

PLANET PAYMENT INC

FORM 10-K (Annual Report)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10 -K

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2015
or
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to .

Commission file number: 001 -35699

PLANET PAYMENT, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

13 -4084693
(I.R.S. Employer
Identification No.)

670 Long Beach Blvd., Long Beach, NY 11561
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: (516) 670 -3200

Securities registered pursuant to Section 12(b) of the Act:

Table with 2 columns: Title of Each Class, Name of Each Exchange on Which Registered. Row 1: Common Stock, \$0.01 par value per share; The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months...
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months...
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "larger accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).
As of June 30, 2015, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the registrant's common stock held by non-affiliates based on the closing price of the registrant's common stock on June 30, 2015 as reported on The NASDAQ Stock Market was \$ 110,453,645 . This number is provided only for the purpose of this report on Form 10 -K and does not represent an admission by either the registrant or any such person as to the status of such person .

As of February 29 , 2016 , 5 1,821,800 shares of the registrant's common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Definitive Proxy Statement for the registrant's 201 6 Annual Meeting of Stockholders to be filed pursuant to Regulation 14A within 120 days after registrant's fiscal year ended December 31, 201 5 are incorporated by reference in Items 10 - 14 of Part III of this Annual Report on Form 10 -K.

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FORWARD -LOOKING STATEMENTS

This Annual Report on Form 10 -K includes forward -looking statements. All statements contained in this Annual Report on Form 10 -K other than statements of historical fact, including statements regarding our future results of operations and financial position, our business strategy and plans and our objectives for future operations, are forward -looking statements. The words “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend” and “expect” and similar expressions are intended to identify forward -looking statements. We have based these forward -looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short -term and long -term business operations and objectives, and financial needs. These forward -looking statements are subject to a number of risks, uncertainties and assumptions, including those described in “Item 1A. Risk Factors.” In light of these risks, uncertainties and assumptions, the future events and trends discussed in this Annual Report on Form 10 -K may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward -looking statements.

Although we believe that the expectations reflected in the forward -looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We are under no duty to update any of these forward -looking statements after the date of this Annual Report on Form 10 -K or to conform these statements to actual results or revised expectations.

Emerging Growth Company Status

We are an “emerging growth company,” as defined in the Jumpstart Our Business Startups Act enacted in April 2012, and, for as long as we continue to be an “emerging growth company,” we may choose to take advantage of exemptions from various reporting requirements applicable to other public companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes -Oxley Act of 2002, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We will remain an “emerging growth company” until the earliest of (i) the last day of the fiscal year in which we have total annual gross revenues of \$1 billion or more; (ii) the last day of the fiscal year following the fifth anniversary of the date of an initial public offering of our equity securities; (iii) the date on which we have issued more than \$1 billion in non -convertible debt during the prior three year period; and (iv) the date on which we are deemed to be a “large accelerated filer.”

Under Section of 107(b) of the Jumpstart Our Business Startups Act, emerging growth companies can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have irrevocably elected not to avail ourself of this exemption from new or revised accounting standards and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

PART I

ITEM 1. BUSINESS

Overview

Planet Payment, Inc. together with its wholly-owned subsidiaries (“Planet,” “the Company,” “us” or “we”) is a provider of international payment and transaction processing and multi-currency processing services. We provide our services to approximately 118,000 active merchant locations in 21 countries and territories across the Asia Pacific region, the Americas, the Middle East, Africa and Europe, primarily through our acquiring bank and processor customers, as well as through our own direct sales force. We provide banks and their merchants with innovative services to accept, process and reconcile electronic payments. Our point-of-sale multi-currency payment processing services are designed for merchants in the retail, restaurant, and hospitality environments. We also provide payment services for e-commerce and mail and telephone order merchants. Our point-of-sale and e-commerce services help merchants sell more goods and services to consumers, and are integrated within the international payment card transaction process enabling our acquiring customers to process and reconcile payment transactions in multiple currencies, geographies and channels. Our ATM services provide our domestic and international acquirers with additional processing capabilities to help them increase revenue and improve customer satisfaction. We also offer transaction processing services that allow merchants to offer a range of commercial services including pre-paid mobile phone top-up and bill payments using the same point-of-sale devices deployed to accept payment cards. We are a registered third party processor with the major card associations and operate in accordance with industry standards, including the Payment Card Industry, or PCI, Security Council’s Data Security Standards.

Our services help acquiring banks, processors and merchants enhance revenue, broaden their product set and open new sales channels. Our payment processing services enable the authorization and settlement of payment transactions by providing the connections between the merchant, its bank and the card association. In addition, we provide online access to advanced reconciliation and reporting services and localized language support to our customers. Our flagship offerings are our multi-currency processing services, which include Pay in Your Currency®, our point-of-sale Dynamic Currency Conversion (DCC) service, Multi-Currency Pricing primarily for card-not-present merchants and DCC at ATMs. These services enable merchants to offer customized pricing in multiple currencies. Additionally, acquiring banks, processors and merchants all benefit from the ease of settlement and reporting in their local currency.

Our proprietary, currency-neutral payment processing technology platform enables us to develop and deliver a broad range of international payment services, quickly enter new markets and provide a range of differentiated solutions and analytical tools that are easily integrated within our customers’ existing business processes. We provide our customers with worldwide connectivity to our payments infrastructure that is secure, compliant and regularly updated. Our secure platform is highly scalable to facilitate growth and meet the needs of new customers, and flexible to provide a broad range of capabilities, including the unique regional requirements of the various markets in which we operate.

We distribute and cross sell our services across a variety of points-of-sale and e-commerce payment channels with customized solutions in specific verticals, such as hospitality, restaurants and retail. We believe our business model creates powerful network effects which help drive growth and operating leverage in our business while our customer contracts, which generally have an initial term of three to five years, provide a stable customer base. In 2015, we generated 63% of our revenue internationally and 37% in the United States, through a revenue model that generates fees every time a purchase is made across our network. We manage our business through two operating segments: multi-currency processing services and payment processing services. For the year ended December 31, 2015, our multi-currency processing services represented 63% of our revenue and our payment processing services represented 37% of our revenue. For a breakdown of revenue by operating segment, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations.”

We were incorporated in Delaware in October 1999 and our common stock is traded on The NASDAQ Stock Market, or NASDAQ (trading symbol: “PLPM”). Our corporate headquarters are located at 670 Long Beach Blvd., Long Beach, New York 11561, and our main telephone number is (516) 670-3200. We maintain a website at www.planetpayment.com. The contents of our website are not incorporated into, or otherwise to be regarded as part of, this Annual Report on Form 10-K.

The global payments industry

We operate in the global payments industry, with a specific focus on international payment processing. We believe there are three primary trends that drive growth in our industry:

- continued global shift toward electronic payment transactions;
- increased international travel and commerce; and
- increased e-commerce on a global scale.

As a result of the trends that are driving growth and change in our industry, we believe acquiring banks, processors and merchants are facing new challenges and competitive pressures and are demanding secure, reliable and differentiated solutions to more efficiently and effectively process payments. In addition, we believe consumers are increasingly seeking a more transparent and convenient way to pay.

Our solutions to industry challenges

Our solutions are designed to enable acquiring banks, processors and merchants to respond to the challenges facing the global payments industry by expanding the market reach and merchant portfolio of our acquiring bank customers, providing an attractive new revenue stream for our acquiring bank customers and merchants, and improving the buying experience for consumers.

Acquiring banks, processors and card associations

Through our platform, acquiring banks, processors and card associations are able to offer differentiated services to merchant customers that enhance merchant loyalty, attract new merchants, and open new sales channels. In addition, by securing a share of the foreign exchange rate margin, customers using our multi-currency processing services gain access to a new, high-margin revenue stream. By partnering with us, our customers get access to our next-generation technology and are able to cost-effectively enhance the processing services they offer to merchants and the ATM services they offer to cardholders. Our acquiring bank and processor customers also gain a competitive advantage by being able to more easily expand their merchant and ATM portfolios and open new sales channels without incurring significant up-front costs. We provide our customers with worldwide connectivity to our payments infrastructure that is secure, compliant and regularly maintained and updated.

Merchants

Merchants can use our services to attract more international customers, and make the buying experience more convenient and transparent and share in a financial incentive. Merchants that use our services are also able to leverage customized solutions that are adapted for their specific business. For example, in the restaurant vertical where the payment card is frequently swiped at a location away from the customer, we developed our patented “Cardholder Choice” service, which presents the two currency amounts and disclosure information on the receipt itself and allows the customer to make a selection on that same receipt. Because of the flexibility and scalability of our platform, merchants can enjoy a single processing solution that is integrated and consistent across multiple locations. Our solutions also provide merchants with the ability to offer commercial services, including prepaid mobile phone top-up and bill payments, using the same point-of-sale devices deployed to accept payment cards.

Consumers

Consumers benefit from the advanced multi-currency services we provide to our customers, enjoying greater clarity as to the final cost of the transaction in their native currency for point-of-sale purchases, online transactions or cash withdrawals.

Our competitive strengths

Domain knowledge of international payments

Since our founding in 1999, we have established deep domain knowledge of international payments and multi -currency payment processing based on our multi -currency capabilities, patented technology, proprietary transaction -level reconciliation, global reporting and data analytics services, and support for local language and market requirements. Given the breadth of our offerings, the global scope of our services, our brand recognition in the industry and the proprietary nature of our technology, we believe we are one of the leading providers of international payment processing services in the world.

Broad international footprint and distribution

We provide our services to more than 70 acquiring banks, processors and card associations who offer our payment and multi -currency services to their own network of merchants. We utilize our direct sales force and have leveraged the geographic footprints and distribution capabilities of our acquiring customers to build a diversified base of approximately 1 18 ,000 active merchant locations in 2 1 countries and territories across the Asia- Pacific region, the Americas, the Middle East, Africa, and Europe. In the United States and Canada, we offer our payment processing services directly to merchants in certain channels.

Versatile and scalable proprietary technology platform

We have developed and operate a single, currency -neutral payment processing platform that enables us to quickly enter new markets and respond to new opportunities. Our proprietary platform is highly scalable to meet the needs of large volume customers, highly flexible to provide a broad range of capabilities, and meets the regional requirements of the various markets in which we operate. Given the unified architecture of our single platform, once new enhancements and solutions have been implemented, they are available to all of our customers around the world. Planet Switch is our front -end system, which communicates with the merchant’s system and provides transaction authorization, switching and security services. Merchant Accounting System, or MAS, is our back -end system, which makes a financial record of transactions between a merchant, acquirer and a card association; and calculates, effects settlement and prepares statements of payments, costs, losses and adjustments with respect to transactions in all supported currencies. MAS also comprises our reconciliation and reporting system, which also provides certain fraud and risk management tools, as well as web -based reporting and email alerts with local language support. Our platform has dedicated endpoints which allow us to connect directly to Visa, MasterCard, American Express, JCB and UnionPay, and provide an end -to -end service for our customers without the need for third -party processors. We also provide a proprietary Internet payment gateway service, the Planet Payment Gateway, which is fully integrated into our platform, to provide a range of online payment processing and multi -currency services to e -commerce customers. Our Commercial Services Platform, or CSP, enables us to provide processing services for other transaction types, including pre -paid mobile phone top -up and bill payments which allow merchants to use the same point -of -sale device deployed to accept payment cards.

Differentiated and innovative suite of payment and transaction services

Our proprietary platform offers a broad range of domestic and international point -of -sale and e -commerce processing services. Our suite of services is comprised of our:

- *Pay In Your Currency* service that enables international consumers to complete purchases at retailers, restaurants, hotels and e - commerce merchants in their own currency for greater transparency using our patented rate mark -up technology, while merchants enjoy the ease of settlement and reporting in their local currency.
- *Payment P rocessing* service that provides end -to -end processing of both domestic and multi -currency transactions, including authorization, capture, clearing and settlement services. For local language and market requirements, local card types such as UnionPay (Asia -Pacific), Interac (Canada) and Maestro and regional interchange regimes.

- *Multi-Currency Pricing* service that enables e-commerce, point-of-sale, and mail order and telephone order, or MOTO, merchants to target international consumers by allowing them to view pricing and make purchases in their home currencies.
- *DCC at ATMs* service that enables international consumers to complete ATM withdrawals in their own currency for greater transparency, while banks enjoy the ease of settlement and reporting in their settlement currency.
- *The Planet Payment Gateway* that provides fully-integrated domestic and multi-currency processing services with connectivity to a range of processors that enables acceptance of all major payment types and numerous alternative payment methods.
- *Commercial Transaction* service that allows merchants to offer a range of commercial services including pre-paid mobile phone top-up and bill payments using the same point-of-sale device deployed to accept payment cards.
- *Global Consolidated Reporting and Data Analytics* that provide merchants with valuable insights into their operations, with in-depth profiles of customer spending habits and country of origin; also enables merchants to create personalized marketing programs to attract international consumers.

Customized vertical specific solutions

We leverage our platform and services to create a suite of customized solutions for specific verticals and channels, such as hospitality and retail, which we believe provide a differentiated value proposition for our customers. We have also created solutions for specific point-of-sale systems, such as support for certain integrated systems for the hospitality solution integrated systems, which enable merchants to utilize our Pay in Your Currency services easily without any further integration. For the e-commerce vertical, our Planet Payment Gateway provides customers with fully-integrated domestic and Multi-Currency Pricing services.

Business model with network effects

We believe there are significant and powerful network effects in our business model which help drive growth and operating leverage in our business. As we continue to add new acquiring bank and processing customers, we gain the benefits of their sales force and distribution capabilities as well as their network of merchants. As we gain additional market penetration, our customers' competitors have recognized the value we provide and have sought to partner with us to provide our services. As we 'board' new merchants, we gain additional market penetration and we are able to demonstrate the benefits of our services to other merchants who may also choose to implement our services.

Our strategy

We seek to extend our position and enhance the network effects in our business model by continuing to penetrate our existing markets and expand into new geographies and market segments. Our goal is to continue to deliver innovative payment services to our customers that help merchants sell more goods and services and improve their business efficiencies. The key components of our strategy are discussed below.

Continued focus on existing customer base

We intend to continue collaborating with our existing acquiring bank customers, processor customers and card associations in order to increase participation by merchants in the various services that we offer together. We believe that with our existing acquiring bank and processor customers and card associations, we have a large addressable market, which consists of such entities' existing pools of merchants, as well as additional merchants that they may acquire in the future.

Cross -sell to existing customers

We intend to continue to cross-sell our innovative services to our acquiring banks, processors, merchants and card associations. We believe our range of services and solutions enable cross -selling opportunities that are intended to increase revenue from our existing customers by helping them broaden their product set with additional value -add services. For example, certain of our acquirer bank customers that have successfully deployed our Pay in Your Currency service have added our DCC at ATM solution to their ATM networks. We believe these cross -sale opportunities are at a very early stage of penetration and may represent a significant incremental margin opportunity for us because of lower customer acquisition and integration expenses.

Add new customers

Our sales and business development group will continue to target new acquiring banks, processors, merchants and card associations in existing regions. In 2015, we implemented three new acquiring banks. We believe acquiring banks, processors and card associations are seeking differentiated solutions, such as ours, to provide them with international payment processing services as well as multi -currency processing capabilities, which they can offer to merchants. We believe merchants are increasingly seeking global payment and e-commerce processing services, such as ours, that are integrated into their existing business processes, enabling them to consolidate reporting and data from different international business units, regardless of geographic location or acquirer.

Enter new markets

We are leveraging our platform to enter new geographies and business sectors. We are working to implement our services in new countries to expand our footprint and support the growth of our customers with a focus on geographies. We are also expanding into additional business areas where we can offer our differentiated technology and services. We believe the expansion of our services will increase our market opportunity and continue to facilitate our growth into the future.

Enhance our technology platform capabilities

We will continue to use our technology resources to develop advanced platform capabilities in order to enhance our market position and enable our customers to retain and attract new business. We believe that platform enhancements, will lead to increased revenue. For example, by adding support for the EMV international payment card standard, also known as “chip and PIN,” as required in certain regions, we significantly opened the market opportunity for our multi -currency processing services around the world. We are therefore already in a position to support the advent of EMV cards in the United States, which began in 2015.

Develop new services and solutions

As the payment industry continues to evolve, we aim to be at the forefront by developing new services and solutions that leverage our platform and core competencies and thereby enable us to enter new markets, attract new customers and retain existing ones. We believe the development of new services and solutions will be an important revenue source in the future, enable us to continue to differentiate our platform and capabilities, and accelerate the network effects of our business model.

We are expanding acceptance of international cards a cross new regions and enabling multi-currency functionality across other international card associations. We have, for instance, delivered UnionPay support for banks in Myanmar, and a multi-currency enabled UnionPay solution for U.S. merchants, allowing our merchant customer to sell more effectively to Chinese cardholders. We are also adding dynamic c urrency conversion for JCB for certain acquirer customers in Asia. We continue to develop support for custom regional needs such as Food Voucher C ard support in Mexico .

We continue to expand the delivery of DCC ATM support around the world including Mexico, Malaysia and the United Arab Emirates. This requires integration with an expanding list of ATM manufacturer s and ATM host systems.

Enhanced focus on Data and Transaction Security

The payment industry and Planet Payment have increased the focus on security issues. We are expanding our delivery of payment data encryption services across the globe with implementation of point to point encryption (P2PE) in India and derived unique key per transaction (DUKPT) encryption key management in Malaysia.

Pursue selective acquisitions

We intend to selectively pursue acquisitions that will help us achieve our strategic goals, enhance our technology and capabilities, and accelerate growth. We believe pursuing these types of acquisitions will increase our ability to work with existing customers, add new customers, enter new markets, develop new services and enhance our processing platform capabilities. However, we have no commitments with respect to any such acquisitions at this time.

Our services

We provide a range of international payment processing and multi -currency processing services that are integrated within the payment card transaction flow. Our services enable our customers to process and reconcile payment transactions in multiple currencies, geographies and channels at the point -of -sale, ATMs and through e -commerce, as more fully discussed below. Our services include payment processing, multi-currency processing, gateway, data analytics, and commercial transaction services.

Payment processing

Our advanced payment processing services provide an end -to -end solution for our acquiring bank and merchant customers. Merchants wishing to accept electronic payments as opposed to cash and paper checks require a broad range of payment processing services. These encompass support for many payment types, including major credit and debit cards, regional debit products and Automated Clearing House, or ACH, payments. Merchants need the ability to accept payments online, from a mobile device, as well as at physical points of sale. All these solutions must be offered with the highest levels of fraud and security protection.

Our authorization and capture processing services are integrated into the transaction flow of acquiring banks, processors, and card associations to provide seamless support to merchants. Our processing services support authorization of various regional card and debit payments, including: Visa, MasterCard, Discover, American Express, UnionPay, Diners Club International, Interac, JCB, and Maestro. We provide these services for both EMV and magnetic stripe transactions.

Our platform accepts transactions from a broad range of point -of -sale devices, mobile devices and payment gateways for e -commerce and telephone / mail order merchants. We offer a fully -managed payment solution hosted by Planet and integrated into our processing platform that enables integrated payment processing for hospitality solution point -of -sale and property management systems. The Planet Payment Gateway online payment solution is designed to help e -commerce and mail and telephone order merchants accept online payments securely, quickly and in any currency.

At the end of each day, regardless of the source of the transactions, we capture all of the transactions processed during the day for each merchant and submit them to the card associations as part of the clearing and settlement process. Thereafter, we reconcile and provide reporting to our customers on the transactions that have been processed.

On the back-end of the process, we deploy our Merchant Accounting System, or MAS, comprising a single, flexible and scalable platform that supports acquiring banks, processors and card associations across multiple geographies and payment systems. The key functions of MAS include clearing to the major card associations; intra -country, intra -regional and international interchange support; flexible merchant pricing structures; online exception and chargeback management tools; and multiple language support for acquirers and merchants, including the ability to support double -byte character sets, such as for Mandarin and Cantonese.

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As part of our processing services, we also offer our acquiring bank and processor customers advanced transaction reconciliation and reporting services, including the capability for segregated reporting by region, market and currency, available via our secure web portal.

Merchants using our Commercial Services Platform, or CSP, can accept payment transactions and provide commercial services such as mobile phone top up and bill payments, all processed from a single point-of-sale device. The CSP connects to our transaction front- and back-end for processing of the financial transactions and to the third-party content provider for the commercial services.

Multi -currency processing

Our flagship offering is multi -currency processing, which empowers acquiring banks, processors and merchants to provide (1) Pay in Your Currency, our point-of-sale DCC service, (2) Multi-Currency Pricing primarily for card-not-present merchants and (3) DCC at ATMs , in each case through our single, currency -neutral proprietary payment processing technology platform.

Our multi -currency processing services are designed for a variety of payment environments, from customer -facing terminals to fully integrated front -desk systems and ATMs as well as through our online e -commerce gateway or a third -party e -commerce gateway.

Pay In Your Currency

Pay In Your Currency is a customer service feature in which a payment card purchase initially priced in the merchant's local currency is converted, after the card is presented by a consumer, in real time at the point-of-sale into the consumer's native currency while the merchant continues to receive settlement in its local currency. We believe this creates a personalized shopping experience and allows international consumers to enjoy the clarity and convenience of paying for their purchase in their native currency.

To further illustrate the advantages of Pay In Your Currency, the chart below sets forth a representative transaction flow for processing: (1) a traditional card -based payment by a U.S. consumer to a Hong Kong merchant; and (2) a card -based payment by a U.S. consumer to a Hong Kong merchant using Pay In Your Currency:

	<u>Traditional cross -border transaction (U.S. Dollars and Hong Kong Dollars)</u>	<u>Planet Payment Pay In Your Currency transaction (U.S. Dollars and Hong Kong Dollars)</u>
<p>Consumer</p> 	<p>The U.S. consumer presents the Hong Kong merchant with a payment card. The consumer will not know the final cost of the transaction in U.S. Dollars (the sum of fees, foreign exchange rate and cost of the purchased item) until receipt of his or her card statement.</p>	<p>The U.S. consumer presents the Hong Kong merchant with a payment card and the merchant offers the consumer a choice of paying in U.S. Dollars or Hong Kong Dollars. The consumer knows the final transaction amount in U.S. Dollars before the sale is completed.</p>
↓		
<p>Merchant</p> 	<p>The merchant terminal transmits the card information and transaction amount (in Hong Kong Dollars) to the acquiring bank or its third -party processor.</p>	<p>If U.S. Dollars are selected, the merchant (1) uses our technology to show the consumer the price in U.S. Dollars and the exchange rate with a margin agreed to by Planet and the acquiring bank and (2) transmits the card information and transaction amount (in U.S. Dollars) to Planet (on behalf of the acquiring bank).</p>
↓		
<p>Acquiring Bank/Processor</p> 	<p>The acquiring bank or its third -party processor submits the authorization request (in Hong Kong Dollars) to the card association. Upon eventual settlement of the transaction by the card association, the card association pays the acquiring bank the amount of the charge in Hong Kong Dollars, so that the acquiring bank can pay the merchant what it expects to be paid in the merchant's local currency.</p>	<p>We (on behalf of the acquiring bank) submit the authorization request (in U.S. Dollars) to the card association. Upon eventual settlement of the transaction by the card association, the card association converts the amount back to Hong Kong Dollars and pays the acquiring bank, so that the acquiring bank can pay the merchant what it expects to be paid in its local currency. The margin that was included in the exchange rate is shared by the acquiring bank, the merchant and Planet.</p>
↓		
<p>Card Association (Visa or MasterCard)</p>	<p>The card association typically (1) converts the amount from Hong Kong Dollars into U.S. Dollars using its internal treasury rates and (2) routes the authorization request in U.S. Dollars to the card issuing bank for response.</p>	<p>The card association routes the authorization request in U.S. Dollars to the card issuing bank for response.</p>
↓		
<p>Card Issuing Bank</p> 	<p>The card issuing bank approves or declines the transaction and that response is transmitted back through the chain to the merchant. Upon eventual settlement of the transaction, (1) the card association charges the card issuing bank and the acquiring bank certain fees for the international transaction and (2) the card issuing bank reflects the final cost of the transaction (the sum of fees, foreign exchange rate and cost of the purchased item) on the consumer's card statement in U.S. Dollars.</p>	<p>The card issuing bank approves or declines the transaction and that response is transmitted back through the chain to the merchant. Upon eventual settlement of the transaction, (1) the card association charges the card issuing bank and the acquiring bank certain fees for the international transaction and (2) the card issuing bank reflects the final cost of the transaction on the consumer's card statement in the consumer's native currency, U.S. Dollars, as agreed to by the consumer at the point -of -sale.</p>

Multi-Currency Pricing

Merchants use Multi-Currency Pricing , primarily in e-commerce, to target and reach international markets more effectively by offering their customers the ability to view pricing in multiple currencies and pay in the currency of their choice. With Multi-Currency Pricing , the merchant continues to receive settlement in its preferred currency, thereby enabling each party to the sale to transact business in the currency of their choice.

With Multi-Currency Pricing , the merchant prices its goods and services in various currencies and the customer makes the decision to purchase the goods and services in the currency of their choice. The consumer then presents his or her card at the point-of-sale and completes the transaction in the chosen currency as displayed by the merchant, and as far as the consumer is concerned, no conversion takes place. The transaction is submitted to the card association in the chosen transaction currency. Upon settlement by the card association to the acquiring bank, the transaction is converted back into the merchant's settlement currency so that the acquiring bank can pay the merchant what it expected to be paid for the transaction in the merchant's local currency.

DCC at ATMs

Banks and ATM operators using our DCC at ATMs service offer improved customer service for international travelers using their ATM's for their cash needs abroad. With this service, international travelers can withdraw local currency from participating ATMs, using their foreign MasterCard card. These travelers enjoy the convenience of knowing, at the time of withdrawal, the exact amount debited from their bank account, in their home currency. The service operates in a similar way to the Pay in Your Currency service , in that the cardholder is offered the choice whether to be billed in local currency or the currency of the card at the time of making a cash withdrawal. The settlement with the bank or ATM operator continues to be made in the local currency, just as it would be for any other cash transaction.

Planet Payment Gateway

The Planet Payment Gateway service provides PCI compliant payment gateway services for e-commerce, m-commerce, call center, mail order and telephone order merchants. The Gateway provides our customers domestic and multi-currency processing services, local and alternative payments, robust integration tools and connections to multiple fraud solutions that help merchants manage their business more effectively.

The Gateway enables acceptance of all major payment types and a number of alternative payment methods preferred by consumers in markets outside of the United States and offers merchants flexibility in configuring the Gateway to meet their business and processing needs. A merchant can service its United States customers by accepting Visa and MasterCard and offer its international customers with a range of local and alternative payments worldwide through a single gateway integration.

We are currently providing the Planet Payment Gateway to customers in the United States and Canada and intend to make it available to our customers in all other regions where we operate. The Planet Payment Gateway also supports UnionPay Online Payment or UPOP service and provides merchants in the United States and Canada with the additional facility to authenticate and process UnionPay credit and debit cards and bank transfer online, thereby providing merchants with better access to the Chinese e-commerce market. Our secure tokenization and sophisticated fraud and chargeback management tools are designed to help merchants manage the risks of conducting business in a card not present environment.

Global consolidated reporting and data analytics

Our global consolidated reporting and data analytics service offers merchants valuable insights into their operations. Our centralized reporting platform can provide transactional data in a uniform, consolidated on-line format across a merchant's international operations with the ability to focus upon selected data according to a merchant's particular requirements.

Commercial transaction services

Our CSP technology enables us to offer commercial transaction processing services, in addition to the processing of financial transactions using payment cards. This allows merchants to offer a range of commercial services including pre-paid mobile phone top-up and bill payments using the same point-of-sale device deployed to accept payment cards. The CSP connects to the relevant processor, whether our own payments platform or a third-party platform for the commercial services, in order to deliver the relevant transactions where they need to be processed. The technology also enables us to manage the point-of-sale device applications remotely, which can simplify the process of updating the software and adding new applications that can operate on the same devices.

Customer service

We offer a full service customer support center based in our Delaware and Hong Kong facilities. Calls are answered and responded to 24 hours a day, seven days a week. The call center is divided into consumer, merchant and corporate services teams to help streamline the process. These teams are trained to deal with Level I type issues, which involve support for our direct merchant portfolio in North America, where we are the first point of contact. Level II type issues, where we are supporting our acquiring bank and processor customers on their technical issues (and in response to more difficult Level I type issues our customers receive from their merchants) are escalated to the appropriate support team (in the United States or Hong Kong) for resolution via a problem ticket management system. All calls are entered as cases into a customer relationship management system to ensure integrity and continuity of service.

Our acquiring banks, processors and card associations

We provide our services to more than 70 acquiring banks, processors and card associations in 21 countries and territories across the Asia-Pacific region, the Americas, the Middle East, Africa and Europe. Our relationship with acquiring banks, processors and card associations provides us with broad market coverage by leveraging their distribution networks and global portfolios of merchants. Our acquiring bank, processor and card association customers include: Global Payments, Inc., Mashreqbank PSC, Network International LLC, Visa, Inc., and TSYS Acquiring Solutions LLC. In 2015, Global Payments, Inc. and Mashreqbank PSC represented 18% and 11% of our revenue, respectively.

We typically enter into three- to five- year contracts with our acquiring banks, processors and card associations which contain “evergreen” renewal clauses, so that they automatically renew for a further period, unless one party affirmatively terminates the contract. Our acquiring banks, processors and card associations often either renew or extend their contracts at the expiration of the term. Other terms typically include representations and warranties concerning compliance with PCI data standards, applicable laws in the relevant designated territory and rules and regulations of the card associations. We typically agree to indemnify in the event that our program infringes on third party intellectual property; Planet liability is generally capped at amounts which vary by contract and nature of claim. The standard agreement also permits limited audit rights with respect to our records.

Our sponsor banks

In order to offer merchant acquiring services for Visa and MasterCard transactions as we do in the United States and Canada, we must be sponsored by a financial institution that is a principal member of the Visa and MasterCard networks. The sponsor bank must register us with Visa as an independent sales organization and with MasterCard as a member service provider. We have therefore entered into sponsorship agreements with member banks of the Visa and MasterCard networks, which we refer to as our sponsor banks that allow us to offer card acquiring services directly to merchants.

The sponsorship agreements with our sponsor banks require, among other things, that we abide by the laws and regulations of the Visa and MasterCard networks. Pursuant to the sponsorship agreements, we are required to pay bank sponsorship fees. These fees are included in our consolidated statements of operations as “payment processing service fees.” If we breach a sponsorship agreement, our sponsor bank may terminate the agreement and, under the terms of the agreement, we are entitled to a reasonable transitional period to make arrangements with an alternative sponsor bank.

Our merchants

We provide our services to approximately 118,000 active merchant locations around the world. We serve these merchant locations, either indirectly through our acquiring banks, processors and card associations or directly through our sales force, and deliver innovative payment services that help merchants sell more goods and services. As of December 31, 2015, our active merchant locations grew 35% compared to December 31, 2014. For the year ended December 31, 2015, multi -currency services processing transaction volume from retail, lodging, restaurant and e -commerce comprised 53%, 31%, 7% and 6%, respectively, of the total multi -currency processing transaction volume we processed during that period.

Sales and marketing

Our sales force is comprised of business development, key account relationship management and direct sales professionals responsible for developing and maintaining our relationships with our customers. Our sales force is focused on supporting our current customers, as well as nurturing relationships with prospective customers in key international markets. Our relationship managers support the development of sales presentation materials and training of our customers’ sales personnel to assist them in marketing our services, either directly or indirectly, to merchants. We also directly train and support selected key merchants’ employees and technology providers in order to grow active merchant locations, increase utilization of our services and solidify relationships. In addition, we employ a direct sales force which targets merchants in North America for our payment processing services.

Our marketing staff is focused on marketing our company, our services and our acquiring bank and processor customers’ services. Managing our corporate website presence is a key responsibility for the marketing team, with a focus on acquiring bank and processor acquisition and description of our services to merchants. Since we allow our acquiring bank and processor customers to market our services under their own brands, our marketing team also assists our customers with the development of marketing materials to encourage adoption of our multi -currency processing services.

Seasonality

Our business and operations are seasonal in nature. Historically, our second and third fiscal quarters generate less revenue than our first and fourth fiscal quarters. We generally expect that this trend will continue for the foreseeable future.

Technology

We believe that our wholly-owned, currency -neutral processing platform is a major reason why leading international banks, processors and card associations use our services. The platform enables us to operate as an international independent third -party processor with direct connectivity to card associations around the world. Since our platform is maintained internally, we are able to efficiently respond to customer needs and market opportunities. Our platform consists of seven synchronized processing centers linked by a global telecommunications network. Our primary data centers are located in secure facilities in Elmsford, New York, and New Castle, Delaware. We also host facilities in

Bermuda, Shanghai and Macau as well as two facilities in Hong Kong, through co-location arrangements. The following is a summary of key attributes of our processing platform:

- **Singular platform.** We operate a single platform that supports all the currencies, languages and regional card products that we offer our customers. Our platform is built on a unified architecture with a centralized database as opposed to the processing platforms of some of our primary competitors that use a regionalized architecture and regionalized database, with differing levels of functionality and a variety of interface technologies. Our singular platform provides consistency in our services, rapid response to emerging technologies and changing industry standards, and allows us to efficiently offer our services across geographies. Merchants operating across multiple territories can conveniently access a consolidated view of their transaction activity and use their preferred point-of-sale technology. As a result, our merchants can deliver a consistent customer experience in any region, which reduces implementation costs and customer training for both sales and operations.
- **Individualized exchange rates.** Our acquiring banks and merchants can use our patented technology to offer individualized exchange rates for each transaction based on a number of different factors, including merchant location, the customer's native currency and any special offers. The platform can also accept multiple exchange rate sources and provide rate guarantees for a specific time period; for example, for e-commerce merchants where delivery of the product may take place several days after the payment transaction.
- **Scalability.** Our platform can expand to add new banks and merchants, increase transaction volumes and enter new markets. Our unified global platform utilizes a distributed architecture, which improves flexibility and scalability. The number of payment card transactions that we can process is limited by the number of transactions per second that can be processed by our authorization system and the storage limits of our MAS. We have developed sophisticated exception management processes and procedures that are critical to maintaining our ability to scale effectively by allowing us to monitor and fine-tune our processes as transaction volumes increase. We have been able to increase the capacity of both our authorization system and MAS by installing additional hardware on a managed, modular basis on a single platform without significant increases in capital expenditures.
- **High level of security.** Given the sensitive nature of the consumer data that we process and the strict security requirements of our acquiring bank customers and card associations, we built our platform with a strong focus on system security. We utilize next generation security safeguards using third-party hardware and software encryption, as well as our proprietary tokenization services. Our platform is compliant with the PCI Security Council's Data Security Standards and is annually audited and certified by an independent security assessor. We proactively monitor our systems and network for any security threat and regularly maintain and seek to improve the security features of our platform to help our customers minimize risk.
- **Reliability.** Our global telecommunications network and processing centers are designed for redundancy and fail-over. During the two years ended December 31, 2015, our two core processing platform components, MAS and Planet Switch, each had average system uptime availability of at least 99.9%.

Processing platform components

Our processing platform was designed with a modular architecture to enhance scalability and easily offer additional components. The primary components of our processing platform include (1) MAS, (2) Planet Switch, (3) the Planet Payment Gateway, (4) our card association endpoints, and (5) the CSP.

Merchant Accounting System. MAS creates end-of-day clearing files to the card associations, reports on merchant and acquiring bank transaction activity, creates and transmits payment instructions for our acquiring banks, and serves as the system of record for all transactions cleared through our platform. MAS tracks foreign exchange fluctuations on a daily basis to facilitate comprehensive reconciliation of each aspect of the credit card authorization and settlement processes. MAS also provides portfolio and risk management features that allow clients to evaluate and take action on individual transactions and their merchant portfolio.

MAS is a unified transaction processing system, for all regions, currencies and languages that we support, with a web-based management and reporting interface for use by our back-office staff, acquiring bank back-office staff, and

merchants. The customer facing web -application and reporting infrastructure currently supports English, French, Canadian French, Cantonese, Mandarin, Portuguese and Spanish. MAS also provides acquiring banks, processors and merchants with comprehensive reporting of the status of their transactions and funding cycles as well as other pertinent credit card operational needs, including image processing, chargebacks, retrievals and representations.

Planet Switch. Planet Switch is an authorization host for both domestic and foreign credit and debit card transactions communicating directly with Visa, MasterCard, American Express, JCB, UnionPay, and Diners Club International. Planet Switch also functions as a point -of -sale terminal and integrated system driver for credit card transactions. Planet Switch was designed for multi -currency payment processing and supports our real -time foreign exchange logic at the point -of -sale. Planet Switch receives the inbound authorization request, converts the sale amount into the consumer’s home billing currency, and forwards the request to the card association endpoints for completion. Planet Switch supports debit interfaces including Maestro, Interac (Canada) and UnionPay as well as the UnionPay online (e -commerce) service—UPOP (UnionPay Online Payments).

Planet Switch drives ‘smart’ ATMs as well as supporting host-to-host connectivity to major brands of ATM hosting software (e.g. ACI). Planet Switch connects to Visa Plus and the MasterCard Debit Switch (MDS) for ATM transactions.

The Planet Payment Gateway. We offer a fully integrated e -commerce gateway differentiated by its multi -currency capabilities that processes all major card brands, numerous alternative payment products and ACH transactions. Given the increased risk of fraud associated with a card -not -present environment, we offer our own and third-party advanced fraud monitoring, tokenization and other security tools to protect acquiring banks, merchants and consumers.

Card association endpoints. We have the capability to submit transaction data directly to Visa, MasterCard, American Express, JCB and UnionPay in the regions in which we do business, through leased hardware provided by Visa or MasterCard and certified interfaces to American Express, JCB and UnionPay. This capability enables us to control the transaction flow and eliminates the need to use third -party processors. In order to utilize these endpoints, we have built support for interchange qualification in the United States, Canada, the Asia Pacific region, the European Union, the Middle East and Africa and have the ability to quickly and effectively develop support for additional local card brands and regional interchange regimes.

Commercial Services Platform . The CSP comprises a platform which enables merchants to provide commercial services and process non -financial transactions such as mobile phone top up and bill payments. In addition, CSP can centrally manage the merchant’s point -of -sale device without the need to individually update each device. The CSP has been integrated into our platform in order to enable enhanced functionality to be quickly deployed to merchants’ POS devices that are connected to our platform.

Platform innovation and enhancements

We will continue to use our technology resources to develop advanced platform capabilities in order to enhance our market position and enable our customers to retain and attract new business. Given the unified architecture of our single platform, once new enhancements and solutions have been implemented, they become available to all of our customers around the world. During 2015, we continued to enhance our proprietary systems in order to offer acquiring banks, processors and merchants increased opportunities to capture additional revenue with new services. For example, in 2015 we:

- Enhanced our interfaces to Visa and MasterCard to support the processing of Quasi Cash transactions - i.e., transactions involving cash advances or delivery of cash equivalents .
- Ex panded our support for DCC and d omestic c ash w ithdrawal transactions in the U nited S tates with support for different brands of ATMs.
- Developed additional domestic interchange support for a number of international markets to enable us to provide full -service outsourced processing to our customers in those countries.

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- Expanded support for ATMs in Mexico by implementing the interface to support domestic and DCC ATM cash withdrawal transactions.
- Expanded support for ATMs in Dubai by implementing the interface to support DCC ATM cash withdrawal transactions.
- Expanded encryption support around the world including DUKPT (derived unique key per transaction) support in Malaysia and point-to-point encryption support in India.
- Secured EMV and contactless certification with Visa and MasterCard in the United States, to go along with existing EMV certifications around the world.
- Added support for Food Voucher Cards in Mexico.
- Enhanced our Merchant Accounting Systems' reporting and chargeback management capabilities to better serve our customers.

Technology partners

In order to facilitate the provision of our services, technology and service providers to the electronic payments industry, including point-of-sale system providers, such as e-commerce gateways, terminal manufacturers and other processors, have certified their solutions to our platform. Our technology partners, once integrated to our platform, have the ability to support merchants in any location, without having to replicate development efforts to connect to different regional platforms. Further, we have comprehensive implementation documents to guide our technology partners through development and a team of implementation and certification specialists to assist in the process.

Competition

Competition in our market is intense and involves rapidly changing technologies, evolving industry standards, frequent new product and service introductions, and changes in customer requirements. To maintain and improve our competitive position, we must keep pace with the evolving needs of our customers and continue to develop and introduce new features, services and solutions in a timely and efficient manner. Our primary competitors are international payment processors, multi-currency payment service providers and global e-commerce payment service providers.

Currently, there is a high level of concentration in the international payment processing industry, with a few large processors providing payment card processing services to acquiring banks on a multi-national and multi-regional basis. International processors with whom we compete include:

- First Data Corporation, with its OmniPay Limited subsidiary operating a multi-currency platform;
- Elavon, Inc., a wholly-owned subsidiary of U.S. Bancorp, that operates in The Americas and Europe;
- WorldPay (UK) Limited, that also primarily services the Americas and Europe and which in 2014 acquired Cobre Bem Tecnologia, a leading provider of payment solutions in Latin America.

We may also compete against prospective acquiring bank customers and regional processors that may prefer to develop and offer their own payment processing solution.

The multi-currency payment service industry is largely segmented among large, international processors, which provide multi-currency processing services as part of their broader international payment processing service, including those referenced above, and smaller companies who work on a regional or local basis to provide DCC or multi-currency processing services on behalf of acquiring banks or merchants. Specialized DCC providers include:

- FEXCO Holdings
- Travelex Holdings Limited
- Global Blue

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- Monex Financial Services Limited
- Euronet Worldwide
- Continuum Commerce Ltd.

In the global e-commerce payment space, our Multi-Currency Pricing service and Planet Payment Gateway, compete with several international online payment service providers, including:

- CyberSource Corporation, a subsidiary of Visa
- MasterCard Internet Gateway Services, or MiGS
- PayPal, Inc.
- Borderfree, Inc.
- Ingenico ePayments
- WorldPay (UK) Limited
- Payvision

In the United States, we compete against acquiring banks offering multi-currency processing solutions to online merchants, including Chase Paymentech and Bank of America. In the Asia Pacific region, we compete against regional providers, including AsiaPay Limited, or JETCO, and eNETS Pte Ltd, but also support MiGS and AsiaPay Limited.

Our Planet Payment Gateway service competes with them based on the specialized multi-currency solutions we offer. We also work cooperatively with several payment gateway providers to offer Multi-Currency Pricing services online, including RocketGate, USAePAY and Plug'n Pay, but also support our services through certain competitors including CyberSource, MiGS and PayPal.

Several of our competitors enjoy substantial competitive advantages such as:

- greater name and brand recognition and longer operating histories ;
- larger sales and marketing budgets and resources;
- greater resources to make acquisitions of other competitors or products, services and technologies that strengthen their service and solution offerings and increase their presence in the market;
- lower labor and development costs;
- larger intellectual property portfolios related to electronic payment methods and systems; and
- substantially greater financial, technical, customer support and other resources.

Conditions in our market could change rapidly and significantly as a result of technological advancements or market consolidation. For example, one of our smaller payment processing competitors may be acquired by a larger company with significant resources, and could leverage those resources to become a more significant competitive presence in our market. The development and market acceptance of alternative technologies could decrease the demand for our services and solutions or render them obsolete.

Our competitors may have the ability to devote more financial and operational resources than we can to the development of new technologies, including Internet payment processing services that provide improved operating functionality and features to their service and solution offerings. If successful, their development efforts could render our services and solutions less desirable to customers. If we are unable to compete successfully in the future, our business may be harmed.

Regulatory and legal environment

Our customers are subject to numerous laws and regulations applicable to banks and other financial institutions in the United States and elsewhere and, as a consequence, our business is affected by such laws and regulations. Our contracts with acquiring banks, processor, and card association customers require us to comply with applicable laws and regulations in the United States and in the various jurisdictions in which we and our customers operate, including:

- banking regulations, and monetary and other governmental authority requirements relating to the processing of payment card transactions;
- anti-money laundering and anti-terrorist laws, regulations and related requirements, such as the USA PATRIOT Act in the United States;
- privacy and data security regulations, including rules regarding safeguarding personal information, such as rules implementing the privacy provisions of the Gramm-Leach-Bliley Act, or GLBA, in the United States;
- U.S. Internal Revenue Service, or IRS, and other taxing authority reporting requirements;
- VISA, MasterCard and other card association and payment network organization rules; and
- other laws and regulations.

Banking regulations

The financial services industry is subject to significant legislative and regulatory scrutiny. Interchange fees, which are typically paid by the acquiring bank to the card issuing bank in connection with transactions, are reviewed by regulatory authorities and central banks in a number of jurisdictions in which we operate and are subject to increasingly intense legal, regulatory, and legislative scrutiny worldwide.

For instance, in the United States, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or Dodd-Frank Act, requires the Board of Governors of the Federal Reserve System to regulate the fees charged or received by issuers for processing point-of-sale debit card transactions, as well as other restrictions on routing debit card transactions and network exclusivity. Regulatory activity, even if not directed at us, may have a significant and negative impact on our customers in the United States and elsewhere because such regulatory activity may require significant efforts to change our systems and services and may require changes to how we price our services and solutions to our current and potential customers. We cannot predict the effect of these and any prospective regulatory changes on our customers, our operations and financial condition.

The Canadian Department of Finance issued a voluntary Code of Conduct for payment card industry participants in Canada. Visa and MasterCard adopted the Code of Conduct in the form proposed by the Canadian government and, consequently, committed to include the Code of Conduct in its entirety in the network contracts, governing rules and regulations. The purpose of the Code of Conduct is to demonstrate the industry's commitment to:

- ensuring that merchants are fully aware of the costs associated with accepting credit and debit card payments, thereby allowing merchants to reasonably forecast their monthly costs related to accepting such payments;
- providing merchants with increased pricing flexibility to encourage consumers to choose the lowest-cost payment option; and
- allowing merchants to freely choose which payment options they will accept.

The requirements for increased transparency and disclosure to merchants led us to change the formats of our merchant statement and certain other documentation in order to enable our customers in Canada to comply with the Code of Conduct. At this time, it is not possible to predict what effect the other provisions of the Code of Conduct will have on our customers, operations and financial condition.

The banking and/or monetary authorities of some jurisdictions, such as the Hong Kong Monetary Authority, require acquiring banks to obtain their permission before outsourcing processing services to us. In accordance with our agreements with our customers, we are subject to compliance audits by our customers and by their regulators, as well as by the card associations. Although most of our customers conduct annual or other periodic reviews of various aspects of our services, we have not been subject to any audit or inspection by any government regulator to date. MasterCard has conducted periodic reviews of our operations under its Fraud Management Program and found that we are a risk aware service provider with the tools and knowledge required to assist member banks in the mitigation of fraud losses. Government regulators and regulatory bodies, such as the card associations, could change or impose additional requirements on us and our customers with respect to outsourcing, or the introduction of new services could require additional authorization from such regulators.

In 2005, the People's Bank of China along with other Chinese government authorities issued the *Various Opinions Concerning the Promotion of the Bank Card Industry*, or the Opinions. One of the goals set out in the Opinions is to strengthen bank card risk management and to establish a risk prevention mechanism. As one of the measures to be taken to achieve this goal, the Opinions call for Chinese government authorities to strengthen access to and supervision of the outsourcing of bank card data processing and related operations. The Opinions specifically note the need for specific regulations with respect to foreign -invested organizations that engage in related services in the People's Republic of China, or China. Notwithstanding the Opinions, we are not aware of any regulations directly applicable to bank card data processing operations or operators, whether domestic or foreign -invested, which have been publicly promulgated to date.

In 2011, the China Bank Regulatory Commission, or CBRC, issued the *Measures for the Supervision and Administration of Credit Card Business of Commercial Banks*, or the Measures. The Measures impose a number of requirements on commercial banks involving credit card businesses, particularly in relation to information security and the ability to ensure the integrity and security of customer information and operational data. These requirements are applicable to acquiring banks and not their service providers, such as us. However, we cannot rule out the possibility that CBRC and other relevant authorities may decide to issue new laws or regulations or otherwise extend the reach of the Measures or other existing regulations in a manner that will impact the operations of third -party data processors, such as us.

Anti -money laundering and anti-terrorism laws

Most jurisdictions in which we and our customers operate have implemented, amended or have pending anti -money laundering and anti -terrorism regulation that is largely based on the standards developed by the Financial Action Task Force, an international inter-governmental body. We are subject to the provisions of the USA PATRIOT Act, which requires the creation and implementation of comprehensive anti -money laundering and anti-terrorism financing programs. In general, this requires that we make certain efforts to prevent the use of our payment processing system to facilitate money laundering and the financing of terrorist activities, including, for example, the designation of a compliance officer, training of employees, adoption of internal policies and procedures to mitigate money laundering risks, and periodic audits. As are all U.S. citizens and U.S. entities, we are subject to regulations imposed by the U.S. Department of the Treasury Office of Foreign Assets Control, or OFAC, which prohibit or restrict financial and other transactions with specified countries, and designated individuals and entities, such as terrorists and narcotics traffickers.

Some jurisdictions in which we and our customers operate have also adopted criminal law provisions that make it an offense to knowingly provide a financial service to a listed person or terrorist group, or to deal with or facilitate a dealing with property of a listed person or terrorist group. Names of persons and entities identified by the Security Council of the United Nations, generally, are included on this list. Antiterrorism resolutions of the United Nations are implemented by the governments of many jurisdictions in which we operate. Similarly, economic sanctions have been implemented by many of the jurisdictions in which we operate, and restrict dealing with, and providing financial services to, designated persons and entities and, in some cases, nationals of a sanctioned jurisdiction. Often, such international sanctions are similar in many respects to OFAC regulations and sanctions implemented by the United States government, although the foreign sanctions do sometimes differ.

As a payments processor that does not handle customer funds, our primary responsibilities in this area relate to the underwriting and monitoring of merchants in our direct merchant portfolio. Our acquiring bank customers have the responsibility for underwriting merchants in their own portfolios, for which we are just acting as the processor, and the

primary responsibility for monitoring unusual transactions. We have procedures and controls in place that are designed to protect against having direct business dealings with countries, individuals or entities that are subject to OFAC -administered sanctions.

Anti-money laundering and anti-terrorism regulations and economic sanctions laws are constantly evolving and we cannot predict how future regulations or changes thereto might affect us. Therefore, we monitor our compliance with anti -money laundering regulations to ensure that we comply with the most current legal requirements. Complying with future regulation could be expensive or require us to change the way we operate our business.

Privacy and data security regulation

We collect and store consumers' personally identifiable information on behalf of our customers, including names, card account numbers and expiration dates, and maintain a database of consumer data relating to specific transactions, including card numbers, in order to process transactions and assist our customers with retrieval requests, chargebacks and refunds. We also collect and store personally identifiable information about merchants and individual principals of these merchants, in connection with the underwriting of merchants in our direct merchant business, including names, addresses, social security numbers and employer identification numbers. As a service provider to financial institutions in the United States, we comply with the privacy provisions of GLBA and its implementing regulations and, as applicable with various other federal, state and foreign privacy statutes and regulations, and the PCI Security Standards Council's Data Security Standards, each of which is subject to change at any time. We may only use and disclose the personal information we receive on behalf of our customers for the purposes for which it was provided to us and consistent with each acquiring bank and processor's own data privacy and security obligations.

In order to comply with our obligations under GLBA, applicable state and foreign laws and our contractual agreements with our acquiring banks and processors, we are required to safeguard and protect the privacy of personally identifiable information we receive. As part of their compliance with the requirements, each of our U.S. customers is expected to have a program in place for responding to unauthorized access to, or use of, consumer information that could result in substantial harm or inconvenience to consumers. Almost all U.S. states have enacted security breach legislation, requiring varying levels of consumer notification in the event of a security breach, which could result in significant costs to us and significant damage to our reputation. Outside of the United States, most of the jurisdictions in which we or our customers operate have laws regulating the protection of personal data. We may be subject to these laws as a result of our contractual arrangement with our customers.

The interpretation of pending and existing laws and regulations is evolving and, therefore, these laws and regulations may be applied inconsistently. It is possible that our current data protection policies and practices may be deemed inconsistent with new legal requirements or interpretations thereof, and breaches in the security of our payment processing platform and technology could result in a violation of these laws and regulations.

Internal Revenue Service regulations

The IRS adopted Section 1.6050W -1 of the Internal Revenue Code of 1986 requiring acquiring banks, processors, and card associations to file Form 1099 -K reports regarding sales volumes processed on behalf of merchants using payment cards, commencing January 2012. This regulation imposes obligations on us to collect and report on information regarding the sales activities of merchants in the United States for which we process transactions. This regulation required us to modify our systems and processes and resulted in additional costs and imposed additional requirements on the way we provide our services to our customers. This regulation may be subject to change or may be supplemented by additional regulations and it is not possible to predict the impact of such new regulations on our business and operations.

Card association and payment network organization rules

The acquiring banks that are our customers or that sponsor the bank identification numbers for Visa transactions and interbank card association numbers for MasterCard transactions that our customers use, whether or not such acquiring banks are our customers, must register Planet with Visa and MasterCard as a third-party processor. Visa and MasterCard set the standards with which we and the acquiring banks must comply. As a result of being registered as a third -party

processor, we are subject to card association rules and standards, and if we fail to comply with those rules and standards, the card association or network organization may subject our acquiring banks to a variety of fines or other penalties for which we could be responsible, including the termination of our ability to process transactions routed through these entities. Each card association and network organization has the power to audit us, as well as our merchant and acquiring bank customers from time to time, to ensure compliance with their rules and standards. We continue to work with our acquiring banks, processors and card associations to implement and maintain appropriate policies and programs, as well as adapt our business practices in order to comply with all applicable rules and standards.

The card association rules and standards have included and may in the future include rules impacting DCC and multi-currency pricing services such as ours. For example, Visa maintains a prohibition on performing DCC services on cash withdrawal transactions performed at ATMs with Visa cards and card associations other than Visa and MasterCard, such as UnionPay and American Express, only permit Multi-Currency Pricing services on transactions undertaken with their cards in certain circumstances. Additionally, JCB launched a pilot of DCC in certain Asia-Pacific markets. We currently have a limited agreement with JCB that enables us to offer our Multi-Currency Pricing service only in North America for Japanese Yen and U.S. Dollars; we also have an agreement with American Express to offer our Multi-Currency Pricing service for e-commerce transactions in many markets around the world. Planet also has an agreement with UnionPay to offer Multi-Currency Pricing for e-commerce transactions in the United States and Canada for U.S. Dollars and Chinese Yuan.

Currently, rules issued by both Visa and MasterCard require DCC service providers to make certain disclosures regarding the currency conversion information and to offer consumers a choice as to whether to accept the currency conversion. The specific disclosure requirements and procedures vary for each card type and may also differ according to the merchant's industry vertical.

In addition, Visa has established a certification regime that requires all new DCC services, and all changes to certified DCC solutions, to undergo a certification process and be approved by Visa. Visa also charges acquiring banks an annual fee of \$ 45,000 for each country and territory in which they offer a DCC service. Additionally, both Visa and MasterCard charge additional cross-border fees for transactions involving DCC. Visa's compliance regime for DCC includes unannounced "mystery shopping" audits of our customer's merchants, to assess how merchants are complying with the regulations applicable to DCC. Repeated failure by an acquiring bank or merchant to comply with regulations can result in substantial fines and ultimately a prohibition upon their offering DCC. Remediation of negative audit findings can be costly and time consuming for our customers.

Visa, MasterCard and other network operating rules are subject to change at any time and in particular include twice yearly "compliance updates" each April and October. Such changes or updates often require us to modify our systems and processes and may result in additional costs, require substantial internal development work and change, or impose additional requirements on, the way we provide our services.

Currently, the standard settlement period mandated by the NACHA rules for ACH transactions is one or two business days after processing. This "Same Day ACH Rule" will enable same-day processing and settlement of ACH payments and will be implemented in three phases over an 18-month period beginning September 23, 2016.

Other laws and regulations

As we develop new services and solutions, we may become subject to additional laws or regulations. These additional laws or regulations could substantially restrict the nature of the business in which we may engage. In addition, changes in current or future laws or regulations may restrict our ability to operate our business and may have a material adverse effect on our business, results of operations and financial condition.

In addition, changes to laws and regulations, or the interpretation or enforcement thereof, could have a negative financial effect on our business. Even an inadvertent failure to comply with laws and regulations could damage our business or our reputation. We cannot predict the substance or impact of pending or future legislation or regulation, or the application thereof, although enactment of such legislation or rules would affect how we and our customers operate and could

significantly increase costs, impede the efficiency of internal business processes and limit our ability to pursue business opportunities in an efficient manner.

Intellectual property

Our intellectual property rights are a key component of our business success. We rely on a combination of patent, trademark, copyright, unfair competition and trade secret laws, as well as confidentiality procedures and contractual restrictions, to establish, maintain and protect our proprietary rights. These laws, procedures and restrictions provide only limited protection and any of our intellectual property rights may be challenged, invalidated, circumvented, infringed or misappropriated. Further, the laws of certain countries do not protect proprietary rights to the same extent as the laws of the United States and, therefore, in certain jurisdictions, we may be unable to protect our proprietary technology. We generally require employees, consultants, customers, suppliers and partners to execute confidentiality agreements with us that restrict the disclosure of our intellectual property and other confidential information. We also generally require our employees and consultants to execute invention assignment agreements with us that protect our intellectual property rights. Despite these precautions, third parties may obtain and use without our consent intellectual property that we own or license. Any unauthorized use of our intellectual property by third parties, and the expenses incurred in protecting our intellectual property rights, may adversely affect our business.

As of December 31, 2015, we had four issued patents in the United States, Australia, India, Indonesia, New Zealand, the Philippines, Singapore, South Africa, Sri Lanka and Taiwan. We also have patent applications pending in the United States and several other jurisdictions, all of which are counterparts to our patents and patent applications in the United States. Our patents generally have a duration of 20 years from the relevant priority date of each patent. We cannot ensure that any of our pending patent applications will be granted or that any of our issued patents will adequately protect our intellectual property. Any patents that may be issued to us may be contested, circumvented, found unenforceable or invalidated and we may not be able to prevent third parties from infringing them.

The patent laws in the United States and foreign countries in which we have issued patents and/or pending applications may change, making it more difficult or impossible to obtain or enforce patent rights related to our business. In addition, third parties could claim invalidity, co-inventorship or make similar claims with respect to any of our currently issued patents or any patents that may be issued to us in the future. Any such claims, whether or not successful, could be extremely costly to defend, divert management's time, attention and resources, damage our reputation and brand, and substantially harm our business. Therefore, the exact effect of having a patent cannot be predicted with certainty.

We own and use distinctive trademarks on or in connection with our products and services, including both unregistered common law marks and issued trademark registrations in the United States, Canada, Hong Kong, Mexico and the European Union. We have also registered numerous Internet domain names.

While we actively take steps to protect our proprietary rights, such steps may not be sufficient to prevent third parties from infringing or misappropriating our intellectual property. Trade secrets are difficult to protect.

From time to time, we may become involved in disputes over rights and obligations concerning intellectual property. Although we believe that our product offerings do not infringe the intellectual property rights of any third party, we have not performed any significant freedom-to-operate analyses with respect to U.S. or foreign patent rights, nor can we be certain that we will prevail in any intellectual property dispute. If we do not prevail in these disputes, we may lose some or all of our intellectual property protection, be enjoined from further sales of our products that are determined to infringe the rights of others, and/or be forced to pay substantial license fees or royalties to a third party, any of which would adversely affect our business, financial condition and results of operations.

Employees

As of December 31, 2015, we had a total of 175 regular full-time employees, including 74 employees located outside the United States. None of our employees are represented by a union or covered by a collective bargaining agreement. We consider our employee relations to be good.

Available Information

We make available our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended, free of charge on our website at www.planetpayment.com, as soon as reasonably practicable after they are electronically filed with or furnished to the Securities and Exchange Commission, or SEC. Information contained on our website is not part of this Annual Report on Form 10-K or our other filings with the SEC. Additionally, copies of materials filed by us with the SEC may be accessed at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 or at the internet site maintained by the SEC that contains reports, proxy statements and other information regarding issuers that file electronically with the SEC at www.sec.gov. For information about the SEC's Public Reference Room, contact 1-800-SEC-0330.

ITEM 1 A. RISK FACTORS

An investment in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below and all other information contained in this Annual Report on Form 10-K, including our consolidated financial statements and the related notes, before making a decision to invest in our common stock. Our business, operating results, financial condition or prospects could be materially and adversely affected by any of these risks and uncertainties. In that case, the trading price of our common stock could decline and you might lose all or part of your investment. In addition, the risks and uncertainties discussed below are not the only ones we face. Our business, operating results, financial performance or prospects could also be harmed by risks and uncertainties not currently known to us or that we currently do not believe are material. In assessing the risks and uncertainties described below, you should also refer to the other information contained in this Annual Report on Form 10-K before making a decision to invest in our common stock.

Risks related to our business and industry

Despite recent profitability, we have a history of losses and may not achieve profitability in the future.

We had net income of \$10.4 million, \$3.2 million and \$22,006 for the years ended December 31, 2015, 2014 and 2013 respectively. However, other than those years, we have incurred losses since our inception. We had an accumulated deficit of \$68.4 million as of December 31, 2015.

Our ability to maintain profitability in the future will likely depend on our ability to continue to increase our revenue, which is subject to a number of factors including our ability to continue to increase multi-currency processing revenue, increase new merchant deployments in the regions in which we currently operate, and add new acquiring banks, processor and card association customers in new geographies. Our revenue is also impacted by factors beyond our control such as global economic and political conditions, particularly those affecting cross-border travel and commerce, such as the continuing uncertainty in global economic conditions.

Our ability to achieve profitability in the future also depends on our expense levels, including our selling, general and administrative expenses, and other expenses related to improvements in our technology, launches of new services, and our expansion into new geographic and vertical markets. In addition, our fees, interchange and assessments may also be influenced by increased competition and changes in card association rules and governmental regulations. Our efforts to grow our business may prove more expensive than we currently anticipate and we may not succeed in increasing our revenue to offset higher expenses. These expenses, among other things, may cause our net income and working capital to decrease. If we fail to grow our revenue, manage our expenses and maintain or improve our gross profit margin, we may not achieve profitability in the future.

If the card associations do not allow our services to be offered, either generally or in certain geographies, then we cannot sell our services to acquiring banks, processors and merchants in those geographies and our ability to grow our business may be harmed.

Our services require us to interconnect with the Visa, MasterCard, American Express, JCB and UnionPay card associations, and if these card associations do not allow acquiring banks and processors to offer certain services, either generally or in certain geographies, then we cannot sell our services to acquiring banks, processors and merchants, either generally or in those geographies. Any of the card associations could at any time in the future enact rules that could limit our ability to offer our DCC or other services in one or more of the geographic locations in which we offer our services. If this were to occur, either generally or in certain geographies, then we would not be able to sell our services to potential customers generally or in those geographies and our ability to grow our business may be harmed.

We are required to be registered with Visa and MasterCard in order to provide our services, and we rely on the sponsorship of our acquiring bank customers for this registration.

Our services require us to interconnect with the Visa and MasterCard card associations, and to therefore be registered with those card associations. Since we are not a bank, Visa and MasterCard operating regulations require us to be sponsored by an acquiring bank in order to process payment card transactions. We are currently registered with Visa and MasterCard through the sponsorship of acquiring banks that are members of the card associations and a significant majority of our revenue is from transactions processed using Visa and MasterCard payment cards. If these sponsorships are terminated and we are unable to secure another bank sponsor, we will not be able to process payment card transactions. By registering with card associations, we are subject to card association rules that could subject us or our customers to fines or penalties that may be levied by the card associations for certain acts or omissions. If we or our acquiring bank sponsors fail to comply with the applicable requirements of the card associations, the card associations could fine us, suspend us or terminate our registration. The termination or suspension of our registration could require us to stop providing payment processing services, which would adversely affect our business, financial condition and results of operations.

A limited number of our customers are responsible for a significant portion of our revenue and a decrease in revenue from these customers could have a material adverse effect on our operating results and cash flow.

A significant portion of our revenue is derived from agreements with a limited number of customers. For the year ended December 31, 2015, subsidiaries of Global Payments Inc. represented 18% and Mashreqbank PSC represented 11% of our revenue. For the year ended December 31, 2014, subsidiaries of Global Payments Inc. represented 21% of our revenue. Our contractual arrangements with these customers do not obligate them to offer our services and may not dictate the timing of implementation. Additionally, if these customers lose merchants or if their merchants do not use our services, then our revenue will decrease.

We expect that a limited number of customers will continue to account for a significant portion of our revenue in future periods. If we do not adequately perform under, or successfully renew or renegotiate, our agreements with these or other customers, our business will suffer. Our acquiring bank and processor customers typically enter into agreements with three - or five -year terms and upon the termination of that initial contractual term, customers have the opportunity to consider other providers or renegotiate the terms of the contract. The loss of our contracts with existing customers, our failure to renegotiate contracts with existing customers on terms as favorable as in the past, or a significant decline in the number of transactions we process for them could affect our business, financial condition and results of operations.

We rely on third parties to implement our services and to market them to consumers.

We rely on acquiring banks, processors and merchants to integrate our services within their services and ultimately to offer our services to consumers in order to generate revenue for us. Although we have contracts with our customers, they are not obligated to offer our services and if they choose to do so, the agreements do not dictate the timing of implementation. If the pace of adoption of our services is slower than anticipated it could adversely affect our business, financial condition and results of operations. Following initial implementation of our services, we continue to be significantly dependent on our relationships with acquiring banks, processors and card associations to market our services to their merchants and customers. Even those contractual arrangements with our customers that contain exclusivity provisions are not perpetual, and customers could reassess their commitments to us in the future, purchase alternative services and/or develop their own competitive services following the expiration of the exclusivity period, which in several cases does not run for the full term of the agreement.

Also, we collaborate with service providers that facilitate the provision of our services, technology and service providers to the electronic payments industry, including point-of-sale system providers, such as e-commerce, terminal manufacturers and other processors that have certified their solutions to our platform. These third parties include acquiring banks, processors, merchants and card associations, each of which could be a customer, as well as a supplier, in addition to commercial communications providers. If these service providers fail to perform in accordance with the requirements of the technological specifications necessary for us to provide our services to our customers, it could result in our failure to provide our services in accordance with our contracts, potentially exposing us to liability to our customers. In these cases, we may have to rely on an indemnity or other contractual obligation from the service provider in order to avoid ultimate liability or suffering damages. However, due to the inherent risk of litigation, such indemnity or other obligation may not prove to be enforceable against the service provider, or even if favorable judgment is obtained, the service provider may not have the financial ability to meet its obligations, thereby exposing us to bearing the burden of the loss.

In many cases, we have little or no direct access to our customers' merchant bases and are heavily reliant on our customers' sales forces to promote our services. It is ultimately up to our customers or our customers' merchants to offer our services to consumers and to do so in an effective manner, and there is no guarantee that these merchants or their consumers will continue to use our services. Our customers may not be as effective at selling our services and solutions as our own sales personnel. Our customers are also competing with other participants in the industry for processing business and may have other actual or perceived disadvantages relative to such competitors, which may affect their ability to generate business, whether or not such business includes our services and solutions. As a result, much of our business depends on the continued success and competitiveness of our acquiring banks, processors, and card associations. We further rely on the success of the merchants. If these merchants experience a reduction in transaction volume or become financially unstable, we may lose revenue. The performance of our customers and our customers' merchants is subject to general economic conditions and their impact on consumer spending.

In addition, we rely on the continuing expansion of merchant and consumer acceptance of the card associations' brands and programs. There can be no guarantee that merchant and consumer acceptance will continue to expand, and if the rate of merchant acceptance growth slows or reverses itself, our business could suffer.

In addition, the financial position of our customers and their willingness to pay for our services and solutions are affected by general market conditions, competitive pressures and operating margins within the banking industry. Any of these factors could negatively affect our business, financial condition and results of operations.

Any security and privacy breaches in our systems may damage client relations, our reputation and expose us to liability.

We electronically collect and store sensitive personal information, such as credit card numbers, about consumers. We process that data and deliver our products and services by using computer systems and telecommunications networks operated by both us and by third party service providers.

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The confidentiality of the consumer information that resides on our systems is critical to our business. Although, we have what we believe to be sufficient security around our systems to prevent unauthorized access, we cannot be certain that our measures will be successful and sufficient to counter all current and emerging technology threats designed to breach our systems or otherwise gain unauthorized access to confidential information. If we are unable to protect, or our customers perceive that we are unable to protect, the security and privacy of our electronic transactions:

- our clients may lose confidence in our services;
- our reputation may be harmed;
- we may be exposed to unbudgeted or uninsured financial liability;
- it may become more difficult for us to register with card associations;
- we may be subject to increased regulatory scrutiny; and
- our expenses may increase as a result of potential remediation costs.

While we believe we use proven applications and processes designed for data security and integrity to process electronic transactions, there can be no assurance that our use of these applications and processes will be sufficient to counter all current and emerging technology threats designed to breach our systems or otherwise gain unauthorized access to confidential client information or our intellectual property, or address the security and privacy concerns of existing and potential customers. Any failures in our security and privacy measures could materially adversely affect our business, financial condition and results of operations.

Adverse changes in political and economic policies of the Chinese government could impede the overall economic growth of China, which could reduce the demand for our services and solutions and damage our business.

We conduct significant operations, including through an indirect subsidiary and a branch office, and generate a significant portion of our revenue, in China, as well as Hong Kong and Macau, which are special administrative regions of China.

Accordingly, our business, financial condition, results of operations and prospects are affected significantly by economic, political and legal developments in China. The Chinese economy differs from the economies of most developed countries in many respects, including:

- a higher level of government involvement;
- an early stage of development of the market-oriented sector of the economy;
- a rapid growth rate;
- a higher level of control over foreign exchange; and
- the control over the allocation of resources.

As the Chinese economy transitions from a planned economy to a more market-oriented economy, the Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Although these measures may benefit the overall Chinese economy, they may have a negative effect on us. Although the Chinese government has in recent years implemented measures emphasizing the utilization of market forces for economic reform, the Chinese government continues to exercise significant control over economic growth in China through the allocation of resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy, state ownership and imposing policies that impact particular industries or companies in different ways. For example, the Chinese government has suggested that Chinese government authorities should strengthen access and supervision with respect to the outsourcing of bank card data processing and related operations, specifically noting the need for specific regulations with respect to foreign-invested organizations that engage in related services in China.

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Our ability to operate in China may be harmed by changes in its laws and regulations, including those relating to taxation, import and export tariffs, environmental regulations, land use rights, property and other matters. Government actions in the future, including any decision not to continue to support recent economic reforms and to return to a more centrally planned economy or regional or local variations in the implementation of economic policies, could have a significant effect on economic conditions in China or particular regions thereof.

Any adverse change in economic conditions or government policies in China could have a material adverse effect on the overall economic growth in China, which in turn could lead to a reduction in demand for our services and solutions and consequently adversely affect our business, financial condition and results of operations. For example, in June and August 2015, the Chinese economy experienced a stock market crash in which the Shanghai Composite index was down approximately 32% since its June 2015 high. Further, in January 2016, the Shanghai stock market experienced a 17% drop in value, causing a halt in trading.

Any new laws, regulations, card association rules or other industry standards affecting our business, or any changes made to them, in any of the geographic regions in which we operate may require significant development efforts or have an unfavorable impact on our financial results.

We are subject to regulations that affect the electronic payments industry in the countries and territories in which we operate. Regulation and proposed regulation of the payments industry has increased significantly in recent years. Failure to comply with regulations may result in the suspension or revocation of a license or registration, the limitation, suspension or termination of service, and the imposition of civil and criminal penalties, including fines, which could have a material adverse effect on our financial condition. For example, we are subject to:

- the rules of Visa, MasterCard, Discover, American Express, JCB, UnionPay and other payment networks;
- applicable privacy and information security regulations in the regions where we operate and of the card associations;
- banking and financial regulations or monetary authority rules in the jurisdictions in which we operate; and
- governmental regulation of the payments, payment processing and financial services industries.

Visa charges acquiring banks an annual fee of \$45,000 for each country or territory in which they offer a DCC service. Both Visa and MasterCard may also charge additional cross-border fees for transactions involving DCC. Visa's compliance regime for DCC includes unannounced "mystery shopping" audits of our customer's merchants, to assess merchant compliance with the regulations applicable to DCC. Repeated failure by an acquiring bank or merchant to comply with regulations can result in substantial fines and could ultimately result in a prohibition upon such acquiring bank or merchant offering DCC. Remediation of negative audit findings can be costly and time consuming for our customers and the mere risk of such fines may reduce the number of acquiring banks willing to offer Pay in Your Currency services.

Interchange fees, which are typically paid by the acquiring bank to the card issuing bank in connection with transactions, are subject to increasingly intense legal, regulatory, and legislative scrutiny worldwide. For instance, in the United States, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or Dodd-Frank Act, requires the Board of Governors of the Federal Reserve System to regulate the fees charged or received by card issuing banks for processing point-of-sale debit card transactions. Certain of our customers or potential customers may experience difficulty complying with any new regulations and as a result, reduce or eliminate purchases of services such as ours. In addition, regulatory actions that impact our industry, even if not directed at us, may require significant efforts and costs to change our services and may require changes to how we price our services to customers. We cannot predict the impact of any of these changes on our operations and financial condition.

Although we are registered with the card associations and other payment networks as a third party processor and an independent sales organization, or ISO, we do not actively participate in their affairs by, for example, participating in the development of operating rules and procedures.

The card associations could adopt new operating rules or interpretations of the existing rules that could be damaging to our competitive position because, for example, compliance might be difficult for us or our customers, but not for other participants.

Changes in the electronic payments industry in general, or changes in the laws and regulations that affect the electronic payments industry, or interpretation or enforcement thereof, could adversely affect our business, financial condition and results of operations. In addition, even an inadvertent failure to comply with laws and regulations could damage our business or our reputation.

We rely on our management team and will need to attract, retain and motivate highly skilled personnel to grow our business, and the loss of one or more key employees or our inability to attract and retain qualified personnel could harm our business.

Our success and future growth depend on the skills, working relationships and continued services of our management team and other key personnel. The loss of any of member of our senior management team could adversely affect our business. In particular, we are dependent on the performance and continued service of our Chairman and Chief Executive Officer, Carl J. Williams, who has contributed significantly to the Company's success and achievement of profitability in the last three fiscal years.

All of our employees in the United States work for us on an at-will basis, which means they may terminate their employment relationship with us at any time. We do not maintain key-person life insurance on any of our employees.

Our future success will also depend on our ability to attract, retain and motivate highly skilled personnel who have experience with our operations, the rapidly changing transaction processing industry, and the selected markets in which we offer our services. Competition for these types of personnel is intense, particularly in the New York metropolitan area, where our headquarters are located. Additionally, we have significant operations abroad, including developing countries, and attracting highly skilled personnel with the necessary experience in these locations may be difficult.

Volatility or lack of successful performance in our stock price may also affect our ability to attract and retain our key personnel. Many of our senior management personnel and other key employees have become, or will soon become, vested in a substantial amount of stock or stock options. Employees may be more likely to leave us if the shares they own or the shares underlying their vested stock options have significantly appreciated in value relative to the original purchase prices of the shares or the exercise prices of the options, or if the exercise prices of the options that they hold are significantly above the market price of shares of our common stock. We cannot guarantee that we will continue to attract, retain or motivate such personnel, and our inability to do so could adversely affect our business.

We may not be able to secure additional financing on favorable terms, or at all, to meet our future capital needs.

In the future, we may require additional capital to respond to business opportunities, challenges, acquisitions or unforeseen circumstances and may determine to engage in equity or debt financings or enter into credit facilities for other reasons. We may not be able to timely secure additional debt or equity financing on favorable terms, or at all. Any debt financing obtained by us in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. If we raise additional funds through further issuances of equity, convertible debt securities or other securities convertible into equity, our existing stockholders could suffer significant dilution in their percentage ownership of our company, and any new equity securities we issue could have rights, preferences and privileges senior to those of holders of our common stock. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to grow or support our business and to respond to business challenges could be significantly limited.

In order for us to continue to grow and improve our operating results, we must continue to increase participation by existing customers, develop new services, cross sell additional services and add new customers in existing and new geographies.

Our future growth depends in part upon our ability to increase participation by our acquiring bank and processor customers' merchants in the various services that we offer, develop new services, cross sell additional services to existing acquiring bank, processor and merchant customers, and add new acquiring banks, processors, card associations and merchants in existing and new geographies.

In order to increase participation by our customers and their merchants in the various services that we offer together, we need to collaborate with our customers. However, our existing acquiring bank and processor customers may not assist us in increasing participation by their merchants or their merchants may be unreceptive to using our services. If we are not successful in developing, selling and deploying new services (whether in response to market demand or technological changes), we may not be able to achieve planned growth and any development costs incurred may be wasted. If our existing customers do not appreciate, and our sales force does not demonstrate, the benefits of our additional services, we will not be able to effectively cross sell to existing customers. Our expansion into new geographies is also dependent upon our ability to deploy our existing platform or to develop new services to meet the particular service needs of each new geographic location. We may not have adequate financial or technological resources to develop effective and secure services that will satisfy the demands of these new markets.

If we fail to increase participation by existing customers, develop new services, cross sell additional services and add new customers in existing and new geographies, we may not be able to continue to grow and improve our operating results.

Fees that may be charged in connection with our Pay In Your Currency processing service are subject to change.

When a consumer uses our Pay In Your Currency processing service, they pay a fee that is included in the exchange rate used for each Pay In Your Currency transaction. While Visa and MasterCard rules permit merchants and other third parties to charge these fees, if these card associations change their policies in permitting merchants and other third parties to charge these fees, otherwise restrict the ability to do so or if the card associations increase the additional fees charged for providing such service, as they have done from time to time, our business, financial condition and results of operations could be adversely affected.

In addition, some card issuing banks impose a fee on consumers for any foreign transaction, irrespective of the currency in which it occurred. Where this occurs, the consumer will pay the card issuing bank an extra fee on a foreign transaction in addition to any margin reflected by us in the cost of the converted amount for our Pay In Your Currency service. This additional cost, and other efforts by the card issuing banks to discourage consumers from utilizing our services, may adversely affect consumers' willingness to use our services. Additionally, Visa and MasterCard assess additional fees on transactions converted through Dynamic Currency Conversion or Multi-Currency Pricing. The increase of these fees could limit the financial benefit that acquiring banks and merchants derive from our services which, in turn, could affect the continued adoption of our services or their profitability.

We are subject to international business uncertainties.

Our ability to grow our business and our future success will depend to a significant extent on our ability to expand our operations and customer base worldwide. Operating in international markets requires significant resources and management attention. Historically, a significant majority of our revenue has been generated from international customers, including international customers of North American merchants. For example, in 2015, we generated 63% of our revenue internationally and 37% in the United States. International revenue and operations may be subject to risks such as:

- difficulties in staffing and managing foreign operations;
- burdens of complying with a wide variety of laws, regulations and standards;
- controls on or obstacles to the repatriation of earnings and cash;
- currency exchange rate fluctuations;
- different tax burdens;
- preference for local vendors;
- trade restrictions;
- changes in tariffs;

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- the imposition of government controls;
- nationalization or seizure by banking regulators of our customers;
- political instability;
- exposure to a business culture in which improper sales practices may be prevalent; and
- terrorist activities.

The legal systems of developing countries continue to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involve uncertainties, which may limit legal protections available to you and us. In certain instances, local implementation rules and/or the actual implementation are not consistent with the regulations at the national level. Additionally, the laws of certain countries do not protect our intellectual property to the same extent as do the laws of the United States. Our failure to comply with applicable laws and regulations could subject us to administrative penalties and injunctive relief, as well as civil remedies, including fines, injunctions and recalls of our services and solutions.

International expansion and market acceptance depend on our ability to modify our business approach and technology to take into account such factors as differing customer business models, services requirements and needs, the applicable regulatory and business environment, labor costs and other economic conditions. There can be no assurance that these factors will not have an adverse effect on our future international revenue and, consequently, on our business, financial condition and results of operations.

Additionally, we are subject to the U.S. Foreign Corrupt Practices Act, or the FCPA, and other laws in the United States and elsewhere that prohibit improper payments or offers of payments to foreign governments and their officials and political parties for the purpose of obtaining or retaining business. We have operations in and deal with countries known to experience corruption. Our activities in these countries create the risk of unauthorized payments or offers of payments by one of our employees, contractors or customers that could be in violation of various laws, including the FCPA, even though these parties are not always subject to our control. We have implemented safeguards to discourage these practices by our employees, consultants and customers. However, our existing safeguards and any future improvements may prove to be less than effective, and our employees, contractors or customers may engage in conduct for which we might be held responsible. Violations of the FCPA or similar laws may result in severe criminal or civil sanctions and we may be subject to other liabilities, which could adversely affect our business, financial condition and results of operations.

We derive a significant percentage of our net revenue from a limited number of countries and territories, and any natural disasters or other adverse changes could harm our business.

A significant portion of our net revenue is derived from certain countries and territories. For the year ended December 31, 2015, we derived 37%, 19%, 13% and 5% of our net revenue, from the United States, UAE, Hong Kong and China, respectively. For the year ended December 31, 2014, we derived 31%, 16%, 16%, 6%, 5% and 5% of our net revenue, from the United States, Hong Kong, the United Arab Emirates, Latin America, China and Canada, respectively. We expect that a limited number of countries and territories will continue to account for a significant portion of our net revenue in future periods. If any of these countries or territories are affected by acts of terrorism, political unrest, natural disasters, the effects of climate change, outbreaks of diseases or other significant adverse changes, cross-border travel to these countries and territories could decline, which could adversely affect our business, financial condition and results of operations.

Adverse changes in general economic or political conditions in any of the major countries or territories in which we do business could adversely affect our operating results.

Our business can be affected by a number of factors that are beyond our control, such as general geopolitical, economic, and business conditions. As a result of the continuing global economic uncertainty, concerns over the downgrade of U.S. sovereign debt and monetary and financial uncertainties internationally, international travel and spending may be reduced.

We cannot predict the reoccurrence of any economic slowdown or the strength or sustainability of the economic recovery, or the magnitude of any changes in geopolitical or economic conditions and the affect they would have on our business. Continuing economic uncertainty or a further weakening in the global economy may reduce the number of settled transactions and dollar volumes processed and, as a result, reduce our revenue.

Additionally, we generate a significant amount of our revenue from cross border transactions. Thus, revenue from processing cross border transactions for our customers fluctuates with cross border travel and the need for transactions to be converted into a different currency. Cross border travel may be adversely affected by world geopolitical, economic and other conditions. These include the threat of terrorism, such as the November 2015 attacks on Paris and other attacks by ISIS, natural disasters, the effects of climate change, outbreaks of diseases, such as the Ebola virus, war, such as in Ukraine and the Middle East, and political unrest. The Zika virus, a mosquito-transmitted infection related to dengue fever, yellow fever and the West Nile virus, began spreading widely in the Western Hemisphere in May 2015, when an outbreak occurred in Brazil. In January 2016, the U.S. Centers for Disease Control and Prevention issued travel guidance on affected countries. Any of these issues could result in a decline in cross border travel, which could adversely affect our revenue. A decline in the need for conversion of currencies might also adversely affect our revenue and profitability.

Additionally, because we are domiciled in the United States, a negative perception of the United States arising from its political or other positions could harm the perception of our company and our brand. Any of these factors could adversely affect our business, financial condition and results of operations.

Consolidation among financial institutions, including the merger of our customers with entities that are not our customers or the sale of portfolios of merchants by our customers to entities that are not our customers could materially impact our financial position and results of operation.

We face the risk that our acquiring bank or processor customers may merge with entities that are not our customers or may sell portfolios of merchants to entities that are not our customers, thereby impacting our existing agreements and projected revenue with these customers. Consolidation among financial institutions results in an increasingly concentrated client base of large acquiring banks and processors which could increase the bargaining power of our current and future customers. In addition, any nationalization or seizure of one of our acquiring bank customers by banking regulators in any of the jurisdictions in which we operate may also impact the services that we provide. Any significant changes in the ownership or operation of our customers, as a result of consolidation or otherwise, could adversely affect our business, financial condition and results of operations.

If our services and solutions do not interoperate with our customers' systems or experience defects, errors, or delays, the purchase or deployment of our services and solutions may be delayed or cancelled.

Our services are based on sophisticated software and computing systems and are designed to interface with our customers' payment card systems, each of which may have different specifications and utilize different standards. If we find errors in the existing software or defects in the hardware used in our customers' systems, or if there are errors or delays in our processing of electronic transactions or defects in our software, we may need to modify our services or solutions to fix or overcome these errors, delays and defects and/or our customers may need to modify or fix their systems so that our services and solutions will interoperate with the existing software and hardware. Either of these solutions could result in additional development costs, diversion of technical and other resources from our other development efforts, loss of credibility with current or potential customers, harm to our reputation, breaches in security and/or exposure to liability claims. Such errors and defects and any delays in fixing them, whether in our system or those of our customers could impact the processing of transactions, which would have an adverse effect on our revenues derived from transaction processing. In addition, if our services and solutions do not interoperate with our customers' systems, customers may seek to hold us liable and demand for our services and solutions could be adversely affected. Any of these events could hurt our operating results, damage our reputation, and adversely affect our business, financial condition and results of operations.

Interruptions or delays in service from our systems and processing centers could impair the delivery of our services and harm our business.

We currently serve our customers out of eight synchronized processing centers linked by a global telecommunications network. Our primary data centers are located in Elmsford, New York, and New Castle, Delaware, but we also host facilities in Bermuda, Shanghai and Macau and host two facilities in Hong Kong, through co-location arrangements. We depend on the efficient and uninterrupted operation of our computer network systems, software, telecommunications networks, and processing centers, as well as the systems and services of third parties.

Our systems and processing centers are vulnerable to damage or interruption from, among other things, fire, natural disaster, power loss, telecommunications failure, terrorist acts, war, unauthorized entry, human error, and computer viruses or other defects. They may also be subject to break-ins, sabotage, intentional acts of vandalism and similar misconduct.

We have security, backup and recovery systems in place, as well as business continuity plans designed to ensure our systems will not be inoperable. However, there is still a risk that a system outage or data loss may occur which would not only damage our reputation but as a result of contractual commitments could also require the payment of penalties to our clients if our systems do not meet certain operating standards. Despite precautions taken at these facilities, the occurrence of a natural disaster or an act of sabotage or terrorism, a decision to close the facilities without adequate notice or other unanticipated problems at these facilities could result in lengthy interruptions in our service. Our property and business interruption insurance may not be applicable or adequate to compensate us for all losses or failures that may occur.

Any damage to, failure of, or defects in our systems or those of third parties, errors or delays in the processing of payment transactions, telecommunications failures or other difficulties could result in loss of revenue, loss of merchants, loss of merchant and consumer data, harm to our business or reputation, exposure to fraud losses or other liabilities, negative publicity, additional operating and development costs, and diversion of technical and other resources.

If we fail to respond to evolving technological changes, our services and solutions could become obsolete or less competitive.

Our industry is characterized by new and rapidly evolving technologies, developing industry standards, legal regulations and customer requirements and preferences. Recent technological developments include the introduction of the EMV chip card into the United States. Accordingly, our operating results depend upon, among other things, our ability to anticipate and respond to these industry and customer changes in order to remain competitive. The process of developing new technologies and services and solutions is complex, and carry the risks associated with any research and development effort, including cost overruns, delays in delivery and performance problems.

Our markets are experiencing rapid technological change. Any delay in the delivery of new services or solutions or the failure to differentiate our services and solutions could render them less desirable to our customers, or possibly even obsolete. In addition, our services and solutions are designed to process complex transactions and deliver reports and other information on those transactions, all at high volumes and processing speeds. Any failure to deliver an effective and secure service or solution, or any performance issue that arises with a new service or solution could result in significant processing or reporting errors, possibly resulting in losses.

If we are unable to develop enhancements and new features for our existing services and solutions or new services and solutions that keep pace with technological developments, industry standards, legal regulations, and customer requirements and preferences, our services and solutions may become obsolete and less marketable, and our business could be significantly harmed. Additionally, if there are delays in the introduction of new features or new services and solutions to the market, our business could be significantly harmed.

We operate in a highly competitive industry and we compete against many companies with substantially greater financial and other resources, and our business may be harmed if we are unable to respond to our competitors effectively.

Competition in our market is intense and involves rapidly changing technologies, evolving industry standards, frequent new product and service introductions, and changes in customer requirements. To maintain and improve our competitive position, we must keep pace with the evolving needs of our customers and continue to develop and introduce new features, services and solutions in a timely and efficient manner. Our primary competitors are international payment processors, multi-currency payment service providers and global e-commerce payment service providers.

Currently, there is a high level of concentration in the international payment processing industry, with a few large processors providing payment card processing services to acquiring banks on a multi-national and multi-regional basis. International processors with whom we compete include:

- First Data Corporation, with its OmniPay Limited subsidiary operating a multi-currency platform ;
- Elavon, Inc., a wholly-owned subsidiary of U.S. Bancorp, that operates in The Americas and Europe;
- WorldPay (UK) Limited, that also primarily services the Americas and Europe and which in 2014 acquired Cobre Bem Tecnologia, a leading provider of payment solutions in Latin America.

We may also compete against prospective acquiring bank customers and regional processors that may prefer to develop and offer their own payment processing solution.

The multi-currency payment service industry is largely segmented among large, international processors, which provide multi-currency processing services as part of their broader international payment processing service, including those referenced above, and smaller companies who work on a regional or local basis to provide DCC or multi-currency processing services on behalf of acquiring banks or merchants. Specialized DCC providers include:

- FEXCO Holdings
- Travelex Holdings Limited
- Global Blue
- Monex Financial Services Limited
- Euronet Worldwide
- Continuum Commerce Ltd.

In the global e-commerce payment space, our Multi-Currency Pricing service and Planet Payment Gateway, compete with several international online payment service providers, including:

- CyberSource Corporation, a subsidiary of Visa
- MasterCard Internet Gateway Services, or Mi GS
- PayPal, Inc.
- Borderfree, Inc.
- Ingenico ePayments
- WorldPay (UK) Limited
- Payvision

In the United States, we compete against acquiring banks offering multi-currency processing solutions to online merchants, including Chase Paymentech and Bank of America. In the Asia Pacific region, we compete against regional providers, including AsiaPay Limited, or JETCO, and eNETS Pte Ltd, but also support MiGS and AsiaPay Limited. Our Planet Payment Gateway service competes with them based on the specialized multi-currency solutions we offer. We also work cooperatively with several payment gateway providers to offer Multi-Currency Pricing services online, including RocketGate, USAePAY and Plug'n Pay, but also support our services through certain competitors including CyberSource, MiGS and PayPal.

Several of our competitors enjoy substantial competitive advantages such as:

- greater name and brand recognition and longer operating histories;
- larger sales and marketing budgets and resources ;
- greater resources to make acquisitions of other competitors or products, services and technologies that strengthen their service and solution offerings and increase their presence in the market;
- lower labor and development costs;
- larger intellectual property portfolios related to electronic payment methods and systems; and
- substantially greater financial, technical, customer support and other resources.

Conditions in our market could change rapidly and significantly as a result of technological advancements or market consolidation. For example, one of our smaller payment processing competitors may be acquired by a larger company with significant resources, and could leverage those resources to become a more significant competitive presence in our market. The development and market acceptance of alternative technologies could decrease the demand for our services and solutions or render them obsolete.

Our competitors may have the ability to devote more financial and operational resources than we can to the development of new technologies, including Internet payment processing services that provide improved operating functionality and features to their service and solution offerings. If successful, their development efforts could render our services and solutions less desirable to customers. If we are unable to compete successfully in the future, our business may be harmed.

We have experienced rapid growth in recent periods. If we fail to manage our growth effectively, our financial performance may suffer.

We have substantially expanded our overall business, customer base, employee headcount and operations in recent periods both domestically and internationally. Our expansion has placed, and our expected future growth will continue to place, a significant strain on our managerial, customer operations, research and development, sales and marketing, manufacturing, administrative, financial and other resources. In particular, we provided our services to approximately 17,000 active merchant locations in 16 countries and territories as of December 31, 2010, approximately 88,000 active merchant locations in 23 countries and territories as of December 31, 2014 and approximately 118,000 active merchant locations in 21 countries and territories as of December 31, 2015. Our growth strategy contemplates further increasing the number of our customers and active merchant locations, however, the rate at which we have been able to establish relationships with our customers and active merchant locations in the past may not be indicative of the rate at which we will be able to do so in the future.

Our success will depend in part upon the ability of our management team to manage growth effectively. Our ability to grow also depends upon our ability to successfully hire, train, supervise, and manage new employees, obtain financing for our capital needs, expand our systems effectively, control increasing costs, allocate our human resources optimally, enhance and improve our operational functions and our finance and accounting functions, and manage the pressures on our management and administrative, operational and financial infrastructure. There can be no assurance that we will be able to accurately anticipate and respond to the changing demands we will face as we continue to expand our operations or that we will be able to manage growth effectively or to achieve further growth at all. If our business does not continue to grow or if we fail to effectively manage any future growth, our business, financial condition and results of operations could be adversely affected.

Our quarterly results are inherently unpredictable and subject to substantial fluctuations, and, as a result, we may fail to meet the expectations of securities analysts and investors, which could adversely affect the trading price of shares of our common stock.

We expect our quarterly revenue and operating results may vary significantly from quarter to quarter due to a number of factors, many of which are outside of our control and any of which may cause our stock price to fluctuate. The factors that may affect the unpredictability of our quarterly results include, but are not limited to:

- our dependence on a limited number of customers;
- our reliance on acquiring banks, processors, merchants and other technology providers to integrate our services within their services and to offer our services to consumers;
- the timing of new service launches with new and existing customers;
- our inability to increase sales to existing customers, retain existing customers and attract new customers;
- seasonality in the use of our services, as our revenue has historically been seasonal with the second and third quarters of our year traditionally having less revenue compared to the first and fourth fiscal quarters;
- changes in our pricing policies;
- the amount and timing of operating expenses and capital expenditures related to the expansion of our operations and infrastructure;
- the timing of revenue and expenses related to the development or acquisition of technologies, products, services or businesses;
- changes in exchange rates;
- changing market conditions;
- competition;
- failures of our services that result in contractual penalties or terminations; and
- economic, regulatory and political conditions in the markets where we operate or anticipate operating, particularly those impacting cross -border travel and commerce.

As a result, we believe that quarter -to -quarter comparisons of operating results are not necessarily a good indication of what our future performance will be. It is likely that in some future quarters, our operating results may be below the expectations of securities analysts or investors, in which case the price of shares of our common stock may decline and we could face costly securities class action suits or other unanticipated issues.

Seasonality may cause fluctuations in our operating results.

Our revenue has historically been seasonal with the first quarter of our year traditionally having less revenue compared to the prior fourth fiscal quarter. We have experienced that increased international travel and spending by consumers around the holiday season during the fourth quarter of our year to have relatively higher revenue than our other quarters. Our seasonal volumes and revenue trends could change from those we have historically experienced upon our entry into new geographies.

In addition, the timing of signing a contract and implementing our services with a large acquiring bank or processor and bringing their merchants on board may overshadow seasonal factors in any particular quarterly period. In the future, we may experience revenue growth from additional other factors such as regulatory mandates that could continue to mask underlying seasonality of our business. Seasonal or cyclical variations in our operations may become more pronounced over time and may materially affect our results of operations in the future. We expect seasonality to continue to impact our business in the future.

Where we have direct contractual acquiring relationships with merchants, we incur chargeback liability when our merchants fail to reimburse chargebacks resolved in favor of their customers. We cannot accurately anticipate these liabilities, which may adversely affect our results of operations and financial condition.

In the event a billing dispute between a consumer and a merchant is not resolved in favor of the merchant, the transaction is normally “charged back” to the merchant and the purchase price is credited or otherwise refunded to the consumer. If we are acting as the acquiring bank by virtue of our status as an ISO or under our acquiring agreements with American Express, Discover, JCB and UnionPay and are unable to collect such amounts from the merchant’s account or reserve account (if applicable), or if the merchant refuses or is unable, due to closure, bankruptcy or other reasons, to reimburse us for a chargeback, we bear the loss for the amount of the refund paid to the consumer. The risk of chargebacks is typically greater with those merchants that promise future delivery of goods and services rather than delivering goods or rendering services at the time of payment. Although only a small part of our revenue is derived from direct contractual acquiring relationships with merchants, any increase in chargebacks not paid by our merchants may adversely affect our business, financial condition and results of operations.

Where we have direct contractual acquiring relationships with merchants, fraud by merchants or others or the violation of card association requirements by merchants could have an adverse effect on our operating results and financial condition.

We have potential liability for fraudulent bankcard transactions or credits initiated by merchants or others where we are acting as the acquiring bank by virtue of our status as an ISO or under our acquiring agreements with American Express, Discover, JCB and UnionPay. Examples of merchant fraud include when a merchant processes fraudulent debit transactions or credits an accomplice’s payment card for transactions that did not occur or intentionally fails to deliver the merchandise or services sold in an otherwise valid transaction. Criminals are using increasingly sophisticated methods to engage in illegal activities such as counterfeit and fraud. While we have systems and procedures designed to detect and reduce the impact of fraud, we cannot ensure the effectiveness of these measures. It is possible that incidents of fraud could increase in the future. Failure to effectively manage risk and prevent fraud would increase our chargeback liability or other liability. Additionally, if a merchant fails to comply with the applicable requirements of the card associations, including for example where a merchant is a victim of fraud or its data is compromised due to a failure to comply with PCI or card association data security standards, it could be subject to a variety of fines or penalties that may be levied by the card associations. If we cannot collect such amounts from the applicable merchant, we could end up bearing such fines or penalties. Although only a small part of our revenue are derived from direct contractual relationships with merchants, increases in chargebacks or other liability could adversely affect our business, financial condition and results of operations.

We are exposed to currency exchange risk.

We perform currency conversion data processing services, which involves processing and accounting for payments in multiple currencies. The currency conversion underlying such services is presently carried out through the card associations and certain acquiring banks with different exchange rates being applied to a transaction on authorization and subsequent settlement. In most cases, we may have exposure to between one and three days of currency exchange risk. Daily fluctuations will occur in the rate of exchange of the various currencies for which we offer multi -currency payment processing. These fluctuations may be favorable or adverse. Although there can be no guarantee that future fluctuations will match events to date, our analysis of these variations over an extended period of years indicates that variations over the short run have been substantially less than the margin that we charge for multi -currency payment processing transactions, and over the long run to date, the average variation has been nominal. In most cases, we share revenue with acquiring banks and processors and merchants after taking into account foreign exchange fluctuations, and therefore the risk is borne proportionately by us and the other parties participating in these transactions. Although we do not currently engage in hedging or other techniques to minimize exposure to currency exchange risk, we may decide to do so in the future as international transactional volume increases, and such techniques would introduce additional risks, including the risk that a counterparty may be unable to fulfill its obligations to us under such contracts.

Additionally, in the future, it is possible that an increasing proportion of our revenue will be received in non-U.S. currencies that may be subject to foreign currency risk as international currencies fluctuate relative to the value of the U.S. Dollar. Resulting exchange gains and losses are included in our net income. This may give rise to an exchange risk against the U.S. Dollar upon repatriation of foreign currency earnings or upon consolidation for financial account purposes. We will consider strategies for managing and hedging such risks once the volume of foreign earnings reaches certain threshold levels. Furthermore, we may become subject to exchange control regulations that might restrict or prohibit the conversion of its revenue currencies into U.S. Dollars or other freely tradable currencies. The occurrence of any of these factors could adversely affect our business, financial condition and results of operations.

Our business may suffer if it is alleged or found that our services infringe the intellectual property rights of others.

The operation of our business may subject us to claims of infringement or misappropriation of third party intellectual property. Responding to such claims, regardless of their merit, can be time consuming, costly to defend in litigation, divert management's attention and resources, damage our reputation and brand, and cause us to incur significant expenses. Even if we are indemnified against such costs, the indemnifying party may be unable to uphold its contractual obligations. Further, claims of intellectual property infringement might require us to redesign or replace affected services, delay affected service offerings, enter into costly settlement or license agreements or pay costly damage awards or face a temporary or permanent injunction prohibiting us from marketing, selling or distributing the affected services. If we cannot or do not license the infringed technology on reasonable terms or at all, or substitute similar technology from another source, our revenue and earnings could be adversely impacted. Additionally, our customers may not purchase our services if they are concerned that our services infringe third party intellectual property rights. This could reduce the market opportunity for the sale of our services and solutions.

For example, a competitor holds a patent for a particular method of performing DCC in several countries and territories including Canada, India, Malaysia, Mexico, Singapore and Taiwan, which could obstruct or impair us from doing business in those jurisdictions. Other parties, including other competitors, have filed patent applications or obtained patents with respect to various aspects of DCC in the United States and abroad. We closely monitor these applications and the actions of other parties who hold patents relating to DCC. Our ability to do business in particular jurisdictions may be severely impaired in the event that a third party successfully argues that any of our services, including Pay In Your Currency, infringe a patent held by such third party. Any pre-emptive legal action or legal action to defend against a lawsuit may not be successful, and could result in substantial legal fees, which could adversely affect our financial condition and results of operations.

Further, we are contractually obligated to indemnify certain customers or other third parties that use our services for losses suffered or incurred in the event our services are alleged to infringe a third party's intellectual property rights. The term of these indemnity provisions is generally perpetual after execution of the customer agreement subject to the statute of limitations.

The occurrence of any of these events may adversely affect our business, financial condition and results of operations.

The success of our business depends on our ability to protect and enforce our intellectual property rights.

We rely on a combination of patent, trademark, copyright and trade secret laws, as well as confidentiality procedures and contractual restrictions, to establish, maintain and protect our proprietary rights. These laws, procedures and restrictions provide only limited protection and any of our intellectual property rights may be challenged, invalidated, circumvented, infringed or misappropriated. Further, the laws of certain countries do not protect proprietary rights to the same extent as the laws of the United States and, to the extent available, may be very difficult to enforce and, therefore, in certain jurisdictions, we may be unable to protect our proprietary technology adequately against unauthorized third party copying, infringement or use, which could adversely affect our competitive position.

As of December 31, 2015, we had four issued patents in the United States, Australia, India, Indonesia, New Zealand, the Philippines, Singapore, South Africa, Sri Lanka and Taiwan. We also have patent applications pending in the United States and several other jurisdictions, all of which are counterparts to our patents and patent applications in the United States. Our patents generally have a duration of 20 years from the relevant priority date of each patent.

We cannot ensure that any of our pending applications will be granted or that any of our issued patents will adequately protect our intellectual property. Any patents that may be issued to us may be contested, circumvented, found unenforceable or invalidated and we may not be able to prevent third parties from infringing them. In addition, third parties could claim invalidity, co-inventorship, re-examination, or similar claims with respect to any of our currently issued patents or any patents that may be issued to us in the future. Any such claims, whether or not successful, could be extremely costly to defend, divert management's attention and resources, damage our reputation and brand, and substantially harm our business.

In addition to patented technology, we rely on our unpatented technology and trade secrets. We generally seek to protect this information by confidentiality, non-disclosure and assignment of invention agreements with our employees and contractors and with parties with which we do business. These agreements may be breached and we may not have adequate remedies for any such breach. We cannot be certain that the steps we have taken will prevent unauthorized use or reverse engineering of our technology. Moreover, our trade secrets may be disclosed to or otherwise become known or be independently developed by competitors. To the extent that our employees, contractors, or other third parties with whom we do business use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

In order to protect or enforce our proprietary technology, we may initiate litigation against third parties, such as patent infringement suits or patent interference proceedings. Litigation may be necessary to assert claims of infringement, enforce our patents, protect our trade secrets or know-how, or determine the enforceability, scope and validity of the proprietary rights of others. Any lawsuits that we initiate could be expensive, take significant time and divert management's attention from other business concerns. Litigation also puts our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing. Additionally, we may provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially valuable.

If, for any of the above reasons, our intellectual property is disclosed or misappropriated, it would harm our ability to protect our rights and could adversely affect our business, financial condition and results of operations.

We may not be able to enforce our contracts with our customers, including any exclusivity arrangements.

If our customers do not comply with the terms of our contracts, such as the payment of fees or exclusivity arrangements, we may lose revenue and this may adversely affect our business. Particularly, if those customers with whom we have exclusivity arrangements do not comply with these provisions, we may lose business to our competitors. If our customers do not comply with the provisions of our contracts, we may be required to enter into expensive litigation in order to enforce our rights. We cannot be certain that any such litigation would be successful. Even if successful, litigation may merely prevent a customer from engaging in competitive activity but would not necessarily require the customer to continue to use our services and, in any event, may severely harm the working relationship with such customer and other existing and potential customers that may learn of the litigation.

The costs and effects of litigation, investigations or similar matters, or adverse facts and developments related thereto, could materially affect our financial position and results of operations .

From time to time, we may be involved in various litigation matters and governmental or regulatory investigations or similar matters arising out of our business. Our insurance may not cover all claims that may be asserted against it, and any claims asserted against us, regardless of merit or eventual outcome, may harm our reputation. Should the ultimate judgments or settlements in any pending or future litigation or investigation significantly exceed our insurance coverage, they could adversely affect our business, financial condition and results of operations. In addition, we may not be able to obtain appropriate types or levels of insurance in the future, nor may we be able to obtain adequate replacement policies with acceptable terms, if at all. In addition, the expense of defending litigation may be significant, the amount of time to resolve lawsuits is unpredictable and defending ourselves may divert management's attention from the day-to-day operations of our business, any of which could adversely affect our business, results of operations and cash flows.

Our inability to acquire and integrate other businesses, services or technologies could seriously harm our competitive position.

In order to remain competitive, obtain key competencies or accelerate our time to market, we may seek to acquire additional businesses or technologies and new products. To date, we have a limited history of acquisitions. If we identify an appropriate acquisition candidate, we may not be successful in negotiating the terms of the acquisition, financing the acquisition, or effectively integrating the acquired business, services or technology into our existing business and operations. We may have difficulty integrating acquired technologies or products with our existing services and solutions. Our due diligence may fail to identify all of the problems, liabilities or other shortcomings or challenges of an acquired business, services or technology, including issues related to intellectual property, quality, regulatory compliance practices, revenue recognition or other accounting practices, deficiencies or weaknesses in the disclosure controls and procedures and internal controls over financial reporting, or employee or customer issues. If we finance acquisitions by issuing convertible debt or equity securities, our existing stockholders may be diluted which could affect the market price of shares of our common stock. In addition, any acquisitions we are able to complete may not result in the synergies or any other benefits we had expected to achieve, which could result in substantial write-offs. Contemplating or completing an acquisition and integrating an acquired business, services or technology will significantly divert management and employee time and resources. Further, if the integration process does not proceed smoothly, the following factors, among others, could reduce our revenue and earnings, increase our operating costs, and result in a loss of projected synergies:

- if we are unable to successfully integrate the benefits, duties and responsibilities, and other factors of interest to the management and employees of any acquired business, we could lose employees to our competitors in the region, which could significantly affect our ability to operate the business and complete the integration; and
- if the integration process of any acquired business causes any delays with the delivery of our services, or the quality of those services, we could lose customers to our competitors, which would reduce our revenue and earnings.

We are an “emerging growth company,” and any decision on our part to comply with certain reduced disclosure requirements applicable to emerging growth companies could make our common stock less attractive to investors.

We are an “emerging growth company,” as defined in the Jumpstart Our Business Startups Act enacted in April 2012, or JOBS Act. We will remain an “emerging growth company” until the earliest of (i) the last fiscal year in which we have total annual gross revenues of \$1 billion or more; (ii) the last day of the fiscal year following the fifth anniversary of the date of an initial public offering of our equity securities; (iii) the date on which we have issued more than \$1 billion in non-convertible debt during the prior three year period; and (iv) the date on which we are deemed to be a “large accelerated filer.” Pursuant to (ii) above, we will cease to be an emerging growth company effective January 1, 2018. For as long as we continue to be an “emerging growth company,” we may choose to take advantage of exemptions from various reporting requirements applicable to other public companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We cannot predict if investors will find our common stock less attractive if we choose to rely on these exemptions. If some investors find our common stock less attractive as a result of any choices to reduce future disclosure, there may be a less active trading market for our common stock and our stock price may be more volatile.

Under Section 107(b) of the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have irrevocably elected not to take advantage of this exemption from new or revised accounting standards and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

Our business is subject to changing regulations regarding corporate governance, disclosure controls, internal control over financial reporting and other compliance areas that will increase both our costs and the risk of noncompliance. If we fail to comply with these regulations we could face difficulties in preparing and filing timely and accurate financial reports.

We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, the Sarbanes -Oxley Act, the Dodd -Frank Act, and the rules and regulations of NASDAQ. Maintaining compliance with these rules and regulations, particularly after we cease to be an emerging growth company, will increase our legal, accounting and financial compliance costs, will make some activities more difficult, time -consuming and costly and may also place increased strain on our personnel, systems and resources.

The Sarbanes -Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and at the time we cease to be an emerging growth company, we will be required to provide attestation that we maintain effective disclosure controls and procedures by our registered public accounting firm. Any failure to develop or maintain effective controls, or any difficulties encountered in their implementation or improvement, could harm our operating results or cause us to fail to meet our reporting obligations. Any failure to implement and maintain effective internal control also could adversely affect the results of periodic management evaluations regarding the effectiveness of our internal control over financial reporting that are required to include in our periodic reports filed with the SEC, under Section 404(a) of the Sarbanes -Oxley Act or the annual auditor attestation reports regarding effectiveness of our internal controls over financial reporting that we will be required to include in our periodic reports filed with the SEC, beginning for our year ending December 31, 2016, unless, under the JOBS Act, we meet certain criteria that would require such reports to be included prior to then, under Section 404(b) of the Sarbanes -Oxley Act. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the trading price of shares of our common stock.

In order to maintain the effectiveness of our disclosure controls and procedures and internal control over financial reporting going forward, we will need to expend significant resources and provide significant management oversight. There is a substantial effort involved in continuing to implement appropriate processes, document our system of internal control over relevant processes, assess their design, remediate any deficiencies identified and test their operation. As a result, management's attention may be diverted from other business concerns, which could harm our business, operating results and financial condition. These efforts will also involve substantial accounting -related costs. Prior to becoming subject to the Exchange Act in December 2012, we were not required to test our internal controls within a specified period and, as a result, we may experience difficulty in meeting these reporting requirements in a timely manner.

If we are unable to maintain key controls currently in place or that we implement in the future and pending such implementation, or if any difficulties are encountered in their implementation or improvement, (1) our management might not be able to certify, and our independent registered public accounting firm might not be able to report on, the adequacy of our internal control over financial reporting, which would cause us to fail to meet our reporting obligations, (2) misstatements in our financial statements may occur that may not be prevented or detected on a timely basis and (3) we may be deemed to have significant deficiencies or material weaknesses, any of which could adversely affect our business, financial condition and results of operations.

Implementing any appropriate changes to our internal controls may require specific compliance training of our directors, officers and employees, entail substantial costs in order to modify our existing accounting systems, and take a significant period of time to complete. Such changes may not, however, be effective in maintaining the adequacy of our internal controls, and any failure to maintain that adequacy, or consequent inability to produce accurate financial statements on a timely basis, could increase our operating costs and could materially impair our ability to operate our business. In the event that we are not able to demonstrate compliance with Section 404 of the Sarbanes -Oxley Act in a timely manner, our internal controls are perceived as inadequate or that we are unable to produce timely or accurate financial statements, our stock price could decline and we could be subject to sanctions or investigations by NASDAQ, the SEC or other regulatory authorities, which would require additional financial and management resources.

The Sarbanes -Oxley Act and the rules and regulations of NASDAQ may make it more difficult and more expensive for us to maintain directors' and officers' liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to maintain or increase coverage.

If we are unable to maintain adequate directors' and officers' insurance, our ability to recruit and retain qualified directors, especially those directors who may be considered independent for purposes of NASDAQ rules, and officers may be curtailed.

Changes in financial accounting standards or practices may cause adverse, unexpected financial reporting fluctuations and affect our reported results of operations.

A change in accounting standards or practices can have a significant effect on our reported results and may even affect our reporting of transactions completed before the change is effective. New accounting pronouncements and varying interpretations of accounting pronouncements have occurred and may occur in the future. Changes to existing rules or the questioning of current practices may adversely affect our reported financial results or the way we conduct our business.

We may not be able to utilize a significant portion of our net operating loss carry forwards, which could adversely affect our results.

As of December 31, 2015, we had available federal net operating loss carry forwards of \$61.2 million, the most significant of which expire between 2020 and 2033. Realization of these net operating loss carry forwards is dependent upon future income arising prior to the expiration dates and other factors under the relevant provisions of the Internal Revenue Code of 1986, as amended, or the Code. Our existing net operating loss carry forwards could expire and be unavailable to offset future income tax liabilities or the use of our net operating loss carry forwards could be limited, which would adversely affect our results.

As of December 31, 2015, based on all available evidence, we recorded a tax benefit for tax attribute carryforwards in the jurisdictions in which there is sufficient positive evidence that the deferred tax asset will be realized, resulting in a net deferred tax asset of \$6.2 million. As we have recently transitioned from incurring losses since inception to a cumulative positive income position over the three years ended December 31, 2015, we concluded on reversing a portion of the valuation allowance for the fiscal year 2015. Although we will continue to evaluate the recoverability of the remaining \$16.6 million in fully reserved net operating loss deferred tax assets over the next several quarters, there can be no assurance as to whether we will be able to recover all or any portion of such net operating loss carryforwards .

Our business and financial performance could be negatively impacted by the application of new tax regulations or changes in existing tax laws or regulations.

We are subject to taxation by various jurisdictions on our net income or fees charged to customers for our services. New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time. Additionally, existing tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us. These events could require us or our customers to pay additional tax amounts on a prospective or retroactive basis, as well as require us or our customers to pay fines and/or penalties and interest for past amounts deemed to be due. If we raise our prices to offset the costs of these changes, existing and potential future customers may elect not to continue or purchase our services and solutions in the future. If we are unable to pass these tax expenses on to our customers, our costs will increase, reducing our earnings. Any or all of these events could adversely impact our business and financial performance.

Risks related to ownership of our common stock

To date, there has been only a limited market for our common stock in the United States and an active trading market for our common stock may not develop in the United States.

To date, there has been a limited public market for shares of our common stock in the United States. From 2006 to August 2014, our common stock traded on AIM under the symbol "PPT" and from 2006 to June 2013 our common stock also traded on AIM under the symbol "PPTR." Since December 2012, our common stock has traded on the NASDAQ under the symbol "PLPM." There is currently a limited volume of trading in our common stock on the NASDAQ, which affects the liquidity of common stock.

We cannot predict when or whether investor interest in our common stock might lead to an increase in its market price or the development of a more active trading market. An active trading market for our shares in the United States may never develop or be sustained. If an active market for our common stock does not develop, it may be difficult to sell shares of our common stock without depressing the market price for the shares, or at all.

In addition, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of listed companies, including the January 2016 stock market correction which resulted in a decline in the S&P 500 of almost 2.5% and a corresponding decline in the NASDAQ of approximately 3%. The market price of our common stock, like the securities of many other technology companies, fluctuates over a wide range, and will continue to be highly volatile in the future. During 2015, the closing price of our common stock on The NASDAQ Stock Market ranged from \$ 1.49 to \$3.11 per share. Stock prices of many newly public companies have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies. In the past, stockholders have instituted securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business and adversely affect our business, financial condition and results of operations.

A significant portion of our total outstanding shares may be sold into the market pursuant to registration rights of certain stockholders. If there are substantial sales of shares of our common stock, the price of shares of our common stock could decline.

The price of shares of our common stock could decline if there are substantial sales of our common stock, particularly sales by our directors, executive officers and significant stockholders, or if there is a large number of shares of our common stock available for sale. As of February 29 , 2016 , we had 58,672,944 shares of common stock (which includes 51,821,800 shares of common stock outstanding and 6,851,144 shares of common stock issuable upon the conversion of preferred stock).

The holders of up to an aggregate of 6,931,464 shares of our common stock (which includes shares of our Series A Preferred Stock on an as -converted to common stock basis) outstanding as of February 29 , 2016 have rights, subject to some conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or our stockholders.

Additionally, we have registered shares of common stock that we issue under our employee equity incentive plans. These shares may be sold freely in the public market upon issuance. The market price of the shares of our common stock could decline as a result of sales of a substantial number of our shares in the public market or the perception in the market that the holders of a large number of shares intend to sell their shares.

If securities or industry analysts in the United States do not continue to publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. We do not have widespread research coverage by securities analysts in the United States, and industry analysts that currently cover us may cease to do so. If there is limited securities analysts' coverage of our company, or if industry analysts cease coverage of our company, the trading price for our stock would be negatively impacted. If one or more of the analysts who cover us downgrade our stock or publish inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, demand for our stock could decrease, which might cause our stock price and trading volume to decline.

Our directors, executive officers and principal stockholders have substantial ability to heavily influence certain corporate and structural matters.

As of February 29, 2016, our directors, executive officers and holders of more than 5% of our common stock (which includes preferred stock on an as converted to common stock basis), together with their affiliates, beneficially own, in the aggregate, 31.1% of our outstanding capital stock.

As a result, these stockholders, acting together, would have the ability to heavily influence the outcome of matters submitted to our stockholders for approval, including the election of directors and any merger, consolidation or sale of all or substantially all of our assets. In addition, these stockholders, acting together, would have the ability to heavily influence the management and affairs of our company. Accordingly, this concentration of ownership might harm the market price of shares of our common stock by:

- delaying, deferring or preventing a change of control of us;
- impeding a merger, consolidation, takeover or other business combination involving us; or
- discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of us.

We do not intend to pay dividends for the foreseeable future.

We have never declared or paid cash dividends on our capital stock. We currently intend to retain any future earnings to finance the operation and expansion of our business, and we do not expect to declare or pay any dividends in the foreseeable future. As a result, you may only receive a return on your investment in our common stock if the market price of shares of our common stock increases.

Holders of our Series A Preferred Stock have rights that are superior to holders of our common stock.

If we ever liquidate or sell our company to another company or transfer substantially all of our assets or a majority of our stock to another company, the holders of our outstanding Series A Preferred Stock may be entitled to receive proceeds prior and in preference to the holders of our common stock pursuant to the rights set forth in our certificate of incorporation. Accordingly, it is possible that you will receive nothing in exchange for your shares in the event of a bankruptcy, liquidation or sale of our company.

Delaware law and provisions in our amended and restated certificate of incorporation and bylaws could make a merger, tender offer or proxy contest difficult, thereby depressing the trading price of shares of our common stock.

We are a Delaware corporation and the anti-takeover provisions of the Delaware General Corporation Law may discourage, delay or prevent a change of control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the person becomes an interested stockholder, even if a change of control would be beneficial to our existing stockholders. In addition, our certificate of incorporation and bylaws contain provisions that may make the acquisition of our company more difficult without the approval of our Board of Directors, including the following:

- our Board of Directors is classified into three classes of directors with staggered three-year terms;
- only our Chairman of the Board, our Chief Executive Officer, our President or a majority of our Board of Directors is authorized to call a special meeting of stockholders;
- our stockholders may only take action at a meeting of stockholders and not by written consent;
- vacancies on our Board of Directors may be filled only by our Board of Directors and not by stockholders;
- directors may be removed from office only for cause;

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- our certificate of incorporation authorizes undesignated preferred stock, the terms of which may be established, and shares of which may be issued, without stockholder approval, and authorizes shares of our Series A Preferred Stock, which are currently outstanding;
- advance notice procedures apply for stockholders to nominate candidates for election as directors or to bring matters before an annual meeting of stockholders; and
- if two -thirds of our Board of Directors approves the amendment of our certificate of incorporation and bylaws, or any provisions thereof, then such amendment need only be approved by stockholders holding a majority of our outstanding shares of common stock entitled to vote; otherwise, such amendment must be approved by stockholders holding two -thirds of our outstanding shares of common stock entitled to vote.

ITEM 1 B. UNRESOLVED STAFF COMMENT S

None.

ITEM 2. PROPERTIE S

Our corporate headquarters are located in Long Beach, New York, where we occupy facilities totaling approximately 16,300 square feet under a lease that expires on December 31, 2016. We have an option to renew the lease for an additional five -year term if we give notice to the landlord at least 180 days prior to December 31, 2016. We use our headquarter facilities for administration, marketing and sales, research and development, operations and information technology. We also lease office space for our subsidiaries around the world, including Delaware, which also hosts one of our data centers, Georgia and Florida in the United States, Bermuda, Beijing and Shanghai in China, Hong Kong, Ireland, Mexico, Singapore, the United Arab Emirates and the United Kingdom. In addition, we rent space for one of our data centers in a secure facility in New York, and also host facilities in Bermuda, Shanghai, Macau and Hong Kong through co -location arrangements.

We may procure additional space as we add employees and expand geographically. We believe that our facilities are adequate to meet our needs for the immediate future, and that, should it be needed, suitable additional space will be available to accommodate any such expansion of our operations.

ITEM 3. LEGAL PROCEEDING S

From time to time, we may be involved in legal proceedings in the ordinary course of business. While any litigation contains an element of uncertainty, we have no reason to believe that the outcome of such proceedings or claims will have a material adverse effect on the financial condition or results of operations of Planet Payment.

ITEM 4. MINE SAFETY DISCLOSURE S

Not applicable.

PART II**ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES****Market Information**

From 2006 to August 2014, shares of our common stock were traded on AIM under the symbols “PPT.” On December 17, 2012, shares of our common stock were trading on NASDAQ under the symbol “PLPM.” The following table sets forth, for the quarters indicated, the high and low intra-day sales prices per share of our common stock on NASDAQ under the symbol “PLPM,” AIM under the symbol “PPT” or each quarter of our two most recent fiscal years:

Fiscal Period	Shares Traded on NASDAQ under the ticker “PLPM” (US Dollars)		Shares Traded on AIM under the ticker “PPT” (British Pound)	
	High	Low	High	Low
	Fiscal Year ending December 31, 2015			
First Quarter	\$ 2.15	\$ 1.45	£ —	£ —
Second Quarter	2.73	1.80	—	—
Third Quarter	3.25	2.06	—	—
Fourth Quarter	3.17	2.41	—	—
Fiscal Year ending December 31, 2014				
First Quarter	\$ 4.03	\$ 2.69	£ 2.36	£ 1.53
Second Quarter	3.04	2.12	1.66	1.29
Third Quarter	3.03	1.94	1.64	1.27
Fourth Quarter	2.11	1.33	—	—

Holders of Common Equity

As of February 29, 2016, there were outstanding 58,672,944 shares of our common stock (which includes preferred stock on an as-converted to common stock basis) held by approximately 209 stockholders of record. There is no trading market for shares of our Series A Preferred Stock nor do we expect there to be one.

Dividend Policy

We have never declared or paid cash dividends on our capital stock. We currently do not expect to declare or pay any dividends in the foreseeable future. Any further determination to pay dividends on our capital stock will be at the discretion of our Board of Directors and will depend on our financial condition, results of operations, capital requirements and other factors that our Board of Directors considers relevant.

Recent Sales of Unregistered Securities

There were no sales of unregistered securities during the fourth quarter of 2015.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

In October 2014, we announced that our Board of Directors authorized the repurchase of up to \$6.0 million of our outstanding shares of common stock. The shares may be purchased from time to time during a period ending on December 31, 2015. The timing, price and quantity of purchases are at our discretion and the program may be discontinued or suspended at any time. As of December 31, 2014, the total amount of common stock repurchased under the program was 0.5 million shares for an aggregate price of \$0.8 million.

On August 4, 2015 and December 21, 2015, our Board of Directors expanded our share repurchase authorization by an incremental \$5.2 million and \$2.3 million, respectively. Under the new authorizations, we may repurchase shares in the open market or as otherwise may be determined by us, subject to market conditions, business opportunities and other factors, at prices not to exceed \$3.20 per share. We have no obligation to repurchase shares under this program.

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This authorization has no expiration date and may be suspended or terminated at any time. For the year ended December 31, 2015, we repurchased 3.1 million shares for an aggregate price of \$7.1 million. These repurchases bring our total common stock repurchased under the program through December 31, 2015 to 3.6 million shares for an aggregate price of \$7.9 million. As of December 31, 2015, \$5.6 million remains available for repurchase under the program.

From January 1, 2016 to February 29, 2016, we repurchased approximately 0.9 million shares of common stock for an aggregate price of \$ 2. 6 million. The total amount of common stock repurchased under the program through February 29 , 2016 was 4. 5 million shares for an aggregate price of \$ 10 .5 million. As of February 29, 2016, \$ 3.0 million remains available for repurchase under the program.

Total shares repurchased under the program for the three months ended December 31, 2015 are as follows:

	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Dollar value of shares that may yet be purchased
October 2015	99,536	\$ 2.74	2,778,086	\$ 5.5 million
November 2015	420,982	\$ 2.67	3,199,068	\$ 4.4 million
December 2015	406,818	\$ 2.79	3,605,886	\$ 5.6 million

ITEM 6. SELECTED FINANCIAL DAT A

The consolidated financial data for the years ended December 31, 2015, 2014, and 2013 have been derived from our audited consolidated financial statements included elsewhere in this Annual Report on Form 10 -K. The consolidated financial data for the years ended December 31, 2012 and 2011 have been derived from our audited financial statements not included in this Annual Report. You should read the following selected historical consolidated financial data in conjunction with Item 7 “Management’s discussion and analysis of financial condition and results of operations” and the consolidated financial statements, related notes and other financial information appearing elsewhere in this Annual Report on Form 10 -K.

Consolidated Statements of Operations Data

	Year ended December 31,				
	2015	2014	2013	2012	2011
Consolidated statements of operations data:					
Net revenue	\$ 52,815,088	\$ 47,368,739	\$ 46,566,065	\$ 43,578,016	\$ 41,858,166
Income (loss) from operations	\$ 6,358,590	\$ 3,883,883	\$ 39,853	\$ (4,241,704)	\$ 2,935,466
Net income (loss)	\$ 10,362,448	\$ 3,160,385	\$ 22,006	\$ (4,452,305)	\$ 2,384,729
Basic net income (loss) per share applicable to common stockholders	\$ 0.17	\$ 0.05	\$ 0.00	\$ (0.09)	\$ 0.04
Diluted net income (loss) per share applicable to common stockholders	\$ 0.17	\$ 0.05	\$ 0.00	\$ (0.09)	\$ 0.04
Weighted-average common stock outstanding (basic)	52,545,934	53,494,952	52,943,203	52,187,144	49,348,033
Weighted-average common stock outstanding (diluted)	53,271,248	54,633,181	54,465,285	52,187,144	52,167,492

Consolidated Balance Sheet Data

	As of December 31,				
	2015	2014	2013	2012	2011
Consolidated balance sheet data:					
Cash and cash equivalents	\$ 14,675,515	\$ 9,837,791	\$ 6,572,468	\$ 6,002,457	\$ 7,671,963
Working capital(1)	15,656,266	13,849,054	8,414,313	7,429,390	9,468,507
Total assets	44,506,912	33,931,294	30,391,138	27,318,502	24,854,144
Total liabilities	13,943,396	9,802,023	10,535,647	9,435,645	6,109,178
Accumulated deficit	(68,368,405)	(78,730,853)	(81,891,238)	(81,913,244)	(77,460,939)
Total stockholders' equity	30,563,516	24,129,271	19,855,491	17,882,857	18,744,966

(1) Working capital is defined as current assets less current liabilities .

ITEM 7 . MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION S

You should read the following discussion and analysis in conjunction with the information set forth above under "Selected Financial Data" and our consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10 -K. The statements in this discussion regarding our expectations of our future performance, liquidity and capital resources, and other non -historical statements in this discussion, are forward -looking statements. These forward -looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described under "Item 1A. Risk factors" and elsewhere in this Annual Report on Form 10 -K. Our actual results may differ materially from those contained in or implied by any forward -looking statements.

Business overview

Planet Payment is a provider of international payment and transaction processing and multi-currency processing services. We provide our services to approximately 118,000 active merchant locations in 2 1 countries and territories across the Asia- Pacific region, the Americas, the Middle East, Africa and Europe , primarily through our acquiring bank and processor customers, as well as through our own direct sales force. We provide banks and their merchants with innovative services to accept, process and reconcile electronic payments. Our point-of-sale multi- currency payment processing services are designed for merchants in the retail, restaurant, and hospitality environments. We also provide payment services for e- commerce and mail and telephone order merchants. Our point-of-sale and e-commerce services help merchants sell more goods and services to consumers, and are integrated within the payment card transaction process, enabling our acquiring customers to process and reconcile payment transactions in multiple currencies, geographies and channels. Our ATM services provide our domestic and international acquirers with additional processing capabilities to help them increase revenue and improve customer satisfaction. We also offer non-financial transaction processing services that allow merchants to offer a range of commercial services including pre-paid mobile phone top-up and bill payments using the same point-of-sale devices deployed to accept payment cards. We are a registered third party processor with the major card associations and operate in accordance with industry standards, including the Payment Card Industry, or PCI, Security Council's Data Security Standards .

To ensure our long -term success and the success of our customers:

- we invest in new services and in enhancing our processing platform to facilitate more convenient and innovative payment methods, mobile payments and e-commerce; as well as the processing of non-financial transactions such as mobile phone top-up .
- we continually work to improve the speed, efficiency, security and performance of our platform and our payments and transaction processing services to enhance the reliability of our global processing infrastructure and protect the security of cardholder information .

In 2015, we produced 63% of our revenue internationally and 37% in the United States through a revenue model that generates fees every time a purchase is made across our network .

We manage our business through two operating segments: our multi -currency processing services and our payment processing services. The segments are determined based on how our chief operating decision maker manages our business, regularly assesses information and evaluates performance for operating decision-making purposes, including allocation of resources. For further description of our segments see “Note 17— Segment Information” in the notes to the consolidated financial statements in this Annual Report on Form 10- K .

Our multi -currency processing services, which include Pay In Your Currency, Multi-Currency Pricing and DCC at ATMs , enable merchants to offer customized pricing in multiple currencies. Our payment processing services comprise end -to -end authorization, capture, clearing and settlement services to our customers along with localized language support and online access to advanced reconciliation, reporting and analytics services. For the year ended December 31, 2015, our multi -currency processing services represented approximately 63% of our revenue and our payment processing services represented approximately 37% of our revenue.

For the years 2015, 2014 and 2013, our net revenue was \$52. 8 million, \$47.4 million and \$46.6 million, respectively. In the same periods, our net income was \$ 10.4 million, \$3.2 million and \$22,006, respectively, and our Adjusted EBITDA was \$11. 6 million, \$9.4 million and \$4.2 million, respectively. Adjusted EBITDA is a financial measure not calculated in accordance with accounting principles generally accepted in the United States of America (“GAAP”). For information on how we calculate Adjusted EBITDA, see “—Key metrics—Adjusted EBITDA.”

Key trends

Our financial results have been and we believe will continue to be impacted by trends in the international payment processing industry, including the global shift toward electronic-based methods of payments and away from paper-based methods of payment, the increasing levels of international travel and commerce and the rapid adoption of e-commerce on a global scale. Our results are impacted by the changes in levels of international spending using electronic methods, and as a result, negative trends in the global economy and other factors which negatively impact international travel may negatively impact the growth in total transaction and dollar volume processed using our platform. The global economy has been undergoing a period of economic uncertainty and stock markets are experiencing high levels of volatility, and it is difficult to predict how long this uncertainty and volatility will continue .

We plan to grow our business by increasing the use of our services by the merchants of our existing and future acquiring bank and processor customers. If we are successful in increasing our share of this currently addressable market, as well as by adding new acquiring bank and processor customers and expanding into new geographies and business sectors, we would expect our revenue to continue to grow. In addition, based on the positive trends in the international payment processing industry noted above, we anticipate that as and when more payments are made using electronic methods, such as those that we offer, our revenue would also increase .

Key metrics

Our management relies on certain performance indicators to manage and assess our business. The key performance indicators set forth below help us evaluate growth trends, establish budgets, measure the effectiveness of our sales and marketing efforts and assess operational efficiencies. We believe that improvements in these metrics will result in improvements in our financial performance over time. We monitor our non-GAAP financial measures and other business statistics as a measure of operating performance in addition to net income and the other measures included in our co nsolidated financial statements.

The following is a table consisting of non -GAAP financial measures and certain other business statistics that management monitors:

	Year ended December 31,		
	2015	2014	2013
KEY METRICS:			
Consolidated gross billings(1)	\$ 147,805,897	\$ 127,883,982	\$ 123,766,535
Total settled dollar volume processed(2)	\$ 8,263,216,174	\$ 6,963,223,929	\$ 7,054,447,195
Adjusted EBITDA (non-GAAP)(3)	\$ 11,606,032	\$ 9,377,048	\$ 4,228,278
Capitalized expenditures	\$ 1,396,998	\$ 1,662,196	\$ 2,513,620
Total active merchant locations (at period end)(4)	118,019	87,567	58,245
Total settled transactions processed(5)	227,477,823	110,668,517	64,438,090
Multi-currency processing services key metrics:			
Active merchant locations (at period end)(4)	44,748	39,651	23,072
Settled transactions processed(6)	14,854,066	13,423,672	12,496,150
Gross foreign currency mark-up(7)	\$ 128,454,248	\$ 111,469,328	\$ 107,013,919
Settled dollar volume processed(8)	\$ 2,856,768,185	\$ 2,651,052,999	\$ 2,645,757,541
Average net mark-up percentage on settled dollar volume processed(9)	1.15 %	1.12 %	1.13 %
Payment processing services key metrics :			
Active merchant locations (at period end)(4)	74,997	48,702	36,392
Payment processing services revenue(10)	\$ 19,351,649	\$ 16,414,654	\$ 16,752,616
Settled transactions processed(11)	213,093,249	97,509,492	51,941,940
Settled dollar volume processed(12)	\$ 5,472,138,032	\$ 4,347,230,673	\$ 4,408,689,654

- (1) Represents gross foreign currency mark -up (see footnote 7) plus payment processing services revenue (see footnote 10).
- (2) Represents total settled dollar volume processed through both our multi-currency and payment processing services. For the year ended December 31, 2014 , total settled dollar volume processed was updated from the amount originally reported of \$ 8,226,291,479 .
- (3) We define Adjusted EBITDA as GAAP net income (loss) adjusted to exclude (1) interest expense, (2) interest income, (3) provision (benefit) for income taxes, (4) depreciation and amortization, (5) stock - based compensation expense from options and warrants and (6) certain other items management believes affect the comparability of operating results. Please see “—Adjusted EBITDA” below for more information and for a reconciliation of Adjusted EBITDA to net income (loss), the most directly comparable financial measure calculated and presented in accordance with GAAP.
- (4) We consider a merchant location to be active as of a date if the merchant completed at least one revenue -generating transaction at the location during the 90 -day period ending on such date. For the years ended December 31, 2014 and 2013, total active merchant locations were updated from the amounts originally reported of 93,381 and 61,029 , respectively. In addition, for the years ended December 31, 2014 and 2013, multi-currency processing active merchant locations were updated from the amounts originally reported of 43,624 and 23,628 , respectively , and payment processing services active merchant locations were updated from the amounts originally reported of 49,779 and 37,424 , respectively. The total number of active merchant locations exceeds the total number of merchants, as merchants may have multiple locations. As of December 31, 2015, 2014 and 2013, there were 1,726 , 786 and 1,219 active merchant locations, respectively, included in both multi-currency and payment processing active merchant locations but are not included in total active merchant locations, in order to eliminate counting these locations twice. For the years ended December 31 , 2014 and 2013 , active merchant locations included in both multi-currency and payment processing was updated from the amount originally reported of 22 and 23, respectively.
- (5) Represents total settled transactions (excluding other transaction types such as authorizations and rate look -ups). For the year ended December 31, 2014 , total settled transactions processed was updated from the amount originally reported of 107,892,854.

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- (6) Represents settled transactions processed using our multi -currency processing services (excluding other transaction types such as authorizations and rate look -ups).
- (7) Represents the gross foreign currency mark -up amount on settled dollar volume processed using our multi -currency processing services. Gross foreign currency mark -up represents multi -currency processing services net revenue plus amounts paid to acquiring banks and their merchants associated with such multi -currency processing transactions. Management believes this metric is relevant because it provides the reader an indication of the gross mark -up derived from multi -currency transactions processed through our platform during a given period. Refer to our segment disclosure in Note 17 of our consolidated financial statements for information on our net revenue from multi -currency processing services.
- (8) Represents the total settled dollar volume processed using our multi -currency processing services.
- (9) Represents the average net foreign currency mark -up percentage earned on settled dollar volume processed using our multi -currency processing services. The average net mark -up percentage on settled dollar volume processed is calculated by taking the reported total multi -currency processing services net revenue (\$32.8 million, \$29.6 million and \$29.8 million for the years ended December 31, 2015, 2014 and 2013, respectively) and dividing by settled dollar volume processed. For purposes of calculating “Average net mark-up percentage on settled dollar volume processed,” multi-currency processing services revenue includes revenue related to multi-currency transactions only. For the year ended December 31, 2014, average net foreign currency mark - up percentage earned on settled dollar v olume processed using our multi- currency processing services was updated to include revenue related to multi-currency transactions only .
- (10) Represents revenue earned and reported on payment processing services.
- (11) Represents settled transactions processed using our payment processing services (excluding other transaction types such as authorizations and rate look -ups). For the year ended December 31, 2014, settled transactions processed using our payment processing services was updated from the originally reported amount of 94,469,182 .
- (12) Represents the total settled dollar volume processed using our payment processing services. For t he year ended December 31, 2014 , total settled dollar volume processed using our payment processing services was updated from the originally reported amount of \$ 5,575,238,480 .

Adjusted EBITDA

This Annual Report on Form 10 -K includes information about Adjusted EBITDA that is not prepared in accordance with GAAP. Adjusted EBITDA is not based on any standardized methodology prescribed by GAAP and is not necessarily comparable to similar measures presented by other companies. A reconciliation of this non -GAAP measure is included below.

Adjusted EBITDA is a non -GAAP financial measure that represents GAAP net income (loss) adjusted to exclude (1) interest expense, (2) interest income, (3) provision (benefit) for income taxes, (4) depreciation and amortization, (5) stock -based compensation expense and (6) certain other items management believes affect the comparability of operating results.

Management believes that Adjusted EBITDA, when viewed with our results under GAAP and the accompanying reconciliations, provides useful information about our period -over -period results. Adjusted EBITDA is presented because management believes it provides additional information with respect to the performance of our fundamental business activities and is also frequently used by securities analysts, investors and other interested parties in the evaluation of comparable companies. We also rely on Adjusted EBITDA as a primary measure to review and assess the operating performance of our company and our management team in connection with our executive compensation.

Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for, analysis of our results as reported under GAAP. Some of these limitations are:

- Adjusted EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;

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- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements;
- non-cash compensation is and will remain a key element of our long-term incentive compensation for our employees, although we exclude it from Adjusted EBITDA when evaluating our ongoing performance for a particular period; and
- Adjusted EBITDA does not include the impact of certain charges or gains resulting from matters we consider not to be indicative of our ongoing operations.

Because of these limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our GAAP results and using Adjusted EBITDA only as a supplement to our GAAP results.

The following table sets forth the reconciliation of Adjusted EBITDA to net income, our most directly comparable financial measure in accordance with GAAP:

	<u>Year ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
ADJUSTED EBITDA:			
Net income	\$ 10,362,448	\$ 3,160,385	\$ 22,006
Interest expense	57,575	65,122	66,905
Interest income	(1,579)	(2,212)	(1,038)
(Benefit) provision for income taxes	(3,970,360)	800,463	40,869
Depreciation and amortization	3,099,990	3,016,783	2,872,167
Stock-based compensation expense	1,774,232	1,109,303	1,227,369
Restructuring charges	283,726	1,227,204	—
Adjusted EBITDA (non-GAAP)	<u>\$ 11,606,032</u>	<u>\$ 9,377,048</u>	<u>\$ 4,228,278</u>

Components of operating results

Sources of revenue

We derive our revenue principally through transaction fees earned under fixed contractual arrangements with customers who use our international payment and multi-currency processing services. We operate the business in two reportable segments:

- *Multi-currency processing services revenue.* Revenue derived from foreign currency transaction fees earned on processing and converting a credit or debit card transaction from one currency into another currency. Foreign currency transactions fees earned under our agreements with our multi-currency processing services customers have traditionally been based on a fixed percentage applied to the net foreign currency margin earned, after deducting any merchant revenue and other contractual costs. Also included are fees for non-transactional services.
- *Payment processing services revenue.* Revenue derived from transaction fees earned on processing services provided in facilitating the sale of goods and services by means of credit and debit cards and other electronic payments, the processing of certain non-financial transactions and professional services fees related to the payment processing business.

Geographic and customer concentration

We conduct our business primarily in three geographical regions: Asia Pacific, or APAC, the Americas, and Europe, Middle East and Africa, or EMEA. The following table provides multi-currency processing services revenue concentration by geographical region. Revenue by region is based upon where the transaction originated. We conduct our payment processing services primarily in North America.

Analysis of revenue by segment and geographical region:

	Year ended December 31,		
	2015	2014	2013
Revenue:			
APAC	\$ 16,265,076	\$ 16,621,147	\$ 15,666,192
The Americas	7,162,346	6,893,337	6,165,431
EMEA	10,036,017	7,439,601	7,981,826
Total multi-currency processing services revenue	33,463,439	30,954,085	29,813,449
Payment processing services revenue	19,351,649	16,414,654	16,752,616
Net revenue	<u>\$ 52,815,088</u>	<u>\$ 47,368,739</u>	<u>\$ 46,566,065</u>

A significant portion of our revenue is derived from agreements with a limited number of customers. Specifically, for the year ended December 31, 2015, subsidiaries of Global Payments, Inc. and Mashreqbank PSC represented 18% and 11% of our revenue, respectively.

Operating expenses

Cost of revenue. Cost of revenue primarily consists of two categories: (1) payment processing services fees, which includes payment processing transactions fees such as sponsorship fees, interchange and card association fees and assessments; and (2) processing and service costs, which include certain expenses related to the multi -currency processing segment, expenses of running our platform infrastructure, including: internet connectivity, hosting and data storage expenses, amortization expense on acquired intangibles and capitalized software development costs, compensation and related benefits and a portion of general overhead expenses.

Selling, general and administrative expenses. Selling, general and administrative expenses consist primarily of compensation and related benefits, facility costs, public company costs and professional service fees for our sales, marketing, customer service, administrative functions, and a portion of general overhead expenses.

Based on the loss recovery model, we recorded an insurance reimbursement gain of \$ 0.5 million in selling, general and administrative expenses for the year ended December 31 , 2015. The insurance reimbursement was related to a previous property and casualty loss.

We allocate overhead such as occupancy, telecommunication charges and depreciation expense based on headcount, as we believe this to be the most accurate measure. As a result, a portion of general overhead expenses is reflected in both our cost of revenue and selling, general and administrative expenses.

Restructuring charges. The Company recorded restructuring charges in connection with a realignment of its workforce. These charges primarily include employee severance and benefits.

Other income (expense), net . Other income (expense), net, primarily consists of non -operating income as well as interest expense related to our capital leases.

Critical accounting policies and estimates

The discussion and analysis of our financial condition and results of our operations is based on our consolidated financial statements, which have been prepared in accordance with GAAP. GAAP requires us to make certain estimates and judgments that affect the reported amounts and the disclosure in our financial statements. We base our estimates on historical experience, future trends and other assumptions we believe to be reasonable under the circumstances. Because these accounting policies require significant judgment, our actual results may differ materially from our estimates.

Our critical accounting policies are those that we believe are both important to the portrayal of our financial condition and results of operations and that involve difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

The estimates are based on historical experience and on various assumptions about the ultimate outcome of future events. Our actual results may differ from these estimates if unforeseen events occur or should the assumptions used in the estimation process differ from actual results. We consider an accounting policy to be critical if it is important to our financial condition and results of operations, and if it requires significant judgment, subjectivity and complexity on the part of management in its application. We believe the following to be our critical accounting policies.

Revenue recognition

We derive revenue principally through fees earned under fixed contractual arrangements with customers who use our international payment and multi -currency processing services. We have two revenue streams:

Multi -currency processing services revenue

Multi -currency processing services revenue is the foreign currency transaction fee earned on processing and converting of a credit or debit card transaction from one currency into another currency. Multi -currency transaction processing services revenue is recognized upon settlement of the transaction.

Payment processing services revenue

We follow the requirements of Accounting Standards Codification (“ASC”) topic 605 -45, *Revenue Recognition—Principal Agent Considerations* , in determining our payment processing services revenue reporting. Generally, where we have merchant portability, credit risk and ultimate responsibility for the merchant, revenue is reported at the time of settlement on a gross basis equal to the full amount of the discount charged to the merchant. This amount may include interchange paid to card issuing banks and assessments paid to payment card associations.

Payment processing services revenue is transaction based and priced either as a fixed fee per transaction or calculated based on a percentage of the transaction value. The fees are charged for processing services provided in facilitating the sale of goods and services by means of credit, debit and prepaid cards and other electronic payments and do not include the gross sales price paid by the ultimate buyer. Payment processing services revenue is recognized upon settlement of the transaction.

Our revenue is presented net of a provision for sales credits, which is estimated based on historical results and established in the period in which services are provided. As of the periods presented, there were no such provisions.

Software development costs and amortization

We develop software that is used in providing payment processing services to customers. Capitalization of internally developed software, primarily associated with our operating platform, occurs when we have completed the preliminary project stage, management authorizes the project, management commits to funding the project, it is probable the project will be completed and the project will be used to perform the function intended. The preliminary project stage consists of the conceptual formulation of alternatives, the evaluation of alternatives, the determination of existence of needed technology and the final selection of alternatives.

We capitalize costs of materials and consultants, payroll and payroll -related costs incurred by employees involved in developing internal use computer software during the application development stage. Costs incurred during the preliminary project and post -implementation stages are charged to processing and service costs, which are included in cost of revenue as incurred. Software development costs are amortized to processing and service costs, which are included in cost of revenue on a straight -line basis over estimated useful lives of approximately three to five years. We perform periodic reviews to ensure that unamortized software costs remain recoverable from future cash flows.

Goodwill, intangibles and long -lived assets

Goodwill represents the excess of the cost over the fair value of net tangible and identified intangible assets of acquired businesses.

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Goodwill amounts are assigned to reporting units at the time of acquisition and are adjusted for any subsequent significant transfers of business between reporting units. We assess the impairment of goodwill annually in the fourth quarter or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. We perform the impairment tests of goodwill at our reporting unit level, which is one level below our operating segments. We first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. The qualitative factors include economic environment, business climate, market capitalization, operating performance, competition, and other factors. We may proceed directly to the two-step quantitative test without performing the qualitative test. The goodwill impairment test consists of a two-step process. The first step of the goodwill impairment test, used to identify potential impairment, compares the fair value of a reporting unit to its carrying value, including goodwill. If the fair value of the reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired, and the second step of the impairment test is not required. The second step, if required, compares the implied fair value of the reporting unit goodwill with the carrying amount of that goodwill. The fair value of a reporting unit is allocated to all of the assets and liabilities of that unit (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the price paid to acquire the reporting unit. If the carrying amount of the reporting unit's goodwill exceeds its implied fair value, an impairment charge is recognized in an amount equal to that excess.

We use a projected discounted cash flow model to determine the fair value of a reporting unit. This discounted cash flow method for determining goodwill may be different from the fair value that would result from an actual transaction between a willing buyer and a willing seller. Projections such as discounted cash flow models are inherently uncertain and accordingly, actual future cash flows may differ materially from projected cash flows. Management judgment is required in developing the assumptions for the discounted cash flow model. These assumptions include revenue growth rates, profit margins, future capital expenditures, working capital needs, expected foreign currency rates, discount rates and terminal values. The discount rates used are compiled using independent sources, current trends in similar businesses and other observable market data. Changes to these rates might result in a change in the valuation and determination of the recoverability of goodwill. For example, an increase in the discount rate used to discount cash flows will decrease the computed fair value. Our impairment tests resulted in excessive fair value over book value ranging from 52 % to 60 % for our reporting unit. In order to estimate the fair value of goodwill, we may engage a third party to assist management with the valuation.

To validate the reasonableness of the reporting unit fair values, we reconcile the aggregate fair values of the reporting units to the enterprise market capitalization. In performing the reconciliation we may, depending on the volatility of the market value of our stock price, use either the stock price on the valuation date or the average stock price over a range of dates around the valuation date.

The entire goodwill balance as of December 31, 2015 is attributable to the acquisition of BPS. We did not record any impairment of goodwill for the three years ended December 31, 2015.

We evaluate long-lived assets, including property and equipment, capitalized software and finite-lived intangible assets for potential impairment on an individual asset basis or at the lowest level asset grouping for which cash flows can be separately identified. Long-lived asset impairments are assessed whenever changes in circumstances could indicate that the carrying amounts of those productive assets exceed their projected undiscounted cash flows. When it is determined that impairment exists, the related asset group is written down to its estimated fair market value. The determination of future cash flows and the estimated fair value of long-lived assets, involve significant estimates on the part of management. In order to estimate the fair value of a long-lived asset, we may engage a third party to assist management with the valuation. For the year ended December 31, 2015, we recorded an impairment of capitalized software costs of \$0.3 million. We did not record any impairment of long-lived assets for the years ended December 31, 2014 and 2013.

Our process for assessing potential triggering events may include, but is not limited to, analysis of the following:

- any sustained decline in our stock price below book value;
- results of our goodwill impairment test;
- sales and operating trends affecting products and groupings;

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- the impact of current and future operating results;
- any losses of key acquired customer relationships; and
- changes to or obsolescence of acquired technology, data, and trademarks.

We also evaluate the remaining useful life of our long-lived assets on a periodic basis to determine whether events or circumstances warrant a revision to the remaining estimated amortization period .

Stock -based compensation expense and assumptions

Stock -based compensation expense is measured at the grant date based on fair value and recognized as an expense over the requisite service period, net of an estimated forfeiture rate.

Stock -based compensation expense assumptions and vesting requirements

Determining the appropriate fair value model and calculating the fair value of stock -based awards require the input of highly subjective assumptions, including the expected life, expected stock price volatility, and the number of expected stock -based awards that will be forfeited prior to the completion of the vesting requirements. We use the Black -Scholes Option Pricing Model to determine the fair value of stock option awards, the fair -market value of our common stock on the date the award is approved to measure fair value for service -based and performance -based awards, and binomial lattice -based valuation pricing models to value its market condition awards.

Expected life

Due to our limited public company history, the expected life for our stock -based awards granted was determined based on the “simplified” method under the provisions of ASC 718 -10, *Compensation—Stock Compensation* .

Expected stock price volatility

We estimate the expected volatility using a time-weighted average of the Company’s historical volatility in combination with the historical volatility of similar entities whose common shares are publicly traded. For every 5% increase or decrease in expected stock price volatility , total stock-based compensation expense for each stock option grant in 2015 would have changed by approximately \$25,000.

Risk -free interest rate and dividend yield

The risk -free interest rates used for our stock -based awards granted were the U.S. Treasury zero -coupon rates for bonds matching the expected life of a stock -based award on the date of grant.

The expected dividend yield is not applicable as we have not paid any dividends and intend to retain any future earnings for use in our business.

Vesting requirements

Options granted to employees generally vest 1/3rd of the amount of shares subject to each option on each 12 -month anniversary from the vesting commencement date over a three year period and expire ten years from the grant date.

Restricted stock awards are earned upon the achievement of certain performance targets and/or other vesting conditions.

On an annual basis, the Board of Director’s are granted either stock options or restricted stock awards. A director’s annual grant vests and becomes exercisable as to 1/12th of the shares each month from the vesting commencement date for option awards, or 12 -months from the grant date in the case of a restricted stock award.

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A director's initial grant vests and becomes exercisable as to 1/3rd of the shares on the 12 -month anniversary from the vesting commencement date and then 1/36th of the shares each month thereafter, such that the grant vests in full after three years. All directors' options expire ten years from the grant date.

The Company's 2000 Stock Incentive Plan allows for acceleration of the vesting of outstanding options granted upon the occurrence of certain events related to change of control, merger, and the sale of substantially all of our assets or liquidation of the company, at the discretion of the Company's Board of Directors . Our 2006 Equity Incentive Plan provides that if outstanding options are not assumed or replaced by a successor corporation, options shall immediately vest as to 100% of the shares at such time and on such conditions as our Board of Directors shall determine. Our 2012 Equity Incentive Plan provides that if outstanding options are not assumed or replaced by successor corporations options shall immediately vest as to 100% of the shares (and any applicable right of repurchase shall fully lapse prior to relevant event).

Fair value inputs

The fair market value of each stock option award granted has been estimated on the grant date using the Black -Scholes Option Pricing Model with the following assumptions:

	Year ended December 31,					
	2015		2014		2013	
Expected life (in years)	5.41	- 6.00	5.88	- 6.02	5.51	- 5.98
Expected volatility (percentage)	35.11	- 39.57	38.48	- 41.98	40.74	- 42.41
Risk-free interest rate (percentage)	1.52	- 1.94	1.77	- 2.02	0.94	- 1.77
Expected dividend yield	—		—		—	

For all option grants our Board of Directors set the exercise price of stock options based on a price per share not less than the fair value of our common stock on the date of grant.

The fair market value of market based restricted stock grants have been estimated on the grant date using binomial lattice-based valuation pricing models. The fair value of restricted stock grants with service and performance based vesting criteria have been estimated on the grant date using the fair-market value of the Company's common stock on the date the awards were approved. Refer to footnote 2 for further information .

Income taxes

Management is required to make estimates related to our income tax provision in each of the jurisdictions in which we operate. This process involves estimating our current tax exposures, as well as making judgments regarding the recoverability of deferred tax assets in each jurisdiction. Deferred tax assets and liabilities reflect the tax effects of losses, credits and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Management assesses the likelihood that the deferred tax assets will be recovered from future taxable income and to the extent management believes that recovery is not likely, a valuation allowance must be established. To the extent management establishes a valuation allowance or increases this allowance in a period, an increase to expense within the provision for income taxes in the consolidated statements of operations may result.

We recognize deferred tax assets and liabilities for future tax consequences arising from differences between the carrying amounts of existing assets and liabilities under GAAP and their respective tax basis, and for net operating loss carryforwards and tax credit carryforwards. We evaluate the recoverability of our deferred tax assets, weighing all positive and negative evidence, and are required to establish or maintain a valuation allowance for these assets if we determine that it is more likely than not that some or all of the deferred tax assets will not be realized. The weight given to the evidence is commensurate with the extent to which the evidence can be objectively verified. If negative evidence exists, positive evidence is necessary to support a conclusion that a valuation allowance is not needed.

Our framework for assessing the recoverability of deferred tax assets requires us to weigh all available evidence, including:

- the sustainability of recent profitability required to realize the deferred tax assets ;
- the historical cumulative net losses in our consolidated statements of operations in recent years ; and
- the carryforward periods for the net operating losses and tax credits .

As of December 31, 2014, we had a valuation allowance of \$28.5 million against our deferred tax assets of \$29.9 million. After weighing all of the evidence, we determined that the positive evidence in favor of releasing a portion the valuation allowance outweighed the negative evidence against releasing the allowance as of December 31, 2015. Therefore, we concluded that it was more likely than not that a portion our deferred tax assets, relating to net operating loss carryforwards in the United States, would be realized.

The positive evidence that weighed in favor of partially releasing the valuation allowance as of December 31, 2015 and ultimately outweighed the negative evidence against releasing the allowance was the following:

- our U.S. profitability for the year end December 31, 2015 and our expectations regarding the sustainability of these profits ;
- our three-year U.S. cumulative income position as of December 31, 2015 ;
- the recent term extensions of certain material customers ;
- our taxable income for 2015 and our expectations regarding the likelihood of future taxable income ; and
- that our net operating loss carryforwards expire from 2020 through 2033 .

As we have recently transitioned from incurring losses since inception to a cumulative positive income position over the three years ended December 31, 2015, we concluded on reversing a portion of the valuation allowance amounting to for the year ended December 31, 2015. We will continue to evaluate the recoverability of the remaining \$16.6 million in fully reserved net operating loss deferred tax assets over the next several quarters.

As of December 31, 2015, we had a valuation allowance of \$20.6 million against our deferred tax assets of \$27. 2 million.

Our policy is to recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements on a particular tax position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement. The amount of unrecognized tax benefits is adjusted as appropriate for changes in facts and circumstances, such as significant amendments to existing tax law, new regulations or interpretations by the tax authorities, new information obtained during a tax examination, or resolution of an examination. We recognize both accrued interest and penalties, where appropriate, related to unrecognized tax benefits in income tax expense. Our overall effective tax rate is subject to fluctuations because of changes in the geographic mix of earnings, changes to statutory tax rates and tax laws, and because of the impact of various tax audits and assessments, as well as generation of tax credits .

Emerging growth company

Under Section 107(b) of the Jumpstart Our Business Startups Act, emerging growth companies can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

Results of operations

The following tables set forth our consolidated results of operations for the periods presented and as a percentage of our net revenue for those periods. The period -to -period comparison of financial results is not necessarily indicative of financial results to be achieved in future periods.

	Year ended December 31,					
	2015		2014		2013	
	\$ amount	% of revenue	\$ amount	% of revenue	\$ amount	% of revenue
Revenue:						
APAC	\$ 16,265,076	30.8 %	\$ 16,621,147	35.1 %	\$ 15,666,192	33.6 %
The Americas	7,162,346	13.6	6,893,337	14.6	6,165,431	13.2
EMEA	10,036,017	19.0	7,439,601	15.7	7,981,826	17.1
Total multi-currency processing services revenue	33,463,439	63.4	30,954,085	65.4	29,813,449	63.9
Payment processing services revenue	19,351,649	36.6	16,414,654	34.6	16,752,616	36.1
Net revenue	52,815,088	100.0	47,368,739	100.0	46,566,065	100.0
Operating expenses:						
Cost of revenue:						
Payment processing services fees	10,903,660	20.6	10,403,679	22.0	11,236,262	24.1
Processing and service costs	14,860,804	28.2	13,483,282	28.5	13,048,294	28.0
Total cost of revenue	25,764,464	48.8	23,886,961	50.5	24,284,556	52.1
Selling, general and administrative expenses	20,408,308	38.7	18,370,691	38.8	22,241,656	47.8
Restructuring charges	283,726	0.5	1,227,204	2.6	—	—
Total operating expenses	46,456,498	88.0	43,484,856	91.9	46,526,212	99.9
Income from operations	6,358,590	12.0	3,883,883	8.1	39,853	0.1
Other income (expense):						
Interest expense	(57,575)	(0.1)	(65,122)	(0.1)	(66,905)	(0.1)
Interest income	1,579	0.0	2,212	0.0	1,038	0.0
Other income	89,494	0.2	139,875	0.3	88,889	0.1
Total other income, net	33,498	0.1	76,965	0.2	23,022	0.0
Income from operations before benefit (provision) for income taxes	6,392,088	12.1	3,960,848	8.3	62,875	0.1
Benefit (provision) for income taxes	3,970,360	7.5	(800,463)	(1.7)	(40,869)	(0.1)
Net income	\$ 10,362,448	19.6 %	\$ 3,160,385	6.6 %	\$ 22,006	0.0 %

Comparison of the years ended December 31, 2015 and 2014

Revenue

	Year ended December 31,		Variance	
	2015	2014	Amount	Percent
APAC	\$ 16,265,076	\$ 16,621,147	\$ (356,071)	(2)%
The Americas	7,162,346	6,893,337	269,009	4
EMEA	10,036,017	7,439,601	2,596,416	35
Total multi-currency processing services revenue	33,463,439	30,954,085	2,509,354	8
Payment processing services revenue	19,351,649	16,414,654	2,936,995	18
Net revenue	\$ 52,815,088	\$ 47,368,739	\$ 5,446,349	11

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Net revenue increased \$ 5. 4 million, or 1 %, to \$ 52. 8 million for the year ended December 31, 2015 from \$47.4 million for the year ended December 31, 2014. The year over year increase in revenue was due to the overall increase in total settled dollar volume processed and total active merchant locations processing transactions through our payment processing platform and overall increase in total settled dollar volume processed through our multi-currency processing platform. These changes are described below.

Multi -currency processing services revenue

APAC multi -currency processing services revenue. APAC multi -currency processing services revenue decreased \$ 0. 4 million, or 2 %, to \$ 16.3 million for the year ended December 31, 2015 from \$ 16.6 million for the year ended December 31, 2014 . The decrease in APAC multi -currency processing services revenue was driven by changes in the following key business metrics:

	Year ended December 31,		Variance	
	2015	2014	Amount	Percent
APAC multi-currency processing active merchant locations (at period end)	16,182	14,135 *	2,047	14 %
APAC multi-currency processing settled transactions processed	6,383,901	6,106,752	277,149	5
APAC multi-currency processing gross foreign currency mark-up	\$ 64,301,250	\$ 64,711,495	\$ (410,245)	(1)
APAC multi-currency processing settled dollar volume processed	\$ 1,419,958,517	\$ 1,492,706,712	\$ (72,748,195)	(5)
APAC average net mark-up % on settled dollar volume processed	1.15 %	1.11 %	0.04 %	4

(*) For the year ended December 31 , 2014, APAC multi-currency processing active merchant locations was updated from the amount originally reported of 14,340.

The 5% decrease in settled dollar volume processed resulted in a \$0. 8 million decrease to revenue offset by a 4 % increase in our average net mark-up percentage on settled dollar volume processed which resulted in a \$0. 5 million increase to revenue. The increase to our average net mark-up percentage on settled dollar volume processed is primarily due to customer and pricing mix.

The Americas multi -currency processing services revenue. The Americas multi -currency processing services revenue increased \$0.3 million , or 4%, to \$ 7.2 million for the year ended December 31, 2015 from \$ 6.9 million for the year ended December 31, 2014 . The increase in the Americas multi -currency processing services revenue was driven by changes in the following key business metrics:

	Year ended December 31,		Variance	
	2015	2014	Amount	Percent
The Americas multi-currency processing active merchant locations (at period end)	15,766	14,705 *	1,061	7 %
The Americas multi-currency processing settled transactions processed	3,295,602	2,763,093	532,509	19
The Americas multi-currency processing gross foreign currency mark-up	\$ 15,830,917	\$ 14,082,388	\$ 1,748,529	12
The Americas multi-currency processing settled dollar volume processed	\$ 361,967,664	\$ 331,353,923	\$ 30,613,741	9
The Americas average net mark-up % on settled dollar volume processed	1.80 %	1.67 %**	0.13 %	8

(*) For the year ended December 31 , 2014, the Americas multi-currency processing active merchant locations was updated from the amount originally reported of 13,966 .

(* *) For purposes of calculating “Average net mark-up percentage on settled dollar volume processed,” multi-currency processing services revenue includes revenue related to multi-currency transactions only .

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The 9% increase in settled dollar volume processed resulted in a \$0.5 million increase to revenue and an 8% increase in our average net mark-up percentage on settled dollar volume processed which resulted in a \$0.4 million increase to revenue. The increase to our average net mark-up percentage on settled dollar volume processed is primarily due to customer and pricing mix. These increases were offset by a decrease in revenues earned on non-transactional services of \$0.6 million.

EMEA multi-currency processing services revenue. EMEA multi-currency processing services revenue increased \$2.6 million, or 35%, to \$10.0 million for the year ended December 31, 2015 from \$7.4 million for the year ended December 31, 2014. The increase in EMEA multi-currency processing services revenue was driven by changes in the following key business metrics:

	Year ended December 31,		Variance	
	2015	2014	Amount	Percent
EMEA multi-currency processing active merchant locations (at period end)	12,800	10,811 *	1,989	18 %
EMEA multi-currency processing settled transactions processed	5,174,563	4,553,827	620,736	14
EMEA multi-currency processing gross foreign currency mark-up	\$ 48,322,081	\$ 32,675,445	\$ 15,646,636	48
EMEA multi-currency processing settled dollar volume processed	\$ 1,074,842,004	\$ 826,992,364	\$ 247,849,640	30
EMEA average net mark-up % on settled dollar volume processed	0.93 %	0.90 %	0.03 %	3

(*) For the year ended December 31, 2014, EMEA multi-currency processing active merchant locations was updated from the amount originally reported of 15,318.

The 30% increase in settled dollar volume processed resulted in a \$2.3 million increase to revenue and a 3% increase in our average net mark-up percentage on settled dollar volume processed resulted in a \$0.3 million increase to revenue. The increase to our average net mark-up percentage on settled dollar volume processed is primarily due to customer and pricing mix.

Payment processing services revenue

Payment processing services revenue is primarily earned from transaction processing services for customers in the Americas. Payment processing services revenue increased \$2.9 million, or 18%, to \$19.4 million for the year ended December 31, 2015 from \$16.4 million for the year ended December 31, 2014. The increase was primarily due to professional service fees along with transaction processing fees, arising from the roll-out of new payment processing customers.

Cost of revenue

	Year ended December 31,		Variance	
	2015	2014	Amount	Percent
Payment processing services fees	\$ 10,903,660	\$ 10,403,679	\$ 499,981	5 %
Processing and service costs	14,860,804	13,483,282	1,377,522	10
Total cost of revenue	\$ 25,764,464	\$ 23,886,961	\$ 1,877,503	8

Payment processing services fees

The increase in payment processing service fees of \$0.5 million, or 5%, to \$10.9 million for the year ended December 31, 2015 from \$10.4 million for the year ended December 31, 2014 is a direct result of the mix of business within the payment processing service revenue.

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The increase in processing and service costs of \$1.4 million, or 10%, to \$14.9 million for the year ended December 31, 2015 from \$13.5 million for the year ended December 31, 2014 was primarily the result of a \$1.7 million increase in multi-currency referral commission earned by third party agents for new multi-currency customers, a \$0.2 million increase in technology expense and a \$0.2 million increase in software amortization, partially offset by a decrease in salary compensation and benefits of \$0.6 million.

Selling, general and administrative expenses

	Year ended December 31,		Variance	
	2015	2014	Amount	Percent
Selling, general and administrative expenses	\$ 20,408,308	\$ 18,370,691	\$ 2,037,617	11 %

Selling, general and administrative expenses increased \$2.0 million, or 11%, to \$20.4 million for the year ended December 31, 2015 from \$18.4 million for the year ended December 31, 2014. The increase in selling, general and administrative expenses was primarily due to an increase in salary compensation of \$1.6 million and stock-based compensation expense of \$0.7 million, offset in part, by a gain related to an insurance reimbursement of \$0.5 million.

Restructuring charges

The Company recorded \$0.3 million and \$1.2 million of restructuring charges in connection with a realignment of its workforce for the years ended December 31, 2015 and 2014, respectively. These charges primarily include employee severance and benefits.

Benefit (provision) for income taxes

For 2015, the benefit for income taxes of \$4.0 million related to current tax from foreign operations of \$1.5 million, which is primarily the result of revenue withholding taxes paid in foreign tax jurisdictions. The 2015 current tax expense from foreign operations includes an expense of \$0.7 million related to a foreign tax receivable that was expensed as collectability was no longer deemed probable. The current tax expense was fully offset by a partial reversal of the valuation allowance of the deferred tax asset that pertains to our net operating loss carryforwards in the United States and changes in certain deferred tax items in foreign entities. Based on all available evidence, we recorded a tax benefit of \$6.2 million for tax attribute carryforwards in the jurisdictions in which there is sufficient positive evidence that the deferred tax asset will be realized. In addition, the deferred tax expense from outside the United States includes an expense of \$0.5 million related to the reversal of a previously deferred tax asset as we determined that the deferred tax asset will not be utilized and the impact on current and prior years accounts are immaterial.

For the year ended December 31, 2014 the provision for income taxes of \$0.8 million related to current tax from foreign operations primarily the result of revenue withholding taxes paid in foreign tax jurisdictions.

Comparison of the years ended December 31, 2014 and 2013*Revenue*

	Year ended December 31,		Variance	
	2014	2013	Amount	Percent
APAC	\$ 16,621,147	\$ 15,666,192	\$ 954,955	6 %
The Americas	6,893,337	6,165,431	727,906	12
EMEA	7,439,601	7,981,826	(542,225)	(7)
Total multi-currency processing services revenue	30,954,085	29,813,449	1,140,636	4
Payment processing services revenue	16,414,654	16,752,616	(337,962)	(2)
Net revenue	\$ 47,368,739	\$ 46,566,065	\$ 802,674	2

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Net revenue increased \$0.8 million, or 2%, to \$47.4 million for the year ended December 31, 2014 from \$46.6 million for the year ended December 31, 2013. The year over year increase in revenue was primarily due to the overall increase in total settled dollar volume processed and total active merchant locations processing transactions through our payment processing platform. This increase related to total sales volume and total merchant locations was partially offset by the decreases in EMEA average net mark-up percentage on settled dollar volume and a decrease in total sales volume processed by our direct acquiring payment processing customers.

Multi-currency processing services revenue

APAC multi-currency processing services revenue. APAC multi-currency processing services revenue increased \$1.0 million, or 6%, to \$16.6 million for the year ended December 31, 2014 from \$15.6 million for the year ended December 31, 2013. The increase in APAC multi-currency processing services revenue was driven by changes in the following key business metrics:

	Year ended December 31,		Variance	
	2014	2013	Amount	Percent
APAC multi-currency processing active merchant locations (at period end)	14,135 *	12,825 *	1,310	10 %
APAC multi-currency processing settled transactions processed	6,106,752	5,632,093	474,659	8
APAC multi-currency processing gross foreign currency mark-up	\$ 64,711,495	\$ 60,922,423	\$ 3,789,072	6
APAC multi-currency processing settled dollar volume processed	\$1,492,706,712	\$1,439,068,345	\$ 53,638,367	4
APAC average net mark-up % on settled dollar volume processed	1.11 %	1.09 %	0.02 %	2

(*) For the years ended December 31, 2014 and 2013, APAC multi-currency processing active merchant locations was updated from the amounts originally reported of 14,340 and 12,967, respectively.

The 4% increase in settled dollar volume processed resulted in a \$0.6 million increase to revenue. APAC multi-currency processing revenue was further increased by a 2% increase in our average net mark-up percentage on settled dollar volume processed, which resulted in a \$0.4 million increase to revenue. The increase in settled dollar volume processed was primarily due to new acquirer implementation and the increase in average net mark-up percentage on settled dollar volume processed was primarily due to a pricing mix of services during the period.

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The Americas multi -currency processing services revenue. Americas multi -currency processing services revenue increased \$0.7 million to \$6.9 million for the year ended December 31, 2014 from \$6.2 million for the year ended December 31, 2013. The Americas multi -currency processing services revenue key business metrics are as follows:

	Year ended December 31,		Variance	
	2014	2013	Amount	Percent
The Americas multi-currency processing active merchant locations (at period end)	14,705 *	4,110 *	10,595	258 %
The Americas multi-currency processing settled transactions processed	2,763,093	2,942,280	(179,187)	(6)
The Americas multi-currency processing gross foreign currency mark-up	\$ 14,082,388	\$ 13,948,801	\$ 133,587	1
The Americas multi-currency processing settled dollar volume processed	\$ 331,353,923	\$ 381,903,219	\$ (50,549,296)	(13)
The Americas average net mark-up % on settled dollar volume processed	1.67 %**	1.61 %	0.06 %	4

(*) For the year s ended December 31, 2014 and 2013 , the Americas multi-currency processing active merchant locations was updated from the amount s originally reported of 13,966 and 3,351, respectively .

(**) For purposes of calculating “Average net mark -up percentage on settled dollar volume processed”, multi -currency processing services revenue includes revenue related to multi -currency transactions only.

The 12% increase in the Americas multi -currency processing revenue is due to revenues earned on non -transactional services of \$1.3 million partially offset by a 13% decrease in settled dollar volume processed, which resulted in a \$0.6 million dollar decrease to revenue. The primary reason for the decrease in settled dollar volume processed is due to a decrease in volume for a specific currency and certain retail merchants.

EMEA multi -currency processing services revenue. EMEA multi -currency processing services revenue decreased \$0.5 million to \$7.4 million for the year ended December 31, 2014 from \$7.9 million for the year ended December 31, 2013. EMEA multi -currency processing services revenue key business metrics are as follows:

	Year ended December 31,		Variance	
	2014	2013	Amount	Percent
EMEA multi-currency processing active merchant locations (at period end)	10,811 *	6,137 *	4,674	76 %
EMEA multi-currency processing settled transactions processed	4,553,827	3,921,777	632,050	16
EMEA multi-currency processing gross foreign currency mark-up	\$ 32,675,445	\$ 32,142,695	\$ 532,750	2
EMEA multi-currency processing settled dollar volume processed	\$ 826,992,364	\$ 824,785,977	\$ 2,206,387	0
EMEA average net mark-up % on settled dollar volume processed	0.90 %	0.97 %	(0.07)%	(7)

(*) For the year s ended December 31, 2014 and 2013 , EMEA multi-currency processing active merchant locations was updated from the amount s originally reported of 15,318 and 7,310, respectively .

The 7% decrease in average net mark -up on settled dollar volume processed resulted in a \$0.5 million decrease in revenue. This decrease is primarily a result of customer and pricing mix.

Payment processing services revenue

Payment processing services revenue is primarily earned from transaction processing services for customers in the Americas. Payment processing services revenue decreased \$0.3 million, or 2%, to \$16.4 million for the year ended December 31, 2014 from \$16.7 million for the year ended December 31, 2013. The decrease was primarily due to professional services fees recognized in 2013 but not in 2014.

Cost of revenue

	Year ended December 31,		Variance	
	2014	2013	Amount	Percent
Payment processing services fees	\$ 10,403,679	\$ 11,236,262	\$ (832,583)	(7)%
Processing and service costs	13,483,282	13,048,294	434,988	3
Total cost of revenue	\$ 23,886,961	\$ 24,284,556	\$ (397,595)	(2)

Payment processing services fees

The decrease in payment processing service fees of \$0.8 million, or 7%, to \$10.4 million for the year ended December 31, 2014 from \$11.2 million for the year ended December 31, 2013 is a direct result of the decrease in payment processing service revenue.

Processing and service costs

The increase in processing and service costs of \$0.4 million, or 3%, to \$13.5 million for the year ended December 31, 2014 from \$13.1 million for the year ended December 31, 2013 was primarily the result of an increase of \$0.4 million in multi -currency referral commissions earned by third party agents for new multi -currency customers and a decrease of \$0.5 in capitalized technology salaries expense. These increases are partially offset by a decrease in salary compensation and related benefits of \$0.4 million as a result of our restructuring during 2014.

Selling, general and administrative expenses

	Year ended December 31,		Variance	
	2014	2013	Amount	Percent
Selling, general and administrative expenses	\$ 18,370,691	\$ 22,241,656	\$ (3,870,965)	(17)%

Selling, general and administrative expenses decreased \$3.9 million, or 17%, to \$18.4 million for the year ended December 31, 2014 from \$22.3 million for the year ended December 31, 2013. The decrease in selling, general and administrative expenses was primarily due to a decrease in salary compensation and related benefits of \$2.2 million, a decrease to professional fees of \$0.3 million, a decrease to travel and entertainment expenses of \$0.4 million, a decrease in stock -based compensation expense of \$0.1 million, a decrease to recruiting fees of \$0.2 million, a decrease to telecom expenses of \$0.1 million, a decrease to sales and marketing of \$0.2 million and a decrease to public company costs of \$0.2 million.

Other income (expense), net

	Year ended December 31,		Variance	
	2014	2013	Amount	Percent
Interest expense	\$ (65,122)	\$ (66,905)	\$ 1,783	(3)%
Interest income	2,212	1,038	1,174	113
Other income	139,875	88,889	50,986	57
Total other income, net	\$ 76,965	\$ 23,022	\$ 53,943	234

Total other income, net, increased \$0.1 million for the year ended December 31, 2014. The increase in total other income was primarily due to an increase in our research and development tax credit.

Restructuring charges

The Company recorded \$1.2 million of restructuring charges in connection with a realignment of its workforce for the year ended December 31, 2014. The \$1.2 million of restructuring charges primarily consist of \$1.0 million of employee severance and benefits and \$0.2 million of stock-based compensation.

Provision for income taxes

Provision for income taxes increased to \$0.8 million for the year ended December 31, 2014 from \$0.04 million for the year ended December 31, 2013. The increase in the tax provision of \$0.8 million related primarily to increased profitability of certain foreign subsidiaries. Our effective tax rate could fluctuate depending on the mix of earnings from foreign jurisdictions taxed at substantially lower statutory rates, primarily Bermuda and Hong Kong.

Quarterly results of operations

The following tables set forth selected unaudited quarterly statements of operations data for the last eight fiscal quarters. The information for each of these quarters has been prepared on the same basis as the audited annual financial statements included elsewhere in this Annual Report on Form 10 - K and, in the opinion of management, includes all adjustments, which consist only of normal recurring adjustments, necessary for the fair presentation of the results of operations for these periods. This data should be read in conjunction with our audited consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10 -K. These quarterly operating results are not necessarily indicative of our operating results for any future period.

	March 31,	June 30,	September 30,	December 31,
2015 (unaudited)	2015	2015	2015	2015
Net revenue	\$ 12,132,770	\$ 12,683,359	\$ 12,618,413	\$ 15,380,546
Gross profit(1)	6,306,626	6,706,816	6,150,091	7,887,091
Income from operations	1,836,226	1,994,112	208,625	2,319,627
Net income(2)	\$ 1,711,626	\$ 1,875,328	\$ 105,971	\$ 6,669,523
Basic net income per share applicable to common stockholders(3)	\$ 0.03	\$ 0.03	\$ 0.00	\$ 0.11
Diluted net income per share applicable to common stockholders(3)	\$ 0.03	\$ 0.03	\$ 0.00	\$ 0.11
Weighted-average common stock (basic)	53,800,606	53,082,296	51,360,758	51,833,492
Weighted-average common stock (diluted)	54,448,382	53,830,534	52,384,391	52,953,205
	March 31,	June 30,	September 30,	December 31,
2014 (unaudited)	2014	2014	2014	2014
Net revenue	\$ 11,175,117	\$ 11,884,605	\$ 11,312,303	\$ 12,996,714
Gross profit(1)	4,941,703	6,264,427	5,476,368	6,799,280
(Loss) income from operations	(769,305)	1,707,698	594,624	2,350,866
Net (loss) income	\$ (779,290)	\$ 1,509,414	\$ 468,125	\$ 1,962,136
Basic net (loss) income per share applicable to common stockholders(3)	\$ (0.01)	\$ 0.02	\$ 0.01	\$ 0.03
Diluted net (loss) income per share applicable to common stockholders(3)	\$ (0.01)	\$ 0.02	\$ 0.01	\$ 0.03
Weighted-average common stock (basic)	53,437,184	53,802,936	54,141,669	53,918,370
Weighted-average common stock (diluted)	53,437,184	54,767,440	54,977,485	54,474,022

- (1) For the purposes of this table, gross profit is defined as net revenue less total cost of revenue.
- (2) Fourth quarter net income includes a net tax benefit of \$4.0 million which is primarily related to a reversal of our tax valuation allowance partially offset by certain other tax adjustments in the fourth quarter. Refer to footnote 13 for further information .
- (3) The addition of earnings per share by quarter may not equal total earnings per share for the year or interim period.

Liquidity and capital resources

We currently anticipate that our available cash balances will be sufficient to meet our presently anticipated working capital and capital expenditure requirements for at least the next twelve months. However, we may be required to raise additional funds through public or private debt or equity financing to meet additional working capital requirements. There can be no assurance that this additional financing will be available, or if available, will be on reasonable terms and not dilutive to our stockholders. If adequate funds are not available on acceptable terms, our business and operating results could be adversely affected.

Sources of liquidity

As of December 31, 2015, we had approximately \$14.7 million in cash and cash equivalents of which we had \$9.6 million in cash held by foreign subsidiaries. Currently, if we were to repatriate cash held by our foreign subsidiaries, to the extent that such repatriation was a taxable event, we could utilize a portion of our \$61.2 million net operating loss carry forward to offset the tax obligation, so that no U.S. tax liability would arise. However, our intent is to permanently reinvest these funds outside of the U.S. and our current plans do not demonstrate a need to repatriate them to fund our U.S. operations.

On June 10, 2015, we entered into a \$10.0 million secured revolving credit facility (the “Credit Facility”) with Citizens Bank, N.A. (“Citizens”) pursuant to a Credit and Security Agreement by and among the Company, certain affiliates thereof as borrowers or guarantors, and Citizens (the “Credit Agreement”). The line of credit under the Credit Agreement is secured by substantially all of our personal property, including our intellectual property and that of our subsidiaries that are borrowers or guarantors. The interest rate applicable to committed borrowings is tied to LIBOR plus a margin of 2.5%. The Credit Agreement also provides for a letter of credit sub-facility of up to \$2.0 million. The Credit Agreement contains customary affirmative and negative covenants, including, among others, financial covenants based on our leverage and fixed charge coverage ratios, as well as an obligation to maintain a minimum availability requirement of at least \$5.0 million in the aggregate of cash and availability under the line of credit. The Credit Facility will provide funds for general corporate purposes and repurchases of issued and outstanding capital stock. The Credit Facility matures on June 10, 2020 and is payable in full upon maturity. As of December 31, 2015, the Company was in compliance with all financial covenants contained in the Credit Agreement and no amounts were outstanding.

On January 28, 2016, we entered into a Second A amendment to Credit and Security Agreement with Citizens and certain subsidiary affiliates of the Company as borrowers and/or guarantors (the “Amendment”). The Amendment amends the original Credit and Security Agreement by and among the parties dated as of June 10, 2015 and provides for an increase in the Company’s line of credit (the “Line of Credit”) with Citizens from \$10.0 million to \$20.0 million. Additionally, the Amendment extends the date by which the entire unpaid principal amount of the Line of Credit together with interest shall be due and payable in full to December 31, 2020. Other terms and conditions of the Amendment remained unchanged.

Capital expenditures

Our capital expenditures related to property and equipment, software development costs, and intangible assets were \$ 1.4 million in 2015, \$1.7 million in 2014 and \$2.5 million in 2013. The 2015 capital expenditures were primarily attributable to our investment in the business primarily through capital expenditures for network infrastructure and investments in software development and equipment.

Cash flows

	Year ended December 31,		
	2015	2014	2013
Cash provided by operating activities	\$ 12,186,422	\$ 5,245,899	\$ 2,520,150
Cash used for investing activities	(1,426,657)	(1,521,756)	(2,059,278)
Cash (used for) provided by financing activities	(5,922,041)	(458,820)	109,139

Operating activities

Cash provided by operating activities during the year ended December 31, 2015 was \$12.2 million, comprising of \$9.8 million of cash generated by operations and a net increase in our operating assets and liabilities of \$2.4 million. This net increase in our operating assets and liabilities of \$2.4 million primarily consisted of a \$1.3 million increase in accounts payable and accrued expenses, a \$1.0 million increase in due to merchants, a \$0.3 million decrease in accounts receivable, prepaid expenses and other current assets and a \$0.9 million decrease in other long-term assets, offset in part by, and a \$1.0 million increase in settlement assets. Cash generated by operations of \$9.8 million was inclusive of net income of \$10.4 million and total non-cash adjustments of \$0.6 million. Significant non-cash adjustments to net income primarily include deferred tax benefit of \$5.5 million, depreciation and amortization expense of \$3.1 million and stock option expense of \$1.8 million.

Cash provided by operating activities during the year ended December 31, 2014 was \$5.2 million, comprising of \$7.5 million of cash generated by operations and a net decrease in our operating assets and liabilities of \$2.2 million. This net decrease in our operating assets and liabilities of \$2.2 million primarily consisted of a \$1.0 million decrease in settlement assets. This decrease was partially offset by a \$2.0 million decrease in accounts payable and accrued expenses, a \$0.7 million increase in accounts receivable, prepaid expenses and other current assets, a \$0.4 million decrease in due to merchants and a \$0.1 million increase in other long-term assets. Cash generated by operations of \$7.5 million was inclusive of net income of \$3.2 million and non-cash adjustments to net income which primarily include: (i) depreciation and amortization expense of \$3.0 million and (ii) stock option expense of approximately \$1.3 million.

Cash provided by operating activities during the year ended December 31, 2013 was \$2.5 million, comprising of \$3.6 million of cash generated by operations and a net decrease in our operating assets and liabilities of \$1.1 million. This net decrease in our operating assets and liabilities of \$1.1 million primarily consisted of a \$0.7 million increase in settlement assets, a \$0.7 million increase in accounts receivable, prepaid expenses and other current assets and a \$0.5 million increase in other long-term assets. These increases were partially offset by a \$0.5 million increase in due to merchants and a \$0.3 million increase in accounts payable and accrued expenses. Cash generated by operations of \$3.6 million was inclusive of non-cash adjustments to net income which primarily include: (i) depreciation and amortization expense of \$2.9 million, (ii) stock option expense of \$1.2 million and (iii) provision for doubtful accounts of \$0.3 million, partially offset by a \$0.5 million deferred tax benefit and a \$0.3 million insurance settlement gain related to Hurricane Sandy.

Investing activities

Cash used for investing activities for the year ended December 31, 2015 was \$1.4 million, which was primarily attributable to a \$1.3 million investment in the business through capital expenditures for network infrastructure, investments in software development and purchases of intangible assets and a decrease in merchant reserves of \$0.1 million.

Cash used for investing activities for the year ended December 31, 2014 was \$1.5 million, which was primarily attributable to a \$1.7 million decrease in restricted cash and a \$1.5 million investment in the business through capital expenditures for network infrastructure, investments in software development and purchases of intangible assets. These decreases were partially offset by an increase in merchant reserves of \$1.7 million.

Cash used for investing activities for the year ended December 31, 2013 was \$2.1 million, which was primarily attributable to a \$2.5 million investment in the business through capital expenditures for network infrastructure and investments in software development and tenant improvements at our corporate office following Hurricane Sandy, offset by the receipt of Hurricane Sandy insurance proceeds received of \$0.4 million.

Financing activities

Cash used for financing activities for the year ended December 31, 2015 was \$ 5.9 million, comprising of \$7.1 million of treasury stock repurchased and \$0.5 million in payments for capital lease obligations, offset by \$1.7 million in proceeds from the issuance of common stock.

Cash used for financing activities for the year ended December 31, 2014 was \$0.5 million, comprising of \$0.8 million of treasury stock repurchased and \$0.6 million in payments for capital lease obligations, offset by \$0.9 million in proceeds from issuance of common stock.

Cash provided by financing activities for the year ended December 31, 2013 was \$0.1 million, comprising of \$0.6 million in proceeds from option exercises, offset by \$0.5 million in payments for capital lease obligations.

Stock repurchase program

In October 2014, we announced that our Board of Directors authorized the repurchase of up to \$6.0 million of our outstanding shares of common stock. The shares may be purchased from time to time during a period ending on December 31, 2015. The timing, price and quantity of purchases are at our discretion and the program may be discontinued or suspended at any time. As of December 31, 2014, the total amount of common stock repurchased under the program was 0.5 million shares for an aggregate price of \$0.8 million.

On August 4, 2015 and December 21, 2015, our Board of Directors expanded our share repurchase authorization by an incremental \$5.2 million and \$2.3 million, respectively. Under the new authorizations, we may repurchase shares in the open market or as otherwise may be determined by us, subject to market conditions, business opportunities and other factors, at prices not to exceed \$3.20 per share. We have no obligation to repurchase shares under this program. This authorization has no expiration date and may be suspended or terminated at any time. For the year ended December 31, 2015, we repurchased 3.1 million shares for an aggregate price of \$7.1 million. These repurchases bring our total common stock repurchased under the program through December 31, 2015 to 3.6 million shares for an aggregate price of \$7.9 million. As of December 31, 2015, \$5.6 million remains available for repurchase under the program.

From January 1, 2016 to February 29, 2016, we repurchased approximately 0.9 million shares of common stock for an aggregate price of \$2.6 million. The total amount of common stock repurchased under the program through February 29, 2016 was 4.5 million shares for an aggregate price of \$10.5 million. As of February 29, 2016, \$3.0 million remains available for repurchase under the program.

Contractual obligations and commitments

The following table summarizes our contractual obligations as of December 31, 2015:

	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Operating lease obligations	\$ 1,650,343	\$ 1,519,039	\$ 131,304	\$ —	\$ —
Capital lease obligations	515,245	311,472	203,773	—	—
Acquiring bank sponsorship agreement obligations	1,083,334	366,667	716,667	—	—
Total contractual cash obligations	<u>\$ 3,248,922</u>	<u>\$ 2,197,178</u>	<u>\$ 1,051,744</u>	<u>\$ —</u>	<u>\$ —</u>

Off -balance sheet arrangements

We do not have any off -balance sheet arrangements or relationships with unconsolidated entities or financial partnerships, such entities often referred to as structured finance or variable interest entities, which are typically established for the purpose of facilitating off -balance sheet arrangements or other contractually narrow or limited purpose.

Effects of inflation

Our monetary assets consist primarily of cash and cash equivalents and receivables, and our non-monetary assets consist primarily of property and equipment, software development and intangible assets, which are not affected significantly by inflation. We believe the replacement costs of property and equipment will not materially affect our operations. However, the rate of inflation affects our expenses, which may not be readily recoverable in the prices of services we offer.

Employment agreements

Pursuant to employment agreements with certain employees, we had a commitment to pay severance of approximately \$ 0.9 million and \$0.8 million as of December 31, 2015 and 2014, respectively, in the event of termination without cause, as defined in the agreements. Additionally, in the event of termination upon a change of control, as defined in the agreements, we had a commitment to pay severance of \$ 1.1 million and \$1.0 million as of December 31, 2015 and 2014, respectively.

Uncertain tax positions

We have reviewed and evaluated the relevant technical merits of each of our tax positions and determined that there are no uncertain tax positions that would have a material impact on our financial statements.

Recent accounting pronouncements

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* (“ASU 2014-09”), which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The new guidance includes a cohesive set of disclosure requirements intended to provide users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a company’s contracts with customers. The original effective date of ASU 2014-09 of January 1, 2017 has been delayed until January 1, 2018. Early adoption is not permitted before the original effective date. The standard allows for either retrospective application to each reporting period presented or retrospective application with the cumulative effect of initially applying this update recognized at the date of initial application. The Company is currently evaluating the effect ASU 2014-09 will have on the Company’s Consolidated Financial Statements and disclosures.

In April 2015, the Financial Accounting Standards Board issued Accounting Standards Update No. 2015-03, *Interest-Imputation of Interest – Simplifying the Presentation of Debt Issuance Costs (Topic 835)* (“ASU No. 2015-03”). The purpose of this update is to simplify presentation of debt issuance costs. The amendments in this update require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this update. The amendments in this update are effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption of the amendments in this update is permitted for financial statements that have not been previously issued. We do not expect a material impact on our financial condition, results of operations or cash flows from the adoption of this guidance .

In August 2015, the Financial Accounting Standards Board issued Accounting Standards Update No. 2015-15, *Interest-Imputation of Interest Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Agreements (Subtopic 835-30)* (“ASU No. 2015-15”). The amendment in this update was to address the absence of authoritative guidance within Update 2015-03 for debt issuance costs related to line-of-credit agreements. ASU No. 2015-15 permits the Company to defer and present debt issuance costs as an asset and amortize the deferred debt issuance cost ratably over the term of the Company’s existing line of credit agreement with Citizens Bank, regardless of whether there are any outstanding borrowings thereon. We do not expect a material impact on our financial condition, results of operations or cash flows from the adoption of this guidance.

In November 2015, the Financial Accounting Standards Board issued Accounting Standards Update No. 2015-17, *Income Taxes (Topic 740)* (“ASU No. 2015-17”). The amendments in this update require that deferred tax liabilities and assets be classified as noncurrent in the consolidated balance sheet. ASU No. 2015-17 will be effective for financial statements issued for interim and annual periods beginning after December 15, 2016. Early application is permitted for all entities as of the beginning of an interim or annual reporting period. The standard allows for either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. As of December 31, 2015, we have adopted the provisions of ASU No. 2015-17.

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update No. 2016-02, *Leases* (“ASU No. 2016-02”). The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application of the amendments in this Update is permitted for all entities. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Company is currently evaluating the effect ASU 2016-02 will have on the Company’s Consolidated Financial Statements and disclosures.

ITEM 7 A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest rate risk

We had cash and cash equivalents totaling \$14.7 million and \$9.8 million as of December 31, 2015 and 2014, respectively. The cash and cash equivalents are held for working capital purposes. We did not have any derivative financial instruments as of December 31, 2015 and 2014. We are not exposed, nor do we anticipate being exposed, to material risks due to changes in market interest rates given the historic low levels of interest being earned on the short-term fixed-rate cash operating accounts.

Foreign currency exchange risk

We have foreign currency risks related to our revenue and operating expenses denominated in currencies other than the U.S. Dollar, principally the Hong Kong Dollar. The volatility of exchange rates depends on many factors that we cannot forecast with reliable accuracy. Although we have experienced and will continue to experience fluctuations in our net income as a result of transaction gains (losses), we believe such a change would not have a material impact on our results of operations as Hong Kong is not considered to be a highly inflationary or deflationary economy and historically the Hong Kong Dollar has traded in a very narrow band of exchange rates against the U.S. Dollar. Based upon our annual historical financial statements, for every 1% change in the exchange rate between the U.S. Dollar and the Hong Kong Dollar, our net income would be impacted by approximately \$10,000 and the carrying value of assets on our balance sheet would be impacted by approximately \$0.1 million.

In the event that our foreign sales and expenses increase and expand into other currencies, our operating results may be more greatly affected by fluctuations in the exchange rates of the currencies in which we do business. At this time we do not enter into derivatives or other financial activities in an attempt to hedge our foreign currency exchange risk, but may do so in the future. It is difficult to predict the impact any hedging activities would have on our results of operations.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
Planet Payment, Inc.
Long Beach, New York

We have audited the accompanying consolidated balance sheets of Planet Payment, Inc. (the “Company”) as of December 31, 2015 and 2014 and the related consolidated statements of income, comprehensive income, changes in convertible preferred stock and stockholders’ equity, and cash flows for each of the three years in the period ended December 31, 2015. In connection with our audits of the consolidated financial statements, we have also audited the financial statement schedule for each of the three years in the period ended December 31, 2015 listed in the accompanying index at Item 15. These financial statements and schedule are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and schedule. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Planet Payment, Inc. at December 31, 2015 and 2014 and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America.

Also, in our opinion, the financial statement schedule for each of the three years in the period ended December 31, 2015, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ BDO USA, LLP

New York, New York
March 2, 2016

Planet Payment, Inc.
Consolidated Balance Sheet s

	December 31,	
	2015	2014
Current assets:		
Cash and cash equivalents	\$ 14,675,515	\$ 9,837,791
Restricted cash	5,050,147	4,167,560
Accounts receivable, net of allowances of \$0.1 million as of December 31, 2015 and December 31, 2014	6,406,496	6,948,595
Prepaid expenses and other assets	1,800,566	1,136,821
Total current assets	<u>27,932,724</u>	<u>22,090,767</u>
Other assets:		
Restricted cash	551,917	432,094
Property and equipment, net	1,811,619	2,139,747
Software development costs, net	3,964,454	4,612,457
Intangible assets, net	1,378,264	2,046,700
Goodwill	286,852	319,671
Deferred tax asset and other long-term assets	8,581,082	2,289,858
Total other assets	<u>16,574,188</u>	<u>11,840,527</u>
Total assets	\$ 44,506,912	\$ 33,931,294
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 306,520	\$ 512,057
Accrued expenses	6,438,600	2,918,645
Due to merchants	5,240,427	4,352,199
Current portion of capital leases	290,911	458,812
Total current liabilities	<u>12,276,458</u>	<u>8,241,713</u>
Long-term liabilities:		
Other long-term liabilities	1,666,938	1,560,310
Total long-term liabilities	<u>1,666,938</u>	<u>1,560,310</u>
Total liabilities	<u>13,943,396</u>	<u>9,802,023</u>
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Convertible preferred stock— 10,000,000 shares authorized as of December 31, 2015 and December 31, 2014, \$0.01 par value: Series A— 2,243,750 issued and outstanding as of December 31, 2015 and December 31, 2014; \$8,975,000 aggregate liquidation preference	22,438	22,438
Common stock— 250,000,000 shares authorized as of December 31, 2015 and December 31, 2014, \$0.01 par value, and 56,191,389 issued and 52,585,503 shares outstanding as of December 31, 2015, and 55,680,999 issued and 55,177,899 shares outstanding as of December 31, 2014	561,914	556,810
Treasury stock, at cost, 3,605,886 shares and 503,100 shares as of December 31, 2015 and December 31, 2014, respectively	(7,883,012)	(822,603)
Additional paid-in capital	106,741,026	103,277,253
Accumulated other comprehensive loss	(510,445)	(173,774)
Accumulated deficit	(68,368,405)	(78,730,853)
Total stockholders' equity	<u>30,563,516</u>	<u>24,129,271</u>
Total liabilities and stockholders' equity	\$ 44,506,912	\$ 33,931,294

The accompanying notes are an integral part of these financial statements.

Planet Payment, Inc.**Consolidated Statements of Income**

	Year ended December 31,		
	2015	2014	2013
Revenue:			
Net revenue	\$ 52,815,088	\$ 47,368,739	\$ 46,566,065
Operating expenses:			
Cost of revenue:			
Payment processing service fees	10,903,660	10,403,679	11,236,262
Processing and service costs	14,860,804	13,483,282	13,048,294
Total cost of revenue	25,764,464	23,886,961	24,284,556
Selling, general and administrative expenses	20,408,308	18,370,691	22,241,656
Restructuring charges	283,726	1,227,204	—
Total operating expenses	46,456,498	43,484,856	46,526,212
Income from operations	6,358,590	3,883,883	39,853
Other income (expense):			
Interest expense	(57,575)	(65,122)	(66,905)
Interest income	1,579	2,212	1,038
Other income	89,494	139,875	88,889
Total other income, net	33,498	76,965	23,022
Income from operations before benefit (provision) for income taxes	6,392,088	3,960,848	62,875
Benefit (provision) for income taxes	3,970,360	(800,463)	(40,869)
Net income	\$ 10,362,448	\$ 3,160,385	\$ 22,006
Basic net income per share applicable to common stockholders	\$ 0.17	\$ 0.05	\$ 0.00
Diluted net income per share applicable to common stockholders	\$ 0.17	\$ 0.05	\$ 0.00
Weighted-average common stock outstanding (basic)	52,545,934	53,494,952	52,943,203
Weighted-average common stock outstanding (diluted)	53,271,248	54,633,181	54,465,285

The accompanying notes are an integral part of these financial statements.

Planet Payment, Inc.

Consolidated Statements of Comprehensive Income

	Year ended December 31,		
	2015	2014	2013
Net income	\$ 10,362,448	\$ 3,160,385	\$ 22,006
Foreign currency translation adjustment	(336,671)	(309,005)	97,306
Total comprehensive income	<u>\$ 10,025,777</u>	<u>\$ 2,851,380</u>	<u>\$ 119,312</u>

The accompanying notes are an integral part of these financial statements.

Planet Payment, Inc.

Consolidated Statements of Cash Flow s

	Year ended December 31,		
	2015	2014	2013
Cash flows from operating activities:			
Net income	\$ 10,362,448	\$ 3,160,385	\$ 22,006
Adjustments to reconcile net income to net cash provided by operating activities:			
Stock-based compensation expense	1,811,156	1,263,660	1,227,369
Depreciation and amortization expense	3,099,990	3,016,783	2,872,167
Provision for doubtful accounts	8,388	46,652	326,457
Deferred tax benefit	(5,478,818)	—	(583,420)
Disposal of property and equipment	—	—	4,979
Gain on insurance settlement	—	—	(301,281)
Changes in operating assets and liabilities:			
(Increase) decrease in settlement assets	(957,909)	1,055,984	(703,407)
Decrease (increase) in accounts receivables, prepaid expenses and other current assets	346,422	(743,358)	(657,188)
Decrease (increase) in other long-term assets	911,138	(62,992)	(482,065)
Increase (decrease) in accounts payable and accrued expenses	1,292,718	(2,005,464)	336,367
Increase (decrease) in due to merchants	963,550	(419,222)	472,760
Other	(172,661)	(66,529)	(14,594)
Net cash provided by operating activities	<u>12,186,422</u>	<u>5,245,899</u>	<u>2,520,150</u>
Cash flows from investing activities:			
Insurance proceeds	—	—	401,281
Increase in restricted cash	(44,501)	(1,738,571)	(26,638)
(Decrease) increase in merchant reserves	(75,322)	1,752,521	—
Purchase of property and equipment	(183,090)	(117,412)	(828,730)
Capitalized software development	(1,102,765)	(1,292,314)	(1,443,010)
Purchase of intangible assets	(20,979)	(125,980)	(162,181)
Net cash used for investing activities	<u>(1,426,657)</u>	<u>(1,521,756)</u>	<u>(2,059,278)</u>
Cash flows from financing activities:			
Proceeds from issuance of common stock	1,657,591	934,032	589,131
Principal payments on capital lease obligations	(519,223)	(570,249)	(479,992)
Purchase of treasury stock	(7,060,409)	(822,603)	—
Net cash (used for) provided by financing activities	<u>(5,922,041)</u>	<u>(458,820)</u>	<u>109,139</u>
Effect of exchange rate changes on cash and cash equivalents(*)	—	—	—
Net increase in cash and cash equivalents	4,837,724	3,265,323	570,011
Cash and cash equivalents at beginning of period	9,837,791	6,572,468	6,002,457
Cash and cash equivalents at end of period	<u>\$ 14,675,515</u>	<u>\$ 9,837,791</u>	<u>\$ 6,572,468</u>
Supplemental disclosure:			
Cash paid for:			
Interest	\$ 33,499	\$ 64,585	\$ 63,352
Income taxes	765,380	765,807	568,055
Non-cash investing and financing activities:			
Common stock issued for stock options and warrants exercised	184	1,390	2,273
Assets acquired under capital leases	156,129	429,611	728,082
Accrued capitalized hardware, software and fixed assets	57,163	74,017	27,566
Capitalized stock-based compensation	33,001	52,473	52,133

(*) For the years ended December 31, 2015, 2014 and 2013, the effect of exchange rate changes on cash and cash equivalents was immaterial.

The accompanying notes are an integral part of these financial statements.

Planet Payment, Inc.

Consolidated Statements of Changes in Convertible Preferred Stock and Stockholders' Equity

	Convertible preferred stock \$0.01 par value— 10,000,000 shares authorized as of December 31, 2012 2013, 2014 and 2015 Series A		Common stock \$0.01 par value— 250,000,000 shares authorized as of December 31, 2012 2013, 2014 and 2015		Common Stock, In Treasury		Additional Paid-in Capital	Accumulated Other Comprehensive Income (loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares Issued	Shares Par Value	Shares Issued	Shares Par Value	Shares Issued	Shares Par Value				
	Balance— December 31, 2012	2,243,750	\$22,438	53,658,857	\$536,589	—				
Restricted stock issued	—	—	860,739	8,607	—	—	(23,918)	—	—	(15,311)
Warrants exercised	—	—	213,123	2,131	—	—	(2,131)	—	—	—
Options exercised	—	—	304,769	3,048	—	—	586,083	—	—	589,131
Stock-based compensation expense	—	—	—	—	—	—	1,279,502	—	—	1,279,502
Cumulative translation adjustment	—	—	—	—	—	—	—	97,306	—	97,306
Net income	—	—	—	—	—	—	—	—	22,006	22,006
Balance— December 31, 2013	2,243,750	22,438	55,037,488	550,375	—	—	101,038,685	135,231	(81,891,238)	19,855,491
Treasury stock	—	—	—	—	503,100	(822,603)	—	—	—	(822,603)
Restricted stock issued	—	—	(243)	(3)	—	—	(5,159)	—	—	(5,162)
Warrants exercised	—	—	79,677	797	—	—	(797)	—	—	—
Options exercised	—	—	564,077	5,641	—	—	928,391	—	—	934,032
Stock-based compensation expense	—	—	—	—	—	—	1,316,133	—	—	1,316,133
Cumulative translation adjustment	—	—	—	—	—	—	—	(309,005)	—	(309,005)
Net income	—	—	—	—	—	—	—	—	3,160,385	3,160,385
Balance— December 31, 2014	2,243,750	22,438	55,680,999	556,810	503,100	(822,603)	103,277,253	(173,774)	(78,730,853)	24,129,271
Treasury stock	—	—	—	—	3,102,786	(7,060,409)	—	—	—	(7,060,409)
Restricted stock issued	—	—	(272,724)	(2,727)	—	—	(30,144)	—	—	(32,871)
Options exercised	—	—	783,114	7,831	—	—	1,649,760	—	—	1,657,591
Stock-based compensation expense	—	—	—	—	—	—	1,844,157	—	—	1,844,157
Cumulative translation adjustment	—	—	—	—	—	—	—	(336,671)	—	(336,671)
Net income	—	—	—	—	—	—	—	—	10,362,448	10,362,448
Balance— December 31, 2015	2,243,750	\$22,438	56,191,389	\$561,914	3,605,886	\$(7,883,012)	\$106,741,026	\$(510,445)	\$(68,368,405)	\$30,563,516

The accompanying notes are an integral part of these financial statements .

1. Business description and basis of presentation

Business description

Planet Payment, Inc. together with its wholly-owned subsidiaries (“Planet Payment,” the “Company,” “we,” or “our”) is a provider of international payment and transaction processing and multi -currency processing services. The Company provides its services to approximately 18,000 active merchant locations in 21 countries and territories across the Asia Pacific region, the Americas, the Middle East, Africa and Europe, primarily through its acquiring bank and processor customers, as well as through its own direct sales force. The Company provides banks and their merchants with innovative services to accept, process and reconcile electronic payments. The Company’s point -of -sale and e -commerce services are integrated within the payment card transaction process enabling its acquiring customers to process and reconcile payment transactions in multiple currencies, geographies and channels. The Company’s ATM services provide its domestic and international acquirers with additional processing capabilities to help them increase revenue and improve customer satisfaction. The Company also offers non -financial transaction processing services that allow merchants to offer a range of commercial services including pre -paid mobile phone top -up and bill payments using the same point -of -sale devices deployed to accept payment cards. The Company is a registered third party processor with the major card associations and operates in accordance with industry standards, including the Payment Card Industry, or PCI, Security Council’s Data Security Standards.

Company structure

Planet Payment was incorporated in the State of Delaware on October 12, 1999 as Planet Group Inc. and changed its name to Planet Payment, Inc. on June 18, 2007.

From March 2006 to August 2014, shares of the Company’s common stock traded on the AIM of the London Stock Exchange under the symbol “PPT”. From March 2006 to June 2013, shares of our common stock also traded on AIM under the symbol “PPTR.” On December 17, 2012, shares of our common stock began trading on NASDAQ under the symbol “PLPM.”

Basis of presentation

The consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

The accompanying consolidated financial statements include the accounts of Planet Payment, Inc. and its wholly -owned subsidiaries. All intercompany transactions and balances have been eliminated.

2. Summary of significant accounting policies

Use of estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and the disclosure of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

On an on -going basis, the Company evaluates its estimates, including those related to the accounts receivable allowance, recoverability of goodwill, intangibles and other long -lived assets, and other assets and liabilities; the useful lives of intangible assets, property and equipment, capitalized software development costs; assumptions used to calculate stock -based compensation expense including volatility, expected life and forfeiture rate; and income taxes (including recoverability of deferred taxes), among others. The Company bases its estimates on historical experience and on other various assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities.

Revenue recognition

The Company derives revenue principally through fees earned under fixed contractual arrangements with customers who use our international payment and multi -currency processing services. The Company has two revenue streams:

Multi -currency processing services revenue

Multi -currency processing services revenue is the foreign currency transaction fee earned on processing and converting of a credit or debit card transaction from one currency into another currency. Multi -currency transaction processing services revenue is recognized upon settlement of the transaction.

Payment processing services revenue

The Company follows the requirements of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) topic 605 -45 *Revenue Recognition—Principal Agent Consideration* , in determining its payment processing services revenue reporting. Generally, where the Company has merchant portability, credit risk and ultimate responsibility for the merchant, revenue is reported at the time of settlement on a gross basis equal to the full amount of the discount charged to the merchant. This amount may include interchange paid to card issuing banks and assessments paid to payment card associations.

Payment processing services revenue is transaction based and priced either as a fixed fee per transaction or calculated based on a percentage of the transaction value. The fees are charged for processing services provided in facilitating the sale of goods and services by means of credit, debit and prepaid cards and other electronic payments and do not include the gross sales price paid by the ultimate buyer. Payment processing services revenue is recognized upon settlement of the transaction.

Our revenue is presented net of a provision for sales credits, which is estimated based on historical results and established in the period in which services are provided. As of the periods presented, there were no such provisions.

Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid investments purchased with original maturity of three months or less.

Restricted cash

Restricted cash is primarily held by either processing partners where the Company holds a share of underwriting risk and for other potential liabilities under processing or by the Company on behalf of an automated clearing house, or ACH, transaction processing customer. The long -term portion of restricted cash is contractually required to be held by some of the Company’s processing partners and will remain restricted as long as the associated contracts are effective. As such, the Company classifies these portions as long-term.

Translation of non-U.S. currencies

The translation of assets and liabilities denominated in foreign currency into U.S. Dollars is made at the prevailing rate of exchange at the balance sheet date. Revenue and expenses are translated at the average exchange rates during the period. Translation adjustments are reflected in accumulated other comprehensive income (loss) on our consolidated balance sheets, while gains and losses resulting from foreign currency transactions are included in our consolidated statements of operations. Amounts resulting from foreign currency transactions included in our statement of operations were \$0.4 million, \$0.2 million and \$0.1 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Allowance for doubtful accounts

The Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability of our customers to make payments due to the Company. The amount of the allowance is based on historical experience and our analysis of the accounts receivable balance outstanding. While credit losses have historically been within the Company's expectations and the provisions established, the Company cannot guarantee that it will continue to experience the same credit loss rates that it has in the past. If the financial condition of our customers were to deteriorate, resulting in their inability to make payments, additional allowances may be required which would result in an additional expense in the period that this determination was made. The Company has included an allowance for doubtful accounts of approximately \$0.1 million for the years ended December 31, 2015 and 2014.

Property, equipment and depreciation

Property and equipment are stated at cost less accumulated depreciation, which is provided for by charges to income over the estimated useful lives of the assets using the straight -line method. Maintenance and repairs, which do not improve or extend the useful life of the respective asset, are charged to operating expenses as incurred. Upon sale or other disposition, the applicable amounts of asset cost and accumulated depreciation are removed from the accounts and the net amount, less proceeds from disposal, is charged or credited to income.

Software development costs and amortization

The Company capitalizes costs of materials, consultants and payroll and payroll -related costs incurred by employees involved in developing internal use computer software during the application development stage. Costs incurred during the preliminary project and post -implementation stages are charged to processing and service costs, which are included in cost of revenue as incurred. Software development costs are amortized to processing and service costs, which are included in cost of revenue on a straight -line basis over estimated useful lives of approximately three to five years. The Company performs periodic reviews to ensure that unamortized software costs remain recoverable from future cash flows. Capitalized software development costs, net, were \$4.0 million and \$4.6 million as of December 31, 2015 and 2014, respectively. Amortization expense totaled \$1.9 million, \$1.7 million and \$1.6 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Goodwill, intangibles and long -lived assets

Goodwill represents the excess of the cost over the fair value of net tangible and identified intangible assets of acquired businesses. Goodwill amounts are assigned to reporting units at the time of acquisition and are adjusted for any subsequent significant transfers of business between reporting units. We assess the impairment of goodwill annually in the fourth quarter or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. We perform the impairment tests of goodwill at our reporting unit level, which is one level below our operating segments. We first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. The qualitative factors include economic environment, business climate, market capitalization, operating performance, competition, and other factors. We may proceed directly to the two-step quantitative test without performing the qualitative test. The goodwill impairment test consists of a two-step process. The first step of the goodwill impairment test, used to identify potential impairment, compares the fair value of a reporting unit to its carrying value, including goodwill. If the fair value of the reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired, and the second step of the impairment test is not required. The second step, if required, compares the implied fair value of the reporting unit goodwill with the carrying amount of that goodwill. The fair value of a reporting unit is allocated to all of the assets and liabilities of that unit (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the price paid to acquire the reporting unit. If the carrying amount of the reporting unit's goodwill exceeds its implied fair value, an impairment charge is recognized in an amount equal to that excess.

We use a projected discounted cash flow model to determine the fair value of a reporting unit. This discounted cash flow method for determining goodwill may be different from the fair value that would result from an actual transaction between a willing buyer and a willing seller. Projections such as discounted cash flow models are inherently uncertain and accordingly, actual future cash flows may differ materially from projected cash flows.

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Management judgment is required in developing the assumptions for the discounted cash flow model. These assumptions include revenue growth rates, profit margins, future capital expenditures, working capital needs, expected foreign currency rates, discount rates and terminal values. The discount rates used are compiled using independent sources, current trends in similar businesses and other observable market data. Changes to these rates might result in a change in the valuation and determination of the recoverability of goodwill. For example, an increase in the discount rate used to discount cash flows will decrease the computed fair value. Our impairment tests resulted in excessive fair value over book value ranging from 52% to 60% for our reporting unit. In order to estimate the fair value of goodwill, we may engage a third party to assist management with the valuation.

To validate the reasonableness of the reporting unit fair values, we reconcile the aggregate fair values of the reporting units to the enterprise market capitalization. In performing the reconciliation we may, depending on the volatility of the market value of our stock price, use either the stock price on the valuation date or the average stock price over a range of dates around the valuation date.

The entire goodwill balance as of December 31, 2015 is attributable to the acquisition of BPS. We did not record any impairment of goodwill for the three years ended December 31, 2015.

We evaluate long-lived assets, including property and equipment, capitalized software and finite-lived intangible assets for potential impairment on an individual asset basis or at the lowest level asset grouping for which cash flows can be separately identified. Long-lived asset impairments are assessed whenever changes in circumstances could indicate that the carrying amounts of those productive assets exceed their projected undiscounted cash flows. When it is determined that impairment exists, the related asset group is written down to its estimated fair market value. The determination of future cash flows and the estimated fair value of long-lived assets, involve significant estimates on the part of management. In order to estimate the fair value of a long-lived asset, we may engage a third party to assist management with the valuation. For the year ended December 31, 2015, we recorded an impairment of capitalized software of \$0.3 million.

Our process for assessing potential triggering events may include, but is not limited to, analysis of the following:

- any sustained decline in our stock price below book value;
- results of our goodwill impairment test;
- sales and operating trends affecting products and groupings;
- the impact of current and future operating results;
- any losses of key acquired customer relationships; and
- changes to or obsolescence of acquired technology, data, and trademarks.

We also evaluate the remaining useful life of our long-lived assets on a periodic basis to determine whether events or circumstances warrant a revision to the remaining estimated amortization period .

Due to merchants

Due to merchants represents funds collected on behalf of all the Company's acquired merchants using the Planet Payment Gateway ACH product or funds collected on behalf of directly acquired merchants as security deposits. The ACH funds are generally held for an average of three days before payment to the merchant.

Income taxes

Management is required to make estimates related to our income tax provision in each of the jurisdictions in which we operate. This process involves estimating our current tax exposures, as well as making judgments regarding the recoverability of deferred tax assets in each jurisdiction. Deferred tax assets and liabilities reflect the tax effects of losses, credits and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

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Management assesses the likelihood that the deferred tax assets will be recovered from future taxable income and to the extent management believes that recovery is not likely, a valuation allowance must be established. To the extent management establishes a valuation allowance or increases this allowance in a period, an increase to expense within the provision for income taxes in the consolidated statements of income may result.

Our policy is to recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements on a particular tax position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement. The amount of unrecognized tax benefits is adjusted as appropriate for changes in facts and circumstances, such as significant amendments to existing tax law, new regulations or interpretations by the tax authorities, new information obtained during a tax examination, or resolution of an examination. We recognize both accrued interest and penalties, where appropriate, related to unrecognized tax benefits in income tax expense. Our overall effective tax rate is subject to fluctuations because of changes in the geographic mix of earnings, changes to statutory tax rates and tax laws, and because of the impact of various tax audits and assessments, as well as generation of tax credits .

Refer to footnote 13 for further information.

Concentration of credit risk

The Company's assets that are exposed to concentrations of credit risk consist primarily of cash, cash equivalents, restricted cash and receivables from clients. The Company places some of its cash, cash equivalents, and restricted cash with financial banking institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. The Company also maintains cash balances at foreign banking institutions, which are not insured by the FDIC.

The Company maintains an allowance for uncollectible accounts receivable based on expected collectability and performs ongoing credit evaluations of customers' financial condition.

The Company's accounts receivable concentrations of 10% and greater are as follows:

	As of December 31,	
	2015	2014
Customer A	15 %	28 %
Customer B	*	13
Customer C	*	17
Customer H	11	*

(*) Less than 10% accounts receivable concentration.

The Company's revenue concentrations of 10% and greater are as follows:

	Year ended December 31,		
	2015	2014	2013
Customer A	18 %	21 %	21 %
Customer C	*	*	12
Customer H	11	*	*

(*) Less than 10% revenue concentration.

Net income per share

The Company computes net income per share in accordance with ASC 260, *Earnings per Share* ("ASC topic 260"). Under ASC topic 260, securities that contain rights to receive non -forfeitable dividends (whether paid or unpaid) are participating securities and should be included in the two -class method of computing earnings per share. The Company's preferred stockholders are entitled to participate in dividends and earnings when, and if, dividends are declared on the common stock. As such, the Company calculates net income per share using the two-class method.

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The two -class method is an earnings formula that treats a participating security as having rights to dividends that otherwise would have been available to common and preferred stockholders based on their respective rights to receive dividends. Losses are not allocated to the preferred stockholders for computing net loss per share under the two -class method because the preferred stockholders do not have contractual obligations to share in the losses of the Company.

Basic earnings per share is calculated by dividing net income, adjusted for amounts allocated to participating securities under the two -class method, if applicable, by the weighted-average number of common stock outstanding during the period.

Diluted earnings per share is calculated by dividing net income by the weighted-average number of shares of the Company's common stock outstanding, assuming dilution, during the period. The diluted earnings per share calculation assumes (i) all stock options and warrants which are in the money are exercised at the beginning of the period and (ii) each issue or series of issues of potential common stock are considered in sequence from the most dilutive to the least dilutive. That is, dilutive potential common stock with the lowest "earnings add -back per incremental share" shall be included in dilutive earnings per share before those with higher earnings add back per incremental share.

The following table sets forth the computation of basic and diluted net income per share:

	Year ended December 31,		
	2015	2014	2013
Numerator:			
Net income	\$ 10,362,448	\$ 3,160,385	\$ 22,006
Amounts allocated to participating preferred stockholders under the two-class method	(1,218,970)	(357,248)	(2,507)
Net income applicable to common stockholders (basic and dilutive)	<u>\$ 9,143,478</u>	<u>\$ 2,803,137</u>	<u>\$ 19,499</u>
Denominator:			
Weighted-average common stock outstanding (basic)	52,545,934	53,494,952	52,943,203
Common equivalent shares from options and warrants to purchase common stock	725,314	1,138,229	1,522,082
Weighted-average common stock outstanding (diluted)(1)	<u>53,271,248</u>	<u>54,633,181</u>	<u>54,465,285</u>
Basic net income per share applicable to common stockholders	\$ 0.17	\$ 0.05	\$ 0.00
Diluted net income per share applicable to common stockholders(1)	<u>\$ 0.17</u>	<u>\$ 0.05</u>	<u>\$ 0.00</u>

- (1) In accordance with ASC 260 -10 -45 -48 for the years ended December 31, 2015, 2014 and 2013, the Company has excluded 1.0 million, 1.3 million and 1.6 million, respectively, contingently issued restricted shares from diluted weighted-average common stock outstanding as the contingencies (a) were not satisfied at the reporting date nor (b) would have been satisfied if the reporting date was at the end of the contingency period.

The following table sets forth the weighted-average securities outstanding that have been excluded from the diluted net income per share calculation because the effect would have been anti -dilutive:

	Year ended December 31,		
	2015	2014	2013
Stock options	4,897,096	5,107,474	2,458,471
Restricted stock awards	109,506	90,467	—
Warrants	—	68,304	85,629
Convertible preferred stock(1)	6,851,144	6,851,144	6,851,144
Total anti-dilutive securities	<u>11,857,746</u>	<u>12,117,389</u>	<u>9,395,244</u>

- (1) Diluted net income per share increases when convertible preferred stock is included in the required sequence in the diluted earnings per share computation. As such, convertible preferred stock is excluded from the computation of diluted earnings per share for the years ended December 31, 2015, 2014 and 2013.

Stock -based compensation expense and assumptions

Stock -based compensation expense is measured at the grant date based on fair value and recognized as an expense over the requisite service period, net of an estimated forfeiture rate.

The following summarizes stock -based compensation expense recognized by income statement classification:

	Year ended December 31,		
	2015	2014	2013
Processing and service costs	\$ 179,750	\$ 259,663	\$ 238,101
Selling, general and administrative expenses	1,594,482	849,640	989,268
Restructuring charges	36,924	154,357	—
Total stock-based compensation expense	<u>\$ 1,811,156</u>	<u>\$ 1,263,660</u>	<u>\$ 1,227,369</u>

The following summarizes stock -based compensation expense recognized by type:

	Year ended December 31,		
	2015	2014	2013
Stock options	\$ 1,053,510	\$ 850,727	\$ 983,810
Restricted stock awards	757,646	412,933	243,559
Total stock-based compensation expense	<u>\$ 1,811,156</u>	<u>\$ 1,263,660</u>	<u>\$ 1,227,369</u>

For the years ended December 31, 2015, 2014 and 2013, stock -based compensation expense included capitalized stock-based compensation of approximately \$0.1 million.

A summary of the unamortized stock -based compensation expense and associated weighted-average remaining amortization periods is presented below:

	As of December 31, 2015		As of December 31, 2014	
	Unamortized stock-based compensation expense	Weighted-average remaining amortization period (in years)	Unamortized stock-based compensation expense	Weighted-average remaining amortization period (in years)
Stock options	\$ 1,354,926	1.73	\$ 813,461	1.85
Restricted stock awards	785,419	1.64	424,795	1.49

Stock -based compensation expense assumptions and vesting requirements

Determining the appropriate fair value model and calculating the fair value of stock-based awards require the input of highly subjective assumptions, including the expected life, expected stock price volatility, and the number of expected stock-based awards that will be forfeited prior to the completion of the vesting requirements. The Company uses the Black-Scholes Option Pricing Model to determine the fair value of stock option awards, the fair-market value of the Company's common stock on the date the award is approved to measure fair value for service-based and performance-based restricted stock awards, and binomial lattice-based valuation pricing models to value its market condition awards.

Expected life

Due to the Company's limited public company history, the expected life for the Company's stock -based awards granted was determined based on the "simplified" method under the provisions of ASC 718 -10, *Compensation—Stock Compensation*.

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Expected stock price volatility

We estimate the expected volatility using a time-weighted average of the Company's historical volatility in combination with the historical volatility of similar entities whose common shares are publicly traded. For every 5% increase or decrease in expected stock price volatility, total stock-based compensation expense for stock option awards granted in 2015 would have changed by approximately \$25,000 .

Risk -free interest rate and dividend yield

The risk -free interest rates used for the Company's stock -based awards granted were the U.S. Treasury zero -coupon rates for bonds matching the expected life of a stock -based award on the date of grant.

The expected dividend yield is not applicable as the Company has not paid any dividends and intends to retain any future earnings for use in its business.

Vesting requirements

Options granted to employees generally vest 1/3rd of the amount of shares subject to each option on each 12 -month anniversary from the vesting commencement date over a three year period and expire ten years from the grant date.

Restricted stock awards are earned upon the achievement of certain performance targets and/or other vesting conditions.

On an annual basis, the Company's Board of Directors are granted either stock options or restricted stock awards. A director's annual grant vests and becomes exercisable as to 1/12th of the shares each month from the vesting commencement date for option awards, or 12-months from the grant date in the case of a restricted stock award. A director's initial grant vests and becomes exercisable as to 1/3rd of the shares on the 12 -month anniversary from the vesting commencement date and then 1/36th of the shares each month thereafter, such that the grant vests in full after three years. All directors' options expire ten years from the grant date.

The Company's 2000 Stock Incentive Plan allows for acceleration of the vesting of outstanding options granted upon the occurrence of certain events related to change of control, merger, and the sale of substantially all of our assets or liquidation of the company, at the discretion of the Company's Board of Directors. The Company's 2006 Equity Incentive Plan provides that if outstanding options are not assumed or replaced by a successor corporation, options shall immediately vest as to 100% of the shares at such time and on such conditions as the Company's Board of Directors shall determine. The Company's 2012 Equity Incentive Plan provides that if outstanding options are not assumed or replaced by successor corporations options shall immediately vest as to 100% of the shares (and any applicable right of repurchase shall fully lapse prior to relevant event).

Fair value inputs

The fair market value of each stock option award granted has been estimated on the grant date using the Black -Scholes Option Pricing Model with the following assumptions:

	Year ended December 31,					
	2015		2014		2013	
Expected life (in years)	5.41	- 6.00	5.88	- 6.02	5.51	- 5.98
Expected volatility (percentage)	35.11	- 39.57	38.48	- 41.98	40.74	- 42.41
Risk-free interest rate (percentage)	1.52	- 1.94	1.77	- 2.02	0.94	- 1.77
Expected dividend yield	—		—		—	

For all option grants the Company's Board of Directors set the exercise price of stock options based on a price per share not less than the fair value of our common stock on the date of grant.

Long -term incentive restricted stock agreements assumptions and vesting requirements

On July 26, 2011, the Company made a restricted stock grant of 915,000 shares of the Company's common stock to Philip Beck pursuant to a Long -Term Incentive Restricted Stock Agreement. The agreement provides that (1) upon a corporate transaction, certain unvested shares accelerate and become vested, and (2) upon Mr. Beck's involuntary termination, certain unvested shares shall remain outstanding and become vested only at such time as the performance goals applicable to such unvested shares are satisfied.

The 915,000 shares vest in four separate tranches, each with a different long -term performance goal. In February 2014, the Company entered into a separation agreement with Philip Beck and in accordance with the incentive agreement the Company exercised its repurchase option of 35%, or 320,250, of the restricted shares at the price of \$1.00 in the aggregate. On December 31, 2014, the first tranche of 198,250 of the remaining awards expired unvested as the performance condition was not achieved. The remaining 396,500 shares awards expire December 31, 2017 and are subject to vest based on the following: -

- Performance condition award consisting of 30,550 shares that vest based upon the achievement of adjusted EBITDA (as will be defined in the Company's earnings releases for the relevant periods) per fully diluted share greater than or equal to \$0.64 per share for any fiscal year concluding after the date of the restricted stock grant and on or prior to the expiration date. The fair value is \$19,552 .
- Performance condition award consisting of 304,850 shares that vest based upon the achievement of adjusted EBITDA (as will be defined in the Company's earnings releases for the relevant periods) per fully diluted share greater than or equal to \$0.71 per share for any fiscal year concluding after the date of the restricted stock grant and on or prior to the expiration date. The fair value is \$216,444.
- Market condition award consisting of 61,100 shares that vest based upon the fair market value of the Company's stock being greater than or equal to \$12.00 per share for 75 consecutive trading days in the United States for any period of time beginning after the date of the restricted stock grant and concluding on or prior to the expiration date. The fair value is \$3,640.

In accordance with ASC 718 -10, the Company valued the performance condition and market condition awards using the Black -Scholes and binomial lattice models, respectively. The fair values of the performance condition awards are based upon the closing price of shares of the Company's common stock that trade on AIM under the symbol "PPTR" on the date of grant. The total fair value of all three tranches of the performance condition awards is \$0.3 million (adjusted for the exercise of the repurchase, noted above), of which no amounts have been expensed as it was not deemed probable that the performance conditions would be satisfied based on the financial assessment as of December 31, 2015. The Company will reassess the probability of achieving each performance condition metric at each reporting period. The total fair value of the market condition award is \$3,640. Given the inconsequential nature of the amount, the Company recorded the entire expense at the time of grant. The expense related to the market condition award is not reversed even if the market conditions are not satisfied.

On November 15, 2013, the Company made a restricted stock grant of 200,000 shares of our common stock to Carl J. Williams, Chief Executive Officer and Chairman of the Board of Directors, pursuant to the Company's 2012 Equity Incentive Plan. Furthermore, on March 10, 2014, the Company also made a restricted stock grant of 150,000 shares of our common stock to Philip Beck, former Chairman of the Board. These shares would have vested if, prior to May 31, 2015, the closing price of the Company's common stock on NASDAQ is at least \$6.00 per share for 30 consecutive trading days, or if the Company completed a change of control transaction of at least \$6.00 per share, or the fair market value of the Company's common stock immediately following such change of control transaction is at least \$6.00 per share. These shares expired unvested on May 31, 2015 as the market conditions were not achieved. The total fair value of the market condition awards was \$2,647 and \$3,000, respectively. Given the inconsequential nature of the amount, we recorded the entire expense at the time of grant.

On June 27, 2014 and on August 15, 2014, the Company made a restricted stock grant of 325,000 and 250,000 shares of our common stock, respectively, to certain employees pursuant to the Company's 2012 Equity Incentive Plan.

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These shares would have become vested if, prior to December 31, 2015, the closing price of the Company's common stock on NASDAQ is at least \$6.00 per share for 30 consecutive trading days, or if the Company completed a change of control transaction of at least \$6.00 per share, or the fair market value of the Company's common stock immediately following such change of control transaction is at least \$6.00 per share. During the year ended December 31, 2014, 125,000 of these shares were forfeited due to a termination of an employee. The remaining 450,000 shares expired unvested on December 31, 2015 as the market conditions were not achieved. The total fair value of the market condition award was \$5,735 and \$1,023. Given the inconsequential nature of the amount, we recorded the entire expense at the time of grant.

During the second and third quarters of 2014, 205,830 restricted stock awards with a grant date fair value of \$0.5 million were granted to certain employees and members of the Board of Directors of the Company. The final number of vested shares is subject to service-based vesting conditions. These grants were valued using the fair-market value of the Company's common stock on the date the awards were approved. Expense is recorded on a straight-line basis from the date of the grant over the applicable service period of 36 months for employees and 12 months for the Board of Directors.

During the year ended December 31, 2015, 152,835 restricted stock awards with a grant fair value of \$0.3 million were granted to certain employees and members of the Board of Directors of the Company. These grants were valued using the fair-market value of the Company's common stock on the date the awards were approved. The final number of vested shares is subject to service-based vesting conditions. Expense is recorded on a straight-line basis from the date of the grant over the applicable service period of 36 months for employees and 12 months for the Board of Directors.

During the third quarter of 2015, the Company granted 300,000 restricted stock awards to certain officers of the Company. These 300,000 shares vest in four tranches.

- The first three tranches consist of 75,000 shares which expire May 1, 2018. Vesting is contingent on satisfying a combination of market and service based conditions. The market condition shall be satisfied any time after the grant and before the expiration date if the Company's stock price on NASDAQ is greater than or equal to \$4.00 per share for either seven consecutive trading days, or any ten trading days over a consecutive thirty-five day period. Once such stock price is achieved the market condition shall be forever satisfied, even in the event that it subsequently falls below \$4.00 per share, and in such event, the vesting of shares shall be subject only to the vesting schedule. All shares will be forfeited if the aforementioned market condition is not achieved by the expiration date. The first three tranches of the award were valued at \$0.1 million.
- The fourth tranche consists of 225,000 shares which expire December 31, 2017. Vesting is contingent on satisfying either a market or performance based condition. The market condition shall be satisfied at any time after the grant and before the expiration date if the Company's stock on NASDAQ is greater than or equal to \$3.50 per share for seven consecutive trading days, or any ten trading days over a consecutive thirty-five day period, or if the Company achieves Adjusted EBITDA of not less than \$18.0 million in respect of any fiscal year ending on or prior to December 31, 2017. Once the aforementioned stock price or Adjusted EBITDA performance conditions are achieved, all shares in this tranche will immediately vest. All such shares will be forfeited if the aforementioned stock price or performance conditions are not achieved by the expiration date. The market and performance condition were valued separately at \$0.3 million and \$0.6 million, respectively.

During the third quarter of 2015, the Company also granted 300,000 restricted stock awards to a certain officer of the Company. These 300,000 shares vest in three tranches. The first two tranches expire May 1, 2017; vesting terms are consistent with the terms of the first three tranches of the grant described above. The third tranche expires December 31, 2017; vesting terms are consistent with the terms of the fourth tranche of the grant described above. The first two tranches of the award were valued at \$0.1 million. The market and performance condition of the third tranche of the award were valued separately at \$0.3 million and \$0.6 million, respectively.

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In accordance with ASC 718-10, the Company valued the market condition and performance conditions on the 2015 restricted stock awards using binomial lattice-based and Black-Scholes valuation pricing models, respectively, using the following assumptions:

	Market Condition	Performance Condition
Expected life (in years)	0.85 - 2.74	1.91
Expected volatility (percentage)	29.97 - 31.36	29.97
Risk-free interest rate (percentage)	0.88 - 0.99	0.63
Expected dividend yield	—	—

For the market condition awards the expense will be recorded on a straight-line basis over the derived service period for each tranche. For the awards with both the market condition and performance condition, if the performance condition is achieved prior to the stock price target, the expense is trued up to the value of the performance condition. The expense related to the market condition portion of the award is not reversed even if the market conditions are not satisfied. As of December 31, 2015, no amounts have been expensed in relation to the performance condition of the award as it was not deemed probable that the performance conditions would be satisfied.

For further information on the Company's equity plans, please refer to Notes 14 and 15.

Fair value measurements

Fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Inputs used to measure fair value are prioritized into a three-level fair value hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair values are as follows:

- Level 1—Fair value measurements of the asset or liability using observable inputs such as quoted prices in active markets for identical assets and liabilities;
- Level 2—Fair value measurements of the asset or liability using inputs other than quoted prices that are observable for the applicable asset or liability, either directly or indirectly, such as quoted prices for similar (as opposed to identical) assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active; and
- Level 3—Fair value measurements of the asset or liability using unobservable inputs that reflect the Company's own assumptions regarding the applicable asset or liability.

The Company's cash and cash equivalents balances are residing in cash operating accounts and are not invested in money market funds or an equivalent. The Company's remaining asset and liability accounts are reflected in the consolidated financial statement at cost which approximates fair value because of the short-term nature of these items.

Other Comprehensive Income

Other Comprehensive income includes all changes in equity from non-owner sources. All the activity in other comprehensive income relates to foreign currency translation adjustments. The Company accounts for other comprehensive income in accordance with ASC 220, *Comprehensive Income*.

Recent accounting pronouncements

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"), which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The new guidance includes a cohesive set of disclosure requirements intended to provide users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a company's contracts with customers.

The original effective date of ASU 2014-09 of January 1, 2017 has been delayed until January 1, 2018. Early adoption is not permitted before the original effective date. The standard allows for either retrospective application to each reporting period presented or retrospective application with the cumulative effect of initially applying this update recognized at the date of initial application. The Company is currently evaluating the effect ASU 2014-09 will have on the Company's Consolidated Financial Statements and disclosures.

In April 2015, the Financial Accounting Standards Board issued Accounting Standards Update No. 2015-03, *Interest-Imputation of Interest - Simplifying the Presentation of Debt Issuance Costs (Topic 835)* ("ASU No. 2015-03"). The purpose of this update is to simplify presentation of debt issuance costs. The amendments in this update require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this update. The amendments in this update are effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption of the amendments in this update is permitted for financial statements that have not been previously issued. We do not expect a material impact on our financial condition, results of operations or cash flows from the adoption of this guidance.

In August 2015, the Financial Accounting Standards Board issued Accounting Standards Update No. 2015-15, *Interest-Imputation of Interest Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Agreements (Subtopic 835-30)* ("ASU No. 2015-15"). The amendment in this update was to address the absence of authoritative guidance within Update 2015-03 for debt issuance costs related to line-of-credit agreements. ASU No. 2015-15 permits the Company to defer and present debt issuance costs as an asset and amortize the deferred debt issuance cost ratably over the term of the Company's existing line of credit agreement with Citizens Bank, regardless of whether there are any outstanding borrowings thereon. We do not expect a material impact on our financial condition, results of operations or cash flows from the adoption of this guidance.

In November 2015, the Financial Accounting Standards Board issued Accounting Standards Update No. 2015-17, *Income Taxes (Topic 740)* ("ASU No. 2015-17). The amendments in this update require that deferred tax liabilities and assets be classified as noncurrent in the consolidated balance sheet. ASU No. 2015-17 will be effective for financial statements issued for interim and annual periods beginning after December 15, 2016. Early application is permitted for all entities as of the beginning of an interim or annual reporting period. The standard allows for either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. As of December 31, 2015, we have adopted the provisions of ASU No. 2015-17.

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update No. 2016-02, *Leases* ("ASU No. 2016-02"). The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application of the amendments in this Update is permitted for all entities. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Company is currently evaluating the effect ASU 2016-02 will have on the Company's Consolidated Financial Statements and disclosures.

3. Property and equipment

Property and equipment, net consist of the following:

	Estimated useful life (in years)	As of December 31,	
		2015	2014
Equipment	2 - 7	\$ 958,175	\$ 945,116
Computer hardware	3 - 5	3,266,233	2,963,629
Furniture and fixtures	5 - 7	192,565	194,399
Leasehold improvements	3 - 10	746,336	749,275
Total property and equipment, gross		5,163,309	4,852,419
Less: Accumulated depreciation and amortization		(3,351,690)	(2,712,672)
Property and equipment, net		\$ 1,811,619	\$ 2,139,747

Property and equipment depreciation and amortization expense is as follows:

	Year ended December 31,		
	2015	2014	2013
Depreciation and amortization expense	\$ 664,303	\$ 621,695	\$ 554,765

4. Goodwill and intangible assets

The changes in the carrying amount of goodwill are as follows:

Goodwill, gross, as of December 31, 2013	\$ 362,063
Impact of change in Euro exchange rate	(42,392)
Accumulated impairment losses as of December 31, 2014	—
Goodwill, net, as of December 31, 2014	319,671
Impact of change in Euro exchange rate	(32,819)
Accumulated impairment losses as of December 31, 2015	—
Goodwill, net, as of December 31, 2015	\$ 286,852

The entire goodwill balance is assigned to the payment processing services segment as this is the reporting unit expected to benefit from the synergies of the combination.

Intangible assets are recorded at estimated fair value and are amortized ratably over their estimated useful lives to processing and service costs, which are included in cost of revenue.

The gross book value, accumulated amortization and amortization periods of intangible assets were as follows:

	As of December 31, 2015			As of December 31, 2014			Amortization period (in years)
	Gross book value	Accumulated amortization	Net book value	Gross book value	Accumulated amortization	Net book value	
Trademarks and patents	\$ 1,184,612	\$ (472,914)	\$ 711,698	\$ 1,158,572	\$ (387,134)	\$ 771,438	15 - 21
Technology	2,388,852	(1,722,286)	666,566	2,662,164	(1,386,902)	1,275,262	5
Intangible assets, net	\$ 3,573,464	\$ (2,195,200)	\$ 1,378,264	\$ 3,820,736	\$ (1,774,036)	\$ 2,046,700	

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Amortization expense related to intangible assets is as follows:

	Year ended December 31,		
	2015	2014	2013
Amortization expense	\$ 573,116	\$ 707,657	\$ 735,265

Intangible amortization expense that will be charged to income for the subsequent five years and thereafter is estimated on the December 31, 2015 book value, as follows:

2016	\$ 563,353
2017	265,849
2018	76,848
2019	75,994
2020	73,366
Thereafter	322,854
Total	<u>\$ 1,378,264</u>

5. Long and short -term capital leases

Long and short -term capital leases consisted of the following:

	December 31,	
	2015	2014
Capital leases to various lessors secured by financed equipment with interest rates ranging from 4.67% to 13.45% . Principal and interest are payable monthly through September 2018	\$ 487,111	\$ 816,718
Total long and short-term portions of capital leases	487,111	816,718
Less: short-term portion capital leases	(290,911)	(458,812)
Long-term portion of capital leases	<u>\$ 196,200</u>	<u>\$ 357,906</u>

Interest expense related to capital leases is as follows:

	Year ended December 31,		
	2015	2014	2013
Capital leases	\$ 46,958	\$ 61,591	\$ 60,106

6. Restructuring Charges

In 2014, the Company initiated a realignment of its workforce aimed at achieving greater operational efficiencies. As a result of the realignment, the Company incurred total restructuring charges during the year ended December 31, 2015 of approximately \$0.3 million, of which \$0.2 million relates to cash expenditures.

The table below sets forth the cash components and activity associated with the realignment of the workforce and business for the year ended December 31, 2015:

	Balance as of			Balance as of
	January 1, 2015	Charges	Cash Payment	December 31, 2015
Severance and benefits	\$ 195,773	\$ 218,850	\$ 414,623	\$ —
Legal expenses and other	—	27,952	27,952	—
Total restructuring charges	\$ 195,773	\$ 246,802	\$ 442,575	\$ —

The table below sets forth the cash components and activity associated with the realignment of the workforce and business for the year ended December 31, 2014:

	Balance as of			Balance as of
	January 1, 2014	Charges	Cash Payment	December 31, 2014
Severance and benefits	\$ —	\$ 987,994	\$ 792,221	\$ 195,773
Legal expenses and other	—	54,373	54,373	—
Total restructuring charges	\$ —	\$ 1,042,367	\$ 846,594	\$ 195,773

7. Commitments and contingencies

Operating leases

The Company leases office space and various office equipment under cancelable and non-cancelable operating leases which expire on various dates through 2018. In general, leases relating to real estate include rent escalation clauses relating to increases in operating costs. Some leases also include renewal options of up to five years.

Operating lease expense is as follows:

	Year ended December 31,		
	2015	2014	2013
Operating lease expense	\$ 1,577,764	\$ 1,549,343	\$ 1,509,465

Future minimum rental payments under non-cancelable operating leases are as follows:

Years ending December 31,	
2016	\$ 1,519,039
2017	126,827
2018	4,477
2019	—
2020	—
Thereafter	—
Total minimum lease payments	\$ 1,650,343

Capital leases

The following is an analysis of the leased property under capital leases:

	December 31,	
	2015	2014
Computer hardware	\$ 2,145,668	\$ 1,989,836
Computer software	319,683	290,095
Total capital leases, gross	2,465,351	2,279,931
Less: Accumulated depreciation	(1,415,472)	(1,039,927)
Total capital leases, net	<u>\$ 1,049,879</u>	<u>\$ 1,240,004</u>

Future minimum rental payments under capital leases are as follows:

Years ending December 31,	
2016	\$ 311,472
2017	160,563
2018	43,210
2019	—
2020	—
Thereafter	—
Total minimum lease payments	<u>515,245</u>
Less: Amounts representing taxes, included in total minimum lease payments(*)	—
Net minimum lease payments	<u>515,245</u>
Less: Amounts representing interest payments	(28,134)
Present value of net minimum lease payments	<u>\$ 487,111</u>

(*) Tax amounts related to capital lease payments are inconsequential.

Employment agreements

Pursuant to employment agreements with certain employees, the Company had a commitment to pay severance of approximately \$0.9 million and \$0.8 million as of December 31, 2015 and 2014, respectively, in the event of an involuntary termination, as defined in the employment agreements. Additionally, in the event of termination upon a change of control, as defined in the agreements, the Company had a commitment to pay severance of approximately \$1.1 million and \$1.0 million as of December 31, 2015 and 2014, respectively.

Contingent liabilities

In instances where the Company is acting as the merchant acquirer, the Company bears a risk that a merchant may engage in fraud by submitting for payment certain credit card transactions that may have been manipulated, are fictitious, or are otherwise not bona fide. Similarly, the Company bears the risk that a merchant becomes insolvent, owing money to cardholders. To the extent that such fraud or insolvency occurs in circumstances where the Company is liable to make good any resultant losses, this could affect the Company's operating results and cash flows. The Company has required certain merchants to post cash reserves of approximately \$0.9 million with the sponsoring bank against such liabilities and has itself paid the acquirer a reserve of \$0.3 million in connection therewith, which is included in long-term "Restricted cash" on the consolidated balance sheets. In addition, the Company holds merchant reserves of approximately \$2.2 million. This reserve amount is included in "Restricted cash" with an offset in "Due to merchants". Under FASB ASC 460, *Guarantees*, the Company evaluates its ultimate risk and records an estimate of potential loss for chargeback's related to merchant fraud and processing errors based upon an assessment of actual historical fraud rates and errors in processing compared to recent bank card processing volume levels. No contingent liability has been recorded as of December 31, 2015 and 2014, as the risk of material loss is considered remote. The Company monitors these contingent liabilities on a quarterly basis and will provide for a reserve if deemed necessary.

Outstanding litigation

From time to time, the Company's operating entities are involved in legal proceedings in the ordinary course of business. While any litigation contains an element of uncertainty, the Company has no reason to believe that the outcome of such proceedings or claims will have a material adverse effect on the financial condition or results of operations of the Company.

Acquiring bank sponsorship agreements

In order to offer merchant acquiring services for Visa and MasterCard transactions, the Company must be sponsored by a financial institution that is a principal member of the Visa and MasterCard networks.

The Company entered into a five -year agreement with a sponsoring bank effective September 1, 2013. The Company was required to pay minimum annual sponsorship transaction fees of \$0.3 million in year one. The minimum fees escalate each subsequent year with minimum fees of \$0.5 million due in year five for total minimum fees of \$1.8 million to be paid over the term of the agreement. Sponsorship fees are recorded to payment processing service fees cost of sales with the total agreement minimum of \$1.8 million recognized on a straight-line basis over the term of the agreement

Pursuant to the agreement, the Company is liable for all losses incurred by the sponsoring bank with respect to the activities of its merchants sponsored under the agreement. No contingent liability has been recorded as December 31, 2015 as the risk of material loss is considered remote based on historical information. The Company monitors this contingent liability on a quarterly basis and will provide for a reserve if deemed necessary.

The Company has two acquiring bank sponsoring agreements expiring at various dates through 2018. The future minimum payments under those agreements are as follows:

<u>Years ending December 31,</u>	
2016	\$ 366,667
2017	416,667
2018	300,000
2019	—
2020	—
Thereafter	—
Total payments	<u>\$ 1,083,334</u>

Insurance reimbursement

Based on the loss recovery model the Company recorded an insurance reimbursement gain of \$0.5 million in selling, general and administrative expenses during the year ended December 31, 2015. The insurance reimbursement was related to a previous property and casualty loss recognized by the Company.

8. Credit Facility

On June 10, 2015, the Company entered into a \$10.0 million secured revolving credit facility (the “Credit Facility”) with Citizens Bank, N.A. (“Citizens”) pursuant to a Credit and Security Agreement by and among the Company, certain affiliates thereof as borrowers or guarantors, and Citizens (the “Credit Agreement”). The line of credit under the Credit Agreement is secured by substantially all of the Company’s personal property, including the Company’s intellectual property and that of its subsidiaries that are borrowers or guarantors. The interest rate applicable to committed borrowings is tied to LIBOR plus a margin of 2.5%. The Credit Agreement also provides for a letter of credit sub-facility of up to \$2.0 million. The Credit Agreement contains customary affirmative and negative covenants, including, among others, financial covenants based on the Company’s leverage and fixed charge coverage ratios, as well as an obligation to maintain a minimum availability requirement of at least \$5.0 million in the aggregate of cash and availability under the line of credit. The Credit Facility will provide funds for general corporate purposes and repurchases of issued and outstanding capital stock of the Company. The Credit Facility matures on June 10, 2020 and is payable in full upon maturity. As of December 31, 2015, the Company was in compliance with all financial covenants contained in the Credit Agreement and no amounts were outstanding.

On January 28, 2016, we entered into a Second Amendment to Credit and Security Agreement with Citizens and certain subsidiary affiliates of the Company as borrowers and/or guarantors (the “Amendment”). The Amendment amends the original Credit and Security Agreement by and among the parties dated as of June 10, 2015 and provides for an increase in the Company’s line of credit (the “Line of Credit”) with Citizens from \$10.0 million to \$20.0 million. Additionally, the Amendment extends the date by which the entire unpaid principal amount of the Line of Credit together with interest shall be due and payable in full to December 31, 2020. Other terms and conditions of the Amendment remained unchanged.

9. Convertible preferred stock

The preferred stock consists of 2,243,750 shares designated (and issued) as Series A Preferred Stock, and 1,756,250 shares which are undesignated (and unissued). Each issued share of Series A Preferred Stock is convertible into approximately 3.05 shares of common stock, for a total of 6,851,144 shares of common stock. Series A Preferred Stock may be converted into shares of common stock at any time at the election of the holder. In addition, all issued Series A Preferred Stock automatically convert into shares of common stock upon the consent of the holders of at least two-thirds of the voting power of the issued Series A Preferred Stock, or immediately prior to the closing of an initial public offering of common stock registered with the U.S. Securities and Exchange Commission in which the valuation of the Company is at least \$50.0 million and the net proceeds of the offering are at least \$25.0 million.

Upon the admission of the Company’s common stock to AIM in March 2006, substantially all of the rights, preferences and privileges of the Series A preferred stockholders, except for the liquidation preference, terminated. The only difference in rights between the Series A Preferred Stock and the common stock is the payment of a liquidation preference on the Series A Preferred Stock in the event of an acquisition, liquidation or winding up of the Company. “Acquisition” is defined for purposes of payment of the liquidation preference as a consolidation or merger (or similar transaction) of the Company with or into any other corporation or the sale of all of the capital stock of the Company, in each case where the shareholders immediately prior to such transaction fail to retain a majority voting power of the Company’s stock following such transaction, or a sale, lease, exclusive license or other disposition of all or substantially all of the Company’s assets. Upon such a liquidation event, each share of Series A Preferred Stock entitles its holder to receive an amount equal to the original purchase price for the Series A Preferred Stock prior to payment on the common stock. The aggregate liquidation preference for the Series A Preferred Stock is approximately \$9.0 million. In the event of an acquisition of the Company, the holders of Series A Preferred Stock would be entitled to receive the first approximately \$9.0 million of the purchase price. After payment of this liquidation preference, the remaining proceeds would be distributed pro rata among the holders of common stock. The Series A Preferred Stock otherwise has identical rights to common stock on an as converted basis, including with respect to voting and dividends.

10. Common stock

The common stockholders are entitled to a distribution of all remaining assets (which may be more or less than the original investment), on a proportionate basis, in the event of the dissolution or winding up of the Company, after payment of all liabilities of the Company and the liquidation preference of all series of preferred stock then outstanding. The common stock has no conversion or redemption rights. The common stock is entitled to one vote per share at all general meetings of the Company. The common stockholders are entitled to share in all dividends and distributions, which may be declared by the Company, on a proportionate basis with all other classes and series of stock outstanding.

During the year ended December 31, 2015, the Company issued 510,390 shares of common stock as follows:

Restricted stock grants	752,835
Restricted stock cancellations	(1,025,559)
Employee option exercises	783,114
Total common stock issued	<u>510,390</u>

During the year ended December 31, 2014, the Company issued 643,511 shares of common stock as follows:

Restricted stock grants	789,394
Restricted stock cancellations	(789,637)
Employee option exercises	564,077
Warrant exercises	79,677
Total common stock issued	<u>643,511</u>

11. Related party transactions

The Company incurred the following amounts to companies that are principally owned by executives, directors or stockholders of the Company:

	Year ended December 31,		
	2015	2014	2013
Rent	\$ 90,887	\$ 503,995	\$ 422,882
Consulting and professional fees	1,929	9,103	56,986

Rent was paid to BDP Realty Associates LLC, a company in which our former Chief Executive Officer and Chairman of the Board of Directors, Philip Beck, has a one-third (1/3 rd) interest. Furthermore, consulting and professional fees were paid to a professional services company where a family member of Philip Beck has a substantial interest. Mr. Beck does not have any direct financial interest in such company .

In February 2015, Philip Beck ceased to serve as the Company's Chairman of the Board and as a director. The Company's related party expense for 2015 is for the two months Philip Beck was Chairman of the Board of Directors .

12. Accrued expenses

The following are the components of accrued expenses:

	As of December 31,	
	2015	2014
Bonus	\$ 710,739	\$ 116,476
Professional fees	—	175,465
Gift card liabilities	—	28,167
Deferred revenue(*)	688,418	800,650
Deferred incentive(**)	950,000	—
Other(***)	4,089,443	1,797,887
Total accrued expenses	\$ 6,438,600	\$ 2,918,645

(*) Short-term deferred revenue will be recognized as revenue ratably over the next 12 months. As of December 31, 2015, included in the balance sheet classification “Other long-term liabilities” is the non-current portion of deferred revenue in the amount of approximately \$0.6 million. The long-term portion of deferred revenue as of December 31, 2014 was approximately \$1.0 million.

(**) As of December 31, 2015, the Company recorded approximately \$1.0 million in short-term incentives in relation to future obligations under a contract. Additionally, as of December 31, 2015, included in the balance sheet classification “Other long-term liabilities” is the non-current portion of these incentives of approximately \$0.7 million.

(***) As of December 31, 2015, included in “other” were third party referral commissions of approximately \$1.6 million. No other amount exceeded 10% of total current liabilities.

13. Income taxes

The components of the Company’s income before (benefit) provision for income taxes by jurisdiction are as follows:

	Year ended December 31,		
	2015	2014	2013
United States	\$ 4,431,779	\$ 2,563,036	\$ 537,097
Outside United States	1,960,309	1,397,812	(474,222)
Income before (benefit) provision for income taxes, net	\$ 6,392,088	\$ 3,960,848	\$ 62,875

The components of the (benefit) provision for income taxes are as follows:

	Year ended December 31,		
	2015	2014	2013
Current tax:			
United States—Federal	\$ —	\$ —	\$ —
United States—State and local	24,456	9,456	5,754
Outside United States	1,484,002	756,752	619,043
Total current tax	1,508,458	766,208	624,797
Deferred tax:			
United States—Federal	(5,840,470)	—	—
United States—State and local	(352,782)	—	—
Outside United States	714,434	34,255	(583,928)
Total deferred tax	(5,478,818)	34,255	(583,928)
(Benefit) provision for income taxes, net	\$ (3,970,360)	\$ 800,463	\$ 40,869

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For 2015, the benefit for income taxes of \$4.0 million related to current tax from foreign operations of \$1.5 million, primarily the result of revenue withholding taxes paid in foreign tax jurisdictions. The 2015 current tax expense from foreign operations includes \$0.7 million related to a foreign tax receivable that was expensed as collectability was no longer deemed probable. The current tax expense was fully offset by a partial reversal of the valuation allowance of the deferred tax asset that pertains to our net operating loss carryforwards in the United States and changes in certain deferred tax items in and current tax obligations in foreign entities. Based on all available evidence, the Company recorded a tax benefit of \$6.2 million for tax attribute carryforwards in the jurisdictions in which there is sufficient positive evidence that the deferred tax asset will be realized. In addition, the deferred tax expense from outside the United States includes an expense of \$0.5 million related to the reversal of a previously deferred tax asset as the Company determined that the deferred tax asset will not be utilized and the impact on current and prior years accounts are immaterial.

The Company has not provided for U.S. income taxes or foreign withholding taxes on the undistributed earnings from operations of its subsidiaries operating outside of the United States. Such undistributed earnings are considered permanently reinvested. The Company does not provide deferred taxes on translation adjustments on unremitted earnings under the indefinite reversal exception. Determination of the amount of unrecognized deferred tax liability related to these earnings is not practicable due the complexities of a hypothetical calculation.

For 2014, the provision for income taxes of \$0.8 million related primarily to foreign entities. The Company has tax carryforwards in its federal, state and foreign jurisdictions. Based on all available evidence, it is not more likely than not that the Company would realize the benefit from \$29.9 million of the deferred tax assets. Therefore, a valuation allowance of \$28.5 million is recorded, which takes into account a deferred tax liability of \$0.7 million. The Company has recorded a tax benefit for tax attribute carryforwards in the jurisdictions in which there is sufficient positive evidence that the deferred tax asset will be realized, resulting in a net deferred tax asset of \$0.7 million.

For 2013, the provision for income taxes of \$40,869 related primarily to foreign entities. The Company has tax carryforwards in its federal, state and foreign jurisdictions. Based on all available evidence, it is not more likely than not that the Company would realize the benefit from \$31.2 million of the deferred tax assets. Therefore, a valuation allowance of \$29.4 million is recorded, which takes into account a deferred tax liability of \$1.0 million. The Company has recorded a tax benefit for tax attribute carryforwards in the jurisdictions in which there is sufficient positive evidence that the deferred tax asset will be realized, resulting in a net deferred tax asset of \$0.8 million.

The table below shows reconciliation from the U.S. Federal statutory income rate of 34.0% to the effective income tax rate:

	Year ended December 31,		
	2015	2014	2013
Federal statutory rate	34.00 %	34.00 %	34.00 %
State tax	0.38	0.24	9.20
Permanent differences	0.42	2.49	54.30
Foreign tax rates at rates different from U.S. rates	(11.90)	(22.06)	(82.70)
Valuation allowance	(85.02)	6.05	50.20
Total tax (benefit) provision	<u>(62.12)%</u>	<u>20.72 %</u>	<u>65.00 %</u>

With few exceptions, the statute of limitations for the years 2011 and prior has expired. Earlier years related to certain foreign jurisdictions remain subject to examination. However, to the extent allowed by law, the tax authorities may have the right to examine prior periods where net operating losses were generated and carried forward, and may make adjustments up to the amount of the net operating loss carryforward. As of December 31, 2015 and 2014, the Company has no significant uncertain tax positions and, therefore, has not recorded any significant liabilities, interest or penalties for uncertain tax positions. To the extent that the Company records any interest or penalties, these amounts will be recorded as part of the income tax provision. If the Company's positions are sustained by the taxing authorities, there will be no impact to the Company's income tax provision. The federal income tax return for the year 2013 is under examination by the Internal Revenue Service. The Company does not believe that there will be any additional tax due.

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The components of deferred tax assets and liabilities are as follows:

	As of December 31,	
	2015	2014
Deferred tax assets:		
Net operating loss carryforwards	\$ 22,842,817	\$ 25,425,715
Stock options	3,458,886	3,482,800
Bonuses and salaries	26,988	26,993
Restricted stock	247,620	91,580
Provision for doubtful accounts	10,987	14,568
Foreign nonrefundable withholding tax	—	478,295
Foreign tax credit	589,188	335,698
Total deferred tax assets	27,176,486	29,855,649
Less: Valuation allowance	(20,561,516)	(28,475,080)
Net deferred tax assets	6,614,970	1,380,569
Deferred tax liabilities:		
Depreciation and amortization	(408,657)	(653,074)
Total deferred tax liabilities	(408,657)	(653,074)
Total deferred tax assets, net(*)	\$ 6,206,313	\$ 727,495

(*) As of December 31, 2015 and 2014, deferred tax assets, net, are included in the balance sheet classification “Deferred tax asset and other long-term assets.”

As of December 31, 2015, the Company has available federal net operating loss carryforwards of \$61.2 million, the most significant of which expire from 2020 through 2033.

We recognize deferred tax assets and liabilities for future tax consequences arising from differences between the carrying amounts of existing assets and liabilities under GAAP and their respective tax basis, and for net operating loss carryforwards and tax credit carryforwards. We evaluate the recoverability of our deferred tax assets, weighing all positive and negative evidence, and are required to establish or maintain a valuation allowance for these assets if we determine that it is more likely than not that some or all of the deferred tax assets will not be realized. The weight given to the evidence is commensurate with the extent to which the evidence can be objectively verified. If negative evidence exists, positive evidence is necessary to support a conclusion that a valuation allowance is not needed.

Our framework for assessing the recoverability of deferred tax assets requires us to weigh all available evidence, including:

- the sustainability of recent profitability required to realize the deferred tax assets;
- the historical cumulative net losses in our consolidated statements of operations in recent years; and
- the carryforward periods for the net operating losses and tax credits.

As of December 31, 2014, we had a valuation allowance of \$28.5 million against our deferred tax assets of \$29.9 million. After weighing all of the evidence, we determined that the positive evidence in favor of releasing a portion the valuation allowance outweighed the negative evidence against releasing the allowance as of December 31, 2015. Therefore, we concluded that it was more likely than not that a portion our deferred tax assets, relating to net operating loss carryforwards in the United States, would be realized. As a result, we released \$6.2 million of the valuation allowance on our deferred tax assets as of December 31, 2015.

The positive evidence that weighed in favor of partially releasing the valuation allowance as of December 31, 2015 and ultimately outweighed the negative evidence against releasing the allowance was the following:

- our U.S. profitability for the year end December 31, 2015 and our expectations regarding the sustainability of these profits;

- our three-year U.S. cumulative income position as of December 31, 2015;
- the recent term extensions of certain material customers;
- our taxable income for 2015 and our expectations regarding the likelihood of future taxable income; and
- that our net operating loss carryforwards expire from 2020 through 2033.

As the Company has recently transitioned from incurring losses since inception to a cumulative income position over the three years ended December 31, 2015 the Company concluded on reversing a portion of the valuation allowance and will continue to evaluate the recoverability of the remaining \$16.6 million in net operating loss deferred tax assets over the next several quarters.

14. Stock incentive plan

2000 Stock Incentive Plan

Options granted under the 2000 Stock Incentive Plan were all non-qualified stock options. As of December 31, 2014 options to purchase 50,000 shares were outstanding. The 50,000 shares remaining under the 2000 Stock Incentive Plan expired in January 2015. No shares were available for future grant under the 2000 Stock Incentive Plan.

2006 Equity Incentive Plan

As of December 31, 2015 and December 31, 2014, 7,621,127 and 8,245,761 shares were reserved for issuance under the 2006 Plan, respectively. As of December 31, 2015, 594,750 restricted shares have been issued (see Note 2 (Summary of significant accounting policies—long-term incentive restricted stock agreement assumptions and vesting requirements)) and no options have been issued below fair value. As of December 31, 2015 and December 31, 2014, zero shares of common stock were available for future issuance under the 2006 Plan.

2012 Equity Incentive Plan

The Company's 2012 Equity Incentive Plan, which authorizes the issuance of an aggregate of 5,000,000 shares plus (i) any shares available for issuance under the Company's 2006 Equity Incentive Plan, which was terminated upon the effective date of the 2012 Plan, and (ii) any shares subject to outstanding options under the Company's 2000 Stock Incentive Plan and the Company's 2006 Equity Incentive Plan which are forfeited, cancel or which expire. As of December 31, 2015, 8,874,274 shares were reserved for future issuance and 5,121,052 were available for grants under the Company's 2012 Equity Incentive Plan.

A summary of stock option activity for the year ended December 31, 2015 is as follows:

	Number of options	Weighted- average exercise price	Weighted- average remaining contractual life (in years)	Aggregate intrinsic value
Outstanding as of December 31, 2014	7,066,876	\$ 2.44	5.22	\$ 885,057
Options granted	1,869,446	2.50		
Options exercised	(946,475)	2.24		
Options cancelled	(505,347)	2.70		
Options expired	(50,000)	4.00		
Options forfeited	(95,204)	2.97		
Outstanding as of December 31, 2015	7,339,296	2.45	5.80	4,587,530
Options exercisable as of December 31, 2015	5,315,067	2.39	4.18	3,613,601
Vested and expected to vest as of December 31, 2015	7,289,098	2.44	5.50	4,566,241

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The following table provides additional information pertaining to the Company's stock options:

	Year ended December 31,		
	2015	2014	2013
Weighted-average grant date fair value for options granted during the period	\$ 0.92	\$ 1.36	\$ 1.14
Total fair value of options vested during the period	784,965	775,899	949,588
Total intrinsic value of options exercised during the period	1,090,711	803,141	212,580

The exercise prices range from \$1.20 to \$3.64 for stock options outstanding and exercisable as of December 31, 2015.

The aggregate intrinsic value of stock options outstanding, vested and unvested expected to vest, and exercisable, represent the total pre-tax intrinsic value, based on the closing prices of \$3.05 and \$2.08 of PLPM as reported on NASDAQ on December 31, 2015 and 2014, respectively.

The following table summarizes the status of the non-vested shares of restricted stock grants as of December 31, 2015:

	Number of	Weighted-Average
	Awards	Grant Date Fair Value
Non-vested awards as of January 1, 2015	1,641,585	\$ 1.13
Awards granted	752,835	1.54
Awards vested	(158,467)	2.68
Awards repurchased	—	—
Awards cancelled and forfeited	(1,011,216)	0.74
Non-vested awards as of December 31, 2015	<u>1,224,737</u>	\$ 1.71

2012 Employee Stock Purchase Plan

The Company's 2012 Employee Stock Purchase Plan authorizes the issuance of an aggregate of 800,000 shares of common stock. The number of shares of common stock reserved for issuance under the Company's 2012 Employee Stock Purchase Plan will increase automatically on the first day of January of each of 2015 through 2019 by an amount equal to 1% of the number of shares of common stock outstanding on the preceding December 31, unless the Company's Board of Directors elects to authorize a lesser number of shares in any given year. In January 2015 and 2016, the Board of Directors elected not to increase the shares reserved for issuance. As of December 31, 2015 no shares are issued or outstanding under the 2012 Employee Stock Purchase Plan.

Under the Company's 2012 Employee Stock Purchase Plan, eligible employees will be able to acquire shares of our common stock by accumulating funds through payroll deductions. The purchase price for shares of our common stock purchased under the Company's 2012 Employee Stock Purchase Plan will be 85% of the lesser of the fair market value of our common stock on (1) the first trading day of the applicable offering period and (2) the last trading day of each purchase period in the applicable offering period. The Company's 2012 Employee Stock Purchase Plan will terminate on the tenth anniversary of the first purchase date, unless it is terminated earlier by the Company's Board of Directors or as a result of the issuance of all of the shares of our common stock reserved for issuance under the Company's 2012 Employee Stock Purchase Plan.

15. Warrants

Warrants granted are generally issued for services performed by third parties or investors. As of December 31, 2015, there was no outstanding warrant activity.

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The following table provides additional information pertaining to the Company's warrant activity:

	Year ended December 31,		
	2015	2014	2013
Weighted-average grant date fair value for warrants granted during the period	\$ —	\$ —	\$ —
Total fair value of warrants vested during the period	—	—	—
Total intrinsic value of warrants exercised during the period	—	142,625	594,002

In 2014, various parties exercised their warrants in accordance with its terms and as a result 79,677 new shares of common stock were issued. The warrants were net exercised under which 32,623 shares subject to the warrant were cancelled as payment for the shares being issued.

The aggregate intrinsic value of warrants outstanding, vested and unvested expected to vest, and exercisable, represent the total pre-tax intrinsic value, based on the closing prices of \$2.78 of PLPM as reported on NASDAQ on December 31, 2013.

16. Retirement plan

All U.S. employees are eligible to participate in a 401(k) plan which covers U.S. employees meeting certain age requirements in accordance with section 401(k) of the Internal Revenue Code. Under the provisions of the 401(k) plan, the Company has the ability to make matching contributions equal to a percentage of the employee's voluntary contribution, as well as a non-elective contribution. From the inception of the 401(k) plan the Company has not made a contribution of any type.

17. Segment information

General information

The segment and geographic information provided in the table below is being reported consistent with the Company's method of internal reporting. Operating segments are defined as components of an enterprise for which separate financial information is available and which is evaluated regularly by the chief operating decision maker ("CODM") in deciding how to allocate resources and in assessing performance. The CODM reviews net revenue and gross profit by service by geographical region. The Company operates in two reportable segments; multi-currency processing services and payment processing services.

Information about revenue, profit and assets

The CODM evaluates performance and allocates resources based on net revenue and gross profit of each segment. For purposes of analyzing segments, gross profit of the multi-currency processing services segment is equal to net revenue less multi-currency cost of sales of \$3.7 million, \$2.0 million and \$1.7 million, which is included in "processing and services costs" for the years ended December 31, 2015, 2014 and 2013, respectively. The gross profit for the payment processing services segment includes net revenue of the segment less the cost of revenue component "payment processing services fees," which includes interchange and card network fees and assessments. Net revenue and gross profit by geographical region is based upon where the transaction originated. Lastly, the Company does not evaluate performance or allocate resources using segment asset data. Long-lived assets are primarily located in the Americas and Europe and as of December 31, 2015 and December 31, 2014, long-lived asset amounts are \$7.4 million and \$9.1 million, respectively.

The Company conducts its business primarily in three geographical regions: Asia Pacific ("APAC"), the Americas, and Europe, Middle East and Africa ("EMEA"). The following table provides revenue concentration by geographic region.

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Analysis of revenue by segment and geographical region and reconciliations to consolidated revenue, gross profit, and income before the benefit (provision) for income taxes are as follows:

	Year ended December 31,		
	2015	2014	2013
Net Revenue:			
APAC	\$ 16,265,076	\$ 16,621,147	\$ 15,666,192
The Americas	7,162,346	6,893,337	6,165,431
EMEA	10,036,017	7,439,601	7,981,826
Total multi-currency processing services revenue	33,463,439	30,954,085	29,813,449
Payment processing services revenue	19,351,649	16,414,654	16,752,616
Net revenue	<u>\$ 52,815,088</u>	<u>\$ 47,368,739</u>	<u>\$ 46,566,065</u>
Gross Profit:			
APAC	\$ 16,136,562	\$ 16,513,492	\$ 15,572,813
The Americas	6,725,223	6,733,037	6,045,441
EMEA	6,879,321	5,662,081	6,515,668
Total multi-currency processing services gross profit	29,741,106	28,908,610	28,133,922
Payment processing services gross profit	8,447,989	6,010,975	5,516,354
Total reportable segment gross profit	38,189,095	34,919,585	33,650,276
Corporate allocated cost of sales	11,138,471	11,437,807	11,368,767
Total gross profit	<u>\$ 27,050,624</u>	<u>\$ 23,481,778</u>	<u>\$ 22,281,509</u>
Income from operations before benefit (provision) for income taxes:			
Total gross profit	\$ 27,050,624	\$ 23,481,778	\$ 22,281,509
Selling, general and administrative expenses	20,408,308	18,370,691	22,241,656
Restructuring charges	283,726	1,227,204	—
Income from operations	6,358,590	3,883,883	39,853
Interest expense	(57,575)	(65,122)	(66,905)
Interest income	1,579	2,212	1,038
Other income	89,494	139,875	88,889
Total other income, net	33,498	76,965	23,022
Income from operations before benefit (provision) for income taxes	<u>\$ 6,392,088</u>	<u>\$ 3,960,848</u>	<u>\$ 62,875</u>

Payment processing services revenue and gross profit are the result of transactions that primarily originated in the Americas. For the year ended December 31, 2015, Customer B and Customer G had revenue concentration of 14% and 24% , respectively. No individual merchant of the payment processing segment was greater than 10% of segment revenue. “Corporate allocated cost of sales” includes expenses of running its platform infrastructure including: internet connectivity, hosting and data storage expenses, amortization expenses of capitalized software development costs, compensation and related benefits of its technology personnel and a portion of general overhead expenses.

Concentration of revenue by customer by geographical region:

	Year ended December 31,		
	2015	2014	2013
Multi-currency processing services revenue:			
APAC:			
Customer A	58 %	61 %	63 %
The Americas:			
Customer D	12	17	25
Customer E	18	23	32
Customer F	*	*	11
Customer I	12	20	**
EMEA:			
Customer C	42	60	71
Customer H	58	40	28

* Revenue less than 10%.

** New customer in 2014.

18. Stock repurchase program

In October 2014, we announced that our Board of Directors authorized the repurchase of up to \$6.0 million of our outstanding shares of common stock. The shares may be purchased from time to time during a period ending on December 31, 2015. The timing, price and quantity of purchases are at our discretion and the program may be discontinued or suspended at any time. As of December 31, 2014, the total amount of common stock repurchased under the program was 0.5 million shares for an aggregate price of \$0.8 million.

On August 4, 2015 and December 21, 2015, our Board of Directors expanded our share repurchase authorization by an incremental \$5.2 million and \$2.3 million, respectively. Under the new authorizations, we may repurchase shares in the open market or as otherwise may be determined by us, subject to market conditions, business opportunities and other factors, at prices not to exceed \$3.20 per share. We have no obligation to repurchase shares under this program. This authorization has no expiration date and may be suspended or terminated at any time. For the year ended December 31, 2015, we repurchased 3.1 million shares for an aggregate price of \$7.1 million. These repurchases bring our total common stock repurchased under the program through December 31, 2015 to 3.6 million shares for an aggregate price of \$7.9 million. As of December 31, 2015, \$5.6 million remains available for repurchase under the program.

From January 1, 2016 to February 29, 2016, we repurchased approximately 0.9 million shares of common stock for an aggregate price of \$2.6 million. The total amount of common stock repurchased under the program through February 29, 2016 was 4.5 million shares for an aggregate price of \$10.5 million. As of February 29, 2016, \$3.0 million remains available for repurchase under the program.

19. Subsequent events

On February 2, 2016, the Company entered into an employment agreement with Carl J. Williams, its Chief Executive Officer and Chairman of the Board of Directors (the "Agreement"). The initial term of the Agreement expires on May 1, 2017, and the Agreement is subject to evergreen one-year renewals.

The Agreement provides for the extension of certain applicable vesting and expiration periods in respect of stock options and restricted stock upon the occurrence of certain events, including death, disability, involuntary termination, and a change of control. Further, the Agreement provides for (i) payment of twelve months of base salary as severance and up to twelve months of health benefits continuation in the event of certain "involuntary" terminations of employment occurring prior to a change of control, i.e., termination by the Company without 'cause' or by Mr. Williams for 'good reason'; and (ii) payment of six months of base salary in the event of a change of control of the Company, in each case, subject to an execution of a release of claims in favor of the Company.

Planet Payment, Inc.**Schedule II—Valuation and qualifying accounts**

Description	Balance at beginning of period	Additions charged to expenses	Deductions	Other adjustments	Balance at end of period
As of December 31, 2015:					
Allowance for doubtful accounts	\$ 108,765	\$ 8,388	\$ (24,799)	\$ —	\$ 92,354
Deferred tax valuation allowance(1)	28,475,080	653,947	(8,567,511)	—	20,561,516
As of December 31, 2014:					
Allowance for doubtful accounts	\$ 169,674	\$ 46,652	\$ (107,561)	\$ —	\$ 108,765
Deferred tax valuation allowance(2)	29,416,464	843,479	(1,784,863)	—	28,475,080
As of December 31, 2013:					
Allowance for doubtful accounts(3)	\$ 1,484,087	\$ 326,457	\$ (1,640,870)	\$ —	\$ 169,674
Deferred tax valuation allowance(4)	29,238,264	903,463	(725,263)	—	29,416,464

- (1) For the year ended December 31, 2015, the deferred tax valuation allowance was decreased by \$ 7.9 million primarily due to the Company utilizing net operating losses and anticipated net operating loss to be used.
- (2) For the year ended December 31, 2014, the deferred tax valuation allowance was decreased by \$ 0.9 million primarily due to the Company utilizing net operating losses.
- (3) For the year ended December 31, 2013, the decrease to the allowance for doubtful accounts is primarily due to the write-off of a previously reserved trade receivable in the amount of \$1.3 million.
- (4) For the year ended December 31, 2013, the deferred tax valuation allowance was increased by \$0.9 million consisting primarily of an increase of \$0.4 million due to the Company's net operating losses and an increase of \$0.2 million due to stock options and restricted stock. These increases were offset by decreases in bonus of \$0.2 million and bad debt of \$0.5 million.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

N/A.

ITEM 9 A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. In designing and evaluating our disclosure controls and procedures, we and our management recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management necessarily was required to apply its judgment in evaluating and implementing possible controls and procedures. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this Annual Report on Form 10-K, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended December 31, 2015, which were identified in connection with management's evaluation required by paragraph (d) of Rules 13a-15(f) and 15d-15(f) under the Exchange Act, that might have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions and that the degree of compliance with policies or procedures may deteriorate. Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2015. In making this assessment, management used the criteria set forth in the Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on its assessment of internal control over financial reporting, our CEO and CFO have concluded that, as of December 31, 2015, our internal control over financial reporting was effective. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only assurance at a reasonable level with respect to the financial statement preparation and presentation.

This annual report does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting due to a transition period established by the rules of the Jumpstart Our Business Startups Act for newly public companies.

ITEM 9 B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item is incorporated by reference from our definitive proxy statement for our 2016 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the year ended December 31, 2015.

We have adopted a code of ethics that applies to all of our directors, officers and employees. We have made the code of ethics available, free of charge, on our website at www.planetpayment.com.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference from our definitive proxy statement for our 2016 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the year ended December 31, 2015.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item is incorporated by reference from our definitive proxy statement for our 2016 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the year ended December 31, 2015.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item is incorporated by reference from our definitive proxy statement for our 2016 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the year ended December 31, 2015.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item is incorporated by reference from our definitive proxy statement for our 2016 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the year ended December 31, 2015.

PART I V

ITEM 1 5. EXHIBITS AND FINANCIAL STATEMENT SCHEDULE E

(a) The following documents are filed as a part of this Annual Report on Form 10 -K:

1. *Financial Statements:*

	<u>Page</u>
Consolidated Balance Sheets	74
Consolidated Statements of Operations	75
Consolidated Statements of Comprehensive Income	76
Consolidated Statements of Cash Flows	77
Consolidated Statements of Changes in Convertible Preferred Stock and Stockholders' Equity	78
Notes to Consolidated Financial Statements	79

2. *Financial Statement Schedule:*

	<u>Page</u>
Schedule II—Valuation and Qualifying Accounts	106

All other schedules are omitted as the required information is inapplicable or the information is presented in the Consolidated Financial Statements or Notes to Consolidated Financial Statements under Item 8 .

3. *Exhibits:*

See Exhibit Index following the signature page of this report.

Exhibit Index

Exhibit Number	Description of exhibit	Incorporated by reference				Filed herewith
		Form	File no.	Exhibit	Filing date	
3.1	Restated Certificate of Incorporation of Planet Payment, Inc.	10 -K	00135699	3.1	3/7/2014	
3.2	Restated Bylaws of Planet Payment, Inc.	10 -K	00135699	3.2	3/7/2014	
4.1	Form of common stock certificate of Planet Payment, Inc.	10	00135699	4.1	10/25/2012	
4.2	Registration Rights Agreement, dated November 10, 2004, as amended, by and among Planet Payment, Inc. and certain security holders of Planet Payment, Inc.	S -1	333175705	4.2	7/21/2011	
4.3	Form of Warrant Agreement to purchase shares of common stock of Planet Payment, Inc.	S -1	333175705	4.3	7/21/2011	
10.1*	Form of Indemnification Agreement.	S -1	333175705	10.1	7/21/2011	
10.2*	2000 Stock Incentive Plan and forms of stock option agreement and stock option exercise agreement.	S -1	333175705	10.2	7/21/2011	
10.3*	2006 Equity Incentive Plan and forms of stock option agreement and stock option exercise agreement.	S -1	333175705	10.3	7/21/2011	
10.4*	2012 Equity Incentive Plan, and forms of notice of stock option award and stock option award agreement, notice of restricted stock award and restricted stock agreement, notice of stock appreciation right award and stock appreciation right award agreement, and notice of restricted stock unit award and restricted stock unit award agreement.	10	00135699	10.4	10/10/2012	
10.5*	2012 Employee Stock Purchase Plan, and form of subscription agreement.	10	00135699	10.5	10/10/2012	
10.6*	Offer letter, dated November 8, 2009, by and between Planet Payment, Inc. and Robert J. Cox III.	S -1	333175705	10.6	7/21/2011	
10.7*	Offer letter, dated October 30, 2006, by and between Planet Payment, Inc. and Kieth W. Flaherty.	S -1	333175705	10.7	7/21/2011	
10.8*	Offer letter, dated October 21, 2003, by and between Planet Payment, Inc. and Alan M. Lubitz.	S -1	333175705	10.8	7/21/2011	
10.9*	Executive Retention Agreement, dated February 9, 2010, by and between Planet Payment, Inc. and Philip D. Beck.	S -1	333175705	10.9	7/21/2011	
10.10*	Executive Retention Agreement, dated February 9, 2010, by and between Planet Payment, Inc. and Graham N. Arad.	S -1	333175705	10.10	7/21/2011	
10.11*	Executive Retention Agreement, dated November 9, 2009, by and between Planet Payment, Inc. and Robert J. Cox III.	S -1	333175705	10.11	7/21/2011	
10.12	Agreement of Lease, dated August 15, 2005, by and between Planet Payment, Inc. and BDP Realty Associates, LLC.	S -1	333- 175705	10.12	7/21/2011	

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10.13†	Service Agreement, dated March 10, 2008, as amended, by and between Planet Payment (Hong Kong) Ltd and Global Payments Asia -Pacific Processing Company Limited.	S -1	333175705	10.13	12/13/2011
10.14†	Service Agreement, dated October 20, 2009, by and between Planet Payment (Hong Kong) Ltd and Global Payments Asia -Pacific Processing Company Limited.	S -1	333175705	10.15	12/13/2011
10.15†	Multi -Currency Processing Agreement, dated January 10, 2010, by and among Planet Payment, Inc., Planet Payment (Hong Kong) Ltd and Network International, LLC, as amended.	S -1	333175705	10.16	12/13/2011
10.16*	Long -Term Incentive Restricted Stock Agreement, dated Ju ly 26, 2011, by and between Planet Payment, Inc. and Philip D. Beck.	S -1	333175705	10.17	1/31/2012
10.17*	Offer letter, dated November 12, 2013, by and between Planet Payment, Inc. and Carl J. Williams.	10 -K	00135699	10.18	3/7/ 20 14
10.18*	Long -Term Incentive Restricted Stock Agreement, dated November 12, 2013, by and between Planet Payment, Inc. and Carl J. Williams.	10 -K	00135699	10.19	3/7/ 20 14
10.19†	Multi -Currency Processing Agreement, dated January 10, 2010, by and among Planet Payment, Inc. Planet Payment (Hong Kong) Ltd and Network International, LLC, as amended.	8 -K/A	00135699	10.01	1/30/2014
10.20*	Separation Agreement, Long-Term Incentive Restricted Stock Agreement and Certain other Restricted Stock Agreements, dated February 19, 2014, by and between Planet Payment, Inc. and Philip Beck.	10-Q	001- 35699	10.01	5/7/2015
10.21*	Amendment to Separation Agreement, Long-Term Incentive Restricted Stock Agreement and Certain other Restricted Stock Agreements dated February 9, 2015, by and between Planet Payment, Inc. and Philip Beck.	10-Q	001 - 35699	10.02	5/7/2015
10.22†	Service Agreement, dated May 1, 2015, by and between Planet Payment, Inc. and Global Payments Direct, Inc.	10-Q/A	001- 35699	10.01	10/9/2015
10.23	Credit and Security Agreement, dated June 10, 2015, by and between Planet Payment, Inc. and Citizens Bank, N.A.	10-Q	001- 35699	10.02	8/4/2015
10.24*	Executive Retention Agreement dated April 25, 2011, by and between the Company and Raymond D'Aponte.	10-Q	001- 35699	10.01	11/5/2015
10.25*	Executive Offer Letter dated April 25, 2011, by and between the Company and Raymond D'Aponte.	10-Q	001- 35699	10.02	11/5/2015

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10.26	Second Amendment to Credit and Security Agreement dated January 28, 2016, by and between the Company and Citizens Bank, N.A.					X
10.27*	Employment Agreement dated February 2, 2016, by and between the Company and Carl J. Williams.					X
16.1	Letter from Deloitte & Touche LLP addressed to the Securities and Exchange Commission, dated as of April 9, 2013	8 -K	00135699	16.1	4/9/ 20 13	
21.1	List of Subsidiaries of Planet Payment, Inc.	10-Q	001- 35699	21.1	8/4 /201 5	
23.1	Consent of BDO USA, LLP					X
24.1	Power of Attorney (included on page 11 2 of this form 10 -K)					X
31.1	Certification of Carl J. Williams, Chief Executive Officer, pursuant to Rule 13a -14(a)/15d -14(a), as adopted pursuant to Section 302 of the Sarbanes -Oxley Act of 2002.					X
31.2	Certification of Raymond D' Aponte, Chief Financial Officer, pursuant to Rule 13a 14(a)/15d 14(a), as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002.					X
32.1#	Certification of Carl J. Williams, Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002					X
32.2#	Certification of Raymond D' Aponte, Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002					X
101	The following financial statements from the Company's Annual Report on Form 10-K for the year ended December 31, 2015, formatted in XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Cash Flows, (v) Consolidated Statements of Changes in Convertible Preferred Stock and Stockholders' Equity, and (vi) Notes to Consolidated Financial Statements .					X

* Management contract or compensatory plan or arrangement.

† Portions of have been granted confidential treatment by the SEC .

Furnished herewith.

SECOND AMENDMENT TO CREDIT AND SECURITY AGREEMENT

This Second Amendment to Credit and Security Agreement (this “Amendment”), dated as of January 28, 2016, is made by and among (i) CITIZENS BANK, N.A. (the “Bank”), (ii) PLANET PAYMENT, INC., a Delaware corporation (“Parent”), (iii) each of the Affiliates of Parent identified on the signature pages hereof as a “Borrower” (Parent and such Affiliates are referred to hereinafter each individually as a “Borrower” and collectively, jointly and severally, as the “Borrowers”), and (iv) each of the Affiliates of Parent identified on the signature pages hereof as a “Guarantor”).

RECITALS

A. The Borrowers, the Guarantors, and the Bank are parties to that certain Credit and Security Agreement, dated as of June 10, 2015, as amended by that certain First Amendment to Credit and Security Agreement, dated as of July 10, 2015 (as the same may hereafter be further amended or modified from time to time, the “Credit Agreement”).

B. The Guarantors are parties to that certain Guaranty, dated as of June 10, 2015 (as the same may hereafter be amended or modified from time to time, the “Guaranty Agreement”), pursuant to which the Guarantors guaranteed all of the Obligations of the Borrowers arising under the Credit Agreement.

C. The Borrowers have requested that the Bank increase the Line of Credit and extend that maturity date, and the Bank is willing to amend the Credit Agreement subject to the terms and conditions of this Amendment.

NOW, THEREFORE, in consideration of the premises herein contained, and for other good and valuable consideration (the receipt, sufficiency, and adequacy of which are hereby acknowledged), the parties hereto (intending to be legally bound) hereby agree as follows:

1. Definitions. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Credit Agreement.

2. Amendments to Credit Agreement. Subject to the terms and conditions contained herein, Borrower and The Bank hereby amend the Credit Agreement as follows:

(a) The definition of “Line of Credit” contained in Section 1.1 of the Credit Agreement is hereby amended and restated in its entirety as follows:

“Line of Credit” means a \$20,000,000 revolving line of credit for general corporate purposes, repurchases of issued and outstanding capital stock of Parent, and other permitted purposes.

(b) The definition of “Line of Credit Note” contained in Section 1.1 of the Credit Agreement is hereby amended and restated in its entirety as follows:

“Line of Credit Note” means the promissory note from the Borrowers to the Bank in the amount of \$20,000,000, dated as of June 10, 2015,

as the same may hereafter be amended or modified from time to time, including by that certain First Modification to Revolving Line of Credit Promissory Note, dated as of January 28, 2016.

(c) Section 2.2 of the Credit Agreement is hereby amended and restated in its entirety as follows:

2.2 Line of Credit. The Line of Credit is a revolving line of credit pursuant to which the Borrowers may borrow, repay, and re-borrow, subject to the terms of this Agreement (including Exhibit B) and the other Loan Documents. At no one time shall the outstanding principal balance of the Line of Credit exceed \$20,000,000.

(d) Section 2.2(g) of the Credit Agreement is hereby amended and restated in its entirety as follows:

(g) Payments. On each Interest Payment Date (as defined in Exhibit B attached hereto), the Borrowers shall make a payment in the amount of the accrued interest on the outstanding principal balance of the Line of Credit. The entire unpaid principal amount of the Line of Credit, together with accrued and unpaid interest thereon and all other amounts payable hereunder in connection with the Line of Credit, shall be due and payable in full on December 31, 2020.

(e) Section 1(n) of Exhibit B (Standard LIBOR Language) of the Credit Agreement is hereby amended and restated in its entirety as follows:

n. **“Maturity Date”** means December 31, 2020, unless sooner accelerated pursuant to the terms hereof.

3. Conditions Precedent. The amendments contained in Section 2 above are subject to, and contingent upon, the Bank receiving each of the following items, each in form and substance acceptable to the Bank, unless waived in writing by the Bank in its sole and absolute determination:

(a) A duly executed counterpart hereof signed by each Loan Party;

(b) A duly executed First Modification to Revolving Line of Credit Promissory Note signed by the Borrowers;

(c) certified copies of resolutions of each Loan Party authorizing or ratifying the execution, delivery, and performance by the Loan Parties of this Amendment and any other instrument, agreement, or document provided for herein to be executed by any Loan Party, together with a certification that there have been no changes to any Loan Party’s bylaws or certificates of incorporation or articles of incorporation, as applicable, since the date certified as of June 10, 2015, as applicable, and a certificate of incumbency;

(d) receipt by the Bank of (x) an amendment fee in the amount of \$20,000, which fee shall be non-refundable and deemed fully earned as of the date hereof and (y) the amount of the reasonable fees and out-of-pocket costs and expenses of counsel to the Bank in connection with this Amendment pursuant to Section 4 hereof and otherwise due and owing pursuant to the Credit Agreement;

(e) the favorable legal opinion of counsel to Loan Parties addressed to the Bank covering such matters as the Bank may reasonably require; and

(f) Such other documents, certificates, schedules, exhibits, instruments, and agreements as the Bank shall reasonably request.

4. Costs, Expenses and Taxes. Without limiting the obligation of Borrower to reimburse the Bank for all reasonable costs, fees, disbursements, and expenses incurred by the Bank as specified in the Credit Agreement, as amended by this Amendment, each Borrower agrees to pay on demand all reasonable costs, fees, disbursements, and expenses of the Bank in connection with the preparation, execution, and delivery of this Amendment and the other agreements, modifications, reaffirmations, instruments, and documents contemplated hereby (collectively, the “Second Amendment Documents”), including, without limitation, reasonable attorneys’ fees and out-of-pocket expenses.

5. Reference to and Effect on Credit Agreement. Except as expressly provided in this Amendment and the other Second Amendment Documents, the Credit Agreement and all of the other Loan Documents shall remain unmodified and continue in full force and effect and are hereby ratified and confirmed in all respects. Except as expressly provided in this Amendment and the other Second Amendment Documents, the execution, delivery, and effectiveness of this Amendment shall not operate as a waiver of: (a) any right, power, or remedy of the Bank under or pursuant to the Credit Agreement or any of the other Loan Documents, or (b) any Default or Event of Default under or pursuant to the Credit Agreement. The Loan Parties and the Bank hereby expressly intend that this Amendment shall not in any manner (x) except as expressly provided in this Amendment, constitute the refinancing, refunding, payment, or extinguishment of the Obligations evidenced by the Credit Agreement and the Loan Documents, (y) be deemed to evidence a novation of the outstanding balance of the Obligations, or (z) replace, impair, or extinguish in any way the creation, attachment, perfection, or priority of the Liens in and on the Collateral granted in favor of the Bank pursuant to the Credit Agreement and the other Loan Documents.

6. Representations and Warranties.

(a) Each Loan Party represents and warrants to the Bank, which representations and warranties shall survive the execution and delivery of this Amendment, that on and as of the date hereof and after giving effect to this Amendment: (i) such Loan Party has the corporate or limited liability company power and authority to execute and deliver this Amendment and the other Second Amendment Documents to which it is a party, and this Amendment and such other Second Amendment Documents have been duly authorized by all necessary corporate or limited liability company action of such Loan Party; (ii) this Amendment and such other Second Amendment Documents (and the Loan Documents as amended by the

Second Amendment Documents) are the legal, valid, and binding obligations of such Loan Party and are enforceable against such Loan Party in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting the enforcement of creditor's rights and remedies generally and to general principles of equity; (iii) the representations and warranties of such Loan Party set forth in the Credit Agreement and in the other Loan Documents to which it is a party are true, correct, and complete in all material respects (without duplication of any materiality or Material Adverse Effect qualifier, if and as applicable) on and as of the date hereof; (except to the extent made as of a certain date, in which case they are true, correct and complete in all material respects as of such date); and (iv) no Default or Event of Default has occurred and is continuing.

(b) Each Loan Party acknowledges and agrees that the Bank is specifically relying upon the representations, warranties, and agreements contained in this Amendment and that such representations, warranties, and agreements constitute a material inducement to the Bank in entering into this Amendment.

7. Reaffirmation of Security. Each Loan Party ratifies and reaffirms each of the grants of Liens to the Bank in and on the Collateral as security for the Obligations, and each Loan Party acknowledges and confirms that the grants of the Liens to the Bank on the Collateral: (i) represent continuing Liens in and on all of the Collateral; (ii) secure in favor of the Bank all of the Obligations; and (iii) represent valid and first priority perfected Liens in and on all of the Collateral except solely to the extent of Permitted Liens (if any). Each Loan Party acknowledges and agrees that pursuant to the Credit Agreement and the Loan Documents, the Bank holds first priority, perfected security interests in, and Liens upon all of the Collateral of each Borrower and each Guarantor wherever located, now owned or hereafter acquired or arising (subject solely to Permitted Liens, if any).

8. Reaffirmation of Guaranty. Each Guarantor hereby (a) confirms and agrees with the Bank that the Guaranty Agreement remains in full force and effect and is hereby ratified and confirmed in all respects, including with regard to the Credit Agreement as amended by this Amendment, and all of each Borrower's Obligations and the obligations of the Guarantors under and pursuant to the Guaranty Agreement, each as modified by this Amendment, are and shall be valid and enforceable and shall not be impaired or limited in any way by the execution, delivery, or effectiveness of this Amendment, (b) represents and warrants to the Bank, which representations and warranties shall survive the execution and delivery hereof, that such Guarantor's representations and warranties contained in the Guaranty are true and correct in all material respects (without duplication of any materiality or Material Adverse Effect qualifier, if and as applicable) as of the date hereof, with the same effect as though made on the date hereof (except to the extent made as of a certain date, in which case they are true and correct in all material respects as of such date), (c) agrees and acknowledges that such ratification and confirmation is not a condition to the continued effectiveness of this Amendment or the Guaranty Agreement, and (d) agrees that neither such ratification and confirmation, nor the solicitation of such ratification and confirmation by the Bank constitutes a course of dealing giving rise to any obligation or condition requiring a similar or any other ratification or confirmation from the undersigned with respect to subsequent amendments or modifications, if any, to the Credit Agreement, as amended by this Amendment or any other Loan Document. The execution,

delivery, and effectiveness of this instrument shall not operate as a waiver of any right, power, or remedy of Lender under the Guaranty Agreement.

9. Release. In further consideration of the Bank's execution of this Amendment, to the furthest extent permitted by applicable law, each Loan Party (on behalf of itself and its members, managers, officers, affiliates, agents, successors and assigns) hereby forever irrevocably and unconditionally: (a) waives any defense, right of set-off or claim against the Bank and its successors, assigns, affiliates, officers, employees, directors, shareholders, agents and attorneys (collectively, the "Released Parties") as of the date hereof with respect to the Credit Agreement and the Loan Documents; and (b) remises, releases, acquits, satisfies, and discharges the Bank and the Released Parties from any and all claims, demands, obligations, disputes, damages, suits, controversies, penalties, fees, losses, costs, expenses, reasonable attorneys' fees, actions and causes of action (whether at law or in equity) and obligations of every nature whatsoever, whether liquidated or unliquidated, known or unknown, matured or unmatured, fixed or contingent, that such Loan Party ever had, now has, or may have against or seek from the Bank or any or all of the Released Parties arising from, relating to or in connection with any actions, omissions, conditions, events, or any other circumstances whatsoever on or prior to the date hereof, including, without limitation, with respect to the Obligations, any Collateral, the Credit Agreement, the transactions relating thereto, and any Loan Documents, other than for the Bank's gross negligence or willful misconduct as finally determined in a non-appealable order of a court of competent jurisdiction. Each Loan Party understands, acknowledges, and agrees that the release set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit, or other proceeding which may be instituted, prosecuted, or attempted in breach of the provisions of such release. To the furthest extent permitted by law, each Loan Party hereby knowingly, voluntarily, intentionally, and expressly waives and relinquishes any and all rights and benefits that it respectively may have as against Released Parties under any law, rule, or regulation of any jurisdiction that would or could have the effect of limiting the extent to which a general release extends to claims which a Loan Party or Released Party does not know or suspect to exist as of the date hereof. Each Loan Party hereby acknowledges that the waiver set forth in the prior sentence was separately bargained for and that such waiver is an essential term and condition of this Amendment.

10. No Waiver. The term "Loan Documents" as defined in Section 1.1 of the Credit Agreement shall include (in addition to the Loan Documents described in the Credit Agreement) this Amendment and the other Second Amendment Documents (as defined herein). The Bank's failure, at any time or times hereafter, to require strict performance by any Loan Party of any provision or term of the Credit Agreement, this Amendment, or the other Loan Documents shall not waive, affect, or diminish any right of the Bank thereafter to demand strict compliance and performance therewith. Any suspension or waiver by the Bank of a breach of this Amendment or any Event of Default under the Credit Agreement shall not suspend, waive, or affect any other breach of this Amendment or any other Event of Default under the Credit Agreement, whether the same is prior or subsequent thereto and whether of the same or of a different kind or character. The Bank's execution and delivery of this Amendment does not establish a course of dealing between the Bank and the Loan Parties, or any other obligor or in any other way obligate the Bank to hereafter provide any waiver, modification, or amendment with respect to the Credit Agreement or any other Loan Document. The terms and provisions of this Amendment shall be

limited precisely as written and shall not be deemed: (a) to be a consent to a modification, amendment, or waiver of any other term or condition of the Credit Agreement or of any other Loan Documents; or (b) to prejudice any right or remedy that the Bank may now have under or in connection with the Credit Agreement or any of the other Loan Documents.

11. Miscellaneous. Titles and headings herein are solely for the convenience of the parties and are without substantive legal meaning. This Amendment may only be amended or modified by a writing signed by the Bank and the Loan Parties. Neither this Amendment nor any uncertainty or ambiguity herein shall be construed or resolved against the Bank, whether under any rule of construction or otherwise. This Amendment and the other Second Amendment Documents, together with the Credit Agreement and the other Loan Documents, sets forth the entire agreement of the parties with respect to the subject matter hereof and thereof and supersedes all previous understandings, written or oral, in respect of this Amendment and such other Second Amendment Documents. The Loan Parties shall, at their own cost and expense, cause to be promptly and duly taken, executed, acknowledged, and delivered all such further acts, certificates, instruments, reaffirmations, amendments, documents, and assurances as may from time to time be necessary or as the Bank may from time to time reasonably request in order to more fully carry out the intent and purposes of this Amendment and the other Second Amendment Documents.

12. Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, no Loan Party may assign any of its rights or obligations under this Amendment without the prior written consent of the Bank.

13. Severability. Wherever possible, each provision of this Amendment shall be interpreted in such a manner so as to be effective and valid under applicable law, but if any provision of this Amendment is held to be prohibited by or invalid under applicable law, such provision or provisions shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Amendment.

14. Counterparts; Facsimile. This Amendment may be executed in one or more counterparts, each of which when taken together shall constitute one and the same instrument. A signature hereto sent or delivered by facsimile or other electronic transmission shall be as legally binding and enforceable as a signed original for all purposes.

15. Governing Law. This Amendment shall be governed as to its validity, interpretation, and effect by the laws of the State of Delaware without regard to the conflicts of laws provisions contained therein.

16. **JURY TRIAL**. EACH OF THE PARTIES HERETO HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVES ANY RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AMENDMENT OR THE LINE OF CREDIT NOTE OR THE LOAN DOCUMENTS OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN), OR ACTIONS OF THE BANK. THIS PROVISION IS A

MATERIAL INDUCEMENT FOR THE BANK'S ENTERING INTO THIS AMENDMENT.

[Signature Pages Follow]

IN WITNESS WHEREOF, the undersigned, by their duly authorized officers or members, have signed, sealed, and delivered this Amendment the day and year first above written.

ATTEST:

PLANET PAYMENT, INC.,
a Delaware corporation, as Parent

Name:
(Assistant) Secretary

By: _____ (SEAL)
Name:
Title:

Name:
(Assistant) Secretary

By: _____ (SEAL)
Name:
Title:

ATTEST:

PLANET PAYMENT PROCESSING
SERVICES, INC.,
a Delaware corporation, as a Borrower

Name:
(Assistant) Secretary

By: _____ (SEAL)
Name:
Title:

Name:
(Assistant) Secretary

By: _____ (SEAL)
Name:
Title:

{SIGNATURE PAGE TO SECOND AMENDMENT TO CREDIT AND SECURITY AGREEMENT}

ATTEST:

PLANET GROUP, INC.,
a Delaware corporation, as a Borrower

Name:
(Assistant) Secretary

By: _____ (SEAL)
Name:
Title:

Name:
(Assistant) Secretary

By: _____ (SEAL)
Name:
Title:

{SIGNATURE PAGE TO SECOND AMENDMENT TO CREDIT AND SECURITY AGREEMENT}

ATTEST:

PLANET TECHNOLOGY SERVICES, LLC,
a Delaware limited liability company, as a
Guarantor

Name:
(Assistant) Secretary

By: _____ (SEAL)
Name:
Title:

Name:
(Assistant) Secretary

By: _____ (SEAL)
Name:
Title:

ATTEST:

PLANET PAYMENT SOLUTIONS, LLC,
a Delaware limited liability company, as a
Guarantor

Name:
(Assistant) Secretary

By: _____ (SEAL)
Name:
Title:

Name:
(Assistant) Secretary

By: _____ (SEAL)
Name:
Title:

{SIGNATURE PAGE TO SECOND AMENDMENT TO CREDIT AND SECURITY AGREEMENT}

WITNESS:

CITIZENS BANK, N.A.

By _____ (SEAL)
Benjamin B. Rogers
Vice President

{SIGNATURE PAGE TO SECOND AMENDMENT TO CREDIT AND SECURITY AGREEMENT}

Employment Agreement

This **Employment Agreement** (the "Agreement") is made and entered into as of February 2, 2016 by and between **Planet Payment, Inc.**, a Delaware corporation (the "Company"), and **Carl J. Williams** ("Executive"). Capitalized terms not otherwise defined shall have the meanings ascribed thereto in Section 6 hereof.

Recitals :

WHEREAS, Executive is the Chief Executive Officer of the Company who possesses valuable proprietary knowledge of the Company, its business and operations and the markets and industry in which the Company competes ; and

WHEREAS, the Company and Executive desire to enter into this Agreement to encourage Executive to continue to devote Executive's full attention and dedication to the success of the Company, and to provide specified compensation and benefits to Executive in the event of certain terminations of Executive's employment with the Company pursuant to the terms of this Agreement.

NOW THEREFORE, the parties hereby agree as follows :

1. Purpose and Term.

The purpose of this Agreement is to provide specified compensation and benefits to Executive in the event of certain terminations of Executive's employment with the Company. Either Executive or the Company may terminate Executive's employment at any time for any reason with or without notice. The term of this Agreement shall be the period from the date set forth above until May 1, 2017 and shall automatically be renewed for successive one-year periods thereafter unless written notice of non-renewal is provided by either party hereto no less than thirty (30) days prior to the date this Agreement would otherwise renew.

2. Compensation.

Executive's current Base Salary of \$300,000 per annum shall remain in place, but shall be subject to periodic review and modification by the Company's Compensation Committee (the "Compensation Committee") at such time or times as it shall determine. Further, Executive may be entitled to cash bonuses, at such times and in such amounts as may be determined by the Compensation Committee. The Compensation Committee may also from time to time, in its discretion, determine the type and amount of other

forms of compensation for Executive's service with the Company (including, without limitation, stock options or other forms of equity awards).

3. Termination of Employment Generally.

3.1 General. In the event Executive's employment with the Company terminates for any reason, Executive shall be entitled to the benefits described in this Section 3.

3.2. Accrued Salary and Vacation. All Base Salary and accrued vacation earned through the Termination Date shall be paid to Executive on such date.

3.3. Bonus. The determination of any bonus upon termination of Executive's employment with the Company for any reason shall be within the sole discretion of the Compensation Committee .

3.4. Expense Reimbursement. Within ten (10) days following submission to the Company of proper expense reports and supporting documentation by Executive, the Company shall reimburse Executive for all reasonable business expenses incurred by Executive, consistent with the Company's expense reimbursement policy in effect prior to the incurring of each such expense. Without limiting the generality of the foregoing, the Company shall reimburse Executive for reasonable travel and lodging expenses incurred by Executive when traveling to and from the Company's principal executive offices.

3.5. Equity Compensation. The terms and conditions under any outstanding stock options and shares of restricted stock (or any other equity award, including without limitation, stock appreciation rights and restricted stock units) granted to Executive under any equity incentive plan or agreement of the Company (the "Company Plans"), including without limitation the exercise period thereof, shall, except as provided in Section 4 hereof, remain unchanged and in full force and effect as set forth thereunder; provided, that in the event of termination of the employment of Executive: (1) as a result of the Permanent Disability of Executive; or (2) as a result of the death of Executive, the exercise period of any of Executive's outstanding and then vested stock options shall be extended so as to expire on the shorter of (x) three (3) years, or (y) the remaining term applicable to such stock option, both (x) and (y) as measured from the Termination Date.

4. Involuntary Termination ; Change of Control .

4 .1. Severance Payment – Involuntary Termination. In the event of Executive 's Involuntary Termination prior to a Change of Control , and subject to Executive signing a separation agreement containing, among other provisions, a general

release of claims in favor of the Company and related persons and entities, confidentiality, return of property and non-disparagement, in a form and manner reasonably satisfactory to the Company (the "Release"), and such Release becoming irrevocable, all within 60 days after the Termination Date, Executive shall be entitled to receive an amount equal to twelve (12) months of Executive's Base Salary then in effect as salary continuation, which shall be paid in accordance with the normal payroll practices of the Company (and in each case no interest shall accrue on such amount) for the 12-month period following the Termination Date. Such payments shall commence within 60 days after the Termination Date; provided, however, that if the 60-day period begins in one calendar year and ends in a second calendar year, such amount shall begin to be paid in the second calendar year by the last day of such 60-day period; provided, further, that the initial payment shall include a catch-up payment to cover amounts retroactive to the day immediately following the Termination Date.

4.2 Change of Control Payment. In the event of a Change of Control, and subject to Executive signing a Release, and such Release becoming irrevocable, all within 60 days after the Change of Control, Executive shall be entitled to receive an amount equal to six (6) months of Executive's Base Salary then in effect as salary continuation, which shall be paid in accordance with the normal payroll practices of the Company (and in each case no interest shall accrue on such amount) for the six-month period following the Change of Control. Such payments shall commence within 60 days after the Termination Date; provided, however, that if the 60-day period begins in one calendar year and ends in a second calendar year, such amount shall begin to be paid in the second calendar year by the last day of such 60-day period; provided, further, that the initial payment shall include a catch-up payment to cover amounts retroactive to the day immediately following the Termination Date.

4.3 Equity Compensation Treatment. Upon Executive's Involuntary Termination at any time, and notwithstanding anything to the contrary contained in any award agreement or Company Plan in respect thereof:

- A. The exercisability of all then outstanding and vested stock options granted to Executive shall be extended so as to expire on the shorter of (i) one (1) year, or (ii) the remaining term applicable to such stock option, both (i) and (ii) as measured from the Termination Date; and
- B. All then unvested shares of restricted stock granted to Executive shall remain valid and subject to vesting in accordance with the terms and conditions set forth in the individual restricted stock grant awards for a period of 30 months from the date of this Agreement.

4.4. COBRA. Upon an Involuntary Termination, if Executive timely elects coverage under the Consolidated Budget Reconciliation Act of 1985, as amended (“COBRA”), the Company shall continue to provide to Executive, at the Company’s expense, the Company’s health-related employee insurance coverage as in effect immediately prior to Executive’s Involuntary Termination for a period equal to the shorter of twelve (12) months following such Involuntary Termination, or such time as Executive is employed and eligible for health insurance coverage comparable to that of the Company. The date of the “qualifying event” for Executive and any dependents shall be the Termination Date.

5. Federal Excise Tax Under Section 280G.

5.1 Excise Tax. If (a) any amounts payable to Executive under this Agreement or otherwise are characterized as excess parachute payments pursuant to Sections 280G and/or 4999 of the Code, and (b) Executive thereby would be subject to any United States federal excise tax due to that characterization, then if Executive would thereby be in a better after-tax position, the Company may elect, in the Company’s sole discretion, to reduce the amounts payable under this Agreement or otherwise, or to have any portion of applicable options or restricted stock not vest or become exercisable, in order to avoid any “excess parachute payment” under Section 280G(b)(1) of the Code. In such event, such amounts shall be reduced in the following order: (1) cash payments not subject to Section 409A of the Code; (2) cash payments subject to Section 409A of the Code; (3) equity-based payments and acceleration; and (4) non-cash forms of benefits; provided that in the case of all the foregoing payments, all amounts or payments that are not subject to calculation under Treas. Reg. §1.280G-1, Q&A-24(b) or (c) shall be reduced before any amounts that are subject to calculation under Treas. Reg. §1.280G-1, Q&A-24(b) or (c). To the extent any payment is to be made over time (e.g., in installments, etc.), then the payments shall be reduced in reverse chronological order.

5.2 Calculation by Independent Public Accountants. Unless the Company and Executive otherwise agree in writing, any calculation of the amount of any excess parachute payments payable to Executive shall be made in writing by the Company’s independent public accountants (the “Accountants”) whose conclusion shall be final and binding on the parties hereto. For purposes of making such calculations, the Accountants may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Executive shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make the required calculations. The Company shall bear all fees and expenses the Accountants may charge in connection with these services, but the engagement of

the Accountants for this purpose shall be pursuant to an agreement between Executive and the Accountants.

6. Definitions.

6.1 Capitalized Terms Defined. Capitalized terms used in this Agreement shall have the meanings set forth in this Section 6 , unless the context clearly requires a different meaning.

6.2. “ Base Salary ” means the base salary of Executive in effect immediately prior to the Termination Date as paid in accordance with the Company’s normal payroll practices .

6.3. “ Cause ” means:

- (a) Executive willfully failed to follow the lawful directions of the Board of Directors of the Company; provided, that no termination for such Cause shall occur unless Executive : (i) has been provided with written notice, specifying such willful failure in reasonable detail, of the Company’s intention to terminate Executive for Cause; and (ii) has failed to cure or correct such willful failure within thirty (30) days of receiving such notice, unless such failure is not of the type that would ordinarily be curable, in which case, no such notice shall be required.
- (b) Executive engaged in gross misconduct which is materially detrimental to the Company; provided, that no termination for such Cause shall occur unless Executive has been provided with notice, specifying such gross misconduct in reasonable detail, and of the Company’s intention to terminate Executive for Cause.
- (c) Executive willfully or knowingly failed to comply in any material respect with the Company’s Confidentiality , Non-Disclosure and Invention Assignment Agreement ; Acceptable Use Policy; Information Security Policy and Procedures; N on-Competition Agreement ; or any other reasonable policies of the Company as may be determined by the Company or the Board of Directors .
- (d) Executive is convicted of a felony or crime involving moral turpitude (excluding drunk driving unless combined with other aggravating circumstances or offenses) or commission of a fraud or other similar misconduct.

6.4 “ Change of Control ” means:

- (a) Any 'person' as such term is defined in the Securities Exchange Act of 1934, as amended (the "Exchange Act"), becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or greater of either the (i) outstanding shares of common stock of the Company, or (ii) combined voting power of the Company's outstanding securities;
- (b) The Company is party to a merger, acquisition, consolidation, or series of related transactions, which results in the voting securities of the Company outstanding immediately prior thereto failing to continue to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity), directly or indirectly, at least fifty percent (50%) of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such transaction; or
- (c) The sale or disposition of all or substantially all of the Company's assets .

; provided, in each case, that such event also constitutes a "change in control event" within the meaning of Treasury Regulation Section 1.409A-3(i)(5)(i).

In each instance set forth above, a Change of Control shall be deemed to occur upon the closing of the specified transaction or event, as applicable.

6. 5 "Code" means the Internal Revenue Code of 1986, as amended.

6. 6 "Company" shall mean Planet Payment, Inc. and if applicable, any subsidiary thereof.

6. 7 "Good Reason" means a material diminution of Executive's position, duties, responsibilities or Base Salary, unless, in the case of Base Salary, such reduction is part of a Company-wide or executive team-wide cost-cutting or cutback measure as a result of overall Company performance.

Executive must first give the Company written notice within thirty (30) days of the occurrence of the event giving rise to Executive's belief that Executive is entitled to terminate employment for Good Reason ("Good Reason Notice"). The Company shall have thirty (30) days after receipt of the Good Reason Notice to cure ("Cure Period"). Should the Company fail to so cure within the Cure Period, Executive may then terminate his employment for Good Reason within fifteen (15) days after the expiration of the Cure Period.

6. 8 "Involuntary Termination" means:

- (a) any termination by the Company of the employment of Executive without Cause ; or
- (b) Any resignation by Executive for Good Reason.

Notwithstanding the foregoing, the term “Involuntary Termination” shall not include any termination of the employment of Executive : (1) by the Company for Cause; (2) by the Company as a result of the Permanent Disability of Executive ; (3) as a result of the death of Executive ; (4) as a result of the voluntary termination of employment by Executive for any reason other than Good Reason ; or (5) as a result of a Change of Control .

6.9 “ Permanent Disability ” means that Executive has been incapacitated by physical or mental injury, illness or disease so as to be prevented thereby from materially engaging in the performance of Executive ’s duties without reasonable accommodation .

6.10 . “ Termination Date ” means the date of the termination of Executive ’s employment with the Company.

7. Exclusive Remedy .

7.1 No Other Benefits Payable . Executive shall be entitled to no other termination severance compensation, benefits, or other payments from the Company except as expressly set forth in this Agreement.

7.2 No Limitation of Regular Benefit Plans . Except as may be provided elsewhere in this Agreement, this Agreement is not intended to and shall not affect, limit or terminate any plans, programs or arrangements of the Company that are regularly made available to a significant number of employees or officers of the Company, including, without limitation, the Company Plans .

7.3 Release and Separation Agreement . The payment of the benefits described herein is conditioned upon the delivery by Executive to the Company of a signed and effective general release and separation agreement in the form provided by the Company .

7.4 Non - Cumulative Benefits . Executive may not cumulate cash severance payments, stock option vesting and exercisability and restricted stock vesting under this Agreement, any other written agreement with the Company and/or another plan or policy of the Company. If Executive has any other binding written agreement with the Company which provides that, upon an Involuntary Termination, Executive shall receive termination, severance or similar benefits,

then no benefits shall be received by Executive under this Agreement unless, prior to payment or receipt of benefits under this Agreement, Executive waives Executive's right to all such other benefits, in which case this Agreement shall supersede any such written agreement with respect to such other benefits.

8. Non-Compete; Proprietary and Confidential Information.

During the term of this Agreement and following any termination of employment, Executive agrees to continue to abide by the terms and conditions of each of the Non-Competition Agreement (during the term of such Agreement) and the Confidentiality, Non-Disclosure and Invention Assignment Agreement between Executive and the Company.

9. Non-Solicitation.

For a period of twelve (12) months after termination of Executive's employment for any reason, Executive will not solicit the services or business of any employee or consultant of the Company, which, if accepted, would result in the discontinuance of that person's or entity's relationship with or to the Company, without the prior written consent of the Company.

10. Arbitration.

10.1. Disputes Subject to Arbitration. Any claim, dispute or controversy arising out of this Agreement (other than claims relating to misuse or misappropriation of the intellectual property of the Company), the interpretation, validity or enforceability of this Agreement or the alleged breach thereof shall be submitted by the parties to binding arbitration by a sole arbitrator under the rules of the American Arbitration Association; provided, however, that (a) the arbitrator shall have no authority to make any ruling or judgment that would confer any rights with respect to the trade secrets, confidential and proprietary information or other intellectual property of the Company upon Executive or any third party; and (b) this arbitration provision shall not preclude the Company from seeking legal and equitable relief from any court having jurisdiction with respect to any disputes or claims relating to or arising out of the misuse or misappropriation of the company's intellectual property. Judgment may be entered on the award of the arbitrator in any court having jurisdiction.

10.2. Costs of Arbitration. All costs of arbitration shall be borne equally between the Company and Executive. Each party shall be responsible for its own legal fees.

10.3. Site of Arbitration. The site of the arbitration proceeding shall be in New York City, New York.

11. Notices.

All notices and other communications required by or provided for in this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered, one (1) business day after being placed with an overnight courier, or five (5) business days after being mailed, return receipt requested, as follows: (a) if to the Company, Attention: David R. Fishkin, Vice President and Corporate Counsel, at the Company's offices at 670 Long Beach Boulevard, Long Beach, New York 11561 and (b) if to Executive, at the address indicated on the signature page hereto, or such other address specified by either party in writing to the other party.

12. Miscellaneous Provisions.

- 12.1. Heirs and Representatives of Executive ; Successors and Assigns of the Company. This Agreement shall be binding upon and shall insure to the benefit of and be enforceable by Executive's personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. This Agreement shall be binding upon and insure to the benefit of and be enforceable by the successors and assigns of the Company.
- 12.2. Amendment and Waiver. No provision of this Agreement shall be modified, amended, waived or discharged unless the modification, amendment, waiver or discharge, is agreed to in writing, specifying such modification, amendment, waiver or discharge, and signed by Executive and by an authorized officer of the Company (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.
- 12.3. Withholding Taxes. All payments made under this Agreement shall be subject to reduction to reflect all federal, state, local and other taxes required to be withheld by applicable law.
- 12.4. Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.
- 12.5. Choice of Law ; Jurisdiction. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of New York, without regard to principals of conflicts or choice of laws thereof. Subject to the provisions of Section 10 hereof, any disputes or claims arising out of, or

relating to this Agreement, shall be heard before a court of competent jurisdiction located in Nassau County, New York.

12.6. No Duty to Mitigate. Executive is not required to seek alternative employment following termination, and payments called for under this Agreement will not be reduced by earnings from any other source.

12.7. Section 409A of the Code. (a) Anything in this Agreement to the contrary notwithstanding, if at the time of Executive's separation from service within the meaning of Section 409A of the Code, the Company determines that Executive is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, then to the extent any payment or benefit that Executive becomes entitled to under this Agreement on account of Executive's separation from service would be considered deferred compensation otherwise subject to the 20 percent additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (A) six months and one day after Executive's separation from service, or (B) Executive's death. If any such delayed cash payment is otherwise payable on an installment basis, the first payment shall include a catch-up payment covering amounts that would otherwise have been paid during the six-month period but for the application of this provision, and the balance of the installments shall be payable in accordance with their original schedule.

(b) All in-kind benefits provided and expenses eligible for reimbursement under this Agreement shall be provided by the Company or incurred by Executive during the time periods set forth in this Agreement. All reimbursements shall be paid as soon as administratively practicable, but in no event shall any reimbursement be paid after the last day of the taxable year following the taxable year in which the expense was incurred. The amount of in-kind benefits provided or reimbursable expenses incurred in one taxable year shall not affect the in-kind benefits to be provided or the expenses eligible for reimbursement in any other taxable year (except for any lifetime or other aggregate limitation applicable to medical expenses). Such right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(c) To the extent that any payment or benefit described in this Agreement constitutes "non-qualified deferred compensation" under Section 409A of the Code, and to the extent that such payment or benefit is payable upon Executive's termination of employment, then such payments or benefits shall be payable only upon Executive's "separation from service." The determination of whether and when a separation from service has occurred shall be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409A-1(h).

(d) The parties intend that this Agreement will be administered in accordance with Section 409A of the Code. To the extent that any provision of this

Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner so that all payments hereunder comply with Section 409A of the Code. Each payment pursuant to this Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A -2(b)(2). The parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

(e) The Company makes no representation or warranty and shall have no liability to Executive or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

12.8. Entire Agreement. This Agreement represents the entire agreement and understanding between the parties as to the subject matter herein (whether oral or written and whether express or implied).

[*Signature Page Follows*]

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company, by its duly authorized officer, as of the day and year first above written.

Carl J. Williams

Address :

6000 Collins Avenue, #506
Miami Beach, FL 33140

PLANET PAYMENT, INC.

Name: David R. Fishkin

Title: Vice President and Corporate Counsel

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Planet Payment, Inc.
Long Beach, New York

We hereby consent to the incorporation by reference in the Registration Statement No. 333-185554 on Form S-8 of Planet Payment, Inc. of our report dated March 2, 2016, relating to the consolidated financial statements and financial statement schedule which appear s in this Form 10-K.

/s/ BDO USA, LLP
New York, New York
March 2, 2016

**Certification Of Principal Executive Officer
Pursuant To Exchange Act Rule 13a -14/15d -14
As Adopted Pursuant To Section 302 Of The Sarbanes -Oxley Act Of 2002**

I, Carl J. Williams, certify that:

1. I have reviewed this annual report on Form 10 -K of Planet Payment, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant ' s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a -15(e) and 15d -15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a -15(f) and 15d -15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant ' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant ' s internal control over financial reporting that occurred during the registrant ' s most recent fiscal quarter (the registrant ' s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant ' s internal control over financial reporting; and
5. The registrant ' s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant ' s auditors and the audit committee of the registrant ' s board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant ' s ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant ' s internal control over financial reporting.

Date: March 2 , 201 6

/s/ Carl J. Williams
Carl J. Williams
Chief Executive Officer
(Principal Executive Officer)

**Certification Of Principal Financial Officer
Pursuant To Exchange Act Rule 13a -14/15d -14
As Adopted Pursuant To Section 302 Of The Sarbanes -Oxley Act Of 2002**

I, Raymond D' Aponte , certify that:

1. I have reviewed this annual report on Form 10 -K of Planet Payment, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant ' s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a -15(e) and 15d -15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a -15(f) and 15d -15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant ' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant ' s internal control over financial reporting that occurred during the registrant ' s most recent fiscal quarter (the registrant ' s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant ' s internal control over financial reporting; and
5. The registrant ' s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant ' s auditors and the audit committee of the registrant ' s board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant ' s ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant ' s internal control over financial reporting.

Date: March 2 , 201 6

/s/ Raymond D' Aponte
Raymond D' Aponte
Chief Financial Officer
(Principal Financial Officer)

**Certification of Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350,
as adopted pursuant to Section 906 of the Sarbanes -Oxley Act of 2002**

I, Carl J. Williams, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes -Oxley Act of 2002, that, to my knowledge:

- 1) the Annual Report of Planet Payment, Inc. on Form 10 -K for the annual period ended December 31, 201 5 , as filed with the Securities and Exchange Commission, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) the information contained in such Form 10 -K fairly presents, in all material respects, the financial condition and results of operations of Planet Payment, Inc.

Date: March 2 , 201 6

/s/ Carl J. Williams
Carl J. Williams
Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906 of the Sarbanes -Oxley Act of 2002 has been provided to Planet Payment, Inc. and will be retained by Planet Payment, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

**Certification of Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350,
as adopted pursuant to Section 906 of the Sarbanes -Oxley Act of 2002**

I, Raymond D' Aponte , certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes -Oxley Act of 2002, that, to my knowledge:

- 1) the Annual Report of Planet Payment, Inc. on Form 10 -K for the annual period ended December 31, 201 5 , as filed with the Securities and Exchange Commission, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) the information contained in such Form 10 -K fairly presents, in all material respects, the financial condition and results of operations of Planet Payment, Inc.

Date: March 2 , 201 6

/s/ Raymond D' Aponte
Raymond D' Aponte
Chief Financial Officer
(Principal Financial Officer)

A signed original of this written statement required by Section 906 of the Sarbanes -Oxley Act of 2002 has been provided to Planet Payment, Inc. and will be retained by Planet Payment, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.
