



GreenBox POS Reports First Quarter 2022 Financial Results

Achieves a Company Record Processing Volume of \$754 million

First Quarter 2022 Accentuated by Transact Europe Acquisition, Cross River Bank Partnership to Maximize Banking-As-A Service Solution and Successful Pre-Launch of coyni

SAN DIEGO, CA, May 16, 2022 (GLOBE NEWSWIRE) -- GreenBox POS (NASDAQ: GBOX) ("GreenBox", the "Company"), an emerging and rapidly growing Fintech company provided its financial results for the first quarter ending March 31, 2022.

First Quarter 2022 and Subsequent Operational Highlights:

- Q1 revenues of \$4.9 million versus \$4.7 million in the same year-ago quarter.
- Q1 processing volume growth of \$754 million versus \$315 million in the same year-ago quarter.
- Completed Transact Europe acquisition, its largest acquisition to date, expanding the Company's global footprint among the vast European payments landscape.
- Closed a key licensing partnership with Cross River Bank, a respected tech-driven infrastructure provider, to launch banking as a service offering and expand the universe of new customers while creating incremental channels for revenue growth.
- Acquired Sky Financial securing a \$1 billion+ annual merchant processing portfolio.
- Launched the coyni v1 platform successfully, in preparation for a public beta pilot with external users in April.
- Strengthened the Board of Directors and executive management team with key appointments:
 - Adele Hogan, an experienced transactional lawyer with demonstrated success with over \$200 billion in securities, mergers, contracts and deals closed, to the Board of Directors.
 - Min Wei, an accomplished operations executive with extensive experience in managing global technology company processes, as Chief Operating Officer.
- Introduced a new ACH bulk processing channel with client commitments surpassing \$50 million per month.
- Accelerated the Company's share repurchase program with an additional \$10 million being approved for repurchase.
- Appointed global marketing agency, INNOCEAN, as advertising and branding agency of record, to lead its worldwide branding and communications
- Completed a System and Organization Controls (SOC) 2 Type 2 certification audit on controls relevant to the security trust services category to align the Company with the industry standards followed by world class organizations.

Management Commentary

"The first quarter 2022 was punctuated by record processing, the incredibly successful completion of two critical acquisitions, a new strategic partnership, and the successful pre-launch of coyni," said Fredi Nisan, Chief Executive Officer of GreenBox POS. "The purchase of Transact Europe, our most significant procurement to date, ushers us into the enormous European payments landscape creating an important segue for further global expansion. And, by establishing a significant strategic licensing partnership with leading technology infrastructure bank, Cross River, we made substantial strides towards the launch of our banking-as-a-service solution.

"Obtaining Sky Financial additionally allows us to secure a lucrative processing volume portfolio that was already integrated with our technology. Sky represented a sizeable portion of our 2021 growth, contributing significantly to our revenue during the year. Bringing this portfolio in-house eliminates some of the costly commissions, while also enabling us to nurture customer relationships for additional revenue opportunities.

"Operationally, we continued to fortify the composition of our Board and executive management team. Welcoming Min Wei as our new Chief Operating Officer, whose background in operational efficiencies at global technology companies, has been indispensable for us given our rigorous growth plans. Joining our Board of Directors is Adele Hogan, a seasoned transactional lawyer, who has been material to recent acquisitions and securities compliance successes. Adele will be a prominent contributor to any M&A's as well future dividend plans.

"Despite the recent uncertainty in the global markets, the digital transformation of the financial payments industry continues at a tremendously vigorous pace. We believe that GreenBox is more poised than ever before to lead within this landscape by leveraging our pioneering technology and customized digital payment offerings, with speed, transparency, security and integrity to customers globally. We remain very confident in our 2022 outlook of processing \$4-6 billion in transaction volume with sequential company record processing levels each quarter. We look forward to over-delivering results which support our long-term strategic growth trajectory," concluded Nisan.

First Quarter 2022 Financial Summary

- Increased revenue to \$4.9 the three months ended March 31, 2022 versus \$4.7 million for the three months ended March 31, 2021. The change in net revenue reflected the increase in processing volume in the three months ended March 31, 2022 compared to the three months ended March 31, 2021.
- Gross profit in the first quarter of 2022 was \$2.3 million, or 47.6% of total revenue, compared to gross profit of \$3.2 million, or 66.4% of total revenue, in the same quarter a year ago. The decrease was primarily due to increased cost of revenue resulting from higher processing fees paid to gateways and commission payments to ISOs.
- Operating expenses decreased by \$4.0, or 32.0%, to \$8.5 million for the three months ended March 31, 2022, from \$12.5 for the three months ended March 31, 2021. The decrease was due primarily to lower stock compensation expense for services and employees for the three months ended March 31, 2022, offset by increases in research and development, general and administrative, marketing, payroll related expenses, professional fees as we continue to add staff and infrastructure related to our growth and being a publicly traded company and readying the coyni platform for a public introduction.
- Other expense increased by \$11.1 million to \$15.1 million for the three months ended March 31, 2022 as compared to \$4.0 million for the three months ended March 31, 2021. Interest expense increased significantly due to the \$100 million convertible note issued in November 2021. Amortization of the discount, fees and the fair value of the derivative liability associated with the note were also contributing factors. Furthermore, the Company changes in fair value of derivative liability expense of \$7.7 million for the three months ended March 31, 2022.
- The company sustained a net loss in the first quarter of 2022 of \$21.3 million, or \$0.51 per basic and diluted share, compared to a net loss of \$13.3 million, or \$0.38 per basic and diluted share, in the same quarter a year ago. The increase in net loss was primarily due to an

increase in change in fair value of derivative liability and increases in research and development, general and administrative, payroll and payroll taxes and professional fees as we continue to add staff and infrastructure related to our growth and being a publicly traded company.

- Adjusted Net loss, a non-GAAP financial measure, for the first quarter 2022 was \$5.4 million.

Management will host a conference call on Monday, May 16, 2022 at 4:30 p.m. Eastern time to discuss GreenBox's first quarter 2022 financial results. The call will conclude with Q&A from participants. To participate, please use the following information:

Q1 2022 Conference Call and Webcast

Date: Monday, May 16, 2022

Time: 4:30 p.m. Eastern time

US Dial In: 1-844-825-9789

International Dial In: 1-412-317-5180

Conference ID: 10166964

Webcast: https://viaid.webcasts.com/starthere.jsp?ei=1547877&tp_key=417a871a3b

Please dial in at least 10 minutes before the start of the call to ensure timely participation.

A playback of the call will be available through August 16, 2022. To listen, call 1-844-512-2921 within the United States or 1-412-317-6671 when calling internationally and enter replay pin number 10166964. A webcast will also be available for 90 days on the IR section of the GreenBox POS website or by clicking the webcast link above.

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, fraud detection and improving the efficiency of handling large-scale commercial processing volumes for its merchant clients globally. For more information, please visit the Company's website at www.greenboxpos.com.

Use of Non-GAAP Financial Information

This earnings release discusses Adjusted Net Income which is not a financial measure as defined by GAAP. This financial measure is presented as a supplemental measure of operating performance because we believe it can aid in, and enhance, the understanding of our financial results. In addition, we use Adjusted Net Income as a measure internally for budgeting purposes.

We define Adjusted Net Income as net income (loss) before (1) interest expense (income), net, (2) income tax expense (benefit), (3) depreciation, (4) amortization of intangible assets, (5) stock-based compensation expense, plus (6) from time to time, certain other items which are specific transaction-related items. Other companies may define or calculate this measure differently, limiting the usefulness as a comparative measure. Because of this limitation, this non-GAAP financial measure should not be considered in isolation or as substitute for or superior to performance measures calculated in accordance with GAAP and should be read in conjunction with the financial statement tables. See also Reconciliation of Net Income (Loss) attributable to GreenBox POS, Inc., to Adjusted Net Income in the table below.*

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.

Investor Relations Contact

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GreenBox POS
Consolidated Balance Sheets
March 31, 2022 and December 31, 2021
(unaudited)

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 27,594,032	\$ 89,559,695
Restricted cash	462	-
Accounts receivable, net of allowance for bad debt of \$54,795 and \$54,795, respectively	468,591	481,668
Inventory, net of inventory reserve of \$3,127 and \$3,127, respectively	217,107	286,360
Cash due from gateways, net of allowance of \$3,904,952 and \$3,904,952, respectively	20,807,373	18,941,761
Prepaid and other current assets	35,263,038	6,420,696
Total current assets	<u>84,350,603</u>	<u>115,690,180</u>
Non-current Assets:		
Property and equipment, net	1,708,194	1,674,884
Other assets	172,350	190,636
Goodwill	6,048,034	6,048,034
Intangible Assets, net	25,267,371	7,578,935
Operating lease right-of-use assets, net	1,361,730	1,490,159
Total non-current assets	<u>34,557,679</u>	<u>16,982,648</u>
Total assets	\$ 118,908,282	\$ 132,672,828
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 1,069,136	\$ 871,037
Other current liabilities	609,723	501,167
Accrued interest	1,775,620	1,226,287
Payment processing liabilities, net	5,390,413	4,997,807
Derivative liability	26,435,000	18,735,000
Current portion of operating lease liabilities	549,668	495,134
Total current liabilities	<u>35,829,560</u>	<u>26,826,432</u>
Long-term debt	649,900	649,900
Convertible debt, net of debt discount of \$35,824,000 and \$41,344,822, respectively	58,176,000	58,655,178
Operating lease liabilities, less current portion	891,680	1,035,895
Total liabilities	<u>95,547,140</u>	<u>87,167,405</u>
Commitments and contingencies		
Stockholders' Equity:		
Common stock, par value \$0.001, 82,500,000 shares authorized, shares issued and outstanding of 43,289,572 and 43,546,647, respectively	42,574	42,831
Common stock issuable, par value \$0.001, 500,000 and 0 shares issuable, respectively	541	-
Additional paid-in capital	90,982,614	88,574,469
Accumulated deficit	(59,494,048)	(38,178,061)
Less: Treasury stock, at cost; 1,398,586 and 714,831, respectively	(8,170,539)	(4,933,816)
Total stockholders' equity	<u>23,361,142</u>	<u>45,505,423</u>
Total liabilities and stockholders' equity	\$ 118,908,282	\$ 132,672,828

GreenBox POS
Consolidated Statements of Operations
For the Three Months Ended March 31, 2022 and 2021
(unaudited)

	Three Months Ended March 31,	
	2022	2021
Net revenue	\$ 4,895,526	\$ 4,749,441
Cost of revenue	2,563,830	1,593,771
Gross profit	<u>2,331,696</u>	<u>3,155,670</u>
Operating expenses:		
Advertising and marketing	140,966	24,725
Research and development	1,938,133	653,381
General and administrative	1,792,184	566,195
Payroll and payroll taxes	2,383,397	559,201
Professional fees	1,504,561	457,752
Stock compensation for employees	166,800	797,613
Stock compensation for services	126,414	9,453,825
Depreciation and amortization	454,341	6,009
Total operating expenses	<u>8,506,796</u>	<u>12,518,701</u>
Income (Loss) from operations	<u>(6,175,100)</u>	<u>(9,363,031)</u>
Other income (expense):		
Interest expense	(1,889,485)	(594,258)
Interest expense - debt discount	(5,520,822)	(2,993,408)
Changes in fair value of derivative liability	(7,700,000)	-
Merchant liability settlement	-	(364,124)
Other income or expense	49,316	(14,611)
Total other income (expense), net	<u>(15,060,991)</u>	<u>(3,966,401)</u>
Loss before provision for income taxes	(21,236,091)	(13,329,432)
Income tax provision	79,896	-
Net loss	\$ (21,315,987)	\$ (13,329,432)
Net loss per share:		
Basic and diluted	\$ (0.51)	\$ (0.38)
Weighted average number of common shares outstanding:		
Basic and diluted	42,110,890	34,917,106

GreenBox POS
Consolidated Statements of Cash Flows
For the Three months ended March 31, 2022 and 2021
(unaudited)

	<i>Three Months Ended March 31,</i>	
	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Net loss	\$ (21,315,987)	\$ (13,329,432)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation expense	454,341	6,010
Noncash lease expense	38,748	(1,135)
Stock compensation expense	166,800	797,613
Common stocks issued for professional fees	126,414	9,453,825
Stock compensation issued for interest	-	594,355
Interest expense - debt discount	5,520,822	2,993,408
Changes in fair value of derivative liability	7,700,000	-
Changes in assets and liabilities:		
Other receivable, net	13,077	-
Inventory	69,253	-
Prepaid and other current assets	(31,742)	(2,382,623)
Cash due from gateways, net	(1,865,612)	(4,544,760)
Other assets	18,286	-
Accounts payable	198,100	(32,056)
Other current liabilities	108,556	30,857
Accrued interest	549,333	-
Payment processing liabilities, net	392,606	(4,844,841)
Net cash provided by (used in) operating activities	<u>(7,857,005)</u>	<u>(11,258,779)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(66,088)	(11,108)
Cash provided for Transact Europe Acquisition	(28,810,600)	-
Cash provided for Sky asset acquisition	(16,000,000)	-
Net cash used in investing activities	<u>(44,876,688)</u>	<u>(11,108)</u>
Cash flows from financing activities:		
Treasury stock repurchase	(3,236,723)	-
Proceeds from stock option exercises	5,215	2,250
Repayments on convertible debt	(6,000,000)	-
Proceeds from exercise of warrant	-	3,520,000
Repurchase of common stock from stockholder	-	(4,194,000)
Proceeds from issuance of common stock	-	45,805,491
Net cash provided by (used in) financing activities	<u>(9,231,508)</u>	<u>45,133,741</u>
Net increase in cash, cash equivalents, and restricted cash	(61,965,201)	33,863,854
Cash, cash equivalents, and restricted cash - beginning of period	89,559,695	1,832,735
Cash, cash equivalents, and restricted cash - end of period	\$ 27,594,494	\$ 35,696,589
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest	\$ 4,891,392	\$ -
Income taxes	\$ -	\$ -
Non-cash financing and investing activities:		
Convertible debt conversion to common stock	\$ -	\$ 3,850,000
Interest accrual from convertible debt converted to common stock	\$ -	\$ 58,050

Reconciliation of Net Income (Loss) attributable to GreenBox POS, Inc., to Adjusted Net Income* for the Three Months Ended March 31, 2021, FY 2021, and March 31, 2022

	<u>Q1 2021</u>	<u>FY 2021</u>	<u>Q1 2022</u>
Net revenue	\$ 4,749,441	\$ 26,304,502	\$ 4,895,526
Net loss	\$ (13,329,432)	\$ (26,453,512)	\$ (21,315,987)
Adjustments to net loss:			
Non-cash adjustments - income (loss):			
Stock compensation expense for employees	797,613	3,704,008	166,800
Stock compensation expense for services	9,453,825	12,306,365	126,414
Bad debt expense	-	6,707,228	-
Total non-cash adjustments	10,251,438	22,717,601	293,214
EBIDTA Adjustment:			
Depreciation	6,009	912,677	454,341
Income taxes	-	4,906	79,896
Interest expense - debt discount and other interest	3,587,666	4,925,121	7,410,307
Derivative expense	-	3,435,178	-
Changes in derivative	-	(2,845,000)	7,700,000
Merchant liability settlement	364,124	364,124	-
Total EBIDTA adjustments	3,957,799	6,797,006	15,644,544
Total adjustments to net loss:	14,209,237	29,514,607	15,937,758
Adjusted net income	\$ 879,805	\$ 3,061,095	\$ (5,378,229)
Research and development expense	\$ 653,381	\$ 3,870,050	\$ 1,938,133

* Adjusted Net Income is a non-GAAP financial measure. This measurement is not recognized in accordance with GAAP and should not be viewed as an alternative to GAAP measures of performance.



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