



Ackroo Announces Sale to Paystone

Paystone to acquire Ackroo in an all-cash transaction valued at \$21 million

HAMILTON, Ontario, Dec. 13, 2024 -- [Ackroo Inc.](#) (TSX-V: AKR; OTC: AKRFF) (the “**Company**” or “**Ackroo**”), a gift card, loyalty marketing, payments and point-of-sale technology consolidator and services provider, announces that it has signed a definitive arrangement agreement (the “**Arrangement Agreement**”), dated December 12th, 2024, with Paystone Inc. (“**Paystone**”). Pursuant to the Arrangement Agreement, Paystone will acquire (the “**Transaction**”) all of the issued and outstanding shares of Ackroo (the “**Ackroo Shares**”) at a price of \$0.15 per Ackroo Share, and will assume all assets and liabilities of the Company, including the Company’s existing debt to BDC Capital Inc. (“**BDC**”). The purchase represents approximately a 25% premium over yesterday’s closing price and approximately a 36% premium over the 90 days volume weighted average price. With 115,304,952 Ackroo Shares currently issued and outstanding, approximately 9,000,000 options that are in the money, and close to \$3,000,000 of debt owed to BDC, which will be repaid by the Purchaser on the closing of the Transaction, the enterprise value of the Transaction is approximately \$21,000,000.

“I am very happy for our shareholders, employees and clients,” said Steve Levely, CEO of Ackroo. “The goal at Ackroo since I took over in May 2014 was to accrue value through market consolidation until we were consolidated ourselves. Ten years later, here we are with a business that has scaled by combining smaller adjacent software and payment organizations into one combined entity which has delivered both financial and functional success. While I am proud of what we have done to get to this point, I am equally excited for what is next for our staff and valued clients. Paystone has been consolidating the industry as well, acquiring direct competitors of ours like Datacandy and integrating payment and value-added software solutions. Bringing all of these assets and tools together under one organization to further optimize and scale is an exciting next step for all involved. I am also happy for our shareholders. Speaking on behalf of the board, we believed, at this stage of the business, and given the current state of the capital markets, it was in the best interest of the company to pursue this Transaction, which creates a liquidity event for shareholders while positioning Ackroo’s product, team and clients to be able to benefit from a much larger private organization.”

Transaction Terms

Pursuant to the terms and conditions of the Arrangement Agreement, the holders of the issued and outstanding Ackroo Shares will receive \$0.15 cash (the “**Offer Price**”) for each Ackroo Share held immediately prior to closing of the Transaction. In connection with the Transaction, Ackroo has agreed to accelerate vesting of all of outstanding incentive stock options, and Paystone has agreed to complete a cash payment to holders of all outstanding “in-the-money” options upon closing in an amount equivalent to the difference between the exercise price of the options and the Offer Price. Upon closing, all outstanding incentive stock options will be cancelled. The Transaction will be carried out by way of a court-approved plan of arrangement under the *Canada Business Corporations Act*.

Steve Levely, the Chief Executive Officer of Ackroo, and another arm’s length shareholder (together, the “**Deferring Shareholders**”), have agreed to defer payment of the Offer Price, for any Ackroo Shares they hold, for a minimum twelve months following closing. The Deferring Shareholders will receive, in lieu of the cash consideration, the equivalent principal amount unsecured subordinated promissory note of Paystone. Upon closing, Mr. Levely has also agreed to assume the role of Chief Operating Officer of Paystone.

The Arrangement Agreement contains customary deal-protection provisions including a non-solicitation covenant in respect of Ackroo, a right of Paystone to match any superior proposal as defined and described in the Arrangement Agreement. Under certain circumstances, if the Arrangement Agreement is terminated, Paystone would be entitled to a termination fee of \$750,000. Full details of the Transaction will be included in a management information circular to be mailed to Ackroo shareholders and will be available on SEDAR+ in the coming weeks. In addition, a copy of the Arrangement Agreement will be filed under Ackroo’s profile on SEDAR+.

Conditions to Completion

Completion of the Transaction is subject to a number of terms and conditions, including, without limitation, the following: (a) approval of the Ackroo shareholders, as described below; (b) approval of the TSX Venture Exchange; (c) issuance of a final order by the Ontario Superior Court of Justice; (d) Paystone obtaining debt financing sufficient to satisfy the Offer Price; and, other standard conditions of closing for a transaction of this nature. Furthermore, the Arrangement Agreement may be terminated by the Company if, prior to 5:00 p.m. (Toronto time) on January 13, 2025, the Purchaser has not obtained a commitment letter in respect of such debt financing. There can be no assurance that all necessary approvals will be obtained or that all conditions to completion of the Transaction will be satisfied.

The Transaction is subject to approval at a special meeting of Ackroo shareholders (the “**Ackroo Meeting**”) and requires: (a) an affirmative vote in favour from 66.67% of the votes cast by Ackroo shareholders at the Ackroo Meeting; and (b) a simple majority of votes cast by Ackroo shareholders, excluding votes held by persons described in items (a) through (d) of Section 8.1(2) of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*. Paystone does not require shareholder approval of the Transaction.

Transaction Timeline

Pursuant to the Arrangement Agreement and subject to satisfying all necessary conditions and receipt of all required approvals, the parties anticipate completing the Transaction in February 2025. In connection with completion of the Transaction, the Ackroo Shares will be de-listed from the TSX Venture Exchange and following closing, Ackroo will make an application to cease to be a reporting issuer under Canadian securities laws.

Recommendation of the Board of Directors and Fairness Opinion

After consultation with its financial and legal advisors, and following receipt of the unanimous recommendation by a Special Committee of Ackroo composed entirely of independent directors (the “**Special Committee**”), the board of directors of Ackroo (the “**Ackroo Board**”) unanimously approved the entering into of the Arrangement Agreement (with interested directors abstaining). The Ackroo Board recommends that Ackroo shareholders vote in favour of the Transaction. Paradigm Capital Inc. provided a verbal fairness opinion to the Ackroo Board, to be confirmed by a written opinion, to the effect that, as of the date of such opinion and subject to the assumptions, limitations and qualifications stated in such opinion, the consideration to be received by Ackroo shareholders (other than the Deferring Shareholders) pursuant to the Transaction is fair from a financial point of view, to such Ackroo shareholders.

Voting Supporting Agreements

In connection with signing of the Arrangement Agreement, certain directors, officers and shareholders of Ackroo have entered into voting support agreements with Paystone, agreeing to vote their Ackroo Shares in favour of the Transaction at the Ackroo Meeting. An aggregate of 72,669,960 Ackroo Shares, representing approximately 63.19% of the issued and outstanding Ackroo Shares are subject to these voting support agreements.

Advisors and Counsel

Paradigm Capital Inc. is acting as financial advisor to Ackroo and had provided a fairness opinion to the Ackroo Board. Cassels Brock & Blackwell LLP is acting as legal counsel to Ackroo, and Miller Thomson LLP is acting as legal counsel to Paystone.

About Paystone

Paystone is a leading North American payment and software company redefining the way merchants engage their customers and grow their businesses. The company's suite of automated payment processing, customer loyalty programs, gift card solutions, and reputation marketing software is used at over 35,000 merchant locations across Canada and the United States which collectively process over 10 billion dollars a year in bankcard volume. The fintech company employs over 150 employees and serves as the technology partner of choice for hundreds of partners across North America.

About Ackroo

As an industry consolidator, Ackroo acquires, integrates and manages gift card, loyalty marketing, payment and point-of-sale solutions used by merchants of all sizes. Ackroo's self-serve, data driven, cloud-based marketing platform helps merchants in-store and online process and manage loyalty, gift card and promotional transactions at the point of sale. Ackroo's acquisition of payment ISO's affords Ackroo the ability to resell payment processing solutions to their growing merchant base through some of the world's largest payment technology and service providers. As a third revenue stream, Ackroo has acquired certain custom software products including hybrid management and point-of-sale solutions that help manage and optimize the general operations for niche industry's including automotive dealers and more. All solutions are focused on helping to consolidate, simplify and improve the merchant marketing, payments and point-of sale ecosystem for their clients. Ackroo is headquartered in Hamilton, Ontario, Canada. For more information, visit: www.ackroo.com.

For further information, please contact:

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The TSX Venture Exchange has neither approved nor disapproved the contents of this press release. Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Forward Looking Statements

This release contains forecasts and forward-looking statements that are not guarantees of future performance and activities and are subject to risks and uncertainties. The Company has based these forward-looking statements on assumptions and assessments made by its management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Important factors that could cause actual results, developments and business decisions to differ materially from those anticipated in these forward-looking statements include, but are not limited to: the possibility that the Transaction will not be completed on the terms and conditions or timing currently contemplated, or at all, due to a failure to obtain, in a timely manner or otherwise, required shareholder, court and regulatory approvals, the failure to satisfy other conditions of closing or other circumstances contemplated by the Arrangement

Agreement; the possibility of adverse reactions or changes in business relationships resulting from the announcement, completion or termination of the Transaction which could have a material impact on the Company's business and financial condition during the period prior to the closing of the Transaction and upon any termination of the Transaction; the Company's ability to raise enough capital to support the Company's go forward plans; the overall global economic environment; the impact of competition and new technologies; general market, political and economic conditions in the countries in which the Company operates; projected capital expenditures and liquidity; changes in the Company's strategy; government regulations and approvals; changes in customers' budgeting priorities; plus other factors that may arise.

Actual results or events could differ materially from those contemplated in forward-looking statements as a result of the following: (i) the ability to secure the required shareholder or court approvals; (ii) the occurrence of a "Material Adverse Effect" (as defined in the Arrangement Agreement) or the failure to satisfy any other closing condition in favour of Paystone provided for in the Arrangement Agreement, which condition is not waived by Paystone; and (iii) Paystone's ability to obtain debt financing sufficient to satisfy the Offer Price. Forward-looking statements may also include, without limitation, any statement relating to future events, conditions or circumstances.

Any forward-looking statements in this press release are made as of the date hereof, and the Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.