



## GreenBox POS CEO Letter to Shareholders

SAN DIEGO, CA, June 28, 2022 (GLOBE NEWSWIRE) -- GreenBox POS (NASDAQ: GBOX) ("GreenBox" or the "Company"), an emerging and rapidly growing financial technology company, today announced a CEO letter to shareholders.

### Commentary by Chief Executive Officer, Fredi Nisan

As I look at how far we matured our company over the years, and over the past twelve months, I am filled with a sense of encouragement for our future and pride in our accomplishments. In the face of a global pandemic, socio-political unrest, economic turmoil, foreign policy challenges, and shifting technologies that sometimes fail real-life tests, GreenBox continues to stand head and shoulders above the competitive landscape. In this letter to our valued Shareholder community, you will see how we remain confident in our continued ability to build an impressive company, globalizing our robust technology platforms, intellectual property rights, and ability to earn, raise and deploy capital, both internally and by way of M&A activities. We remain committed to driving tangible value for the benefit of our customers, investors, and staff.

No doubt, we are keenly aware of volatile changes in the competitive landscape and business environment that have left numerous organizations rethinking their strategy. Nonetheless, we remain laser-focused on the long-term execution of our business strategy, with steadfast confidence in our highly differentiated technology. Our commitment to driving shareholder value is not, and should not, be affected by short-term changes in the company share price. Our belief is that when you build a great company, the stock price will take care of itself. It is our responsibility to not only focus on this mission but also to clearly communicate to all stakeholders how we plan on achieving it. As such, this is the primary reason we are issuing this letter, where we detail the following topics:

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### **Company financial standing**

As discussed in GreenBox's recent earning's call, the Company has a strong balance sheet to support our objectives: continued investment in research and development, building and strengthening our salesforce, bolstering our leadership team and offering competitive compensations to our staff, and pursuing M&A activity that complements our strategic goals for future growth. At the close of the first quarter of 2022, we saw the following key performance indexes:

Cash on hand	\$27M
Volume of processing	Over \$250M/month
Adjusted Net Income	(\$5.4M)

The best proxy for the company's growth remains the total volume of processing. With 2022 being a year of repositioning, we believe there will be an initial cycle with decreasing operating margins, then ultimately stabilizing and delivering on positive projected net earnings over the total volume of processing on a quarterly basis. Considering the company burn-rate through the remainder of FY 2022, we project this to be a close to break-even year for us with an overall annual volume of over \$4B. The company does not plan to use its cash position for acquisitions for the remainder of 2022 and stays focused on its ability to maintain a perfect credit rating with its investors, including our \$100M note holder. Not only is the note principal now under \$90M, but we have achieved a perfect record in making coupon and interest payments and further intend to pay it off on time. While this is a substantial objective and we expect it to be a remarkable achievement for the Company, we are confident in our ability to execute against this objective.

At GreenBox, we intend to continue to grow organically, but view partnerships, new and existing strategic directions, and M&A activity as a way to ensure our delivery on existing financial obligations. We will remain diligent about the financial structure of these future merger and acquisition opportunities.

### **Technology review**

Today's financial market relies on fundamentally flawed systems of legacy banks, outdated technologies such as SWIFT, and a lack of compatibility on an international, and even local, scale. Grounded with a deep understanding of the inner workings of global finance, coupled with comprehension of the advancements in blockchain technology, GreenBox has identified the underlying problems with these systems and has developed exceptional solutions to address them.

Industry stakeholders, such as business owners, heads of finance, and individuals are fully aware of the issues in moving money, as they have inevitably experienced delayed executions in transactions, unnecessary red-tape, lost or inadequate tracking of payments or weekends and holidays service interruptions. Often, these transactions get lost and cannot even be traced.

Legacy systems are subject to transaction amount limitations, dealing with numerous intermediaries that interrupt these non-direct transactions, and organizational compliance and know your customer (KYC) requirements. These systems provide no guarantees for on-time transactions.

International transactions become even more convoluted, complicated, and scrutinized, with still greater timeframes, different compliance requirements, and region-specific regulations. The inability of instant conversions to other currencies and lack of instant liquidity when transacting bank to bank pose an incremental set of headaches that legacy institutions are just not prepared to address.

GreenBox is an industry pioneer that owns a rich technology portfolio that helps the company underwrite and de-risk transactions legacy financial platforms find difficult. GreenBox solutions provide advantages including speedy processing, transparency, security, tracking, fewer

intermediaries, and instant exchanges and wire transfers.

Our leading-edge stablecoin platform, Coyni, has completed a successful beta testing of consumer-facing Version 1. This is a decidedly evident proof-of-concept within a closed-loop, centralized, financial blockchain system that Coyni differs from other stablecoins, as a tool for crypto exchanges, and as a fully automated banking as a service platform with its own fully backed digital currency. The success of Version 1 is the impetus for the release of Version 2 within Q3 2022. Coyni V2 is anticipated to be a significant contributor to revenues in FY22, as discussed in the next section, **Business operations review**.

Coyni's V2 showcases the platform's true potential. Direct to B2B and B2C capabilities, such as bulk ACH, push-to-card, and gift cards. Shortly thereafter, the ability to buy and sell crypto currencies, have real-time push capabilities, foreign exchange, and VISA card issuance. With our fully automated capabilities, like onboarding, AML, KYC, and KYB, our platform solves some of the biggest issues with transacting on legacy systems, which we believe will attract more financial institutions to use our technology-driven infrastructure. With Coyni, we aim to create a must-have, reliable infrastructure for banking and white-label opportunities.

Coyni's global footprint increase is a business focus for the company. Strategic acquisitions and expanding our licensing portfolio enable operations in Europe, Great Britain, Canada, and the US, and permit us to have the globally instant settlement of transaction capabilities with the first-of-its-kind multi-stablecoin currency digital wallet that allows for easy daily usage and exchange. We plan to deploy Coyni International in Europe, with the benefit of having VISA and MASTERCARD as partners. In the new financial landscape that we are creating, moving money both domestically and internationally, will happen in a local manner, with an instantaneous multi-currency platform.

In addition to our Coyni platform development, we have worked diligently to complete massive technology upgrades for our workhorse brands such as the consumer interfacing ChargeSavvy and the high-risk platform of QuickCard. The brands will continue to be refined with the benefit of best-in-class technology solutions and the customer in mind.

### Business operation review

We see 2022 as a transitional year, after increasing volume from \$200M in 2020 to \$2 billion in 2021, our strategic business plan shows us achieving between \$4-6 billion in 2022. We expect this to be achieved by strengthening our core business infrastructures in in-house sales, marketing and operational functions, introducing our products in select territories, such as America Samoa, launching our Coyni platform and stable coin, and integrating material business capabilities from M&A's, kicking off service offerings in a number of business domains including ACH, foreign exchange and international payments and supporting all of these activities with robust marketing communications. Execution is crucial during the balance of the year, in order to grow volume and build business self-sufficiency as a solid foundation for further scaling in 2023. All of these are part of our commitment to develop our people, meet and exceed customer expectations and start generating superior shareholder value.

As we continue to enrich our portfolio, we wanted to share the following revenue-generating channels under which business realization profiles are managed. We remain confident about our growth opportunities, with the volume composition profile illustrated in the table below.

Business Line	May YTD Volume Profile	Est 2022 Volume Profile	Volume Growth Trajectory ***	Residual Revenue Trajectory ***	Gross Margin Adherence +
Acquiring *	89%	66%	↑	↑	→
Charge Savvy	7%	6%	↑	↑	↑
ACH	1%	8%	↑	↑	↑
Coyni Domestic	0%	0.5%	→	→	→
Coyni International **	3%	20%	↑	→	↓
American Samoa	0.02%	0.1%	↑	↑	↑
* includes the estimated volume from Sky & NEMS					
** includes Transact Europe, fx and international payments					
*** Trajectory is measured based on current performance trend against business plan expectation					
+ Acquiring business margin impacted due to reset ISO / agent rate on part of legacy portfolio					

- **Acquiring business**, including low-risk and high-risk volumes, accounts for approximately 89% of our total business volume through May 2022. In the past five months, our merchant processing volume on our platform is generally 30% ahead of our business plan expectation. In this business pillar, our high-risk sector has seen close to a 79% hike in monthly volume since January 2022. The total year volume outlook will be over \$2.5 billion, or approximately 66% of our total volume, and a significant margin contribution in 2022 we expect to come from this business building block. Gross profit from this business line is closely assessed as we monitor renegotiated ISO and agent costs from acquired portfolios. We target to optimize resource utilization in this space to maintain competitiveness.
- **Charge Savvy business**, acquired in July 2021, has been successfully integrated into our company and we are realizing operational efficiencies and consequently are able to turn Charge Savvy from loss generating to profitability. Our monthly processing volume year to date is 37% better than the average monthly volume in 2021 and is also about 6% ahead of our budget expectation.
- **ACH business** launched as a new business line this year and we have already successfully grown it to over \$2m daily volume, which is in line with the \$50 million monthly volume to be activated. With the support of our banking partners, we expect to achieve 8% of the total 2022 business from this sector.
- **Coyni platform** deployment this year is comprised of two phases - version 1 platform is focused on business-to-consumer (B2C) and peer-to-peer (P2P); and version 2 platform encompasses business to business (B2B), commercial APIs, and foreign exchange (fx) modules. In April, we successfully completed the Coyni version 1 public beta and its user experience has been extremely successful which validates our readiness. By September, we expect to launch the service component of the version 2 platform with our most imminent commercial use cases being focused on B2B merchant APIs and fx. At the time of this letter, we have already completed core development of version 2 on schedule in June and expect to finish fx API work and system enhancements from testing in the coming weeks.
- **Coyni domestic**, the US business unit of the platform, is expected to be strategically deployed to launch as we continue to ramp up our

higher-margin acquiring business in the domestic market. We expect to process moderate volume on Coyni in Q4. This timing allows our technical team to support the Coyni module rollout in local markets.

- **Coyni International**, also known as fx and international payments business line, will leverage our strategic acquisitions of EU business licenses and talent in Europe. We are in the nascent stages of evaluating the business structure in order to formulate a more complete go-to-market solution. Nonetheless, already we have started payment and banking services in the fx and international remittances where we've seen excellent momentum. We plan to do some near-term investments in technology and tools to improve throughput and process automation, which impacts our near-term margin. Coyni version 2's platform is scheduled to roll out in Q3 where we will materialize business integration efforts accordingly. With significant business already identified in the sales pipeline we expect about 20% of our total year business to come from this unit.
- **American Samoa**, as recently communicated via press release of our 5-year exclusive partnership with Territorial Bank of American Samoa (TBAS), we have commenced our services on the island. Given the exit of a second bank, TBAS is now the only bank remaining in American Samoa, and we are thrilled to be providing our digital payment platform to start with merchant services with over 40 retailers, with the completion of phase 1 to be rolled out to over 130 in the near future. This is a rock-solid demonstration of our agility and commitment to serve customers' needs, especially as we believe this will prove a strong model market for our Coyni platform in a closed environment, as a part of our expansion.

### People Update

At present, our team is 126 people strong around the globe, including 60 Transact Europe employees whom we recently welcomed to the GreenBox family. Here are some exciting updates to our organizational capabilities:

- **Sales and Business Development** are now housed under the incredibly experienced and former Fiserv executive, Justin Sokol, as our SVP sales, so as to secure a multi-billion dollar sales pipeline, with a focus on organic growth intended to ramp up business at an increased contribution margin. Bank partnerships are in place with Cross River Bank, Preferred Bank, Signature Bank, and others, in order to support this projected business growth.
- **Operational readiness** is absolutely mission-critical as we realize business growth and this ramp-up is underpinned by our operational infrastructure and ability to maximize opportunities. We are delighted to have established an Underwriting / Onboarding Team comprised of field-proven payment processing subject matter experts to service both current as well as expected volume through the end of the year. 24/7 Customer Support capabilities is scheduled to be launched in the very near future. We expect to achieve PCI-DSS certification for our merchant processing platform with our Coyni wallet now being audited and verified by Armanino on a close to real-time basis.
- We continue to work with our offshore development partner, IdeyaLabs, on technology platform development and sustainment needs will manage the work plan post Coyni's version 2 platform launch, for maximized future planning.

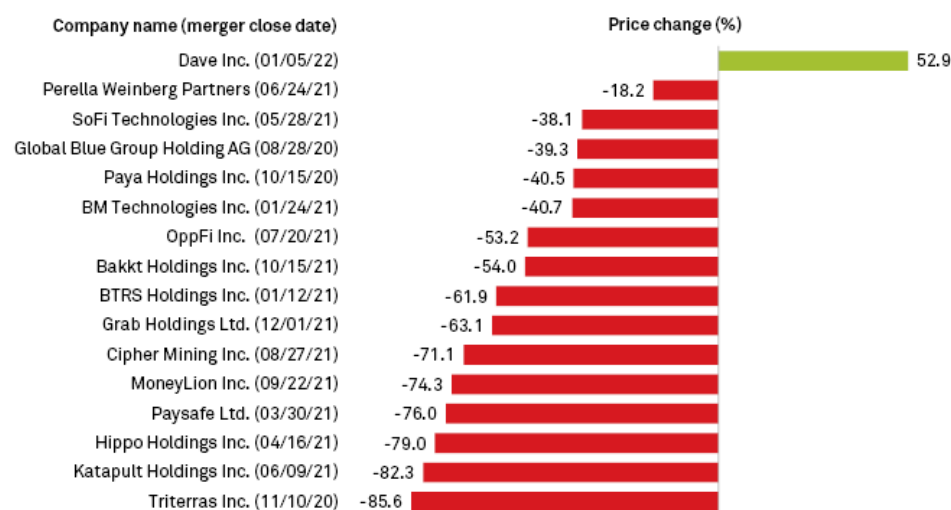
### 2022 Outlook Update

For the total 2022, we are targeting to deliver \$35M+ in top-line revenue. This was impacted by a renegotiated ISO/agent arrangement that yields a lower residual percentage. Included in our 2022 spend plan are Coyni development costs and go-live marketing costs, which were originally planned to be incurred under a separately funded Coyni entity. Should we adjust for these items, we would report a double-digit positive EBITDA margin percentage for the year. Our financial plan is crafted to ensure we have the requisite operational cash flow to hit an accretive outcome in Q4.

### Stock Price

Our company operates in a competitive landscape that has undergone significantly dramatic changes over the course of FY 2021 and YTD 2022. Capital availability and structure, primarily via special purpose acquisition corporations (SPACs), have changed. Valuation metrics that were afforded the industry in general and the Company, in particular, are no longer in place. The following table demonstrates an indication of what happened:

#### Stock performance of select fintechs that went public through SPAC mergers



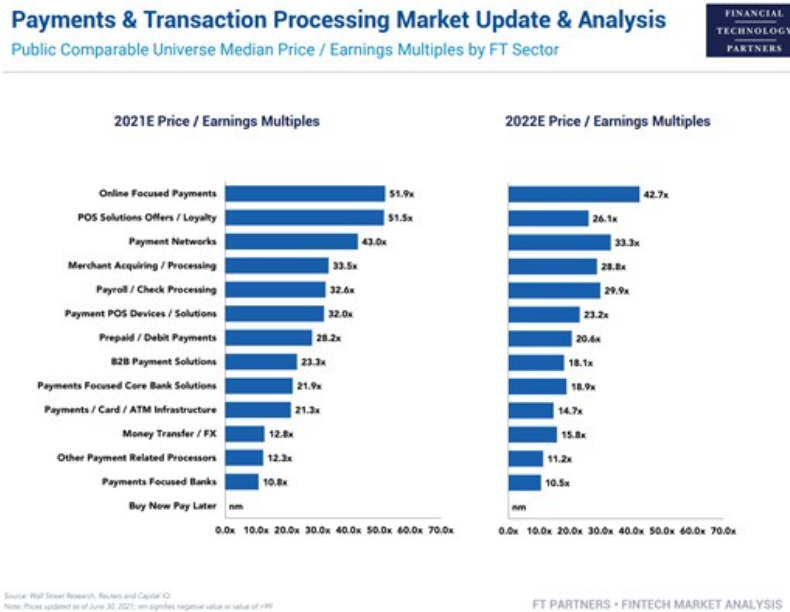
Data compiled Feb. 1, 2022.  
 Chart shows price change from the deal close date to Jan. 31, 2022.  
 Source: S&P Global Market Intelligence

As a result, GreenBox didn't escape the impact of seeing lower multiples that struck the industry as a whole, and its effect on the stock price has been even more evidenced as we published our Q1/22 results, with lower-than-expected earnings. As such, the company's shares were removed from the Russell 3000 index during its annual rebalancing this month. Lower revenues, lower multiples, and losing institutional holdings due to the index rebalancing, on top of other market conditions mentioned earlier, have devastated the stock. We see prices now that we haven't seen in years. Make no mistake, this is not a position we relish, and although we are not running the company based on short-term stock price performance, we are redoubling our efforts to exit FY 22 in a much stronger position, and appreciate that investors, both retail and institutional,

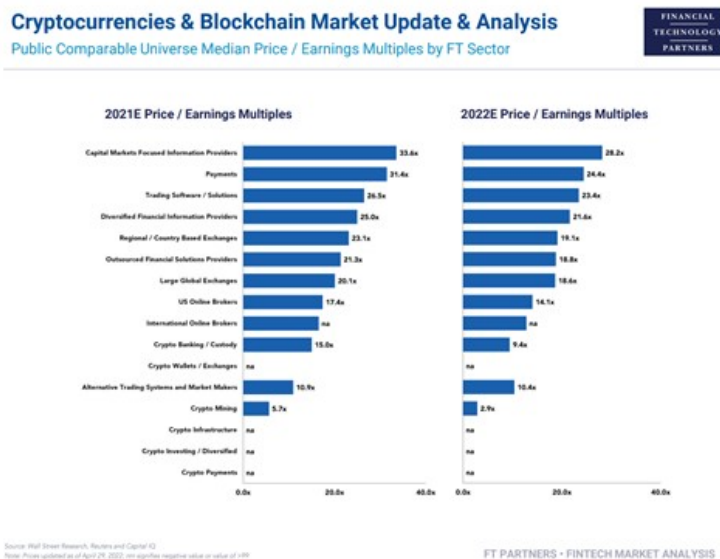
tend to reward companies that do so.

Here is a closer view of Y/Y earnings multiples for Fintech companies change:

As calculated July 2021:



As calculated June 2022:



Source: Wall Street Research, Reuters and Capital IQ as assembled by FT Partners.

We stand assured that our Company will continue to be resilient and stable. We plan to limit the use of our cash for acquisitions, closely monitor our burn rate and cash flow with an emphasis on growing responsibly.

We considered a separate IPO for a spinoff of our stablecoin asset, however, today the IPO market is very different than how it appeared just a short time ago. The chart below provides a snapshot of the changes in the IPO market conditions for Fintech up until early 2022. We will continue to evaluate the opportunity as we stay committed to delivering maximum value to our shareholders, including a potential dividend, when the timing is better.

## Fintech IPOs, direct listings since 2021

Company name	IPO closed date	Amount offered (\$M)	Price change from offer price as of Jan. 31, 2022 (%)
Coinbase Global Inc.*	04/14/21	28,712.7	-23.9 ▼
Nu Holdings Ltd.	12/08/21	2,777.6	-17.6 ▼
Robinhood Markets Inc.	07/28/21	2,255.5	-62.8 ▼
Marqeta Inc.	06/09/21	1,411.4	-56.3 ▼
Bright Health Group Inc.	06/23/21	924.3	-84.6 ▼
D-MARKET Elektronik Hizmetler ve Ticaret Anonim Sirketi	07/01/21	783.0	-84.1 ▼
DLocal Ltd.	06/02/21	710.3	42.5 ▲
AvidXchange Holdings Inc.	10/12/21	673.6	-58.6 ▼
Remitly Global Inc.	09/22/21	523.0	-71.7 ▼
Riskified Ltd.	07/28/21	422.6	-66.8 ▼
Blend Labs Inc.	07/15/21	404.4	-55.8 ▼
EverCommerce Inc.	06/30/21	373.8	-29.3 ▼
Flywire Corp.	05/25/21	288.1	17.5 ▲
Iris Energy Ltd.	11/16/21	231.5	-53.0 ▼
Alkami Technology Inc.	04/14/21	207.0	-48.9 ▼
NerdWallet Inc.	11/03/21	150.1	-15.9 ▼
Stronghold Digital Mining Inc.	10/19/21	146.1	-53.0 ▼
Cuentas Inc.	02/01/21	12.0	-74.4 ▼

Data compiled Feb. 1, 2022.

\* Direct listing

Includes financial technology companies listed on major U.S. stock exchanges that closed their IPOs between Jan. 1, 2021, and Jan. 31, 2022.

Source: S&P Global Market Intelligence

### Marketing and branding plan

In a historically traditional and competitive landscape that boasts more recognizable brands in finance, GreenBox, has identified a significant opportunity for brand distinction and differentiation across all of our lines of business. With our breadth of processing abilities across multiple industries and by leveraging our unique technology and future development, we believe we are ripe for a noticeable breakout.

#### Our time is now.

At GreenBox, everything begins with our Master Brand, GreenBox, itself. This fall, shareholders will witness a massive transformation, months in the making, evidenced across a multitude of communication platforms, including our website, industry events, public relations and social media. Shareholders should be tremendously invigorated and inspired for what it to come as the work is beyond riveting, thanks to the formidable, world-class agencies we have employed, beginning with the award-winning INNOCEAN USA, who has been a dream to work with as our new Agency of Record (AOR), and including The Lab, an incredibly capable and esteemed website creation expert, along with Comprise (formerly MAPRagency) a proven rockstar PR and Social Media powerhouse.

While we have been tirelessly toiling over the GreenBox brand, we have shed the same amount of attention on our other lines of business. With a small but mighty Marketing Team, we are additionally entrenched in branding the Coyni platform, which we expect will elicit gasps from both within and outside of the industry for the stunning brand representation we plan to showcase in the fall. This work, which was also touched by INNOCEAN, has helped us clearly and quantifiably identify our Coyni target customer and fully understand the passion points that will make this brand hyper-relevant and incredibly differentiated from any other stablecoin platform in the universe. Supported by events, public relations, and social media, stay tuned for this thrilling reveal.

This August, we expect to unveil our new Charge Savvy, with a gorgeous look and feel, provocative storytelling, and showy images. We plan for everything for this brand to look different, from our actual POS to our new website and a fantastically enticing display at the ED EXPO, with a massive booth and title sponsorship of the attendee breakfast and messaging across all communication platforms. We ask that you notice the phenomenal use of language, mind-bending photography and alluring calls to action. This is world-class marketing at its best.

Our Marketing energy is equally focused on our latest acquisition, Transact Europe, with the prime objective of elevating the image, reframing the positioning, and enhancing the perception of this known entity. It is critical that our prospective customers understand that the new TEU is centered around the trust and confidence our new ownership will bring. Expect extensive, refined, and exquisite visual identity work, naming, thought leadership, public relations, social media, a new website, and awareness-enhancing activations beginning already this year.

Finally, no brand is left behind and this can be said for our workhorse, Quick Card, that we plan to be supported by a full-on rebrand featuring original works of art in the form of illustrations that focus on the retail environment, with relevant and realistic hand-drawn vignettes of how both customers and consumers use this brand. Prepare to be surprised and delighted by the new personality of a brand that continues to lead the growth within our portfolio.

While GreenBox Marketing has quietly held its proverbial nose to the grindstone, we have been laboring vigorously behind the scenes to soon blaze our own trail, setting a precedent for our industry and the marketplace, in general. We invite our valued Shareholders and all our partners to brace themselves for what is to come. A sensational GreenBox transformation and a bevy of new brands that will be the envy of our competition.

#### In closing

While GreenBox cannot control the ebbs and flows of the economy or capital markets, we hope by providing more transparency into what is happening in our business that we can alleviate some of the concerns while also sharing our excitement about what's to come. It's truly a privilege to work with the talented employees and management team here as we expand, and to have the support of you, our shareholders. We look forward to continuing to work towards improving transparency as we grow and execute our business plan to bring our vision of GreenBox to fruition ultimately leading to longer-term sustainable shareholder value.

#### About GreenBox POS

GreenBox POS (NASDAQ: GBOX) is an emerging financial technology company leveraging proprietary blockchain security to build customized payment solutions. The Company's applications enable an end-to-end suite of turnkey financial products with fraud detection technology, improving the efficiency of handling large-scale commercial processing volumes for its merchant clients. For more information, please visit the Company's website at [www.greenboxpos.com](http://www.greenboxpos.com).

## Forward-Looking Statements Disclaimer

This release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. All forward-looking statements are inherently uncertain as they are based on current expectations and assumptions concerning future events or future performance of the Company. Readers are cautioned not to place undue reliance on these forward-looking statements, which are only predictions and speak only as of the date hereof. In evaluating such statements, prospective investors should review carefully various risks and uncertainties identified in this release and matters set out in the Company's SEC filings. These risks and uncertainties could cause the Company's actual results to differ materially from those indicated in the forward-looking statements.

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## Attachments

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