

POSaBIT Acquires Payments Solutions Provider Hypur for US\$7.5 Million, Adding Over US\$100 Million in Annualized Payment GMV

Uniquely Positions POSaBIT as Only Payments Provider Serving Cannabis Industry with Multiple Processing Solutions

Adds a Proven Cannabis Bank Compliance Platform and Multiple Bank Partners

TORONTO / SEATTLE – April 3, 2023 - POSaBIT Systems Corporation (“POSaBIT” or the “Company”) (CSE: PBIT, OTC: POSAF), a premier point-of-sale and payments provider for the cannabis industry, today announced it has acquired certain assets from Hypur Inc. (“Hypur”), effective April 1, 2023, in a cash and equity transaction valued at up to US\$7.5 million, implying a purchase price multiple of 1.4x 2022 revenue.¹

Hypur is a leading provider of compliant, sustainable payment and bank compliance solutions for high-risk industries, including cannabis businesses. Hypur has extensive partnerships with banks and credit unions throughout the United States who have used Hypur’s technology to provide banking and payment services to the cannabis industry since 2016. Included in the acquisition is Hypur Comply, Hypur Pay, and Hypur’s PIN debit merchant processing solution.

The acquisition enables POSaBIT to offer a more comprehensive suite of payment and compliance solutions for the cannabis industry, including redundant PIN debit payment processing, Hypur Pay, the leading cannabis ACH eCommerce and mobile payment solution, and Hypur Comply, compliance technology for financial institutions serving the cannabis industry. With the acquisition, POSaBIT now provides a one-stop shop for all payment and bank compliance needs for cannabis dispensaries, processors, cultivators, distributors, and the financial institutions that serve them.

Acquisition Highlights

- The acquired assets generated approximately US \$5.3 million in revenue and US\$1.3 million in gross profit during the 12 months ended December 31, 2022.¹
- Establishes POSaBIT as the only payments provider with redundant PIN debit processors serving the cannabis industry.
- Adds extensive network of banking relationships, enhancing the sustainability of POSaBIT’s payment solutions.
- Adds 9 experienced professionals, including Michael J. Sinnwell, Jr., one of the most experienced cannabis payments and bank compliance experts in the industry.

¹ Based on estimates by the Company with reference to unaudited financial results of Hypur for the year ended December 31, 2022, as converted into the Company’s method of accounting. See “*Financial Outlook*”.

- Adds over 150 active merchant locations, generating over US\$100 million of annualized payment Gross Merchandise Value (GMV)², and a strong pipeline including over 60 merchant locations expected to go live in the next 90 days.
- Includes Hypur Pay app on the android and iOS app stores and over 165,000 Hypur Pay consumer profiles.
- Adds strong B2B capabilities, including invoicing and ACH payments, allowing POSaBIT to provide merchant services to cannabis cultivation and grow operations.

"We are thrilled to announce that POSaBIT has acquired Hypur, a leading provider of compliance and payment solutions for the cannabis industry. This acquisition marks a significant milestone for POSaBIT as we continue to expand our footprint and capabilities in the rapidly growing cannabis payments and point-of-sale market", said Ryan Hamlin, CEO and Co-founder of POSaBIT.

"We are excited to join forces with POSaBIT," said Michael J. Sinnwell, Jr., CEO of Hypur. "We have been providing compliance and payment technology to financial institutions serving the cannabis industry for nearly a decade and look forward to expanding our reach with POSaBIT. Together, we can provide a more comprehensive and fully redundant suite of payment and compliance solutions to the cannabis industry, making it easier for businesses to operate and thrive."

Hamlin added, "Hypur's innovative technology and deep expertise in compliance and payments further enhances our platform and enables us to serve the needs of our customers better. Together, we can offer a more comprehensive and integrated solution to cannabis merchants for both their retail and online payments needs, providing them with the solutions needed to grow their business while remaining compliant with complex regulations.

We are excited to welcome the talented Hypur team to the POSaBIT family and look forward to working together to deliver even greater value to our customers."

The Hypur acquisition is the latest in a series of strategic moves by POSaBIT to solidify its position as a leading provider of payments and point-of-sale technology for the cannabis industry. With this acquisition, POSaBIT is well-positioned to continue its growth and expansion into new markets, providing payment and compliance solutions that are safe, transparent, and compliant.

Transaction Financial Details

- As consideration for the acquisition, POSaBIT issued an aggregate of 6,210,729 common shares in the capital of POSaBIT ("Shares") and US\$1.5 million in cash. The cash was funded by the previously announced Debt Facility (as defined herein).
- POSaBIT will pay up to an additional 1,242,146 Shares following the achievement of certain milestones.

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

- The Loan Warrants and Shares issued pursuant to the acquisition are subject to restrictions on resale under applicable Canadian securities laws for a period of four months from the date of issuance. Additionally, 1,242,146 Shares issued pursuant to the acquisition are subject to contractual resale restrictions for a period of six months and 1,242,146 Shares issued pursuant to the acquisition are subject to contractual resale restrictions for a period of twelve months.

Concurrent with closing, POSaBIT entered into its previously announced credit agreement with Perga Capital Partners, LP (“**Perga**”) in connection with an up to US\$8 million unsecured credit facility (the “**Debt Facility**”) with an initial 3-year term, at an initial interest rate of 10% per annum for the first two years and a final interest rate of 12% per annum for the last year. The repayment of the Debt Facility will not be subject to any pre-payment penalty. At closing, US\$3,000,000 was advanced to the Company under the Debt Facility and 300,000 Share purchase warrants of the Company (the “**Loan Warrants**”) were issued to Perga in connection with the first draw-down. Each Loan Warrant will be exercisable for one Share at C\$1.50 per share for a period of 36 months following the date of issuance.

POSaBIT expects to report financial results for the 3 and 12 months ended December 31, 2022, and host a conference, call on April 26, 2023, to discuss the financial results, the Hypur acquisition, and provide FY 2023 guidance inclusive of the acquisition.

Related Party Disclosure

Alex Sharp is an insider of the Company and exercises control or direction over Perga. Pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”), the entering into of the Debt Facility and the issuance of the Bonus Warrants are each a “related party transaction” by virtue of such insider participation. The Company is exempt from the formal valuation requirement of MI 61-101 in connection with the insider participation in reliance on section 5.5(b) of MI 61-101, as no securities of the Company are listed or quoted for trading on the Toronto Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ stock market or any other stock exchange outside of Canada and the United States. Additionally, the Company is exempt from obtaining minority shareholder approval in connection with the insider participation in reliance on section 5.7(1)(a) of MI 61-101 as the aggregate value of the insider participation does not exceed 25% of the market capitalization of the Company. The Company did not file a material change report in respect of the related party transaction at least 21 days before the closing of the Debt Facility or the issuance of the Bonus Warrants, which the Company deems reasonable in the circumstances in order to complete the Debt Facility in an expeditious manner.

Forward-Looking Statements

This news release contains certain forward-looking information within the meaning of applicable Canadian securities laws (“forward-looking statements”). All statements other than statements of present or historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “anticipate”, “achieve”, “could”, “believe”, “plan”, “intend”, “objective”, “continuous”, “ongoing”, “estimate”, “outlook”, “expect”, “project”

and similar words, including negatives thereof, suggesting future outcomes or that certain events or conditions “may” or “will” occur. Forward-looking statements may include, among other things, statements about: the synergies relating to the acquisition of the assets of Hypur, expected growth of merchant locations, expected growth of GMV, regarding present and future business strategies and the environment in which POSaBIT will operate in the future, demand for our products, anticipated costs and ability to achieve goals.

Forward-looking statements are subject to known and unknown risks, uncertainties and other important factors that may cause the actual results to be materially different from those expressed or implied by such forward-looking statements, including but not limited to, business, economic and capital market conditions; the ability to manage our operating expenses, which may adversely affect our financial condition; our ability to remain competitive as other better financed competitors develop and release competitive products; regulatory uncertainties; market conditions and the demand and pricing for our products; our relationships with our customers, distributors and business partners; our ability to successfully define, design and release new products in a timely manner that meet our customers’ needs; our ability to attract, retain and motivate qualified personnel; competition in our industry; our ability to maintain technological leadership; our ability to manage risks inherent in foreign operations; the impact of technology changes on our products and industry; our failure to develop new and innovative products; our ability to successfully maintain and enforce our intellectual property rights and defend third-party claims of infringement of their intellectual property rights; the impact of intellectual property litigation that could materially and adversely affect our business; our ability to manage working capital; and our dependence on key personnel. POSaBIT is an early stage company with a short operating history; it may not achieve profitability; and it may not actually achieve its plans, projections, or expectations.

Important factors that could cause actual results to differ materially from POSaBIT’s expectations include consumer sentiment towards POSaBIT’s products, litigation, global economic climate, loss of key employees and consultants, additional funding requirements, changes in laws, technology failures, competition, and failure of counterparties to perform their contractual obligations.

Neither we nor any of our representatives make any representation or warranty, express or implied, as to the accuracy, sufficiency, or completeness of the information in this news release. Neither we nor any of our representatives shall have any liability whatsoever, under contract, tort, trust or otherwise resulting from the use of the information in this news release or for omissions from the information in this news release.

Financial Outlook

This news release contains a financial outlook within the meaning of applicable Canadian securities laws. The financial outlook has been prepared by management of the Company to provide an outlook for the acquired assets of Hypur and may not be appropriate for any other purpose. The financial outlook has been prepared based on a number of assumptions including certain of the assumptions discussed under the heading “*Forward-Looking Statements*”. The actual results of such acquired assets for any period will likely vary from the amounts set forth in these

projections and such variations may be material. The Company and its management believe that the financial outlook has been prepared on a reasonable basis. However, because this information is highly subjective and subject to numerous risks, including the risks discussed under the heading “*Forward-Looking Statements*”, it should not be relied on as necessarily indicative of future results.

About Hypur

Hypur provides electronic payment and compliance technology for high-risk and cash-intensive industries including cannabis businesses. Hypur has been an innovator in cannabis payments since 2016 through their network of financial institutions that use Hypur Comply to confidently serve cannabis businesses. Hypur’s cannabis payment solutions include PIN debit processing for in-store and delivery payments and ACH payments (Hypur Pay) for in-store, delivery, order-ahead and eCommerce payments. For additional information, visit hypur.com.

About POSaBIT

POSaBIT (CSE: PBIT, OTC: POSAF) is a FinTech, working exclusively within the cannabis industry. We provide a best-in-class Point-of-Sale solution and are the leading cashless payment provider for cannabis retailers. We work tirelessly to build better financial services and transaction methods for merchants. We bring cutting edge software and technology to the cannabis industry so that all merchants can have a safe and compliant set of services to solve the problems of a cash-only industry. For additional information, visit www.posabit.com.

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