



## INVESTOR PRESENTATION

CSE:PBIT  
OTC:POSAF

[www.posabit.com](http://www.posabit.com)

February 2022

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# COMPANY OVERVIEW

# POSaBIT AT A GLANCE

POSaBIT is the leading payments infrastructure provider for the cannabis industry.

[www.posabit.com](http://www.posabit.com)

INDUSTRY FOCUS

**CANNABIS**

LOCATIONS

**300+**

(180+ POS, 300+ Payments,  
30% Overlap)

ACTIVE IN STATES

**18**



CSE

**PBIT**

OTC

**POSAF**

2021 GUIDANCE

Revenue growth: 140% - 160%

Revenue<sup>1</sup>: \$19.0 - \$20.5 million

Gross Margin: 28-32%

Transactional Sales: \$350 - \$375 million

2022 GUIDANCE

Revenue<sup>1</sup>: \$36.0 - \$39.5 million

<sup>1</sup>As of November 30, 2021. Subsequently, the company announced it expects to exceed the high end of its 2021 revenue guidance in a press release issued on January 26, 2022.

# POSABIT OVERVIEW

## MILESTONES

Doubled Revenue each year since 2017

Expanded into 15 states

Completed integrations with a variety of industry partners (Weedmaps, Jane, Leafly, Springbig)

## PRODUCT OFFERINGS

### CURRENT

#### Payment Processing

- PIN Debit
- Point of Banking
- Consumer ACH (B2C)

#### Point of Sale

#### Mobile POS & Payments

#### In-Store Payment Kiosk

#### Cash Advance Program

#### POSaBIT Connect API

### DEVELOPING

#### *POSaBIT Franchise Mgr.*

#### *Invoicing*

#### *Payroll/HR*

#### *Payment Rewards*

# POSABIT LEADERSHIP TEAM

At POSaBIT, we have a superior management team with significant experience in the technology field



**RYAN HAMLIN**

CEO / Co-Founder

Nearly **three decades** of software development and management experience

Former Executive at **Microsoft**

Founded **PlaceFull** in 2011 and had a successful exit in 2021 to Retail Management Hero (RMH)



**MATT FOWLER**

CFO

Former Senior Vice President of Finance and Accounting at **AuthenticID**.

Former Vice President of Finance and Reporting at **Phytelligence**

Former Director and Corporate Controller in charge of accounting and reporting for **Rhapsody International Inc.**



**JON BAUGHER**

CRO / Co-Founder

Nearly **three decades** of software and technology sales experience

Former VP, Sales at **Placefull**

Has extensive senior sales leadership experience on a **national and global scale**



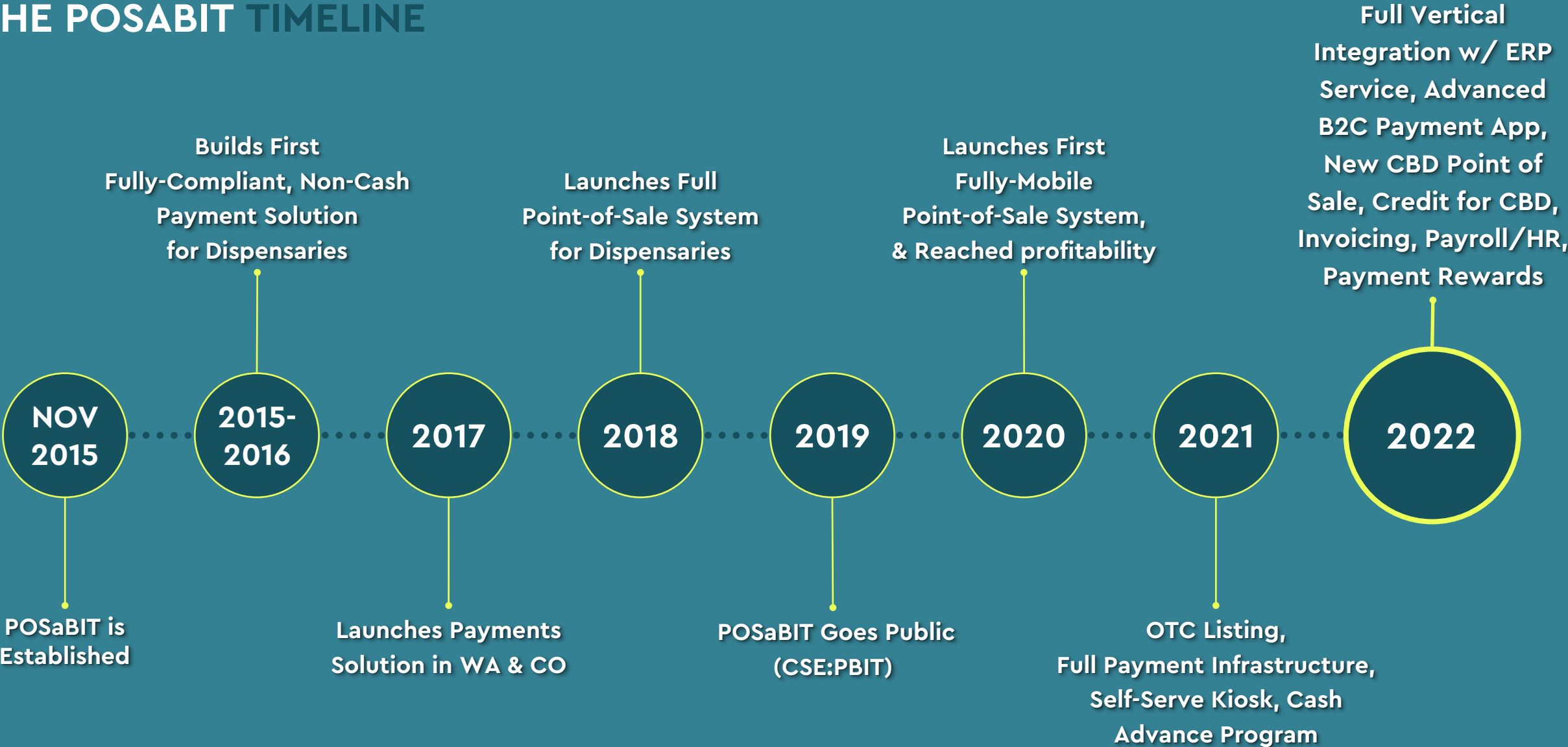
**ANDY SWEET**

CTO

Brings over **two decades** of software start-up experience with a proven history of **technical leadership**

Founded **Diamondsoft** and was an executive at **Shop & Support**, **former leader at Amazon**

# THE POSABIT TIMELINE



# KEY GROWTH DRIVERS

**NEW MERCHANTS**

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**STATE LEGALIZATION**

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**DIGITAL PAYMENTS PENETRATION**

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**PARTNERSHIPS**

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**NEW OFFERINGS**





# POSABIT PARTNERSHIPS



ENLIGHTEN  
see beyond



# INVESTMENT HIGHLIGHTS

# INVESTMENT HIGHLIGHTS

COMPLIANCE AS A DIFFERENTIATOR/MOAT

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CANNABIS MARKET IS GROWING RAPIDLY

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DIGITAL PAYMENTS PENETRATION IS LOW, BUT RISING

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POSABIT HAS A BEST IN CLASS PAYMENTS  
AND POINT OF SALE OFFERING

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UNIT ECONOMICS ARE SUSTAINABLE AND HAVE  
UPSIDE POST-LEGALIZATION

## POSABIT COMPLIANCE: OUR MOAT

**POSABIT IS A REGISTERED MONEY SERVICES BUSINESS WITH FINCEN AND HAS A FULL TIME CHIEF COMPLIANCE OFFICER**

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**POSABIT CREATED A DETAILED ANTI-MONEY-LAUNDERING PROGRAM AND POLICY WITH TOP TIER REGIONAL LAW FIRM**

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**POSABIT HAS DIRECT RELATIONSHIPS WITH OUR PROCESSORS AND BANKS TO ENSURE COMPLIANCE**

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# THE OPPORTUNITY

## CURRENT MARKET (BIG)

- 8,500+ medical and recreational dispensaries in the US
- Average store sales of \$3M annually
- Total processing opportunity \$22B+
- Less than 30% have some form of electronic payment processing today (and, in those stores, only 35% of transactions are electronic - 65% still cash)
- Additional state legalization as well as full federal legalization will eventually result in the majority of this shifting to digital commerce (away from cash)

## FUTURE MARKET (MASSIVE)

- States that recently passed cannabis legislation (e.g. New York)
- Continued expansion in current legal markets (e.g. Illinois, Arizona, Michigan, New Mexico)
- Future federal legalization
- Continued normalization of electronic payments

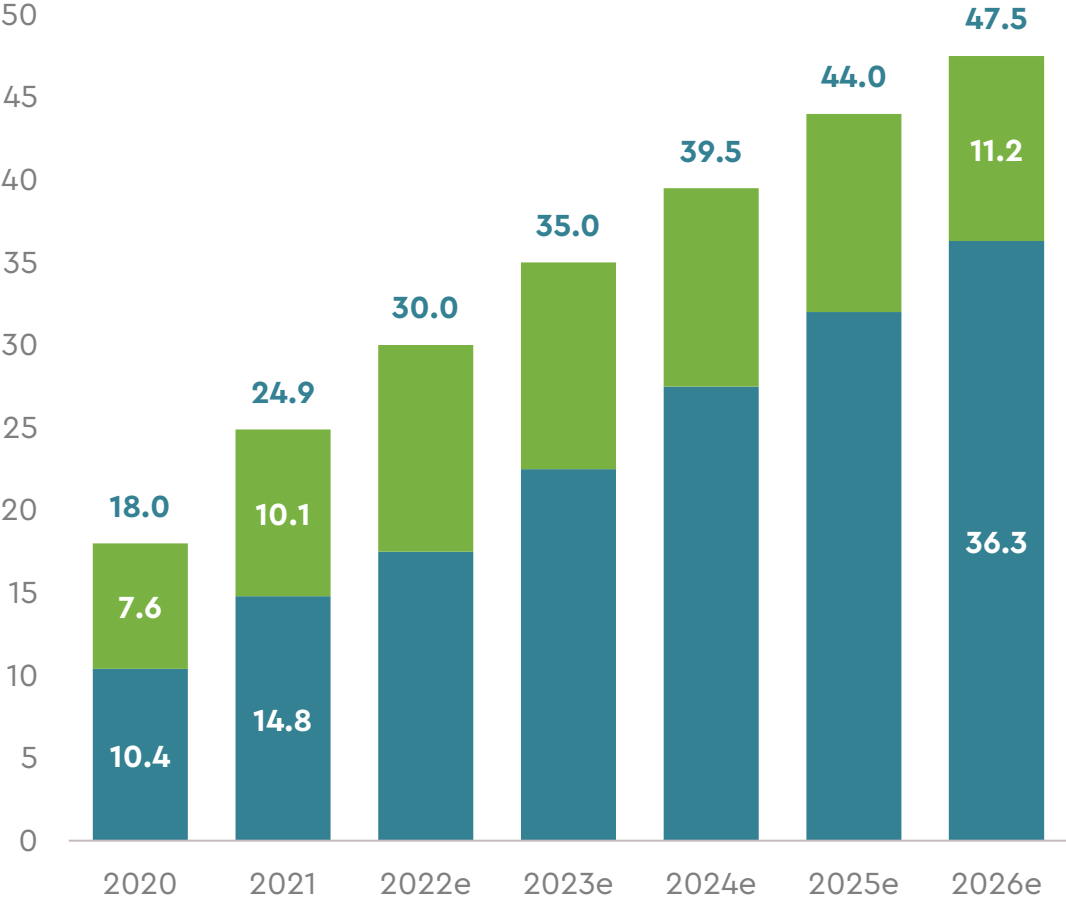
*\*Data on this slide comes from a combination of POSaBIT internal reporting, publicly available data, and extrapolations based on those sources*

# U.S. LEGAL MARKET PROJECTIONS

The U.S. Legal Market is Projected to Reach \$30B in 2022<sup>(1)</sup>

Expected to grow at a CAGR of 18%, to reach nearly \$48B by 2026<sup>(1)</sup>

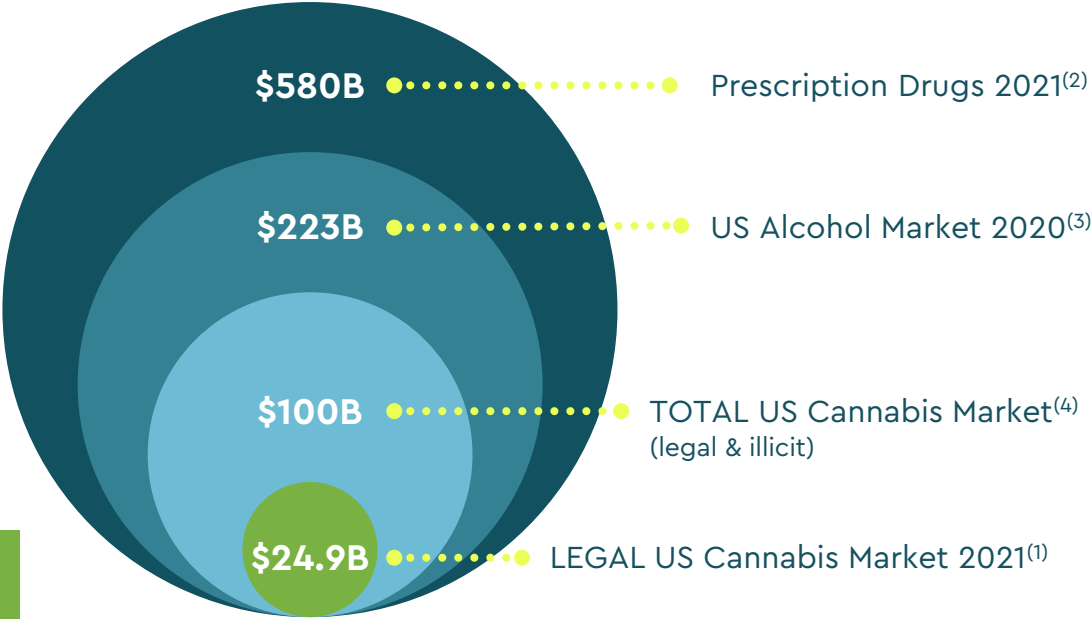
(US\$, B)



**Adult-Use**  
**23.2%**  
 7-year CAGR

**Medical**  
**6.7%**  
 7-year CAGR

## ADDRESSABLE MARKETS



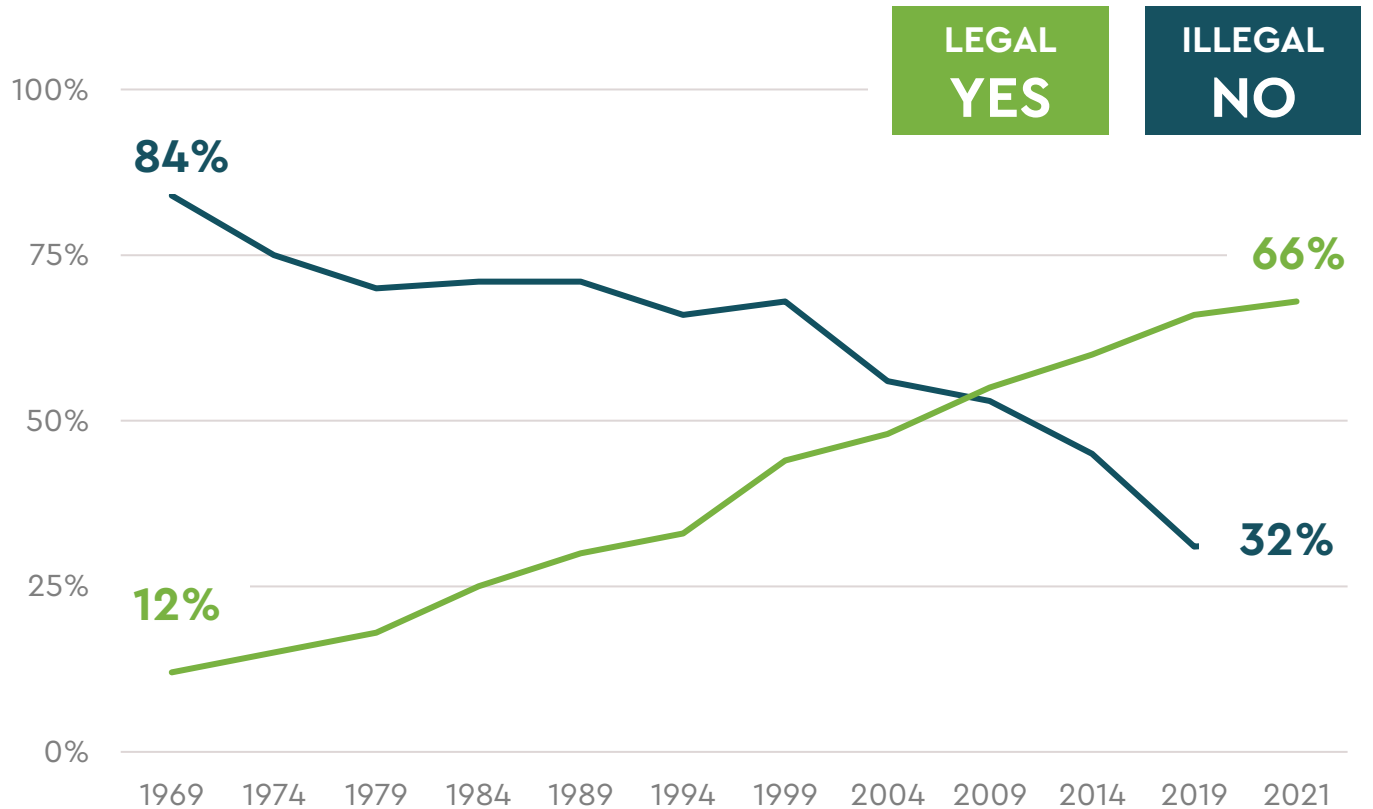
1. BDS Analytics, 10.1.21
2. IQVIA Institute for Human Data Science, Global Use of Medicines, January 2022.
3. Statista, <https://www.statista.com/topics/8803/alcoholic-beverages-industry-in-the-united-states/#dossierKeyfigures>
4. Cowen, Research Themes 2021, page 49

# RECENT FAVORABLE LEGISLATIVE CHANGES

Support for cannabis legalization is one of the fastest-evolving issues in the U.S.

- 36 states, DC, Guam, and PR have already legalized medical cannabis.
- 18 states have legalized cannabis for adult-use.
- On Election Day '20, AZ, MT, NJ, and SD legalized adult-use cannabis, and MS and SD legalized medical cannabis.
- In 2021, NM, NY, and VA legalized adult-use cannabis.
- Legalization of recreational, adult-use in NJ and NY is putting pressure on neighboring states, such as PA and MD to legalize.

## SUPPORT FOR FULL LEGALIZATION (1969 – 2021)



Source: Gallup Opinion Poll on Support for Legalization



## DIGITAL PAYMENT PENETRATION: LOW BUT RISING

APPROXIMATELY 70% OF ALL DISPENSARIES ACROSS THE COUNTRY  
REMAIN EXCLUSIVELY CASH ONLY.

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WHEN STORES BEGIN TAKING DIGITAL PAYMENTS, THEY ALMOST  
NEVER REVERT TO CASH-ONLY.

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STORES THAT USE DIGITAL PAYMENTS SEE STEADILY INCREASING  
ADOPTION RATES OVER TIME.

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CARD PAYMENTS HAVE BECOME INCREASINGLY ACCEPTABLE IN  
THE INDUSTRY AND, IN SOME MARKETS, EXPECTED.

# POSABIT'S MARKET ADVANTAGE

**POSaBIT has, *without a doubt*, the best payments infrastructure in the cannabis industry.**

	<b>POSABIT</b>	<b>THE COMPETITION</b>			
		Leading ACH Only Platform	Leading POB Reseller	ATM Machines (cash)	Non-compliant Systems
Full Regulatory Compliance	✓	✓	✓	✓	-
Transparent Banking Relationships	✓	✓	✓	✓	-
Custom-Built Software	✓	✓	-	-	-
Robust Back-End Reporting Portal	✓	-	-	-	-
Best-in-Industry Equipment	✓	-	-	-	-
Full Suite of Payment Options	✓	-	-	-	-
Onboarding and Install Assistance	✓	-	-	-	-
Live, Expert Customer Support	✓	-	-	-	-
Host of Software & Hardware Integrations	✓	-	-	-	-

# POSABIT'S GREATEST COMPETITION IS CASH

## POSaBIT's Advantages over Cash



- In typical retail environments, cash is only used in 11% of all transactions (down from 16% in 2018).
- In a cash-only dispensary, consumers are forced to make a trip to the ATM.
- Customers artificially limit their spending power by taking out cash prior to their purchase.
- With a cap on their spending power, deciding on their purchase and discussing options with a budtender becomes a lengthier process.
- The average card transaction is almost double the average cash transaction.
- Store employee tips skyrocket with card payments (dollar amounts vs. loose change).



The most common question we are asked is "What happens to POSaBIT when cannabis is federally legalized?"

The more pertinent question is "What will federal legalization even mean for the cannabis industry?"

- On day 1 of federal legalization, nothing will change. 7-11 won't begin selling marijuana. It won't be available on Amazon.
- There are innumerable regulations and laws and infrastructure that must be put in place across the country.
- State laws and regulations will continue to exist, including states who decide to keep cannabis illegal (see: Idaho). Similar to sports betting and online gambling.

# WAVES OF LEGALIZATION

## WAVE 1: THE PRESENT

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**Few payment processors in the industry**

**POSaBIT has the best infrastructure & solutions**

**Addressable market is sizable & rapidly expanding**

## WAVE 2: HIGH-RISK PROCESSING

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**Immediately post-federal legalization**

**Cannabis payments will still be considered high-risk**

**Market opportunity will begin to rapidly accelerate**

# FINANCIAL OVERVIEW

# POSABIT Q3 2021 RESULTS

	Q3 2020	Q3 2021	% CHANGE
<b>Payments</b>	\$42.2M	<b>\$106M</b>	<b>151%</b>
<b>Revenue</b>	\$2.3M	<b>\$6.3M</b>	<b>174%</b>
<b>Gross Profit</b>	\$0.57M	<b>\$1.43M</b>	<b>151%</b>
<b>Gross Profit Margin</b>	25%	<b>22%</b>	<b>-12%</b>
<b>Adjusted EBITDA</b>	\$0.04M	<b>(\$0.5)M<sup>1</sup></b>	<b>NM</b>

<sup>1</sup> Adjusted EBITDA for the quarter ended September 30, 2021, was as expected given planned investments made in additional resources to support rapid growth.  
NM – Not Meaningful

# POSABIT GUIDANCE

## 2021 TOTAL REVENUE<sup>1</sup>

**\$19.0M - \$20.5M**

## 2022 TOTAL REVENUE<sup>1</sup>

**\$36.0M - \$39.5M**

## TRANSACTION SALES FOR CARD SERVICES

**\$350M - \$375M**

## GROSS PROFIT MARGIN

**28% - 32%**

<sup>1</sup>As of November 30, 2021. Subsequently, the company announced it expects to exceed the high end of its 2021 revenue guidance in a press release issued on January 26, 2022.



# POSABIT QUARTERLY FINANCIALS

	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
<b>Gross Transactional Sales</b>	\$13M	\$15.8M	\$11.4M	\$15.6M	\$26.7M	\$42.2M	\$47.3M	\$64M	\$87.3M	\$106M
<b>Revenue</b>	\$816.7K	\$1M	\$800K	\$942.2K	\$1.49M	\$2.33M	\$3.1M	\$3.55M	\$4.96M	\$6.4M
<b>Gross Profit</b>	\$123.8K	\$154.5K	\$34.2K	\$70.8K	\$292K	\$575.1K	\$796.7K	\$899.7K	\$1.3M	\$1.4M

# POSABIT YEARLY FINANCIALS

	2019	2020	2021 GUIDANCE	2022 GUIDANCE
<b>Gross Transactional Sales</b>	<b>\$54M</b>	<b>\$132M</b>	<b>\$350-\$375M</b>	
<i>Growth Rates</i>	N/A	144%	136%	
<b>Revenue</b>	<b>\$3.4M</b>	<b>\$7.8M</b>	<b>\$19.0-\$20.5M<sup>1</sup></b>	<b>\$36.0-\$39.5M<sup>1</sup></b>
<i>Growth Rates</i>	N/A	129%	158%	
<b>Gross Profit</b>	<b>\$296.6K</b>	<b>\$1.68M</b>	<b>\$5.1M - \$5.8</b>	
<i>Gross Margin</i>	9%	22%	28% - 32%	

<sup>1</sup>As of November 30, 2021. Subsequently, the company announced it expects to exceed the high end of its 2021 revenue guidance in a press release issued on January 26, 2022.

# APPENDIX

# POSABIT BOARD OF DIRECTORS

Our board combines their collective cross-industry experience to enhance and support the POSaBIT vision



**RYAN HAMLIN**

CEO / Co-Founder / Chairman

Former Executive at  
**Microsoft**

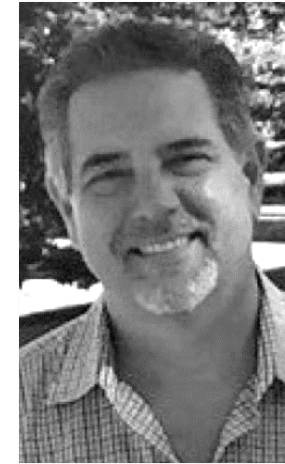
Founded **PlaceFull** in 2011  
and had a successful exit  
in 2021 to Retail  
Management Hero (RMH)



**JON BAUGHER**

CRO / Co-Founder / Director

Former VP, Sales at **Placefull**  
Has extensive senior sales  
leadership experience on a  
**national and global scale.**



**MIKE APKER**

Director

Former CEO of **Oberon  
Financial Technology**, Former  
COO and Exec VP at **Investnet**,  
20 years at **Hewlett-Packard**  
and **Silicon Graphics.**



**DON TRINGALI**

Director

Founder and Chief Executive  
Officer of **Augusta Advisory  
Group**, a US-based boutique  
financial and business  
consulting firm.

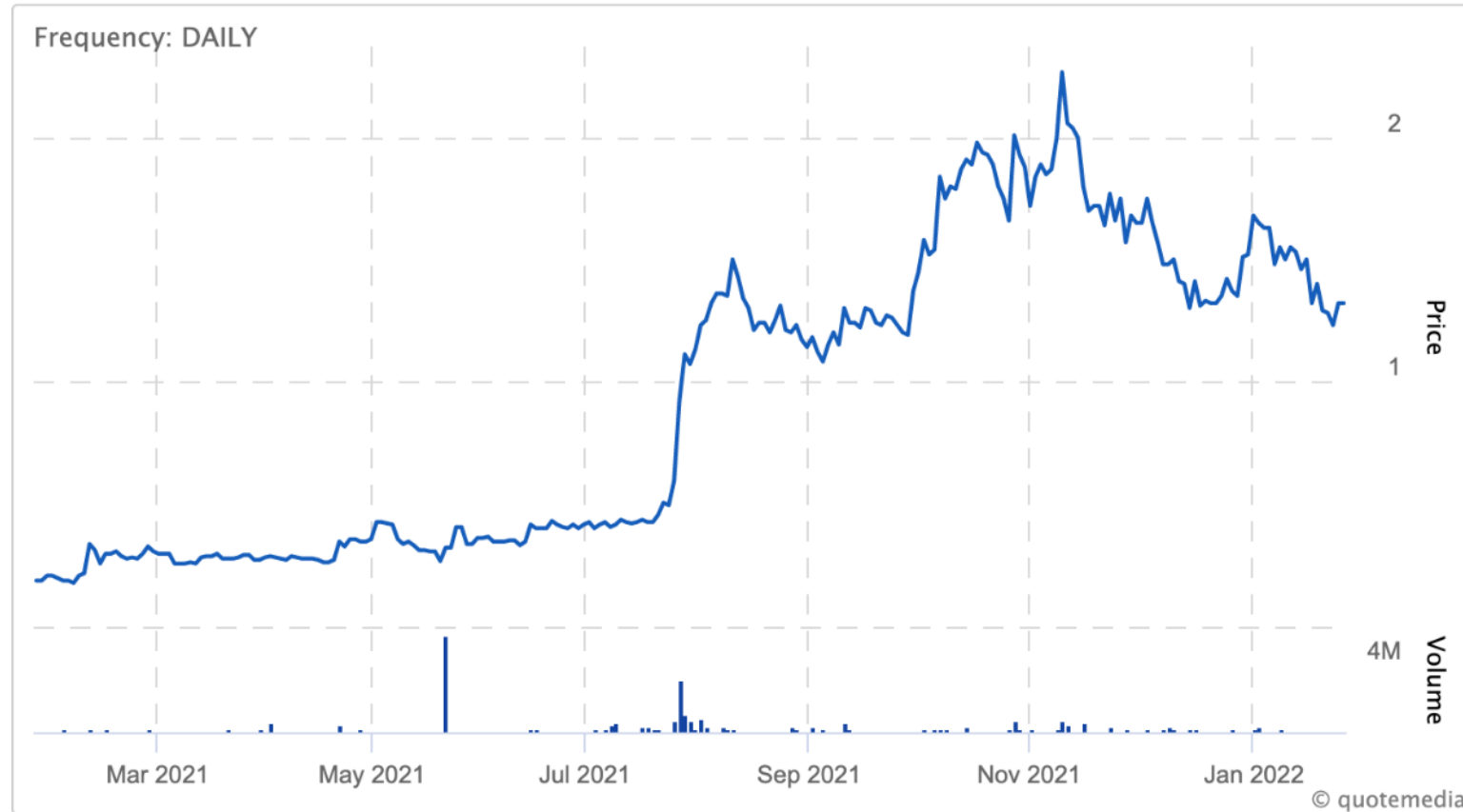


**LOUIS CAMHI**

Director

Former Analyst **Citadel**,  
Previously Analyst at  
**Three Corner Global** and  
Investment Banker at  
**Credit Suisse**

# POSABIT (CSE:PBIT AND OTC:POSAF)



**52-Week Price Range:**

.17 – 2.40

**Shares Outstanding:**

131,902,645

**Fully Diluted Shares:**

154,928,064

**Board, Management and Associates Ownership:**

37%

# SUMMARY BALANCE SHEET

Increase in cash due to EBITDA profits and \$2M private placement in Feb. 2021

	As of September 30, 2021	As of December 31, 2020
<b>Cash</b>	<b>\$5,494,213</b>	\$977,654
Total current assets	<b>\$8,788,281</b>	\$3,341,840
Total assets	<b>\$9,149,137</b>	\$3,685,719
Total current liabilities	<b>\$6,035,339</b>	\$5,578,180
<b>Long-term debt</b>	<b>\$10,324,050</b>	\$1,164,525
Total liabilities	<b>\$16,359,389</b>	\$6,742,704
<b>Stockholders' Equity</b>	<b>(\$7,210,252)</b>	(\$3,056,985)
Total liabilities & Equity	<b>\$9,149,137</b>	\$3,685,719

THANK YOU



CONTACT

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