



GreenBox POS Reports Fourth Quarter and Full Year 2021 Financial Results

SAN DIEGO, CA, March 31, 2022 (GLOBE NEWSWIRE) -- GreenBox POS (NASDAQ: GBOX) ("GreenBox", the "Company"), an emerging and rapidly growing FinTech company has provided its financial results for the fourth quarter and full year ended December 31, 2021.

Fourth Quarter 2021 and Subsequent Operational Highlights:

- Achieved a company record revenue in 2021 of \$26.3 million, an increase of \$17.8 million or 208.6% from \$8.5 million in 2020.
- 2021 processing volume increased nearly tenfold to approximately \$2.0 billion, from \$202 million in 2020.
- Entered into key licensing partnership with Cross River, a respected technology driven infrastructure provider, to initiate banking as a service offering and substantially expand the universe of potential customers while creating new channels for revenue growth.
- Launched a new ACH bulk processing channel with client commitments surpassing \$50 million per month.
- Strengthened senior management team by appointing respected world-class marketer Jacqueline Reynolds as Chief Marketing Officer.
- Launched a transformative global initiative to raise GreenBox brand awareness and appointed award-winning international agency INNOCEAN as advertising and branding agency of record.
- Fortified the company's balance sheet and obtained necessary growth capital with the issuance of a \$100 million convertible debt financing.
- Accelerated the Company's share repurchase program with an additional \$10 million being approved for repurchase.
- Appointed Min Wei, an accomplished operations executive with extensive experience in managing global technology company processes as Chief Operating Officer.

Management Commentary

"2021 was highlighted by the rapid expansion of our payment processing footprint and a record approximately \$2.0 billion in processing volume," said Fredi Nisan, Chief Executive Officer of GreenBox POS. "This represents growth of nearly 10x over 2020, a milestone achievement that demonstrates the scalability of our technology, our market share growth, our ability to remain compliant, and the quality of our sales team and overall ecosystem for our growing client roster. This KPI translated into record company revenue during 2021 of \$26.3 million, representing tremendous growth of over 209% when compared to 2020's full year revenue.

"During the year we were highly focused on closing and integrating our strategic acquisitions of Northeast Merchant Services and ChargeSavvy. As an indication of the success of their integration, just six months after closing, ChargeSavvy achieved its best quarter in its 9-year history as a result of improved technology and efficiencies. We also announced the planned acquisition of Transact Europe Holdings (TEU). Once complete, the acquisition of TEU positions us for rapid global expansion and creates a tremendous opportunity to deploy coyni at scale. We will continue to explore strategic acquisitions that will allow us to add portfolios of processing volume, increase key licensing assets domestically and globally, grow the adoption of coyni and enable us to branch out and service more verticals and geographic locations.

"Operationally, during the fourth quarter and into 2021 we continued to strengthen the composition of our management team. We welcomed Min Wei as our new Chief Operating Officer whose background in operational efficiencies at global technology companies will be critical for us given our expansion plans. Jacqueline Reynolds, our new Chief Marketing Officer, is utilizing her decades of experience leading some of the world's most coveted brands and spearheading our recently announced transformational global initiative to raise GreenBox brand awareness with the appointment award-winning advertising agency, INNOCEAN as our advertising and branding agency of record.

"Looking forward, we remain highly focused on the pursuit of our objectives to build compliant, cutting edge blockchain ledger tokenized payment solutions for the diverse, evolving and dynamic global market. Considering our global expansion plans and potential acquisitions, we expect to increase our processing volume in 2022 to between \$4-\$5 billion.

"I would like to thank our stakeholders for their ongoing support. We recently demonstrated our commitment to our shareholders and confidence in our ability to execute on the growth opportunities in front of us with the approval of an accelerated share repurchase program of up to \$10 million. Taken together, we believe we have the technology, resources, and partnerships in place to continue to drive the future of financial technology while creating long-term sustainable value for our shareholders," concluded Nisan.

Fourth Quarter and Full Year 2021 Financial Results

- 2021 revenues increased by \$17.8 million or 208.6%, to \$26.3 million from \$8.5 million for the year 2020. The increase was primarily due to an increase in processing volume from \$202 million for 2020 to \$1.95 billion for 2021. The increase in processing volume was due to a number of factors, including: growth of our customer/merchant base as the result of expanded sales and marketing efforts; an increase in average merchant transaction volume as a result of a greater strategic focus on larger merchants; the expansion and growth of our advanced blockchain ledger-based payment solutions product offering, combined with an expanding ISO and partnership network; and our strategic acquisition strategy
- Fourth quarter 2021 revenues were \$7.1 million, compared to revenues of \$3.0 million in the same quarter a year ago, an increase of \$4.1 million or 138.6%.
- 2021 gross profit was \$16.9M, or 64% of revenue, an increase of 357% compared to \$3.7M in the prior year, or 43% of revenue. Our margins increased significantly due to increased processing efficiency; greater utilization of lower cost gateways; and decreased cost to scale.
- Fourth quarter 2021 gross profit was \$3.0M, or 43% of revenue, as compared to \$1.7M, or 56% of revenue, in the same period a year ago.
- 2021 operating expenses increased by \$28.9 million, or 328%, to \$37.7 million from \$8.8 million in the prior year. The increase was due to increases in general and administrative, stock-based compensation, research and development, acquisition related due diligence and increased head count all to fuel the Company's growth initiatives.
- Total operating expenses in the fourth quarter of 2021 totaled \$11.7 million, compared to \$5.2 million in the same quarter a year ago.
- The Company sustained a net loss in 2021 of \$26.5 million, or \$0.65 per basic and diluted share, compared to a net loss of \$5.0 million, or \$0.17 per basic and diluted share during 2020. The increase in net loss was primarily due to increased operating expenses from stock-based compensation for services as well as an increase in general and administrative expenses.
- Fourth quarter 2021 net loss was \$7.0 million or \$0.17 per basic and diluted share compared to a loss of \$4.2 million or \$0.14 per basic and diluted share during the same period prior year.
- Adjusted Net Income, a non-GAAP financial measure, for 2021 was \$3.0 million while Adjusted Net loss for the fourth quarter 2021 was

\$1.5 million.

Management will host a conference call on Thursday, March 31, 2021 at 4:30 p.m. Eastern time to discuss GreenBox's fourth quarter and full year 2021 financial results, provide a corporate update, and conclude with Q&A from telephone participants. To participate, please use the following information:

Q4 and Full Year 2021 Conference Call and Webcast

Date: Thursday, March 31, 2022

Time: 4:30 p.m. Eastern time

US Dial In: 1-877-407-4018

International Dial In: 1-201-689-8471

Conference ID: 13728060

Webcast: [Link](#)

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

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, reducing fraud 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
December 31, 2021 and December 31, 2020
(unaudited)

As of December 31,

	2021	2020
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 89,559,695	\$ -
Restricted cash	-	1,832,735
Accounts receivable, net of allowance for bad debt of \$54,795 and \$0, respectively	481,668	10,000
Accounts receivable from fines and penalties from merchants, net of allowance for bad debt of \$9,454,261 and \$6,665,031, respectively	-	2,789,230
Inventory, net of inventory reserve of \$3,127 and \$0, respectively	286,360	-
Cash due from gateways, net of allowance of \$3,904,952 and \$0, respectively	18,941,761	7,303,949
Prepaid and other current assets	6,420,696	70,130
Total current assets	115,690,180	12,006,044
Non-current Assets:		
Property and equipment, net	1,674,884	57,264
Other assets	190,636	81,636
Goodwill	6,048,034	-
Intangible Assets, net	7,578,935	-
Operating lease right-of-use assets, net	1,490,159	117,795
Total non-current assets	16,982,648	256,695
Total assets	\$ 132,672,828	\$ 12,262,739
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 871,037	\$ 210,094
Other current liabilities	501,167	68,138
Accrued interest	1,226,287	-
Payment processing liabilities, net	4,997,807	10,199,956
Current portion of long term debt	-	272,713
Convertible debt, net of debt discount of \$0 and \$2,993,408, respectively	-	856,592
Derivative liability	18,735,000	-
Current portion of operating lease liabilities	495,134	120,110
Total current liabilities	26,826,432	11,727,603
Long term debt, net of debt discount of \$41,344,822 and \$0, respectively	59,305,078	149,900
Operating lease liabilities, less current portion	1,035,895	-
Total liabilities	87,167,405	11,877,503
Commitments and contingencies		
Stockholders' Equity:		
Common stock, par value \$0.001, 82,500,000 shares authorized, shares issued and outstanding of 42,831,816 and 30,710,645, respectively	42,831	30,711
Additional paid-in capital	88,574,469	12,079,074
Accumulated deficit	(38,178,061)	(11,724,549)
Less: Treasury stock, at cost; 714,831 and 0 shares, respectively	(4,933,816)	-
Total stockholders' equity	45,505,423	385,236
Total liabilities and stockholder's equity	\$ 132,672,828	\$ 12,262,739

GreenBox POS
Consolidated Statements of Operations
For the Twelve Months Ended December 31, 2021 and 2020
(unaudited)

	Year Ended December 31,	
	2021	2020
Net Revenue	\$ 26,304,502	\$ 8,525,015
Cost of revenue	9,412,254	4,825,587
Gross profit	<u>16,892,248</u>	<u>3,699,428</u>
Operating expenses:		
Advertising and marketing	134,166	93,868
Research and development	3,870,050	1,363,757
General and administrative	9,114,370	800,111
Payroll and payroll taxes	4,502,605	1,796,160
Professional fees	3,132,528	1,691,107
Stock compensation for employees	3,704,008	3,036,009
Stock compensation for services	12,306,365	-
Depreciation and amortization	912,677	22,742
Total operating expenses	<u>37,676,769</u>	<u>8,803,754</u>
Income (Loss) from operations	<u>(20,784,521)</u>	<u>(5,104,326)</u>
Other income (expense):		
Interest expense	(1,931,713)	(359,493)
Interest expense - debt discount	(2,993,408)	(1,149,677)
Derivative expense	(3,435,178)	(641,366)
Changes in fair value of derivative liability	2,845,000	(383,769)
Merchant liability settlement	(364,124)	-
Merchant fines and penalty income	-	2,630,796
Other income or expense	215,338	455
Total other income (expense), net	<u>(5,664,085)</u>	<u>96,946</u>
Loss before provision for income taxes	<u>(26,448,606)</u>	<u>(5,007,380)</u>
Income tax provision	4,906	-
Net loss	\$ (26,453,512)	\$ (5,007,380)
Net loss per share:		
Basic and diluted	\$ (0.65)	\$ (0.17)
Weighted average number of common shares outstanding:		
Basic and diluted	40,708,304	29,868,955

GreenBox POS
Consolidated Statements of Cash Flows
For the Twelve months ended December 31, 2021 and 2020
(unaudited)

	Year Ended December 31,	
	2021	2020
Cash flows from operating activities:		
Net loss	\$ (26,453,512)	\$ (5,007,380)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation expense	912,677	15,876
Forgiveness of PPP Loan	(272,713)	-
Noncash lease expense	38,555	-
Stock compensation expense	3,704,008	3,036,009
Restricted stock issued for services	4,768,980	-
Common stocks issued for professional fees	7,537,385	1,262,641
Stock compensation issued for interest	653,467	-
Interest expense - debt discount	2,993,408	1,102,706
Derivative expense	3,435,178	-
Changes in fair value of derivative liability	(2,845,000)	(1,050,063)
Changes in assets and liabilities:		
Accounts receivable	-	60,257
Accounts receivables from fines and fees from merchant, net	-	(12,543)
Lease liability, net of asset	-	(2,091)
Other receivable, net	2,382,352	-
Inventory	(161,859)	-
Prepaid and other current assets	(6,343,905)	(28,068)
Cash due from gateways, net	(11,637,812)	1,122,895
Other assets	686,876	(81,636)
Accounts payable	443,263	(295,181)
Other current liabilities	301,469	53,038
Accrued interest	1,226,287	(515,202)
Payment processing liabilities, net	(8,534,989)	(3,821,936)
Net cash provided by (used in) operating activities	<u>(27,165,885)</u>	<u>(4,160,678)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(158,858)	(6,649)
Acquisition of Northeast	(2,500,000)	-
Net cash used in investing activities	<u>(2,658,858)</u>	<u>(6,649)</u>
Cash flows from financing activities:		
Treasury stock repurchase	(4,934,531)	-
Proceeds from stock option exercises	2,338	35,510
Borrowings from convertible debt	76,800,000	3,678,000
Repayments on convertible debt	-	(985,500)
Repayment on long-term debt	-	149,900
Repayments on short-term notes payable	-	(2,305,538)
Borrowings from short-term notes payable	-	1,531,867
Borrowings from notes payable	350,000	272,713
Proceeds from exercise of warrant	3,731,200	-
Repurchase of common stock from stockholder	(5,693,863)	-
Proceeds from issuance of common stock	45,805,491	2,860,000
Net cash provided by (used in) financing activities	<u>116,060,635</u>	<u>5,236,952</u>
Cash acquired from acquisition of Northeast and ChargeSavvy	<u>1,491,068</u>	<u>-</u>
Net increase in cash, cash equivalents, and restricted cash	87,726,960	1,069,625
Cash, cash equivalents, and restricted cash - beginning of period	<u>1,832,735</u>	<u>763,110</u>
Cash, cash equivalents, and restricted cash - end of period	\$ 89,559,695	\$ 1,832,735
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest	\$ 2,504,533	\$ 727,564
Income taxes	\$ 800	\$ 800
Non-cash financing and investing activities:		
Convertible debt conversion to common stock	\$ 3,850,000	\$ 137,500
Common stock issued for acquisition of ChargeSavvy	\$ 12,140,000	\$ -
Interest accrual from convertible debt converted to common stock	\$ 653,467	\$ 78,050
Short-term notes payable converted to common stock	\$ -	\$ 810,000

Q4 and FY 2021 Reconciliation of Net Income (Loss) attributable to GreenBox POS, Inc., to Adjusted Net Income and Cash flow provided by operating activities - Adjusted*

	<i>Q4 2021</i>	<i>FY 2021</i>
Net loss	\$ (7,034,765)	\$ (26,453,512)
Adjustments to net loss:		
Non-cash adjustments - income (loss):		
Stock compensation expense for employees	(2,163,064)	3,704,008
Stock compensation expense for services	1,887,369	12,306,365
Bad debt expense	6,707,228	6,707,228
Total non-cash adjustments	6,431,533	22,717,601
EBIDTA Adjustment:		
Depreciation	434,791	912,677
Income taxes	(3,248,949)	4,906
Interest expense - debt discount and other interest	1,332,719	4,925,121
Derivative expense	3,435,178	3,435,178
Changes in derivative	(2,845,000)	(2,845,000)
Merchant liability settlement	-	364,124
Total EBIDTA adjustments	(891,261)	6,797,006
Total adjustments to net loss:	5,540,272	29,514,607
Adjusted net income	\$ (1,494,493)	\$ 3,061,095
Cash flows used in operations per financial statements:	\$ (13,131,846)	\$ (27,165,885)
Adjustments:		
Increase in cash due from gateways - receivables	(476,592)	11,637,812
Decrease in payment processing liabilities - payables	1,636,650	8,534,989
Total adjustments	1,160,058	20,172,801
Cash flows provided by operating activities - Adjusted	\$ (11,971,788)	\$ (6,993,084)

* Adjusted Net Income and Cash flows provided by operating activities - Adjusted are non-GAAP financial measures. These measurements are not recognized in accordance with GAAP and should not be viewed as an alternative to GAAP measures of performance.



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