



## **THIRD QUARTER 2021 EARNINGS**

November 4, 2021

# SAFE HARBOR STATEMENT

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As a reminder, our comments may include forward-looking statements and expectations regarding future results and performance. Please refer to the cautionary language in the earnings release and in Green Dot's filings with the Securities and Exchange Commission, including our most recent Form 10-K and 10-Q, for additional information concerning factors that could cause actual results to differ materially from the forward-looking statements.

During our call and throughout this presentation, we make reference to financial measures that do not conform with generally accepted accounting principles. For the sake of clarity, unless otherwise noted, all numbers discussed today are presented on a non-GAAP basis. Information may be calculated differently than similar non-GAAP data presented by other companies. Quantitative reconciliation of our non-GAAP financial information to the directly comparable GAAP financial information appears in today's press release and at the end of this slide presentation.

# THIRD QUARTER 2021 KEY HIGHLIGHTS

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- ▶ **Strong Financial Results** in dynamic environment
  - **Non-GAAP Revenue**<sup>1</sup> up 18%
  - **Adjusted EBITDA**<sup>1</sup> up 37% with 200 bps of margin expansion
  - **Non-GAAP EPS**<sup>1</sup> up 72%
- ▶ Additional steps to **Strengthen Leadership**
  - Appointed **George Gresham** as **Chief Finance** and **Operating Officer**
  - Appointed **Mike Althouse** as **Chief Compliance Officer**
- ▶ Enhancing **Operational Excellence** while continuing to drive growth
  - Implementing **world-class processing platforms**
  - Managing **operational payment risk**
- ▶ Launching **New Partners** and **Advancing Key Relationships**
  - Gaining greater access to serve and market to Walmart's one million-plus **Walmart MoneyCard** users
  - Partnering with **Finicity** and **Experian** to help customers build, improve and protect their credit
  - Introduced **Money by QuickBooks** to power small businesses with seamless banking tools and features

<sup>1</sup> Please see an appendix at the end of the presentation for a reconciliation of GAAP to Non-GAAP Measures

# THIRD QUARTER 2021 FINANCIAL REVIEW

Non-GAAP Revenue



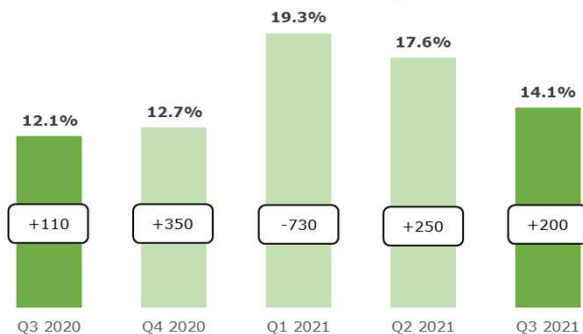
in millions, reflects change versus the prior year period

Adjusted EBITDA



in millions, reflects change versus the prior year period

Adjusted EBITDA Margin



Reflects change in bps versus prior year period

Non-GAAP EPS



Reflects change versus the prior year period

▶ **Non-GAAP<sup>1</sup> Revenue up 18%**

- Consumer Services up 11%
- B2B Services up 53%
- Money Movement down 19%

▶ **Adjusted EBITDA<sup>1</sup> up 37%**

- Adjusted EBITDA Margin expanded by 200 bps to 14.1%
- Consumer Services Segment Profit up 17% with 170 bps of margin expansion
- Despite a 19% revenue decline, Money Movement Segment Profit increased 4% due to 930 bps of margin expansion
- B2B Services Segment Profit increased 13%
- Corporate and Other Expense up modestly versus prior year

▶ **Non-GAAP EPS<sup>1</sup> up 72%**

- Adjusted Operating Profit grew 64%
- Effective Tax Rate of 22.7%, down from 26.8% in prior year

<sup>1</sup> Please see an appendix at the end of the presentation for a reconciliation of GAAP to Non-GAAP Measures

# THIRD QUARTER 2021 KEY METRICS REVIEW



in millions, reflects change versus the prior year period

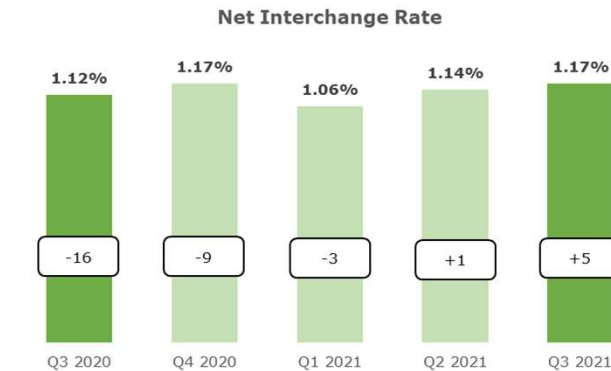


in millions, reflects change versus the prior year period



in millions, reflects change versus the prior year period

<sup>1</sup> Net Interchange Rate equals Interchange revenues divided by Purchase Volume



Reflects change in bps versus prior year period

## Impacts on Comparability

- Prudent implementation of enhanced fraud controls to protect all stakeholders
- Difficult comparison versus prior year due to enhanced unemployment benefits and shifted tax season

## Actives down 6%

- **Consumer Services** down 15%
  - **Consumer Services Direct Deposit Actives** down 9%
- **B2B Services** up 14%

## Gross Dollar Volume up 13%

- **Consumer Services** down 18%
- **B2B Services** up 57%

## Purchase Volume down 3%

- **Consumer Services** down 12%
- **B2B Services** up 24%

## Net Interchange Rate<sup>1</sup> up 5 bps

- Lower **Average Ticket Size**

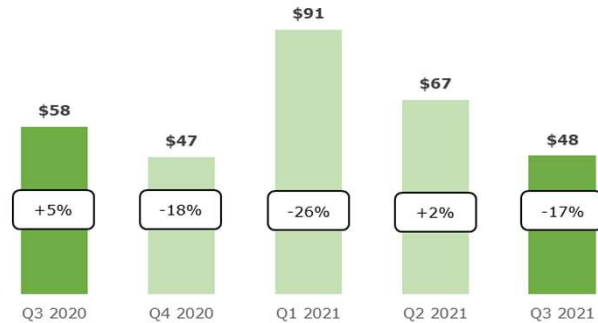
# THIRD QUARTER 2021 REVENUE BY TYPE

Card Revenues and Other Fees



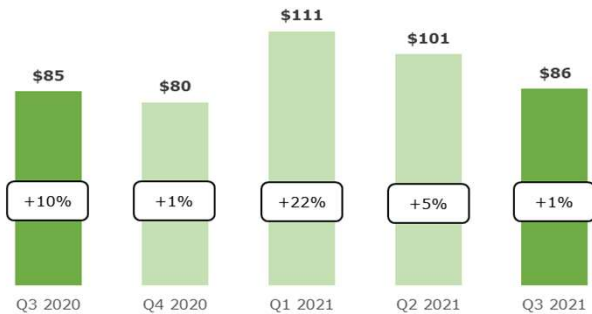
in millions, reflects change versus the prior year period

Cash Processing Revenues



in millions, reflects change versus the prior year period

Interchange Revenues



in millions, reflects change versus the prior year period

Interest Income, Net



in millions, reflects change versus the prior year period

▶ **Card Revenues and Other Fees up 38%**

- Growth in **BaaS Fees**, including significant growth for key BaaS partners
- Increased adoption of **Overdraft Protection** for customers in Retail and Direct

▶ **Cash Processing Revenues down 17%**

- 22% decline in **Number of Cash Transfers** due to non-renewal of significant reload partner in Q4 2020
- Seasonally insignificant period for **Tax Refunds Processed**

▶ **Interchange Revenues up 1%**

- **Purchase Volume** down 3%
- **Net Interchange Rate**<sup>1</sup> up 5 bps

▶ **Interest Income, Net up 79%**

- Improvement in yield through enhanced management of investment portfolio

<sup>1</sup> Net Interchange Rate equals Interchange revenues divided by Purchase Volume

# CONSUMER SERVICES

Segment Revenue



in millions, reflects change versus the prior year period

Segment Profit



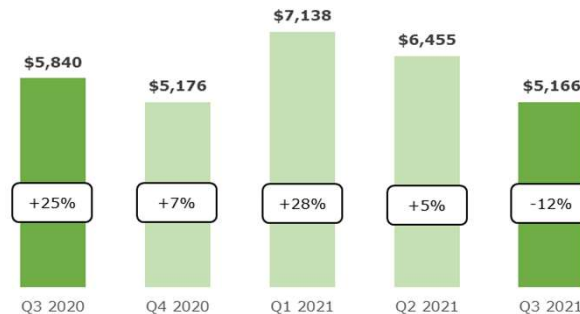
in millions, reflects change versus the prior year period

Direct Deposit Actives



in millions, reflects change versus the prior year period

Purchase Volume



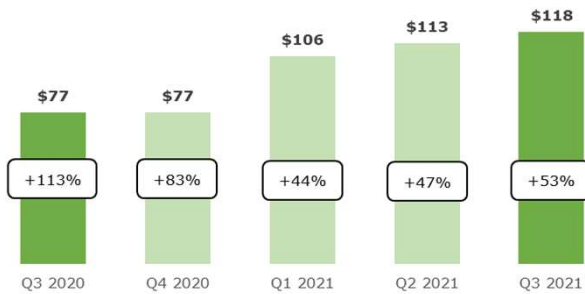
in millions, reflects change versus the prior year period

<sup>1</sup> Revenue per Average Active equals Segment Revenue divided by average active accounts as measured as actives at the start and end of the quarter

- ▶ **Segment Revenue up 11%**
  - Growth in **Retail** and **Direct**
  - Increased adoption of **Overdraft Protection**
  - **Revenue per Average Active<sup>1</sup>** up 22%
- ▶ **Segment Profit up 17%**
  - **Segment Profit Margin** up 170 bps
  - **Segment Expenses** up 8% and down \$19MM sequentially
- ▶ **Impacts on Comparability**
  - Prudent implementation of enhanced fraud controls to protect all stakeholders
  - Difficult comparison versus prior year due to enhanced unemployment benefits and shifted tax season
- ▶ **Direct Deposit Actives down 9%**
  - **Direct Deposit Penetration** 24.6%, up 170 bps versus prior year
- ▶ **Gross Dollar Volume down 18%**
- ▶ **Purchase Volume down 12%**

# B2B SERVICES

Segment Revenue



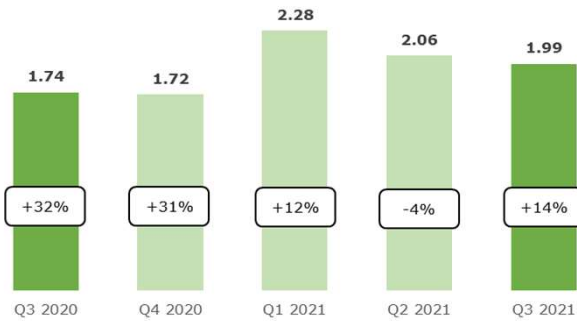
in millions, reflects change versus the prior year period

Segment Profit



in millions, reflects change versus the prior year period

Actives



in millions, reflects change versus the prior year period

Purchase Volume



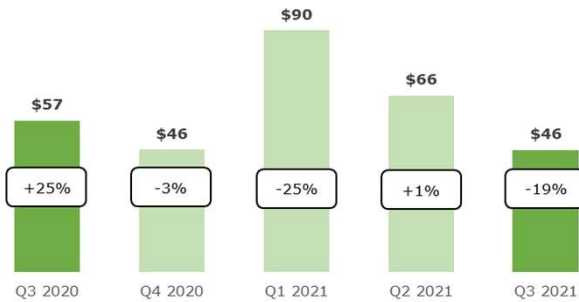
in millions, reflects change versus the prior year period

- ▶ **Segment Revenue up 53%**
  - Significant growth for **BaaS** driven by new and existing partners
  - **Paycard** up 20% due to addition of new employers and continued rebound in employment
  
- ▶ **Segment Profit up 13%**
  - **Segment Expenses** up 64%
  - **Segment Profit Margin** down 560 bps due to BaaS partner arrangements that contain fixed profit provision
  
- ▶ **Actives up 14%**
  - An improvement from a 4% decline in the prior quarter
  
- ▶ **Gross Dollar Volume up 57%**
  
- ▶ **Purchase Volume up 24%**



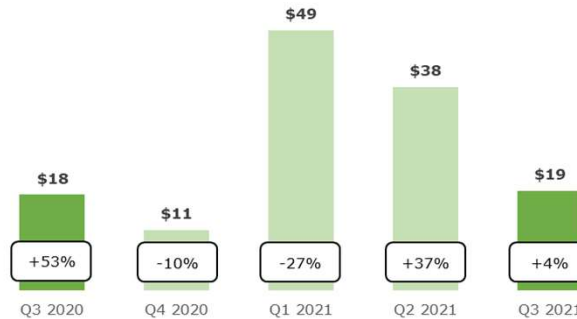
# MONEY MOVEMENT

Segment Revenue



in millions, reflects change versus the prior year period

Segment Profit



in millions, reflects change versus the prior year period

▶ **Segment Revenue down 19%**

- Driven primarily by a 22% decline in the **Number of Cash Transfers** due to non-renewal of significant reload partner in Q4 2020
- **Tax Refunds Processed** declined 43% in a seasonally insignificant period

▶ **Segment Profit up 4%**

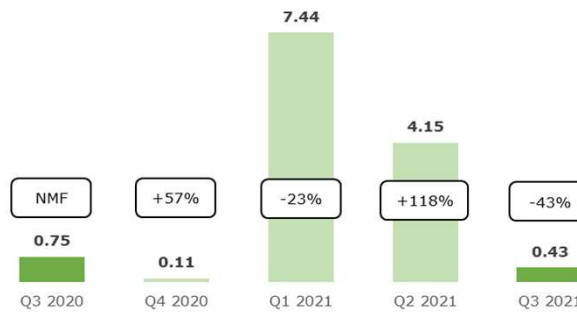
- **Segment Expenses** down 30% and down \$1MM sequentially
- **Segment Profit Margin** up 930 bps

Number of Cash Transfers



in millions, reflects change versus the prior year period

Number of Tax Refunds Processed



in millions, reflects change versus the prior year period

# 2021 GUIDANCE UPDATE

	Previous Guidance			Updated Guidance			Change
	Low	Mid	High	Low	Mid	High	
Non-GAAP Operating Revenues <sup>1</sup>	\$1,330.0	<b>\$1,340.0</b>	\$1,350.0	\$1,370.0	<b>\$1,375.0</b>	\$1,380.0	\$35.0
Adjusted EBITDA <sup>1</sup>	\$215.0	<b>\$220.0</b>	\$225.0	\$217.0	<b>\$220.0</b>	\$223.0	\$0.0
Depreciation and Amortization <sup>2</sup>	\$58.5	<b>\$58.5</b>	\$58.5	\$58.0	<b>\$58.0</b>	\$58.0	(\$0.5)
Non-GAAP Pre-Tax Profit <sup>1</sup>	\$156.5	<b>\$161.5</b>	\$166.5	\$159.0	<b>\$162.0</b>	\$165.0	\$0.5
Tax Impact <sup>3</sup>	\$36.0	<b>\$37.2</b>	\$38.3	\$36.6	<b>\$37.3</b>	\$38.0	\$0.1
Non-GAAP Net Income <sup>1</sup>	\$120.5	<b>\$124.4</b>	\$128.2	\$122.4	<b>\$124.8</b>	\$127.1	\$0.4
Non-GAAP Average Diluted Shares <sup>1</sup>	56.5	<b>56.5</b>	56.5	56.0	<b>56.0</b>	56.0	(0.5)
Non-GAAP EPS <sup>1</sup>	\$2.13	<b>\$2.20</b>	\$2.27	\$2.19	<b>\$2.23</b>	\$2.27	\$0.03

in millions, except for Non-GAAP EPS

<sup>1</sup> Please see an appendix at the end of the presentation for a reconciliation of GAAP to Non-GAAP Measures

<sup>2</sup> Excludes the impact of amortization of acquired intangible assets

<sup>3</sup> Assumes a non-GAAP effective tax rate of approximately 23% for full year

Change represents change at mid-point

## ► Raising Non-GAAP Operating Revenues Guidance

- Increasing by \$35MM at mid-point

## ► Reiterating Mid-Point of Adjusted EBITDA Guidance

- Tightening the low and high end of the range
- Reinvesting 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

## ► Raising EPS Guidance

- Increasing by \$0.03 at mid-point
- Lowering Depreciation and Amortization Expense by \$0.5MM
- Lowering Non-GAAP Average Diluted Shares by 0.5MM

## APPENDIX: REPORTABLE SEGMENTS

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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.

# APPENDIX: REPORTABLE SEGMENTS

## GREEN DOT CORPORATION REPORTABLE SEGMENTS (UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
<b>Segment Revenue</b>	(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
<b>Segment Profit</b>	(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 intangible 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."

# APPENDIX: NON-GAAP FINANCIAL MEASURES

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## 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/>.

# APPENDIX: NON-GAAP FINANCIAL MEASURES

**GREEN DOT CORPORATION**  
**Reconciliation of Total Operating Revenues to Non-GAAP Total Operating Revenues <sup>(1)</sup>**  
**(Unaudited)**

	<u>Three Months Ended</u> <u>September 30,</u>		<u>Nine Months Ended</u> <u>September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	(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	<u>\$ 328,924</u>	<u>\$ 279,444</u>	<u>\$ 1,066,667</u>	<u>\$ 926,004</u>

# APPENDIX: NON-GAAP FINANCIAL MEASURES

## Reconciliation of Net Income to Non-GAAP Net Income <sup>(1)</sup> (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	<u>\$ 23,955</u>	<u>\$ 13,795</u>	<u>\$ 107,818</u>	<u>\$ 97,585</u>
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

# APPENDIX: NON-GAAP FINANCIAL MEASURES

## 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	<u>55,849</u>	<u>54,841</u>	<u>55,694</u>	<u>54,291</u>

## 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	<u>55,849</u>	<u>54,841</u>	<u>55,694</u>	<u>54,291</u>



# APPENDIX: NON-GAAP FINANCIAL MEASURES

## Reconciliation of Net Income to Adjusted EBITDA <sup>(1)</sup> (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	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 %

# APPENDIX: NON-GAAP FINANCIAL MEASURES

## GREEN DOT CORPORATION

### Reconciliation of Forward Looking Guidance for Non-GAAP Financial Measures to Projected GAAP Total Operating Revenues <sup>(1)</sup> (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 <sup>(1)</sup> (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
Non-GAAP total operating revenues	\$ 1,380	\$ 1,370
Adjusted EBITDA / Non-GAAP total operating revenues (Adjusted EBITDA margin)	15.7 %	16.3 %

# APPENDIX: NON-GAAP FINANCIAL MEASURES

## Reconciliation of Forward Looking Guidance for Non-GAAP Financial Measures to Projected GAAP Net Income and GAAP Diluted Weighted-Average Shares Issued and Outstanding <sup>(1)</sup> (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

## APPENDIX: NON-GAAP FINANCIAL MEASURES

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- (1) 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.

## APPENDIX: NON-GAAP FINANCIAL MEASURES

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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.

## APPENDIX: NON-GAAP FINANCIAL MEASURES

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- (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.
- (3) 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.
- (4) 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.

## APPENDIX: NON-GAAP FINANCIAL MEASURES

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- (5) 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.
- (6) 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.
- (7) 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.
- (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. This adjustment is netted against Green Dot's B2B Services revenues when evaluating segment performance.

## APPENDIX: NON-GAAP FINANCIAL MEASURES

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- (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).