

# SECURITIES & EXCHANGE COMMISSION EDGAR FILING

**Paysign, Inc.**

**Form: 8-K**

**Date Filed: 2019-05-08**

Corporate Issuer CIK: 1496443

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of report (Date of earliest event reported): May 7, 2019

**PAYSIGN, INC.**

(Exact name of registrant as specified in its charter)

**Nevada**  
(State or other jurisdiction of incorporation)

**000-54123**  
(Commission File Number)

**95-4550154**  
(IRS Employer Identification No.)

**1700 W Horizon Ridge Parkway, Suite 200,  
Henderson, Nevada 89012**  
(Address of Principal Executive Offices) (Zip Code)

**(702) 453-2221**  
Registrant's telephone number, including area code

**3PEA INTERNATIONAL, INC.**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 9.01 Financial Statements and Exhibits**

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99.1 [Press Release dated May 7, 2019](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: May 8, 2019

PAYSIGN, INC.

By: /s/Mark Newcomer  
Mark Newcomer, Chief Executive Officer

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May 7, 2019 20:01 UTC

## **Paysign, Inc. Reports Record First Quarter 2019 Revenues and Net Income**

**First Quarter 2019 Revenue up 55.4%, Net Income up 111.3% and Adjusted EBITDA increased 121.5% compared to the same period in 2018.**

HENDERSON, Nev.--(BUSINESS WIRE)-- Paysign, Inc. (NASDAQ: PAYS), a vertically integrated provider of innovative prepaid card programs and processing services for corporate, consumer and government applications, today reported financial results for the first quarter ended March 31, 2019.

### **Financial Highlights**

- Revenue for the first quarter ended March 31, 2019 was \$7,257,290, an increase of 55.2% percent compared to \$4,676,320 for the same period last year. The increase in revenue is attributable to continued growth with our existing programs, and the addition of new card programs.
- Gross profit increased 68.3% to \$3.8 million or 52.0% of revenues, compared to \$2.2 million or 48.0% of revenue in first quarter 2018. Gross margin increased primarily driven by the addition of higher margin card programs.
- Total operating expenses were \$3.0 million compared to \$2.9 million in the prior quarter, and to \$1.8 million first quarter 2018. The increase compared to the same period the prior year is primarily attributable to increases in leadership and staffing, investments in infrastructure, and increased stock-based compensation.
- Net Income was \$871,671, an increase of 111.3% compared to \$412,548 in the same period prior year. Basic and fully diluted earnings per share were \$.02 versus \$.01 the prior year.
- Non-GAAP Adjusted EBITDA was \$1,717,479, an increase of 121.5% compared to \$775,387. Non-GAAP EPS was \$.04 as compared to \$.02 the prior year.
- Our revenue conversion rate of gross dollar volume loaded on cards for the quarter was 3.79% or 379 bps compared to 3.68% or 368 bps the same period the prior year.

### **Management Commentary**

"We are very pleased with our first quarter operating and financial performance, delivering record first quarter earnings and net profit," said Mark ewcomer, Chief Executive Officer, Paysign. "Our results exceeded our expectations, as we continue to execute on all fronts. Our non-Pharma business has continued its growth trajectory, and our new Pharma clientele are beginning to materially contribute to revenues and earnings, as expected."

"During the first quarter we continued to have strong results across the board," commented Dan Henry, Chairman, Paysign. "We continue to execute on our strategic initiatives. As we look ahead, we remain focused on long-term profitability, sustainable performance and maximizing shareholder value."

“As anticipated, we experienced a solid expansion of our gross and net margins, benefitting from higher margin industry mix and the beginnings of improved operating leverage,” stated Mark Attinger, Chief Financial Officer, Paysign.

#### **Financial Guidance**

The Company’s full year financial guidance for 2019 remains unchanged.

#### **Conference Call**

A conference call and live webcast is scheduled for 5:00pm ET, and will be available for at least 90 days at [paysign.com](http://paysign.com). For more information click here.

#### **About Paysign, Inc.**

Paysign, Inc. (NASDAQ: PAYS) is an experienced and trusted prepaid debit card payment solutions provider and integrated payment processor with over 2.5 million cardholders in its portfolio. Paysign designs and develops payment solutions, prepaid card programs, and customized payment services for consumer, corporate and public sector applications.

Paysign’s corporate incentive prepaid cards are changing the way corporations reward, motivate, and engage their current and potential customers, employees, and agents. Paysign’s customizable solutions offer significant cost savings while improving brand recognition and customer loyalty. For over 15 years, healthcare companies, major pharmaceutical companies, multinationals, prestigious universities, and social media companies have relied on Paysign to provide state of the art prepaid payment programs tailored to their unique requirements. Paysign® is a registered trademark of 3PEA Technologies, Inc. in the United States and other countries. For more information visit us at [www.paysign.com](http://www.paysign.com) or follow us on LinkedIn, Twitter and Facebook.

#### **Forward-Looking Statements**

Certain statements in this news release may contain forward-looking information within the meaning of Rule 175 under the Securities Act of 1933 and Rule 3b-6 under the Securities Exchange Act of 1934, and are subject to the safe harbor created by those rules. All statements, other than statements of fact, included in this release, including, without limitation, statements regarding potential future plans and objectives of the companies, are forward-looking statements that involve risks and uncertainties. There is no assurance that such statements will prove to be accurate, and actual results and future events could differ materially. Paysign undertakes no obligation to publicly update or revise any statements in this release, whether as a result of new information, future events, or otherwise.

PAYSIGN, INC.  
CONSOLIDATED STATEMENTS OF INCOME  
FOR THREE MONTHS ENDED MARCH 31, 2019 AND 2018  
(Unaudited)

	For the three months ended March 31,	
	2019	2018
Revenue	\$ 7,257,290	\$ 4,676,320
Cost of revenues	3,482,136	2,433,210
Gross profit	<u>3,775,154</u>	<u>2,243,110</u>
Operating expense		
Depreciation & amortization	333,761	246,038
Selling, general & administrative	2,704,949	1,579,019
Total operating expenses	<u>3,038,710</u>	<u>1,825,057</u>
Income from operations	<u>736,444</u>	<u>418,053</u>
Other income/ (expense)		
Other (expense)	-	(28,000)
Interest income	119,173	20,600
Total Other Income/ (expense)	<u>119,173</u>	<u>(7,400)</u>
Income before noncontrolling interest	855,617	410,653
Income tax benefit	<u>(15,490)</u>	<u>-</u>
Net Income before income tax benefit and noncontrolling interest	<u>871,107</u>	<u>410,653</u>
Net loss attributable to non-controlling interest	<u>564</u>	<u>1,895</u>
Net income attributable to Payscale, Inc.	<u>\$ 871,671</u>	<u>\$ 412,548</u>
Net income per common share - basic	<u>\$ 0.02</u>	<u>\$ 0.01</u>
Net income per common share - fully diluted	<u>\$ 0.02</u>	<u>\$ 0.01</u>
Weighted average common shares outstanding - basic	<u>46,961,079</u>	<u>44,990,765</u>
Weighted average common shares outstanding - fully diluted	<u>54,508,835</u>	<u>50,880,765</u>

PAYSIGN, INC.  
CONSOLIDATED BALANCE SHEETS  
MARCH 31, 2019 and DECEMBER 31, 2018  
(Unaudited)

	March 31, 2019	December 31, 2018
<b>ASSETS</b>		
Current Assets		
Cash	\$ 5,211,161	\$ 5,615,073
Cash restricted	45,928,136	26,050,668
Accounts receivable	667,852	337,303
Prepaid expenses and other assets	1,066,357	1,175,241
Total current assets	<u>52,873,506</u>	<u>33,178,285</u>
Fixed assets, net	1,009,359	883,490
Intangible assets, net	2,215,718	2,115,933
Total assets	<u>\$ 56,098,584</u>	<u>\$ 36,177,708</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 579,052	\$ 1,327,497
Customer card funding	45,112,478	25,960,974
Total current liabilities	<u>45,691,530</u>	<u>27,288,471</u>
Total liabilities	<u>45,691,530</u>	<u>27,288,471</u>
Stockholders' equity		
Common stock \$0.001 par value; 150,000,000 authorized (46,731,912 and 46,440,765 issued and outstanding at March 31, 2019 and December 31, 2018, respectively)	46,732	46,441
Additional paid-in-capital	9,266,563	8,620,144
Treasury stock at cost, 303,450 shares	(150,000)	(150,000)
Retained earnings	1,451,253	579,582
Total Payscale, Inc.'s stockholders' equity	<u>10,614,548</u>	<u>9,096,167</u>
Non-controlling interest	(207,494)	(206,930)
Total stockholders' equity	<u>10,407,054</u>	<u>8,889,237</u>
Total liabilities and stockholders' equity	<u>\$ 56,098,584</u>	<u>\$ 36,177,708</u>

## Paysign, Inc. Non-GAAP Measures

To supplement Paysign's financial results presented on a GAAP basis, we use a non-GAAP measure of Adjusted EBITDA defined as net income less the following cash and non-cash items: interest, taxes, stock-based compensation, amortization and depreciation. We believe this non-GAAP measure helps investors better evaluate our past financial performance and potential future results. Non-GAAP measures should not be considered in isolation or as a substitute for comparable GAAP accounting and investors should read them in conjunction with the Company's financial statements prepared in accordance with GAAP.

"EBITDA" is defined as earnings before interest, taxes, depreciation and amortization expense. "Adjusted EBITDA" reflects the adjustment to EBITDA to exclude stock-based compensation charges. Adjusted EBITDA is not intended to represent cash flows from operations, operating income (loss) or net income (loss) as defined by U.S. GAAP as indicators of operating performance.

Management cautions that amounts presented in accordance with Paysign's definition of Adjusted EBITDA or any other non-GAAP measures may not be comparable to similar measures disclosed by other companies because not all companies calculate Adjusted EBITDA and non-GAAP measures in the same manner.

PAYSIGN, INC.  
RECONCILIATION OF ADJUSTED EBITDA TO NET INCOME  
FOR THREE MONTHS ENDING MARCH 31, 2019 AND 2018

	Three months ended March 31,	
	2019	2018
Net income attributable to Paysign, Inc.	\$ 871,671	\$ 412,548
Income tax benefit	(15,490)	-
Interest	(119,173)	(20,600)
Depreciation and amortization	333,761	246,038
<b>EBITDA</b>	<b>1,070,769</b>	<b>637,986</b>
Stock-based compensation	646,710	137,401
<b>Adjusted EBITDA</b>	<b>\$ 1,717,479</b>	<b>\$ 775,387</b>
Non-GAAP EPS - basic	\$ 0.04	\$ 0.02
Non-GAAP EPS - fully diluted	\$ 0.03	\$ 0.02

### Contacts

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<http://www.paysign.com>

Source: Paysign, Inc.