



GreenBox POS

Stablecoin Spinoff Call

August 3, 2021

CORPORATE PARTICIPANTS

Ben Errez, *Co-Founder, Executive Vice President and Chairman*

PRESENTATION

Operator

Good afternoon, ladies and gentlemen. Welcome to the GreenBox POS Stablecoin Spinoff Call.

On our call today is GreenBox POS Chairman Ben Errez and Chief Financial Officer Ben Chung.

I'd like to remind everyone that statements made on today's call and webcast, including those regarding future financial results and industry prospects, are forward-looking statements and may be subject to a number of risks and uncertainties that could cause actual results to vary materially from those described on the call. Please refer to the Company's regulatory filings for a list of associated risks.

The replay of this call and webcast will be available for the next 30 days on the Company's website under the Events section. If you would like to ask a question, please use the chat box on the webcast. There will not be a phone portion of the Q&A today.

At this time, I'd like to turn this call over to Ben Errez, the Company's Chairman.

Ben, the floor is yours.

Ben Errez

Thank you. Hello, and welcome to our conference today.

This is an update provided to all of you in line with the series of transparency movements that we are doing at the Company. Today's call is going to talk about our Stablecoin spinoff, about the acquisitions that they have been done and are going to be completed soon, and an update on our special dividend. As the Operator said, this call may influence forward-looking statements as per the meaning of Section 27(a) of the Securities Act of 1933 as amended and section 21(e) of the Securities Exchange Act of 1934 as amended.

GreenBox Stablecoin, Coyni, is a smart contract technology. Coyni is built as a transactional Stablecoin, with intrinsic value attached to the U.S. dollar. It provides instant settlement using GreenBox proprietary blockchain ledger, which gives users faster access to funds in any location and currency, crypto or otherwise, and all at lower fees and in a Tokenized secure ecosystem.

The following component you should be familiar with from our previous call, make up this deployment. This custodial aspect of this Stablecoin deployment includes Signature Bank, which was chosen as the custodian bank for Coyni. Signature Bank's Signet platform is the perfect fit for GreenBox Token, allowing for uninterrupted settlement and significant volume growth.

As a provider of the at-the-station services, GreenBox engaged Armanino, the author of TrustExplorer, the world's first real-time at-the-station application, operating directly on the Company's blockchain ledger and utilizes technology for continuous supporting.

Lately, we have announced a pilot launch and seed capital funding for Coyni, the Company, and some of its own cash in the amount of \$5 million, and place that as the initial seed capital in the revolver account with future banks. Coyni is the focus commercial entity, positioned as a direct competitor to both USDC and Venmo, two very prominent entities in the space. For that to happen, we need rapid expansion of the revolver capital, and that will happen over the course of the year.

Why is Coyni different? Coyni is based on a smart contract technology that solves the existing problems inherent in the current digital payment structure, both on the volatility side and the transactional cost in settlement time (phon). Coyni provides an un-hackable centralized node with superior governance, separating the asset's decentralized visibility from assets to decentralized value.

Coyni is reversible and deletable; compliant smart contract-based architecture that makes it very unique. Coyni is streamlined and operates with improved margins that allows for lower costs to end-users. Coyni executes instant settlements. Finally, Coyni provides direct exit to card and digital fiat, as well as crypto exits for instant liquidity in any form.

Up there on the top left, you can see the first view that we released of the dedicated person-to-person application, similar to Venmo. Another dedicated tool that will help the launch of Coyni is a regulated custodial and reserve accounts architecture, very similar to USDC.

Throughout this presentation, please remember these are the only two roles that Coyni is built to complete. One is the money transfer services, similar to Venmo. The other is transactional and custodial features, just like USDC. We do both of those with superior technology and infrastructure.

A few accretive acquisitions have occurred recently that are worth mentioning in this context. I will say to everyone, please expect additional strategic acquisitions as time goes by; we may have a few more. The first of them we should mention is probably Transact Europe, a very large life-sensed (phon) entity.

This transaction is pending regulatory approval, and it is a key licensing asset for extensions into Europe, management compensation have tried to processing volume hurdles (phon) that's built from a hundred million dollars of new business per month, all the way to a billion dollars of new business per month. This transaction is amazingly accretive to both the Coyni and the GreenBox mothership.

Second acquisition that we are going to be discussing today is the ChargeSavvy LLC; most of you are familiar with it. ChargeSavvy was an acquisition that closed on the tenth of July. We targeted that closing for June and missed it by about 10 days. As a result, revenues accrued on this acquisition, which are substantial, will be recorded as Q3 revenues, and not Q2.

Lastly, I would like to mention Northeast Merchant Services. This was an acquisition that we finished a couple of months ago; completed that with an acquisition of a bank identification number, which allowed GreenBox to underwrite its own risk profile, and a retail-processing portfolio that has two interesting properties.

One is that it adds about \$145 million in annual processing volume to GreenBox and adds an additional approximately \$1.1 million in net income. We believe figures are not yet in our annual guidance, as 2021 projections are to be published.

On the ISO and Agent network side, Independent Sales Organization and Agent Network are crucial for driving Coyni adoptions in the U.S. and abroad, and we will continue to acquire as much of it as we can.

A few interesting partnerships in the context of both Coyni and GreenBox have been announced, and I expect a few questions on those later on in the Q&A portion of this conversation.

The first is The Territorial Bank of American Samoa. This is a very interesting deployment for us, as it is the first complete closed-loop economic system that will be 100% based on GreenBox. Think about islands and small countries completely deploying GreenBox technology on everything that they do economically, from processing payments to payrolls, to debit and credit cards, etc. A very, very interesting opportunity for both GreenBox and Coyni.

Second is isMedia out of Korea, where we are developing jointly an NFT platform for the purpose of commercialising and monetizing digital assets owned by this company; also very interesting development.

Why do a spinoff to begin with? We did extensive research and developed this long-term strategy with the purpose of having a spinoff that is accretive to both the new companies and GreenBox. It's sort of difficult to explain, but I'll give it a shot. We're taking something out of something, and then by doing so, we make the original entity bigger and more valuable.

How did we do that? SpinCo can achieve higher valuation multiples as a standalone public company in a focussed deployment, right? We spoke of it's a focussed commercial deployment by doing a money transfer on one hand, including person-to-person, and doing transaction in custodial on the other hand, such in the same fashion that USDC is being deployed.

Second, SpinCo and it's new management team—it's a whole new entity—puts the focus wholly on growing and enriching the Coyni business roles, transactional and custodial, enabling faster global expansion.

Third, GreenBox and the SpinCo maximize the ability of their respective capital structure, accretive to both investment models, both Coyni and GreenBox.

Now, the Company asserts that the value of Coyni or SpinCo on its own is very meaningful, right? We say that the pre-money value of Coyni is approximately a billion dollars, and that needs to be justified. We decided to release a full model and analysis of that assertion, and we will release that shortly.

Also, we want to take this opportunity and show how this is accretive to shareholders of GreenBox. We have made a change to the way this dividend is going to be awarded, and that change is to the benefit of shareholders. We're actually making it more substantial and attractive to shareholders. This is how we're going to do that.

We are keeping the first date of record, as we have announced before, which will be August 16, and every shareholder of GreenBox on record on that day will receive 0.3, a fraction of the share, of SpinCo at around the IPO time. If you own 30 shares of GreenBox, you would be entitled to 10 shares of SpinCo.

At the end, we will have an additional record date, which will be announced approximately 45 days before the IPO of SpinCo, and if you are a shareholder of record on that day, then you will receive an additional 15 basis points; or in other words, if you own a hundred shares of GreenBox on that day, you will be entitled to an additional 15 shares of shares of SpinCo, as I said before, at or around the IPO time.

Statement (phon) dates will be announced a little bit later.

But the difference here is that we will allow these two events to stack. What does that mean? It means that the same share, if you owned on 8/16, and then also continue to own on the second record date will qualify for 0.45 share of SpinCo at or around the IPO. So, where before we required folks to qualify for either but not both, we now allow for stacking. You now can qualify for both with the same share, so long as you are shareholder of record on both record dates. If any of that is still unclear, please ask me questions pertaining to this during the Q&A period of this.

I would mention that, at the end of the day, GreenBox will retain a majority equity state after the spinoff and after the dividend. We will continue and own and control this new entity.

I wanted to run through this presentation as quickly as I can to be able to have a conversation with all of you and answer any question you may have. This would be the last slide of the presentation before I switch to the Q&A section of it. Here you have my contact information, and Mark Schwalenberg's contact information as well. As usual, feel free to reach out to either of us following this presentation.

Switching to the Q&A, I already have a bunch of questions. Thank you all very much for already populating the Q&A section of this.

Okay, first question. Will Coyni receive more promotion in the near future?

Yes, of course. Coyni will be pushed for adoption and utilisation as much as we can, as quickly as we can. I can tell you that most and all acquisitions that we are considering, or have completed to date, are targeted towards this.

If we look at the new business that we expect to onboard as part of the acquisition of Transact Europe, for example, all of it is targeted towards Coyni, which then provides itself with the appropriate profit centers, such as onboarding fees, offboarding fees, and several exit opportunities, such as account-to-account transfers, right to card, APH and wire equivalents, etc.

But also, every Coyni is a dollar on the transactional ecosystem of GreenBox and continues to generate fees the same as any other dollar on our system. As such, we get to count this volume on both sides of the border here, on the Coyni side and on the GreenBox side.

The next question regards to the size of the revolver, and we have always pushed for the revolver capital in an approximate amount of a hundred million dollars.

So, a quick discussion about that. Why a hundred million? We think that the appropriate size of growth for Coyni is probably in the neighborhood of a billion dollars of new Tokens in circulation every month. In order to accomplish that, we need to allow for some of the Coynies being acquired to be with means that do not pay GreenBox instantly.

For example, let's say you use your credit card to buy a thousand tokens. Remember, the Token itself is transactional and custodial, meaning it has intrinsic value right from the start. It could take two or three days for every dollar that you used your credit card to purchase the Token to arrive at the custodial account that we hold with the Signature Bank. However, we cannot issue a Token unless it is covered by a physical dollar sitting in the custodial account in the control of the bank. And so, the revolver needs to bridge that gap.

Now, we do that with less risk than other companies maybe do the same because we also have the transactional ecosystem; meaning, the gateway that's approved that credit card transaction and is in contact with the issuer already verified that the funds are on their way. The reserve account farms the custodial account, gets a license to issue these thousand Tokens, and they become instantly liquid, so they can transact instantly. Two or three days later, the funds from the issuer arrive the revolver account, and it is made whole again.

In other words, a full utilization, if each revolution takes two to three days, we have about 10 revolutions per month. In other words, a dollar in the revolver account can revolve 10 times per month and cause issuance of \$10; so a hundred million dollars in the revolver account can cause up to a billion dollars in new Tokens every month. That's the purpose of the hundred million dollars.

We do expect to ramp up to that amount. We expect that to happen before the end of the year. We started with \$5 million that we already placed in a couple of months ago. We expect to increase dramatically the utilization of Coyni with the release of the P2P application, which is coming up, will probably be released next week, and full utilization of it probably by the end of the month.

At that point we will need to increase the revolver size, and we are prepared to do that out of our own cash; likely an additional \$10 million or so. And so on, by the end of the year, that account will be approximately a hundred million dollars.

I'm looking for the next question. (Inaudible) revenues from Generation-3 have been growing at similar pace as previous quarter.

We haven't yet released the numbers for Q2, but those are due and will be released in a separate conversation, preceded by another PR, specifically discussing Q2 revenue. I can tell you that Q2 has been better than Q1, and Q1 was pretty impressive. I will leave it at that, because none of that has been discussed publicly as of yet.

The next question is, how does the Fed's plan to consider using the digital dollar potentially impact the prospects of Coyni?

Great question. It is obvious that the digital dollar, in other words, all Stablecoins, need to be regulated; they are essentially taking over the economy. It needs to be done in a responsible manner. GreenBox is in full support of that. We are in a full support of that not only because we are the primary beneficiary of that, because we designed and architected our infrastructure in anticipation of what is going to be required.

For example, our reserve in custodial architecture, as I just discussed, are elements of what will eventually be regulated. All of these ideas that we see coming up from other Stablecoins, such as Tether or Circle, we see ideas like using commercial paper to back up the infrastructure, or bonds. At the end of the day, we feel it needs to be cash and it needs to be liquid all the time. It cannot be anything that is subject to collection, additional obligations that are not government obligations, etc.

We are very much in support of the regulations of Stablecoin platforms, in particular, transactional Stablecoin platforms. It just makes our competition go to the sidelines. We are absolutely welcoming and prepared for that inevitable date.

The next question is, where will Coyni be marketed and monetized?

It's interesting that you say where, because Coyni as a blockchain asset has no geography, right. The only reason we say closed-border is because it is positioned to compete with other services where the border is actually in the station, such as Venmo. Coyni doesn't have that limitation. It's an electronic asset transfer. There is no notion of a border between the sender and the receiver. I guess a direct reply to that question would be, everywhere and for any legal purpose. These are the target utilization spaces for Coyni.

The next question is, how does the stock go with the dividend? When is the value determined? What do the exchange say?

Interesting question. I did discuss the dividend on this call already. The interesting thing is that the value of it does not have to be calculated before the IPO, because the payment is in stock, not in cash. We did have conversations with the exchange about the strategy of this dividend, and the changes that we announced today are following up this conversation as of, I should say, recent, as of a couple of weeks ago.

Next question. How is Coyni being adopted? What is the processing volume of it currently, and what will be the processing volume of Coyni at the IPO date? How will that merit a \$1 billion valuation?

Another great question. How is Coyni being adopted? Coyni is going to be adopted in the same exact fashion that the GreenBox transactional ecosystem is being adopted. So anywhere, either a transfer of capital or a purchase of product or service are necessary, Coyni can be the media to enable that, regardless of location, time, holiday, schedule, etc.

What is the processing volume currently? Coyni is in its early adoption phases. The application that is the main driver for its utilization has not yet been released, although it's coming. As I said, most of the processing volume anticipated as growth for both the transactional ecosystem and as part of all of the new acquisitions will flow eventually through Coyni. We're talking about a massive volume, starting with hundreds of millions of dollars per month, and potentially going over a billion per month.

What will it be at the IPO date? Significant. I can't really estimate what it will be exactly; but since the IPO is scheduled for the end of the year, I would venture to guess that it will be substantially larger than what the GreenBox transactional ecosystem is today. Obviously, as a result, both the transactional ecosystem and the Stablecoin platform will enjoy this added volume.

How will that merit the \$1 billion valuation? As I said before, we will release the analysis and the modeling for that valuation later on in this month, and potentially in the next few days. I don't exactly have the date for that, but it's coming.

The next question. Do you have to hold the shares for any particular period of time, or only on the day of record?

That's an interesting question. Originally, we ask people to hold the shares from the day of record through the IPO date to qualify for the dividend. Following conversations with the exchange, we have removed that requirement, and right now, all you have to do is be a shareholder of record on the record day to qualify for the dividend. That's all.

The next one. Can you explain what you mean by stacking?

Remember, there are two record dates, right? One is 8/16, and the other one is going to be determined approximately 45 days before the IPO. So on the first day of record, every shareholder will get 0.3 of a

share of Coyni at or around the IPO date. On the second day of record, if you are a shareholder on that day, then you will receive the right to an additional 0.15, 15%, of a share in Coyni at or around the IPO date.

Stacking means that the same share can qualify for both events. If you're a shareholder of the first date and you're a shareholder on the second day of record, even if you did not buy additional shares, these same shares are now qualifying for 45%, or 0.45 fraction, of a Coyni share at or around the IPO, whenever is the payment date. That's the meaning of stacking.

The next question. Is the value of Coyni potentially greater than GreenBox today?

There's a very clear answer to that: yes. Potentially, Coyni today, with its ability to explode on the growth that is provided to it by GreenBox transactional ecosystem and this accretive acquisition, which we discussed before, if all of that together justifies the \$1 billion pre-money valuation, that's approximately twice the value of GreenBox stock today.

However, as I said, at the end of the day, every Coyni is a dollar in the transactional ecosystem of GreenBox. Therefore, the growth of Coyni is also the growth of GreenBox. Because GreenBox can benefit from Coyni's ability to grow and absorb new volumes much faster than the traditional transactional ecosystem can today, both Companies are expected to increase in value to reflect that.

If Coyni, on its own, is a billion-dollar entity, and GreenBox is let's say half a billion today, the two of them combined, working together, can be \$3 billion entities, combined, by the end of the year. This is a very astute question. It could be that one plus one equals four in this particular case, as these two Companies, Coyni and GreenBox, will continue to have exclusive relationships between them and continue to execute on their individual missions in concert with each other; very, very important.

Next question. The GDP of American Samoa is approximately \$600 million. How much will GreenBox take of this in my estimate?

Again, if—not if, but when the integration of GreenBox infrastructure and technology will be complete with American Samoa, our intention is to absorb all of it. We will have no competition there. We will process every transaction over there. By the way, both those accretive to the GDP and those that aren't, such as person-to-person transfers, we expect this deal to be very meaningful to both GreenBox and Coyni because of that.

Next question. Will the modelling be released before the day of record?

Yes, it needs to be done before that. I agree with the person asking. Owning the stock of GreenBox on the day of record is an investment decision, and it needs to be based on all of the information available at the time of that decision needs to be taken. That means that if, for example, Coyni itself gets to be registered, which means an S-1 filing is to be expected for Coyni between now and the day of record, the first day of record, and so on. We will push the release of the modelling before the day of record, yes.

Someone has an interesting question here. Can you comment on receptiveness of ISO and Agent to GreenBox and Coyni?

Both companies enjoy a very positive response from the community in-the-know, right; meaning the Independent Sales Organizations, Agents, merchants, they know us. They know our capabilities, they know our payment record, they are happy to join us. In fact, some of these acquisitions come by way of ISO's looking to improve the performance of their existing processors. And one interesting example is the

acquisition of Transact Europe, and the other one is the introduction to American Samoa. Both of those came as a demand from the market itself; very, very interesting. Thank you for the question.

Next question, and this will be our final question for today. Does filing S-1 for SpinCo involve using a G-Box shelf?

Very interesting question. No, it's an opportunity for me to discuss both elements. The S-1 is specifically for disclosure pertaining to SpinCo. It's Coyne specific. But the person asking also mentioned another filing of GreenBox, which is the S-3 filing, so-called the shelf filing, for a raise of up to \$250 million that GreenBox will entertain at some point in the future.

I want to use this opportunity with all of you—and by the way, we have a couple of hundred people now, on this call; thank you all for your time. I would like to use this opportunity and say that GreenBox will not entertain equity raise or any kind of dilutive activity at this current share-price. In fact, at these share-prices, GreenBox is a buyer of its shares. It is not a seller, and we will never do that.

As you recall, GreenBox announced the share repurpose program a while back, where we have solicited Board approval for spending some of our cash to acquire some of our stock back, so long that we believe that our stock is unfairly valued. We continue to believe that that is the case, and we will continue to deploy this strategy, definitely at this stock prices. We think it's an opportunity for us to use our own cash in an extremely accretive way to GreenBox.

We are 100% aligned with the objectives of our shareholders. We will continue to execute on our only goal, which is increase shareholder value as a primary objective of the Company.

With that, we have reached the end of today's call. I appreciate everyone's time, and I look forward to continue executing for all of you. Please continue to follow, please continue to be loyal shareholders, and we will see you on the next call.

Operator

Ladies and gentlemen, this does conclude today's conference. We appreciate your participation.