



Q3 2022 Results

November 9th, 2022

Safe Harbor Statement

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.

Key Q3 2022 Highlights



Solid Bottomline Results and Increased 2022 EPS Guidance

Delivered solid financial results highlighted by positive revenue growth

Q3 2022 Non-GAAP Revenue¹
Up +3%

Q3 2022 Adjusted EBITDA¹
-2%

Q3 2022 Non-GAAP EPS¹
Up +2%

Slightly Raised 2022 EPS Guidance:
Non-GAAP EPS¹ up \$0.05²

Revamped Management Team and Organizational Structure

George Gresham; Appointed CEO and President, previously COO and CFO

Theresa Watkins; Appointed COO, previously Sr. VP of Operations

Jess Unruh; Appointed CFO, previously Operational CFO and Chief Accounting Officer

Chris Ruppel; Appointed Chief Revenue Officer to better monetize our broad range of capabilities, remains Head of Direct to Consumer

Modern Banking Platform

Achieved **initial milestones** in the implementation of our end-to-end, cloud-based modern banking platform

We expect full implementation to **transform** our capabilities and expand our range of solutions and speed-to-market.

The resulting organizational simplification is expected to **reduce our costs** and **enhance our ability to serve** our customers and partners

Ongoing Operational Improvements and Stability in Direct to Consumer

Consumer Services segment margins were up ~380 bps due to improvement in risk management and customer care

Average revenue per user (ARPU) in Consumer Services was up 13% due to improved customer mix and increased penetration of overdraft

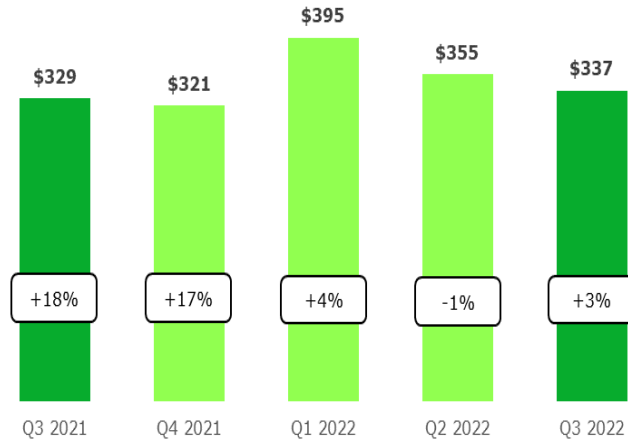
The Direct channel has seen sequential revenue stability for 3 consecutive quarters while GO2bank is again seeing growth

¹ Please see appendix at end of presentation for a reconciliation of GAAP to Non-GAAP Measures

² Reflects the change from the mid-point of our new 2022 guidance versus the mid-point of our prior 2022 guidance

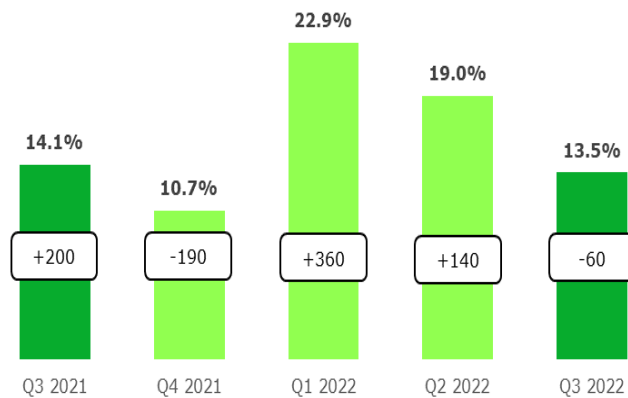
Q3 2022 Results

Non-GAAP Revenue¹



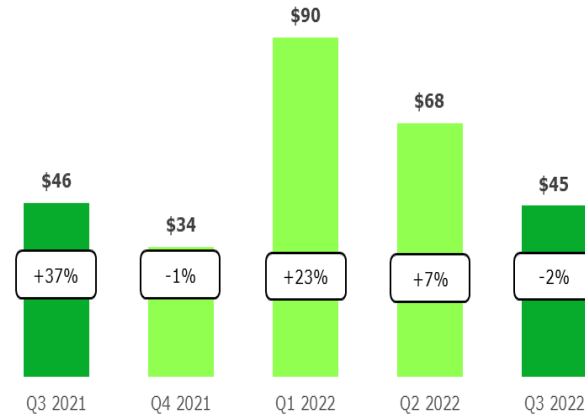
in millions, reflects change versus the prior year

Adjusted EBITDA Margin¹



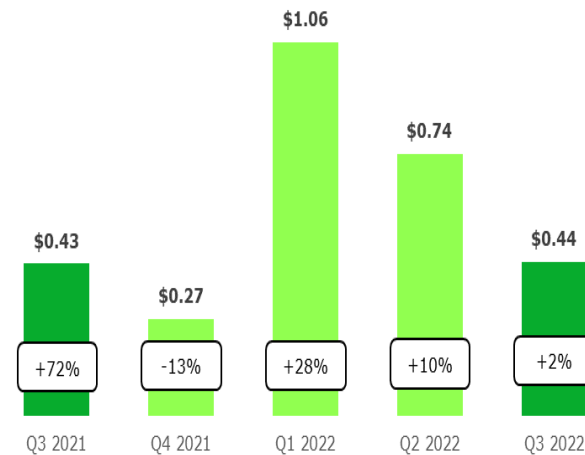
reflects change in basis points versus the prior year

Adjusted EBITDA¹



in millions, reflects change versus the prior year

Non-GAAP EPS¹



reflects change versus the prior year

Non-GAAP Revenue¹ increased 3%

- **Consumer Services** down 19%
- **B2B Services** up 34%
- **Money Movement** down 17%
- **Interest Income, Net** up 217%

Adjusted EBITDA¹ down 2%

- **Adjusted EBITDA Margin** down 60 bps to 13.5%
- **Consumer Services** segment profit down 10% against toughest comp
- **B2B Services** segment profit up 21%
- **Money Movement** segment profit down 22%
- **Corporate and Other Expense** increased due to ongoing investments in our modern banking platform and our flagship GO2bank digital banking solution but were generally flat sequentially
- Repurchased 1.3M shares during the quarter

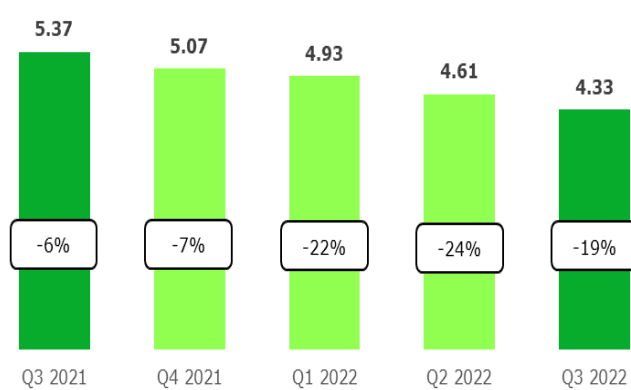
Non-GAAP EPS¹ increased 2%

- **Non-GAAP Effective Tax Rate** up 220bps from last year

¹ Please see appendix at end of presentation for a reconciliation of GAAP to Non-GAAP Measures

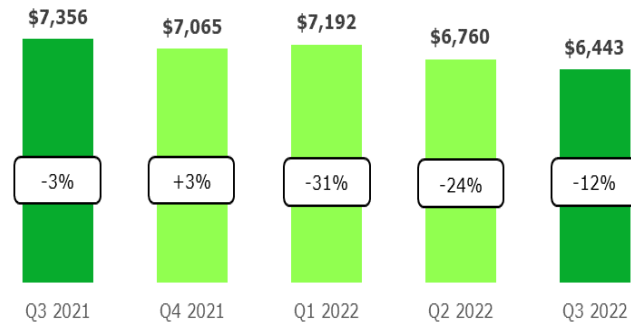
Q3 2022 Key Metrics

Actives¹



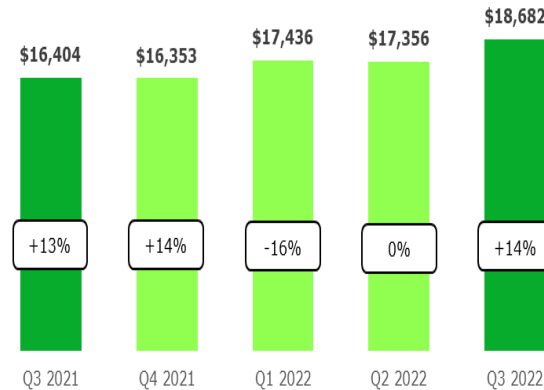
in millions, reflects change versus the prior year

Purchase Volume



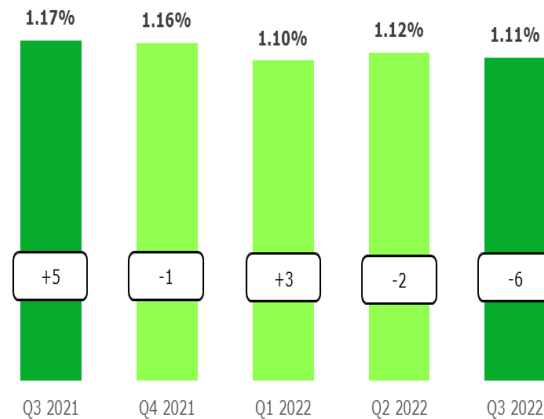
in millions, reflects change versus the prior year

Gross Dollar Volume



in millions, reflects change versus the prior year

Net Interchange Rate²



reflects change in basis points versus the prior year

The presence of **significant government stimulus in the prior year** continued to create challenging comparisons for our key metrics during the quarter

Actives¹ declined 19%

- **Consumer Services** down 26%
- **Consumer Services Direct Deposit Actives** down 20% but showing sequential stabilization
- **B2B Services** down 9%

Gross Dollar Volume up 14% over last year

- **Consumer Services** down 19%
- **B2B Services** up 37%

Purchase Volume declined 12%

- **Consumer Services** down 17%
- **B2B Services** down 2%

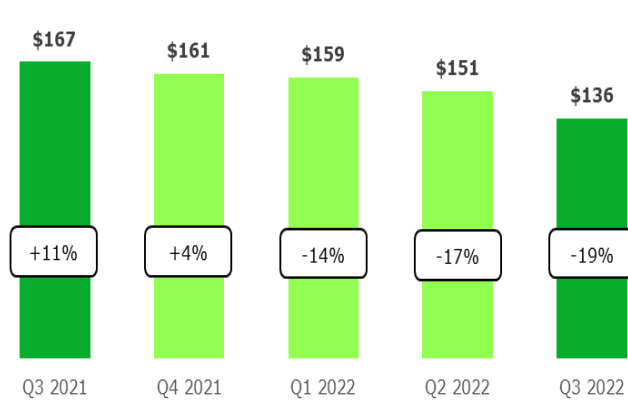
Net Interchange Rate² declined 6 bps due to transaction mix and higher average transaction size

¹ Measured as accounts that have been active in the last 90 days as of quarter end

² Net Interchange Rate equals Interchange revenues divided by Purchase Volume

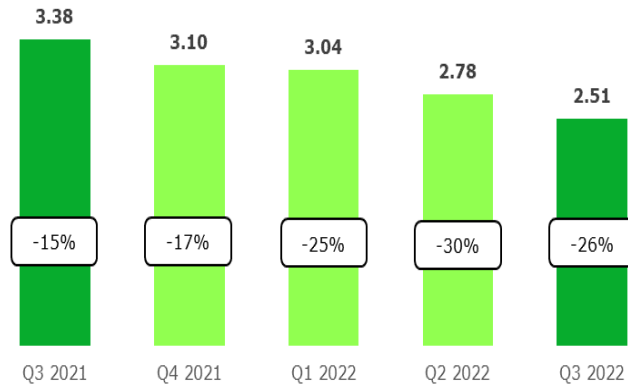
Consumer Services

Segment Revenue



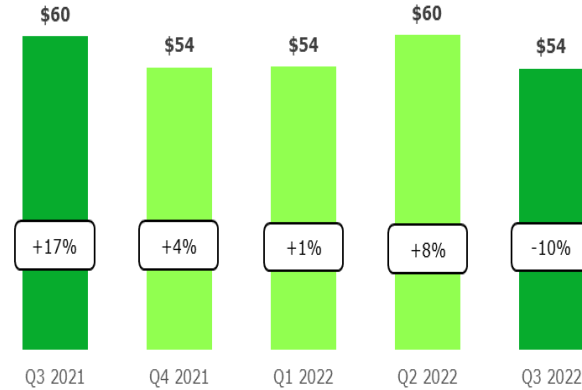
in millions, reflects change versus the prior year

Actives²



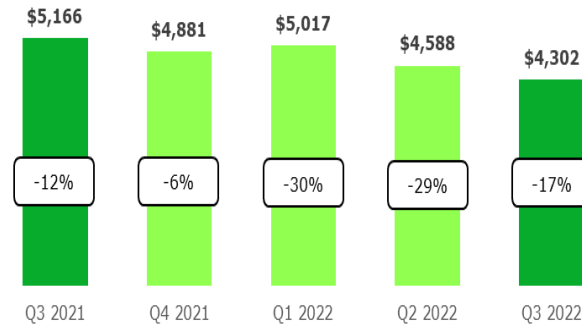
in millions, reflects change versus the prior year

Segment Profit



in millions, reflects change versus the prior year

Purchase Volume



in millions, reflects change versus the prior year

Segment Revenue declined 19%

- **Revenue per average active¹** increased 13% over the prior year, driven by improved mix of consumer accounts and continued adoption of profitable features by our customer base, including **overdraft protection**

Segment Profit decreased 10% against the toughest year over year comp

- **Segment Profit Margin** expanded by 380 bps due to an increase in revenue per average active and improved efficiency in areas such as customer card and fraud management.

Actives² declined 26%

- **Direct Deposit Actives²** down 20%
 - **Direct Deposit Actives²** represented 26.3% of total Actives², up approximately 170 bps and an all time high

Gross Dollar Volume declined 19%

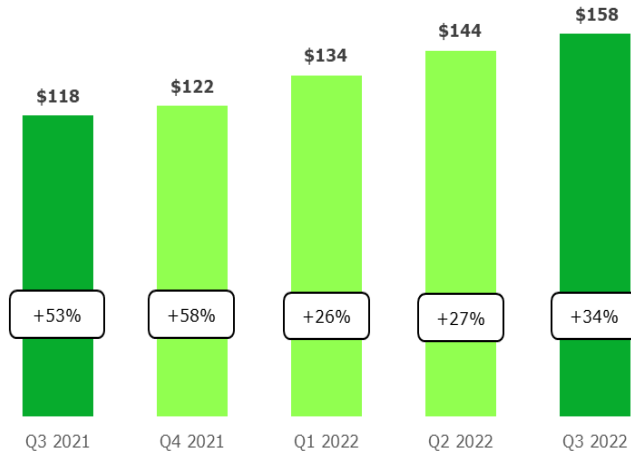
Purchase Volume declined 17%

¹ Equals segment revenue divided by the average of active accounts at start and end of quarter

² Measured as accounts that have been active in the last 90 days as of quarter end
Please see appendix at end of presentation for a reconciliation of segment measures

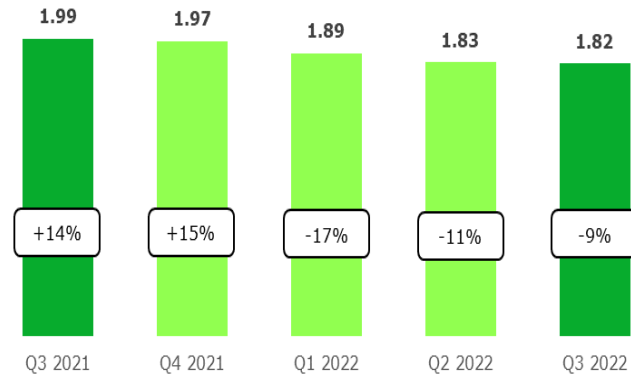
B2B Services

Segment Revenue



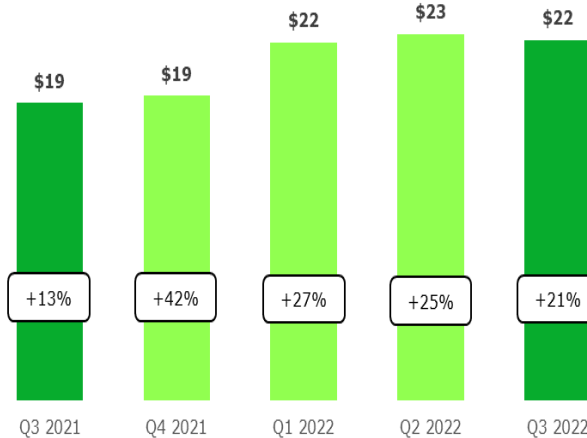
in millions, reflects change versus the prior year

Actives¹



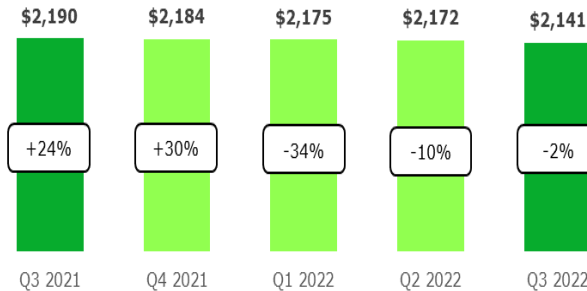
in millions, reflects change versus the prior year

Segment Profit



in millions, reflects change versus the prior year

Purchase Volume



in millions, reflects change versus the prior year

Segment Revenue increased 34%

- Strong growth from a **key BaaS partner**
- Attractive growth in **PayCard** from the addition of new employers, continued improvement in the labor market, and adoption of Earned Wage Access
- Partially offset by a long-planned, and contemplated roll-off of a BaaS partner in 1Q22
- Absent this de-conversion, performance from our other BaaS partners was largely consistent with the strong results we have reported over the last several quarters

Segment Profit increased 21%

- **Segment Profit Margin declined ~150 bps**
- **Stable to improving margins** for PayCard and our BaaS partners that do not contain a fixed profit

Actives declined 9%

- The loss of a BaaS partner in 1Q22 offset growth in remaining BaaS and PayCard business
- PayCard business saw active/revenue growth in low-to-mid teens

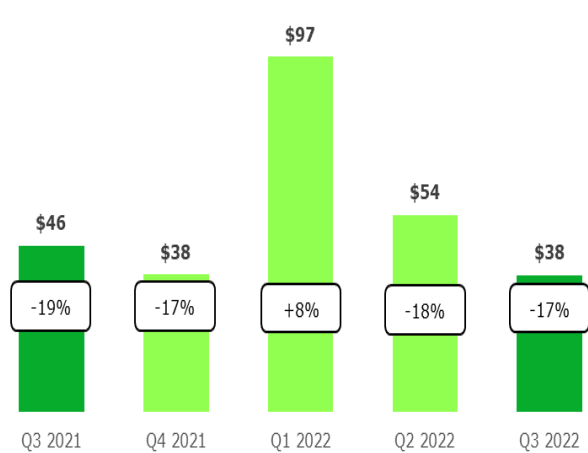
Gross Dollar Volume increased 37%

Purchase Volume declined 2%

¹ Measured as accounts that have been active in the last 90 days as of quarter end
Please see appendix at end of presentation for a reconciliation of segment measures

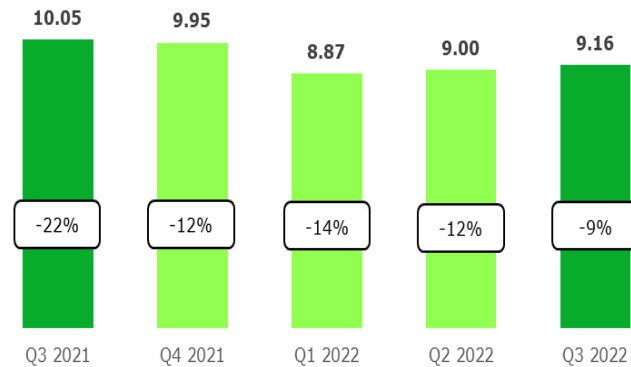
Money Movement Services

Segment Revenue



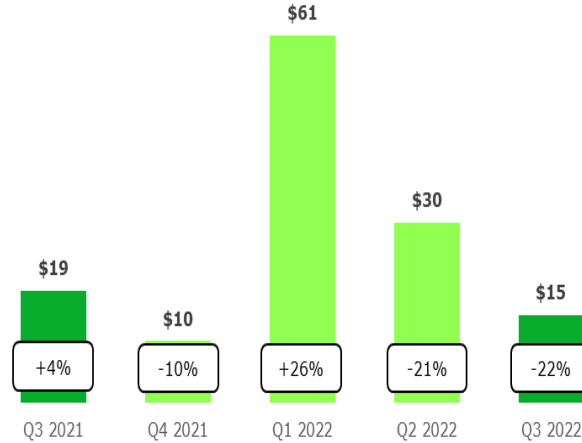
in millions, reflects change versus the prior year

Cash Transfers



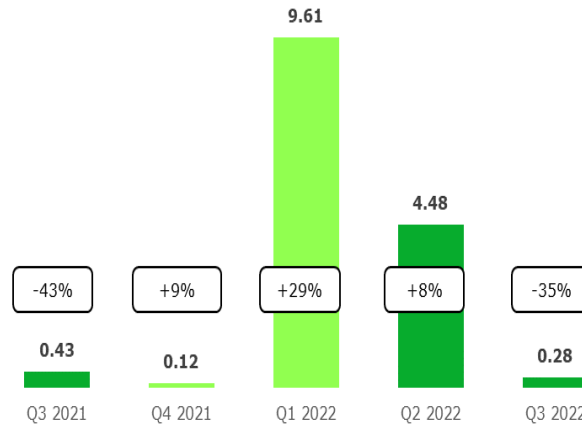
in millions, reflects change versus the prior year

Segment Profit



in millions, reflects change versus the prior year

Tax Refunds



in millions, reflects change versus the prior year

Segment Revenue declined 17%

- A **more normalized tax season** resulted in a tougher compare with last year when 3Q21 benefitted from a longer-tax season.
- Green Dot Network revenue faced tough comparisons due to stimulus-related activity in 3Q21 and declining active accounts
- 3rd party volumes grew as more partners are added to the network

Segment Profit declined 22%

- **Segment Profit Margin declined** 220 bps with the shift in high margin tax revenue and declines in GDN revenue.
- YTD margins remain quite healthy at over 55%.

Cash Transfers declined 9%

- Faced tough comparison in 3Q21 with stimulus activity and decline in active accounts, partially offset by growth from 3rd party partner volumes

Tax Refunds decreased 35%

- Impacted by timing versus 2021 tax season, YTD transactions are up over 19%

Updated 2022 Guidance



	Measure		Change ¹	Growth ¹	
	<u>Prior</u>	<u>New</u>		<u>New</u>	
Non-GAAP Revenue²	\$1.394 - \$1.430 Billion	Non-GAAP Revenue² \$1.394 - \$1.430 Billion	Non-GAAP Revenue² Reaffirmed	Non-GAAP Revenue² Up 2%	
Adjusted EBITDA²	\$230 - \$240 Million	Adjusted EBITDA² \$232 - \$238 Million	Adjusted EBITDA² Reaffirmed at Mid-point	Adjusted EBITDA² Up 8%	
Non-GAAP EPS²	\$2.35 - \$2.49	Non-GAAP EPS² \$2.42 - \$2.51	Non-GAAP EPS² Up \$0.05	Non-GAAP EPS² Up 12%	

¹ Reflects the change from the mid-point of our new 2022 guidance versus the mid-point of our prior 2022 guidance and growth at the mid-point of our new 2022 guidance versus 2021

² Please see appendix at end of presentation for a reconciliation of GAAP to Non-GAAP Measures

Appendix: Reportable Segments

Green Dot's segment reporting is based on how its 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, certain other investment income earned by Green Dot's bank, interest profit sharing arrangements with certain BaaS partners (a reduction of revenue), eliminations of intersegment revenues and expenses, and unallocated corporate expenses, which include Green Dot's fixed expenses, such as salaries, wages and related benefits for its employees, professional service fees, software licenses, telephone and communication costs, rent, utilities, and insurance that are not considered when Green Dot's CODM evaluates segment performance. Non-cash expenses such as stock-based compensation, depreciation and amortization of long-lived assets, impairment charges and other non-recurring expenses that are not considered by our CODM when evaluating overall consolidated financial results are excluded from its unallocated corporate expenses. Green Dot does not evaluate performance or allocate resources based on segment asset data, and therefore such information is not presented.

Appendix: Reportable Segments

Reportable Segments

	2021		2022		
	Q3	Q4	Q1	Q2	Q3
Segment Revenue	(In millions)				
Consumer Services	\$ 167.5	\$ 160.8	\$ 158.8	\$ 151.0	\$ 135.8
B2B Services	118.2	121.8	133.9	143.5	158.2
Money Movement Services	45.6	37.8	97.3	54.1	37.7
Corporate and Other	(2.3)	0.8	4.7	6.5	5.5
Total segment revenues	328.9	321.2	394.7	355.1	337.2
BaaS commission and processing expenses (8)	10.6	9.6	6.5	8.4	7.3
Other income (9)	-	-	(0.6)	(0.8)	(0.8)
Total operating revenues	\$ 339.5	\$ 330.8	\$ 400.6	\$ 362.8	\$ 343.7
	2021		2022		
	Q3	Q4	Q1	Q2	Q3
Segment Profit	(In millions)				
Consumer Services	\$ 60.1	\$ 54.2	\$ 54.3	\$ 60.4	\$ 53.9
B2B Services	18.5	18.9	22.3	22.8	22.4
Money Movement Services	18.7	10.2	61.5	30.2	14.7
Corporate and Other	(51.1)	(49.0)	(47.7)	(45.8)	(45.5)
Total segment profit*	46.2	34.4	90.3	67.5	45.5
Reconciliation to income (loss) before income taxes					
Depreciation and amortization of property, equipment and internal-use software	15.3	14.6	13.8	14.6	14.5
Stock based compensation and related employer taxes	11.6	14.4	15.2	5.8	10.9
Amortization of acquired intangible assets	6.9	6.9	6.5	5.7	5.7
Impairment charges	-	-	2.3	1.9	-
Legal settlement expenses	2.3	(1.2)	(0.4)	13.9	2.9
Other expense	1.3	7.8	1.4	1.8	0.8
Operating income (loss)	8.8	(8.1)	51.6	23.9	10.8
Interest expense, net	0.0	0.0	0.1	0.0	0.0
Other income (expense), net	0.8	(4.0)	(0.8)	(4.0)	(4.2)
Income (loss) before income taxes	\$ 9.6	\$ (12.2)	\$ 50.7	\$ 19.9	\$ 6.5

* 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 "About Non-GAAP Financial Measures."

Appendix: Non-GAAP Financial Measures

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 for, among other things, non-operating net interest income and expense; other non-interest investment income earned by its bank; income tax benefit and expense; depreciation and amortization, including amortization of acquired intangibles; certain legal settlement gains and charges; stock-based compensation and related employer payroll taxes; changes in the fair value of contingent consideration; transaction costs from acquisitions; amortization attributable to deferred financing costs; impairment charges; extraordinary severance expenses; earnings or losses from equity method investments; changes in the fair value of loans held for sale; commissions and certain processing-related costs associated with Banking as a Service ("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 included herein, or 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

	2021		2022		
	Q3	Q4	Q1	Q2	Q3
Reconciliation of Total Operating Revenues to Non-GAAP Total Operating Revenues (1)					
(In millions)					
Total operating revenues	\$ 339.5	\$ 330.8	\$ 400.6	\$ 362.8	\$ 343.7
BaaS commission and processing expenses (8)	(10.6)	(9.6)	(6.5)	(8.4)	(7.3)
Other income (9)	-	-	0.6	0.8	0.8
Non-GAAP total operating revenues	<u>\$ 328.9</u>	<u>\$ 321.2</u>	<u>\$ 394.7</u>	<u>\$ 355.1</u>	<u>\$ 337.2</u>

	2021		2022		
	Q3	Q4	Q1	Q2	Q3
Reconciliation of Net Income (Loss) to Non-GAAP Net Income (1)					
(In millions, except per share data)					
Net income (loss)	\$ 7.3	\$ (10.5)	\$ 38.6	\$ 15.0	\$ 4.7
Stock-based compensation and related employer payroll taxes (3)	11.6	14.4	15.2	5.8	10.9
Amortization of acquired intangible assets (4)	6.9	6.9	6.5	5.7	5.7
Change in fair value of contingent consideration (4)	-	0.0	0.3	-	-
Transaction and related acquisition costs (4)	0.6	7.0	0.4	0.3	(0.0)
Amortization of deferred financing costs (5)	0.0	0.0	0.0	0.0	0.0
Impairment charges (5)	-	-	2.3	1.9	-
Extraordinary severance expenses (6)	0.7	0.6	0.1	0.4	2.9
Legal settlement expenses (gain) (5)	2.3	(1.2)	(0.4)	13.9	5.2
Losses (earnings) in equity method investments (5)	(0.7)	(0.3)	1.7	4.9	(0.2)
Change in fair value of loans held for sale (2)(5)	-	4.4	(0.6)	(0.2)	0.0
Other (income) expense, net (5)	(0.1)	0.0	0.2	0.3	0.0
Income tax effect (7)	(4.7)	(6.3)	(5.8)	(7.7)	(5.9)
Non-GAAP net income	<u>\$ 24.0</u>	<u>\$ 15.2</u>	<u>\$ 58.6</u>	<u>\$ 40.4</u>	<u>\$ 23.3</u>

Diluted earnings (loss) per share					
GAAP	\$ 0.13	\$ (0.19)	\$ 0.70	\$ 0.27	\$ 0.09
Non-GAAP	\$ 0.43	\$ 0.27	\$ 1.06	\$ 0.74	\$ 0.44
Diluted weighted-average shares issued and outstanding					
GAAP	55.4	54.4	55.2	54.4	53.4
Non-GAAP	55.8	55.9	55.5	54.6	53.5

Appendix: Non-GAAP Financial Measures

	2021		2022		
	Q3	Q4	Q1	Q2	Q3
Reconciliation of Net Income (Loss) to Adjusted EBITDA (1)					
Net income (loss)	\$ 7.3	\$ (10.5)	(In millions)		
Interest expense, net (2)	0.0	0.0	\$ 38.6	\$ 15.0	\$ 4.7
Income tax (benefit) expense	2.3	(1.7)	0.1	0.0	0.0
Depreciation and amortization of property, equipment and internal-use software (2)	15.3	14.6	12.1	4.9	1.8
Stock-based compensation and related employer payroll taxes (2)(3)	11.6	14.4	13.8	14.6	14.5
Amortization of acquired intangible assets (2)(4)	6.9	6.9	15.2	5.8	10.9
Change in fair value of contingent consideration (2)(4)	-	0.0	6.5	5.7	5.7
Transaction and related acquisition costs (2)(4)	0.6	7.0	0.3	-	-
Impairment charges (2)(5)	-	-	0.4	0.3	(0.0)
Extraordinary severance expenses (2)(6)	0.7	0.6	2.3	1.9	-
Losses (earnings) in equity method investments (2)(5)	(0.7)	(0.3)	0.1	0.4	2.9
Change in fair value of loans held for sale (2)(5)	-	4.4	1.7	4.9	5.2
Legal settlement expenses (gain) (2)(5)	2.3	(1.2)	(0.6)	(0.2)	(0.2)
Other expense (income), net (2)(5)	(0.1)	0.0	(0.4)	13.9	0.0
Adjusted EBITDA	\$ 46.2	\$ 34.4	\$ 90.3	\$ 67.5	\$ 45.5
Non-GAAP total operating revenues	\$ 328.9	\$ 321.2	\$ 394.7	\$ 355.1	\$ 337.2
Adjusted EBITDA/Non-GAAP Total operating revenues (adjusted EBITDA margin)	14.1%	10.7%	22.9%	19.0%	13.5%

Appendix: Non-GAAP Financial Measures

	2021		2022		
	Q3	Q4	Q1	Q2	Q3
Reconciliation of GAAP to Non-GAAP Diluted Weighted-Average Shares Issued and Outstanding					
	(In millions)				
Diluted weighted-average shares issued and outstanding	55.4	54.4	55.2	54.4	53.4
Weighted-average unvested Walmart restricted shares (10)	0.4	0.4	0.3	0.2	0.1
Anti-dilutive shares due to GAAP net loss	-	1.1	-	-	-
Non-GAAP diluted weighted-average shares issued and outstanding	<u>55.8</u>	<u>55.9</u>	<u>55.5</u>	<u>54.6</u>	<u>53.5</u>
	2021		2022		
	Q3	Q4	Q1	Q2	Q3
Supplemental Detail on Non-GAAP Diluted Weighted-Average Shares Issued and Outstanding					
	(In millions)				
Total stock outstanding at end of period:	54.7	54.9	54.3	53.7	52.5
Weighting adjustment	(0.0)	(0.1)	0.5	0.4	0.7
Dilutive potential shares:					
Stock options	0.5	0.4	0.2	0.1	0.0
Restricted and performance based restricted stock units	0.7	0.7	0.5	0.3	0.3
Employee stock purchase plan	0.0	0.0	0.0	0.0	0.0
Non-GAAP diluted weighted-average shares issued and outstanding	<u>55.8</u>	<u>55.9</u>	<u>55.5</u>	<u>54.6</u>	<u>53.5</u>

Appendix: Non-GAAP Financial Measures

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

Total operating revenues
Adjustments (8)(9)
Non-GAAP total operating revenues

FY 2022	
Range	
Low	High
(In millions)	
\$ 1,420	\$ 1,459
(26)	(29)
<u>\$ 1,394</u>	<u>\$ 1,430</u>

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

Net income
Adjustments (11)
Adjusted EBITDA

Non-GAAP total operating revenues
Adjusted EBITDA / Non-GAAP total operating revenues (Adjusted EBITDA margin)

FY 2022	
Range	
Low	High
(In millions)	
\$ 44.7	\$ 49.2
187.3	188.8
<u>\$ 232.0</u>	<u>\$ 238.0</u>
<u>\$ 1,430</u>	<u>\$ 1,394</u>
<u>16.2%</u>	<u>17.1%</u>

Reconciliation of Forward Looking Guidance for Non-GAAP Financial Measures to Projected GAAP Net Income and GAAP Diluted Weighted-Average Shares Issued and Outstanding

Net income
Adjustments (11)
Non-GAAP net income

Diluted earnings per share

GAAP
Non-GAAP

Diluted weighted-average shares issued and outstanding

GAAP
Weighted-average unvested Walmart restricted shares (10)
Non-GAAP

FY 2022	
Range	
Low	High
In millions, except per share data	
\$ 44.7	\$ 49.2
86.5	86.5
<u>\$ 131.2</u>	<u>\$ 135.7</u>
\$ 0.83	\$ 0.91
\$ 2.42	\$ 2.51
53.9	53.9
0.2	0.2
<u>54.1</u>	<u>54.1</u>

Appendix: Non-GAAP Financial Measures

- 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 \$10.9 million and \$11.6 million for the three months ended September 30, 2022 and 2021, 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 the 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, extraordinary severance expenses, certain legal settlement charges, earnings or losses from equity method investments, changes in the fair value of loans held for sale, 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.

Appendix: Non-GAAP Financial Measures

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 an 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 adjustments to the non-GAAP financial measure 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 transaction costs, 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

- 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, legal settlement expenses, changes in the fair value of loans held for sale, 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 fair value changes on loans held for sale, 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 nine months ended September 30, 2022, Green Dot recorded charges of \$0.6 million related to extraordinary severance expenses, which were paid out in connection with reductions in force and other involuntary terminations of employment. Although severance expenses may arise throughout the fiscal year, the nature 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, 2022.
- 8) Represents commissions and certain processing-related costs associated with 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.
- 9) Represents other non-interest investment income earned by Green Dot Bank. This amount is included along with operating interest income in Green Dot's Corporate and Other segment since the yield earned on these investments are generated on a recurring basis and earned similarly to its investment securities available for sale.
- 10) 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.
- 11) These amounts represent estimated adjustments for items such as non-operating net interest income, income taxes, depreciation and amortization, employee stock-based compensation and related employer taxes, changes in the fair value of contingent consideration, transaction costs from acquisitions, amortization attributable to deferred financing costs, impairment charges, extraordinary severance expenses, earnings and losses from equity method investments, changes in the fair value of loans held for sale, 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).