

# POSaBIT Reports First Quarter 2021 Financial Results

TORONTO & SEATTLE--(BUSINESS WIRE)--May 25, 2021--POSaBIT Systems Corporation (CSE:PBIT, OTC:POSAF), 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 three months ended March 31, 2021.

POSaBIT announced its largest revenue quarter in company history and also achieved adjusted EBITDA profitability during the first quarter of 2021. Revenue grew by 276% and gross margin dollars grew 1,170% in Q1 2021 compared to Q1 2020. Revenue for the quarter increased to \$3.55 million compared to \$942 thousand in Q1 2020. Adjusted EBITDA profitability was \$71 thousand for the quarter, representing its third consecutive positive adjusted EBITDA quarter.

Ryan Hamlin, CEO/co-founder of POSaBIT, commented, “2021 is off to a great start. Revenue has nearly quadrupled, operating margins expanded significantly, compared to Q1 of 2020, and we recorded our third consecutive positive adjusted EBITDA quarter. We expect rapid growth to continue in 2021 as we further build out a team, develop best in class technology, and expand our geographic footprint.”

## First Quarter 2021 Financial Highlights

- Transactional sales for POSaBIT’s card services business totaled \$64 million, representing an increase of 308% compared with \$15.7 million in the first quarter of 2020.
- Total revenue was \$3.55 million, up 276% compared with \$942 thousand in the first quarter of 2020.
- Gross profit was \$890 thousand, or 25% of revenue, up 1,170% compared with a gross profit of \$71 thousand, or 7.5% of revenue, in the first quarter of 2020.
- Loss for the quarter was \$514 thousand compared with a loss of \$555 thousand in the first quarter of 2020.
- Adjusted EBITDA was \$71 thousand compared to an Adjusted EBITDA loss of \$436 thousand in the first quarter of 2020.

**Adjusted EBITDA** is a non-IFRS measure used by management that does not have any prescribed meaning by IFRS and that may not be comparable to similar measures presented by other companies. The Company defines Adjusted EBITDA as net income or loss generated for the period as reported, before interest, taxes, depreciation and amortization, and is further adjusted to remove changes in fair values and expected credit losses, foreign exchange gains and/or losses, impairments. The Company believes this is a useful metric to evaluate its core operating performance.

## Operational Highlights

- On February 23, 2021, the Company completed a strategic investment private placement of units, receiving gross proceeds of \$2 million USD.
- On March 30, 2021, the Company announced a partnership with I Heart Jane, the premier online ordering and menu platform for marijuana retailers.

### Subsequent Events

- On April 21, 2021, the Company announced the appointment of Don Tringali to the Board of Directors. Mr. Tringali previously served as Chairman of the Board of Directors of two NASDAQ listed companies.
- On May 13, 2021, the Company announced that Matt Fowler has been appointed Chief Financial Officer of POSaBIT USA.

### 2021 Outlook

- POSaBIT provides the following revenue and gross margin guidance for the full year 2021.

	FY 2021
2021 Total Revenue	\$14.5M - \$16M
Transaction sales for card services	\$275M - \$300M
Gross Profit Margin	28% - 32%

POSaBIT plans to expand beyond the current 14 US states and launch operations in Canada as well as add 5 to 8 new states fully supported with POSaBIT Payments and POSaBIT Point of Sale.

### Financial Results

	3 months ended March 31,			
	2021	2020	Year-over-year change Favourable/(Unfavourable)	
	\$	\$	\$	%
Revenue	3,546,343	942,272	2,604,071	276.4
Cost of goods sold	(2,646,627)	(871,439)	(1,775,188)	(203.7)
<b>Gross margin</b>	<b>899,716</b>	70,833	828,883	1,170.2
Operating costs	(1,046,041)	(629,545)	(416,496)	(66.2)
	(146,325)	(558,712)	412,387	73.8
Other expenses (income)	(367,757)	3,637	(371,384)	(10,329.4)
<b>Loss</b>	<b>(514,082)</b>	(555,085)	41,003	7.4

The following table reconciles Adjusted EBITDA to net loss, as reported.

	March 31, 2021	March 31, 2020	December 31, 2020*
	\$	\$	

Loss from continuing operations, as reported	<b>(514,082)</b>	(555,085)	(257,286)
Add back finance costs, as reported	<b>34,186</b>	19,605	29,082
Add back depreciation and amortization, as reported	<b>74,152</b>	96,449	77,053
Add back/(deduct) change in fair values of financial instruments as reported	<b>(2,151)</b>	2,847	(2,076)
Add back/(deduct) change in expected credit losses, as reported	<b>(8,636)</b>	(27,371)	66,627
Add back change in fair value of derivative liability, as reported	<b>322,381</b>	-	77,688
Add back loss on disposal of assets, as reported	<b>1,301</b>	928	242
Add back share-based compensation, as reported	<b>56,458</b>	35,211	53,560
Add back loss on disposal of discontinued business, as reported	-	-	197,580
(Deduct)/add back foreign exchange (gains)/losses	<b>107,156</b>	(8,751)	(169,759)
<b>Adjusted EBITDA</b>	<b>70,765</b>	(436,167)	72,711

\*As final quarter amounts are not reported in the Audited Consolidated Financial Statement, this as per the Company's Annual MD&A.

### Conference Call Information

Date: May 25, 2021

Time: 4:30pm Eastern Time

Toll-Free: 888-506-0062

International: 973-528-0011

Entry Code: 596040

Live Webcast: <https://www.webcaster4.com/Webcast/Page/2708/41353>

### Conference Call Replay Information:

The replay will be available approximately 1 hour after the completion of the live event.

Toll Free: 877-481-4010

International: 919-882-2331

Replay Passcode: 41353

Replay Webcast: <https://www.webcaster4.com/Webcast/Page/2708/41353>

### Financial Reports

Full details of the financial and operating results 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](http://www.posabit.com/investor-relations) or on SEDAR at [www.sedar.com](http://www.sedar.com).

### 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](http://www.posabit.com)**.

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