

POSaBIT Reports Full Year 2019 Financial Results

TORONTO & SEATTLE--(BUSINESS WIRE)--June 16, 2020--POSaBIT Systems Corporation (CSE: PBIT), a leading financial technology company delivering unique payment processing and point-of-sale (POS) systems for cash-only businesses with a focus on the cannabis industry, is pleased to report its financial results for the year ended Dec. 31, 2019.

“We are very happy with our 2019 results, nearly doubling our revenue from 2018 and almost tripling our total transactional sales. POSaBIT finished the year with annual revenue of \$4.2 million, inclusive of all revenue from the POSaBIT Payments business and our growing POSaBIT Point of Sale business. We continued our rapid expansion into new markets and now have active merchants in 10 US states,” said Ryan Hamlin, co-founder and CEO of POSaBIT. “In 2019, we really started to gain a lot of traction with our feature-rich Point of Sale offering and have been onboarding a bevy of new merchants switching away from their existing POS provider to POSaBIT. We are very well-positioned to take advantage of the large and growing cannabis industry and poised for continued strong growth.”

“Looking ahead to 2020 year end, we remain focused on delivering strong results. Our performance-to-date in 2020 has hit our forecast, led by continued traction in the market for our fully integrated point of sale and payments platform. The recent Covid-19 outbreak has accelerated the need that many merchants have to provide their customers with cashless payments – something POSaBIT has been supplying to the industry for over four years. We believe both the expansion of our payments business and the accelerated growth of our point of sale positions us for another strong year. We are projected for another 80% to 100% growth of revenue and sales, and, as a result, we are maintaining our positive outlook for the year,” Hamlin concluded.

Financial Summary

In United States dollars	Years ended December 31,	
	2019	2018
	\$	\$
Total revenue	4,175,223	2,443,043
Total cost of sales	(3,577,179)	(2,249,753)
Gross margin	598,044	193,290
Total operating expenses	(5,575,333)	(3,378,590)
Total other expenses	(357,173)	(709,452)
Loss	(5,234,462)	(3,894,752)
Basic and diluted loss per shares	(0.08)	(0.17)
Basic and diluted weighted-average number of common shares outstanding	67,671,665	23,013,011

Full Year 2019 Financial Summary

Transactional Sales

Transactional sales totaled \$54 million, representing an increase of 148% compared with \$21.8 million in 2018.

Revenue

Total revenue was \$4.2 million, up 75% compared with \$2.4 million in 2018.

Gross Profit

Gross profit increased 210%, or \$598 thousand, compared with a gross profit of \$193.2 thousand in 2018.

Loss

Loss was \$5.2 million, or a loss of \$0.08 per basic and diluted share, compared with a loss of \$3.9 million, or a loss of \$0.17 per basic and diluted share in 2018.

Financial Reports

Full details of the financial and operating results for the year ended December 31, 2019 are described in the company's consolidated financial statements with accompanying notes. The consolidated financial statements and additional information about POSaBIT are available on the company's website at www.posabit.com/investor-relations or on SEDAR at www.sedar.com.

Financial Outlook

POSaBIT provides guidance based on current market conditions and expectations. Please refer to the comments below regarding forward-looking statements.

POSaBIT reaffirms its full year 2020 outlook of:

- Transactional sales will grow by more than 100% to over USD \$135 million, assuming the average store processes between USD \$350,000 and USD \$500,000 per year through the POSaBIT service
- Revenue to grow in the range of approximately 80% to 100%
- Cost of sales in the range of \$5.5 million to \$6.0 million

Forward-Looking Statements

This press release contains forward-looking statements, including statements regarding our business strategy, product development, timing of product development, events and courses of action.

Statements which are not purely historical are forward-looking statements and include any statements regarding beliefs, plans, outlook, expectations or intentions regarding the future including words or phrases such as “anticipate,” “objective,” “may,” “will,” “might,” “should,” “could,” “can,” “intend,” “expect,” “believe,” “estimate,” “predict,” “potential,” “plan,” “is designed to” or similar expressions suggest future outcomes or the negative thereof or similar variations. Forward-looking statements may include, among other things, statements about: our expectations regarding our expenses, sales and operations; our future customer concentration; our anticipated cash needs and our estimates regarding our capital requirements and our need for additional financing our ability to anticipate the future needs of our customers; our plans for future products and enhancements of existing products; our future growth strategy and growth rate; our future intellectual property; and our anticipated trends and challenges in the markets in which we operate. Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which POSaBIT will operate in the future, including the demand for our products, anticipated costs and ability to achieve goals. Although we believe that the assumptions underlying these statements are reasonable, they may prove to be incorrect. Given these risks, uncertainties and assumptions, you should not unduly rely on these forward-looking statements.

Forward-looking statements are subject to known and unknown risks, uncertainties and other important factors that may cause the actual results to be materially different from those expressed or implied by such forward-looking statements, including but not limited to, business, economic and capital market conditions; the ability to manage our operating expenses, which may adversely affect our financial condition; our ability to remain competitive as other better financed competitors develop and release competitive products; regulatory uncertainties; market conditions and the demand and pricing for our products; our relationships with our customers, distributors and business partners; our ability to successfully define, design and release new products in a timely manner that meet our customers’ needs; our ability to attract, retain and motivate qualified personnel; competition in our industry; our ability to maintain technological leadership; our ability to manage risks inherent in foreign operations; the impact of technology changes on our products and industry; our failure to develop new and innovative products; our ability to successfully maintain and enforce our intellectual property rights and defend third-party claims of infringement of their intellectual property rights; the impact of intellectual property litigation that could materially and adversely affect our business; our ability to manage working capital; and our dependence on key personnel. POSaBIT is an early stage company with a short operating history; it may not receive any future product sales revenue or achieve profitability; and it may not actually achieve its plans, projections, or expectations.

Important factors that could cause actual results to differ materially from POSaBIT's expectations include, consumer sentiment towards POSaBIT's products and blockchain/cryptocurrency exchange technology generally, litigation, global economic climate, loss of key employees and consultants, additional funding requirements, changes in laws, technology failures, competition, and failure of counterparties to perform their contractual obligations.

Except as required by law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future event or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. Neither we nor any of our representatives make any representation or warranty, express or implied, as to the accuracy, sufficiency or completeness of the information in this news release. Neither we nor any of our representatives shall have any liability whatsoever, under contract, tort, trust or otherwise, resulting from the use of the information in this news release or for omissions from the information in this news release.

About POSaBIT

POSaBIT (CSE: PBIT) is a financial technology company that delivers unique and innovative, blockchain-enabled payment processing and point-of-sale systems for cash-only businesses. POSaBIT specializes in resolving pain points for complex, high-risk, emerging industries like cannabis with an all-in-one solution that is compliant, user-friendly and utilizes top-of-the-line hardware. POSaBIT's unique solution provides a safer and transparent environment for merchants while creating a better overall experience for the consumer. For additional information, visit: www.posabit.com.

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