

# Acquisition of MJ Platform, Leaf Data Systems and Ample Organics

Ryan Hamlin, CEO

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# POSaBIT AT A GLANCE

POSaBIT is the leading payments infrastructure provider for the cannabis industry.

[www.posabit.com](http://www.posabit.com)

INDUSTRY FOCUS

**CANNABIS**

LOCATIONS

**500+**<sup>1</sup>

ACTIVE IN STATES

**22**



CSE

**PBIT**

OTC

**POSaF**

PRODUCT SUITE

- POSaBIT Point of Sale
- POSaBIT Payments
- Robust Reporting Portal

<sup>1</sup> Includes merchants that are active and in implementation.

# POSaBIT to Acquire Software Platforms

Assets being acquired: MJ Platform, Leaf Data Systems and Ample Organics



MJ provides a “Point of Sale” (POS), Cultivation, Processing and Analytics suite



Leaf platform provide a central data management system for tracking regulated cannabis products



Canada’s leading seed-to-sale tracking and eCommerce platform

- Purchase price of \$4M cash, represents ~0.4x 2022 expected revenue<sup>1</sup>
- Aggregate revenue of ~\$11M<sup>1</sup>
- Aggregate gross profit of ~\$6.8M<sup>1</sup>
- 423 POS merchant locations in 16 states, Puerto Rico & Washington D.C.
- No overlap with POSaBIT POS customers; minimal overlap with POSaBIT payment customers
- Gross Merchandise Value (GMV) of ~\$2.0B<sup>2</sup>
- GMV represents total sales flowing through the MJ Platform and represents the opportunity for incremental POSaBIT payments volume
- Compliance revenue from two government contracts (UT & PA)
- Cultivation, manufacturing, distribution and robust analytics module
- 50+ employees

<sup>1</sup> Expected for the 12 months ended December 31, 2022. See “Forward-Looking Information” and “Future-Oriented Financial Information”. Ample revenue recognized at prevailing FX rate on the day of revenue recognition.

<sup>2</sup> Gross Merchandise Value is a performance metric and calculated by the Company as the total dollar amount of all transactions processed by merchant customers.

# What are we acquiring?

## MJ Platform & Leaf Data Systems

- MJ Platform is the retail business that includes POS, as well as modules to support cultivation and analytics;
- Leaf is a state “seed to sale” tracking business; contracts with states of Pennsylvania and Utah – both medical only states
- 423 POS stores representing 192 different customers in 16 states, Puerto Rico and Washington D.C.
  - ~\$2B of GMV processed during the 12 months ending 9/30/22... represents attractive incremental payments opportunity
- ~\$8M<sup>1</sup> revenue, and ~\$4M<sup>1</sup> gross profit

## Ample Organics

- Canada’s leading seed-to-sale compliance tracking and eCommerce platform
- Leading position in largest federally legal market
- Scaled ecosystem including software, payments, data, analytics, marketplace
- ~\$3.2M<sup>1</sup> revenue and ~\$2.8M<sup>1</sup> gross profit

**POSaBIT expects to be Adjusted EBITDA positive both on a standalone and pro forma basis in 2023**

<sup>1</sup> Expected for the 12 months ended December 31, 2022. See “Forward-Looking Information” and “Future-Oriented Financial Information”. Ample revenue recognized at prevailing FX rate on the day of revenue recognition.

# Why this Acquisition? Expanded Product Offerings

Adds major components to POSaBIT's existing product suite and a new product line:

- New Components: Grow/Cultivation Modules (MJ Platform) – can be sold to existing POSaBIT vertically integrated POS customers
- New Product line: State Traceability System (Leaf)

Currently, POSaBIT's Open API allows seamless integration with grow/cultivation software and state traceability systems. The addition of MJ Platform and Leaf gives POSaBIT a native end-to-end solution

- This is appealing for vertically-integrated dispensaries/any organization that prefers an all-in-one solution, and is vital for large MSO's that require a robust enterprise solution

# Why this Acquisition? Payments Opportunity

Acquisition immediately Doubles POSaBIT's store count, all of which are potential payments opportunities

POSaBIT to integrate payments solution with the MJ Freeway point of sale

- Outside of cannabis, point of sale and payments are fully integrated in every other industry
- The largest market leading integrated payments companies including Square, Toast, Clover, etc. offer fully integrated payments and POS solutions
- Payments within the cannabis industry is complex, and POSaBIT is uniquely positioned to monetize transaction volume
  - POSaBIT's PIN Debit solution is the most complete, most trusted, and longest running compliant solution in the industry
- Each new store represents significant revenue and gross profit upside
- Full product suite – including payments – provides a compelling anchor solution for merchants
- Opens the door for further MSO opportunities already utilizing the MJ Platform



# Illustrative Revenue Synergy Analysis





- The MJ Platform currently has 423 POS locations with ~\$2B of GMV
  - ~\$4.7M of volume per location annually
- Historically, POSaBIT payments share of wallet is ~1/3 after one year of processing and continues to increase over time
  - Non-cannabis retailers sees 95% digital payments penetration. This remains the long-term upside.
- We estimate each store converted to POSaBIT payments will contribute ~\$28,000 of annualized gross profit<sup>1</sup>

MJ Platform locations converted to POSaBIT Payments								
(\$ USD in millions)	0	50	100	150	200	250	300	350
Incremental Gross Profit	\$0.0	\$1.4	\$2.8	\$4.3	\$5.7	\$7.1	\$8.5	\$9.9

<sup>1</sup>Based on Q3 2022 payments gross profit as a percent of transactional sales and initial wallet share of 1/3.

# Point of Sale Competition: A Comparison

Positions POSaBIT as a leading, vertically integrated solutions provider

	POSaBIT	Dutchie	BioTrack	Treez	Blaze
Retail Point-of-Sale	✓  POSaBIT	✓	✓	✓	✓
Cultivation / Grow Software	✓  mj freeway	✓	✓		✓
Payments and Reporting	✓  POSaBIT				
State Traceability System	✓  mj freeway		✓		

# Key Transaction Terms

Purchase Price	<ul style="list-style-type: none"> <li>• \$4M cash paid at closing representing 0.4x 2022E Revenue<sup>1</sup></li> </ul>
Timing and Approvals	<ul style="list-style-type: none"> <li>• Transaction is expected to close during Q2 2023</li> <li>• Subject to customary closing conditions including Akerna shareholder approval</li> </ul>
Capital Raise	<ul style="list-style-type: none"> <li>• POSaBIT is raising up to \$11M to support this transaction             <ul style="list-style-type: none"> <li>• Use of proceeds: purchase price, acquisition pipeline, general corporate purposes</li> </ul> </li> </ul>
Debt Financing	<ul style="list-style-type: none"> <li>• Up to \$8M of debt financing (to close at transaction close or sooner at POSaBIT option)             <ul style="list-style-type: none"> <li>• Three-year term</li> <li>• 10% annual interest in years one and two, 12% in year three</li> <li>• Up to 800,000 POSaBIT common share purchase warrants with a \$1.50 CAD exercise price, exercisable for three-years</li> </ul> </li> </ul>
Equity Financing	<ul style="list-style-type: none"> <li>• \$3M of equity financing (closed today)             <ul style="list-style-type: none"> <li>• \$0.90 CAD per unit</li> <li>• Each unit consists of one common share and 0.95 common share purchase warrants with a \$1.25 CAD exercise price</li> <li>• Implies ~4.5M shares and ~4.3M warrants</li> <li>• Securities subject to a four month hold period</li> </ul> </li> </ul>

<sup>1</sup> See “Forward-Looking Information” and “Future-Oriented Financial Information”.

# Combined Company at a Glance

	POSaBIT <sup>1</sup>	MJP/Ample <sup>2</sup>	Combined	Synergy Potential
GMV (Payments Opportunity)	~\$1.5 billion	~\$2.0 billion	~\$3.5 billion	✓
Customer Locations	500+	423	900+	✓
States / Territories	22	18 <sup>3</sup>	27 <sup>3</sup>	✓
State Contracts	0	2	2	✓
Employees	~50	~50	~100	✓
SaaS Revenue	~\$6 million <sup>1</sup>	~\$10 million	~\$16 million	✓
Total Revenue	~\$43 million <sup>1</sup>	~\$11 million	~\$54 million	✓
Gross Profit	~14 million <sup>1</sup>	~\$7 million	~\$20 million	✓

Note: Numbers may not sum due to rounding. All numbers are approximate.

<sup>1</sup>Based on Reported Q3 financial annualized, pro forma for a full quarter of licensing revenue.

<sup>2</sup>Based on expected 2022 financials. See “Forward-Looking Information” and “Future-Oriented Financial Information”.

<sup>3</sup>Includes 16 states plus Puerto Rico and Washington D.C.

Thank you!

