

## **POSaBIT Reports Fourth Quarter and Annual 2023 Financial Results**

*2023 Overall Revenue Growth of 23% Excluding Licensing*

*2023 Point of Sale Revenue Growth of 51%*

*2023 Payment Revenue Growth of 20%*

**TORONTO / SEATTLE May 14, 2024 – POSaBIT Systems Corporation** (CSE: PBIT, OTC: POSAF) (the “Company” or “POSaBIT”), a leading provider of payments infrastructure in the cannabis industry, today announced its financial results for the three and twelve months ended December 31, 2023.

“Despite the challenges posed by several industry-wide payment disruptions in 2023, I am proud that we achieved a combined 23% growth in our core Payments and Point-of-Sale business, excluding a one-time licensing fee booked in 2022. Our unwavering dedication to supporting our merchants, clients, and providing best-in-class service remains our top priority,” said Ryan Hamlin, co-founder and CEO of POSaBIT.

Hamlin continued, “Our Point-of-Sale business continues to grow at a significant pace and remains the most used Point-of-Sale for cannabis dispensaries in Washington State. Our current run-rate for company-wide revenue, and pipeline, alongside the effective implementation of cost reduction measures, has put us on a path towards achieving positive free cash flow in Q2 and continued growth in revenue and operating cash flow.”

### **Provides Update on Application to List Common Shares on the TSX Venture Exchange**

Over the past several months, POSaBIT has been working to advance the proposed listing of its common shares (“Common Shares”) on the TSX Venture Exchange (the “TSXV”). The Company remains focused on satisfying applicable regulatory and TSXV listing requirements. The listing of the Common Shares on the TSXV is contingent on the satisfaction of all listing requirements and there is no assurance that the TSXV will approve the Company’s listing application or that the Company will complete the listing on the TSXV.

### **Announcement of Stephen Gledhill to Chief Financial Officer Succeeding Matthew Fowler**

POSaBIT today announced the appointment of Stephen Gledhill to the position of Chief Financial Officer effective May 14, 2024. Mr. Gledhill will succeed Matthew Fowler who joined POSaBIT as CFO of its US Subsidiary in May 2021, and was appointed CFO of the Company on August 24, 2023. Mr. Gledhill previously served as the Company’s Chief Financial Officer from September 17, 2018, until August 24, 2023, and has been serving in an advisory role to the Company since he vacated that office. Mr. Gledhill’s appointment is subject to the final approval of the CSE.

“I want to thank Matthew Fowler for his partnership and leadership over the past three years. I wish him the best of luck as he embarks on the next chapter of his career. Having Stephen step back into this role which he previously served as the CFO of our public holding company for several years, gives me confidence that we are in good hands. Stephen brings the expertise, continuity, and vision necessary to propel our organization forward into its next chapter of success.

Together, we will continue to innovate, adapt, and drive sustainable value for our stakeholders,” said Hamlin.

### **Announces Non-Cash Earnings Restatement for 2022**

As part of the Company’s audit process, it was determined that the discount rate associated with the 2022 software license agreement should be increased to 12%. The change in discount rate will reduce the revenue recognized in 2022 by approximately \$3 million and will shift future recognized revenue from license revenue to interest income. However, the change in discount rate will not affect the overall cash economics or timing of cash receipts from such license agreement.

### **Recent Operational Highlights**

- Recently launched five unique payment solutions to provide full redundancy moving forward for our merchants.
- Released the first multiple payment methods processing terminal branded as “POSaBIT One.”
- Recently closed our largest day of processing volume this year on 4/20 with zero interruptions or outages.
- Approved as a Master ISO for credit card transactions in anticipation of potential rescheduling of cannabis in the US as a Schedule 1 substance.

### **Balance Sheet**

As of December 31, 2023, the Company had cash and cash equivalents of \$1.5 million compared to \$3.1 million as of December 31, 2022.

Subsequent to quarter end, the Company received commitments of \$0.6 million for a proposed secured credit facility of up to \$1 million (the “**Credit Facility**”). The Credit Facility is intended to be secured by certain intangible assets including a potential tax refund. If executed, the Credit Facility would mature at the earliest of the receipt of a certain tax refund by the Company or December 31, 2024, and would bear interest at 12% per annum and 2% OID.

### **Financial Results**

*in US Dollars*

**Twelve Months ended**

	<b>December 31, 2023</b>	<b>December 31, 2022, restated</b>	<b>% Chg.</b>
Revenue	\$43,575,060	46,801,122	(7)%
Cost of goods sold	\$(34,353,041)	\$(27,206,420)	(26)%
Gross profit	\$9,222,019	\$19,594,702	(20)%
<i>Gross profit margin</i>	<i>21%</i>	<i>42%</i>	<i>NM</i>
Operating costs	\$(18,769,176)	\$(17,410,868)	(8)%
Operating income (loss)	(9,547,157)	\$2,183,834	(537)%
Other (expenses) income	\$(3,978,073)	\$3,520,721	(213) %
Income Taxes	\$(235,200)	(270,890)	13%
Income (loss)	\$(13,760,430)	\$5,433,665	(353)%

NM - Not Meaningful

The following tables reconcile Adjusted EBITDA to net loss, as reported.

*in US Dollars*

**Year ended**

	<b>December 31, 2023</b>	<b>December 31, 2022, <i>restated</i></b>
Income (loss), as reported	(13,760,430)	5,433,665
Add back (deduct): foreign exchange gains, as reported	(608,792)	2,790,849
Add back: share-based compensation, as reported	3,471,246	2,229,402
Add back: impairments, as reported	6,916,751	-
Add back: amortization and depreciation, as reported	303,615	36,647
Add back (deduct): change in expected credit loss and bad debts, as reported	648,387	(20,697)
Deduct other income, as reported	(102,720)	-
Add back: litigation settlement, as reported	2,214,408	-
Add back: change in value of digital assets, as reported	-	5,513
Add back: interest accretion, as reported	518,371	187,675
Deduct: change in fair value of derivative liability, as reported	(5,996,544)	(4,006,369)
Add back: income taxes, as reported	235,200	270,890
Add back: transaction costs, as reported	588,936	519,261
Add back loss on disposal of assets, as reported	-	62,484
Deduct: gain on debt modification, as reported	(75,975)	-
<b>Adjusted EBITDA</b>	<b>\$(5,647,547)</b>	<b>\$7,509,320</b>

## **Earnings Guidance**

POSaBIT will be providing earnings guidance and revenue run-rates as part of the POSaBIT Q1 earnings release and call at the end of May 2024.

## **Conference Call Information**

Date: May 14, 2024

Time: 4:30 PM Eastern Time

Toll Free: 888-506-0062

International: 973-528-0011

Participant Access Code: 649259

Webcast URL: <https://www.webcaster4.com/Webcast/Page/2708/50355>

## **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: 50355

Webcast Replay URL: <https://www.webcaster4.com/Webcast/Page/2708/50355>

## **Financial Reports**

Full details of the financial and operating results are described in the Company's consolidated financial statements for the periods ended December 31, 2023 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.sedarplus.ca](http://www.sedarplus.ca).

## **Non-IFRS Measures**

Adjusted EBITDA is a non-IFRS measure used by management that does not have any prescribed meaning by IFRS and 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 further adjusted to remove changes in fair values and expected credit losses, foreign exchange gains and/or losses, impairments. The Company believes this non-IFRS measure is a useful metric to evaluate its core operating performance and uses this measure to provide shareholders and others with supplemental measures of its operating performance. The Company also believes that securities analysts, investors and other interested parties, frequently use this non-IFRS measure in the evaluation of companies, many of which present similar metrics when reporting their results. We caution readers that Adjusted EBITDA should not be substituted for determining net loss as an indicator of operating results, or as a substitute for cash flows from operating and investing activities.

## **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 annual cost reductions; the submission of an application for the listing of the Common Shares on the TSXV and any subsequent listing of the Common Shares on the TSXV; our future customer concentration; our anticipated cash needs and our estimates regarding our capital requirements; 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, 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.

### **Related Party Disclosure**

Alex Sharp is an insider of the Company and exercises control or direction over Perga. Pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”), the amendments to the Credit Facility and the Warrants, as described herein, are each a “related party transaction” by virtue of such insider participation. The Company is exempt from the formal valuation requirement of MI 61-101 in connection with the insider participation in reliance on section 5.5(b) of MI 61-101, as no securities of the Company are listed or quoted for trading on the Toronto Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ stock market or any other stock exchange outside of Canada and the United States. Additionally, the Company is exempt from obtaining minority shareholder approval in connection with the amendment to the Warrants in reliance on section 5.7(1)(a) of MI 61-101 as the aggregate value of the insider participation does not exceed 25% of the market capitalization of the Company. The Company is exempt from obtaining minority shareholder approval in connection with the amendment to the Credit Facility in reliance on section 5.7(1)(f) of MI 61-101 as the terms of the amendment to the Credit Facility, as determined by the board of directors of the Company, are commercially reasonable and are not less advantageous to the Company than if the Credit Facility was obtained from a person dealing at arm's length with the Company. The Company did not file a material change report in respect of the related party transaction at least 21 days before such amendments, which the Company deems reasonable in the circumstances in order to complete such amendments in an expeditious manner.

### **ABOUT POSABIT**

POSaBIT (CSE: PBIT, OTC: POSAF) is a FinTech, working exclusively within the cannabis industry. We provide a best-in-class Point-of-Sale solution and are the leading cashless payment provider for cannabis retailers. We work tirelessly to build better financial services and transaction methods for merchants. We bring cutting-edge software and technology to the cannabis industry so that all merchants can have a safe and compliant set of services to solve the problems of a cash-only industry. For additional information, visit [www.posabit.com](http://www.posabit.com).

Neither the Canadian Securities Exchange nor the Canadian Investment Regulatory Organization accepts responsibility for the adequacy or accuracy of this release.

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