

Australis Capital Inc

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Australis Capital to acquire casino payment platform Passport Technology, leveraging fintech assets globally

Australis Capital Inc (CSE:AUSA) (OTCMKTS:AUSAF) is boosting its fintech assets with the addition of a new, revenue-generating gaming platform with an international footprint.

In a statement Thursday, the company announced a series of moves related to the acquisition, including a new financing, management reshuffle and name change.

The Las Vegas-based company is acquiring Passport Technology Inc, which partners with casino operators to increase gaming revenue by delivering funds to the casino floor through cash and cashless payment portals. Passport is in 72 physical casinos with 124 unattended kiosks throughout five countries.

READ: Australis Capital says Cocoon Technology helps dispensaries to reopen with the launch of contactless, self-service kiosks

Passport will complement Australis' existing fintech assets - Cocoon Technology and Paytron - to leverage purpose-built technology for highly regulated industries with a growing need for unattended kiosk solutions with a global market expected to surpass \$46 billion by 2026, according to Australis. As a Platform-as-a-Service (PaaS) technology, both Passport and Cocoon reside in the cloud and are easily duplicated to new jurisdictions and markets.

"Passport provides immediate revenue and profitability to AUSA with significant growth opportunities and Passport shareholders enthusiastically support the proposed acquisition and are happy to accept almost half the consideration in AUSA stock," Current Australis CEO Scott Dowty said in a statement.

Dowty, a cofounder of Passport and its current chairman, will step down as CEO of Australis in favour of the company's chief revenue officer Cleve Tzung.

Tzung has extensive experience in operations, mergers and acquisitions and strategic planning, most notably at Mattel and PepsiCo.

"The acquisition of Passport allows AUSA to maximize development efforts in these and other high barrier to entry verticals pushing the envelope on unattended kiosk and omnichannel technology, solving pain points for industries through a solution and sales-oriented culture," Tzung, Australis' incoming CEO told shareholders.

"With the acquisition of Passport and growth in the Cocoon Technology and Paytron business lines, AUSA expects to be EBITDA positive in 2021 with exciting growth prospects beyond."

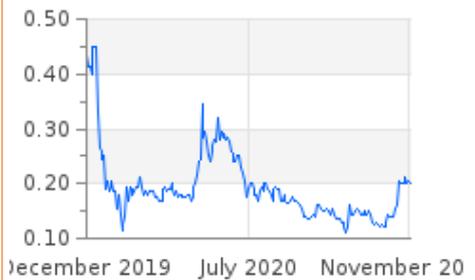
Deal terms

Closing consideration for the proposed transaction includes 58,651,552 of Australis shares valued at \$12.2 million based on a 15-day trading volume-weighted average, as well as a \$9.6 million cash payment, of which \$3 million is

Price: 0.2

Market Cap: \$35.24 m

1 Year Share Price Graph



Share Information

Code: AUSA

Listing: CSE

52 week High Low
0.48 0.1

Sector: Cannabis

Website: www.ausacap.com

Company Synopsis:

AUSA operates and builds transformative, differentiated cannabis companies predominantly in the United States, a highly-regulated, fragmented, and rapidly expanding industry. AUSA adheres to stringent evaluation and operating criteria focusing on high-quality opportunities while maintaining a steadfast commitment to governance and community.

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payable from its holdings in Body and Mind Inc and \$6.6 million payable in real property (or cash if the real property is sold prior to closing).

If the company achieves over \$7 million in revenue in 2021, Passport shareholders will be entitled to \$2 million in shares of Australis and Body and Mind. If the company achieves over \$8 million in revenue in 2021, Passport shareholders will earn an additional \$2 million in shares of Australis and Body and Mind. In addition, as long as EBITDA in 2021 is above \$3 million, Passport shareholders will receive 25% of revenue in excess of \$7 million in 2021.

Private placement

In connection with the Passport acquisition, Australis said it is raising between \$5 million and \$8 million through a non-brokered private placement of a minimum of 1.4 million units and up to 2.24 million units priced at C\$0.28. Each unit consists of one share and one-half of one warrant exercisable at C\$0.38 for a two-year period.

The private placement is contingent upon Australis shareholder approval of the Passport acquisition. In case that approval is not received, Passport will receive a US\$2.5 million cash payment.

Net proceeds of the placement will go towards closing the Passport transaction, fund ongoing operations, and additional investments, Australis said.

Name change

Australis also said it is planning to change its name to AUSA Corporation to reflect its move to more diverse business lines. The company will table the resolution at its upcoming annual general meeting.

The firm also said that Alex Han will take the finance reins as its full-time CFO. Han had previously served in the role on an interim basis.

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