



# Q4 2021 Results

February 24, 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 2021 Highlights



## Solid Financial Results

Balanced strong revenue growth with investments in strategic areas to drive solid financial results

**2021 Non-GAAP Revenue<sup>1</sup>**  
Up 16%

**2021 Adjusted EBITDA<sup>1</sup>**  
Up 5%

**2021 Non-GAAP EPS<sup>1</sup>**  
Up 5%

## Relevant Solutions

Introduced our flagship **GO2bank** digital banking solution across our retail and direct channels

Investing to strengthen our GO2bank solution and accelerate growth in activations during 2022 and beyond

Successfully launched our **overdraft protection** feature which saw strong adoption among our customer base

## Modern Banking Platform

Prepared the organization for the implementation of our end-to-end, cloud-based modern banking platform

We expect full implementation to **transform** our capabilities and provide a high level of **differentiation** among our competitors

In addition to expanding our **range of solutions** and **speed-to-market**, we believe the resulting organizational simplification will **reduce our costs** and **enhance our ability to serve** our customers and partners

## Announced Capital Return

Our **financial strength**, supported by \$80 million of cash<sup>2</sup> and an attractive free cash flow profile, allows us to return capital to our shareholders in the form of a **share buyback**

**\$100 Million Share Buyback Authorization**  
Opportunistically repurchase Green Dot shares when the market creates opportunities

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

<sup>2</sup> \$80 million of cash at the holding company

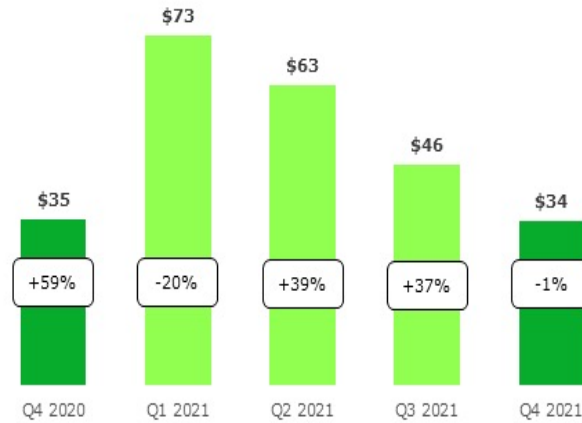
# Q4 2021 Results

## Non-GAAP Revenue<sup>1</sup>



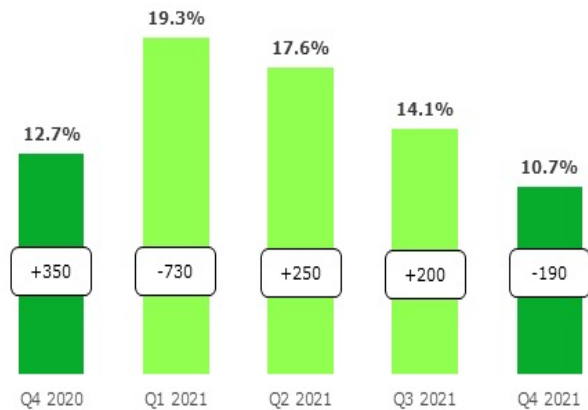
in millions, reflects change versus the prior year

## Adjusted EBITDA<sup>1</sup>



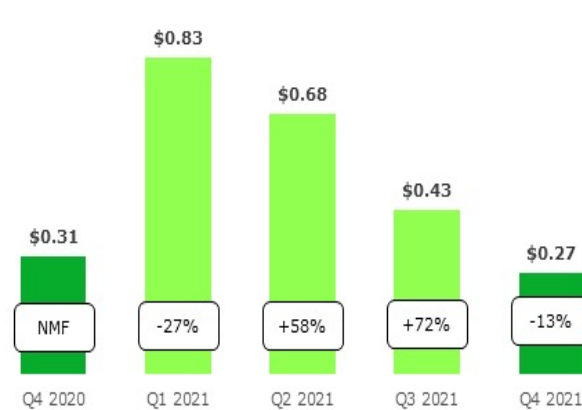
in millions, reflects change versus the prior year

## Adjusted EBITDA Margin<sup>1</sup>



reflects change in basis points versus the prior year

## Non-GAAP EPS<sup>1</sup>



reflects change versus the prior year

## Non-GAAP Revenue<sup>1</sup> increased 17%

- **Consumer Services** up 4%
- **B2B Services** up 58%
- **Money Movement** down 17%

## Adjusted EBITDA<sup>1</sup> declined 1%

- **Adjusted EBITDA Margin** down 190 bps to 10.7%
- **Consumer Services** segment profit up 4%
- **B2B Services** segment profit up 42%
- **Money Movement** segment profit down 10%
- **Corporate and Other Expense** increased due to planned investments in our modern banking platform, customer service and our flagship GO2bank digital banking solution

## Non-GAAP EPS<sup>1</sup> declined 13%

- Due primarily to an increase in our **Effective Tax Rate** versus the prior year

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

# Q4 2021 Key Metrics

## Actives<sup>1</sup>



in millions, reflects change versus the prior year

## Gross Dollar Volume



in millions, reflects change versus the prior year

## Purchase Volume



in millions, reflects change versus the prior year

## Net Interchange Rate<sup>2</sup>



reflects change in basis points versus the prior year

## Actives<sup>1</sup> declined 7%

- **Consumer Services** down 17%
  - **Consumer Services Direct Deposit Actives** down 14%
- **B2B Services** up 15%

## Gross Dollar Volume increased 14%

- **Consumer Services** down 17%
- **B2B Services** up 48%

## Purchase Volume increased 3%

- **Consumer Services** down 6%
- **B2B Services** up 30%

## Net Interchange Rate<sup>2</sup> declined 1 bps

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

<sup>2</sup> Net Interchange Rate equals Interchange revenues divided by Purchase Volume

# Consumer Services

## Segment Revenue



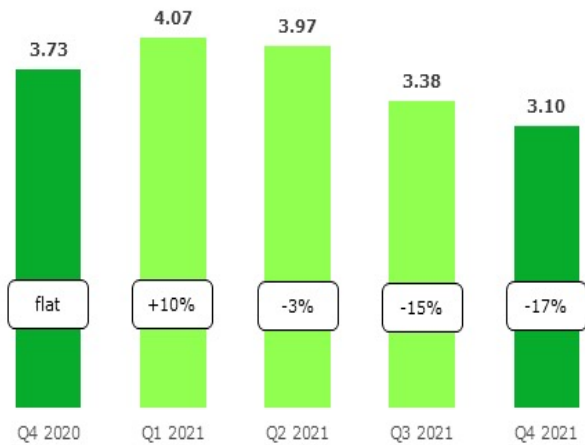
in millions, reflects change versus the prior year

## Segment Profit



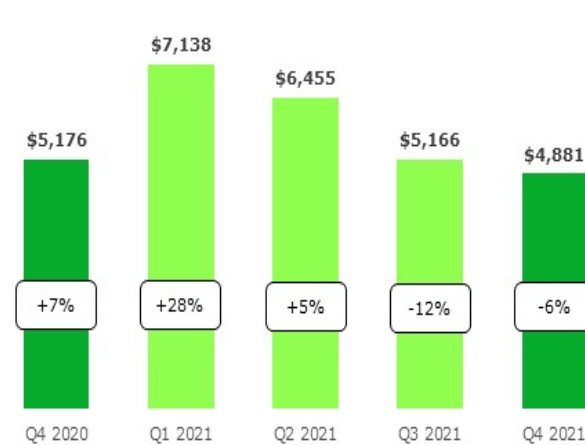
in millions, reflects change versus the prior year

## Actives<sup>2</sup>



in millions, reflects change versus the prior year

## Purchase Volume



in millions, reflects change versus the prior year

## Segment Revenue increased 4%

- Driven primarily by growth in our **Direct** channel
- Increased adoption of profitable features, including **overdraft protection**, led to a 24% increase in revenue per average active<sup>1</sup>

## Segment Profit increased 4%

- **Segment Profit Margin** expanded by 10 bps

## Actives<sup>2</sup> declined 17%

- **Direct Deposit Actives<sup>2</sup>** down 14%
- **Direct Deposit Actives<sup>2</sup>** represented 24.5% of total Actives<sup>2</sup>, up 90 bps

## Gross Dollar Volume declined 17%

## Purchase Volume declined 6%

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

<sup>2</sup> 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

## Segment Profit



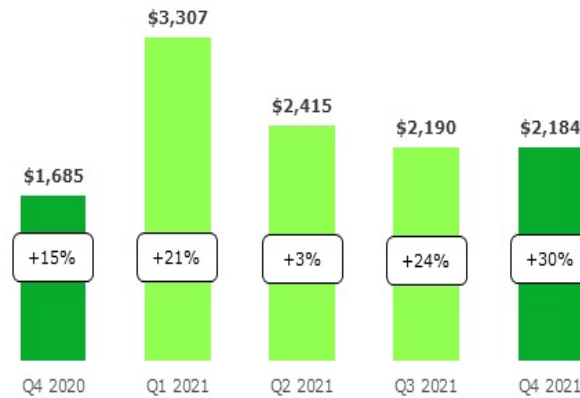
in millions, reflects change versus the prior year

## Actives<sup>1</sup>



in millions, reflects change versus the prior year

## Purchase Volume



in millions, reflects change versus the prior year

## Segment Revenue increased 58%

- Significant growth for new and existing **BaaS partner programs**
- **PayCard** growth from new employers and continued improvement in the labor market

## Segment Profit increased 42%

- **Segment Profit Margin** declined 180 bps due primarily to BaaS partner arrangements that contain a fixed profit provision

## Actives<sup>1</sup> increased 15%

## Gross Dollar Volume increased 48%

## Purchase Volume increased 30%

<sup>1</sup> 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

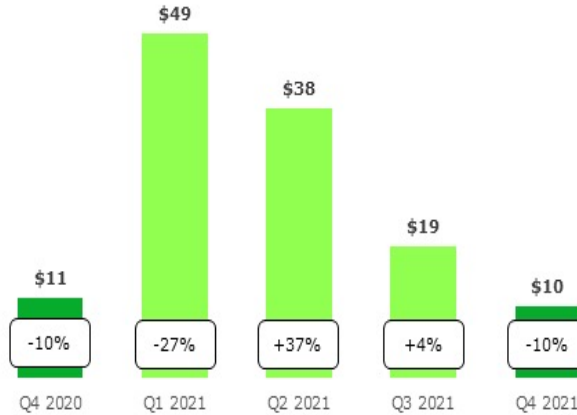
# Money Movement Services

## Segment Revenue



in millions, reflects change versus the prior year

## Segment Profit



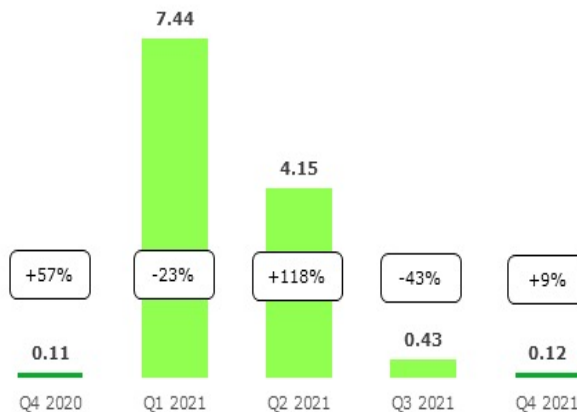
in millions, reflects change versus the prior year

## Cash Transfers



in millions, reflects change versus the prior year

## Tax Refunds



in millions, reflects change versus the prior year

## Segment Revenue declined 17%

- Driven primarily by a **decline in cash transfers**

## Segment Profit declined 10%

- **Segment Profit Margin** expanded 230 bps

## Cash Transfers declined 12%

- Due primarily to the now-renewal of a low-margin reload partner during Q4 2020

## Tax Refunds increased 9%

- Seasonally insignificant period



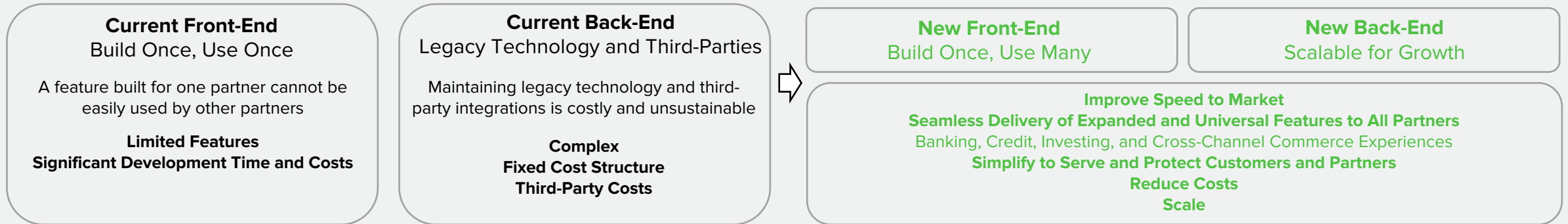
# Our Modern Banking Platform



**Transform** our capabilities. **Simplify** our technology. **Scale** for growth.

Anticipate **at least \$35 million of annual savings** plus **enhanced revenue opportunities** once transformation is complete

## Our End-to-End, Cloud-Based Platform



**An Enterprise-Wide, Multi-Year Effort: Our Measured Timeline Helps to Ensure an Orderly Conversion and Minimizes Operational Risk**

**Our Expectations: 2022:** Modest Impact. **2023:** More Meaningful Impact. **2024:** Substantial Impact of Cost Savings and Revenue Enhancement Opportunities

# Unlocking Our Differentiated Assets



We believe our **Modern Banking Platform** elevates Green Dot's **Foundational Elements** and **Differentiated Assets**

## Our People and Culture

### Leadership

Significant experience in financial technology and financial services

### Culture

Aligning around a common mission underpinned by accountability at every level

### Talent

Our opportunity and culture is attracting talented individuals to Green Dot

## Green Dot Bank

### Strength

Green Dot Bank's financial strength attracts customers and partners to Green Dot

### Unique

Green Dot Bank provides Green Dot with unique funding and economic advantages and supports a robust product roadmap

## Distribution

**Retail:** Over 90,000 points of distribution

**Direct:** GO2bank

**Employer:** Nearly 5,500 SMBs

**Tax:** 12.1 million tax refunds processed

**Partners:** Relationships with leading consumer companies and SMB platforms that reach millions of people and SMBs

## The Green Dot Network

### Reach

POS integrations at leading retailers

### Relevance

A critical solution for millions of Americans participating in the cash economy

### Unique

Differentiates us from digital-only competitors

# 2022 Guidance



## Measure<sup>1</sup>

**Non-GAAP Revenue<sup>2</sup>**  
\$1,412 Million

**Adjusted EBITDA<sup>2</sup>**  
\$230 Million

**Non-GAAP EPS<sup>2</sup>**  
\$2.29

## Growth<sup>1</sup>

**Non-GAAP Revenue<sup>2</sup>**  
Up 2%

**Adjusted EBITDA<sup>2</sup>**  
Up 6%

**Non-GAAP EPS<sup>2</sup>**  
Up 3%

<sup>1</sup> Reflects the mid-point of our 2022 guidance and growth at the mid-point of our 2022 guidance versus 2021

<sup>2</sup> 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 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. 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 our 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: 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 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; gains or losses on loans held for sale; 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 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

	2020	2021				2020	2021
	Q4	Q1	Q2	Q3	Q4	FY	FY
(In millions)							
<b>Reconciliation of Total Operating Revenues to Non-GAAP Total Operating Revenues (1)</b>							
Total operating revenues	\$ 284.3	\$ 393.5	\$ 369.4	\$ 339.5	\$ 330.8	\$ 1,253.8	\$ 1,433.2
Net revenue adjustments (8)	(9.8)	(13.7)	(11.4)	(10.6)	(9.6)	(53.2)	(45.3)
Non-GAAP total operating revenues	<u>\$ 274.5</u>	<u>\$ 379.8</u>	<u>\$ 357.9</u>	<u>\$ 328.9</u>	<u>\$ 321.2</u>	<u>\$ 1,200.5</u>	<u>\$ 1,387.9</u>

	2020	2021				2020	2021
	Q4	Q1	Q2	Q3	Q4	FY	FY
(In millions, except per share data)							
<b>Reconciliation of Net (Loss) Income to Non-GAAP Net Income</b>							
Net (loss) income	\$ (24.0)	\$ 25.7	\$ 24.9	\$ 7.3	\$ (10.5)	\$ 23.1	\$ 47.5
Stock-based compensation and related employer payroll taxes (3)	18.6	17.2	8.4	11.6	14.4	56.0	51.6
Amortization of acquired intangible assets (4)	6.9	6.9	6.9	6.9	6.9	28.1	27.8
Change in fair value of contingent consideration (4)	-	-	-	-	0.0	-	0.0
Transaction and related acquisition costs (4)	-	-	1.1	0.6	7.0	-	8.8
Amortization of deferred financing costs (5)	0.0	0.0	0.0	0.0	0.0	0.2	0.2
Impairment charges (5)	20.7	0.0	-	-	-	21.8	0.0
Extraordinary severance expenses (6)	3.8	2.0	1.2	0.7	0.6	10.9	4.6
Legal settlement expenses (gain) (5)	1.2	0.0	-	2.3	(1.2)	1.0	1.1
Losses (earnings) in equity method investments (5)	2.0	0.9	(1.5)	(0.7)	(0.3)	6.3	(1.6)
Loss on loans reclassified as held for sale (5)	-	-	-	-	4.4	-	4.4
Realized gain on sale of investment securities (5)	(0.0)	-	-	-	-	(5.1)	-
Other (income) expense (5)	(0.1)	0.2	(0.8)	(0.1)	0.0	(0.0)	(0.6)
Income tax effect (7)	(11.9)	(7.0)	(2.7)	(4.7)	(6.3)	(27.4)	(20.7)
Non-GAAP net income	<u>\$ 17.3</u>	<u>\$ 46.1</u>	<u>\$ 37.8</u>	<u>\$ 24.0</u>	<u>\$ 15.2</u>	<u>\$ 114.9</u>	<u>\$ 123.1</u>

Diluted (loss) earnings per share							
GAAP	\$ (0.45)	\$ 0.46	\$ 0.45	\$ 0.13	\$ (0.19)	\$ 0.42	\$ 0.85
Non-GAAP	\$ 0.31	\$ 0.83	\$ 0.68	\$ 0.43	\$ 0.27	\$ 2.11	\$ 2.21
Diluted weighted-average shares issued and outstanding							
GAAP	52.9	55.1	55.1	55.4	54.4	53.7	55.2
Non-GAAP	55.6	55.7	55.6	55.8	55.9	54.5	55.7

# Appendix: Non-GAAP Financial Measures

	2020	2021				2020	2021
	Q4	Q1	Q2	Q3	Q4	FY	FY
<b>Reconciliation of Net (Loss) Income to Adjusted EBITDA (1)</b>							
				(In millions)			
Net (loss) income	\$ (24.0)	\$ 25.7	\$ 24.9	\$ 7.3	\$ (10.5)	\$ 23.1	\$ 47.5
Interest expense, net (2)	0.0	0.0	0.0	0.0	0.0	0.8	0.2
Income tax (benefit) expense	(9.5)	7.1	8.5	2.3	(1.7)	5.0	16.2
Depreciation and amortization of property, equipment and internal-use software (2)	15.0	13.2	14.0	15.3	14.6	58.0	57.0
Stock-based compensation and related employer payroll taxes	18.6	17.2	8.4	11.6	14.4	56.0	51.6
Amortization of acquired intangible assets (2)(4)	6.9	6.9	6.9	6.9	6.9	28.1	27.8
Change in fair value of contingent consideration (2)(4)	-	-	-	-	0.0	-	0.0
Transaction and related acquisition costs (2)(4)	-	-	1.1	0.6	7.0	-	8.8
Impairment charges (2)(5)	20.7	0.0	-	-	-	21.8	0.0
Extraordinary severance expenses (2)(6)	3.8	2.0	1.2	0.7	0.6	10.9	4.6
Losses (earnings) in equity method investments (2)(5)	2.0	0.9	(1.5)	(0.7)	(0.3)	6.3	(1.6)
Loss on loans reclassified as held for sale (2)(5)	-	-	-	-	4.4	-	4.4
Realized gain on sale of investment securities (2)(5)	(0.0)	-	-	-	-	(5.1)	-
Legal settlement expenses (gain) (2)(5)	1.2	0.0	-	2.3	(1.2)	1.0	1.1
Other expense (income) (2)(5)	(0.1)	0.2	(0.8)	(0.1)	0.0	(0.0)	(0.6)
Adjusted EBITDA	\$ 34.8	\$ 73.4	\$ 62.9	\$ 46.2	\$ 34.4	\$ 205.8	\$ 217.0
Non-GAAP total operating revenues	\$ 274.5	\$ 379.8	\$ 357.9	\$ 328.9	\$ 321.2	\$ 1,200.5	\$ 1,387.9
Adjusted EBITDA/Non-GAAP Total operating revenues (adjusted EBITDA margin)	12.7%	19.3%	17.6%	14.1%	10.7%	17.1%	15.6%



# Appendix: Non-GAAP Financial Measures

	2020	2021				2020	2021
	Q4	Q1	Q2	Q3	Q4	FY	FY
<b>Reconciliation of GAAP to Non-GAAP Diluted Weighted-Average Shares Issued and Outstanding</b>							
	(In millions)						
Diluted weighted-average shares issued and outstanding	52.9	55.1	55.1	55.4	54.4	53.7	55.2
Weighted-average unvested Walmart restricted shares (9)	0.7	0.6	0.5	0.4	0.4	0.8	0.5
Anti-dilutive shares due to GAAP net loss	2.0	-	-	-	1.1	-	-
Non-GAAP diluted weighted-average shares issued and outstanding	<u>55.6</u>	<u>55.7</u>	<u>55.6</u>	<u>55.8</u>	<u>55.9</u>	<u>54.5</u>	<u>55.7</u>
	2020	2021				2020	2021
	Q4	Q1	Q2	Q3	Q4	FY	FY
<b>Supplemental Detail on Non-GAAP Diluted Weighted-Average Shares Issued and Outstanding</b>							
	(In millions)						
Total stock outstanding at end of period:	54.0	54.4	54.6	54.7	54.9	54.0	54.9
Weighting adjustment	(0.4)	(0.1)	(0.1)	(0.0)	(0.1)	(0.8)	(0.3)
Dilutive potential shares:						0.2	0.5
Stock options	0.7	0.5	0.4	0.5	0.4	0.7	0.4
Restricted and performance based restricted stock units	1.3	0.9	0.6	0.7	0.7	0.3	0.3
Employee stock purchase plan	0.0	0.0	0.0	0.0	0.0	-	0.0
Non-GAAP diluted weighted-average shares issued and outstanding	<u>55.6</u>	<u>55.7</u>	<u>55.6</u>	<u>55.8</u>	<u>55.9</u>	<u>54.5</u>	<u>55.7</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  
 Net revenue adjustments (8)  
 Non-GAAP total operating revenues

FY 2022		
Range		
Low		High
(In millions)		
\$ 1,422		\$ 1,460
(28)		(30)
<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 (10)  
 Adjusted EBITDA  
  
 Non-GAAP total operating revenues  
  
 Adjusted EBITDA / Non-GAAP total operating revenues (Adjusted EBITDA margin)

FY 2022		
Range		
Low		High
(In millions)		
\$ 61.9		\$ 69.4
163.1		165.6
<u>\$ 225.0</u>		<u>\$ 235.0</u>
<u>\$ 1,430</u>		<u>\$ 1,394</u>
<u>15.7%</u>		<u>16.9%</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 (10)  
 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 (9)  
 Non-GAAP

FY 2022		
Range		
Low		High
In millions, except per share data		
\$ 61.9		\$ 69.4
62.3		62.4
<u>\$ 124.20</u>		<u>\$ 131.8</u>
<u>\$ 1.11</u>		<u>\$ 1.24</u>
<u>\$ 2.22</u>		<u>\$ 2.35</u>
55.8		55.8
0.2		0.2
<u>56.0</u>		<u>56.0</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. 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, gain or losses on 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 analysis of Green Dot's results of operations as reported under GAAP. Some of these limitations are:

- that these measures do not reflect Green Dot's capital expenditures or future requirements for capital expenditures or other contractual commitments;
  - that these measures do not reflect changes in, or cash requirements for, Green Dot's working capital needs;
  - that these measures do not reflect non-operating interest expense or interest income;
  - that these measures do not reflect cash requirements for income taxes;
  - that, although depreciation and amortization are non-cash charges, the assets being depreciated or amortized will often have to be replaced in the future, and these measures do not reflect any cash requirements for these replacements; and
  - that other companies in Green Dot's industry may calculate these measures differently than Green Dot does, limiting their usefulness as comparative measures.
- 2) Green Dot does not include any income tax impact of the associated non-GAAP adjustment to adjusted EBITDA, as the case may be, because each of these non-GAAP financial measures is provided before income tax expense.
- 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, credit-related impairment and/or realized gains or losses on the sale of investment securities, legal settlement expenses, losses on loans that have been re-classified as 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, losses on loans held for sale, 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) 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.
- 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.
- 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 items such as non-operating net interest income, income taxes, depreciation and amortization, employee stock-based compensation and related employer taxes, 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).