



Green Dot Corporation (GDOT)
Buy at \$50.43
Upside of 18%

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Green Dot Overview

“Technology-Centric Bank Holding Company”

1 Product

- Green Dot’s Legacy Business (prepaid cards)
- Sell directly to the public through retailer or website
- Many brands:
 - Green Dot
 - Go Bank
 - Money Pac

2 Platform

- “New Age” Business
- BaaS (APIs)
 - Integrate bank and platform management system
- Deposit taking network (reload)
- BOS (banking operating system)

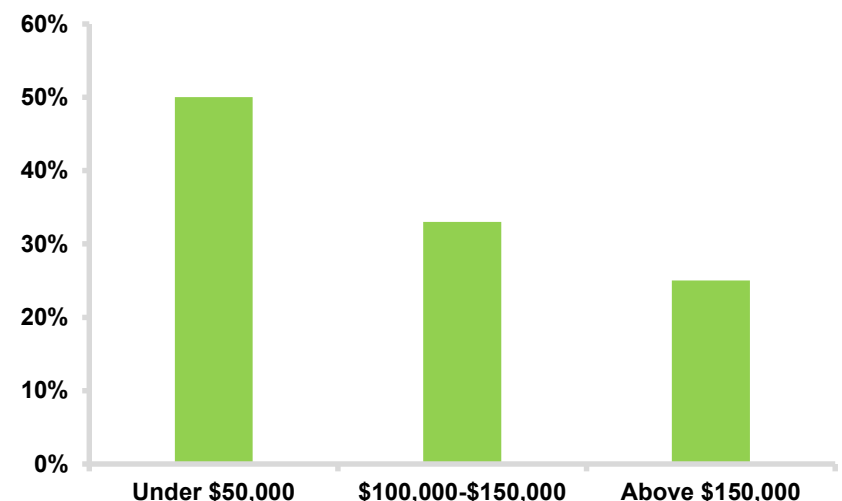
3 Go2Bank

- In-house challenger bank
- Launched in 2021
- Mobile bank designed to help Americans living paycheck to paycheck
 - Overdraft protection
 - Rewards program
 - High interest savings
 - Credit building

1999- Founded Company
2001- Switched Directions
2010- Went Public

Serve underbanked and underserved consumers-
potential to be 100 million

American’s Living Paycheck to Paycheck

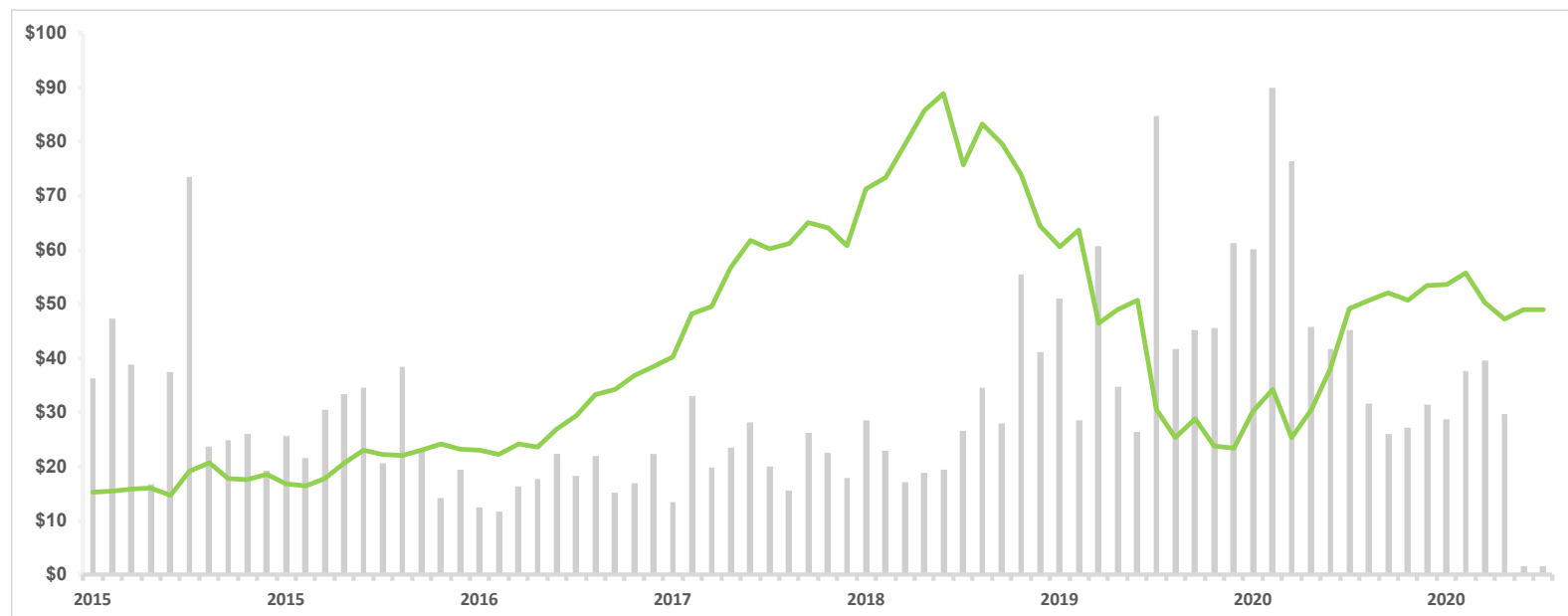


Historical Performance and Context

Green Dot Corporation

(NYSE: GDOT)

Stock		03/16/21
Price		\$51.78
Market Cap		2.811 B
EV		3.352 B
52 Week High		\$64.97
52 Week Low		\$14.20
Intrinsic Valuation		
Value/Share	\$	65.00
P/V		0.80x
Discount Rate		11.0%
LTGR		2.00%
Market Valuation (TTM)		
P/E		122.9x
Fwd P/E		24.8x
EV/EBITDA		11.6x
EV/EBIT		14.5x
P/FCF		18.3x



Margins	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operating Margin	86.2%	90.9%	88.5%	90.8%	90.3%	87.9%	87.9%	88.9%	97.5%
Net Margin	9%	6%	7%	5%	6%	10%	11%	9%	2%
Profitability	2012	2013	2014	2015	2016	2017	2018	2019	2020
ROA	11%	6%	4%	4%	5%	5%	6%	5%	1%
ROE	52%	26%	21%	14%	8%	7%	6%	6%	11%
Leverage	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total Debt	0.0	0.0	150,000.0	121,652.0	100,686.0	79,611.0	58,705.0	43,764.0	8,175.0
Net Debt/EBITDA	0.0	0.0	1.4	0.9	0.7	0.4	0.3	0.2	0.1
Free Cash Flow	2012	2013	2014	2015	2016	2017	2018	2019	2020
FCF	(6914)	25397	(186625)	(12917)	61808	(35173)	129015	103788	50220
FCF Conversion	-15%	75%	-437%	-34%	149%	-41%	109%	104%	217%
EPS Growth	33%	-24%	19%	-28%	11%	97%	35%	-14%	-77%
Net Income	47219	34040	42693	38415	41600	85887	118703	99897	23131

(1)

Stock Price Chart



- 1** Green Dot partners with Stash, a finance app for first time investors, to target a younger audience
- 2** Value reaches new highs as earning reports beat expectations and firms upgrade valuations
- 3** GDOT cuts full - year guidance as organic revenue growth slows
- 4** Concerns about insiders selling their shares cause small dip in value

Investment Thesis



Investment Thesis Overview

- ① The transition of leadership at Green Dot in 2020 from Steve Streit to Dan Henry opens the door for more effective deployment of capital, stronger strategic initiatives to use existing assets, and well-developed brand moving forward.
- ② Banking as a Service is a well-developed product that Green Dot has an advantage over competitors in that is only going to have a stronger demand as more businesses embed financial systems into their current business models.
- ③ At the beginning of 2021, Green Dot announced a new digital bank to more effectively serve their core clientele with the goal of building the best bank for the more than 100 million underserved Americans, showing extreme growth potential in a market where they already succeed.

Management Inflection Point



Inflection Point for Green Dot with New Management

The long-time founder/CEO stepped down in 2020, leaving the door open for change.

Steve Streit



Dan Henry



March 2020

- Founder of Green Dot
- Held role for 20 years, focused on wide product range
- “not to change with the times but to make the times change”
- Historically unaware of client base and not threatened by competition

- Former CEO of Netspend
- Rely less on promotional marketing of legacy products
- Use Green Dot’s banking license to drive growth
- Goal to do more than just payments by leveraging assets more ambitiously

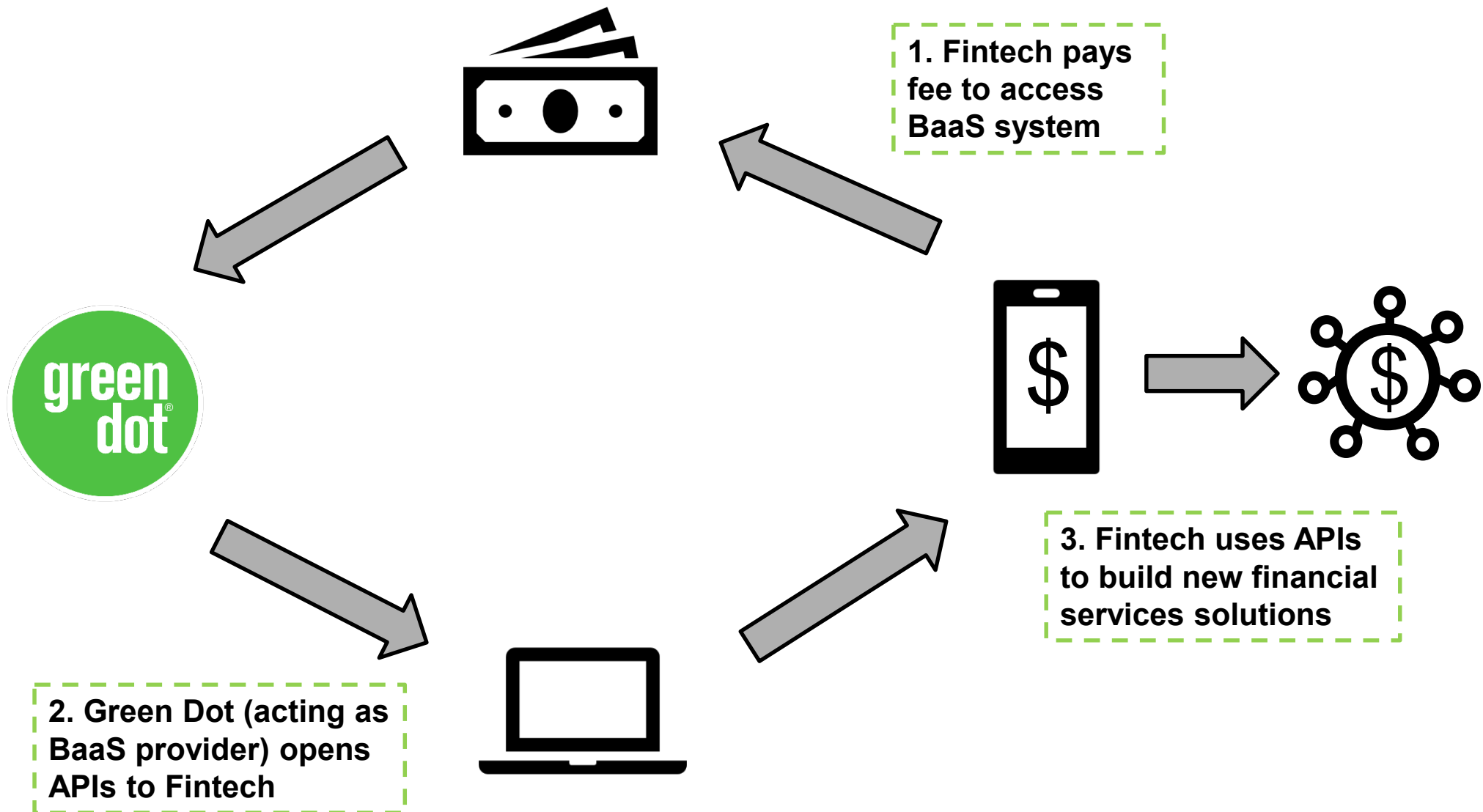
Growth Opportunities in Banking as a Service



Banking As A System

Technology and Bank from Green Dot combined with creativity of partners.

Banking As A Service Explained:

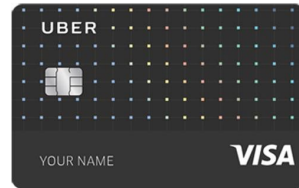
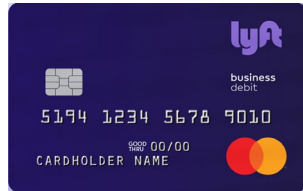


Overall Growth of Banking as a System

“Every company will be a Fintech company”

Everyone is getting into the financials sector...

Overall Consumer Industry Segment



Margin on banking services helps to make up acquisition costs of drivers

Business to Business Industry Segment



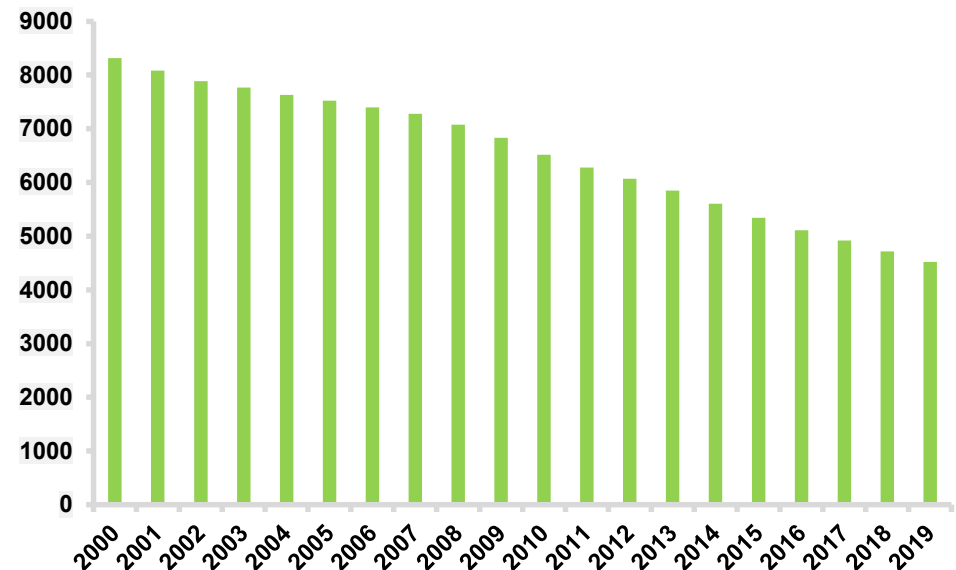
Nearly 50% of revenue comes from financial services

...but there are large barriers to entry and extreme hurdles to jump to create a bank.

To Create a Bank:

1. License
2. Core Systems
3. Payments
4. Data
5. Regulatory
6. Fraud
7. User Interface

FDIC-Insured Commercial Banks in the US¹



(1) Statista

Green Dot's Advantage in Banking as a Service

Even with other companies beginning to offer the product, Green Dot has a clear advantage in the space.

Green Dot is already well established with a diversified client base...



50 million clients



...and is set to capitalize on the growth in the overall sector.

Coined Phrase
"Banking As A Service"

Offers Bank and Tech Firm All in One

No True Direct Competition in the Space

Competitive Differentiation:
• Bank
• Technology Stack
• Distribution Network
• Reload Network
• Experienced Customer Service
• Fraud Control

New Venture into Digital Banking for Underserved



New Challenger Bank in 2021 for Green Dot

“GO2bank is built to be the go-to destination for seamless, affordable, useful banking”

Streamlined for New Customers to Banking

- Mobile-first FDIC insured bank
- Payroll, Government Benefits, and Government Stimulus is available through direct deposit
- \$200 overdraft protection
- Go2Bank credit card designed to build/rebuild credit with no credit check or annual fees

Low Fees

- No fees for accounts receiving payroll or govt benefits, \$5 a month otherwise
- No fees for in-network ATMs
- Up to \$4.95 fee for cash deposits at select retailers
- No fees for direct deposits

Fees lower than that of prepaid debit cards

Up to 7% Cash Back with In-App Partners



+ dozens of other national retailers

Valuation

Recommend a Buy

Valuation	
Discount Rate	11.0%
Terminal Growth Rate	2.0%
Total Discounted UFCF	652,733
PV of Terminal Value	2,416,673
Implied EV/EBITA Multiple of TV	
Enterprise Value	3,069,406
(+) Total cash	1,492
(-) Debt	8,175
(-) Preferred Stock	0
(-) NCI	0
Equity Value	3,062,723
Shares Outstanding	51,559
(P) Price Per Share	50.43
(V) Value Per Share	59
P/V	0.85

**Recommend a Buy at \$50.43
with an upside of 18%**

Appendix

DCF Projections

SYF	2016A	2017A	2018A	2019A	2020A	2021E	2022E	2023E	2024E	2024E
Revenue	726,141	901,223	1,064,023	1,108,622	1,254,977	1,443,224	1,659,707	1,908,663	2,175,876	2,458,740
<i>YoY Growth</i>	3.8%	24.1%	18.1%	4.2%	13.2%	15.0%	15.0%	15.0%	14.0%	13.0%
COGS	-	-	-	-	-	-	-	-	-	-
<i>Margin</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross Profit	726,141	901,223	1,064,023	1,108,622	1,254,977	1,443,224	1,659,707	1,908,663	2,175,876	2,458,740
Operating Expenses	655,458	791,827	935,160	985,677	1,223,687	1,313,333	1,493,736	1,717,797	1,936,530	2,163,691
<i>Margin</i>	90.3%	87.9%	87.9%	88.9%	97.5%	91.0%	90.0%	90.0%	89.0%	88.0%
EBIT	70,683	109,396	128,863	122,945	31,290	129,890	165,971	190,866	239,346	295,049
<i>Margin</i>	9.7%	12.1%	12.1%	11.1%	2.5%	9.0%	10.0%	10.0%	11.0%	12.0%
Income Before Income Taxes	70,683	109,396	128,863	122,945	31,290	129,890	165,971	190,866	239,346	295,049
Tax Expense	19,961	17,571	5,114	21,184	4,964	25,978	33,194	38,173	47,869	59,010
<i>Effective Tax Rate</i>	28.2%	16.1%	4.0%	17.2%	15.9%	20.0%	20.0%	20.0%	20.0%	20.0%
EBIAT/NOPAT	59,844	97,663	130,347	103,598	27,087	103,912	132,777	152,693	191,477	236,039
<i>Margin</i>	8.2%	10.8%	12.3%	9.3%	2.2%	7.2%	8.0%	8.0%	8.8%	9.6%
(+) Depreciation and Amortization	62,481	64,580	71,342	82,105	86,124	101,026	116,179	133,606	152,311	172,112
<i>Margin</i>	8.6%	7.2%	6.7%	7.4%	6.9%	7.0%	7.0%	7.0%	7.0%	7.0%
(-) Capex	42,273	185,640	61,030	78,214	59,035	86,593	99,582	114,520	130,553	147,524
<i>Margin</i>	6%	21%	6%	7%	5%	6%	6%	6%	6%	6%
(-) Change in Working Capital										
Unlevered Free Cash Flow	80,052	(23,397)	140,659	107,489	54,176	118,344	149,374	171,780	213,236	260,626
Year						0.25	1.25	2.25	3.25	4.25
PV Of UFCF						118,344	149,374	171,780	213,236	260,626

Earnings & Revenue History

Quarter	EPS Beat	Revenue Beat (Miss)
Q4 2020	0.13	\$26.98M
Q3 2020	0.14	\$46.41M
Q2 2020	0.11	\$59.08M
Q1 2020	0.2	\$38.05M
Q4 2019	0.03	\$6.34M
Q3 2019	0.18	\$7.51M
Q2 2019	0.27	(\$1.95M)
Q1 2019	0.08	(\$4.45M)

Government Stimulus

How much?

Checks:

- Mar. 2021- \$410 billion, \$1,400 per person
- Dec. 2020- \$166 billion, \$600 per person
- Mar. 2020- \$301 billion, \$1,200 per adult, \$500 per child

Unemployment:

- \$300 per week through September 6th

Receipt of Stimulus

- First payment from most recent bill is March 17th
- IRS sends payments via direct deposit, paper checks or prepaid debit cards
- On average, payments have been received within 2 weeks, but recipients must wait for banks to clear the checks

Green Dot

- Green Dot customers who have already filed their 2020 tax refund and have set up direct deposit will receive their stimulus without having to opt in
- In December, Green Dot customers were the first to receive their stimulus via direct deposit to their accounts

GDOT Income Statement

GDOT Income Statement	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operating Revenue:												
Card Revenues and Other Fees	\$ 119,356	\$ 167,375	\$ 209,489	\$ 224,745	\$ 227,227	\$ 253,155	\$ 318,083	\$ 337,821	\$ 414,775	\$ 482,881	\$ 459,357	\$ 593,915
Card Transfer Revenues/Processing and Settlement												
Service Revenues	62,396	101,502	134,143	165,232	183,359	179,289	182,614	184,342	217,554	247,958	287,064	293,216
Interchange Revenues	53,064	108,380	141,103	164,559	171,757	178,040	196,523	196,611	257,922	310,919	330,233	351,843
Stock-based Retailer Incentive Compensation	-	(13,369)	(17,337)	(8,251)	(8,722)	(8,932)	(2,520)	-	-	-	-	-
Interest Income, net	-	-	-	-	-	-	-	-	10,972	23,817	31,941	14,786
Total Operating Revenues	234,816	363,888	467,398	546,285	573,621	601,552	694,700	718,774	901,123	1,065,575	1,108,595	1,253,760
Operating Expenses:												
Sales and Marketing Expenses	75,786	122,890	168,747	209,870	218,370	235,227	230,441	249,096	280,561	326,333	386,840	415,111
Compensation and Benefits Expenses	40,096	70,102	87,671	114,930	127,287	123,083	168,226	159,456	194,654	221,627	198,412	233,155
Processing Expenses	32,320	56,978	70,953	77,445	89,856	79,053	102,144	107,556	161,011	181,160	200,674	293,711
Other General and Administrative Expenses	22,944	44,599	56,578	71,900	88,976	105,200	134,560	139,350	155,601	206,040	199,751	281,710
Total Operating Expenses	171,146	294,569	383,949	474,145	524,489	542,563	635,371	655,458	791,827	935,160	985,677	1,223,687
Operating Income	63,670	69,319	83,449	72,140	49,132	58,989	59,329	63,316	109,296	130,415	122,918	30,073
Interest Income	396	365	910	4,074	3,440	4,064	4,737	7,367	-	-	-	-
Interest Expense	(1)	(52)	(346)	(76)	(72)	(1,276)	(5,944)	(9,122)	(5,838)	(6,598)	(1,837)	(761)
Other Income	-	-	-	-	-	7,129	-	-	-	(1,552)	27	1,217
Income before Income Taxes	64,065	69,632	84,013	76,138	52,500	68,906	58,122	61,561	103,458	123,817	121,081	28,095
Income Tax Expense	26,902	27,400	31,930	28,919	18,460	26,213	19,707	19,961	17,571	5,114	21,184	4,964
Net Income	\$ 37,163	\$ 42,232	\$ 52,083	\$ 47,219	\$ 34,040	\$ 42,693	\$ 38,415	\$ 41,600	\$ 85,887	\$ 118,703	\$ 99,897	\$ 23,131

GDOT Income Statement- Part 2

Dividends, Accretion, and Allocated Earnings of Preferred Stock	(29,000)	(14,659)	(554)	(7,599)	(5,360)	(4,842)	(1,102)	(802)	-	-	-	-
Net Income Allocated to Common Shareholders	8,163	27,573	51,529	39,620	28,680	37,851	37,313	40,798	85,887	118,703	99,897	23,131
Basic Earnings Per Common Share:												
Class A Common Stock	-	1.06	1.24	1.11	0.78	0.92	0.73	0.82	1.70	2.27	1.91	0.43
Class B Common Stock	0.68	1.06	1.24	1.11	0.78							
Basic Weighted-Average Common Shares Issued and Outstanding:												
Class A Common Stock	12,036	24,569	39,956	34,499	35,875	40,907	51,332	49,535	50,482	52,222	52,195	52,438
Class B Common Stock	12,036	21,589	17,718	4,801	2,603							
Diluted Earnings per Common Share:												
Class A Common Stock	-	0.98	1.19	1.07	0.76	0.90	0.72	0.80	1.61	2.18	1.88	0.42
Class B Common Stock	0.52	0.98	1.19	1.07	0.76							
Diluted Weighted-Average Common Shares Issued and Outstanding:												
Class A Common Stock	15,712	52,578	61,887	42,083	39,759	41,770	51,875	50,797	53,198	54,481	53,138	53,685
Class B Common Stock	15,712	24,796	19,822	6,150	2,603							

GDOT Balance Sheet

GDOT Balance Sheet	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Assets:												
Current Assets												
Unrestricted Cash and Cash Equivalents	\$ 56,303	\$ 167,503	\$ 223,033	\$ 293,590	\$ 423,498	\$ 724,158	\$ 772,128	\$ 732,676	\$ 919,243	\$ 1,094,728	\$ 1,063,426	\$ 1,491,842
Federal Funds Sold	-	-	2,400	3,001	123	480	1	-	-	-	-	-
Restricted Cash	-	-	-	-	-	2,015	5,793	12,085	90,852	490	2,728	4,859
Investment Securities Available-for-sale, at fair value	-	-	20,647	115,244	116,159	46,650	49,106	46,686	11,889	19,960	10,020	-
Settlement Assets	42,569	19,968	27,355	36,127	37,004	148,694	69,165	137,083	209,399	153,992	239,222	782,262
Accounts Receivable, Net	29,157	33,412	41,307	40,441	46,384	48,904	42,153	40,150	35,277	40,942	59,543	67,755
Prepaid expenses and other Assets	7,262	8,608	11,822	31,952	27,332	23,992	30,511	32,186	47,086	57,070	66,183	66,705
Income Tax Receivable	5,452	15,004	3,371	7,386	15,573	16,290	6,434	12,570	7,459	8,772	870	-
Net Deferred Tax Assets	4,634	5,398	6,664	2,478	-	-	-	-	-	-	-	-
Total Current Assets	145,377	249,893	336,599	530,219	666,073	1,011,183	975,291	1,013,436	1,321,205	1,375,954	1,441,992	2,413,423
Restricted Cash	15,381	5,135	12,926	634	2,970	2,152	-	-	-	-	-	-
Investment Securities Available-for-sale, at fair value	-	-	10,563	68,543	82,585	73,781	132,433	161,740	141,620	181,223	267,419	970,969
Accounts Receivable, Net	1,130	2,549	4,147	10,931	5,913	13	-	-	-	-	-	-
Loans to Bank Customers	-	-	10,036	7,552	6,902	6,550	6,279	6,059	18,570	21,363	21,417	21,011
Prepaid expenses and other Assets	1,047	643	202	1,530	1,081	11,883	6,416	4,142	8,179	8,125	10,991	40,481
Property and Equipment, Net	11,973	18,034	27,281	58,376	60,473	77,284	78,877	82,621	97,282	120,269	145,476	133,400
Operating lease right-of-use assets	-	-	-	-	-	-	-	-	-	-	26,373	13,134
Deferred Expenses	8,200	9,504	12,604	12,510	15,439	17,326	14,509	16,647	21,791	21,201	16,891	18,332
Net Deferred Tax Assets	-	-	-	4,629	3,362	6,268	3,864	4,648	6,507	7,867	9,037	12,739
Goodwill and Intangible Assets	-	-	11,501	30,804	30,676	417,200	473,779	451,051	582,377	551,116	520,994	491,778
Total Assets	\$ 183,108	\$ 285,758	\$ 425,859	\$ 725,728	\$ 875,474	\$ 1,623,640	\$ 1,691,448	\$ 1,740,344	\$ 2,197,531	\$ 2,287,118	\$ 2,460,590	\$ 4,115,267

GDOT Balance Statement- Part 2

Liabilities and Stockholder's Equity:												
Current Liabilities												
Accounts Payable	\$ 9,777	\$ 17,625	\$ 15,441	\$ 31,411	\$ 34,940	\$ 36,444	\$ 37,186	\$ 22,856	\$ 34,863	\$ 38,631	\$ 37,876	\$ 34,823
Deposits	-	-	38,957	198,451	219,580	565,401	652,145	737,414	1,022,180	1,005,485	1,175,341	2,735,116
Obligations to Customers	-	-	-	46,156	65,449	98,052	61,300	46,043	95,354	58,370	69,377	95,375
Settlement Obligations	42,569	19,968	27,355	3,639	4,839	4,484	5,074	4,877	6,956	5,788	13,251	17,759
Amounts due to card issuing banks for overdrawn accounts	23,422	35,068	42,153	50,724	49,930	1,224	1,067	1,211	1,371	1,681	380	235
Other Accrued Liabilities	13,916	21,633	16,248	29,469	35,878	79,137	87,635	102,426	123,397	134,000	107,842	145,359
Debt	-	-	-	-	-	-	-	-	-	-	8,764	8,175
Deferred Revenue	15,048	17,214	21,500	19,557	24,517	24,418	22,901	25,005	30,875	34,607	28,355	28,584
Note Payable (Debt)	-	-	-	-	-	22,500	20,966	20,966	20,906	58,705	35,000	-
Income Tax Payable	-	-	-	-	-	-	-	-	74	67	3,948	12,146
Net Deferred Tax Liabilities	-	-	-	-	3,716	3,995	-	-	-	-	-	-
Total Current Liabilities	104,732	111,508	161,654	379,407	438,849	835,655	888,274	960,798	1,335,976	1,337,334	1,480,134	3,077,572
Other Accrued Liabilities	2,761	3,737	6,239	18,557	34,076	31,295	37,894	12,330	30,520	30,927	10,883	4,275
Deferred Revenue	97	44	19	-	300	200	-	-	-	-	-	-
Operating Lease Liabilities	-	-	-	-	-	-	-	-	-	-	24,445	16,396
Net Deferred Tax Liabilities	4,154	5,338	4,751	-	-	-	1,272	3,763	7,780	9,045	17,772	7,192
Note Payable	-	-	-	-	-	127,500	100,686	79,720	58,705	-	-	-
Total Liabilities	111,744	120,627	172,663	397,964	473,225	994,650	1,028,126	1,056,611	1,432,981	1,377,306	1,533,234	3,105,435
Commitment and Contingencies (Note 13)	-	-	-	-	-	150,000	121,652	100,686	79,611	58,705	43,764	8,175
Stockholder's Equity												
Convertible Series A preferred stock, \$0.001 par value:	31,322	-	7	7	7	2	2	-	-	-	-	-
Class A Common Stock, \$0.001 par value	-	13	30	31	38	51	51	51	51	53	52	54
Class B Convertible Common Stock, \$0.001 par value	13	27	5	4	-	-	-	-	-	-	-	-
Additional Paid-In Capital	12,603	95,433	131,383	158,656	199,251	383,296	379,376	358,155	354,789	380,753	296,224	354,460
Retained Earnings	27,426	69,658	121,741	168,960	203,000	245,693	284,108	325,708	410,440	529,143	629,040	651,890
Accumulated Other Comprehensive Income	-	-	30	106	(47)	(52)	(215)	(181)	(730)	(137)	2,040	3,428
Total Stockholder's Equity	71,364	165,131	253,196	327,764	402,249	628,990	663,322	683,733	764,550	909,812	927,356	1,009,832
Total Liabilities and Stockholder's Equity	\$ 183,108	\$ 285,758	\$ 425,859	\$ 725,728	\$ 875,474	\$ 1,623,640	\$ 1,691,448	\$ 1,740,344	\$ 2,197,531	\$ 2,287,118	\$ 2,460,590	\$ 4,115,267

GDOT Statement of Cash Flows

GDOT Statement of Cash Flows:	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operating Activities												
Net Income	\$ 37,163	\$ 42,232	\$ 52,083	\$ 47,219	\$ 34,040	\$ 42,693	\$ 38,415	\$ 41,600	\$ 85,887	\$ 118,703	\$ 99,897	\$ 23,131
Adjustments to reconcile net income to net cash provided by operating activities												
Depreciation and amortization	4,593	7,588	12,330	18,131	27,099	36,984	61,714	62,481	64,580	71,342	82,105	86,124
Provision for uncollectible overdrawn accounts	22,548	46,093	60,562	62,345	47,273	38,273	63,294	74,841	77,145	79,790	86,451	7,684
Provision for uncollectible trade receivables	-	-	-	-	-	-	-	1,520	-	-	-	-
Employee stock-based compensation	2,468	7,256	9,524	12,734	14,703	20,329	27,011	28,321	40,734	50,093	29,583	53,694
Losses in equity method investments	-	-	-	-	-	-	-	-	-	-	-	6,290
Realized gain on sale of available-for-sale investment securities	-	-	-	-	-	-	-	-	-	-	-	(5,073)
Stock-Based retailer incentive compensation	-	13,369	17,337	8,251	8,722	8,932	2,520	-	-	-	-	-
Amortization of discount/premium on available-for-sale investment securities	-	-	251	1,188	778	1,105	1,167	1,357	1,510	1,042	(117)	999
Realized gains on investment securities	-	-	-	(11)	(13)	(44)	-	-	-	-	-	-
Recovery of uncollectible trade receivables	61	(13)	455	(359)	(23)	(26)	-	-	-	-	-	-
Change in fair value of contingent consideration	-	-	-	-	-	(698)	(8,200)	(2,500)	(9,672)	3,298	(1,866)	-
Amortization of deferred financing costs	-	-	-	-	-	289	1,535	1,534	1,589	1,594	1,334	169
Impairment of capitalized software	405	409	397	1,029	5,216	-	5,881	142	1,326	922	578	21,719
Deferred income expense (benefit)	(1,731)	(704)	251	5,792	5,464	463	(406)	1,270	2,780	(230)	6,876	(15,003)
Excess tax benefits from exercise of options	-	(24,842)	(2,951)	(2,738)	(2,748)	(3,945)	-	-	-	-	-	-
Changes in operating assets and liabilities:												
Settlement Assets	(18,125)	22,601	-	-	-	-	-	-	-	-	-	-
Accounts receivable, net	(29,853)	(51,754)	(70,510)	(66,099)	(48,175)	(30,453)	(54,450)	(74,851)	(68,368)	(85,455)	(105,052)	(16,177)
Prepaid expenses and other assets	(903)	(1,042)	(2,838)	(21,325)	5,069	1,086	(5,766)	1,131	(16,841)	(9,930)	(12,032)	980
Deferred expenses	2,297	(1,304)	(3,100)	94	(2,929)	(1,887)	2,817	(2,138)	(2,098)	590	4,310	(1,441)
Accounts payable and accrued liabilities	3,170	16,042	(4,489)	31,475	26,915	925	13,179	(19,156)	27,982	12,471	(8,145)	37,640
Settlement obligations	18,125	(22,601)	-	-	-	-	-	-	-	-	-	-
Amounts due issuing bank for overdrawn accounts	(5,309)	11,646	7,085	7,571	(794)	(48,706)	(157)	144	-	-	-	-
Deferred revenue	(978)	2,113	4,261	(1,962)	5,260	(319)	(1,617)	2,004	4,689	4,675	(6,711)	576
Income tax payable/receivable	1,366	16,414	13,403	(1,307)	(3,349)	3,974	9,995	(6,657)	5,067	(1,253)	11,682	9,531
Other, net	-	-	-	-	-	(44)	(212)	447	2,000	3,403	1,021	(1,665)
Net cash provided by operating activities:	35,297	85,503	94,051	102,028	122,508	68,975	156,720	111,520	218,310	251,051	189,914	209,178

GDOT Statement of Cash Flows- Part 2

Investing activities:												
Purchase of available-for-sale investment securities	-	-	(45,056)	(271,869)	(274,072)	(212,446)	(195,132)	(135,920)	(58,665)	(186,884)	(189,066)	(994,428)
Proceeds from maturities of available-for-sale investment securities	-	-	20,152	37,563	173,135	153,265	84,435	105,544	71,338	60,449	110,971	107,723
Proceeds from sales of available-for-sale securities			-	81,474	84,969	136,425	47,953	1,430	40,310	78,385	4,915	198,895
Decrease (increase) in restricted cash	(13,039)	10,246	(7,791)	12,292	(2,336)	1,360	(199)	(6,292)	(78,762)	-	-	-
Payments for acquisition of property and equipment	(6,361)	(13,459)	(23,076)	(40,441)	(35,742)	(39,338)	(47,837)	(42,273)	(44,142)	(61,030)	(78,214)	(59,035)
Net Principal collections on loans	-	-	245	2,484	650	352	271	220	(12,511)	(5,887)	(2,459)	(453)
Investment in TailFin Labs, LLC	-	-	-	-	-	-	-	-	-	-	-	(35,000)
Other	-	-	-	-	-	-	-	-	-	-	-	(3,534)
Acquisitions, net of cash acquired	-	-	5,085	(31,823)	-	(226,964)	(65,209)	-	(141,498)	-	-	-
Net cash used in investing activities	(19,400)	(3,213)	(50,441)	(210,320)	(53,396)	(187,346)	(175,718)	(78,291)	(223,930)	(114,967)	(153,853)	(785,832)

GDOT Statement of Cash Flows- Part 2

Investing activities:												
Purchase of available-for-sale investment securities	-	-	(45,056)	(271,869)	(274,072)	(212,446)	(195,132)	(135,920)	(58,665)	(186,884)	(189,066)	(994,428)
Proceeds from maturities of available-for-sale investment securities	-	-	20,152	37,563	173,135	153,265	84,435	105,544	71,338	60,449	110,971	107,723
Proceeds from sales of available-for-sale securities			-	81,474	84,969	136,425	47,953	1,430	40,310	78,385	4,915	198,895
Decrease (increase) in restricted cash	(13,039)	10,246	(7,791)	12,292	(2,336)	1,360	(199)	(6,292)	(78,762)	-	-	-
Payments for acquisition of property and equipment	(6,361)	(13,459)	(23,076)	(40,441)	(35,742)	(39,338)	(47,837)	(42,273)	(44,142)	(61,030)	(78,214)	(59,035)
Net Principal collections on loans	-	-	245	2,484	650	352	271	220	(12,511)	(5,887)	(2,459)	(453)
Investment in TailFin Labs, LLC	-	-	-	-	-	-	-	-	-	-	-	(35,000)
Other	-	-	-	-	-	-	-	-	-	-	-	(3,534)
Acquisitions, net of cash acquired	-	-	5,085	(31,823)	-	(226,964)	(65,209)	-	(141,498)	-	-	-
Net cash used in investing activities	(19,400)	(3,213)	(50,441)	(210,320)	(53,396)	(187,346)	(175,718)	(78,291)	(223,930)	(114,967)	(153,853)	(785,832)

GDOT Statement of Cash Flows- Part 3

Financing Activities:												
Principal payments on short-term debt	-	-	-	-	-	-	-	-	-	-	-	-
Repayments on line of credit	(12,404)	-	-	-	-	-	-	-	-	-	-	-
Borrowings from line of credit	12,404	-	-	-	-	-	-	-	-	-	-	-
Borrowings from note payable	-	-	-	-	-	150,000	-	-	20,000	-	9	-
Repayments on borrowings from notes payable	-	-	-	-	-	-	(22,500)	(22,500)	(42,500)	(22,500)	(60,000)	-
Borrowings on revolving line of credit	-	-	-	-	-	-	30,001	145,000	335,000	-	35,000	100,000
Repayments on revolving line of credit	-	-	-	-	-	-	(30,001)	(145,000)	(335,000)	-	-	(135,000)
Proceeds from exercise of warrants and options	110	6,068	6,138	3,550	14,425	6,736	3,832	14,917	24,161	21,880	7,226	16,997
Excess tax benefits from exercise of options	-	24,842	2,951	2,738	2,748	3,945	222	2,995	-	-	-	-
Taxes paid related to net share settlement of equity awards	-	-	-	-	-	(3,224)	(5,124)	(8,223)	(18,077)	(46,007)	(21,338)	(12,453)
Net increase in deposits	-	-	5,231	159,494	21,129	345,821	86,744	85,269	284,766	(16,733)	146,100	1,554,191
Net increase in obligations to customers	-	-	-	13,668	19,616	(79,442)	45,372	(83,372)	(20,926)	17,255	(66,760)	(512,534)
Contingent consideration payments	-	-	-	-	-	(242)	(1,071)	(2,755)	(3,104)	(4,856)	(4,634)	(4,000)
Repurchase of Class A common stock	-	-	-	-	-	-	(40,986)	(59,013)	(51,969)	-	(100,000)	-
Deferred financing costs	-	-	-	-	-	(7,672)	-	-	(164)	-	(719)	-
Exercise of call option on warrant	(1,958)	-	-	-	-	-	-	-	-	-	-	-
Issuance of preferred shares and freestanding warrant	13,000	-	-	-	-	-	-	-	-	-	-	-
Redemption of preferred and common shares	(39,770)	-	-	-	-	-	-	-	-	-	-	-
Proceeds from the repayment of related party notes receivable	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided by (used in) financing activities	(28,618)	30,910	14,320	179,450	57,918	419,388	66,489	(72,682)	192,187	(50,961)	(65,125)	1,007,201
Net increase (decrease) in unrestricted cash, cash equivalents, and federal funds sold	(12,721)	111,200	57,930	71,158	127,030	301,017	47,491	(39,453)	186,567	85,123	(29,064)	430,547
Unrestricted cash, cash equivalents, and federal funds sold, beginning of year	39,285	56,303	\$ 167,503	\$ 225,433	\$ 296,591	\$ 423,621	\$ 724,638	\$ 772,129	\$ 732,676	\$ 1,010,095	\$ 1,095,218	\$ 1,066,154
Unrestricted cash, cash equivalents, and federal funds sold, end of period	\$ 26,564	\$ 167,503	\$ 225,433	\$ 296,591	\$ 423,621	\$ 724,638	\$ 772,129	\$ 732,676	\$ 919,243	\$ 1,095,218	\$ 1,066,154	\$ 1,496,701
Cash paid for interest	\$ 1	\$ 42	\$ 108	\$ 98	\$ 73	\$ 1,276	\$ 4,410	\$ 7,586	\$ 4,520	\$ 4,888	\$ 2,452	\$ 926
Cash paid for income taxes	\$ 27,403	\$ 14,282	\$ 18,291	\$ 28,203	\$ 16,351	\$ 21,602	\$ 9,892	\$ 22,316	\$ 9,603	\$ 6,233	\$ 1,921	\$ 10,618
Reconciliation of unrestricted cash, cash equivalents, and restricted cash at end of period												
Unrestricted cash and cash equivalents								\$ 732,676	\$ 919,243	\$ 1,094,728	\$ 1,063,426	\$ 1,491,842
Restricted cash								\$ 12,085	\$ 90,852	\$ 490	\$ 2,728	\$ 4,859
Total unrestricted cash, cash equivalents, restricted cash, end of period								\$ 744,761	\$ 1,010,095	\$ 1,095,218	\$ 1,066,154	\$ 1,496,701

Green Dot Corporation (NYSE: GDOT)

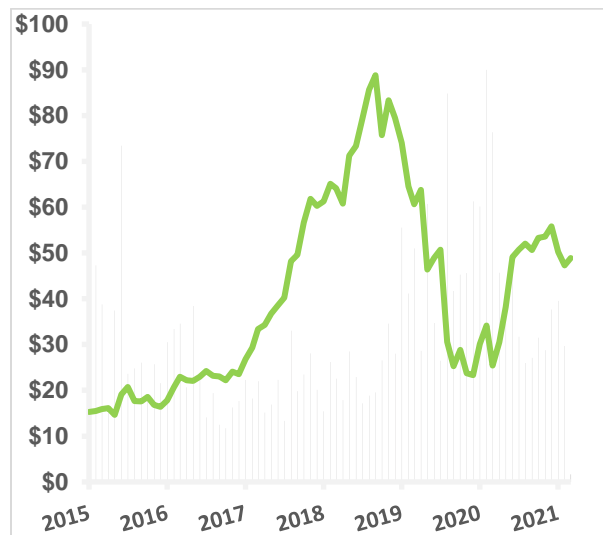
Growth and Leadership in Financial Services to Unique Customers

Introducing Green Dot Corporation

Green Dot Corporation was founded in 1999 by Steve Streit as a prepaid debit card company marketed to teenagers shopping online. This was just the beginning, as the company pivoted in 2001 to serve the larger population of unbanked and underbanked communities in the United States. This mission continues today on a much larger scale, with an increased range of service offerings. In 2020, Green Dot is a technology-centric bank holding company broken into two parts: (1) a bank, and (2) a Silicon Valley technology firm. Green Dot operates through two main segments partnered with the 2021 addition of their new digital bank, Go2Bank. Through their product segment, Green Dot sells prepaid debit cards and other financial service products directed to the general public through over 90,000 independent retailers as well as their own website. This is done through a few different brands: Green Dot, GoBank, and MoneyPak. The second segment is platform, which mainly consists of Banking as a Service (BaaS). Through BaaS, Green Dot partners with different businesses. These individual partners then use Green Dot's APIs to create a customized banking product such as a bank account, payment card, rewards debit card, etc. This enables the company to streamline services, create brand loyalty, or simply increase overall revenue for a business. Effectively, a strong partnership is formed between the technology and banking services of Green Dot, and the creativity of the client, that generates value. In 2021, Green Dot will expand into their new digital bank, Go2Bank, to serve millions of low-income Americans, effectively leveraging assets to serve those living paycheck to paycheck.

Through the development of their own challenger bank, and the continuation and expansion of both the products and programs segments, Green Dot looks to expand their hold into the unbanked and underbanked Americans, with growth opportunities as they move forward.

Recommendation: BUY
Current Price (3.15.2021): \$50.43
Price Target: \$59.00
Upside: 18%
Market Cap: \$2.838 B
52 Week Range: \$14.20 - \$64.97
Shares Outstanding: 54.03 M



Green Dot Corporation Investment Thesis

GDOT is at an inflection point with its new management, after two decades of founding leadership.

After founding Green Dot in 2001 and managing the company for almost twenty years, Steve Streit announced his retirement from Green Dot at the end of 2019. In March of 2020, Former CEO of competitor NetSpend, Dan Henry, was announced the new CEO. This transition looks to fix historical problems of Green Dot by re-focusing the company to take advantage of existing products and assets. Streit led with a wide product range and was not threatened by competition. Instead of focusing the business in areas where they had a strategic advantage, Streit continued to create and market new products while also trying to maintain previous product growth, leading to higher overall expenses. This movement away from a founder-led company lends itself to re-focusing the company where they have a strategic advantage, specifically in areas such as their banking charter, where the barriers to entry are high. One of Dan Henry's specific goals is to rely less on legacy products and promotional marketing that Streit was so attached to, and instead use the banking license and other strategic initiatives like Banking as a Service to drive growth in ways that competitors will not be able to match.

GDOT looks to capitalize on growth in overall financial usage through their BaaS Platform. Nowadays, almost every business has joined the financial sector, incorporating embedded financial services into their business. This practice will only continue to grow, as doing so allows businesses to make up revenue to offset expenses (in the case of Uber and Lyft), or even make up a large portion of overall revenue (such as Shopify and MindBody). However, to do this, a bank must be involved, and there are large barriers to entry in the banking industry. The overall number of FDIC-Insured Commercial Banks in the US is dropping every year, falling to just over 4,500 in 2019 as compared to 8,315 in 2000. This further illustrates the large requirements to start a bank, in addition to the challenges that exist when owning a bank. This gap between the desire to have financial services but needing FDIC-insured banking abilities allows Green Dot to develop partnerships and act as the issuer for any partner, enabling the partner to create their own customized banking products. GDOT has therefore capitalized on the millions of consumers through different businesses such as Uber, Apple, Walmart, and Google, and will continue to directly benefit from the continued and accelerated transition of payments to digital and the economy to online through and following the pandemic.

GDOT is set to capture remaining market share in underserved and unbanked Americans through their new mobile bank, Go2Bank. As banking and payments continue to go digital and face to face commerce continues to decrease, unbanked Americans are locked out of the economy. Typical bank accounts are not catered to serve low to middle income Americans. Green Dot capitalized on this gap in services for this demographic and designed the best mobile bank for over 100 million underbanked Americans. This service targets prepaid debit card users by enabling them to have overdraft protection for up to \$200, as well as access to a network of ATMs, encouraging a switch to the Go2Bank platform. Go2Bank enables direct deposit of payroll or government benefits, including the recent stimulus payments, allowing immediate access to customers. The Go2Bank system also offers a credit card that is designed to build/rebuild credit with no credit check or annual fee. The streamlined mobile app makes banking easy for users who have little to no experience with financial services. Green Dot is already seeing higher than anticipated success, with 20% more secure card applications than anticipated and looks to further capitalize on the new Go2Bank technology to not only benefit underserved Americans but incorporate BaaS to further drive growth.