GREEN DOT CORPORATION

reinventing personal banking for the masses

SUPPLEMENTAL FINANCIAL INFORMATION

Supplemental Non-GAAP Financial Information

	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2016 YTD	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2017 YTD
Reconciliation of net income (loss) to non-GAAP net income (1)					(in thousands)					
Net income (loss)	$ 32,882	$ 8,026	$ 2,037	$ (1,345)	$ 41,600	$ 40,754	$ 19,266	$ 13,639	$ 12,228	$ 85,887
Employee stock-based compensation expense (3)	5,645	7,407	7,889	7,380	28,321	6,534	9,858	10,992	13,350	40,734
Amortization of acquired intangibles (4)	5,774	5,749	5,749	5,749	23,021	6,557	8,185	8,184	8,184	31,110
Change in fair value of contingent consideration (4)	-	(5,500)	-	3,000	(2,500)	-	(7,500)	-	(2,172)	(9,672)
Transaction costs (4)	81	12	-	-	91	502	1,684	45	45	2,276
Amortization of deferred financing costs (5)	384	383	384	384	1,534	394	398	399	398	1,589
Impairment charges (5)	105	31	1	4	142	156	858	52	260	1,326
Extraordinary severance expenses (6)	-	-	957	745	1,702	1,079	180	371	532	2,162
Incremental processor expenses (repayments) (8)	-	-	-	-	-	4,660	4,728	(6,518)	-	2,870
Legal settlement expenses (5)	-	-	-	-	-	-	3,500	-	-	3,500
Other charges (income) (5)	799	1,643	548	(189)	2,802	-	-	(373)	-	(373)
Income tax effect (7)	(4,702)	(3,641)	(6,688)	(6,123)	(21,155)	(8,274)	(12,187)	(8,951)	(17,092)	(46,504)
Non-GAAP net income	$ 40,968	$ 14,110	$ 10,877	$ 9,605	$ 75,558	$ 52,362	$ 28,970	$ 17,840	$ 15,733	$ 114,905
Diluted earnings (loss) per share										
GAAP	$ 0.63	$ 0.16	$ 0.04	$ (0.03)	$ 0.80	$ 0.78	$ 0.37	$ 0.26	$ 0.23	$ 1.61
Non-GAAP	$ 0.78	$ 0.27	$ 0.21	$ 0.19	$ 1.46	$ 1.00	$ 0.55	$ 0.34	$ 0.29	$ 2.16
Diluted weighted-average shares issued and outstanding*										
GAAP	50,867	49,818	50,709	51,662	50,797	52,497	52,452	52,923	54,198	53,198
Non-GAAP	52,386	51,337	51,568	51,662	51,771	52,497	52,452	52,923	54,198	53,198

* Reconciliations between GAAP and non-GAAP diluted weighted-average shares issued and outstanding are provided in the next table

	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2016 YTD	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2017 YTD
Reconciliation of GAAP to non-GAAP diluted weighted-average shares issued and outstanding (1)					(in thousands)					
Diluted weighted-average shares issued and outstanding*	50,867	49,818	50,709	51,662	50,797	52,497	52,452	52,923	54,198	53,198
Assumed conversion of weighted-average shares of preferred stock	1,519	1,519	859	-	974	-	-	-	-	-
Non-GAAP diluted weighted-average shares issued and outstanding	52,386	51,337	51,568	51,662	51,771	52,497	52,452	52,923	54,198	53,198

* Represents the diluted weighted-average shares of Class A common stock for the periods indicated.

	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2016 YTD	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2017 YTD
					(in thousands)					
Reconciliation of net income (loss) to adjusted EBITDA (1)										
Net income (loss)	$ 32,882	$ 8,026	$ 2,037	$ (1,345)	$ 41,600	$ 40,754	$ 19,266	$ 13,639	$ 12,228	$ 85,887
Net interest expense (income) (2)	2,480	(125)	(207)	(393)	1,755	(1,189)	(790)	(1,238)	(1,917)	(5,134)
Income tax expense (benefit)	19,124	4,968	(2,347)	(1,784)	19,961	21,811	1,715	651	(6,606)	17,571
Depreciation and amortization of property and equipment (2)	11,404	10,219	9,171	8,666	39,460	8,749	8,393	8,140	8,188	33,470
Employee stock-based compensation expense (2)(3)	5,645	7,407	7,889	7,380	28,321	6,534	9,858	10,992	13,350	40,734
Amortization of acquired intangibles (2)(4)	5,774	5,749	5,749	5,749	23,021	6,557	8,185	8,184	8,184	31,110
Change in fair value of contingent consideration (2)(4)	-	(5,500)	-	3,000	(2,500)	-	(7,500)	-	(2,172)	(9,672)
Transaction costs (2)(4)	81	12	-	-	91	502	1,684	45	45	2,276
Impairment charges (2)(5)	105	31	1	4	142	156	858	52	260	1,326
Extraordinary severance expenses (2)(6)	-	-	957	745	1,702	1,079	180	371	532	2,162
Incremental processor expenses (2)(8)	-	-	-	-	-	4,660	4,728	(6,518)	-	2,870
Legal settlement expenses (2)(5)	-	-	-	-	-	-	3,500	-	-	3,500
Other charges (income) (2)(5)	799	1,643	548	(189)	2,802	-	-	(373)	-	(373)
Adjusted EBITDA	$ 78,294	$ 32,430	$ 23,798	$ 21,833	$ 156,355	$ 89,613	$ 50,077	$ 33,945	$ 32,092	$ 205,727
Total operating revenues	$ 228,024	$ 173,488	$ 154,494	$ 162,768	$ 718,774	$ 253,001	$ 222,548	$ 201,613	$ 212,989	890,151
Adjusted EBITDA/Total operating revenues (adjusted EBITDA margin)	34.3%	18.7%	15.4%	13.4%	21.8%	35.4%	22.5%	16.8%	15.1%	23.1%

	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2016 YTD	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2017 YTD
Supplemental Detail on Non-GAAP Diluted Weighted-Average Shares Issued and Outstanding					(in thousands)					
Stock outstanding as of period end:										
Class A common stock	49,866	48,544	50,380	50,513	50,513	49,559	50,329	50,659	51,136	51,136
Preferred stock (on an as-converted basis)	1,519	1,519	-	-	-	-	-	-	-	-
Total stock outstanding as of period end:	51,385	50,063	50,380	50,513	50,513	49,559	50,329	50,659	51,136	51,136
Weighting adjustment	(3)	(73)	(82)	(142)	(4)	899	(316)	(140)	(203)	(654)
Dilutive potential shares:										
Stock options	343	524	532	496	507	603	759	790	764	809
Restricted and performance based restricted stock units	630	820	726	792	753	1,417	1,677	1,598	2,499	1,907
Employee stock purchase plan	31	3	12	3	2	19	3	16	2	-
Non-GAAP diluted weighted-average shares issued and outstanding	52,386	51,337	51,568	51,662	51,771	52,497	52,452	52,923	54,198	53,198

(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 of approximately $13.4 million and $7.4 million for the three months ended December 31, 2017 and 2016, 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, 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 net interest income and expense, income tax benefit and expense, depreciation and amortization, employee stock-based compensation expense, incremental expenses related to the delay in migration of the Company's remaining customer accounts from its former processor to its new processor, changes in the fair value of contingent consideration, transaction costs, impairment charges, severance costs related to extraordinary personnel reductions, legal settlement expenses, 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 employee stock options and restricted stock units (including performance-based restricted stock units). 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. Further, the Company believes that it is not useful to investors to understand the impact of employee stock-based compensation to its results of operations. This expense is included as a component of compensation and benefits expenses on our consolidated statements of operations.

(4) The Company excludes certain income and expenses that are the result of acquisitions. These acquisition related adjustments include 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 our consolidated statements of operations.

(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 amortization attributable to deferred financing costs, impairment charges related to internal-use software, legal settlement expenses and other charges, which consists of expenses incurred with our proxy contest. 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. These items, except for amortization of deferred financing costs, which is included as a component of interest expense, are included within other general and administrative expenses on our consolidated statements of operations.

(6) During the three and twelve months ended December 31, 2017, the Company recorded charges of $0.5 million and $2.2 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 the reduction in workforce the Company began to implement in the three months ended September 30, 2016 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 the impact of excess tax benefits related to stock-based compensation and one-time favorable adjustments to the Company’s deferred taxes assets and liabilities, including the remeasurement of the Company’s deferred tax assets and liabilities associated with the Tax Cuts and Jobs Act (the “Tax Act”). As of December 31, 2017, the Company has not completed its accounting for the tax effects of the Tax Act. The Company’s tax benefit is provisional based on reasonable estimates for those tax effects. Changes to these estimates or new guidance issued by regulators may materially impact the Company’s provision for income taxes and effective tax rate in the period in which the adjustments are made. The Company expects to complete its accounting for the tax effects in the short term.

(8) Represents the net incremental expenses associated with the Company's need to continue to support customer accounts on its legacy transaction processor that it had intended to migrate to its new processing platform in 2016. During the year ended December 31, 2017, the Company received $6.5 million as a partial recovery of these costs.