

POSaBIT Reports Second Quarter 2020 Financial Results

Company enjoys massive growth in Q2, forecasts a breakthrough finish to 2020.

TORONTO & SEATTLE--(BUSINESS WIRE)--September 1, 2020--POSaBIT Systems Corporation (CSE: PBIT), a leading financial technology company delivering unique payment processing and point-of-sale (POS) systems for predominantly cash run businesses with a focus on the cannabis industry, is pleased to report its financial results for the three and six months ended June 30, 2020.

POSaBIT experienced significant revenue growth during the second quarter of 2020. Quarter over quarter revenues (Q2 2020 vs. Q1 2020) grew by 58% and over 83% compared to the same quarter last year.

"We are exceedingly pleased with our strong Q2 results, a result of impressive sales growth during COVID-19 and the continued onboarding of merchants to our new Point of Sale platform," said Ryan Hamlin, co-founder and CEO of POSaBIT. "POSaBIT is on track for a breakthrough year in both sales and profits. We continue to see a high rate of growth in our business due to an increased interest and adoption, across the industry, in our POSaBIT cashless payments. We are on track to triple the amount of transactional sales we process year over year and double our annual revenue."

Financial Summary

<i>in United States Dollars</i>	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019 (restated¹)	2020	2019 (restated¹)
Total Revenue	\$ 1,492,982	\$ 816,699	\$ 2,435,254	\$ 1,714,449
Total Cost of Sales	1,200,592	692,834	2,072,031	1,553,835
Gross Profit	\$ 292,390	\$ 123,865	\$ 363,233	\$ 160,622
Total Operating Expenses	\$ 570,830	\$ 2,664,372	\$ 1,200,374	\$ 3,650,449
Total Other Income (Expenses)	44,937	(9,857)	48,604	22,441
Loss before discontinued operations	(\$ 223,463)	(\$ 2,664,372)	\$ (1,200,374)	\$ (2,632,634)
Income (loss) from discontinued operations	(8,844)	93,972	(246,503)	93,814
Loss	\$ (242,307)	\$ (2,456,393)	\$ (1,035,050)	\$ (3,230,760)
Basic and Diluted Loss per Common Share	\$ (0.00)	\$ (0.03)	\$ (0.01)	\$ (0.07)
Basic and diluted weighted average number of common shares outstanding	97,252,826	74,528,919	96,006,407	49,513,140

¹ 2019 comparative amounts have been restated to reflect current disclosure regarding discontinued operations of the Doublebeam business (which was sold in May 2020).

Second Quarter 2020 Financial Summary

Transactional Sales

Transactional sales totaled \$26.7 million, representing an increase of 160% compared with \$10.3 million in first quarter 2019.

Revenue

Total revenue was \$1.49 million, up 83% compared with \$817 thousand in first quarter 2019.

Gross Profit

Gross profit was \$292 thousand, up 135% compared with a gross profit of \$124 thousand in first quarter 2019.

Loss

Loss was \$242 thousand, or a loss of \$0.00 per basic and diluted share, compared with a loss of \$2.46 million, or a loss of \$0.03 per basic and diluted share in first quarter 2019.

Financial Reports

Full details of the financial and operating results for the second quarter 2020 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 updated its full year 2020 outlook to be:

- Revenue to grow in the range of approximately 75% to 95% year over year
- Reach profitability in third quarter 2020
- Transactional sales to grow over 200% to approximately USD \$135 million, assuming the average store processes between USD \$350,000 and USD \$600,000 per year through the POSaBIT service
- Cost of sales in the range of \$3.5 million to \$4.0 million
- Expansion of POSaBIT's footprint to end 2020 in 15 to 20 recreational and medical states.

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 suggesting 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 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.

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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