



**SUPPLEMENTAL FINANCIAL INFORMATION**

## **New Revenue Presentation**

As mentioned previously during Green Dot's quarterly earnings calls, Green Dot has adjusted its presentation of revenue beginning with its report on the results of operations for the first quarter of 2019 to better reflect its successful evolution into a diverse technology-focused bank holding company that generates its revenue through a unique "Products and Platform" operating model.

Beginning with the first quarter in 2019, Green Dot has presented net interest income generated at Green Dot Bank from the investment of customer deposits as a component of GAAP total operating revenues, whereas previously that item was reported below operating income and consolidated along with net interest income generated outside the bank. Net interest income at Green Dot Bank has become an increasingly important revenue component as Green Dot Bank's ability to invest its growing customer balances and generate interest income is one of several unique advantages of Green Dot being not just a leading consumer technology company, but also a federally regulated bank. Net interest income generated outside of Green Dot Bank will continue to be reported below the line as it is currently. Prior year results have been reclassified to conform to current year presentation.

Also since the first quarter of 2019, Green Dot has presented a new non-GAAP revenue figure that reduces our GAAP total operating revenue by commissions and certain processing-related costs associated with certain "Banking as a Service," or "BaaS," partner programs, where the partner and not Green Dot controls customer acquisition. Green Dot believes that a net revenue presentation better reflects the relevant amount of revenue Green Dot generates in respect of these types of BaaS platform programs.

For comparative purposes, the following tables show Green Dot's GAAP total operating revenues, non-GAAP revenues and adjusted EBITDA for each of the last six calendar quarters under this new presentation.

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

	2018				2019		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Total operating revenues	\$ 320.3	\$ 263.8	\$ 236.3	\$ 245.1	\$ 340.5	\$ 278.3	\$ 240.4
Net revenue adjustments (8)	(13.1)	(10.9)	(9.2)	(8.2)	(14.8)	(13.4)	(11.2)
Non-GAAP total operating revenues	\$ 307.2	\$ 252.9	\$ 227.1	\$ 236.9	\$ 325.7	\$ 265.0	\$ 229.2

**Reconciliation of net income (loss) to non-GAAP net income (1)**

	2018				2019		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net income (loss)	\$ 70.0	\$ 29.8	\$ 4.6	\$ 14.3	\$ 64.0	\$ 34.7	\$ (0.5)
Employee stock-based compensation and related employer payroll taxes (3)	10.5	12.0	16.9	13.2	15.6	8.8	7.0
Amortization of acquired intangibles (4)	8.2	8.2	8.2	8.2	8.2	8.2	8.2
Change in fair value of contingent consideration (4)	-	-	13.5	3.3	-	-	(1.9)
Transaction costs (4)	-	-	(0.0)	-	-	-	-
Amortization of deferred financing costs (5)	0.4	0.4	0.4	0.4	1.0	0.1	0.1
Impairment charges (5)	-	0.2	0.2	0.6	0.1	0.0	0.0
Extraordinary severance and other restructuring expenses (6)	0.1	0.8	0.8	0.1	2.9	1.5	0.9
Legal settlement expenses (5)	-	-	-	-	-	-	0.2
Realized losses on investments (5)	-	-	-	1.5	-	-	-
Other charges (5)	-	-	0.7	-	(0.1)	0.1	(0.0)
Income tax effect (7)	(13.4)	(11.3)	(13.0)	(10.6)	(9.1)	(5.1)	(3.7)
Non-GAAP net income	\$ 75.9	\$ 40.1	\$ 32.2	\$ 30.9	\$ 82.5	\$ 48.4	\$ 10.2
Diluted earnings (loss) per share							
GAAP	\$ 1.29	\$ 0.55	\$ 0.08	\$ 0.26	\$ 1.17	\$ 0.64	\$ (0.01)
Non-GAAP	\$ 1.40	\$ 0.74	\$ 0.59	\$ 0.56	\$ 1.51	\$ 0.90	\$ 0.20
Diluted weighted-average shares issued and outstanding	54.2	54.4	54.6	54.8	54.6	53.8	52.3

**Reconciliation of net income (loss) to adjusted EBITDA (1)**

	2018				2019		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net income (loss)	\$ 70.0	\$ 29.8	\$ 4.6	\$ 14.3	\$ 64	\$ 34.7	\$ (0.5)
Net interest expense (income) (2)	1.3	1.3	1.0	3.2	1.5	0.2	0.1
Income tax expense (benefit)	10.4	1.5	(4.9)	(1.9)	15.9	9.1	(1.8)
Depreciation and amortization of property and equipment (2)	8.9	9.3	9.9	10.4	10.9	12.1	12.9
Employee stock-based compensation and related employer payroll taxes (2)(3)	10.5	12.0	16.9	13.2	15.6	8.8	7.0
Amortization of acquired intangibles (2)(4)	8.2	8.2	8.2	8.2	8.2	8.2	8.2
Change in fair value of contingent consideration (2)(4)	-	-	13.5	3.3	-	-	(1.9)
Transaction costs (2)(4)	-	-	(0.0)	-	-	-	-
Impairment charges (2)(5)	-	0.2	0.2	0.6	0.1	0.0	(0.0)
Extraordinary severance and other restructuring expenses (2)(6)	0.1	0.8	0.8	0.1	2.9	1.5	0.9
Legal settlement expenses (2)(5)	-	-	-	-	-	-	0.2
Other charges (2)(5)	-	-	0.7	-	-	-	-
Adjusted EBITDA	\$ 109.5	\$ 63.0	\$ 50.9	\$ 51.2	\$ 119.0	\$ 74.6	\$ 25.1
Non-GAAP total operating revenues	\$ 307.2	\$ 252.9	\$ 227.1	\$ 236.9	\$ 325.7	\$ 265.0	\$ 229.2
Adjusted EBITDA/Total operating revenues (adjusted EBITDA margin)	36%	25%	22%	22%	37%	28%	11%

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

	2018				2019		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Total stock outstanding as of period end:	51.8	52.4	52.7	52.9	53.1	51.8	51.5
Weighting adjustment	(0.4)	(0.3)	(0.1)	(0.2)	(0.1)	0.8	0.1
Dilutive potential shares:							
Stock options	0.5	0.3	0.2	0.2	0.2	0.1	0.1
Restricted and performance based restricted stock units	2.3	1.9	1.8	1.9	1.3	1.1	0.6
Employee stock purchase plan	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-GAAP diluted weighted-average shares issued and outstanding	54.2	54.4	54.6	54.8	54.6	53.8	52.3

- (1) To supplement the Company's consolidated financial statements presented in accordance with GAAP, the Company 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 the Company does. These financial measures are adjusted to eliminate the impact of items that the Company does not consider indicative of its core operating performance. You are encouraged to evaluate these adjustments and the reasons the Company considers them appropriate.

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

- the Company records employee stock-based compensation from period to period, and recorded employee stock-based compensation expenses and related employer payroll taxes of approximately \$7.0 million and \$16.9 million for the three months ended September 30, 2019 and 2018, respectively. By comparing the Company's adjusted EBITDA, non-GAAP net income and non-GAAP diluted earnings per share in different historical periods, investors can evaluate the Company's operating results without the additional variations caused by employee 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 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) and is not a key measure of the Company'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, employee stock-based compensation and related employer payroll taxes, changes in the fair value of contingent consideration, impairment charges, severance costs related to extraordinary personnel reductions, 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.

The Company's management uses the non-GAAP financial measures:

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

The Company 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 the Company's results of operations as reported under GAAP. Some of these limitations are:

- that these measures do not reflect the Company'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, the Company's working capital needs;
- that these measures do not reflect 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 the Company's industry may calculate these measures differently than the Company does, limiting their usefulness as comparative measures.

- (2) The Company 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.
- (3) This expense consists primarily of expenses for restricted stock units (including performance-based restricted stock units) and related employer payroll taxes. Employee stock-based compensation expense is not comparable from period to period due to changes in the fair market 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) and is not a key measure of the Company's operations. The Company excludes employee stock-based compensation expense from its non-GAAP financial measures primarily because it consists of non-cash expenses that the Company does not believe are reflective of ongoing operating results. The Company also believes that it is not useful to investors to understand the impact of employee stock-based compensation to its results of operations. Further, the related employer payroll taxes are dependent upon volatility in the Company's stock price, as well as the timing and size of option exercises and vesting of restricted stock units, over which the Company has limited to no control. This expense is included as a component of compensation and benefits expenses on the Company's consolidated statements of operations.
- (4) The Company 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 the Company recording expenses or fair value adjustments in its GAAP financial statements. The Company analyzes the performance of its operations without regard to these adjustments. In determining whether any acquisition-related adjustment is appropriate, the Company 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 the Company's consolidated statements of operations, as applicable for the periods presented.
- (5) The Company 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 the Company's GAAP financial statements, the Company excludes them in its non-GAAP financial measures because the Company 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 internal-use software, 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, the Company 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 and realized gains and losses on the sale of investment securities, which are included as a component of interest income/expense, are included within other general and administrative expenses on the Company's consolidated statements of operations.
- (6) During the three and nine months ended September 30, 2019, the Company recorded charges of \$0.9 million and \$5.3 million, respectively, for severance costs related to extraordinary personnel reductions. Although severance expenses are an ordinary part of its operations, the magnitude and scale of this ongoing reduction in workforce for redundancies is not expected to be repeated. This expense is included as a component of compensation and benefits expenses on the Company's consolidated statements of operations.
- (7) Represents the tax effect for the related non-GAAP measure adjustments using the Company'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 GAAP IRC §162(m) limitation that applies to performance-based restricted stock units expense as of September 30, 2019.
- (8) 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.