



GreenBox POS Reports Second Quarter 2022 Financial Results

Achieves Company Record Processing Volume of \$1.0+ Billion

Second Quarter 2022 Highlighted by Strong Financial Results, coyni v1.0 Deployment, Launch of TBAS Digital Payment Platform & Successful Integration of TEU and Sky Portfolio

SAN DIEGO, CA, Aug. 15, 2022 (GLOBE NEWSWIRE) -- GreenBox POS (NASDAQ: GBOX) ("GreenBox", the "Company"), an emerging and rapidly growing Fintech company provided its financial results for the second quarter ending June 30, 2022.

Management Commentary by CEO Fredi Nisan:

Second Quarter 2022 was highlighted by:

- Company record Q2 processing volume of over \$1 billion, about 50% ahead of internal projections, a 40% increase when compared to Q1 processing volume of \$754 million and more than double Q2 2021.
- Q2 revenues of \$7.0 million versus \$6.4 million in the same year-ago quarter, a 42% increase when compared to Q1 revenues of \$4.9 million.
- Acquiring business including the recently acquired Sky Financial portfolio Q2 processing volume was \$769 million, which outpaced our expectations by over 38%.
- FX and international payments business line, including Transact Europe, saw significant momentum in the quarter with over \$184 million in business volume.
- Successfully deployed v1.0 of the coyni public beta and completed core development of v2, which is on schedule to roll out with customers already identified in the pipeline in Q3.

Operational Achievements

- Launched technology platform with Territorial Bank of American Samoa (TBAS) to provide digital payment solutions for businesses and consumers in American Samoa and gained an approximate 13% market share during the second quarter. TBAS is an ideal model market for the coyni platform to implement the same offering to other similar closed-loop geographies.
- During the second quarter, for recently acquired TEU, we focused on infrastructure and packaging of our key offerings to maximize the immediately available business-building opportunities. We also deployed several key strategic initiatives to drive growth from our acquisition of TEU which are on track to produce solid revenue growth in the second half of the year.
- As one of the industry's first, we announced real-time custodial account attestation via a lengthy review process of IT, compliance and, specifically, SOC 2 compliance certification from Armanino, a top accounting, consulting and technology firm in the U.S. This is a critical differentiator and ensures that our coyni platform has available existing reserves in a custodial account to secure liquidity - under any scenario - should anyone want to exit at any time. We view coyni technology as a significant long-term growth driver for our business.
- Completed a System and Organization Controls (SOC) 2 Type 2 certification audit on controls relevant to the security trust services category to align us with the industry standards followed by world class organizations.
- Fortified the composition of our Board of Directors with the addition of 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.
- In anticipation of our continued growth and evolution as a public company, and indicative of our continued commitment to strong governance practices, we have also transitioned our auditor to Simon & Edward, an alliance member of BDO.

Summary

The second quarter 2022 was highlighted by excellent financial results, along with steady progress on several key initiatives that further establish our standing as an emerging force on the fintech landscape. After achieving yet another company record quarter processing volume of over \$1 billion, we also more than doubled that volume number versus the same quarter a year ago.

We strengthened our core business infrastructures within the sales, marketing, and operational functions, introducing our products in select territories, such as America Samoa, and made excellent progress on the development of coyni, our next generation blockchain ledger-based payments platform. We additionally integrated material business capabilities from recent M&As, such as Transact Europe, to launch service offerings in several business domains including ACH, foreign exchange, and international payments.

Looking ahead, while there has been a significant disruption in the cryptocurrency and financial technology industry this year, GreenBox's focus remains on building the infrastructure, partnerships, communications, and technology to achieve our long-term business objectives. We remain highly confident in our ability to create differentiated, customized financial transaction technology and deploy it at scale.

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.

Second Quarter 2022 Financial Summary

- Net revenue increased by \$0.8M, or 6.6%, to \$11.9 million for the six months ended June 30, 2022 from \$11.1 million in the prior year's same period. Net revenue increased by \$0.6M, or 9.2%, to \$7.0 million in the second quarter of 2022 from \$6.4 million in the same quarter the prior year. The increase in net revenue was due to the increase in processing volume but offset by higher fees to gateways and ISOs.
- Gross profit for the six months ended June 30, 2022, was \$5.2 million, or 43.5% of total net revenue, compared to gross profit of \$8.2

million, or 73.8% of total net revenue, in the prior year's same period. Gross profit in the second quarter of 2022 was \$2.8 million, or 40.5% of total net revenue, compared to gross profit of \$5.1 million, or 79.3% of total net revenue, in the same quarter a year ago. The decrease in gross profit was primarily due to the increased cost of revenue resulting from higher processing fees paid to gateways and commission payments to ISOs.

- Ordinary operating expenses were \$15.4 million and \$5.3 million for the six months ended June 30, 2022, and 2021, respectively, an increase of \$10.1 million. Ordinary operating expenses were \$7.7 million and \$3.1 million for Q2 2022 and 2021, respectively, an increase of \$4.6 million. The overall increase was primarily due to an increase in general and administrative expenses related to increased headcount to support operations and sales growth, as well as heavy investment in R&D to improve technology.
- Other expenses decreased by \$8 million to a net other income of \$4 million for the six months ended June 30, 2022, from a net other expense of \$4 million in the same period the prior year. Interest expense increased significantly for the six months ended June 30, 2022, as compared to the same period in the prior year due to the \$100 million convertible note issued in November 2021. Furthermore, income from changes in fair value of derivative liability in the amount of \$18.7 million for the six months ended June 30, 2022, and none in the same period the prior year.
- The Company sustained a net loss for the six months ended June 30, 2022, of \$10.9 million, or a negative twenty-six (\$0.26) cents per basic and diluted share, compared to a net loss of \$13.4 million, or a negative forty-three (\$0.43) cents per basic and diluted share, in the same period the prior year. The Company recorded a net income in the second quarter of 2022 of \$10.4 million, or \$0.24 per basic and diluted share, compared to a flat net income, or \$0.00 per basic and diluted share, in the same quarter a year ago. The increase in net income for the six months ended June 30, 2022, and decrease in net loss for Q2 2022 was primarily due to a decrease in the change in fair value of the derivative liability and off-set by increases in research and development, general and administrative, payroll and payroll taxes and professional fees as the Company continues to add staff and infrastructure related to growth.
- Cash position as of June 30, 2022 was cash and cash equivalents balance of \$29.1 million and restricted cash balance of \$26.5 million.

Management will host a conference call on Monday, August 15, 2022 at 4:30 p.m. Eastern time to discuss GreenBox's second quarter 2022 financial results. The call will conclude with Q&A from participants. To participate, please use the following information:

Q2 2022 Conference Call and Webcast

Date: Monday, August 15, 2022

Time: 4:30 p.m. Eastern time

US Dial In: 1-844-407-4018

International Dial In: 1-201-689-8471

Conference ID: 13732037

Webcast: https://viaid.webcasts.com/starthere.jsp?ei=1562241&tp_key=46e98fe508

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 November 15, 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 13732037. 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.

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

Mark Schwalenberg

MZ Group - MZ North America

312-261-6430

GBOX@mzgroup.us

www.mzgroup.us

GreenBox POS
Consolidated Balance Sheets
June 30, 2022 and December 31, 2021
(unaudited)

	<i>June 30, 2022</i>	<i>December 31, 2021</i>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 29,098,753	\$ 89,559,695
Restricted cash	26,526,234	-
Accounts receivable, net of allowance for bad debt of \$54,795 and \$54,795, respectively	619,920	481,668
Inventory, net of inventory reserve of \$3,127 and \$3,127, respectively	259,924	286,360
Cash due from gateways, net of allowance of \$3,904,952 and \$3,904,952, respectively	14,270,698	18,941,761
Prepaid and other current assets	14,104,587	6,420,696
Total current assets	<u>84,880,116</u>	<u>115,690,180</u>
Non-current Assets:		
Property and equipment, net	1,714,914	1,674,884
Other assets	186,038	190,636
Goodwill	26,625,946	6,048,034
Intangible Assets, net	24,505,648	7,578,935
Operating lease right-of-use assets, net	1,868,633	1,490,159
Total non-current assets	<u>54,901,179</u>	<u>16,982,648</u>
Total assets	\$ 139,781,295	\$ 132,672,828
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 1,347,629	\$ 871,037
Other current liabilities	1,869,049	501,167
Accrued interest	1,717,398	1,226,287
Payment processing liabilities, net	33,467,867	4,997,807
Derivative liability	61,006	18,735,000
Current portion of operating lease liabilities	728,076	495,134
Total current liabilities	<u>39,191,025</u>	<u>26,826,432</u>
Long-term debt	649,900	649,900
Convertible debt, net of debt discount of \$30,241,836 and \$41,344,822, respectively	58,758,165	58,655,178
Operating lease liabilities, less current portion	1,232,868	1,035,895
Total liabilities	<u>99,831,958</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 44,600,527 and 43,546,647, respectively	43,884	42,831
Common stock issuable, par value \$0.001, 754,423 and 0 shares issuable, respectively	754	-
Additional paid-in capital	89,386,501	88,574,469
Accumulated other comprehensive income (loss)	(397,839)	-
Accumulated deficit	(49,083,963)	(38,178,061)
Less: Treasury stock, at cost; 0 and 714,831, respectively	-	(4,933,816)
Total stockholders' equity	<u>39,949,337</u>	<u>45,505,423</u>
Total liabilities and stockholder's equity	\$ 139,781,295	\$ 132,672,828

GreenBox POS
Consolidated Statements of Operations
For the Three and Six Months Ended June 30, 2022 and 2021
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net revenue	\$ 6,965,578	\$ 6,379,179	\$ 11,861,104	\$ 11,128,620
Cost of revenue	4,142,878	1,323,480	6,706,708	2,917,251
Gross profit	2,822,700	5,055,699	5,154,396	8,211,369
Operating expenses:				
Advertising and marketing	526,852	22,605	667,818	47,330
Research and development	1,919,944	808,210	3,858,077	1,461,591
General and administrative	1,353,604	298,030	3,145,788	864,225
Payroll and payroll taxes	2,712,424	1,061,929	5,095,821	1,621,130
Professional fees	1,167,798	867,472	2,672,359	1,325,224
Stock compensation for employees	-	1,291,887	166,800	2,089,500
Stock grant expense	1,715,298	-	1,715,298	-
Stock compensation for services	79,238	726,933	205,652	10,180,758
Depreciation and amortization	2,126,607	14,244	2,580,948	20,253
Total operating expenses	11,601,765	5,091,310	20,108,561	17,610,011
Income (Loss) from operations	(8,779,065)	(35,611)	(14,954,165)	(9,398,642)
Other income (expense):				
Interest expense	(1,866,016)	-	(3,755,501)	(594,258)
Interest expense - debt discount	(5,582,164)	-	(11,102,986)	(2,993,408)
Changes in fair value of derivative liability	26,373,994	-	18,673,994	-
Merchant liability settlement	-	-	-	(364,124)
Other income or expense	185,893	(3,949)	235,209	(18,560)
Total other income (expense), net	19,111,707	(3,949)	4,050,716	(3,970,350)
Income (loss) before provision for income taxes	10,332,642	(39,560)	(10,903,449)	(13,368,992)
Income tax provision	(77,443)	-	2,453	-
Net income (loss)	\$10,410,085	\$ (39,560)	\$ (10,905,902)	\$ (13,368,992)
Comprehensive income statement:				
Net income (loss)	\$10,410,085	\$ (39,560)	\$ (10,905,902)	\$ (13,368,992)
Foreign currency translation loss	(397,839)	-	(397,839)	-
Total comprehensive income (loss)	\$10,012,246	\$ (39,560)	\$ (11,303,741)	\$ (13,368,992)
Net loss per share:				
Basic and diluted	\$ 0.24	\$ (0.00)	\$ (0.26)	\$ (0.43)
Weighted average number of common shares outstanding:				
Basic and diluted	42,977,461	31,078,605	42,541,262	31,208,102

GreenBox POS
Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 2022 and 2021
(unaudited)

Six Months Ended June 30,

2022

2021

Cash flows from operating activities:

Net loss	\$ (10,905,902)	\$ (13,368,992)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,580,948	20,253
Noncash lease expense	79,034	(1,720)
Stock compensation expense	166,800	2,089,500
Common stocks issued for professional fees	205,652	10,180,758
Stock compensation issued for interest	-	594,258
Common stock issued to employees as stock compensation	1,715,298	-
Interest expense - debt discount	11,102,986	2,993,408
Changes in fair value of derivative liability	(18,673,994)	-
Changes in assets and liabilities:		
Guarantee deposits	48,077	-
Other receivable, net	(138,252)	(65,444)
Inventory	26,436	-
Prepaid and other current assets	(1,011,321)	(1,958,422)
Cash due from gateways, net	4,671,063	(8,455,120)
Other assets	35,348	(99,000)
Deferred tax asset	-	239,131
Accounts payable	(2,186,733)	67,853
Other current liabilities	732,221	-
Accrued interest	491,111	-
Payment processing liabilities, net	14,156,166	(5,904,437)
Net cash provided by (used in) operating activities	3,094,938	(13,667,974)

Cash flows from investing activities:

Purchases of property and equipment	(86,952)	(68,411)
Purchase of intangibles	(661,536)	(2,500,000)
Cash provided for Transact Europe Acquisition	(28,810,600)	-
Cash provided for Sky asset acquisition	(16,000,000)	-
Net cash used in investing activities	(45,559,088)	(2,568,411)

Cash flows from financing activities:

Treasury stock repurchase	(3,236,723)	(933,343)
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	(9,231,508)	44,200,398
Restricted cash acquired from Transact Europe	18,676,860	-
Net increase (decrease) in cash, cash equivalents, and restricted cash	(33,018,798)	27,964,013
Foreign currency translation adjustment	(915,910)	-
Cash, cash equivalents, and restricted cash - beginning of period	89,559,695	1,832,735
Cash, cash equivalents, and restricted cash - end of period	\$ 55,624,987	\$ 29,796,748

Supplemental disclosures of cash flow information**Cash paid during the period for:**

Interest	\$ 3,127,111	\$ -
Income taxes	\$ -	\$ 800

Non-cash financing and investing activities:

Convertible debt conversion to common stock	\$ 5,000,000	\$ 3,850,000
Interest accrual from convertible debt converted to common stock	\$ -	\$ 58,050



8/15/2022 4:15:00 PM