

POSaBIT Reports First Quarter 2024 Financial Results

POSaBIT exits Q1 with a renewed focus on sustainable profitability and growth

Q1 Adjusted Gross Profit of \$2.3M or 50% margins

March Annualized Adjusted Gross Profit \$10M

TORONTO / SEATTLE June 13, 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 months ended March 31, 2024.

“The market challenges we faced with our payments business at the end of 2023 and earlier this year are now behind us and POSaBIT is poised for long term profitability and growth through our recurring inflow of cash from our licensing contracts, increased Adjusted Gross Profit margins and a re-factored cost structure pushing us to profitability. We now have multiple payment options in place for our customers to use and our Point of Sale business continues to grow and take more and more market share.” said Ryan Hamlin, co-founder and CEO of POSaBIT.

Hamlin continued, “Despite the reduction in top line revenue, this is offset by the decrease in cost of goods sold and the recognition of incoming cash from our licensing contracts, which puts us close to the same Gross Profit dollars we had prior to the recent payment interruptions. In fact, in March, our annualized Adjusted Gross Profit was approximately \$10 million and Adjusted Revenue was \$21 million, setting us up to exit the quarter profitably.”

Adjusted Revenue and Adjusted Gross Profit

POSaBIT believes it is important for investors to understand Adjusted Revenue and Adjusted Gross Profit. POSaBIT’s management team uses these metrics to measure the true cash available to operate the company. The Company defines Adjusted Revenue as gross revenue, minus license support revenue, plus actual licensing cash received as part of POSaBIT’s licensing deals. The Company defines Adjusted Gross Profit as Adjusted Revenue less company cost of goods sold.

Recent Operational Highlights

- Recently launched our revised Apple and Android POSaBIT Pay application - available for download now.
- Received settlement from an outstanding claim due to POSaBIT from a prior processing partner.
- Closed our fastest growth month in March for our Point of Sale installs, with over 25 new locations across Washington, Oregon, Colorado and Massachusetts.
- Finalized banking and software requirements to be ready to support full credit card processing if rescheduling occurs and credit cards are allowed.

Balance Sheet

As of March 31, 2024, the Company had cash and cash equivalents of \$0.9 million compared to \$1.5 million as of December 31, 2023.

Financial Results

in US Dollars

Three Months ended

	March 31, 2024	March 31, 2023, restated	% Chg.
Revenue	\$3,777,105	\$11,569,760	(67)%
Cost of goods sold	\$(2,287,301)	\$(9,167,266)	75%
Gross profit	\$1,489,804	\$2,402,494	(38)%
<i>Gross profit margin</i>	<i>39%</i>	<i>21%</i>	<i>NM</i>
Operating costs	\$(3,421,903)	\$(5,233,432)	35%
Operating income (loss)	\$(1,932,099)	\$(2,830,938)	32%
Other (expenses) income	\$(8,045)	\$48,010	(117) %
Income Taxes	\$0	\$0	NM
Income (loss)	\$(1,940,144)	\$(2,782,928)	30%

NM - Not Meaningful

The following table reconciles Adjusted Revenue to Revenue, as reported.

in US Dollars

March 31, 2024

Revenue as reported	\$3,777,105
Add: Cash Receipts from Licensing contracts	\$1,162,500
Deduct: Licensing Support Revenue	\$(386,250)
Adjusted Revenue	\$4,553,355

The following table reconciles Adjusted Gross Profit to Gross Profit, as reported.

in US Dollars

March 31, 2024

Gross Profit as reported	\$1,489,804
Add: Cash Receipts from Licensing contracts	\$1,162,500
Deduct: Licensing Support Revenue as reported	\$(386,250)
Adjusted Gross Profit	\$2,266,054

Adjusted Gross Profit margin	50%
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The following table reconciles Adjusted EBITDA to Loss, as reported.

<i>in US Dollars</i>	March 31, 2024
Loss, as reported	(1,940,144)
Add-back foreign exchange gains, as reported	5,295
Add back share-based compensation, as reported	431,133
Add back/(deduct) amortization and depreciation, as reported	39,161
Add back/(deduct) change in expected credit losses, as reported	6,821
Add back bad debts, as reported	13,578
Deduct licensing revenue and interest income from licensing revenue, as reported	(635,522)
Add back cash receipts from licensing agreement	1,162,500
Add back interest accretion, as reported	5,880
Add back/(deduct) transaction costs, as reported	110,255
Adjusted EBITDA	(801,043)

Run Rate Guidance

For the month of March, POSaBIT generated Adjusted Revenue of ~\$1.8 million and Adjusted Gross Profit of ~\$0.8 million implying ~\$21.6 million and ~\$10 million of annualized Adjusted Revenue and Adjusted Gross Profit, respectively. As we continue to execute on our business plan we expect these run rates to increase and will be updated as part of our quarterly earnings release.

Conference Call Information

Date: June 13, 2024

Time: 4:30 PM Eastern Time

Toll Free: 888-506-0062

International: 973-528-0011

Participant Access Code: 291073

Webcast URL: <https://www.webcaster4.com/Webcast/Page/2708/50729>

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: 50729

Webcast Replay URL: <https://www.webcaster4.com/Webcast/Page/2708/50729>

Financial Reports

Full details of the financial and operating results are described in the Company's consolidated financial statements for the periods ended March 31, 2024 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.sedarplus.ca.

Non-IFRS Measures

Adjusted Revenue, Adjusted Gross Profit and Adjusted EBITDA are non-IFRS measures used by management that do not have any prescribed meaning by IFRS and may not be comparable to similar measures presented by other companies. The Company defines Adjusted Revenue as gross revenue, minus license support revenue, plus actual licensing cash received as part of POSaBIT's licensing deals. The Company defines Adjusted Gross Profit as Adjusted Revenue less company cost of goods sold. 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 these non-IFRS measures are useful metrics to evaluate its core operating performance and uses these measures 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 these non-IFRS measures in the evaluation of companies, many of which present similar metrics when reporting their results. We caution readers that Adjusted Revenue, Adjusted Gross Profit and Adjusted EBITDA are not substitutes for gross revenue, gross profit or profit/loss, respectively.

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 margin improvements and annualized Adjusted Revenue and Adjusted Gross Profit; 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.

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.

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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