UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 2021

Commission File Number: 001-34294

GREENBOX POS
(Exact name of registrant as specified in its charter)

Nevada	**22-3962936**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
3131 Camino Del Rio North, Suite 1400 **San Diego, CA**	**92108**
(Address of principal executive office)	(Zip Code)

Registrant's telephone number, including area code: **(619) 631-8261**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.001 par value	GBOX	The Nasdaq Stock Market LLC (Nasdaq Capital Market)

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined by Rule 405 of the Securities Act. Yes ☐ No X

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No X

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes X No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b–2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	X	Smaller reporting company	X
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No X

The aggregate market value of the 21.2 million shares of voting common stock held by non-affiliates of the registrant as of June 30, 2021 was $226 million based on the closing price of $11.93 per share of the registrant's common stock as quoted on the Nasdaq Capital Market on that date.

As of March 25, 2022, there were 43,289,572 shares of registrant's common stock outstanding.

Documents Incorporated by Reference: Portions of registrant's proxy statement for its 2022 annual meeting of shareholders filed within 120 days after the close of the registrant's fiscal year (the "Proxy Statement"), are incorporated by reference to this report on Form 10-K

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. These statements are often identified by the use of words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "plan," "project," "will," "would" or the negative or plural of these words or similar expressions or variations. Such forward-looking statements are subject to a number of risks, uncertainties, assumptions and other factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified herein and in our other SEC filings. You should not rely upon forward-looking statements as predictions of future events.

You should not place undue reliance on forward looking statements. The cautionary statements set forth in this Annual Report on Form 10-K identify important factors which you should consider in evaluating our forward-looking statements. These factors include, among other things:

- Our ability to effectively execute our business plan;
- Our ability to manage our expansion, growth and operating expenses;
- Our ability to comply with new regulations that affect our business;
- Our ability to evaluate and measure our business, prospects and performance metrics;
- Our ability to compete and succeed in a evolving industry;
- Our ability to respond and adapt to changes in technology;
- Risks in connection with completed or potential acquisitions, dispositions and other strategic growth opportunities and initiatives;
- Risks related to shareholders experiencing significant dilution if the 8% senior convertible note due 2023 in the principal amount of $94 million should the note be repaid in stock;
- Various risks related to health epidemics, pandemics and similar outbreaks, such as the coronavirus disease 2019 ("COVID-19") pandemic, which may have material adverse effects on our business, financial position, results of operations and/or cash flows;
- Risks related to the blockchain and cryptocurrency industry; and
- Risks related to our dependence on our proprietary technology which we may not be able to protect.

The foregoing list of important factors does not include all such factors, nor necessarily present them in order of importance. In addition, you should consult other disclosures made by the Company (such as in our other filings with the Securities and Exchange Commission (the "SEC") or in our press releases) for other factors that may cause actual results to differ materially from those projected by the Company. For additional information regarding risk factors that could affect the Company's results, see "Risk Factors" beginning on page 9 of this Annual Report on Form 10-K, and as may be included from time-to-time in our reports filed with the SEC.

The Company intends the forward-looking statements to speak only as of the time of such statements and does not undertake or plan to update or revise such forward-looking statements as more information becomes available or to reflect changes in expectations, assumptions or results. The Company can give no assurance that such expectations or forward-looking statements will prove to be correct. An occurrence of, or any material adverse change in, one or more of the risk factors or risks and uncertainties referred to in this Annual Report on Form 10-K, could materially and adversely affect our results of operations, financial condition, and liquidity, and our future performance.

In this Annual Report on Form 10-K, unless the context otherwise requires, all references to "the Company," "we," "our", "us" and "PubCo" refer to GreenBox POS, a Nevada corporation.

Unless the context otherwise requires, all references to "PrivCo" or the "Private Company" refer to GreenBox POS LLC, a limited liability company, formed in the state of Washington.

On February 17, 2021, the Company effected a reverse stock split of the Company's shares of common stock outstanding and a proportional decrease of the Company's authorized shares of common stock at a ratio of one-for-six (the "Stock Split"). Following the Stock Split, the Company has 82,500,000 shares of common stock authorized (the number of authorized shares of Preferred Stock remains 5,000,000). All share and per share information in this Annual Report on Form 10-K have been retroactively adjusted for all periods presented, unless otherwise indicated, to give effect to the Stock Split, including the financial statements and notes thereto.

PART I

Item 1 – Business

Organization

GreenBox POS is a financial technology company that develops, markets, and sells innovative blockchain-based payment solutions, which we believe offer significant improvements for the payment solutions marketplace. The Company's core focus is to develop and monetize disruptive blockchain-based applications, integrated within an end-to-end suite of financial products, capable of supporting a multitude of industries. The Company's proprietary, blockchain-based systems are designed to facilitate, record and store a virtually limitless volume of tokenized assets, representing cash or data, on a secured, immutable blockchain-based ledger.

The Company was formerly known as ASAP Expo, Inc ("ASAP"), and was incorporated in the state of Nevada on April 10, 2007. On January 4, 2020, PubCo and GreenBox POS LLC, a Washington limited liability company ("PrivCo"), entered into an Asset Purchase Agreement (the "Agreement"), to memorialize a verbal agreement (the "Verbal Agreement") entered into on April 12, 2018, by and among PubCo (the Buyer) and PrivCo (the Seller). On April 12, 2018, pursuant to the Verbal Agreement, PubCo acquired PrivCo's blockchain gateway and payment system business, point of sale system business, delivery business and kiosk business, bank and merchant accounts, as well as all intellectual property related thereto (the "GreenBox Business"). As consideration for the GreenBox Business, on April 12, 2018, PubCo assumed PrivCo's liabilities that had been incurred in the normal course of the GreenBox Business.

On May 3, 2018, PubCo formally changed its name to GreenBox POS LLC, then subsequently changed its name to GreenBox POS on December 13, 2018.

On May 21, 2021, the Company acquired all of the outstanding stock of Northeast Merchant Systems, Inc. ("Northeast") in a transaction treated as a business combination. Northeast is a merchant services company providing merchant credit card processing through their own Bank Identification Number (BIN) with the acquiring bank Merrick. This involves inside operations for new merchants that include sales assistance and applications processing, underwriting, and onboarding; inside operations for existing merchants include risk monitoring and customer service. Outside operations include: equipment service or replacement; sales calls and applications, site inspections and identity verification; security verification; and on-site customer service and technical support.

On July 13, 2021 (the "Closing Date"), GreenBox POS entered into and closed on a Membership Interest Purchase Agreement (the "Purchase Agreement") with Charge Savvy LLC, an Illinois limited liability company ("Charge Savvy"), and Charge Savvy's three members (collectively, the "Sellers"). One of the Sellers, Ken Haller, was an employee of the Company on the Closing Date. As a result of the Purchase Agreement, the Company purchased all of Charge Savvy's issued and outstanding membership interests from the Sellers and Charge Savvy became a wholly owned subsidiary of the Company. Although the Purchase Agreement is dated July 9th, it was entered into and closed on July 13th.The purchase price under the Purchase Agreement for the all- stock transaction consisted of 1,000,000 shares of the Company's common stock, par value $0.001 per share (the "Common Stock") being issued and delivered to Sellers in proportion to the Sellers' share of their membership interests in Charge Savvy. The share price at issuance was $12.14. Charge Savvy is a global Fintech company that specializes on developing software and providing payment processing and point of sale services to the merchant services industry. Charge Savvy also owns an approximately 64,000 square foot office building located in Chicago, Illinois where it is headquartered.

Our Business

Payment processing in the blockchain world only requires recording a ledger, there is no movement of money. Secure tokens are used where users need an immediate transaction, in a safe, private, and hack-free environment, and where traditional banks may not work effectively, like cross border transactions or in under-banked verticals.

We generate revenue from payment processing services, licensing fees and equipment sales.

- Payment processing revenue is based on a percentage of each transaction's value and/or upon fixed amounts specified per each transaction or service and is recognized as such transactions or services are performed. This is our primary source of revenues. When a merchant makes a sale, the process of receiving the payment card information, engaging the banks for transferring the proceeds to the merchant's account via digital gateways, and recording the transaction on a blockchain ledger are the activities for which we get to collect fees.

- Licensing revenue is paid in advance and is recorded as unearned income, which is amortized monthly over the period of the licensing agreement.

- Equipment revenue is generated from the sale of POS products, which is recognized when goods are shipped.

We have three main products that are utilized by our customers:

a) QuickCard Payment System is a comprehensive physical and virtual cash management system, including software that facilitates deposits, cash and e-wallet management.

b) POS Solutions is our complete end-to-end Point of Sale solution, comprising both software and hardware.

c) Loopz Software Solution is a mobile delivery service operations management solution with automated dispatch functionality.

Our proprietary blockchain-based technology serves as the settlement engine for all transactions within our ecosystem. The blockchain ledger provides a robust and secure platform to log immense volumes of immutable transactional records in real time. Generally speaking, blockchain is a distributed ledger that uses digitally encrypted keys to verify, secure and record details of each transaction conducted within an ecosystem. Unlike general blockchain-based systems, we use proprietary, private ledger technology to verify every transaction conducted within our ecosystem. The verification of transaction data comes from trusted partners, all of whom have been extensively vetted by us.

We facilitate all financial elements of our closed-loop ecosystem and we act as the administrator for all related accounts. Using our TrustGateway technology, we seek authorization and settlement for each transaction from Gateways to the issuing bank responsible for the credit/debit card used in the transaction. When the Gateway settles the transaction, our TrustGateway technology composes a chain of blockchain instructions to our ledger manager system.

When consumers use credit/debit cards to pay for transactions with merchants who use our ecosystem, the transaction starts with the consumer purchasing tokens from us. The tokens are purchased or granted directly from the merchant's terminals or mobile app, or from our website and are immediately available for transactions.

he issuance of tokens is accomplished when we load a virtual wallet with a token, which then transfers credits to the merchant’s wallet on a dollar for dollar basis, after which the merchant releases its goods or services to the consumer. These transfers take place instantaneously and seamlessly, allowing the transaction experience to seem like any other ordinary credit/debit card transaction to the consumer and merchant.

While our blockchain ledger records transaction details instantaneously, the final cash settlement of each transaction can take days to weeks, depending upon contract terms between us and the gateways we use, between us and our Independent Sales Organizations ("ISO”), and between us and/or our ISOs and merchants who use our services. In the case where we have received transaction funds, but not yet paid a merchant or an ISO, we hold funds in either a trust account or as cash deemed restricted within our operating accounts. We record the total of such funds as Cash held for Settlements – this is a current asset. Of these funds, we record the sum balance due to Merchants and ISOs as Settlement Liabilities to Merchants and Settlement Liabilities to ISOs, respectively.

Our primary revenue driver in fiscal year 2021 was the release and utilization of our Gen3 platform. We believe Gen3 is the most advanced technology released in the space to date. The latest installment of our technology, Gen3 features the following new properties: 1. Banking white label platform; 2. Payment Facilitation management platform; 3. Stablecoin platform support; 4. Payment platform; and 5. Ledger Secure Token Technology. We believe Gen3’s holistic end to end capabilities minimize user pain points in onboarding, transactions and offboarding.

In addition, Gen3 is the transactional foundation for the new Secure Token Technology described below.

Currency has two primary roles: it can be transactional, or it can be custodial (reserve). US dollars plays both roles. There are several disadvantages encapsulated within the existing cryptocurrency architectures available today. A decentralized approach makes the crypto assets available for viewing from anywhere and at any time, but they are extremely volatile, hackable, slow to settle, and have no intrinsic value. For the most part, they have a lot of transaction friction, in both time to settlement and transactional or conversion costs. As such, we believe these are not assets suitable as transactional currency, and are questionable as custodial currency. Centralized deployments can be stable (commonly called stablecoin), and are better as custodial media; however, none is attached to a transactional ecosystem, and exchange fees are still high. The USDC, a coin that is a USD digital equivalent, is an example of that.

We have introduced a new kind of media to the mix: Secure Token Technology, called Coyni, which has been available on a private basis since the end of 2021 and we expect will be fully available to the public before the end of 2022. This token is not minted nor mined, but rather it is the equivalent of a contract (an asset class called Smart Contract). As such, Secure Token Technology has many advantages over all other coins and token, and deliver on the features most sought after in the crypto and legacy payment space.

1. It provides instant settlement;
2. It is highly secure, since the asset and its value are not held together (asset is decentrally visible but its value is in centralized cold storage);
3. It is deletable – the token can be cancelled;
4. It is reversible (undo-able) allowing for chargebacks in the case of a bad transaction. This allows the token to be kept alive for another transaction by the same user;
5. It provides instant liquidity;
6. It is attached to a regulated custodial account. The custodian will be a regulated bank. And the custodial account will be continuously audited to ensure it has a large enough cash balance to back all tokens in circulation; and
7. It is attached to our transactional infrastructure. This allows for the token to be usable for instant purchases, which we believe is an advantage for the merchants. These purchases, in turn, generate processing volume for us.

We believe our Gen3 stabilized platform will be a top choice for banks, e-commerce, and consumers. As a stablecoin platform, it is also the only type of blockchain payment processing platform that the Office of the Comptroller of the Currency has authorized for use by banks in a similar fashion to ACH, Wire and Swift. Because Secure Token Technology is attached to the value of the US dollar, it is also very good as a custodial vehicle, fitting the needs of low-risk yield seekers, such as pension funds and retirement accounts. We believe our Gen3 stabilized platform, in its stabilized end-to-end deployment, is the obvious tool of choice, without any meaningful competition, for both transactional and custodial roles of currency, and will appeal to various stakeholders: consumers, merchants, banks, and the regulators.

The Company has a Payment Facilitator License. The license is necessary for us to facilitate card payments for our clients to process Visa , MasterCard, AmEx, and Discover Card purchases.

Competition

Although we believe there is currently no other company in the payment facilitator industry using, as we are, blockchain infrastructure, notable companies in the payment facilitator industry include PayPal, Stripe, and Square.

Customers

We currently process transactions for approximately 4,000 customers in over twenty-five (25) industries, including, but not limited to, foreign exchange (FX), retail, and e-commerce sectors. We do not rely on any one customer for more than 5% of our processing volume or revenue.

Employees and Human Capital

We currently have approximately 50 full-time employees. None of our employees are subject to collective bargaining agreements. We consider our relationship with our employees to be good.

Our human capital resources objectives include, as applicable, identifying, recruiting, retaining, incentivizing and integrating our existing and new employees, advisors and consultants. The principal purposes of our equity incentive plan is to attract, retain and reward personnel through the granting of stock-based compensation awards, in order to increase stockholder value and the success of our company by motivating such individuals to perform to the best of their abilities and achieve our objectives.

Recent Developments

Issuance of Note and Entry into Waiver

As previously disclosed, we sold and issued, in a registered direct offering, an 8% senior convertible note due November 3, 2023 in the aggregate original principal amount of $100 million (the "Note"). The Note had an original issue discount of sixteen percent (16%) resulting in gross proceeds to us of $84 million. The Note was sold pursuant to the terms of a Securities Purchase Agreement, dated November 2, 2021 (the "SPA"), between us and the investor in the Note (the "Investor").

The Note was issued on November 8, 2021, pursuant to an indenture dated November 2, 2021 between us and Wilmington Savings Fund Society, FSB, as trustee (the "Base Indenture"), as supplemented by a first supplemental indenture thereto, dated November 2, 2021, relating to the Notes (the "First Supplemental Indenture" and, the Base Indenture as supplemented by the First Supplemental Indenture, the "First Indenture"). The terms of the Note include those provided in the First Indenture and those made part of the First Indenture by reference to the Trust Indenture Act.

Ranking

The Note is the senior unsecured obligations of the Company and not the financial obligations of our subsidiaries. Until such date as the principal amount of the Note is $5 million or less, all payments due under the Note will be senior to all other indebtedness of the Company and/or any of our subsidiaries.

Maturity Date

Unless earlier converted, or redeemed, the Note will mature on November 5, 2023, the second anniversary of their issuance date, which we refer to herein as the "Maturity Date", subject to the right of the investors to extend the date:

(i) if an event of default under the Note has occurred and is continuing (or any event shall have occurred and be continuing that with the passage of time and the failure to cure would result in an event of default under the Note) and

(ii) for a period of 20 business days after the consummation of a fundamental transaction if certain events occur.

We are required to pay, on the Maturity Date, all outstanding principal, accrued and unpaid interest and accrued and unpaid late charges on such principal and interest, if any.

Interest

The Note bears interest at the rate of 8% per annum (a) shall commence accruing on the date of issuance, (b) shall be computed on the basis of a 360-day year and twelve 30-day months and (c) shall be payable in cash quarterly in arrears on the first trading day of each calendar quarter or otherwise in accordance with the terms of the Note. If a holder elects to convert or redeem all or any portion of a Note prior to the Maturity Date, all accrued and unpaid interest on the amount being converted or redeemed will also be payable. If we elect to redeem all or any portion of a Note prior to the Maturity Date, all accrued and unpaid interest on the amount being redeemed will also be payable. The interest rate of the Note will automatically increase to 15% per annum upon the occurrence and continuance of an event of default (See "-- Events of Default" below).

Late Charges

We are required to pay a late charge of 15% on any amount of principal or other amounts that are not paid when due.

Conversion

Fixed Conversions at Option of Holder

The holder of the Note may convert all, or any part, of the outstanding principal and interest of the Note, at any time at such holder's option, into shares of our common stock at an initial fixed conversion price, which is subject to:

- proportional adjustment upon the occurrence of any stock split, stock dividend, stock combination and/or similar transactions; and
- full-ratchet adjustment in connection a subsequent offering at a per share price less than the fixed conversion price then in effect.

On January 28, 2022, we and the Investor, entered into an Agreement and Waiver (the "Waiver") with regard to the Note that has the following major provisions:

(a) the Investor agreed to extend the "90 Day Eligibility Date" from February 3, 2022 to May 2, 2022 such that the Investor can no longer, if the closing price of the stock is less than $5.50, convert up to $30 million of the Note into shares of the Company's common stock (with the conversion price being the lower of (i) the then in effect conversion price and (ii) the greater of (x) the Note's $1.67 floor price or (y) 98% of the market price on the conversion date) (the "Alternate Optional Conversion Price") prior to May 2, 2022;

(b) allows us to acquire, for cancellation, $6 million in in aggregate principal amount of the Note for a purchase price of $6.9 million such that the new principal amount of the Note is $94 million;

(c) lowers the initial fixed conversion price of the Note from $15 to $12; and

(d) if the trading volume of our common stock on any individual trading day is over $5 million (the "Alternate Conversion Company Waiver Measuring Date"), allows the Investor an opportunity to convert up to $5 million of the Note into shares of our common stock from the Alternate Conversion Company Waiver Measuring Date through and including 7:00 PM ET on the immediately following trading day. The conversion price would be the lower of (i) the then in effect conversion price and (ii) the greater of (x) the Note's $1.67 floor price or (y) 98% of the market price on the conversion date.

The Company paid the investor $6.9 million on January 31, 2022.

1-Year Alternate Optional Conversion

At any time following the first anniversary of the issuance date of the Note, but only if the closing bid price of our common stock on the immediately prior trading day is less than $6.50, each holder of the Note shall have the option to convert, at such holder's option, pro rata, up to $30 million of the principal amount of the Note (in $250,000 increments) at the Alternate Optional Conversion Price.

Alternate Event of Default Optional Conversion

If an event of default has occurred under the Note, each holder may alternatively elect to convert the Note (subject to an additional 15% redemption premium) at the "Alternate Event of Default Conversion Price" equal to the lesser of:

- the fixed conversion price then in effect; and

the greater of:

- the floor price; and
- 80% of the lowest volume weighted average price of our common stock during the five trading days immediately prior to such conversion.

Beneficial Ownership Limitation

The Note may not be converted and shares of common stock may not be issued under the Note if, after giving effect to the conversion or issuance, the applicable holder of the Note (together with its affiliates, if any) would beneficially own in excess of 4.99% of our outstanding shares of common stock, which we refer to herein as the "Note Blocker". The Note Blocker may be raised or lowered to any other percentage not in excess of 9.99% at the option of the applicable holder of Notes, except that any raise will only be effective upon 61-days' prior notice to us.

Clarification to First Quarter Adjustment to Fixed Conversion Price

The Company wishes to clarify the possible first quarter adjustment to the Note's initial fixed conversion price (which was originally $15 and is now, pursuant to the Waiver, $12).

If, during the fiscal quarter ending March 31, 2022, we (i) fail to process at least $750 million in transaction volume or (ii) have revenue that is less than $12 million, and, if the Note's fixed conversion price then in effect is greater than the greater of (x) the Note's $1.67 floor price floor and (y) 140% of the market price as of April 1, 2022 (the "Adjustment Measuring Price") then, on April 1, 2022, the fixed conversion price will automatically adjust to the Adjustment Measuring Price.

Change of Control Redemption Right

In connection with a change of control of the Company, each holder may require us to redeem in cash all, or any portion, of the Notes at a 15% redemption premium to the greater of the face value, the equity value of our common stock underlying the Notes and the equity value of the change of control consideration payable to the holder of our common stock underlying the Notes.

The equity value of our common stock underlying the Notes is calculated using the greatest closing sale price of our common stock during the period immediately preceding the consummation or the public announcement of the change of control and ending the date the holder gives notice of such redemption.

The equity value of the change of control consideration payable to the holder of our common stock underlying the Notes is calculated using the aggregate cash consideration per share of our common stock to be paid to the holders of our common stock upon the change of control.

Events of Default

Under the terms of the first supplemental indenture, the events of default contained in the base indenture shall not apply to the Notes. Rather, the Notes contain standard and customary events of default including but not limited: (i) the suspension from trading or the failure to list our common stock within certain time periods; (ii) failure to make payments when due under the Notes; and (iii) bankruptcy or insolvency of the Company.

If an event of default occurs, each holder may require us to redeem all or any portion of the Notes (including all accrued and unpaid interest and late charges thereon), in cash, at a 15% redemption premium to the greater of the face value and the equity value of our common stock underlying the Notes

The equity value of our common stock underlying the Notes is calculated using the greatest closing sale price of our common stock on any trading day immediately preceding such event of default and the date we make the entire payment required.

Company Optional Redemption Rights

At any time no event of default exits, we may redeem all, but not less than all, the Notes outstanding in cash all, or any portion, of the Notes at a 5% redemption premium to the greater of the face value and the equity value of our common stock underlying the Notes

The equity value of our common stock underlying the Notes is calculated using the greatest closing sale price of our common stock on any trading day during the period commencing on the date immediately preceding such date we notify the applicable holder of such redemption election and the date we make the entire payment required.

Corporate Information

Our principal executive offices are located at 3131 Camino Del Rio North, Suite 1400, San Diego, CA 92108. Our telephone number is (619) 631-8261. The address of our website www.greenboxpos.com. The inclusion of our website address in this Annual Report on Form 10-K does not include or incorporate by reference the information on our website into this Annual Report.

Item 1A – Risk Factors

An investment in our Common Stock involves a high degree of risk. Investing in shares of our Common Stock involves risks. Before making a decision to invest in shares of our Common Stock, you should carefully consider the risks that are described in this section and in the other information that we file from time to time with the SEC. You should also read the sections entitled "Cautionary Note Regarding Forward-Looking Statements". Additional risks not presently known or that we currently deem immaterial could also materially and adversely affect us. You should consult your own financial and legal advisors as to the risks entailed by an investment in shares of our Common Stock and the suitability of investing in our shares in light of your particular circumstances. If any of the risks contained in this Annual Report on Form 10-K develop into actual events, our assets, business, cash flows, condition (financial or otherwise), credit quality, financial performance, liquidity, long-term performance goals, prospects, and/or results of operations could be materially and adversely affected, the trading price of our Common Stock could decline and you may lose all or part of your investment.

Risks Related to Our Company

The loss of key personnel or the inability of replacements to quickly and successfully perform in their new roles could adversely affect our business.

We depend on the leadership and experience of our relatively small number of key executive management personnel, particularly our Chairman of the Board of Directors (the "Board"), Executive Vice President, Ben Errez, our Director and Chief Executive Officer, Fredi Nisan and our Chief Financial Officer, Ben Chung. The loss of the services of any of these key executives or any of our executive management members could have a material adverse effect on our business and prospects, as we may not be able to find suitable individuals to replace such personnel on a timely basis or without incurring increased costs, or at all. Furthermore, if we lose or terminate the services of one or more of our key employees or if one or more of our current or former executives or key employees joins a competitor or otherwise competes with us, it could impair our business and our ability to successfully implement our business plan. Additionally, if we are unable to hire qualified replacements for our executive and other key positions in a timely fashion, our ability to execute our business plan would be harmed. Even if we can quickly hire qualified replacements, we would expect to experience operational disruptions and inefficiencies during any transition. We believe that our future success will depend on our continued ability to attract and retain highly skilled and qualified personnel. There is a high level of competition for experienced, successful personnel in our industry. Our inability to meet our executive staffing requirements in the future could impair our growth and harm our business.

Our executive officers, directors, and principal shareholders maintain the ability to control substantially all matters submitted to shareholders for approval.

As of March 24, 2022, our executive officers, directors, and shareholders who owned more than 5% of our outstanding Common Stock, in the aggregate, beneficially owned 23,841,816 shares of Common Stock representing approximately 60% of our outstanding capital stock. As a result, if these shareholders were to choose to act together, they would be able to control substantially all matters submitted to our shareholders for approval, as well as our management and affairs. For example, these persons, if they choose to act together, would control the election of directors and approval of any merger, consolidation or sale of all or substantially all of our assets. This concentration of voting power could delay or prevent an acquisition of us on terms that other shareholders may desire.

Our financial statements may be materially affected if our estimates prove to be inaccurate as a result of our limited experience in making critical accounting estimates.

Financial statements prepared in accordance with GAAP require the use of estimates, judgments, and assumptions that affect the reported amounts. Actual results may differ materially from these estimates under different assumptions or conditions. These estimates, judgments, and assumptions are inherently uncertain, and, if they prove to be wrong, then we face the risk that charges to income will be required. In addition, because we have limited to no operating history and limited experience in making these estimates, judgments, and assumptions, the risk of future charges to income may be greater than if we had more experience in these areas. Any such charges could significantly harm our business, financial condition, results of operations, and the price of our securities.

We may require additional financing to sustain or grow our operations.

Our growth will be dependent on our ability to access additional equity and debt capital. Moreover, part of our business strategy may involve the use of debt financing to increase potential revenues. Our inability in the future to obtain additional equity capital or a corporate credit facility on attractive terms, or at all, could adversely impact our ability to execute our business strategy, which could adversely affect our growth prospects and future shareholder returns.

We may not realize the anticipated benefits of acquisitions or investments in joint ventures, or those benefits may be delayed or reduced in their realization.

Acquisitions and investments are likely to be a component of our growth and the development of our business, in the future. Acquisitions can broaden and diversify our product concepts. In reviewing potential acquisitions or investments, we target assets or companies that we believe offer attractive products or offerings, the ability for us to leverage our offerings, competencies, or other synergies.

The combination of two independent businesses is a complex, costly, and time-consuming process that will require significant management attention and resources. The integration process may disrupt the businesses and, if implemented ineffectively, would limit the expected benefits of the acquisition. The failure to meet the challenges involved in integrating businesses and realizing the anticipated benefits could cause an interruption of, or a loss of momentum in, our activities and could adversely affect our results of operations. The overall integration of the businesses may result in material unanticipated problems, expenses, liabilities, competitive responses, loss of customer and other business relationships, and diversion of management's attention. The difficulties of combining the operations of the companies include, among others:

- the diversion of management's attention to integration matters;
- difficulties in achieving anticipated cost savings, synergies, business opportunities, and growth prospects from the combination;
- difficulties in the integration of operations and systems; and
- conforming standards, controls, procedures, accounting and other policies, business cultures, and compensation structures between the two companies.

We cannot be certain that the products and offerings of companies we may acquire, or acquire an interest in, will achieve or maintain popularity with consumers in the future or that any such acquired companies or investments will allow us to more effectively market our products, develop our competencies or to grow our business. In some cases, we expect that the integration of the companies that we may acquire into our operations will create production, marketing and other operating, revenue or cost synergies which will produce greater revenue growth and profitability and, where applicable, cost savings, operating efficiencies and other advantages. However, we cannot be certain that these synergies, efficiencies and cost savings will be realized. Even if achieved, these benefits may be delayed or reduced in their realization. In other cases, we may acquire or invest in companies that we believe have strong and creative management, in which case we may plan to operate them more autonomously rather than fully integrating them into our operations. We cannot be certain that the key talented individuals at these companies would continue to work for us after the acquisition or that they would develop popular and profitable products, entertainment or services in the future. We cannot guarantee that any acquisition or investment we may make will be successful or beneficial, and acquisitions can consume significant amounts of management attention and other resources, which may negatively impact other aspects of our business.

Our operating results may fluctuate significantly as a result of a variety of factors, many of which are outside of our control, which could cause fluctuations in the price of our securities.

We are subject to the following factors that may negatively affect our operating results:

- our ability to upgrade and develop our systems and infrastructure to accommodate growth;

- our ability to attract and retain key personnel in a timely and cost-effective manner;

- technical difficulties;

- the amount and timing of operating costs and capital expenditures relating to the expansion of our business, operations, and infrastructure;

- our ability to identify and enter into relationships with appropriate and qualified third-party providers for necessary development and manufacturing services;

- regulation by federal, state, or local governments;

- general economic conditions, as well as economic conditions specific to the entertainment, theme park, party items, arts and crafts, and packaging industries; and
- various risks related to health epidemics, pandemics and similar outbreaks, such as the coronavirus disease 2019 ("COVID-19") pandemic, which may have material adverse effects on our business, financial position, results of operations and/or cash flows.

As a result of our lack of any operating history and the nature of the markets in which we compete, it is difficult for us to forecast our revenues or earnings accurately. As a strategic response to changes in the competitive environment, we may from time to time make certain decisions concerning expenditures, pricing, service, or marketing that could have a material and adverse effect on our business, results of operations, and financial condition. Due to the foregoing factors, our quarterly revenues and operating results are difficult to forecast.

Low demand for new products and the inability to develop and introduce new products at favorable margins could adversely impact our performance and prospects for future growth.

Our competitive advantage is due in part to our ability to develop and introduce new products in a timely manner at favorable margins. The uncertainties associated with developing and introducing new products, such as market demand and costs of development and production, may impede the successful development and introduction of new products on a consistent basis. Introduction of new technology may result in higher costs to us than that of the technology replaced. That increase in costs, which may continue indefinitely or until increased demand and greater availability in the sources of the new technology drive down its cost, could adversely affect our results of operations. Market acceptance of the new products introduced in recent years and scheduled for introduction in future years may not meet sales expectations due to various factors, such as the failure to accurately predict market demand, end-user preferences, evolving industry standards, or the emergence of new or disruptive technologies. Moreover, the ultimate success and profitability of the new products may depend on our ability to resolve technical and technological challenges in a timely and cost-effective manner. Our investments in productive capacity and commitments to fund advertising and product promotions in connection with these new products could erode profits if those expectations are not met.

We are increasingly dependent on information technology, and potential cyberattacks, security problems, or other disruption and expanding social media vehicles present new risks.

We rely on information technology networks and systems, including the internet, to process, transmit, and store electronic information, and to manage or support a variety of business processes, including financial transactions and records, billing, and operating data. We may purchase some of our information technology from vendors, on whom our systems will depend, and we rely on commercially available systems, software, tools, and monitoring to provide security for processing, transmission, and storage of confidential operator and other customer information. We depend upon the secure transmission of this information over public networks. Our networks and storage applications could be subject to unauthorized access by hackers or others through cyberattacks, which are rapidly evolving and becoming increasingly sophisticated, or by other means, or may be breached due to operator error, malfeasance or other system disruptions. In some cases, it will be difficult to anticipate or immediately detect such incidents and the damage they cause. Any significant breakdown, invasion, destruction, interruption, or leakage of information from our systems could harm our business.

Further, in the normal course of our business, we collect, store and transmit proprietary and confidential information regarding our customers, employees, and others, including personally identifiable information. An operational failure or breach of security from increasingly sophisticated cyber threats could lead to loss, misuse or unauthorized disclosure of this information about our employees or customers, which may result in regulatory or other legal proceedings, and have a material adverse effect on our business. We also may not have the resources or technical sophistication to anticipate or prevent rapidly-evolving types of cyber-attacks. Any such attacks or precautionary measures taken to prevent anticipated attacks may result in increasing costs, including costs for additional technologies, training and third party consultants. The losses incurred from a breach of data security and operational failures as well as the precautionary measures required to address this evolving risk may adversely impact our financial condition, results of operations and cash flows.

Privacy regulation is an evolving area and compliance with applicable privacy regulations may increase our operating costs or adversely impact our ability to service our clients and market our products and services.

Because we store, process and use data, some of which contains personal information, we are subject to complex and evolving federal, state, and foreign laws and regulations regarding privacy, data protection, and other matters. While we believe we are currently in compliance with applicable laws and regulations, many of these laws and regulations are subject to change and uncertain interpretation, and could result in investigations, claims, changes to our business practices, increased cost of operations, and declines in user growth, retention, or engagement, any of which could seriously harm our business.

Data privacy and security concerns relating to our technology and our practices could cause us to incur significant liability, and deter current and potential users from using our products and services. Software bugs or defects, security breaches, and attacks on our systems could result in the improper disclosure and use of user data and interference with our users' ability to use our products and services, harming our business operations.

Concerns about our practices with regard to the collection, use, disclosure, or security of personal information or other data-privacy-related matters, even if unfounded, could harm our financial condition, and operating results. Our policies and practices may change over time as expectations regarding privacy and data change. Our products and services involve the storage and transmission of proprietary information, and bugs, theft, misuse, defects, vulnerabilities in our products and services, and security breaches expose us to a risk of loss of this information, improper use and disclosure of such information, litigation, and other potential liability. Systems and control failures, security breaches and/or inadvertent disclosure of user data could result in government and legal exposure, seriously harm our business, and impair our ability to attract and retain customers.

We may experience cyber-attacks and other attempts to gain unauthorized access to our systems. We may experience future security issues, whether due to employee error or malfeasance or system errors or vulnerabilities in our or other parties' systems, which could result in significant legal and financial exposure. We may be unable to anticipate or detect attacks or vulnerabilities or implement adequate preventative measures. Attacks and security issues could also compromise trade secrets and other sensitive information, harming our business. As a result, we may suffer significant legal or financial exposure, which could harm our business, financial condition, and operating results.

Prolonged economic downturn, particularly in light of the COVID-19 pandemic, could adversely affect our business.

Uncertain global economic conditions, in particular in light of the COVID-19 pandemic, could adversely affect our business. The COVID-19 pandemic negatively impacted some of our clients as they saw reductions in revenues due to business closures which caused our processing volume to go down. Negative global and national economic trends, such as decreased consumer and business spending, high unemployment levels and declining consumer and business confidence, pose challenges to our business and could result in declining revenues, profitability and cash flow. Although we continue to devote significant resources to support our brands, unfavorable economic conditions may negatively affect demand for our products.

We could face substantial competition, which could reduce our market share and negatively impact our net revenue.

Although we believe there is currently no other company in the payment facilitator industry using, as we are, blockchain infrastructure, notable companies in the payment facilitator industry include PayPal, Stripe, and Square. Many of our payment facilitator competitors are significantly larger than we are and have considerably greater financial, technical, marketing, and other resources than we do. Some competitors may have a lower cost of funds and access to funding sources that are not available to us. We cannot assure you that the competitive pressures we face will not have a material adverse effect on our business, financial condition, and results of operations.

Third-party claims of infringement against us could adversely affect our ability to market our products and require us to redesign our products or seek licenses from third parties.

We are susceptible to intellectual property lawsuits that could cause us to incur substantial costs, pay substantial damages, or prohibit us from distributing our products. Whether a product infringes a patent involves complex legal and factual issues, the determination of which is often uncertain. In addition, because patent applications can take many years to issue, there may be applications now pending of which we are unaware, which later may result in issued patents that our products may infringe. If any of our products infringe a valid patent, we could be prevented from distributing that product unless and until we can obtain a license or redesign it to avoid infringement. A license may not be available or may require us to pay substantial royalties. We also may not be successful in any attempt to redesign the product to avoid any infringement. Infringement and other intellectual property claims, with or without merit, can be expensive and time-consuming to litigate, and we may not have the financial and human resources to defend ourselves against any infringement suits that may be brought against us.

We may employ individuals who were previously employed by companies that are developing blockchain or cryptocurrency products and technology, including our competitors or potential competitors. To the extent our employees are involved in research areas which are similar to those areas in which they were involved at their former employers, we may be subject to claims that such employees and/or we have inadvertently or otherwise used or disclosed the alleged trade secrets or other proprietary information of the former employers. Litigation may be necessary to defend against such claims, which could result in substantial costs and be a distraction to management and which may have a material adverse effect on us, even if we are successful in defending such claims.

We also rely in our business on trade secrets, know-how and other proprietary information. We seek to protect this information, in part, through the use of confidentiality agreements with employees, consultants, advisors and others. Nonetheless, we cannot assure you that those agreements will provide adequate protection for our trade secrets, know-how or other proprietary information and prevent their unauthorized use or disclosure. To the extent that consultants, key employees or other third parties apply technological information independently developed by them or by others to our proposed products, disputes may arise as to the proprietary rights to such information which may not be resolved in our favor. Most of our consultants are employed by or have consulting agreements with third parties and any inventions discovered by such individuals generally will not become our property. There is a risk that other parties may breach confidentiality agreements or that our trade secrets become known or independently discovered by competitors, which could adversely affect us.

It may be illegal now, or in the future, to participate in blockchains or utilize similar digital assets in one or more countries, the ruling of which would adversely affect us.

Although currently cryptocurrencies and blockchain-based solutions generally are not regulated or are lightly regulated in most countries, one or more countries such as China and Russia may take regulatory actions in the future that could severely restrict the right to acquire, own, hold, sell or use these digital assets or to exchange for fiat currency. Such restrictions may adversely affect us. Such circumstances could have a material adverse effect on our ability to continue as a going concern or to pursue our new strategy at all, which could have a material adverse effect on our business, prospects or operations.

The development and acceptance of competing blockchain platforms or technologies may cause consumers to use alternative distributed ledgers or other alternatives.

The development and acceptance of competing blockchain platforms or technologies may cause consumers to use alternative distributed ledgers or an alternative to distributed ledgers altogether. This may adversely affect us and our exposure to various blockchain technologies and prevent us from realizing the anticipated profits from our investments. Such circumstances could have a material adverse effect on our ability to continue as a going concern or to pursue our new strategy at all, which could have a material adverse effect on our business, prospects or operations.

Litigation may adversely affect our business, financial condition and results of operations.

From time to time in the normal course of our business operations, we may become subject to litigation involving intellectual property, data privacy and security, consumer protection, commercial disputes and other matters that may negatively affect our operating results if changes to our business operation are required. We may also be subject to a variety of claims including product warranty, product liability, and consumer protection claims related to product defects, among other litigation. We may also be subject to claims involving health and safety, other environmental impacts, or service disruptions or failures. The cost to defend such litigation may be significant and may require a diversion of our resources. There also may be adverse publicity associated with litigation that could negatively affect customer perception of our business, regardless of whether the allegations are valid or whether we are ultimately found liable. As a result, litigation may adversely affect our business, financial condition and results of operations. In addition, insurance may not cover existing or future claims, be sufficient to fully compensate us for one or more of such claims, or continue to be available on terms acceptable to us. A claim brought against us that is uninsured or underinsured could result in unanticipated costs, thereby adversely affecting our results of operations and resulting in a reduction in the trading price of our stock.

Item 1B – Unresolved Staff Comments

Not applicable.

Item 2 – Properties

We primarily operate from leased space. Our executive offices are located at 3131 Camino del Rio North, Suite 1400, San Diego, CA. We also lease office space in various locations for our subsidiaries.

In July 2021 we acquired a multi-tenant industrial building as part of the ChargeSavvy LLC transaction. This building consists of approximately 64,000 square feet and was assigned a value of $1,360,000.

Item 3 – Legal Proceedings

We are from time to time subject to claims and litigation arising in the ordinary course of business. We intend to defend vigorously against any future claims and litigation.

This is a summary of our current outstanding litigation:

- Corporate Performance Consulting, LLC (CPC) v. GreenBox POS – On April 7, 2021, CPC filed a complaint against GreenBox in San Diego Superior Court. Plaintiff CPC alleges breach of contract, breach of implied covenant of good faith and fair dealing, goods and services rendered, negligent misrepresentation, violation of CA Business and Professions Code Section 17200, and unjust enrichment. The crux of CPC's claim is that GreenBox failed to compensate for certain consulting and corporate advisory services. GreenBox believes the claims are without merit and intends to defend itself vigorously. On June 17, 2021 GreenBox filed a Cross-Complaint for breach of contract, breach of implied covenant of good faith and fair dealing, negligent misrepresentation, unjust enrichment, and rescission. The parties are now in the discovery phase.

- GreenBox POS v. A.M.P of Florida, Inc. (AMP) – On March 9, 2021, GreenBox POS (mistakenly identified as "GreenBox POS, LLC") filed suit against AMP in U.S.D.C for the middle district of Florida alleging breach of oral contract, conversion, and civil theft. GreenBox filed suit in order to recover processed funds unlawfully withheld by AMP. The parties amicably resolved all differences and filed a Joint Stipulation of Voluntary Dismissal with Prejudice on January 31, 2022.

- America 2030 Capital Limited and Bentley Rothschild Capital Limited – On or about October 31, 2018, Nisan and Errez received constitutive notice, regarding arbitration against Nisan, Errez, PrivCo and possibly PubCo, from Bentley Rothschild Capital Limited ("Bentley") and America 2030 Capital Limited ("America 2030"), both located in Nevis, West Indies, and both claiming breach of contract by Nisan and Errez of Nisan and Errez's respective individual Master Loan Agreements and seeking forfeiture of 266,667 PubCo shares that PrivCo had transferred, on or about August 1, 2018, from PrivCo's Control Shares under the terms of the MLAs. As of June 30, 2020, both parties have abandoned the matter and no further action was required by either party.

- The Good People Farms, LLC (TGPF) - TGPF initiated an arbitration in AAA on or about April 20, 2020 against Greenbox POS, Fredi Nisan, Ben Errez, MTrac Tech., Vanessa Luna, and Jason LeBlanc, seeking more than $500,000. The matter was placed in abeyance for some time. On January 15, 2021 GreenBox filed a counter-claim for fraud - intentional misrepresentation, breach of contract, breach of covenant of good faith and fair dealing, violation of California Business and Professions Code Section 17200, and accounting. The arbitration was stayed pending further proceedings in the separate but related action filed by MTrac and Ms. Luna in San Diego Superior Court. The arbitration has now commenced again upon the state court's January 14, 2022 order denying MTrac's and Ms. Luna's motion for summary judgment and granting of The Good People Farm's motion to compel arbitration as to MTrac only. A status conference is scheduled for April 21, 2022.

- Pure Health, et al. v. Worldpay LLC et al - On February 18, 2022 forty-three online marketer Plaintiffs filed suit in the Court of Common Pleas, Hamilton County, Ohio against Worldpay LLC (formerly Vantiv LLC), Fifth Third Bank, ChargeSavvy LLC, a wholly owned subsidiary of Greenbox POS, GreenBox POS, and John Does 1 (Defendants) through 10, alleging breach of contract, breach of implied covenant of good faith and fair dealing, conversion, and money had and received (constructive trust). Defendant GreenBox POS believes that Plaintiffs' claims against it are without merit and plans to pursue all judicial remedies necessary to resolve this matter.

Item 4 – Mine Safety Disclosures

Not applicable.

PART II

Item 5 – Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Through February 16, 2021, our Common Stock was quoted for trading on the OTCQB tier of the OTC Markets Group, under the symbol "GRBX."

Starting on February 17, 2021, our Common Stock is listed on the Nasdaq Capital Market under the symbol GBOX

Holders

As of March 25, 2022, there were 43,289,572 shares of Common Stock outstanding held by approximately 191 holders of record (not including an indeterminate number of beneficial holders of stock held in street name).

Warrants

We had 60,000 warrants outstanding as of December 31, 2021.

Dividends

There have been no cash dividends declared on our common stock, and we do not anticipate paying cash dividends in the foreseeable future. Dividends are declared at the sole discretion of our Board of Directors.

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets forth information as of December 31, 2021 with respect to our compensation plans under which equity securities may be issued.

	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights		Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
	(a)		(b)	(c)
Equity compensation plans approved by security holders:				
2020 Incentive and Non-statutory Stock Option Plan	361,440	$	4.49	2,514,180
2021 Incentive and Non-statutory Stock Option Plan	30,122	$	12.10	4,869,878
2021 Restricted Stock Plan	-		-	4,640,774
Equity compensation plans not approved by security holders	-		-	-
Total	391,562	$	5.07	12,024,832

Issuer Repurchases of Common Stock

As approved by the Board of Directors on May 13,2021, we entered into a share repurchase program pursuant to which we may repurchase up to $5.0 million worth of our common stock under the program for approximately 12 months (the "Share Repurchase Program"). During the year ended December 31, 2021, we repurchased 714,841 shares of our common stock at a cost of $4,934,531.

Under the Share Repurchase Program, the Company is authorized to repurchase shares through open market purchases, privately-negotiated transactions, accelerated share repurchases or otherwise in accordance with applicable federal securities laws, including through Rule 10b5-1 trading plans and under Rule 10b-18 of the Securities Exchange Act of 1934, as amended. The repurchases may be suspended or discontinued completely at any time. The specific timing and amount of repurchases will vary based on available capital resources and other financial and operational performance, market conditions, securities law limitations, and other factors. The repurchases will be made using the Company's cash resources.

The Company made the following purchases of its equity securities during the fourth quarter of 2021:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Programs
October 1 to 31, 2021	0		0	2,320,367
November 1 to 30, 2021	364,831	$ 5.49	364,831	316,219
December 1 to 31, 2021	50,000	$ 5.02	50,000	65,469
Total	414,831		414,831	$ 65,469

Recent Issuance of Unregistered Securities

We had no sales of unregistered securities in 2021 that have not been previously disclosed in a Current Report on Form 8-K or Quarterly Report on Form 10-Q other than following:

We issued 2,139,994 unregistered shares in total for the year ended December 31, 2021. Of this amount, 999,996 shares were issued for a total investment of approximately $135,000, 946,881 were issued for services, 136,688 shares were issued as part of an asset purchase where the counterparty was a family member of an employee of the Company, and 56,429 shares were issued as payment of interest.

Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS

The following results are for the years ended December 31, 2021 and 2020.

	Years Ended December 31,					
	2021		2020		Changes	
	Amount	% of Revenue	Amount	% of Revenue	Amount	%
Net revenue	$ 26,304,502	100.0%	$ 8,525,015	100.0%	$ 17,779,487	208.6%
Cost of revenue	9,412,254	35.8%	4,825,587	56.6%	4,586,667	95.0%
Gross profit	16,892,248	64.2%	3,699,428	43.4%	13,192,820	356.6%
Operating expenses:						
Advertising and marketing	134,166	0.5%	93,868	1.1%	40,298	42.9%
Research and development	3,870,050	14.7%	1,363,757	16.0%	2,506,293	183.8%
Payroll and payroll taxes	4,502,605	17.1%	1,796,160	21.1%	2,706,445	150.7%
Professional fees	3,132,528	11.9%	1,691,107	19.8%	1,441,421	85.2%
General and administrative	9,114,370	34.6%	800,111	9.4%	8,314,259	1039.1%
Stock compensation for employees	3,704,008	14.1%	3,036,009	35.6%	667,999	22.0%
Stock compensation for services	12,306,365	46.8%	-	0.0%	12,306,365	n/a
Depreciation and amortization	912,677	3.5%	22,742	0.3%	889,935	3913.2%
Total operating expenses	37,676,769	143.2%	8,803,754	103.3%	28,873,015	328.0%
Loss from operations	(20,784,521)	-79.0%	(5,104,326)	-59.9%	(15,680,195)	307.2%
Other Income (Expense):						
Interest expense	(1,931,713)	-7.3%	(359,493)	-4.2%	(1,572,220)	437.3%
Interest expense - debt discount	(2,993,408)	-11.4%	(1,149,677)	-13.5%	(1,843,731)	160.4%
Derivative expense	(3,435,178)	-13.1%	(641,366)	-7.5%	(2,793,812)	435.6%
Changes in fair value of derivative liability	2,845,000	10.8%	(383,769)	-4.5%	3,228,769	-841.3%
Merchant liability settlement	(364,124)	-1.4%	-	0.0%	(364,124)	n/a
Merchant fines and penalty income	-	0.0%	2,630,796	30.9%	(2,630,796)	-100.0%
Other income or expense	215,338	0.8%	455	0.0%	214,883	47227.0%
Total other income (expense)	(5,664,085)	-21.5%	96,946	1.1%	(5,761,931)	-5943.4%
Loss before provision for income taxes	(26,448,606)	100.5%	(5,007,380)	-58.7%	(21,441,226)	428.2%
Provision for income taxes	4,906	0.0%	-	0.0%	4,906	0.0%
Net loss	**$ (26,453,512)**	**-100.6%**	**$ (5,007,380)**	**-58.7%**	**$ (21,446,132)**	**428.3%**

Net Revenue

Net revenue increased by $17.8 million or 208.6%, to $26.3 million in the current year from $8.5 million in the previous year. The increase was primarily due to an increase in processing volume from $202 million for the year ended December 31, 2020 to $1.95 billion for the year ended December 31, 2021. The increase in processing volume was due to a number of factors, including: growth of our customer/merchant base as the result of expanded sales and marketing efforts; an increase in average merchant transaction volume as a result of a greater strategic focus on larger merchants; the expansion and growth of our advanced blockchain ledger-based payment solutions product offering, combined with an expanding ISO and partnership network; and our strategic acquisition strategy.

Cost of Revenue

Cost of revenue increased by $4.6 million, or 95.0%, to $9.4 million for the year ended December 31, 2021 from $4.8 million in the prior year. Payment processing consists of various processing fees paid to Gateways, as well as commission payments to the ISOs responsible for establishing and maintaining merchant relationships, from which the processing transactions ensue. Most orders are delivered directly to the customer, without any handling, storage or processing by us. The increase in cost of revenue was primarily due to the increase in transaction volume. Cost of revenue decreased as a percentage of revenue from 56.6% for the year ended December 31, 2020 to 35.8% for the year ended December 31, 2021 as a result of increased processing efficiency; greater utilization of lower cost gateways; and decreased cost to scale.

Operating Expenses

Operating expenses increased by $28.9 million, or 328.0%, to $37.7 million for the year ended December 31, 2021 from $8.8 million in the prior year. The increase was primarily due to the following:

- Increase in general and administrative expenses due primarily to bad debt reserve;
- Increase in in stock compensation for services to reward key vendors for services rendered and to conserve cash;
- Increase in payroll and payroll taxes was due to increased headcount as well as increased payroll taxes due to the usage of stock compensation as a method to reward key employees; and
- Increase in research and development expense due to expenditures on an increase in new product offerings.

Non-Operating Expenses

The Company incurred interest expense of $1.9 million and $0.4 million for the years ended December 31, 2021 and 2020, respectively. This increase was primarily due to the increase in average outstanding debt due to the issuance of the $100 million convertible notes in November 2021. Interest expense from the amortization of debt discount increased to $3.0 million from $1.1 million for the years ended December 31, 2021 and 2020, respectively. This increase was primarily due to amortization related the $16.0 million discount on to the $100 million convertible note issued in November 2021. Derivative expense from convertible debt increased to $3.4 million from $0.6 million for the years ended December 31, 2021 and 2020, respectively. The increase was primarily due to the derivative expense related to the issuance of the $100 million convertible notes in November 2021. The Company recorded a gain from the changes in the fair value of derivative liability of $2.8 million for the year ended December 31,2021 and recorded a loss in the changes in the fair value of derivative liability of $0.4 million for the year ended December 31,2020. The gain recorded for 2021 was the result of the changes in the fair value of the derivative liability related to the $100 million convertible notes in November 2021. The decrease in merchant fines and penalty income to $0 for the year ended December 31, 2021 from $2.6 million for the year ended December 31, 2020 resulted from us not charging this type of fee in 2021.

LIQUIDITY AND CAPITAL RESOURCES

Our working capital for the periods presented is summarized as follows:

Our primary sources of liquidity have historically been derived from raising capital by issuing debt or common stock. Our cash flow from operations is not yet able to cover our cash needs. We believe our current cash balances will be sufficient to cover our operating needs for the next twelve months. Our $100 million convertible note matures November 2023. There are covenants associated with the note that accelerates the conversion of tranches of the note should certain targets be met.

We may, in the future, seek to raise additional capital to fund growth, operations and other business activities, but such additional capital may not be available to us on acceptable terms, on a timely basis, or at all.

Cash Flow

The following table shows cash flows for the periods presented:

	Years Ended December 31,	
	2021	2020
Net cash used in operating activities	$ (27,165,885)	$ (4,160,678)
Net cash provided by (used in) investing activities	(2,658,858)	(6,649)
Net cash provided by financing activities	116,060,635	5,236,952
Net cash acquired from acquisitions	1,491,068	0
Net increase (decrease) in cash, cash equivalents, and restricted cash	$ 87,726,960	$ 1,069,625

Operating Activities – For the years ended December 31, 2021 and 2020, net cash used in operating activities was $27,191,885 and $4,160,678, respectively. The increase was primarily due to the increase net loss associated with the acceleration of the growth and expansion of the business.

Investing Activities– For the years ended December 31, 2021 and 2020, net cash used in investing activities was $2,658,858 and $6,649, respectively. The increase was primarily due to the $2,500,000 paid for Northeast Merchant Systems, Inc. in May 2021.

Financing Activities– For the years ended December 31, 2021 and 2020, net provided by financing activities was $116,060,635 and $5,236,952, respectively, primarily due to borrowings and repayments of long-term and short-term borrowings, convertible debt, and proceeds from issuances of common stock.

A convertible note in the amount of $100,000,000 was issued November 5, 2021. The note had an original issue discount of 16% and costs of $7,174,000 associated with issuing the debt, resulting in net proceeds of $76,826,000. The convertible note has a term of 2 years and has an interest rate of 8%. Up to 69,461,078 shares of common stock are issuable from time to time upon conversion of the convertible note, including shares that may be issued as payment for interest due on the convertible note. The convertible note has covenants associated with it including revenue thresholds and stock price targets that must be met to avoid early conversion of portions of the convertible note. On January 31, 2022, in order to avoid an early conversion, an agreement was reached with the lender to extend certain conversion triggers from February 3, 2022 to May 2, 2022. A payment of $6,900,000 was made which reduced the outstanding principal of the note by $6,000,000.

On February 16, 2021, the Company entered into an underwriting agreement (the "Underwriting Agreement") with EF Hutton, formerly known as Kingswood Capital Markets, division of Benchmark Investments, LLC ("Hutton"), as representative of the underwriters listed therein (the "Underwriters"), pursuant to which the Company agreed to sell to the Underwriters in a firm commitment underwritten public offering (the "Offering") an aggregate of 4,150,000 shares of the Company's common stock, par value $0.001 per share (the "Common Stock"), at a public offering price of $10.50 per share. In addition, the Underwriters were granted an over-allotment option (the "Over-allotment Option") for a period of 45 days to purchase up to an additional 622,500 shares of Common Stock. The Common Stock began trading on the Nasdaq Capital Market under the symbol GBOX on February 17, 2021. The gross proceeds from the Offering were approximately $50.1 million as the representative of the Underwriters exercised in full its over-allotment option, before deducting underwriting discounts and commissions and other offering expenses. Net proceeds after expenses were approximately $45.8 million. Pursuant to the Underwriting Agreement, the Company also granted Hutton a right of first refusal, for a period of 12 months from the commencement of the Offering, to act as sole investment banker, sole book-runner, and/or sole placement agent, at Hutton's sole discretion, for each and every future public and private equity, equity-linked or debt offering, including all equity linked financings undertaken during such period by the Company, or any of the Company's successors or subsidiaries.

At the time of the public stock offering the previously existing convertible debt was converted to 1,408,305 shares of common stock. The warrants associated with this debt were exercised resulting in the issuance of 1,884,445 shares and net proceeds of $3,731,200

A share buyback program was initiated in May 2021. Cash outflows of $4,934,531 associated with the buyback program occurred through December 31, 2021.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America requires management to make judgments, assumptions and estimates that affect the amounts reported in our financial statements and the accompanying notes. The amounts of assets and liabilities reported on our balance sheet and the amounts of revenues and expenses reported for each of our fiscal periods are affected by estimates and assumptions, which are used for, but not limited to, the accounting for revenue recognition, stock based compensation and the valuation of deferred taxes. Actual results could differ from these estimates. The following critical accounting policies are significantly affected by judgments, assumptions and estimates used in the preparation of the financial statements:

Revenue Recognition

Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers outlines the basic criteria that must be met to recognize revenue and provide guidance for presentation of revenue and for disclosure related to revenue recognition policies.

The Company recognizes revenue when 1) it is realized or realizable and earned, 2) there is persuasive evidence of an arrangement, 3) delivery and performance has occurred, 4) there is a fixed or determinable sales price, and 5) collection is reasonably assured.

The Company generates revenue from payment processing services, licensing fees and equipment sales.

- Payment processing revenue is based on a percentage of each transaction's value and/or upon fixed amounts specified per each transaction or service and is recognized as such transactions or services are performed.
- Licensing revenue is paid in advance and is recorded as unearned income, which is amortized over the period of the licensing agreement.
- Equipment sales revenue is generated from the sale of POS products, which is recognized when goods are shipped. Revenue recognized from the sale of equipment was not material.

Cash Due from Gateways and Payment Processing Liabilities

The Company's primary source of revenues continues to be payment processing services for its merchant clients. When such merchant makes a sale, the process of receiving the payment card information, engaging the banks for transferring the proceeds to the merchant's account via digital gateways, and recording the transaction on a blockchain ledger are the activities for which the Company gets to collect fees.

In 2021 and 2020 the Company utilized several gateways. The gateways have strict guidelines pertaining to scheduling of the release of funds to merchants based on several criteria, such as return and chargeback history, associated risk for the specific business vertical, average transaction amount and so on. In order to mitigate processing risks, these policies determine reserve requirements and payment in arear strategy. While reserve and payment in arrears restrictions are in effect for a merchant payout, the Company records gateway debt against these amounts until released.

Therefore, the total gateway balances reflected in the Company's books represent the amount owed to the Company for processing – these are funds from transactions processed and not yet distributed.

Item 7A – Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 8 – Financial Statements and Supplementary Data

The consolidated financial statements required by this item begin on page F-1 of this Annual Report on Form 10-K and are incorporated herein by reference.

Item 9 – Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

None.

Item 9A – Controls and Procedures

Our management has evaluated, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer has concluded that, as of December 31, 2021, our disclosure controls and procedures were effective in ensuring that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is (i) recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC and (ii) accumulated and communicated to our management, including our principal executive and principal accounting officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in our internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act or in other factors that materially affected or are reasonably likely to materially affect our internal controls and procedures over financial reporting during the fourth quarter of the year ended December 31, 2021.

Item 9B – Other Information

None.

PART III

Item 10 – Directors, Executive Officers and Corporate Governance

The information required by this Item is hereby incorporated by reference to our Proxy Statement.

Item 11 – Executive Compensation

The information required by this Item is hereby incorporated by reference to our Proxy Statement.

Item 12 – Security Ownership of Certain Beneficial Owners and Management and Related Stockholder

The information required by this Item is hereby incorporated by reference to our Proxy Statement.

Item 13 – Certain Relationships and Related Transactions and Director Independence

The information required by this Item is hereby incorporated by reference to our Proxy Statement.

Item 14 – Principal Accounting Fees and Services

The information required by this Item is hereby incorporated by reference to our Proxy Statement. Our Independent Registered Public Accounting Firm is BF Borgers CPA, PC.

PART IV

Item 15 – Exhibits and Financial Statement Schedules

The following documents are filed as part of this Annual Report on Form 10-K:

a) Financial Statements:

Our financial statements and the Report of Independent Registered Public Accounting Firm are included herein on page F-1.

b) Financial Statement Schedules:

The financial statement schedules are omitted as they are either not applicable or the information required is presented in the financial statements and notes thereto on page F-1.

c) Exhibits:

Exhibit Number	Exhibit Description	Incorporated by Reference		Filed or Furnished	
		Form	Exhibit	Filing Date	Herewith
2.1	Stock Purchase Agreement by and between GreenBox POS, Northeast Merchant Systems, Inc., and the Shareholders of Northeast Merchant, dated May 21, 2021	8-K	2.1	05/27/2021	
3.1	Amended and Restated Articles of Incorporation of GreenBox POS, filed with the Secretary of State of Nevada on December 22, 2021	8-K	3.1	12/29/2021	
3.2	Amended and Restated Bylaws, adopted effective November 18, 2021	8-K	3.1	11/24/2021	
4.1	Form of Base Indenture between GreenBox POS and Wilmington Savings Fund Society, FSB	8-K	4.1	11/03/2021	
4.2	Form of First Supplemental Indenture	8-K	4.2	11/03/2021	
4.3	Form of 8% Senior Convertible Note Due 2023	8-K	4.3	11/03/2021	
4.4	Description of Securities				X
10.1+	Form of Board of Directors Agreement entered into on February 16, 2021, by and between the Company and each of Ms. Baer and Messrs. Caragol and Laniado	8-K	10.1	02/19/2021	
10.2+	2020 Incentive and Nonstatutory Stock Option Plan	S-8	4.1	09/03/2020	
10.3+	2021 Incentive and Nonstatutory Stock Option Plan	S-8	4.1	07/13/2021	
10.4+	2021 Restricted Stock Plan	8-K	10.1	11/24/2021	
10.5	Membership Interest Purchase Agreement by and between GreenBox POS, Sky Financial and Intelligence LLC, HigherGround Capital LLC, Jeff Nickel and Charge Savvy LLC, dated July 9, 2021	8-K	10.1	07/19/2021	
10.6	Share Purchase Agreement by and between GreenBox POS, and certain individuals named therein, dated September 3, 2021.	8-K	10.1	09/20/2021	
10.7	April 2021 Sublease Agreement with regard to 3131 Camino del Rio North, Suite 1400, San Diego, CA 92108	10-Q	10.3	11/15/2021	
10.8	Securities Purchase Agreement, dated November 2, 2021, between GreenBox POS and the Investors	8-K	10.1	11/03/2021	
10.9	Agreement and Waiver, dated January 28, 2022, between GreenBox POS and the Investor	8-K	10.1	01/31/2022	
14.1	Code of Business Conduct and Ethics	8-K	14.1	02/19/2021	
21.1	List of Subsidiaries				X
23.1	Consent of Independent Registered Public Accounting Firm				X
31.1	Certification of Principal Executive Officer Pursuant to Exchange Act Rule 13a-14(a), As adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
31.2	Certification of Principal Financial Officer Pursuant to Exchange Act Rule 13a-14(a), As adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
32.1*	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, As adopted Pursuant to Section 906 of the Sarbanes-Oxley Act 2002				X
32.2*	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, As adopted Pursuant to Section 906 of the Sarbanes-Oxley Act 2002				X
101.INS	Inline XBRL Instance Document				X
101.SCH	Inline XBRL Taxonomy Extension Schema				X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase				X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase				X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase				X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase				X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				

+ Management contracts or compensation plans or arrangements in which directors or executive officers are eligible to participate.
* In accordance with SEC Release 33-8238, Exhibits 32.1 and 32.2 are being furnished and not filed.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

GreenBox POS

Date: March 31, 2022	By: */s/ Fredi Nisan* Fredi Nisan Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Date: March 31, 2022	By: */s/ Fredi Nisan* Fredi Nisan Chief Executive Officer and Director (Principal Executive Officer)
Date: March 31, 2022	By: */s/ Benjamin Chung* Benjamin Chung Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

GREENBOX POS
Index to Financial Statements

Report of Independent Registered Public Accounting Firm

To the shareholders and the board of directors of GreenBox POS

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of GreenBox POS as of December 31, 2021 and 2020, the related statements of operations, stockholders' equity (deficit), and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matter

Critical audit matters are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments.

We determined that there are no critical audit matters.

/S/ BF Borgers CPA PC
We have served as the Company's auditor since 2019
Lakewood, CO
March 31, 2022

GREENBOX POS
CONSOLIDATED BALANCE SHEETS

	As of December 31, 2021	As of December 31, 2020
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 89,559,695	$ -
Restricted cash	-	1,832,735
Accounts receivable, net of allowance for bad debt of $54,795 and $0, respectively	481,668	10,000
Accounts receivable from fines and penalties from merchants, net of allowance for bad debt of $9,454,261 and $6,665,031, respectively	-	2,789,230
Inventory, net of inventory reserve of $3,127 and $0, respectively	286,360	-
Cash due from gateways, net of allowance of $3,904,952 and $0, respectively	18,941,761	7,303,949
Prepaid and other current assets	6,420,696	70,130
Total current assets	115,690,180	12,006,044
Non-current Assets:		
Property and equipment, net	1,674,884	57,264
Other assets	190,636	81,636
Goodwill	6,048,034	-
Intangible Assets, net	7,578,935	-
Operating lease right-of-use assets, net	1,490,159	117,795
Total non-current assets	16,982,648	256,695
Total assets	**$ 132,672,828**	**$ 12,262,739**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 871,037	$ 210,094
Other current liabilities	501,167	68,138
Accrued interest	1,226,287	-
Payment processing liabilities, net	4,997,807	10,199,956
Current portion of long term debt	-	272,713
Convertible debt, net of debt discount of $0 and $2,993,408, respectively	-	856,592
Derivative liability	18,735,000	-
Current portion of operating lease liabilities	495,134	120,110
Total current liabilities	26,826,432	11,727,603
Long term debt, net of debt discount of $41,344,822 and $0, respectively	59,305,078	149,900
Operating lease liabilities, less current portion	1,035,895	-
Total liabilities	87,167,405	11,877,503
Commitments and contingencies		
Stockholders' Equity:		
Common stock, par value $0.001, 82,500,000 shares authorized, shares issued and outstanding of 42,831,816 and 30,710,645, respectively	42,831	30,711
Additional paid-in capital	88,574,469	12,079,074
Accumulated deficit	(38,178,061)	(11,724,549)
Less: Treasury stock, at cost; 714,831 and 0 shares, respectively	(4,933,816)	-
Total stockholders' equity	45,505,423	385,236
Total liabilities and stockholder's equity	**$ 132,672,828**	**$ 12,262,739**

The accompanying notes are an integral part of these audited financial statements.

GREENBOX POS
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31, 2021	Year Ended December 31, 2020
Net Revenue	$ 26,304,502	$ 8,525,015
Cost of revenue	9,412,254	4,825,587
Gross profit	16,892,248	3,699,428
Operating expenses:		
Advertising and marketing	134,166	93,868
Research and development	3,870,050	1,363,757
General and administrative	9,114,370	800,111
Payroll and payroll taxes	4,502,605	1,796,160
Professional fees	3,132,528	1,691,107
Stock compensation for employees	3,704,008	3,036,009
Stock compensation for services	12,306,365	-
Depreciation and amortization	912,677	22,742
Total operating expenses	37,676,769	8,803,754
Income (Loss) from operations	(20,784,521)	(5,104,326)
Other income (expense):		
Interest expense	(1,931,713)	(359,493)
Interest expense - debt discount	(2,993,408)	(1,149,677)
Derivative expense	(3,435,178)	(641,366)
Changes in fair value of derivative liability	2,845,000	(383,769)
Merchant liability settlement	(364,124)	-
Merchant fines and penalty income	-	2,630,796
Other income or expense	215,338	455
Total other income (expense), net	(5,664,085)	96,946
Loss before provision for income taxes	(26,448,606)	(5,007,380)
Income tax provision	4,906	-
Net loss	**$ (26,453,512)**	**$ (5,007,380)**
Net loss per share:		
Basic and diluted	$ (0.65)	$ (0.17)
Weighted average number of common shares outstanding:		
Basic and diluted	40,708,304	29,868,955

The accompanying notes are an integral part of these audited financial statements.

GREENBOX POS
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock							
	Shares	Amount	To be Issued	Amount	Treasury Stock at Cost	Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
Balance at December 31, 2019	**28,310,488**	**$ 28,311**	**115,854**	**$ 2,872**	**$ -**	**$ 1,318,647**	**$ (6,717,169)**	**$ (5,367,339)**
Shares issuable adjustment	-	-	(115,854)	(2,872)	-	-	-	(2,872)
Other adjustments	(299,595)	(300)	-	-	-	300	-	-
Warrant issued under convertible debt	-	-	-	-	-	3,498,667		3,498,667
Common stock issued on conversion of convertible debt accrued interest	854,701	855	-	-	-	69,145	-	70,000
Common stock issued for warrant conversion	696,907	697	-	-	-	(697)	-	-
Common stock issued for services and others	299,536	300	-	-	-	1,262,341	-	1,262,641
Common stock issued for stock options exercised	297,326	298	-	-	-	35,212	-	35,510
Common stock repurchased from common stock issued	(1,000,000)	(1,000)	-	-	-	(809,000)	-	(810,000)
Common stock issued for settlement of note payable	1,000,000	1,000	-	-	-	809,000	-	810,000
Issuances of common stock	551,282	550	-	-	-	2,859,450	-	2,860,000
Stock compensation expense	-	-	-	-	-	3,036,009	-	3,036,009
Net loss	-	-	-	-	-	-	(5,007,380)	(5,007,380)
Balance at December 31, 2020	**30,710,645**	**30,711**	**-**	**-**	**-**	**12,079,074**	**(11,724,549)**	**385,236**
Issuances of common stock, net of issuance costs of $4,305,758	4,772,500	4,773	-	-		45,800,718	-	45,805,491
Common stock issued for conversion of convertible debt	1,944,416	1,944	-	-		3,848,056	-	3,850,000
Common stock issued for exercise of warrant	1,884,418	1,884	-	-		3,729,316	-	3,731,200
Restricted Stock	639,144	639	-	-		4,768,341	-	4,768,980
Common stock issued for services	826,394	826	-	-		10,228,066	-	10,228,892
Investor Issuance	999,996	1,000	-	-		(1,000)	-	-
Common stock issued for interest for convertible debt	56,249	56	-	-		653,411	-	653,467
Issuances of common stock from previous unregistered shares	600,000	600	-	-		(600)	-	-
Issuances of common stock for acquisition of ChargeSavvy	1,000,000	1,000	-	-		12,139,000	-	12,140,000
Common stock issued for stock options exercised	112,885	113	-	-		2,225	-	2,338
Stock compensation expense			-	-		1,021,725	-	1,021,725
Purchases of treasury share	(714,831)	(715)	-	-	(4,933,816)	-	-	(4,934,531)
Payment for previous common stock repurchased under treasury method		-	-	-		(4,194,000)	-	(4,194,000)
Share repurchase from previous shareholder		-	-	-		(1,499,863)	-	(1,499,863)
Net loss		-	-	-			(26,453,512)	(26,453,512)
Balance at December 31, 2021	**42,831,816**	**$ 42,831**	**-**	**$ -**	**$ (4,933,816)**	**$ 88,574,469**	**$ (38,178,061)**	**$ 45,505,423**

The accompanying notes are an integral part of these audited financial statements.

GREENBOX POS
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2021	Year Ended December 31, 2020
Cash flows from operating activities:		
Net loss	$ (26,453,512)	$ (5,007,380)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation expense	912,677	15,876
Forgiveness of PPP Loan	(272,713)	-
Noncash lease expense	38,555	-
Stock compensation expense	3,704,008	3,036,009
Restricted stock issued for services	4,768,980	-
Common stocks issued for professional fees	7,537,385	1,262,641
Stock compensation issued for interest	653,467	-
Interest expense - debt discount	2,993,408	1,102,706
Derivative expense	3,435,178	-
Changes in fair value of derivative liability	(2,845,000)	(1,050,063)
Changes in assets and liabilities:		
Accounts receivable	-	60,257
Accounts receivables from fines and fees from merchant, net	-	(12,543)
Lease liability, net of asset	-	(2,091)
Other receivable, net	2,382,352	-
Inventory	(161,859)	-
Prepaid and other current assets	(6,343,905)	(28,068)
Cash due from gateways, net	(11,637,812)	1,122,895
Other assets	686,876	(81,636)
Accounts payable	443,263	(295,181)
Other current liabilities	301,469	53,038
Accrued interest	1,226,287	(515,202)
Payment processing liabilities, net	(8,534,989)	(3,821,936)
Net cash provided by (used in) operating activities	(27,165,885)	(4,160,678)
Cash flows from investing activities:		
Purchases of property and equipment	(158,858)	(6,649)
Acquisition of Northeast	(2,500,000)	-
Net cash used in investing activities	(2,658,858)	(6,649)
Cash flows from financing activities:		
Treasury stock repurchase	(4,934,531)	-
Proceeds from stock option exercises	2,338	35,510
Borrowings from convertible debt	76,800,000	3,678,000
Repayments on convertible debt	-	(985,500)
Repayment on long-term debt	-	149,900
Repayments on short-term notes payable	-	(2,305,538)
Borrowings from short-term notes payable	-	1,531,867
Borrowings from notes payable	350,000	272,713
Proceeds from exercise of warrant	3,731,200	-
Repurchase of common stock from stockholder	(5,693,863)	-
Proceeds from issuance of common stock	45,805,491	2,860,000
Net cash provided by (used in) financing activities	116,060,635	5,236,952
Cash acquired from acquisition of Northeast and ChargeSavvy	1,491,068	-
Net increase in cash, cash equivalents, and restricted cash	87,726,960	1,069,625
Cash, cash equivalents, and restricted cash – beginning of period	1,832,735	763,110
Cash, cash equivalents, and restricted cash – end of period	**$ 89,559,695**	**$ 1,832,735**
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest	**$ 2,504,533**	**$ 727,564**
Income taxes	**$ 800**	**$ 800**
Non-cash financing and investing activities:		
Convertible debt conversion to common stock	**$ 3,850,000**	**$ 137,500**
Common stock issued for acquisition of ChargeSavvy	**$ 12,140,000**	**$ -**
Interest accrual from convertible debt converted to common stock	**$ 653,467**	**$ 78,050**
Short-term notes payable converted to common stock	**$ -**	**$ 810,000**

The accompanying notes are an integral part of these audited financial statements.

GREENBOX POS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Organization

GreenBox POS (the "Company" or "PubCo") is a tech company formed with the intent of developing, marketing and selling innovative blockchain-based payment solutions, which the Company believes will cause favorable disruption in the payment solutions marketplace. The Company's core focus is to develop and monetize disruptive blockchain-based applications, integrated within an end-to-end suite of financial products, capable of supporting a multitude of industries. The Company's proprietary, blockchain-based systems are designed to facilitate, record and store a virtually limitless volume of tokenized assets, representing cash or data, on a secured, immutable blockchain-based ledger.

The Company was formerly known as ASAP Expo, Inc ("ASAP"), which was incorporated April 10, 2007 under the laws of the State of Nevada. On January 4, 2020, PubCo and GreenBox POS LLC, a Washington limited liability company ("PrivCo"), entered into an Asset Purchase Agreement (the "Agreement"), to memorialize a verbal agreement (the "Verbal Agreement") entered into on April 12, 2018, by and among PubCo (the buyer) and PrivCo, which was formed on August 10, 2017 (the seller). On April 12, 2018, pursuant to the Verbal Agreement, PubCo acquired PrivCo's blockchain gateway and payment system business, point of sale system business, delivery business and kiosk business, bank and merchant accounts, as well as all intellectual property related thereto (the "GreenBox Business"). As consideration for the GreenBox Business, on April 12, 2018, PubCo assumed PrivCo's liabilities that had been incurred in the normal course of the GreenBox Business (the "GreenBox Acquisition").

For accounting and reporting purposes, PubCo deemed the GreenBox Acquisition a "Reverse Acquisition" with PrivCo designated the "accounting acquirer" and PubCo designated the "accounting acquiree."

On May 21, 2021, the Company acquired all of the outstanding stock of Northeast Merchant Systems, Inc. ("Northeast") in a transaction treated as a business combination. Northeast is a merchant services company providing merchant credit card processing through their own Bank Identification Number (BIN) with the acquiring bank Merrick. This involves inside operations for new merchants that include sales assistance and applications processing, underwriting, and onboarding; inside operations for existing merchants include risk monitoring and customer service. Outside operations include: equipment service or replacement; sales calls and applications, site inspections and identity verification; security verification; and on-site customer service and technical support.

On July 13, 2021 (the "Closing Date"), GreenBox POS (the "Company") entered into and closed on a Membership Interest Purchase Agreement (the "Purchase Agreement") with Charge Savvy LLC, an Illinois limited liability company ("Charge Savvy"), and Charge Savvy's three members (collectively, the "Sellers"). As a result of the Purchase Agreement, the Company purchased all of Charge Savvy's issued and outstanding membership interests from the Sellers and Charge Savvy became a wholly owned subsidiary of the Company. Although the Purchase Agreement is dated July 9th, it was entered into and closed on July 13th.The purchase price under the Purchase Agreement for the all-stock transaction consisted of 1,000,000 shares of the Company's common stock, par value $0.001 per share (the "Common Stock") being issued and delivered to Sellers in proportion to the Sellers' share of their membership interests in Charge Savvy. The share price at issuance was $12.14. Charge Savvy is a global Fintech company that specializes on developing software and providing payment processing and point of sale services to the merchant services industry. Charge Savvy also owns an office building located in Chicago, Illinois where it is headquartered.

Name Change

On May 3, 2018, PubCo formally changed its name to GreenBox POS LLC, then subsequently changed its name to GreenBox POS on December 13, 2018. Unless the context otherwise requires, all references to "the Company," "we," "our", "us" and "PubCo" refer to GreenBox POS. Unless the context otherwise requires, all references to "PrivCo" or the "Private Company" refer to GreenBox POS LLC, a limited liability company, formed in the state of Washington.

Basis of Presentation and Consolidation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The financial statements include the combined accounts of PubCo and PrivCo. All amounts are presented in U.S. Dollars unless otherwise stated. The accompanying financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP").

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

COVID-19 considerations

In December 2019, a novel strain of coronavirus ("COVID-19") was identified and the disease has since spread across the world. In March 2020, the World Health Organization declared COVID-19 a pandemic. The COVID-19 pandemic has negatively impacted the global economy, disrupted global supply chains, and created significant volatility and disruption in the financial and capital markets. The full extent to which the COVID-19 outbreak will impact the Company's business, results of operations, financial condition and cash flows will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning COVID-19 and the actions to contain or treat its impact and the economic impact and the economic impact on local, regional, national and international markets. As the COVID-19 pandemic continues, the Company's results of operations, financial condition and cash flows may be materially adversely affected, particularly if the pandemic persists for a significant period of time.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was signed into law. The Act includes provisions relating to refundable payroll tax credits, deferment of the employer portion of certain payroll taxes, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property. These provisions are not expected to have a material effect on the Company's unaudited consolidated financial statements.

Use of Estimates

The preparation of financial statements in conformity with the GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations or cash flows.

Cash, Cash Equivalents and Restricted Cash

The Company's cash, cash equivalent and Restricted cash represents the following:

- ***Cash and cash equivalents*** consist of cash on hand, cash on deposit with banks, and highly liquid debt investments with a maturity of three months or less when purchased.

- ***Restricted Cash*** – The Company's technology enables transactional blockchain ledger to instantly reflect all transactions details. The final cash settlement of each transaction is subject to the gateway policies. This final disposition takes days to weeks to complete in accordance with these policies. Each policy is an integral part of the transactional contracts between the Company, its Independent Sales Organizations (ISOs), its agents, and the merchant clients. While the ledger reflects a held balance for the merchant, in reserve or payment in arears, the Company holds funds in a trust account as cash deemed restricted. The Company's books reflect such restricted cash as a restricted cash and trust accounts, and the sum balance due to merchants and ISOs as settlement liabilities.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows.

	December 31, 2021	December 31, 2020
Cash and cash equivalents	$ 89,559,695	$ -
Restricted cash	-	1,832,735
Total cash, cash equivalents and restricted cash	$ 89,559,695	$ 1,832,735

Cash Due from Gateways and Payment Processing Liabilities

The Company's primary source of revenues continues to be payment processing services for its merchant clients. When such merchant makes a sale, the process of receiving the payment card information, engaging the banks for transferring the proceeds to the merchant's account via digital gateways, and recording the transaction on a blockchain ledger are the activities for which the Company gets to collect fees.

In 2021 and 2020 the Company utilized several gateways. The gateways have strict guidelines pertaining to scheduling of the release of funds to merchants based on several criteria, such as return and chargeback history, associated risk for the specific business vertical, average transaction amount and so on. In order to mitigate processing risks, these policies determine reserve requirements and payment in arear strategy. While reserve and payment in arrears restrictions are in effect for a merchant payout, the Company records gateway debt against these amounts until released.

Therefore, the total gateway balances reflected in the Company's books represent the amount owed to the Company for processing – these are funds from transactions processed and not yet distributed.

Revenue Recognition

Revenue is recognized upon transfer of control of promised goods or services to the Company's customers or when the Company satisfies any performance obligations under contract. The amount of revenue reflects the consideration the Company expects to be entitled to in exchange for the respective goods or services provided. Further, under Accounting Standards Codification 606, "Revenue from Contracts with Customers", ("ASC 606"), contract assets or contract liabilities that arise from past performance but require a further performance before the obligation can be fully satisfied must be identified and recorded on the balance sheet until respective settlements have been met.

The Company's primary revenue source is generated from payment processing services. Payment processing services revenue is based on a percentage of each transaction's value and/or upon fixed amounts specified per each transaction or service and is recognized as such transactions or services are performed, at a point in time.

Accounts Receivable and Allowance for Bad Debt

The Company maintains an allowance for doubtful accounts for estimated losses from the inability of customers to make required payments. The allowance for doubtful accounts is evaluated periodically based on the aging of accounts receivable, the financial condition of customers and their payment history, historical write-off experience and other assumptions, such as current assessment of economic conditions.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed primarily using the straight-line method over the estimated useful lives of the assets, which range from three to eight years. Leasehold improvements are amortized over the shorter of the useful life of the related assets or the lease term. Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any related gain or loss is reflected in income for the period.

Fair Value of Financial Instruments

The Company assesses the fair value of financial instruments based on the provisions of ASC 820, Fair Value Measurements. ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability between market participants on the measurement date. ASC 820 also establishes a hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

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The standard describes three levels of inputs that may be used to measure fair value:

Level 1- Quoted prices in active markets for identical assets or liabilities.
Level 2- Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
Level 3- Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table describes the valuation techniques used to calculate the fair value for assets in Level 3. The significant unobservable input used in the fair value measurement of the Company's identifiable intangible assets is the discount rate. The change in this input could result in a change of fair value measurement:

The table below describes the Company's valuation of financial instruments using guidance from ASC 820-10:

	Fair Value at Acquisition	Accumulated Amortization	Net Fair Value as of December 31, 2021	Valuation Technique	Unobservable Input	Range
Northeast Merchant Systems, Inc. acquisition:						
Customer Relationships	$ 276,583	$ (36,878)	$ 239,705	Multiple-period excess earnings method	Discount rate	15.90%
Charge Savvy LLC acquisition:						
Customer Relationships	5,543,612	(554,362)	4,989,250	Multiple-period excess earnings method	Discount rate	55.70%
Business Technology/IP	2,611,088	(261,108)	2,349,980	Royalty relief method	Discount rate	55.70%
Total	$ 8,431,283	$ (852,348)	$ 7,578,935			

Goodwill and Other Intangible Assets

The Company accounts for acquisitions of businesses in accordance with the acquisition method. Goodwill represents the excess of the purchase price of acquired businesses over the fair value of the identifiable assets acquired and liabilities assumed. Acquisition costs are expensed as incurred.

Goodwill and other intangible assets acquired in a business combination determined to have an indefinite useful life are generally not amortized, but instead are tested for impairment at least annually and more frequently if events and circumstances indicate that the asset might be impaired. An impairment loss is recognized to the extent that the carrying amount exceeds the asset's fair value.

Other intangible assets with estimable useful lives are amortized over their respective estimated useful lives to their estimated residual values.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever management believes that events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. To the extent that the carrying value is determined to be unrecoverable, an impairment loss is recognized through a charge to expense. As of December 31, 2020, the Company does not believe that impairment indicators are present, and accordingly, based on this assessment, no further impairment analysis was performed.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred income taxes are recognized for temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, net of operating loss carry forwards and credits, by applying enacted statutory tax rates applicable to future years. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is not more likely that not that some portion or all the deferred tax assets will not be realized. Current income taxes are provided for in accordance with the laws of the relevant taxing authorities. As of December 31, 2021, we have no material unrecognized tax benefits.

Earnings Per Share

A basic earnings per share is computed by dividing net income to common stockholders by the weighted average number of shares outstanding for the year. Dilutive earnings per share include the effect of any potentially dilutive debt or equity under the treasury stock method, if including such instruments is dilutive. The Company's diluted loss per share is the same as the basic loss per share for the years ended December 31, 2021 and 2020, as there are no potential shares outstanding that would have a dilutive effect.

Leases

On February 25, 2016, the FASB issued Accounting Standards Update No. 2016-02, Leases (Topic 842), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing transactions. ASC 842 requires that lessees recognize right of use assets and lease liabilities calculated based on the present value of lease payments for all lease agreements with terms that are greater than twelve months.

ASC 842 distinguishes leases as either a finance lease or an operating lease that affects how the leases are measured and presented in the statement of operations and statement of cash flows. ASC 842 supersedes nearly all existing lease accounting guidance under GAAP issued by the Financial Accounting Standards Board ("FASB") including ASC Topic 840, Leases.

For operating leases, we calculated right of use assets and lease liabilities based on the present value of the remaining lease payments as of the date of adoption using the IBR as of that date.

Recently Adopted Accounting Updates

In December 2019, the FASB issued Accounting Standards Update (ASU) 2019-12 "Simplifying the Accounting for Income Taxes (Topic 740)" as part of its simplification initiative to reduce the cost and complexity in accounting for income taxes. ASU 2019-12 removes certain exceptions related to the approach for intra-period tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. ASU 2019-12 also amends other aspects of the guidance to help simplify and promote consistent application of GAAP. The Company adopted this standard on January 1, 2021 and determined there was no material impact on the Company's financial position, results of operations and liquidity.

In May 2020, the SEC issued Final Rule Release No. 33-10786 "Amendments to Financial Disclosures about Acquired and Disposed Businesses" ("SEC Rule 33-10786"), which amends the disclosure requirements applicable to acquisitions and dispositions of businesses. Amendments within SEC Rule 33-10786 primarily impact (1) the tests and thresholds used to determine the significance of acquisitions and dispositions; (2) the form and content of pro forma information required to be disclosed in connection with significant acquisitions and dispositions; (3) acquiree financial statement requirements; and (4) thresholds used to determine the significance of acquisitions and dispositions of real estate operations, and related financial statement requirements, among others. The Company adopted this standard on January 1, 2021 and determined there was no material impact on the Company's consolidated financial statements.

In November 2020, the SEC issued final rules 33-10890 and 34-90459 "Management's Discussion and Analysis, Selected Financial Data, and Supplementary Financial Information," which modernizes and simplifies certain disclosure requirements of Regulation S-K. Certain key rule amendments eliminate the requirement to disclose Selected Financial Data; Selected Quarterly Financial Data, with certain exceptions; the impact of inflation and changing prices, provided the impact is not material; off-balance sheet arrangements in tabular form; and the aggregate amount of contractual obligations in tabular form. The final rules also amended various aspects of Item 303, "Management's Discussion and Analysis of Financial Condition and Results of Operations," among others. The Company adopted the final rules as part of this Annual Report on Form 10-K.

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3. ACQUISITIONS

Northeast Merchant Systems, Inc.

On May 21, 2021, the Company acquired all the outstanding stock of Northeast Merchant Systems, Inc. ("Northeast"). Northeast is a merchant services company providing merchant credit card processing through their own Bank Identification Number (BIN) with the acquiring bank Merrick. This involves inside operations for new merchants that include sales assistance and applications processing, underwriting, and onboarding; inside operations for existing merchants include risk monitoring and customer service. Outside operations include: equipment service or replacement; sales calls and applications; site inspections and identity verification; security verification; and on-site customer service and technical support.

Purchase Price Allocation

The acquisition qualified as a business combination and was accounted for using the acquisition method. Accordingly, the total fair value of consideration transferred of $2,500,000 for the acquisition was allocated to the net tangible, intangible and liabilities acquired using fair value estimates at the date of acquisition. The excess of the purchase price over the fair value of the net tangible and intangible assets acquired was allocated to goodwill, which is taxable.

The following summarizes the estimated fair values of the net assets acquired:

Tangible assets (liabilities):		
Net assets and liabilities	$	(70,057)
Intangible assets:		
Customer relationships		276,583
Goodwill		2,293,474
		2,570,057
Total net assets acquired	$	2,500,000

The acquisition was funded through cash on hand, and there were no transaction costs associated with the acquisition. The agreement also provides for a future additional contingent purchase price payment (earn-out) of $500,000, which is derived using the performance of Northeast and is based on a predetermined formula. The Company believes that is unlikely that the targets will be achieved and, accordingly, has not adjusted the purchase price or provided an accrual for this contingency.

Charge Savvy LLC

On July 13, 2021 (the "Closing Date"), GreenBox POS (the "Company") entered into and closed on a Membership Interest Purchase Agreement (the "Purchase Agreement") with Charge Savvy LLC, an Illinois limited liability company ("Charge Savvy"), and Charge Savvy's three members (collectively, the "Sellers"). As a result of the Purchase Agreement, the Company purchased all of Charge Savvy's issued and outstanding membership interests from the Sellers and Charge Savvy became a wholly owned subsidiary of the Company. Although the Purchase Agreement is dated July 9th, it was entered into and closed on July 13th.The purchase price under the Purchase Agreement for the all-stock transaction consisted of 1,000,000 shares of the Company's common stock, par value $0.001 per share (the "Common Stock") being issued and delivered to Sellers in proportion to the Sellers' share of their membership interests in Charge Savvy. The share price at issuance was $12.14. Charge Savvy is a global Fintech company that specializes on developing software and providing payment processing and point of sale services to the merchant services industry. Charge Savvy also owns an office building located in Chicago, Illinois where it is headquartered.

Purchase Price Allocation

The acquisition qualified as a business combination and was accounted for using the acquisition method. Accordingly, the total fair value of consideration transferred of $12,140,000 for the acquisition was allocated to the net tangible, intangible and liabilities acquired using fair value estimates at the date of acquisition. The excess of the purchase price over the fair value of the net tangible and intangible assets acquired was allocated to goodwill, which is taxable.

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The following summarizes the estimated fair values of the net assets acquired:

Tangible assets (liabilities):		
Land/building	$	1,360,000
Other net assets		(1,129,259)
		230,741
Intangible assets:		
Customer relationships		5,543,612
Business technology		2,611,088
Goodwill		3,754,559
		11,909,259
Total net assets acquired	$	12,140,000

The acquisition was funded by issuing 1,000,000 shares of common stock.

4. SETTLEMENT PROCESSING

The Company's proprietary blockchain-based technology serves as the settlement engine for all transactions within the Company's ecosystem. The blockchain ledger provides a robust and secure platform to log immense volumes of immutable transactional records in real time. Generally speaking, blockchain is a distributed ledger that uses digitally encrypted keys to verify, secure and record details of each transaction conducted within an ecosystem. Unlike general blockchain-based systems, GreenBox uses proprietary, private ledger technology to verify every transaction conducted within the GreenBox ecosystem. The verification of transaction data comes from trusted partners, all of whom have been extensively vetted by us. GreenBox facilitates all financial elements of our closed-loop ecosystem and we act as the administrator for all related accounts. Using our TrustGateway technology, we seek authorization and settlement for each transaction from Gateways to the issuing bank responsible for the credit/debit card used in the transaction. When the Gateway settles the transaction, our TrustGateway technology composes a chain of blockchain instructions to our ledger manager system.

When consumers use credit/debit cards to pay for transactions with merchants who use our ecosystem, the transaction starts with the consumer purchasing tokens from us. The issuance of tokens is accomplished when we load a virtual wallet with a token, which then transfers credits to the merchant's wallet on a dollar for dollar basis, after which the merchant releases its goods or services to the consumer. These transfers take place instantaneously and seamlessly, allowing the transaction experience to seem like any other ordinary credit/debit card transaction to the consumer and merchant. While our blockchain ledger records transaction details instantaneously, the final cash settlement of each transaction can take days to weeks, depending upon contract terms between us and the gateways we use, between us and our ISOs, and between us and/or our ISOs and merchants who use our services. In the case where we have received transaction funds, but not yet paid a merchant or an ISO, we hold funds in either a trust account or as cash deemed restricted within our operating accounts. We record the total of such funds as Cash due from gateways, net – a Current Asset. Of these funds, we record the sum balance due to Merchants and ISOs as Payment processing liabilities, net – a Current Liability.

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	December 31, 2021	December 31, 2020
Buildings, machinery and equipment	$ 1,301,405	$ -
Computers	122,284	48,884
Furniture and fixtures	102,243	40,320
Improvements	140,300	-
Kiosks	6,472	6,472
Vehicles	9,812	4,578
Land	75,000	-
Total property and equipment	1,757,516	100,254
Less: accumulated depreciation	(82,632)	(42,990)
Net property and equipment	$ 1,674,884	$ 57,264

Depreciation expense was $123,805 and $22,742 for the years ended December 31, 2021 and 2020, respectively.

6. INTANGIBLE ASSETS

As of December 31, 2021 intangible assets consisted of the following:

	As of December 31, 2021			
	Amortization Period	Cost	Accumulated Amortization	Net
Customer relationships	5 years	$ 5,820,195	$ (591,239)	$ 5,228,956
Business technology/IP	5 years	$ 2,611,088	$ (261,109)	$ 2,349,979
Total intangible assets		$ 8,431,283	$ (852,348)	$ 7,578,935

Intangible assets with finite lives are amortized over the estimated periods benefitted on a straight- line basis. Amortization expense on intangible assets with finite lives for the period from May 21, 2021 (the acquisition date of Northeast) to December 31, 2021 was $852,348 and is included in depreciation and amortization expense condensed consolidated statement of operations and comprehensive loss. Amortization expense related to intangible assets for each of the next five fiscal years and thereafter is expected as follows:

Year Ending December 31,	Amount
2022	$ 1,686,257
2023	1,686,257
2024	1,686,257
2025	1,686,257
Thereafter	833,907
	$ 7,578,935

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7. GOODWILL

The Company performs its goodwill impairment test annually and evaluates goodwill when events or changes in circumstances indicate that its carrying value may not be recoverable. The Company performs the annual impairment testing of goodwill using October 1 as the measurement date. As all of the balance of goodwill was added in the year ended December 31, 2021, the Company has not yet performed its initial goodwill impairment test.

The Company anticipates that the majority of total goodwill recognized will be fully deductible for tax purposes as of December 31, 2021.

As of December 31, 2021 goodwill consisted of the following:

		As of December 31, 2021
Acquisition of Northeast	$	2,293,474
Acquisition of ChargeSavvy		3,754,560
Total goodwill	$	6,048,034

8. DEBT

Debt consists of the following:

	As of December 31,			
		2021		2020
$100,000,000 8% Senior convertible note due November 3, 2023, (see below)	$	58,655,178	$	-
$3,850,000 Convertible promissory note due July 27, 2021, with one time 10% interest charge, net of original issue discount of 10%, or $350,000, and net of warrants for 1,944,444 shares, valued at $3,500,000, net of debt discount of $2,993,408		-		856,592
1% Paycheck Protection Program loan, due April 29, 2022		-		272,713
$149,900 Economic Injury Disaster Loan (EIDL), interest rate of 3.75%, due June 1, 2050		149,900		149,900
$500,000 EIDL, interest rate of 3.75%, due May 8, 2050		500,000		-
Total debt		59,305,078		1,279,205
Current portion		-		(1,129,305)
Net long term debt	$	59,305,078	$	149,900

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Senior Convertible Note

A continuity of the Notes for the year ended December 31, 2021 is summarized as follows:

		Senior Convertible Notes
Balance, December 31, 2020	$	-
Convertible debentures issued		100,000,000
Derivative liability		(21,580,000)
Original Issue Discount of 16%		(16,000,000)
Placement fees and issuance costs		(7,200,000)
Accretion expense		3,435,178
Balance, December 31, 2021	$	58,655,178

Derivative liability

The Notes contain embedded derivatives representing the conversion features, redemption rights, and certain events of default. The Company determined that these embedded derivative required bifurcation and separate valuation.

The Company utilizes a binomial lattice model to value its bifurcated derivatives included in the Notes. ASC 815 does not permit an issuer to account separately for individual derivative terms and features embedded in hybrid financial instruments that require bifurcation and liability classification as derivative financial instruments. Rather, such terms and features must be combined together and fair valued as a single, compound embedded derivative. The Company selected a binomial lattice model to value the compound embedded derivative because it believes this technique is reflective of all significant assumptions that market participants would likely consider in negotiating the transfer of the Notes. Such assumptions include, among other inputs, stock price volatility, risk-free rates, credit risk assumptions, early redemption and conversion assumptions, and the potential for future adjustment of the conversion price due to triggering events. Additionally, there are other embedded features of the Notes requiring bifurcation, other than the conversion features, which had no value at December 31, 2021 due to management's estimates of the likelihood of certain events, but that may have value in the future should those estimates change.

A continuity of derivative liability for the year ended December 31, 2021 is summarized as follows:

		Total
Balance, December 1, 2020	$	-
Derivative liability on convertible debentures		21,580,000
Change in fair value		(2,845,000)
Balance, December 31, 2021	$	18,735,000

The Company sold and issued, in a registered direct offering, an 8% senior convertible note due November 3, 2023 in the aggregate original principal amount of $100 million (the "Note"). The Note had an original issue discount of sixteen percent (16%) resulting in gross proceeds of $84 million. The Note was sold pursuant to the terms of a Securities Purchase Agreement, dated November 2, 2021 (the "SPA"), between The Company and the investor in the Note (the "Investor").

The Note was issued on November 8, 2021, pursuant to an indenture dated November 2, 2021 between the Company and Wilmington Savings Fund Society, FSB, as trustee (the "Base Indenture"), as supplemented by a first supplemental indenture thereto, dated November 2, 2021, relating to the Notes (the "First Supplemental Indenture" and, the Base Indenture as supplemented by the First Supplemental Indenture, the "First Indenture"). The terms of the Note include those provided in the First Indenture and those made part of the First Indenture by reference to the Trust Indenture Act.

Ranking

The Note is the senior unsecured obligations of the Company and not the financial obligations of our subsidiaries. Until such date as the principal amount of the Note is $5 million or less, all payments due under the Note will be senior to all other indebtedness of the Company and/or any of our subsidiaries.

Maturity Date

Unless earlier converted, or redeemed, the Note will mature on November 5, 2023, the second anniversary of their issuance date, which we refer to herein as the "Maturity Date", subject to the right of the investors to extend the date:

(i) if an event of default under the Note has occurred and is continuing (or any event shall have occurred and be continuing that with the passage of time and the failure to cure would result in an event of default under the Note) and

(ii) for a period of 20 business days after the consummation of a fundamental transaction if certain events occur.

We are required to pay, on the Maturity Date, all outstanding principal, accrued and unpaid interest and accrued and unpaid late charges on such principal and interest, if any.

Interest

The Note bears interest at the rate of 8% per annum (a) shall commence accruing on the date of issuance, (b) shall be computed on the basis of a 360-day year and twelve 30-day months and (c) shall be payable in cash quarterly in arrears on the first trading day of each calendar quarter or otherwise in accordance with the terms of the Note. If a holder elects to convert or redeem all or any portion of a Note prior to the Maturity Date, all accrued and unpaid interest on the amount being converted or redeemed will also be payable. If we elect to redeem all or any portion of a Note prior to the Maturity Date, all accrued and unpaid interest on the amount being redeemed will also be payable. The interest rate of the Note will automatically increase to 15% per annum upon the occurrence and continuance of an event of default (See "-- Events of Default" below).

Late Charges

We are required to pay a late charge of 15% on any amount of principal or other amounts that are not paid when due.

Conversion

Fixed Conversions at Option of Holder

The holder of the Note may convert all, or any part, of the outstanding principal and interest of the Note, at any time at such holder's option, into shares of our common stock at an initial fixed conversion price, which is subject to:

- proportional adjustment upon the occurrence of any stock split, stock dividend, stock combination and/or similar transactions; and
- full-ratchet adjustment in connection a subsequent offering at a per share price less than the fixed conversion price then in effect.

On January 28, 2022, we and the Investor, entered into an Agreement and Waiver (the "Waiver") with regard to the Note that has the following major provisions:

a) the Investor agreed to extend the "90 Day Eligibility Date" from February 3, 2022 to May 2, 2022 such that the Investor can no longer, if the closing price of the stock is less than $5.50, convert up to $30 million of the Note into shares of the Company's common stock (with the conversion price being the lower of (i) the then in effect conversion price and (ii) the greater of (x) the Note's $1.67 floor price or (y) 98% of the market price on the conversion date) (the "Alternate Optional Conversion Price") prior to May 2, 2022;

b) allows us to acquire, for cancellation, $6 million in in aggregate principal amount of the Note for a purchase price of $6.9 million such that the new principal amount of the Note is $94 million;

c) lowers the initial fixed conversion price of the Note from $15 to $12; and

d) if the trading volume of our common stock on any individual trading day is over $5 million (the "Alternate Conversion Company Waiver Measuring Date"), allows the Investor an opportunity to convert up to $5 million of the Note into shares of our common stock from the Alternate Conversion Company Waiver Measuring Date through and including 7:00 PM ET on the immediately following trading day. The conversion price would be the lower of (i) the then in effect conversion price and (ii) the greater of (x) the Note's $1.67 floor price or (y) 98% of the market price on the conversion date.

GREENBOX POS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company paid the investor $6.9 million on January 31, 2022.

The foregoing description of the Waiver does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Waiver, a copy of which is attached hereto as Exhibit 10.9, and incorporated herein by reference.

1-Year Alternate Optional Conversion

At any time following the first anniversary of the issuance date of the Note, but only if the closing bid price of our common stock on the immediately prior trading day is less than $6.50, each holder of the Note shall have the option to convert, at such holder's option, pro rata, up to $30 million of the principal amount of the Note (in $250,000 increments) at the Alternate Optional Conversion Price.

Alternate Event of Default Optional Conversion

If an event of default has occurred under the Note, each holder may alternatively elect to convert the Note (subject to an additional 15% redemption premium) at the "Alternate Event of Default Conversion Price" equal to the lesser of:

- the fixed conversion price then in effect; and

the greater of:

- the floor price; and
- 80% of the lowest volume weighted average price of our common stock during the five trading days immediately prior to such conversion.

Beneficial Ownership Limitation

The Note may not be converted and shares of common stock may not be issued under the Note if, after giving effect to the conversion or issuance, the applicable holder of the Note (together with its affiliates, if any) would beneficially own in excess of 4.99% of the Company's outstanding shares of common stock, which is referred to herein as the "Note Blocker". The Note Blocker may be raised or lowered to any other percentage not in excess of 9.99% at the option of the applicable holder of Notes, except that any raise will only be effective upon 61-days' prior notice to us.

Clarification to First Quarter Adjustment to Fixed Conversion Price

The Company wishes to clarify the possible first quarter adjustment to the Note's initial fixed conversion price (which was originally $15 and is now, pursuant to the Waiver, $12).

If, during the fiscal quarter ending March 31, 2022, the Company (i) fails to process at least $750 million in transaction volume or (ii) has revenue that is less than $12 million, and, if the Note's fixed conversion price then in effect is greater than the greater of (x) the Note's $1.67 floor price floor and (y) 140% of the market price as of April 1, 2022 (the "Adjustment Measuring Price") then, on April 1, 2022, the fixed conversion price will automatically adjust to the Adjustment Measuring Price.

Change of Control Redemption Right

In connection with a change of control of the Company, each holder may require us to redeem in cash all, or any portion, of the Notes at a 15% redemption premium to the greater of the face value, the equity value of our common stock underlying the Notes and the equity value of the change of control consideration payable to the holder of our common stock underlying the Notes.

The equity value of our common stock underlying the Notes is calculated using the greatest closing sale price of our common stock during the period immediately preceding the consummation or the public announcement of the change of control and ending the date the holder gives notice of such redemption.

The equity value of the change of control consideration payable to the holder of our common stock underlying the Notes is calculated using the aggregate cash consideration per share of our common stock to be paid to the holders of our common stock upon the change of control.

Events of Default

Under the terms of the first supplemental indenture, the events of default contained in the base indenture shall not apply to the Notes. Rather, the Notes contain standard and customary events of default including but not limited: (i) the suspension from trading or the failure to list our common stock within certain time periods; (ii) failure to make payments when due under the Notes; and (iii) bankruptcy or insolvency of the Company.

If an event of default occurs, each holder may require us to redeem all or any portion of the Notes (including all accrued and unpaid interest and late charges thereon), in cash, at a 15% redemption premium to the greater of the face value and the equity value of our common stock underlying the Notes

The equity value of our common stock underlying the Notes is calculated using the greatest closing sale price of our common stock on any trading day immediately preceding such event of default and the date we make the entire payment required.

Company Optional Redemption Rights

At any time no event of default exits, we may redeem all, but not less than all, the Notes outstanding in cash all, or any portion, of the Notes at a 5% redemption premium to the greater of the face value and the equity value of our common stock underlying the Notes

The equity value of the Company's common stock underlying the Notes is calculated using the greatest closing sale price of our common stock on any trading day during the period commencing on the date immediately preceding such date we notify the applicable holder of such redemption election and the date we make the entire payment required.

The foregoing description of the Note does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Note, a copy of which is attached hereto as Exhibit 4.3, and incorporated herein by reference.

Kingswood Capital (Syndicate Convertible Note) - $3,850,000

On October 27, 2020, the Company issued a convertible promissory note for $3,850,000 to various lenders through its placement agent, Kingswood Capital ("Kingswood Note"), due July 27, 2021 (the "Maturity Date") with conversion price to common stock of $1.98 per share. The Kingswood Note included an original issue discount of $350,000, netting the balance received by the Company from Kingswood Note at $3,500,000. The Company also issued warrants for 1,944,444 shares with a fixed exercise price to common stock of $1.98 per share under the Kingswood Note. The Company valued the warrants using the Black-Scholes valuation method which amounted to $3,498,667 and recorded as a debt discount at the time of issuance of warrant.

The Kingswood Note was settled in the first quarter of 2021. The Company issued 1,944,416 shares to settle the debt and another 1,884,418 shares to settle the warrants. The Company received $3.7 million upon the settlement of the warrants.

SBA CARES Act Loans - $649,900

On June 9, 2020, the Company entered into a 30 year loan agreement with the SBA under the CARES Act in the amount of $149,900. The loan bears interest at 3.75% per annum and requires monthly principal and interest payments of $731 beginning June 9, 2021. Both the Chief Executive Officer and Chairman of the Company signed personal guarantees under this loan.

On May 8, 2020, Charge Savvy executed the standard loan documents required for securing a loan (the "EIDL Loan") from the SBA under its Economic Injury Disaster Loan ("EIDL") assistance program in light of the impact of the COVID-19 pandemic on the TNB's business. As of December 31, 2020, the loan payable, Emergency Injury Disaster Loan noted above is not in default.

Pursuant to that certain Loan Authorization and Agreement (the "SBA Loan Agreement"), Charge Savvy borrowed an aggregate principal amount of the EIDL Loan of $150,000, with proceeds to be used for working capital purposes. Interest accrues at the rate of 3.75% per annum and will accrue only on funds actually advanced from the date of each advance. Installment payments, including principal and interest, are due monthly beginning May 8, 2021 (twelve months from the date of the SBA Loan) in the amount of $731. The balance of principal and interest is payable thirty years from the date of the SBA Loan. In connection therewith, the Company also received a $10,000 grant, which does not have to be repaid. During the year ended December 31, 2020, $10,000 was recorded in Economy injury disaster loan (EIDL) grant income in the Statements of Operations. On Aug 24, 2021, Charge Savvy was granted an increase in loan principal in the amount of $350,000 on identical terms.

GREENBOX POS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In connection therewith, Charge Savvy executed (i) loans for the benefit of the SBA (the "SBA Loan"), which contains customary events of default and (ii) Security Agreements, granting the SBA a security interest in all tangible and intangible personal property of Charge Savvy, which also contains customary events of default (the "SBA Security Agreement").

Preferred Bank - Paycheck Protection Program – CARES Act - $272,713

On April 29, 2020, the Company entered into a loan agreement with Preferred Bank under Paycheck Protection Program administered by SBA in the amount of $272,713. Under this loan program, the loan may be forgiven if utilized for specific purpose specified under the CARES Act and PPP guideline. The loan bears interest of 1.00% per annum and matures on April 29, 2022.The loan was forgiven on November 8, 2021.

9. INCOME TAXES

The components of the provision for income taxes are as follows:

	12/31/2021
Current:	
Federal	-
State	4,906
Foreign	-
	4,906
Deferred	
Federal	-
State	-
Foreign	-
	-
Provision	4,906

Taxes on income vary from the statutory federal income tax rate applied to earnings before tax on income as follows:

Statutory federal income tax rate of 21% applied to earnings before income taxes and extraordinary items	(5,554,396)
State taxes - net of federal benefit	3,876
Penalties	265
Meals and entertainment	10,085
Transactions expenses	32,253
PPP Loan grant income	(57,270)
Stock compensation(ISOs)	487,295
Changes in FV of derivative liability	(597,450)
Derivative expense	721,387
INTEREST EXPENSE - CONVERTIBLE DEBT	-
Stock compensation(NQ)	-
Valuation allowance	4,763,800
Others	195,061
	4,906

GREENBOX POS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Deferred income tax assets and liabilities arising from differences between accounting for financial statement purposes and tax purposes, less valuation reserves at year end are as follows:

	12/31/2021
Deferred tax assets:	
DEFERRED STATE TAXES	
STATE TAXES - PY	1,030
INTANGIBLE ASSETS	83,066
LEASE ACCOUNTING	9,721
AR ALLOWANCE	1,599,817
STOCK COMPENSATION (RS)	329,072
NOL C/O	4,787,479
Total deferred tax assets	6,810,185
Deferred tax liabilities:	
FIXED ASSETS	-3,055
GOODWILL TIER 1	-24,806
INTEREST EXPENSE - CONVERTIBLE NOTES	-
LEASE ACCOUNTING	-
Total deferred tax liabilities	-27,861
Net deferred tax asset	6,782,324
Valuation Allowance	-6,782,324

The Company uses the liability method of accounting for income taxes as set forth in ASC 740. Under the liability method, deferred taxes are determined based on differences between the financial statement and tax bases of assets and liabilities using enacted tax rates. As of December 31, 2021, the Company had federal and California net operating loss carryforwards of approximately $19.1 million and $8.8 million, respectively. Under the new tax law, the Federal net operating loss arising in tax years ending after December 31, 2017 will be carried forward indefinitely. The Company does not have pre-tax reform federal net operating loss carryforwards as of December 31, 2021. Net operating loss carryforwards arising tax years ending after December 31, 2017 is approximately $19.1 million. The California net operating loss carryforwards will begin to expire in 2038.

As of December 31, 2021 and 2020, the Company maintained full valuation allowance for net operating loss carryforward deferred tax asset. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. The amount of the deferred tax asset considered realizable, however, could be reduced if estimates of future taxable income are reduced.

The Company files a consolidated federal income tax return and files tax returns in various state and local jurisdictions. The statutes of limitations for its consolidated federal income tax returns are open for years 2018 and after, and state and local income tax returns are open for years 2017 and after.

	NOL		
FED	19,100,072	Pre 2017	-
CA	8,783,525	NOL after	19,100,073

10. STOCK OPTIONS AND AWARDS

The Company applies the provisions of ASC 718, "Compensation - Stock Compensation," using a modified prospective application, and the Black-Scholes model to value stock options. Under this application, the Company records compensation expense for all awards granted. Compensation costs will be recognized over the period that an employee provides service in exchange for the award.

The Company adopted the 2020 Incentive and Non-statutory Stock Option Plan ("2020 Plan") in June 2020, which provides for the grant of incentive stock options and nonqualified stock options to employees and directors. The 2020 Plan provides for up to 3.3 million shares of common stock. Options granted under the 2020 Plan generally have a term of five years and generally vest and become exercisable at various times from the option grant dates. These options will have such vesting or other provisions as may be established by the Board of Directors at the time of each grant.

The Company adopted the 2021 Incentive and Non-statutory Stock Option Plan ("2021 Plan") in April 2021, which provides for the grant of incentive stock options and nonqualified stock options to employees, directors and consultants. The 2021 Plan provides for up to 5.0 million shares of common stock. Options granted under the 2021 Plan shall have a term of five to ten years and generally vest and become exercisable at various times from the option grant dates. These options will have such vesting or other provisions as may be established by the Board of Directors at the time of each grant.

The fair value of each share option award on the date of grant was estimated using the Black-Scholes method based on the following weighted-average assumptions:

	Year Ended December 31,	
	2020	**2021**
Risk free interest rate	0.29%	0.29%
Expected term	5 years	5 years
Expected volatility	289.3% to 279.2%	555.8%
Expected dividend yield	0%	0%

The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for periods corresponding with the expected term of the option award; the expected term represents the weighted-average period of time that option awards granted are expected to be outstanding giving consideration to vesting schedules and historical participant exercise behavior; the expected volatility is based upon historical volatility of the Company's common stock; and the expected dividend yield is based upon the Company's dividend rate at the time fair value is measured and future expectations.

The Company recorded $1,021,725 and $1,759,164 of stock compensation expense for the years ended December 31, 2021 and 2020, respectively, related to the 2020 Plan.

GREENBOX POS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table represents the employee stock option activity during the years ended December 31, 2021 and 2020.

	Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding at December 31, 2019	-	$ -	
Granted	816,987	2.23	
Exercised	(324,750)	0.39	
Forfeited or Expired	(14,808)	0.39	
Outstanding at December 31, 2020	477,430	$ 3.53	$ 1,437,114
Exercisable at December 31, 2020	467,247	$ 3.47	$ 1,432,226
Vested and Expected to Vest at December 31, 2020	477,430	$ 3.53	$ 1,437,114
Outstanding at December 31, 2020	477,430	$ 3.53	
Granted	132,288	6.87	
Exercised	(117,297)	0.50	
Forfeited or Expired	(100,858)	7.62	
Outstanding at December 31, 2021	391,562	$ 5.07	$ -
Exercisable at December 31, 2021	377,039	$ 4.80	$ -
Vested and Expected to Vest at December 31, 2021	391,562	$ 5.07	$ -

The aggregate intrinsic value in the preceding table represents the total pretax intrinsic value, based upon the Company's closing stock price of $4.20 and $6.54 as of December 31, 2021 and 20, respectively, which would have been received by the option holders had all option holders exercised their options as of that date. As of December 31, 2021 and 2020, there was unrecognized compensation cost related to non-vested stock options granted in the amount of $173,433 and $40,797, respectively.

The Company adopted the 2021 Restricted Stock Plan ("2021 Plan") in November 2021, which provides for the grant of restricted stock awards and performance stock awards to executive officers, non-employee directors and other key employees of the Company. The 2021 Plan provides for up to 5.0 million shares of common stock. the 2020 Plan generally have a term of five years and generally vest and become exercisable at various times from the option grant dates. These award will have such vesting or other provisions as may be established by the Board of Directors at the time of each award.

A summary of the status of the Company's non-vested restricted stock awards as of December 31, 2021 is presented below:

	Non-vested Restricted Stock Awards	Weighted Average Grant Date Fair Value
Non-vested at January 1, 2021	-	
Granted	359,226	$ 4.95
Vested	(359,226)	$ 4.95
Forfeited	-	$ -
Non-vested at December 31, 2021	-	$ -

Total stock-based compensation expense recognized for the Company's 2021 Plan was $1,776,750 for the year ended December 31, 2021.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. LEASES

For operating leases, we calculated right of use assets and lease liabilities based on the present value of the remaining lease payments as of the date of adoption using the incremental borrowing rate, in accordance with ASC 842, Leases.

The Company leases office space at three locations in California, Florida and Massachusetts

The components of lease expense are as follows:

	Year Ended December 31,	
	2021	2020
Operating lease expense	$ 433,025	$ 32,904
Amortization of right-of-use assets	39,757	241
Total lease expense	$ 472,782	$ 33,145

Future minimum lease payments for all leases as of December 31, 2021 are as follows:

Year	Amount
2022	$ 627,689
2023	463,532
2024	234,354
2025	241,373
2026	248,605
Thereafter	42,463
Total lease payments	1,858,016
Less: present value adjustment	(326,987)
Present value of total lease liabilities	1,531,029
Less: current lease liabilities	(495,134)
Long-term lease liabilities	$ 1,035,895

Operating lease liabilities are based on the net present value of the remaining lease payments over the remaining lease term. In determining the present value of lease payments, the Company used its incremental borrowing rate based on the information available at the lease commencement date. As of December 31, 2021, the weighted average remaining lease term is 3.8 years and the weighted average discount rate used to determine the operating lease liabilities is 10.0%.

12. RELATED PARTY TRANSACTIONS

The Company had the following related party transactions:

● Kenneth Haller and the Haller Companies

Kenneth Haller ("Haller") became the Company's Senior Vice President of Payment Systems in November 2018. The Company began working indirectly with Haller earlier in 2018, both individually and through our relationship with MTrac Tech Corporation ("MTrac"), which in turn has business relationships with Haller. Haller brings considerable advantages to the Company's platform development and business development efforts and capabilities, including transactional business relations and a large network of agents (the "Haller Network"). The Haller Network is an amalgamation of the collective networks of Haller and two companies owned or majority-owned by Haller, which are Sky Financial & Intelligence, LLC ("Sky"), and Charge Savvy, LLC (collectively, the "Haller Companies"), each of which has formalized business relationships with the Company, as well as with some of the Company's partners, which the Company believes allows the Company to maximize and diversity the Company's market penetration capabilities. Haller, through Sky, owns controlling interests in Charge Savvy, LLC with whom the Company does business through their respective business relationship with MTrac.

GREENBOX POS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following are certain transactions between the Company and the Haller Companies:

Sky Financial & Intelligence, LLC – Haller owns 100% of Sky Financial & Intelligence LLC ("Sky"), a Wyoming limited liability company, and serves as its sole Managing Member. Sky is a strategic merchant services company that focuses on high risk merchants and international credit card processing solutions. In 2018, Sky was using GreenBox's QuickCard payment system as its main payment processing infrastructure, through Sky's relationship with MTrac. It was through this successful relationship, that we came to know Haller and the Haller Network. Realizing that the Haller Network and Haller's unique skill set was highly complementary to our business objectives, we commenced discussions to retain Haller through his consulting firm, Sky, for a senior role, directly responsible for growing GreenBox's operations. Subsequently, in November 2018, Haller was appointed as our Senior Vice President of Payment Systems, for a monthly consulting fee of $10,000, paid to Sky ("Haller Consulting Fee"). The Company did not pay any commissions to the related parties mentioned above for the years ended December 31, 2021 and 2020.

The Company recognized net revenue of $13,130,482 from outside third-party merchants through independent sales organization (ISO), Sky, for the year ended December 31, 2012. The Company had accounts receivables of $6,540,027 from outside third-party merchants through Sky. Net revenue through Sky for the year ended December 31, 2020 was not material.

Charge Savvy, LLC – Sky owns 68.4% of Charge Savvy, LLC ("Charge Savvy"), an Illinois limited liability company. Haller serves as one of three Managing Members of Charge Savvy, along with Higher Ground Capital, LLC (owns 14%), and Jeff Nickel (owns 17.4%). As a result of the Purchase Agreement, the Company purchased all of Charge Savvy's issued and outstanding membership interests and Charge Savvy became a wholly owned subsidiary of the Company. The purchase price under the Purchase Agreement for the all-stock transaction consisted of 1,000,000 shares of Common Stock being issued and delivered to the Sellers in proportion to the Sellers' share of their membership interests in Charge Savvy. The share price at issuance was $12.14.

The Company did not pay any commissions to the related parties mentioned above for the years ended December 31, 2021 and 2020.

13. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

- Corporate Performance Consulting, LLC (CPC) v. GreenBox POS – On April 7, 2021, CPC filed a complaint against GreenBox in San Diego Superior Court. Plaintiff CPC alleges breach of contract, breach of implied covenant of good faith and fair dealing, goods and services rendered, negligent misrepresentation, violation of CA Business and Professions Code Section 17200, and unjust enrichment. The crux of CPC's claim is that GreenBox failed to compensate for certain consulting and corporate advisory services. GreenBox believes the claims are without merit and intends to defend itself vigorously. On June 17, 2021 GreenBox filed a Cross-Complaint for breach of contract, breach of implied covenant of good faith and fair dealing, negligent misrepresentation, unjust enrichment, and rescission. The parties are now in the discovery phase.

- GreenBox POS v. A.M.P of Florida, Inc. (AMP) – On March 9, 2021, GreenBox POS (mistakenly identified as "GreenBox POS, LLC") filed suit against AMP in U.S.D.C for the middle district of Florida alleging breach of oral contract, conversion, and civil theft. GreenBox filed suit in order to recover processed funds unlawfully withheld by AMP. The parties amicably resolved all differences and filed a Joint Stipulation of Voluntary Dismissal with Prejudice on January 31, 2022.

- America 2030 Capital Limited and Bentley Rothschild Capital Limited – On or about October 31, 2018, Nisan and Errez received constitutive notice, regarding arbitration against Nisan, Errez, PrivCo and possibly PubCo, from Bentley Rothschild Capital Limited ("Bentley") and America 2030 Capital Limited ("America 2030"), both located in Nevis, West Indies, and both claiming breach of contract by Nisan and Errez of Nisan and Errez's respective individual Master Loan Agreements and seeking forfeiture of 266,667 PubCo shares that PrivCo had transferred, on or about August 1, 2018, from PrivCo's Control Shares under the terms of the MLAs. As of June 30, 2020, both parties have abandoned the matter and no further action was required by either party.

- The Good People Farms, LLC (TGPF) - TGPF initiated an arbitration in AAA on or about April 20, 2020 against Greenbox POS, Fredi Nisan, Ben Errez, MTrac Tech., Vanessa Luna, and Jason LeBlanc. The matter was placed in abeyance for some time. On January 15, 2021 GreenBox filed a counter-claim for fraud - intentional misrepresentation, breach of contract, breach of covenant of good faith and fair dealing, violation of California Business and Professions Code Section 17200, and accounting. The arbitration was stayed pending further proceedings in the separate but related action filed by MTrac and Ms. Luna in San Diego Superior Court. The arbitration has now commenced again upon the state court's January 14, 2022 order denying MTrac's and Ms. Luna's motion for summary judgment and granting of The Good People Farm's motion to compel arbitration as to MTrac only. The Good People Farms intends to file an amended pleading with factual allegations concerning its original demand on or before March 21, 2022.

GREENBOX POS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- Pure Health, et al. v. Worldpay LLC et al - On February 18, 2022 forty-three online marketer Plaintiffs filed suit in the Court of Common Pleas, Hamilton County, Ohio against Worldpay LLC (formerly Vantiv LLC), Fifth Third Bank, ChargeSavvy LLC, a wholly owned subsidiary of Greenbox POS, GreenBox POS, and John Does 1 (Defendants) through 10, alleging breach of contract, breach of implied covenant of good faith and fair dealing, conversion, and money had and received (constructive trust). Defendant GreenBox POS believes that Plaintiffs' claims against it are without merit and plans to pursue all judicial remedies necessary to resolve this matter.

14. SUBSEQUENT EVENTS

The Company follows the guidance in FASB ASC Topic 855, Subsequent Events ("ASC 855"), which provides guidance to establish general standards of accounting for and disclosures of events that occur after the balance sheet date but before the consolidated financial statements are issued or are available to be issued. ASC 855 sets forth (i) the period after the balance sheet date during which management of a reporting entity evaluates events or transactions that may occur for potential recognition or disclosure in the consolidated financial statements, (ii) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its consolidated financial statements, and (iii) the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. Accordingly, the Company did not have any subsequent events that require disclosure other than the following:

- On January 11, 2022, the Company entered into a binding agreement to acquire Roark Holdings, Ltd, a United Kingdom based licensed payment institution, in an all-stock transaction for 150,000 shares. Roark Holdings T/A Paysos.com is a respected UK payment institution which allows the licensor to process debit and credit card payments, in addition to local payments within the UK. Through this purchase, GreenBox accomplishes a significant strategic objective of expanding across multiple markets, made possible with the technology capabilities of Roark Holdings.

- On January 31, 2022, the Company entered into an agreement with respect to the $100 million convertible note financing, originally entered into on November 2, 2021, in order to relieve immediate conversion concerns. Under the agreement, certain conversion triggers will be extended from February 3, 2022 to May 2, 2022. GreenBox has agreed to reduce the note principal by $6,000,000, down to $94,000,000 from the original $100,000,000 in consideration of a payment of $6.9 million. In return, the lender has agreed to adjust the initial conversion price from $15 to $12.

- On March 31, 2022, the Company completed the acquisition of Transact Europe Holdings OOD. Transact Europe EAD (TEU) is an EU regulated electronic money institution headquartered in Sofia Bulgaria. TEU is a Principal Level Member of Visa, a Worldwide Member of MasterCard, and a Principal Member of China UnionPay. In addition, TEU is part of the direct SEPA program. With a global footprint, proprietary payment gateway and technology platforms, TEU offers a comprehensive portfolio of services, and decades of industry experience. TEU provides complete payment solutions by offering acquiring, issuing of prepaid cards and agent banking, serving hundreds of clients. The Company paid €26.0 million in total consideration for the purchase.

- On March 31, 2022, the Company entered into and closed an asset purchase agreement with Sky Financial to purchase a portfolio of certain merchant accounts. The asset purchase required $16.0 million of initial cash payment at closing, with a $5.0 million of earn out

Exhibit 4.4

**DESCRIPTION OF REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934**

Set forth below is the description of the common stock, par value $0.001 per share (the "Common Stock") of GreenBox POS ("we" or "our"). The following description summarizes the most important terms of these securities. This summary does not purport to be complete and is qualified in its entirety by the provisions of our Amended and Restated Articles of Incorporation (the "Articles"), and our Amended and Restated Articles of Incorporation, copies of which have been previously filed with the Securities and Exchange Commission and are incorporated by reference into the Annual Report on Form 10-K for the year ended December 31, 2021. You should refer to our Articles, Bylaws and the applicable provisions of the Nevada Revised Statutes, Chapter 78 (the "Nevada Code"), for a complete description.

The Common Stock is the only class of our securities currently registered under Section 12 of the Securities Exchange Act of 1934.

Authorized Common Stock

Our authorized Common Stock consists of 82,500,000 shares.

Dividend Rights

Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of our Common Stock are entitled to receive dividends out of funds legally available if our Board of Directors, in its discretion, determines to declare and pay dividends and then only at the times and in the amounts that our Board of Directors may determine.

Voting Rights

Holders of our Common Stock are entitled to one vote for each share held on all matters properly submitted to a vote of stockholders on which holders of Common Stock are entitled to vote. We have not provided for cumulative voting for the election of directors in our Articles. The directors are elected by a plurality of the outstanding shares entitled to vote on the election of directors. On all other matters the affirmative vote of a majority of the voting power of the shares present or represented by proxy at the meeting and entitled to vote on the subject matter constitutes the act of the stockholders, except as otherwise expressly provided by the Nevada Code.

No Preemptive or Similar Rights
Our Common Stock is not entitled to preemptive rights, and is not subject to conversion, redemption or sinking fund provisions.

Right to Receive Liquidation Distributions

If we become subject to a liquidation, dissolution or winding-up, the assets legally available for distribution to our stockholders would be distributable ratably among the holders of our Common Stock and any participating preferred stock outstanding at that time, subject to prior satisfaction of all outstanding debt and liabilities and the preferential rights of and the payment of liquidation preferences, if any, on any outstanding shares of preferred stock.

National Securities Exchange

The Common Stock is listed on the Nasdaq Capital Market under the trading symbol "GBOX".

Transfer Agent and Registrar

VStock Transfer, LLC is the transfer agent and registrar with respect to the Common Stock.

Exhibit 21.1

List of the Registrant's Subsidiaries

Moltopay Financial Ltd. (British Columbia, Canada)
Northeast Merchant Systems, Inc. (Massachusetts)
Charge Savvy LLC (Illinois)
Coyni, Inc. (Nevada)
Transact Europe Holdings OOD (Bulgaria)

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-261405, 333-257878, 333-248576, 333-239799) and Form S-3 (No. 333-257798) of GreenBox POS of our report dated March 31, 2021, relating to the financial statements of GreenBox POS, as of December 31, 2021 and 2020 which appears in this Annual Report on Form 10-K.

B F Borgers CPA PC

Certified Public Accountants
Lakewood, CO
March 31, 2022

Exhibit 31.1

Certification of Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act

I, Fredi Nisan, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 31, 2021 of GreenBox POS;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Fredi Nisan
Fredi Nisan
Chief Executive Officer
(Principal Executive Officer)

Date: March 31, 2022

Certification of Principal FInancial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act

I, Benjamin Chung, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 31, 2021 of GreenBox POS;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Benjamin Chung
Benjamin Chung
Chief Financial Officer
(Principal Financial Officer)

Date: March 31, 2022

Exhibit 32.1

Certification of Principal Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act

I, Fredi Nisan, the Principal Executive Officer of GreenBox POS (the "Company"), hereby certify that, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, to my knowledge:

1. The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (the "Form 10-K") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Fredi Nisan
Name: Fredi Nisan
Title: Chief Executive Officer
(Principal Executive Officer)

Date: March 31, 2022

Exhibit 32.2

Certification of Principal Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act

I, Benjamin Chung, the Chief Financial Officer of GreenBox POS (the "Company"), hereby certify that, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, to my knowledge:

1. The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (the "Form 10-K") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Benjamin Chung
Benjamin Chung
Chief Financial Officer
(Principal Financial Officer)

Date: March 31, 2022