

December 13, 2021



# Akerna Addresses Prohibited Use of "Cashless ATMs" in the Cannabis Industry

**Akerna and its brands have always strived to adhere to all legislative and regulatory guidelines around banking in the cannabis industry while providing compliant payment options for its customers.**

DENVER, Dec. 13, 2021 /PRNewswire/ -- Akerna Corp. ("Akerna" and the "Company") (Nasdaq: KERN), a leading enterprise software company and the developer of the most comprehensive technology infrastructure, ecosystem, and compliance engine powering the global cannabis industry, is providing the following information in response to investor inquiries relating to news about so-called "Cashless ATM" usage in the cannabis industry.



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Akerna does not offer a Cashless ATM product and has never collected revenue relating to Cashless ATM transactions.

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Akerna and its family of brands have always sought to strictly adhere to all state and federal legislative guidelines and compliance regulations around banking and payments in the cannabis industry. Akerna does not offer a Cashless ATM product and has never collected revenue relating to Cashless ATM transactions. Akerna fully vets all integration partners, including payment providers.

**Q: What is a Cashless ATM?**

A: Cashless ATMs, also referred to as Point of Banking, are POS (Point of Sale) devices driven by payment applications that mimic standalone ATMs. The devices are used for cannabis purchase transactions which are miscoded as ATM withdrawals. They are referred to as "cashless" because the cardholder receives product instead of cash.

**Q: How do Cashless ATM transactions work?**

Consumers insert or swipe their debit card into a Cashless ATM device and enter their PIN. The transaction amount is rounded up to a multiple of \$5 to give the appearance of an ATM withdrawal. One of the problems with Cashless ATMs is that transactions are submitted to card networks as ATM cash disbursements, not retail transactions.

**Q: Why are Cashless ATMs used in cannabis? Are Cashless ATMs prevalent in cannabis?**

A: Cashless ATMs are used to intentionally disguise cannabis purchase transactions from banks and networks that would otherwise prohibit the transaction. The use of Cashless ATMs is widespread in the cannabis industry – Akerna believes Cashless ATMs are used by approximately half of all cannabis stores across the country.

**Q: Why are Cashless ATMs being shut down?**

A: It has been reported that Visa sent a memo to banks entitled "*Cashless ATM and Misuse of ATM Transactions Prohibited*", which makes it clear that Cashless ATMs are prohibited for purchase transactions and that violations would be subject to penalties. Other networks are expected to follow suit.

**Q: Does Akerna provide Cashless ATMs or generate revenue from Cashless ATMs?**

A: No, Akerna does not offer a Cashless ATM product and has never collected revenue relating to Cashless ATM transactions. Akerna fully vets all integration partners, including payment providers. As a compliance company, Cashless ATMs do not align with Akerna's primary mission of ensuring our clients and their consumers have trusted systems that make it easy to follow governing legislation and compliance regulations without putting their business or license at risk.

**Q: Are there other methods of payment Akerna clients can use?**

A: Yes. Akerna currently partners and integrates with cannabis payment solutions such as Hypur and Tendr.

"We sit poised on the precipice of true change. We believe we have a favorable position in Washington D.C. This is a day we have worked so hard to achieve," said Jessica Billingsley, Akerna Chief Executive Officer. "In an industry where we have to work doubly hard to prove our legitimacy, the actions around Cashless ATMs by others in the industry jeopardize the entire industry's efforts and businesses."

**About Akerna**

Akerna (Nasdaq: [KERN](#)) is an enterprise software company focused on compliantly serving

the cannabis, hemp, and CBD industries. Based in Denver, Colorado, the Company's mission is to create the world's most transparent and accountable supply chain by building a cannabis technology ecosystem connecting data points across the global cannabis supply chain from seed to sale to self.

Using connected data and information to propel the cannabis industry forward, Akerna empowers businesses, governments, patients, and consumers to make smart decisions. The Company's cornerstone technology, MJ Platform, the cannabis industry's leading infrastructure as a service platform, powers retailers, manufacturers, brands, distributors, and cultivators. Akerna also offers a complete suite of professional consulting services and data analytics for businesses as well as solo sciences, MJ Freeway, Leaf Data Systems, Trellis, Ample Organics, Viridian Sciences and 365 Cannabis.

For more information, visit <https://www.akerna.com/>.

### **Forward Looking Statements**

Certain statements made in this release are "forward-looking statements" within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. When used in this press release, the words "estimates," "projected," "expects," "anticipates," "forecasts," "plans," "intends," "believes," "seeks," "may," "will," "should," "future," "propose" and variations of these words or similar expressions (or the negative versions of such words or expressions) are intended to identify forward-looking statements. Such forward-looking statements include but are not limited to statements regarding our compliance efforts in the future in relation to banking and payments, future actions against Cashless ATM transactions, Akerna's position in the industry related to payments, our preparation for a potential post-legalization landscape, and our believe enterprise capabilities, including comprehensive compliance solutions and financial reporting integrations, will become increasingly important to the future leaders of the cannabis industry. These forward-looking statements are not guarantees of future performance, conditions or results, and involve a number of significant known and unknown risks, uncertainties, assumptions, and other important factors, many of which are outside Akerna's control, that could cause actual results or outcomes to differ materially from those discussed in the forward-looking statements. Important factors, among others that may affect actual results or outcomes, include (i) Akerna's ability to maintain relationships with customers and suppliers and retain its management and key employees, (ii) changes in applicable laws or regulations, (iii) changes in the market place due to the coronavirus pandemic or other market factors, (iv) and other risks and uncertainties disclosed from time to time in Akerna's filings with the U.S. Securities and Exchange Commission, including those under the heading "Risk Factors" in the Company's latest annual report on Form 10-KT filed on March 31, 2021 and in its subsequent reports. You are cautioned not to place undue reliance on forward-looking statements. All information herein speaks only as of the date hereof, in the case of information about Akerna, or the date of such information, in the case of information from persons other than Akerna. Akerna undertakes no duty to update or revise the information contained herein. Forecasts and estimates regarding Akerna's industry and end markets are based on sources believed to be reliable; however, there can be no assurance these forecasts and estimates will prove accurate in whole or in part.

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