

POSaBIT Reports Full Year 2018 Financial Results

TORONTO & SEATTLE--(BUSINESS WIRE)--May 6, 2019--POSaBIT Systems Corporation (CSE: PBIT), a leading financial technology company delivering unique blockchain-enabled 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, 2018.

“We are very pleased with our 2018 results. POSaBIT finished the year with an annual revenue run rate of \$5 million, including the DoubleBeam acquisition, which is in line with our guidance. Our total revenue also grew 266% year-over-year driven by our rapid expansion into California, Colorado and Washington and solid market share gains,” said Ryan Hamlin, co-founder and CEO of POSaBIT. “With our unique and compelling solution, and unwavering commitment to providing a great point-of-sale experience for cannabis merchants and customers, we believe we are well-positioned to take advantage of the large and growing cannabis industry and poised for continued growth.”

“Looking ahead to 2019, we remain focused on delivering strong results. Our performance-to-date in 2019 has been solid, led by continued traction in the market for our fully-integrated POS and payments platform. Additionally, we have continued to expand our footprint into California and Colorado and completed all of the necessary state requirements to support the METRC system in several US states. We believe this sets the stage for another strong year for POSaBIT, and as a result, we are maintaining our positive outlook for the year,” Hamlin concluded.

Financial Summary

in United States Dollars

	Year Ended December 31,	
	2018	2017
Total Revenue	\$ 2,443,043	\$ 667,258
Total Cost of Sales	2,194,809	660,178
Gross Profit	<u>\$ 248,234</u>	<u>\$ 7,080</u>
Total Operating Expenses	\$ 3,478,844	\$ 935,083
Total Other Income (Expenses)	(664,142)	(2,386,616)
Loss and Comprehensive Loss	<u>\$ (3,894,752)</u>	<u>\$ (3,314,619)</u>
Basic and Diluted Loss per Common Share	<u>\$ (0.17)</u>	<u>\$ (0.14)</u>
Basic and diluted weighted average number of common shares outstanding	23,013,011	24,284,087

Full Year 2018 Financial Summary

Transactional Sales

Transactional sales totaled \$21.8 million, representing an increase of 298% compared with \$5.4 million in 2017.

Revenue

Total revenue was \$2.4 million, up 266% compared with \$667.3 thousand in 2017. Including the DoubleBeam acquisition, the company ended the year with an annual revenue run rate of \$5.0 million.

Gross Profit

Gross profit was \$248.2 thousand, compared with a gross profit of \$7.1 thousand in 2017.

Loss and Comprehensive Loss

Loss and comprehensive loss was \$3.9 million, or a loss of \$0.17 per basic and diluted share, compared with a comprehensive loss of \$3.3 million, or a loss of \$0.14 per basic and diluted share in 2017.

Financial Reports

Full details of the financial and operating results for the year ended 2018 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 2019 outlook of:

- Transactional sales will grow by more than 400% to over USD \$100 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
- To expand its footprint to 5 additional recreational states and up to 10 additional medical states, based approximately on adding 2 states in the first quarter, 3 in the second quarter, 4 in the third quarter and 6 in the fourth quarter.

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 presentation. Neither we nor any of our representatives shall have any liability whatsoever, under contract, tort, trust or otherwise, to you or any person resulting from the use of the information in this presentation by you or any of your representatives or for omissions from the information in this presentation.

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.

CONTACT:

Investor Relations:

Chelsea Lish
The Blueshirt Group for POSaBIT
415-217-7722
investors@posabit.com

Media Relations:

Katie North
The Blueshirt Group for POSaBIT
415-217-4963
katie@blueshirtgroup.com

Management:

Ryan Hamlin
Co-founder and CEO of POSaBIT
415-217-7722
investors@posabit.com