



Green Dot Reports Third Quarter 2021 Results

Nov 4, 2021

Digital bank and fintech beats quarterly expectations, raises 2021 year-end financial guidance

PASADENA, Calif.--(BUSINESS WIRE)--Nov. 4, 2021-- Green Dot Corporation (NYSE: GDOT) today reported financial results for the quarter ended September 30, 2021.

"We delivered another strong quarter with solid revenue growth, progress strengthening our infrastructure and leader bench, and new innovations for customers and partners," said Dan Henry, CEO of Green Dot. "We're on a clear path to becoming a stronger, leaner, more scalable company, which will accelerate our mission to give all people the power to bank seamlessly, affordably and with confidence."

GAAP financial results for the third quarter of 2021 compared to the third quarter of 2020:

- Total operating revenues on a generally accepted accounting principles (GAAP) basis were \$339.5 million for the third quarter of 2021, up from \$291.1 million for the third quarter of 2020, representing a year-over-year increase of 17%.
- GAAP net income was \$7.3 million for the third quarter of 2021, compared to a \$3.0 million net loss for the third quarter of 2020.
- GAAP diluted earnings per common share was \$0.13 for the third quarter of 2021, compared to a \$0.06 diluted loss per share for the third quarter of 2020.

Non-GAAP financial results for the third quarter of 2021 compared to the third quarter of 2020:¹

- Non-GAAP total operating revenues¹ were \$328.9 million for the third quarter of 2021, up from \$279.4 million for the third quarter of 2020, representing a year-over-year increase of 18%.
- Adjusted EBITDA¹ was \$46.2 million, or 14.1% of non-GAAP total operating revenues¹ for the third quarter of 2021, up from \$33.7 million, or 12.1% of non-GAAP total operating revenues¹ for the third quarter of 2020, representing a year-over-year increase of 37%.
- Non-GAAP net income¹ was \$24.0 million for the third quarter of 2021, up from \$13.8 million for the third quarter of 2020, representing a year-over-year increase of 74%.
- Non-GAAP diluted earnings per share¹ was \$0.43 for the third quarter of 2021, up from \$0.25 for the third quarter of 2020, representing a year-over-year increase of 72%.

Reconciliations of total operating revenues to non-GAAP total operating revenues, net income to non-GAAP net income, diluted earnings per share to non-GAAP diluted earnings per share, and net income to adjusted EBITDA, respectively, are provided in the tables immediately following the consolidated financial statements. Additional information about the Company's non-GAAP financial measures can be found under the caption "About Non-GAAP Financial Measures" below.

Key Metrics

The following table shows Green Dot's quarterly key business metrics for each of the last seven calendar quarters by each of its reportable segments. Please refer to Green Dot's latest Quarterly Report on Form 10-Q for a description of the key business metrics, as well as additional information regarding how Green Dot organizes its business by segment.

	2021			2020			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	(In millions)						
Consolidated ⁽¹⁾							
Gross dollar volume	\$ 16,404	\$ 17,399	\$ 20,666	\$ 14,349	\$ 14,453	\$ 15,107	\$ 14,294
Number of active accounts	5.37	6.03	6.35	5.45	5.72	6.25	5.74
Purchase volume	\$ 7,356	\$ 8,870	\$ 10,445	\$ 6,861	\$ 7,600	\$ 8,477	\$ 8,282

Consumer Services

Gross dollar volume	\$ 6,811	\$ 8,188	\$ 10,156	\$ 7,562	\$ 8,333	\$ 8,683	\$ 7,561
Number of active accounts	3.38	3.97	4.07	3.73	3.98	4.10	3.70
Direct deposit active accounts	0.83	0.92	0.97	0.88	0.91	0.90	0.89
Purchase volume	\$ 5,166	\$ 6,455	\$ 7,138	\$ 5,176	\$ 5,840	\$ 6,123	\$ 5,555

B2B Services

Gross dollar volume	\$ 9,593	\$ 9,211	\$ 10,510	\$ 6,787	\$ 6,120	\$ 6,424	\$ 6,733
Number of active accounts	1.99	2.06	2.28	1.72	1.74	2.15	2.04
Purchase volume	\$ 2,190	\$ 2,415	\$ 3,307	\$ 1,685	\$ 1,760	\$ 2,354	\$ 2,727

Money Movement

Number of cash transfers	10.05	10.19	10.32	11.29	12.81	12.48	12.13
Number of tax refunds processed	0.43	4.15	7.44	0.11	0.75	1.90	9.70

(1) Represents the sum of Green Dot's Consumer Services and B2B Services segments.

As of September 30, 2021, unencumbered cash at the holding company was \$152.9 million.

In October 2021, Green Dot announced executive finance and payments veteran George Gresham had been appointed Chief Financial Officer and Chief Operating Officer.

"As I look at the landscape of companies looking to address branchless banking opportunities or service the community of Americans that have been so long ignored by traditional banks, I asked myself what arrows in the quiver would I want to have at the ready," said Gresham. "I would want a world class direct-to-consumer capability, the broadest and deepest money network in the country, world class partners, a bank charter to control our own destiny, synergistic distribution capabilities and a great team to collaborate with. For those reasons, I'm excited to join Green Dot."

Updated 2021 Financial Guidance

Green Dot has provided its updated outlook for 2021. Green Dot's outlook is based on a number of assumptions that management believes are reasonable at the time of this earnings release. Information regarding potential risks that could cause the actual results to differ from these forward-looking statements is set forth below and in Green Dot's filings with the Securities and Exchange Commission.

Green Dot intends to continue to make growth-oriented investments in 2021 that it believes will help accelerate revenue growth and allow margins to expand in 2022 and beyond. Notwithstanding this investment, Green Dot expects adjusted EBITDA in 2021 to grow year-over-year.

Total Non-GAAP Operating Revenues²

- Green Dot now expects its full year non-GAAP total operating revenues² to be between \$1.370 billion to \$1.380 billion, or up 15% year-over-year at the mid-point.

Adjusted EBITDA²

- Green Dot reiterates the mid-point of its full year adjusted EBITDA² range while tightening the low and high end of the range to \$217 million to \$223 million, or up 7% year-over-year at the mid-point. As noted above, Green Dot is making growth-oriented investments in 2021 and plans to reinvest any incremental revenue benefit in 2021 in areas that present the most growth potential, in strengthening the foundation of the company, including a new core banking and card management platform to reduce reliance on third-party processors, and in improving the overall customer experience.

Non-GAAP EPS²

- Green Dot now expects its full year non-GAAP EPS² to be between \$2.19 and \$2.27, or up 6% year-over-year at the

mid-point.

The components of Green Dot's non-GAAP EPS² guidance range are as follows:

	Range	
	Low	High
	(In millions, except per share data)	
Adjusted EBITDA	\$ 217.0	\$ 223.0
Depreciation and amortization*	(58.0)	(58.0)
Non-GAAP pre-tax income	\$ 159.0	\$ 165.0
Tax impact**	(36.6)	(38.0)
Non-GAAP net income	\$ 122.4	\$ 127.1
Non-GAAP diluted weighted-average shares issued and outstanding	56.0	56.0
Non-GAAP earnings per share	\$ 2.19	\$ 2.27

* Excludes the impact of amortization of acquired intangible assets

** Assumes a non-GAAP effective tax rate of approximately 23% for full year.

² For additional information, see reconciliations of forward-looking guidance for these non-GAAP financial measures to their respective, most directly comparable projected GAAP financial measures provided in the tables immediately following the reconciliation of Net Income to Adjusted EBITDA.

Conference Call

Green Dot's management will host a conference call to discuss third quarter 2021 financial results today at 5:00 p.m. ET. The conference call can be accessed live from Green Dot's investor relations website at <http://ir.greendot.com/>. Green Dot uses this website as a tool to disclose important information about the company to investors and comply with its disclosure obligations under Regulation Fair Disclosure. A replay of the webcast will be available at the same website following the call. The replay will be available until Thursday, November 11, 2021.

Forward-Looking Statements

This earnings release contains forward-looking statements, which are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements include, among other things, statements in the quotes of its executive officers, its updated 2021 financial guidance, its investment strategy and other future events that involve risks and uncertainties. Actual results may differ materially from those contained in the forward-looking statements contained in this earnings release, and reported results should not be considered as an indication of future performance. The potential risks and uncertainties that could cause actual results to differ from those projected include, among other things, the continuing impact of the COVID-19 pandemic on Green Dot's business, results of operations and financial condition, the effectiveness of Green Dot's measures taken in response to the COVID-19 pandemic, the U.S. government's response to the COVID-19 pandemic, including with respect to stimulus funds and unemployment benefits, shifts in consumer behavior towards electronic payments, the impact of the U.S. presidential administration on, among other things, the regulation of financial institutions and corporate tax rates, inflationary pressures, the timing and impact of revenue growth activities, Green Dot's dependence on revenues derived from Walmart, impact of competition, Green Dot's reliance on retail distributors for the promotion of its products and services, demand for Green Dot's new and existing products and services, continued and improving returns from Green Dot's investments in new growth initiatives, potential difficulties in integrating operations of acquired entities and acquired technologies, Green Dot's ability to operate in a highly regulated environment, changes to existing laws or regulations affecting Green Dot's operating methods or economics, Green Dot's reliance on third-party vendors, changes in credit card association or other network rules or standards, changes in card association and debit network fees or products or interchange rates, instances of fraud developments in the prepaid financial services industry that impact prepaid debit card usage generally, business interruption or systems failure, and Green Dot's involvement in litigation or investigations. These and other risks are discussed in greater detail in Green Dot's Securities and Exchange Commission filings, including its most recent annual report on Form 10-K and quarterly report on Form 10-Q, which are available on Green Dot's investor relations website at ir.greendot.com and on the SEC website at www.sec.gov. All information provided in this release and in the attachments is as of November 4, 2021, and Green Dot assumes no obligation to update this information as a result of future events or developments.

About Non-GAAP Financial Measures

To supplement Green Dot's consolidated financial statements presented in accordance with accounting principles generally accepted in the United

States of America (GAAP), Green Dot uses measures of operating results that are adjusted to exclude, among other things, non-operating net interest income and expense; income tax benefit and expense; depreciation and amortization, including amortization of acquired intangibles; certain legal settlement charges; stock-based compensation and related employer payroll taxes; changes in the fair value of contingent consideration; transaction costs from acquisitions; impairment charges; extraordinary severance; earnings or losses from equity method investments; realized gains or losses on the sale of investment securities; commissions and certain processing-related costs associated with BaaS products and services where Green Dot does not control customer acquisition; other charges and income not reflective of ongoing operating results; and income tax effects. This earnings release includes non-GAAP total operating revenues, adjusted EBITDA, non-GAAP net income, and non-GAAP diluted earnings per share. These non-GAAP financial measures are not calculated or presented in accordance with, and are not alternatives or substitutes for, financial measures prepared in accordance with GAAP, and should be read only in conjunction with Green Dot's financial measures prepared in accordance with GAAP. Green Dot's non-GAAP financial measures may be different from similarly-titled non-GAAP financial measures used by other companies. Green Dot believes that the presentation of non-GAAP financial measures provides useful information to management and investors regarding underlying trends in its consolidated financial condition and results of operations. Green Dot's management regularly uses these supplemental non-GAAP financial measures internally to understand, manage and evaluate Green Dot's business and make operating decisions. For additional information regarding Green Dot's use of non-GAAP financial measures and the items excluded by Green Dot from one or more of its historic and projected non-GAAP financial measures, investors are encouraged to review the reconciliations of Green Dot's historic and projected non-GAAP financial measures to the comparable GAAP financial measures, which are attached to this earnings release, and which can be found by clicking on "Financial Information" in the Investor Relations section of Green Dot's website at <http://ir.greendot.com/>.

About Green Dot

Green Dot Corporation (NYSE: GDOT) is a financial technology and registered bank holding company committed to transforming the way people and businesses manage and move money, and making financial well-being and empowerment more accessible for all.

Green Dot's proprietary technology enables faster, more efficient electronic payments and money management, powering intuitive and seamless ways for people to spend, send, control and save their money. Through its bank, Green Dot offers a broad set of financial products to consumers and businesses including debit, prepaid, checking, credit and payroll cards, as well as robust money processing services, tax refunds, cash deposits and disbursements. The company's Banking as a Service ("BaaS") platform enables a growing list of America's most prominent consumer and technology companies to design and deploy their own customized banking and money movement solutions for customers and partners in the US and internationally.

Founded in 1999 and headquartered in Pasadena, CA, Green Dot has served more than 33 million customers directly, and now operates primarily as a "branchless bank" with more than 90,000 retail distribution locations nationwide. Green Dot Bank is a subsidiary of Green Dot Corporation and member of the FDIC. For more information about Green Dot's products and services, please visit <https://www.greendot.com>.

GREEN DOT CORPORATION

CONSOLIDATED BALANCE SHEETS

	September 30, 2021	December 31, 2020
	(unaudited)	
	(In thousands, except par value)	
Assets		
Current assets:		
Unrestricted cash and cash equivalents	\$ 1,804,826	\$ 1,491,842
Restricted cash	4,150	4,859
Settlement assets	452,602	782,262
Accounts receivable, net	74,474	67,755
Prepaid expenses and other assets	62,764	66,705
Income tax receivable	990	—
Total current assets	2,399,806	2,413,423

Investment securities available-for-sale, at fair value	1,188,216	970,969
Loans to bank customers, net of allowance for loan losses of \$7,451 and \$757 as of September 30, 2021 and December 31, 2020, respectively	28,157	21,011
Prepaid expenses and other assets	131,180	40,481
Property, equipment, and internal-use software, net	132,276	133,400
Operating lease right-of-use assets	11,308	13,134
Deferred expenses	7,379	18,332
Net deferred tax assets	18,683	12,739
Goodwill and intangible assets	474,344	491,778
Total assets	\$ 4,391,349	\$ 4,115,267
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 41,956	\$ 34,823
Deposits	2,959,386	2,735,116
Obligations to customers	122,522	95,375
Settlement obligations	12,705	17,759
Amounts due to card issuing banks for overdrawn accounts	438	235
Other accrued liabilities	120,455	145,359
Operating lease liabilities	7,516	8,175
Deferred revenue	14,576	28,584
Income tax payable	11,265	12,146
Total current liabilities	3,290,819	3,077,572
Other accrued liabilities	2,190	4,275
Operating lease liabilities	9,209	16,396
Net deferred tax liabilities	7,192	7,192
Total liabilities	3,309,410	3,105,435

Stockholders' equity:

Class A common stock, \$0.001 par value; 100,000 shares authorized as of September 30, 2021 and December 31, 2020; 54,671 and 54,034 shares issued and outstanding as of September 30, 2021 and December 31, 2020, respectively	55	54
Additional paid-in capital	386,465	354,460
Retained earnings	709,893	651,890
Accumulated other comprehensive (loss) income	(14,474)	3,428
Total stockholders' equity	1,081,939	1,009,832
Total liabilities and stockholders' equity	\$ 4,391,349	\$ 4,115,267

GREEN DOT CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

Three Months Ended September 30, Nine Months Ended September 30,

2021 2020 2021 2020

(In thousands, except per share data)

Operating revenues:

Card revenues and other fees	\$ 202,482	\$ 146,648	\$ 586,431	\$ 440,723
Cash processing revenues	47,516	57,526	205,256	246,042
Interchange revenues	85,888	84,876	298,229	271,712
Interest income, net	3,613	2,020	12,442	11,002
Total operating revenues	339,499	291,070	1,102,358	969,479

Operating expenses:

Sales and marketing expenses	84,002	96,189	299,412	319,738
Compensation and benefits expenses	65,045	61,077	199,996	173,009
Processing expenses	95,731	74,158	287,716	216,624
Other general and administrative expenses	85,891	62,296	240,616	198,519
Total operating expenses	330,669	293,720	1,027,740	907,890
Operating income (loss)	8,830	(2,650	) 74,618	61,589

Interest expense, net	38	39	113	723
Other income (expense), net	849	(1,650)	1,396	696
Income (loss) before income taxes	9,641	(4,339)	75,901	61,562
Income tax expense (benefit)	2,306	(1,347)	17,898	14,415
Net income (loss)	\$ 7,335	\$ (2,992)	\$ 58,003	\$ 47,147
Basic earnings (loss) per common share:	\$ 0.13	\$ (0.06)	\$ 1.06	\$ 0.89
Diluted earnings (loss) per common share:	\$ 0.13	\$ (0.06)	\$ 1.04	\$ 0.87
Basic weighted-average common shares issued and outstanding:	54,221	52,635	53,961	52,269
Diluted weighted-average common shares issued and outstanding:	55,415	52,635	55,180	53,455

GREEN DOT CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

Nine Months Ended September 30,

2021 2020

(In thousands)

Operating activities

Net income	\$ 58,003	\$ 47,147
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property, equipment and internal-use software	42,446	43,014
Amortization of intangible assets	20,831	21,175
Provision for uncollectible overdrawn accounts from purchase transactions	14,201	6,743
Provision for loan losses	18,728	501
Stock-based compensation	37,111	36,793
(Earnings) losses in equity method investments	(1,314)	4,313
Realized gain on sale of available-for-sale investment securities	—	(5,062)

Amortization of premium on available-for-sale investment securities	2,330	618
Amortization of deferred financing costs	127	127
Impairment of long-lived assets	—	1,099
Changes in operating assets and liabilities:		
Accounts receivable, net	(20,920)	) 8,625
Prepaid expenses and other assets	4,595	12,724
Deferred expenses	10,953	10,031
Accounts payable and other accrued liabilities	(17,706)	) 19,471
Deferred revenue	(14,326)	) (15,068)
Income tax receivable/payable	(1,846)	) 8,842
Other, net	(5,979)	) (2,242)
Net cash provided by operating activities	147,234	198,851

Investing activities

Purchases of available-for-sale investment securities	(374,754)	) (295,287)
Proceeds from maturities of available-for-sale securities	124,482	80,840
Proceeds from sales and calls of available-for-sale securities	6,823	187,830
Payments for acquisition of property and equipment	(39,644)	) (43,898)
Net changes in loans	(25,874)	) 493
Investment in TailFin Labs, LLC	(35,000)	) (35,000)
Purchase of bank-owned life insurance policies	(55,000)) —
Other	(688)	) (916)
Net cash used in investing activities	(399,655)	) (105,938)

Financing activities

Borrowings on revolving line of credit	—	100,000
Repayments on revolving line of credit	—	(135,000)

Proceeds from exercise of options and ESPP purchases	5,283	5,104
Taxes paid related to net share settlement of equity awards	(10,388)	(8,153)
Net changes in deposits	221,048	1,108,354
Net changes in settlement assets and obligations to customers	351,753	(84,304)
Contingent consideration payments	(3,000)	(3,000)
Net cash provided by financing activities	564,696	983,001
Net increase in unrestricted cash, cash equivalents and restricted cash	312,275	1,075,914
Unrestricted cash, cash equivalents and restricted cash, beginning of period	1,496,701	1,066,154
Unrestricted cash, cash equivalents and restricted cash, end of period	\$ 1,808,976	\$ 2,142,068
Cash paid for interest	\$ 1,174	\$ 839
Cash paid for income taxes	\$ 19,394	\$ 5,497

Reconciliation of unrestricted cash, cash equivalents and restricted cash at end of period:

Unrestricted cash and cash equivalents	\$ 1,804,826	\$ 2,136,375
Restricted cash	4,150	5,693
Total unrestricted cash, cash equivalents and restricted cash, end of period	\$ 1,808,976	\$ 2,142,068

GREEN DOT CORPORATION

REPORTABLE SEGMENTS

(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Segment Revenue	(In thousands)			
Consumer Services	\$ 167,455	\$ 150,554	\$ 533,889	\$ 466,115
B2B Services	118,171	77,064	336,735	227,523

Money Movement Services	45,596	56,536	201,982	242,255
Corporate and Other	(2,298)	(4,710)	(5,939)	(9,889)
Total segment revenues	328,924	279,444	1,066,667	926,004
Net revenue adjustment (8)	10,575	11,626	35,691	43,475
Total operating revenues	\$ 339,499	\$ 291,070	\$ 1,102,358	\$ 969,479

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Segment Profit	(In thousands)			
Consumer Services	\$ 60,084	\$ 51,494	\$ 169,401	\$ 160,291
B2B Services	18,501	16,372	54,208	52,526
Money Movement Services	18,718	17,974	105,724	112,535
Corporate and Other	(51,057)	(52,151)	(146,803)	(154,295)
Total segment profit *	46,246	33,689	182,530	171,057
Reconciliation to income (loss) before income taxes				
Depreciation and amortization of property, equipment and internal-use software	15,265	14,839	42,446	43,014
Stock based compensation and related employer taxes	11,579	12,018	37,205	37,354
Amortization of acquired intangible assets	6,944	6,944	20,831	21,175
Impairment charges	—	31	—	1,099
Other expense	3,628	2,507	7,430	6,826
Operating income (loss)	8,830	(2,650)	74,618	61,589
Interest expense, net	38	39	113	723
Other income (expense), net	849	(1,650)	1,396	696
Income (loss) before income taxes	\$ 9,641	\$ (4,339)	\$ 75,901	\$ 61,562

* Total segment profit is also referred to herein as adjusted EBITDA in its non-GAAP measures. Additional information about the Company's non-GAAP financial measures can be found under the caption "About Non-GAAP Financial Measures."

Green Dot's segment financial reporting is based on how its current Chief Operating Decision Maker ("CODM") manages its businesses, including resource allocation and performance assessment. Its CODM (who is the Chief Executive Officer) organizes and manages the business primarily on the basis of the channels in which its product and services are offered and uses net revenue and segment profit to assess profitability. Segment profit

reflects each segment's net revenue less direct costs, such as sales and marketing expenses, processing expenses, third-party call center support and transaction losses. Green Dot's operations are aggregated amongst three reportable segments: 1) Consumer Services, 2) Business to Business ("B2B") Services and 3) Money Movement Services.

The Corporate and Other segment primarily consists of net interest income earned by its bank, eliminations of intersegment revenues and expenses, unallocated corporate expenses, and other costs that are not considered when management evaluates segment performance, such as salaries, wages and related benefits for our employees, professional service fees, software licenses, telephone and communication costs, rent and utilities, and insurance. Green Dot does not evaluate performance or allocate resources based on segment asset data, and therefore such information is not presented.

GREEN DOT CORPORATION

Reconciliation of Total Operating Revenues to Non-GAAP Total Operating Revenues ⁽¹⁾

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(In thousands)			
Total operating revenues	\$ 339,499	\$ 291,070	\$ 1,102,358	\$ 969,479
Net revenue adjustments (8)	(10,575)	(11,626)	(35,691)	(43,475)
Non-GAAP total operating revenues	\$ 328,924	\$ 279,444	\$ 1,066,667	\$ 926,004

Reconciliation of Net Income to Non-GAAP Net Income ⁽¹⁾

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(In thousands, except per share data)			
Net income (loss)	\$ 7,335	\$ (2,992)	\$ 58,003	\$ 47,147
Stock-based compensation and related employer payroll taxes (3)	11,579	12,018	37,205	37,354
Amortization of acquired intangible assets (4)	6,944	6,944	20,831	21,175
Transaction costs (4)	608	—	1,732	—
Amortization of deferred financing costs (5)	42	43	126	127
Impairment charges (5)	—	31	—	1,099
Extraordinary severance expenses (6)	665	2,716	3,913	7,035
Legal settlement expenses (gain) (5)	2,300	(208)	2,310	(208)

(Earnings) losses in equity method investments (5)	(736	)	1,597	(1,314	)	4,313
Realized gain on sale of investment securities (5)	—		—	—		(5,062)	
Other (income) expense, net (5)	(58	)	52	(607	)	52
Income tax effect (7)	(4,724)	(6,406)	(14,381)	(15,447)
Non-GAAP net income	\$ 23,955		\$ 13,795	\$ 107,818		\$ 97,585		
Diluted earnings (loss) per common share								
GAAP	\$ 0.13		\$ (0.06	)	\$ 1.04	\$ 0.87	
Non-GAAP	\$ 0.43		\$ 0.25	\$ 1.94		\$ 1.80		

Diluted weighted-average common shares issued and outstanding

GAAP	55,415	52,635	55,180	53,455
Non-GAAP	55,849	54,841	55,694	54,291

Reconciliation of GAAP to Non-GAAP Diluted Weighted-Average

Shares Issued and Outstanding

(Unaudited)

Three Months Ended September 30, Nine Months Ended September 30,

2021 2020 2021 2020

(In thousands)

Diluted weighted-average shares issued and outstanding	55,415	52,635	55,180	53,455
Weighted-average unvested Walmart restricted shares (9)	434	759	514	836
Anti-dilutive shares due to GAAP net loss	—	1,447	—	—
Non-GAAP diluted weighted-average shares issued and outstanding	55,849	54,841	55,694	54,291

GREEN DOT CORPORATION

Supplemental Detail on Non-GAAP Diluted Weighted-Average Common Shares Issued and Outstanding

(Unaudited)

Three Months Ended September 30, Nine Months Ended September 30,

	2021	2020	2021	2020
	(In thousands)			
Class A common stock outstanding as of September 30:	54,671	53,459	54,671	53,459
Weighting adjustment	(16)	(65)	(196)	(354)
Dilutive potential shares:				
Stock options	506	426	483	208
Service based restricted stock units	417	751	440	658
Performance-based restricted stock units	252	231	277	298
Employee stock purchase plan	19	39	19	22
Non-GAAP diluted weighted-average shares issued and outstanding	55,849	54,841	55,694	54,291

Reconciliation of Net Income to Adjusted EBITDA ⁽¹⁾

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(In thousands)			
Net income (loss)	\$ 7,335	\$ (2,992)	\$ 58,003	\$ 47,147
Interest expense, net (2)	38	39	113	723
Income tax expense (benefit)	2,306	(1,347)	17,898	14,415
Depreciation and amortization of property, equipment and internal-use software (2)	15,265	14,839	42,446	43,014
Stock-based compensation and related employer payroll taxes (2)(3)	11,579	12,018	37,205	37,354
Amortization of acquired intangible assets (2)(4)	6,944	6,944	20,831	21,175
Transaction costs (2)(4)	608	—	1,732	—
Impairment charges (2)(5)	—	31	—	1,099
Extraordinary severance expenses (2)(6)	665	2,716	3,913	7,035
(Earnings) losses in equity method investments (2)(5)	(736)	1,597	(1,314)	4,313

Realized gain on sale of investment securities (2)(5)	—	—	—	(5,062)	
Legal settlement expenses (gain) (2)(5)	2,300	(208)	2,310	(208)
Other (income) expense, net (2)(5)	(58)	52	(607)	52
Adjusted EBITDA	\$ 46,246	\$ 33,689	\$ 182,530	\$ 171,057		
Non-GAAP total operating revenues	\$ 328,924	\$ 279,444	\$ 1,066,667	\$ 926,004		
Adjusted EBITDA/Non-GAAP total operating revenues (adjusted EBITDA margin)	14.1	% 12.1	% 17.1	% 18.5	%	

GREEN DOT CORPORATION

Reconciliation of Forward Looking Guidance for Non-GAAP Financial Measures to Projected GAAP Total Operating Revenues ⁽¹⁾

(Unaudited)

	FY 2021		
	Range		
	Low	High	
	(In millions)		
Total operating revenues	\$ 1,418	\$ 1,428	
Net revenue adjustments (8)	(48) (48)
Non-GAAP total operating revenues	\$ 1,370	\$ 1,380	

Reconciliation of Forward Looking Guidance for Non-GAAP Financial Measures to Projected GAAP Net Income ⁽¹⁾

(Unaudited)

	FY 2021	
	Range	
	Low	High
	(In millions)	
Net income	\$ 56.4	\$ 60.9
Adjustments (10)	160.6	162.1

Adjusted EBITDA	\$ 217.0	\$ 223.0
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Non-GAAP total operating revenues	\$ 1,380	\$ 1,370
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Adjusted EBITDA / Non-GAAP total operating revenues (Adjusted EBITDA margin)	15.7 %	16.3 %
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Reconciliation of Forward Looking Guidance for Non-GAAP Financial Measures to Projected GAAP Net Income and GAAP Diluted Weighted-Average Shares Issued and Outstanding ⁽¹⁾ (Unaudited)

	FY 2021	
	Range	
	Low	High
	(In millions, except per share data)	
Net income	\$ 56.4	\$ 60.9
Adjustments (10)	66.1	66.1
Non-GAAP net income	\$ 122.4	\$ 127.1
Diluted earnings per share		
GAAP	\$ 1.02	\$ 1.10
Non-GAAP	\$ 2.19	\$ 2.27
Diluted weighted-average shares issued and outstanding		
GAAP	55.5	55.5
Weighted-average unvested Walmart restricted shares (9)	0.5	0.5
Non-GAAP	56.0	56.0

To supplement Green Dot's consolidated financial statements presented in accordance with GAAP, Green Dot uses measures of operating results that are adjusted to exclude various, primarily non-cash, expenses and charges. These financial measures are not calculated or presented in accordance with GAAP and should not be considered as alternatives to or substitutes for operating revenues, operating income, net income or any other measure of financial performance calculated and presented in accordance with GAAP. These financial measures may not be comparable to similarly-titled measures of other organizations because other organizations may not calculate their measures in the same manner as Green Dot does. These financial measures are adjusted to eliminate the impact of items that Green Dot does not consider indicative of its core operating performance. You are encouraged to evaluate these adjustments and the reasons Green Dot considers them appropriate.

Green Dot believes that the non-GAAP financial measures it presents are useful to investors in evaluating Green Dot's operating performance for the following reasons:

- Green Dot records stock-based compensation from period to period, and recorded stock-based compensation expenses and related employer payroll taxes, net of forfeitures, of approximately \$11.6 million and \$12.0 million for the three months ended September 30, 2021 and 2020, respectively. By comparing Green Dot's adjusted EBITDA, non-GAAP net income and non-GAAP diluted earnings per share in different historical periods, investors can evaluate Green Dot's operating results without the additional variations caused by stock-based compensation expense and related employer payroll taxes, which may not be comparable from period to period due to changes in the fair market value of Green Dot's Class A common stock (which is influenced by external factors like the volatility of public markets and the financial performance of Green Dot's peers) and is not a key measure of Green Dot's operations;
- adjusted EBITDA is widely used by investors to measure a company's operating performance without regard to items, such as non-operating net interest income and expense, income tax benefit and expense, depreciation and amortization, stock-based compensation and related employer payroll taxes, changes in the fair value of contingent consideration, transaction costs, impairment charges, severance costs related to extraordinary personnel reductions, certain legal settlement charges, earnings or losses from equity method investments, realized gains or losses on the sale of investment securities, and other charges and income that can vary substantially from company to company depending upon their respective financing structures and accounting policies, the book values of their assets, their capital structures and the methods by which their assets were acquired; and
- securities analysts use adjusted EBITDA as a supplemental measure to evaluate the overall operating performance of companies.

Green Dot's management uses the non-GAAP financial measures:

- as measures of operating performance, because they exclude the impact of items not directly resulting from Green Dot's core operations;
- for planning purposes, including the preparation of Green Dot's annual operating budget;
- to allocate resources to enhance the financial performance of Green Dot's business;
- to evaluate the effectiveness of Green Dot's business strategies;
- to establish metrics for variable compensation; and
- in communications with Green Dot's board of directors concerning Green Dot's financial performance.

Green Dot understands that, although adjusted EBITDA and other non-GAAP financial measures are frequently used by investors and securities analysts in their evaluations of companies, these measures have limitations as an analytical tool, and you should not consider them in isolation or as substitutes for analysis of Green Dot's results of operations as reported under GAAP. Some of these limitations are:

- that these measures do not reflect Green Dot's capital expenditures or future requirements for capital expenditures or other contractual commitments;
- that these measures do not reflect changes in, or cash requirements for, Green Dot's working capital needs;
- that these measures do not reflect non-operating interest expense or interest income;
- that these measures do not reflect cash requirements for income taxes;
- that, although depreciation and amortization are non-cash charges, the assets being depreciated or amortized will often have to be replaced in the future, and these measures do not reflect any cash requirements for these replacements; and
- that other companies in Green Dot's industry may calculate these measures differently than Green Dot does, limiting their usefulness as comparative measures.

- (2) Green Dot does not include any income tax impact of the associated non-GAAP adjustment to adjusted EBITDA, as the case may be, because each of these non-GAAP financial measures is provided before income tax expense.

- This expense consists primarily of expenses for restricted stock units (including performance-based restricted stock units), performance-based stock options and related employer payroll taxes. Stock-based compensation expense is not comparable from period to period due to changes in the fair market value of Green Dot's Class A common stock (which is influenced by external factors like the volatility of public markets and the financial performance of Green Dot's peers) and is not a key measure of Green Dot's operations. Green Dot excludes stock-based compensation expense from its non-GAAP financial measures primarily because it consists of non-cash expenses that Green Dot does not believe are reflective of ongoing operating results. Green Dot also believes that it is not useful to investors to understand the impact of stock-based compensation to its results of operations. Further, the related employer payroll taxes are dependent upon volatility in Green Dot's stock price, as well as the timing and size of option exercises and vesting of restricted stock units, over which Green Dot has limited to no control. This expense is included as a component of compensation and benefits expenses on Green Dot's consolidated statements of operations.
- (3)

- Green Dot excludes certain income and expenses that are the result of acquisitions. These acquisition-related adjustments include items such as the amortization of acquired intangible assets, changes in the fair value of contingent consideration, settlements of contingencies established at time of acquisition and other acquisition related charges, such as integration charges and professional and legal fees, which result in Green Dot recording expenses or fair value adjustments in its GAAP financial statements. Green Dot analyzes the performance of its operations without regard to these adjustments. In determining whether any acquisition-related adjustment is appropriate, Green Dot takes into consideration, among other things, how such adjustments would or would not aid in the understanding of the performance of its operations. These items are included as a component of other general and administrative expenses on Green Dot's consolidated statements of operations, as applicable for the periods presented.
- (4)

- Green Dot excludes certain income and expenses that are not reflective of ongoing operating results. It is difficult to estimate the amount or timing of these items in advance. Although these events are reflected in Green Dot's GAAP financial statements, Green Dot excludes them in its non-GAAP financial measures because Green Dot believes these items may limit the comparability of ongoing operations with prior and future periods. These adjustments include items such as amortization attributable to deferred financing costs, impairment charges related to long-lived assets, earnings or losses from equity method investments, credit-related impairment and/or realized gains or losses on the sale of investment securities, legal settlement expenses and other income and expenses, as applicable for the periods presented. In determining whether any such adjustment is appropriate, Green Dot takes into consideration, among other things, how such adjustments would or would not aid in the understanding of the performance of its operations. Each of these adjustments, except for amortization of deferred financing costs, earnings and losses from equity method investments and credit-related impairment and/or realized gains and losses on the sale of investment securities, which are all included below operating income, are included within other general and administrative expenses on Green Dot's consolidated statements of operations.
- (5)

- During the three and nine months ended September 30, 2021, Green Dot recorded charges of \$0.7 million and \$3.9 million, respectively, principally related to severance benefits, which were paid out in connection with the transition and employment agreements of certain former executives and other personnel. Although severance expenses are an ordinary part of its operations, the magnitude and scale of these costs are not indicative of its core operating performance. This expense is included as a component of compensation and benefits expenses on Green Dot's consolidated statements of operations.
- (6)

- Represents the tax effect for the related non-GAAP measure adjustments using Green Dot's year to date non-GAAP effective tax rate. It also excludes both the impact of excess tax benefits related to stock-based compensation and the IRC §162(m) limitation that applies to performance-based restricted stock units and stock options expense as of September 30, 2021.
- (7)

- Represents commissions and certain processing-related costs associated with Banking as a Service ("BaaS") products and services where Green Dot does not control customer acquisition. This adjustment is netted against Green Dot's B2B Services revenues when evaluating segment performance.
- (8)

(9) Represents the weighted average of the unvested balance of restricted shares issued to Walmart in January 2020. Walmart is entitled to voting rights and participate in any dividends paid on the unvested balance and therefore, the shares are included in the computation of non-GAAP diluted earnings per share.

(10) These amounts represent estimated adjustments for non-operating net interest income, income taxes, depreciation and amortization, employee stock-based compensation and related employer taxes, contingent consideration, transaction costs, impairment charges, severance costs related to extraordinary personnel reductions, earnings and losses from equity method investments, realized gains and losses from investment securities, legal settlement gains and expenses and other income and expenses. Employee stock-based compensation expense includes assumptions about the future fair value of the Company's Class A common stock (which is influenced by external factors like the volatility of public markets and the financial performance of the Company's peers).

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