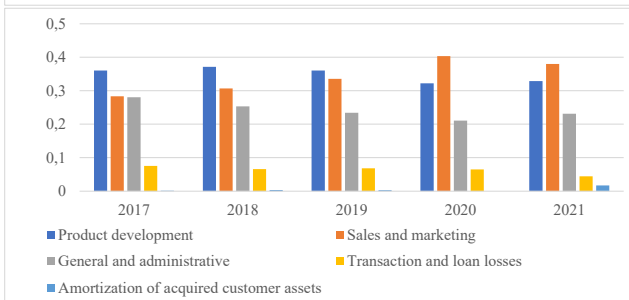
Attachment 15

Vertical analysis Square, Inc.

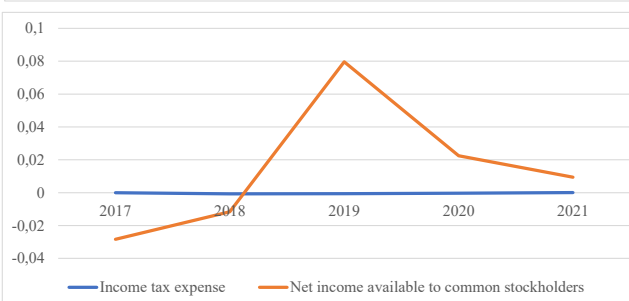
	2017	2018	2019	2020	2021
Transaction-based costs	89,48%	78,14%	68,63%	28,34%	20,61%
Subscriptions and service-based costs	5,51%	8,52%	8,30%	3,38%	3,74%
Hardware costs	4,54%	4,72%	4,83%	2,13%	1,67%
Bitcoin costs	0,00%	8,26%	18,00%	66,15%	73,97%
Amortization of acquired technology	0,48%	0,36%	0,25%	0,00%	0,00%



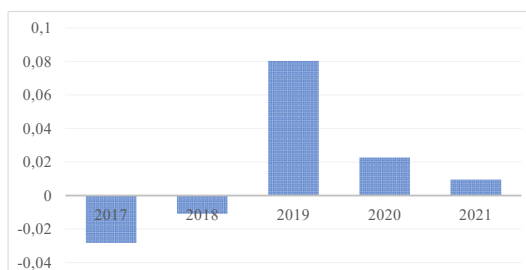
	2017	2018	2019	2020	2021
Product development	36,03%	37,12%	35,99%	32,18%	32,85%
Sales and marketing	28,33%	30,68%	33,54%	40,32%	37,97%
General and administrative	28,04%	25,31%	23,41%	21,04%	23,09%
Transaction and loan losses	7,50%	6,57%	6,81%	6,46%	4,41%
Amortization of acquired customer assets	0,10%	0,33%	0,24%	0,00%	1,67%



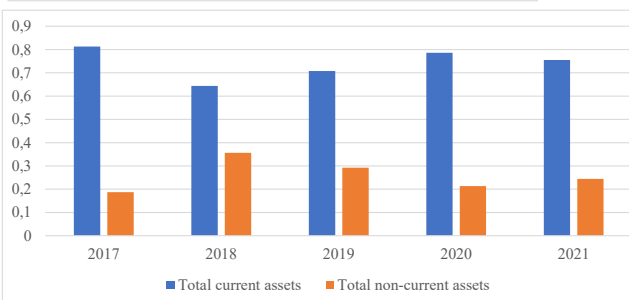
	2017	2018	2019	2020	2021
Income tax expense	-0,01%	-0,07%	-0,06%	-0,03%	0,01%
Net income available to common stockholders	-2,84%	-1,17%	7,97%	2,24%	0,94%



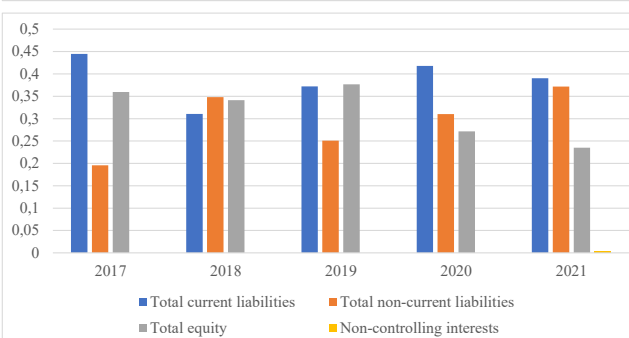
	2017	2018	2019	2020	2021
EBIT	-2,83%	-1,10%	8,02%	2,27%	0,95%



	2017	2018	2019	2020	2021
Total current assets	81,30%	64,37%	70,75%	78,64%	75,55%
Total non-current assets	18,70%	35,63%	29,25%	21,36%	24,45%



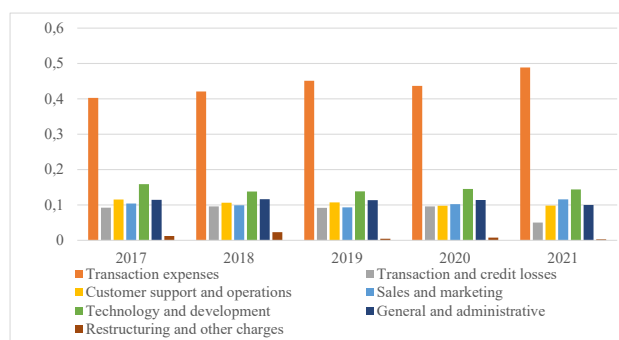
	2017	2018	2019	2020	2021
Total current liabilities	44,48%	31,04%	37,22%	41,81%	39,03%
Total non-current liabilities	19,57%	34,81%	25,09%	31,02%	37,18%
Total equity	35,95%	34,15%	37,68%	27,17%	23,50%
Non-controlling interests	0,00%	0,00%	0,00%	0,00%	0,29%



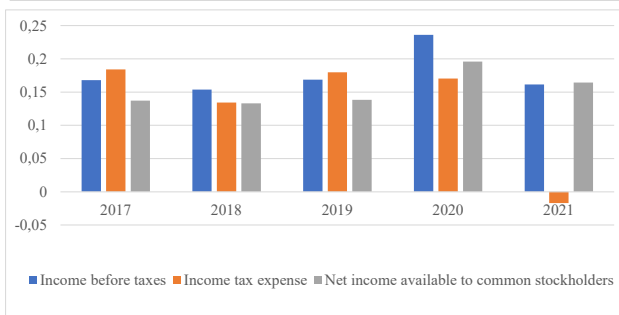
Attachment 16

Vertical analysis PayPal Holdings, Inc.

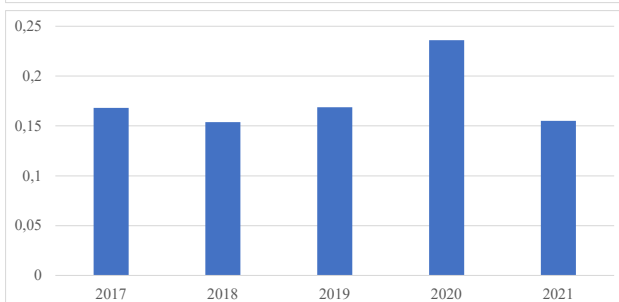
	2017	2018	2019	2020	2021
Transaction expenses	40,29%	42,10%	45,11%	43,68%	48,87%
Transaction and credit losses	9,22%	9,61%	9,17%	9,58%	5,02%
Customer support and operations	11,53%	10,61%	10,73%	9,79%	9,83%
Sales and marketing	10,41%	9,91%	9,31%	10,24%	11,58%
Technology and development	15,87%	13,81%	13,85%	14,54%	14,39%
General and administrative	11,47%	11,62%	11,37%	11,40%	10,01%
Restructuring and other charges	1,20%	2,33%	0,47%	0,77%	0,29%



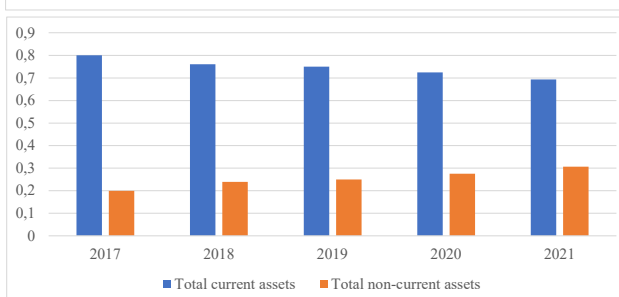
	2017	2018	2019	2020	2021
Income before taxes	16,80%	15,38%	16,87%	23,61%	16,16%
Income tax expense	18,41%	13,43%	17,98%	17,04%	-1,71%
Net income available to common stockholders	13,71%	13,31%	13,84%	19,59%	16,43%



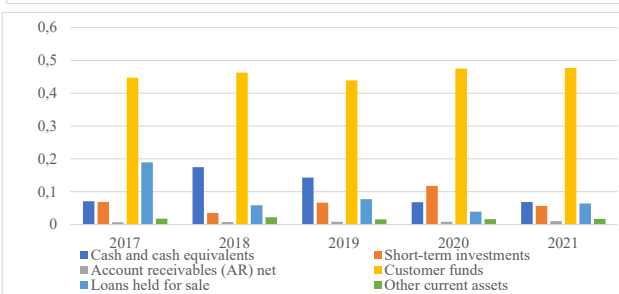
	2017	2018	2019	2020	2021
EBIT	16,80%	15,38%	16,87%	23,61%	15,51%



	2017	2018	2019	2020	2021
Total current assets	80,06%	76,07%	74,99%	72,46%	69,36%
Total non-current assets	19,94%	23,93%	25,01%	27,54%	30,64%

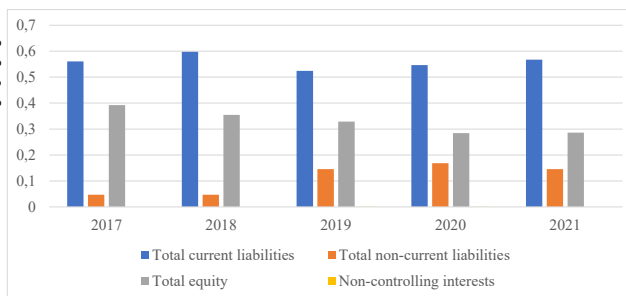


	2017	2018	2019	2020	2021
Cash and cash equivalents	7,07%	17,48%	14,32%	6,81%	6,86%
Short-term investments	6,90%	3,54%	6,65%	11,78%	5,68%
Account receivables (AR) net	0,69%	0,72%	0,85%	0,82%	1,06%
Customer funds	44,74%	46,30%	43,88%	47,48%	47,68%
Loans held for sale	18,91%	5,84%	7,74%	3,93%	6,39%
Other current assets	1,75%	2,19%	1,56%	1,63%	1,70%

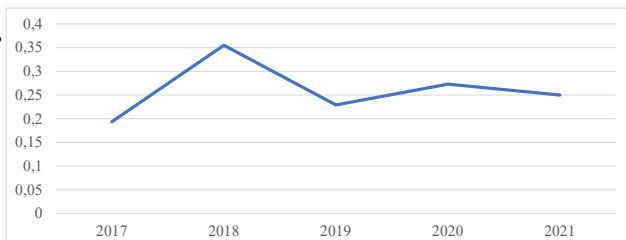


Attachment 16 (cont'd)

	2017	2018	2019	2020	2021
Total current liabilities	56,07%	59,78%	52,44%	54,63%	56,76%
Total non-current liabilities	4,70%	4,71%	14,58%	16,86%	14,57%
Total equity	39,23%	35,51%	32,89%	28,44%	28,66%
Non-controlling interests	0,00%	0,00%	0,09%	0,06%	0,00%



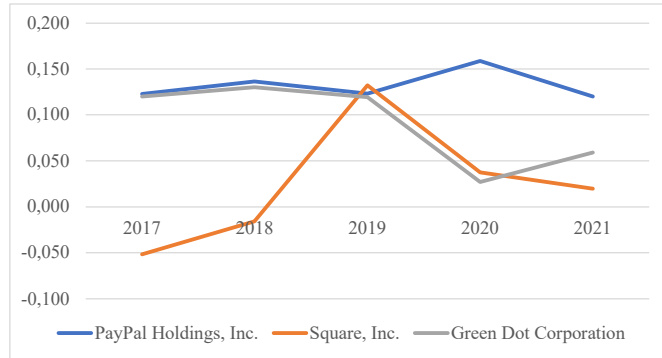
	2017	2018	2019	2020	2021
Net cash provided by operating activities	19,33%	35,49%	22,91%	27,29%	24,99%



Attachment 17

	2017	2018	2019	2020	2021
PayPal Holdings, Inc.	0,123	0,136	0,123	0,159	0,120
Square, Inc.	-0,052	-0,016	0,132	0,038	0,020
Green Dot Corporation	0,120	0,130	0,119	0,027	0,059

ROCE



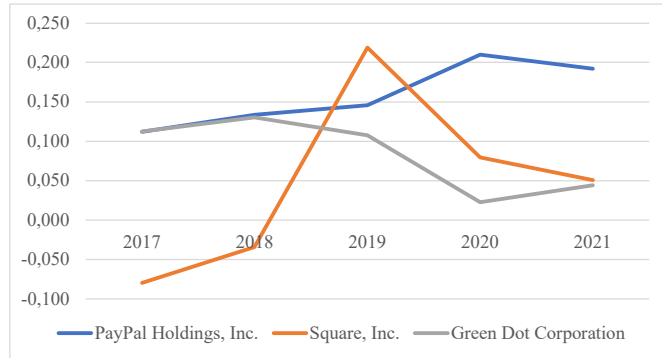
	2017	2018	2019	2020	2021
PayPal Holdings, Inc.	0,054	0,055	0,058	0,072	0,052
Square, Inc.	-0,029	-0,011	0,083	0,022	0,012
Green Dot Corporation	0,047	0,054	0,049	0,007	0,013

ROA



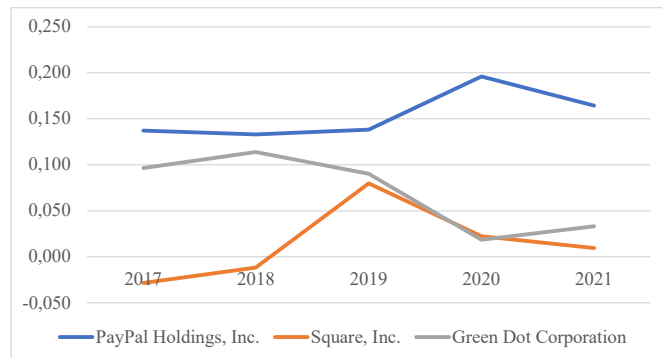
	2017	2018	2019	2020	2021
PayPal Holdings, Inc.	0,112	0,134	0,146	0,210	0,192
Square, Inc.	-0,080	-0,034	0,219	0,079	0,051
Green Dot Corporation	0,112	0,130	0,108	0,023	0,044

ROE



	2017	2018	2019	2020	2021
PayPal Holdings, Inc.	0,137	0,133	0,138	0,196	0,164
Square, Inc.	-0,028	-0,012	0,080	0,022	0,009
Green Dot Corporation	0,096	0,114	0,090	0,018	0,033

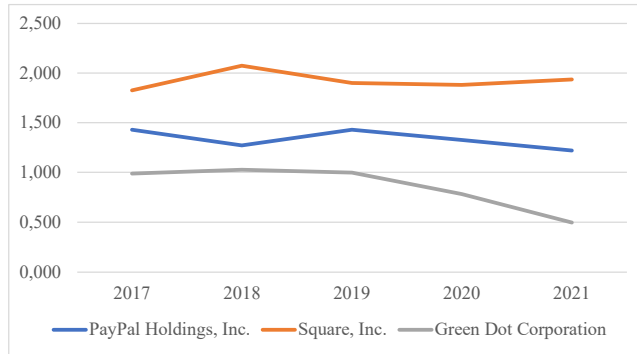
ROS



Attachment 18

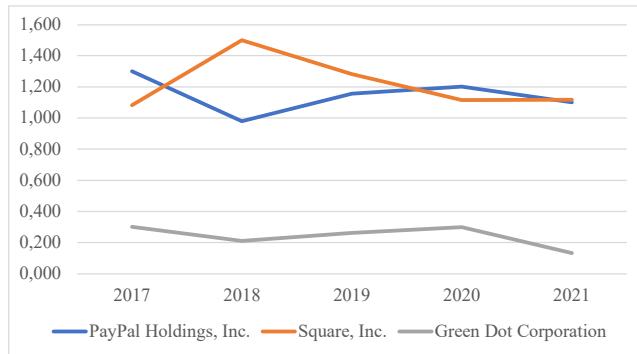
	2017	2018	2019	2020	2021
PayPal Holdings, Inc.	1,428	1,273	1,430	1,326	1,222
Square, Inc.	1,828	2,073	1,901	1,881	1,936
Green Dot Corporation	0,989	1,029	0,998	0,784	0,497

Current Ratio



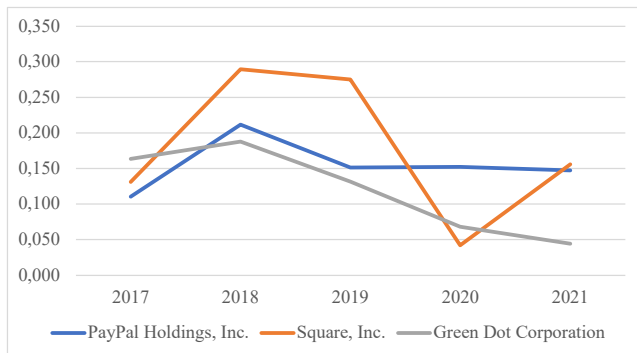
	2017	2018	2019	2020	2021
PayPal Holdings, Inc.	1,302	0,980	1,157	1,202	1,101
Square, Inc.	1,082	1,501	1,283	1,116	1,118
Green Dot Corporation	0,301	0,210	0,262	0,299	0,134

Quick Ratio



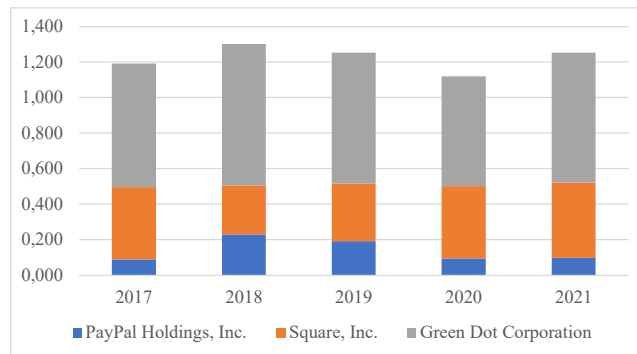
	2017	2018	2019	2020	2021
PayPal Holdings, Inc.	0,111	0,212	0,151	0,152	0,147
Square, Inc.	0,131	0,290	0,275	0,042	0,156
Green Dot Corporation	0,163	0,188	0,131	0,068	0,045

CPR



	2017	2018	2019	2020	2021
PayPal Holdings, Inc.	0,088	0,230	0,191	0,094	0,099
Square, Inc.	0,408	0,276	0,325	0,407	0,422
Green Dot Corporation	0,696	0,796	0,737	0,618	0,731

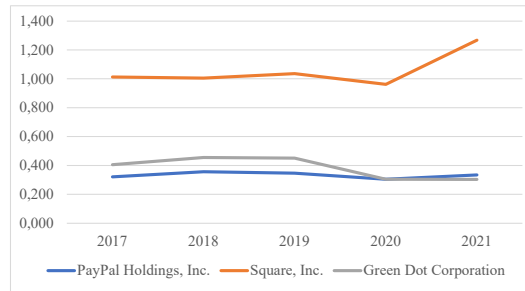
Cash



Attachment 19

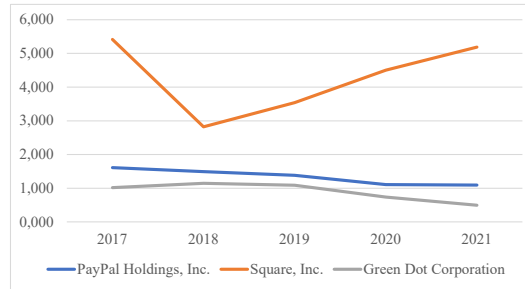
	2017	2018	2019	2020	2021
PayPal Holdings, Inc.	0,321	0,357	0,346	0,305	0,335
Square, Inc.	1,012	1,005	1,036	0,962	1,268
Green Dot Corporation	0,405	0,455	0,451	0,305	0,303

Total Assets Turnover



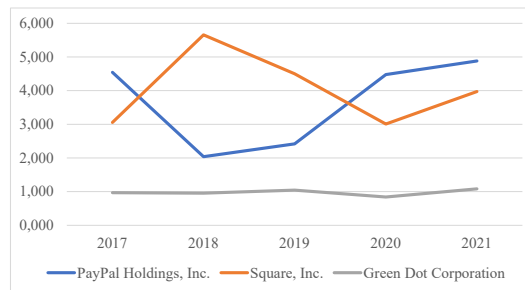
	2017	2018	2019	2020	2021
PayPal Holdings, Inc.	1,611	1,490	1,384	1,107	1,092
Square, Inc.	5,414	2,821	3,540	4,506	5,187
Green Dot Corporation	1,016	1,143	1,088	0,737	0,491

Fixed Assets Turnover



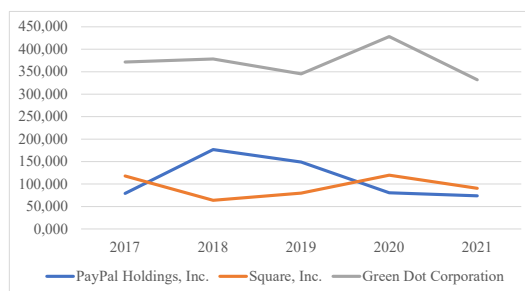
	2017	2018	2019	2020	2021
PayPal Holdings, Inc.	4,542	2,040	2,418	4,475	4,882
Square, Inc.	3,053	5,656	4,501	3,007	3,974
Green Dot Corporation	0,968	0,952	1,042	0,840	1,084

Inventory Turnover



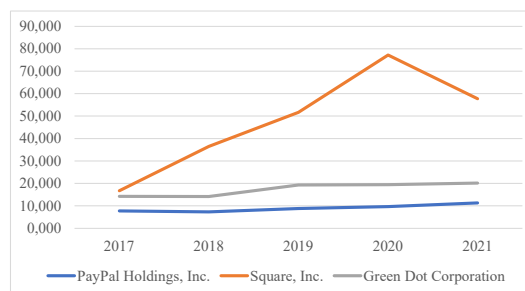
	2017	2018	2019	2020	2021
PayPal Holdings, Inc.	79,264	176,493	148,866	80,444	73,742
Square, Inc.	117,918	63,654	79,975	119,704	90,578
Green Dot Corporation	371,766	378,305	345,332	428,362	332,149

Days Inventory



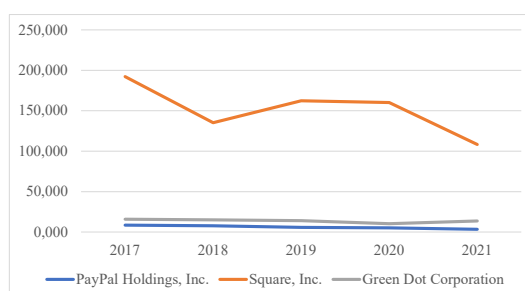
	2017	2018	2019	2020	2021
PayPal Holdings, Inc.	7,781	7,293	8,812	9,682	11,352
Square, Inc.	16,753	36,458	51,653	77,243	57,706
Green Dot Corporation	14,267	14,148	19,336	19,455	20,196

Days Receivables



	2017	2018	2019	2020	2021
PayPal Holdings, Inc.	8,436	7,631	5,548	4,994	3,360
Square, Inc.	192,113	135,232	162,308	160,147	108,196
Green Dot Corporation	15,850	14,871	13,833	10,245	13,527

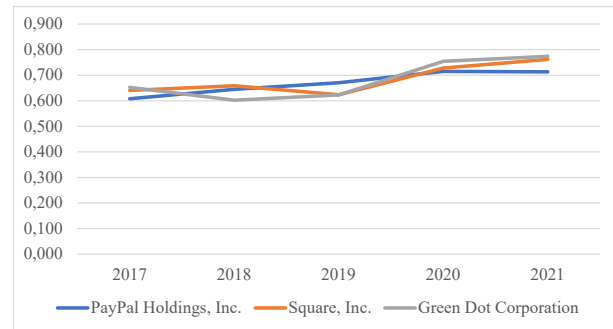
Days Payables



Attachment 20

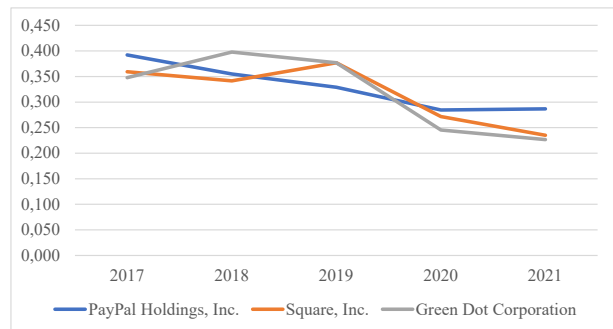
	2017	2018	2019	2020	2021
PayPal Holdings, Inc.	0,608	0,645	0,670	0,715	0,713
Square, Inc.	0,640	0,658	0,623	0,728	0,762
Green Dot Corporation	0,652	0,602	0,623	0,755	0,773

Total debt to Total Assets



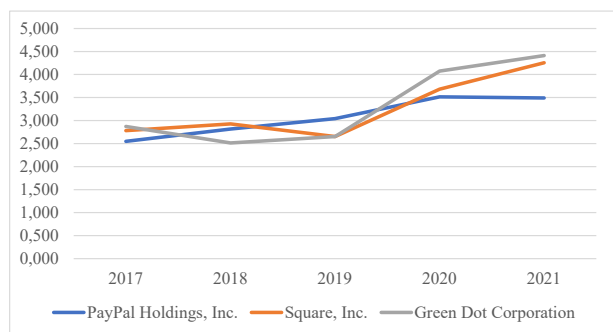
	2017	2018	2019	2020	2021
PayPal Holdings, Inc.	0,392	0,355	0,329	0,284	0,287
Square, Inc.	0,360	0,342	0,377	0,272	0,235
Green Dot Corporation	0,348	0,398	0,377	0,245	0,227

The own part of the Capital



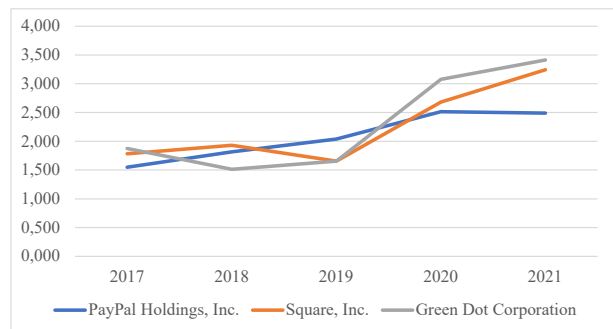
	2017	2018	2019	2020	2021
PayPal Holdings, Inc.	2,549	2,816	3,040	3,516	3,489
Square, Inc.	2,782	2,928	2,654	3,681	4,255
Green Dot Corporation	2,874	2,514	2,653	4,075	4,414

Financial leverage



	2017	2018	2019	2020	2021
PayPal Holdings, Inc.	1,549	1,816	2,038	2,513	2,489
Square, Inc.	1,782	1,928	1,654	2,681	3,242
Green Dot Corporation	1,874	1,514	1,653	3,075	3,414

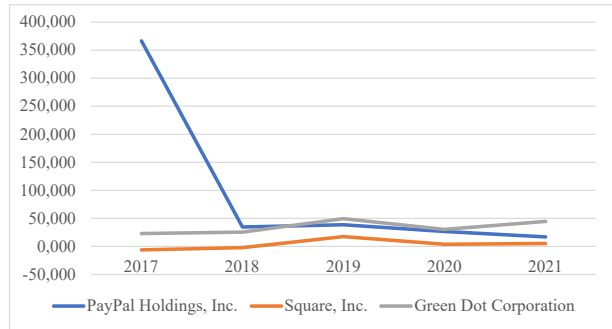
Debt-to-Equity ratio



Attachment 20 (con't)

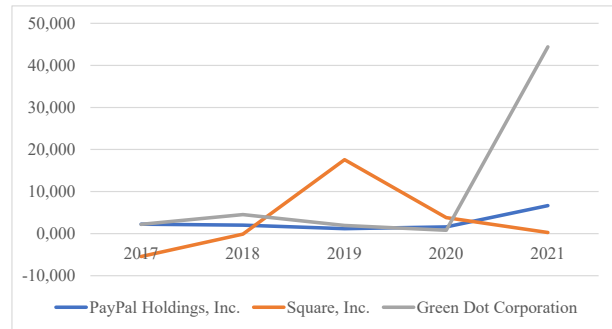
	2017	2018	2019	2020	2021
PayPal Holdings, Inc.	366,667	34,435	38,436	26,658	17,039
Square, Inc.	-6,233	-2,009	17,578	3,793	5,061
Green Dot Corporation	22,889	25,331	49,381	30,340	44,421

Interest earned ratio



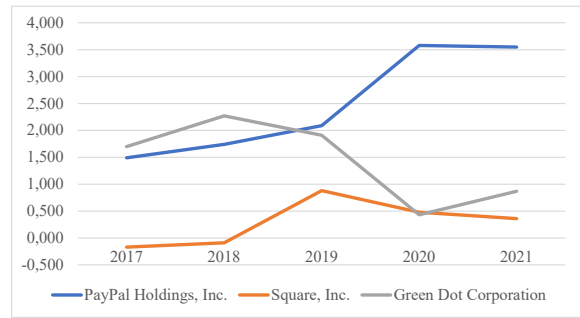
	2017	2018	2019	2020	2021
PayPal Holdings, Inc.	2,231	2,007	1,156	1,588	6,649
Square, Inc.	-5,453	-0,149	17,578	3,793	0,246
Green Dot Corporation	2,200	4,521	1,939	0,782	44,421

Ratio of covering the Debt burden



Attachment 21

	2017	2018	2019	2020	2021	
PayPal Holdings, Inc.	1,490	1,740	2,090	3,580	3,550	EPS (Earning per share)
Square, Inc.	-0,170	-0,090	0,880	0,480	0,360	
Green Dot Corporation	1,700	2,270	1,910	0,430	0,870	



	2017	2018	2019	2020	2021	
PayPal Holdings, Inc.	50,362	43,126	35,904	20,961	21,138	P/E ratio
Square, Inc.	-403,647	-762,444	77,977	142,958	190,611	
Green Dot Corporation	15,165	11,357	13,497	59,953	29,632	



Attachment 22

Results of Internal analysis performance points

	Green Dot	Squire	PayPal
ROCE	4	2	6
ROA	4	2	6
ROE	4	2	6
ROS	4	2	6
Total Profitability	16	8	24
Current ratio	1	3	2
Quick ratio	1	3	2
Cash position ratio	1	3	2
Total Liquidity	3	9	6
Total assets turnover	2	3	1
Fixed assets turnover	1	3	2
Inventory turnover	1	2	3
Days Receivables	2	1	3
Days Payables	3	1	2
Total Activity	9	10	11
Total debt to total assets	1	2	3
The own part of the capital	1	2	3
Financial leverage	1	2	3
Debt-to-equity ratio	1	2	3
Interest earned ratio	3	1	2
Ratio covering the debt burden	2	1	3
Tota Debt	9	10	17
Earning per share	3	1,5	4,5
Price earnings ratio	3	4,5	1,5
Total Market ratios	6	6	6
Grand total	43	43	64

Source: Own evaluation based on the particular results received from the analysis of the financial ratios.

Comparison of the company's performance of the three largest Fintech equity investments.

Katerina Hejlova/ABS, MBA EN10D

Main functions of Fintech companies

- Transferring money: Deposit accounts, payments and money transfers
- Raising money: Personal lending and credit cards; business lending and investments
- Investing money: Advice; trading services; private banking and wealth management

Main problem to solve and the goal

- Perform horizontal and vertical analysis
- Perform ratio analysis
- Evaluation of results and determine which of the company is the best option for potential investors
- Recommendation

Methods used

- Obtain financial statements from publicly available sources
- Extract relevant data used in analysis
- Evaluate results obtained from financial ratio analysis
- Increase the particular results according to relevant coefficient
- Compare the results with industry peer



Green Dot Corporation

- American financial technology and bank holding company.
- Incorporated in 1999, headquartered in Austin, Texas, USA.
- The world largest prepaid debit card company.
- Payment platform and technology platform used by (among others) Apple Pay Cash and Uber.
- Traded as GDOT on NYSE.
- Annual revenue of USD 1,25 billion (2020) and 1200 employees.



Square, Inc.

- American multinational technology conglomerate.
- Incorporated in 2009, headquartered in San Francisco, California, USA.
- Point of sale terminals and auxiliary equipment; debit cards.
- Traded as SQ on NYSE.
- Annual revenue of USD 17,66 billion (2021) and 8500 employees.
- In 2021 is the company renamed to Block, Inc.



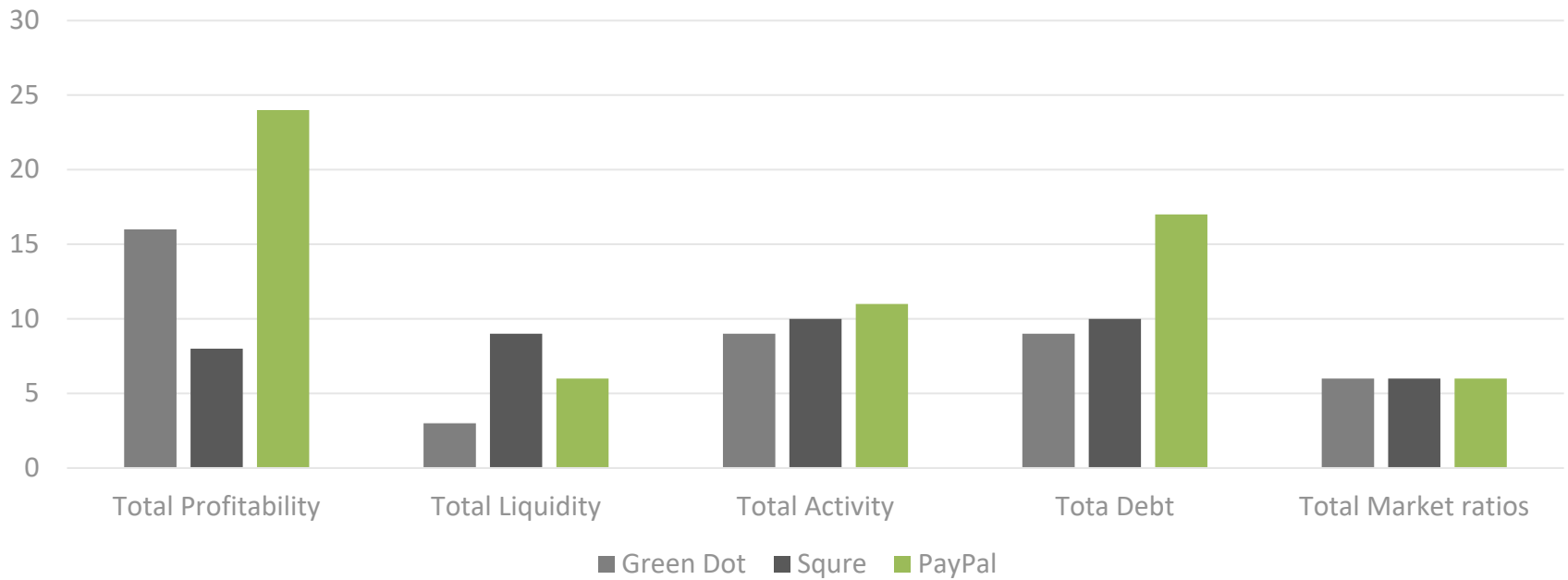
PayPal Holdings, Inc.

- American multinational financial technology company.
- Incorporated in 1998, headquartered in San Jose, California and La Vista, Nebraska, USA.
- Online payments system; online money transfer and money orders.
- Traded as PYPL at NASDAQ.
- Annual revenue of USD 27,52 billion and 29900 employees (2022).

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Results

	Green Dot	Squire	PayPal
Total Profitability	16	8	24
Total Liquidity	3	9	6
Total Activity	9	10	11
Total Debt	9	10	17
Total Market ratios	6	6	6



No.1 PayPal Holdings, Inc.



- The best and the most consistent development in the financial results performed PayPal with total of 64 points.
- The best results in profitability ratios: all four returns on capital employed asset, equity and sales reached consistent results of 10% up to 20%.
- Profitability ratios are growing with the peak in 2020 and slight decrease in 2021.
- The best results in activity ratios which means that it employed its assets in very efficient manner.
- The best results in debt ratios which means that it is not burdened with lot of liabilities to third parties for which should pay the interest.

No.2 Green Dot Corporation

- This Fintech company reached the second-best result from all three companies.
- Total of 43 points, which is the same as Square, Inc. reached, however Green Dot is winner in the profitability analysis, and it gives him an upper hand in this analysis.
- The stock price is the lowest form all three companies – reached only USD 21 per stock, and the trend from the last five years is more negative than positive. The value of stock decreased by 56% in the past five years which is very negative result and bad sign for potential investors.

No.3 Square, Inc.

- The third place belongs to Square reaching 43 points, which is the same a Green Dot did, however because the profitability analysis is considered the most important one, and Green Dot reached better results.
- Square is relatively young company with not stable capital yet, suffering in past year lot of losses and very high level of indebtedness.
- From the annual report 2022 we may read that the company issued additional USD 1.2 billion debt to be able to invest on growth and finance the working capital.
- Profitability ratios – the most important for new potential investor – are on the low-level ranging between 5 percent negative to 2 percent positive in average. Thus, the level of return of invested money is still low.

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Recommendation

Investment in shares of PayPal Holdings, Inc.