

POSaBIT Reports Second Quarter 2019 Financial Results and Board Updates

TORONTO & SEATTLE--(BUSINESS WIRE)--August 29, 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 quarter ended June 30, 2019.

“POSaBIT has enjoyed an encouraging first half of 2019, showing a revenue growth of 228% over last year, propelled by new product offerings and our continued expansion into new markets, plus growth in existing ones,” said Ryan Hamlin, co-founder and CEO of POSaBIT. “This is an extremely invigorating period for both POSaBIT and the Cannabis industry. New markets, combined with our constantly upgraded offerings, provide POSaBIT with massive potential moving forward. Our continued growth and market share gains remain on track to allow POSaBIT to hit on our 2019 financial goals.”

Financial Summary

<i>in United States Dollars</i>	Six Months Ended	
	June 30,	
	2019	2018
Total Revenue	\$ 2,118,414	\$ 645,715
Total Cost of Sales	1,714,599	657,269
Gross Profit	<u>\$403,815</u>	<u>\$(11,554)</u>
Total Operating Expenses	\$ 3,650,449	\$ 1,241,029
Total Other Income (Expenses)	(15,874)	(605,555)
Loss and Comprehensive Loss	<u>\$(3,230,760)</u>	<u>\$(1,858,138)</u>
Basic and Diluted Loss per Common Share	<u>\$. (.065)</u>	<u>\$. (.085)</u>
Basic and diluted weighted average number of common shares outstanding	49,513,140	21,891,091

Second Quarter 2019 Financial Summary

Transactional Sales

Transactional sales totaled \$12,987,927 million, representing an increase of 289% compared with \$3,340,639 million in second quarter 2018.

Revenue

Total revenue was \$1,053,410 million, up 170% compared with \$389,796 thousand in second quarter 2018.

Gross Profit

Gross profit was \$278,432 thousand, compared with a gross profit of \$(12,860) thousand in second quarter 2018.

Loss and Comprehensive Loss

Loss and comprehensive loss was \$(2,456,393) million, or a loss of \$(.033) per basic and diluted share, compared with a comprehensive loss of \$(953,179) thousand, or a loss of \$(.040) per basic and diluted share in second quarter 2018. A significant portion of this loss was due to a one-time transactional cost loss per IRFS accounting in Total Operating Expenses as a result of the recent merger with Foreshore Exploration Partners Corp. and listing of POSaBIT on the Canadian Securities Exchange (CSE:PBIT).

Financial Reports

Full details of the financial and operating results for the second quarter 2019 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 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 4 states in the third quarter and 6 in the fourth quarter.

Board Updates

POSaBIT is proud to welcome Bruce Jaffe to its board. With a long and distinguished history of success in the software and technology industries, Jaffe brings a lifetime of experience in corporate development, operational excellence, and strategic investment to POSaBIT. He has formerly served as the Corporate Vice President of Corporate Development for Microsoft Corporation, was the CEO of the largest new Top Level Domain registry, Donuts Inc., where he recently scaled and sold the company, and currently serves as an adviser, consultant, and investor of early stage technology companies. His knowledge and experience will be a major asset for POSaBIT in the months and years to come.

In conjunction with Bruce Jaffe's addition, POSaBIT has accepted the resignations of Mike Markette and Paul Fiore from the board, effective immediately.

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.

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 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.

Contacts

Investor Relations:

investors@posabit.com

Media Relations:

Kim Wetter

Sr. Product Manager of POSaBIT

855-767-2248

press@posabit.com

Management:

Ryan Hamlin

Co-founder and CEO of POSaBIT

855-767-2248

investors@posabit.com