



For immediate release

ATW Tech Inc. announces the acquisition of NEOS Group Inc. and new private placement

Montreal, August 30, 2023 - ATW Tech Inc. (the "**Company**" or "**ATW**") (TSX-V: **ATW**) provides an update on the previously announced acquisition process, confirms the acquisition of NEOS Group Inc. and announces a new private placement.

Acquisition

On June 21, 2022, the Company announced its intention to acquire two targets and subsequently provided updates in connection with these transactions to clarify its intention to close the first target by August 31, 2023, the latest of which updates was published by ATW as of June 28, 2023. As of today, ATW is pleased to announce the closing of the acquisition of NEOS Group Inc. (the "**Transaction**").

NEOS Group Inc. ("**NEOS**") is a Quebec-based company that offers data analysis (BI) tools, advanced analytics and consulting services to help its clients transform their business and optimize their operations using sophisticated data strategies. Supported by an experienced management team, over 10 employees and tailored analytics solutions, NEOS offers services in multiple industries, including public safety, finance and retail. The products and expertise of the NEOS team will allow ATW to enhance its product portfolio and mark the beginning of a new area for ATW in artificial intelligence and data analysis tools. NEOS generated a turnover of \$1,152,896 as of February 28, 2023. As of May 31, 2023, according to its unaudited in-house financial statements, NEOS had assets of \$616,756 and liabilities of \$632,728. In addition, for the period from March 1, 2023 to May 31, 2023, NEOS recorded sales of \$415,677.

As part of the Transaction, the Company acquires all of the outstanding shares of the capital stock of NEOS for a total purchase price of \$3,107,572. This price is payable at closing by the issuance to the sellers of 48,421,827 shares of ATW at a deemed price of \$1,452,655, the issuance of convertible debentures for a total amount of \$825,000, the assumption of a debt of NEOS by ATW in the estimate amount of \$403,026, the assumption of a seller's debt to NEOS in the amount of \$176,891 and the cash payment of an amount of \$250,000. The convertible debentures issued are interest-free and are payable by ATW within one year of the closing date of the Transaction. Prior to or on the maturity date of the debentures, the debentures may be converted into common shares of the Company, the number of shares being calculated by dividing the total amount to be converted by \$0.05. Immediately following the closing date of the Transaction, the Vendors of NEOS (the "**Vendors**") will own approximately 15.2% of the issued and outstanding shares of ATW on a non-diluted basis and 19.4% on a partially diluted basis, if the debentures were converted. However, it should be noted that none of the Vendors will individually hold more than 10% of ATW's outstanding shares, either on a non-diluted or partially diluted basis.

The Vendors deal at arm's length with the Company. In addition, the Vendors are not acting in concert with each other.

The shares issued pursuant to the Transaction are subject to a restricted trading period of four months in accordance with applicable securities legislation.

The Transaction remains subject to a number of closing conditions, including the approval of the TSX Venture Exchange.

Private placement

ATW also announces a new private placement, without intermediary, of gross proceeds of \$730,000 (the "**Private Placement**") by the issuance of 24,333,333 units of the Company (the "**Units**") at a price of \$0.03 per Unit. Each Unit consists of one common share of the Corporation (a "**Share**") and one warrant entitling the holder to acquire one Share at an exercise price of \$0.05 for a period of 36 months from the closing date. The proceeds of the Private Placement will be used by ATW, for its benefit and that of its subsidiaries, for its day-to-day operations.

The Private Placement constitutes a "related party transaction", as such term is defined by *Regulation 61-101 - Protection of Minority Security Holders in Special Transactions* ("**Regulation 61-101**"), given that some insiders, such as senior officers and directors of the Company, subscribed for an aggregate of up to 6,666,666 Units. The Company is relying on the exemptions from the valuation and minority shareholder approval requirements of Regulation 61-101 contained in sections 5.5(a) and 5.7(1)(a) of Regulation 61-101, given that the fair market value of the participation in the Private Placement by certain insiders does not exceed 25% of the market capitalization of the Company, as determined in accordance with Regulation 61-101. The Private Placement has been approved by the independent directors of the Company. The Company did not file a material change report in respect of the Private Placement more than 21 days before the expected closing date of the Private Placement for sound business reasons and to ensure the closing of the Private Placement in a timeframe consistent with usual market practice for transactions of this nature.

The Shares issued pursuant to the Private Placement are subject to a period of restricted trading of four months, in accordance with the applicable securities legislation. In addition, the Private Placement is subject to the final approval of the TSX Venture Exchange. Neither the TSX Venture Exchange nor its regulation services provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Update on previously announced private placement

The Company would like to provide an update on the non-brokered private placement, announced on May 1, 2023 and June 29, 2023, which was initially expected to raise gross proceeds of \$975,000. As announced on June 29, 2023, the private placement had been reduced and partially completed for \$725,000. The Company therefore announces the closing of a portion of the balance of this private placement for an additional amount of \$225,000 (the "**Additional Private Placement**"). ATW issues 4,500,000 units of the Company (the "**Additional Private Placement Units**") at a price of \$0.05 per Additional Private Placement Unit. Each Additional Private Placement Unit consists of one Share and one warrant entitling the holder to acquire one Share at an exercise price of \$0.07 for a period of 36 months from the closing date. The proceeds of the Additional Private Placement will be used by ATW, for its benefit and that of its subsidiaries, for its day-to-day operations.

The Additional Private Placement constitutes a "related party transaction", as such term is defined by Regulation 61-101, given that it is Company insiders who will subscribe to the 4,500,000 Additional Private Placement Units. The Company is relying on the exemptions from the valuation and minority shareholder approval requirements of Regulation 61-101 contained in sections 5.5(a) and 5.7(1)(a) of Regulation 61-101, given that neither the fair market value of the Additional Private

Placement Units to be distributed to insiders nor the value of the consideration received in consideration for the Additional Private Placement Units exceeds 25% of the market capitalization of the Company, as determined in accordance with Regulation 61-101. The Additional Private Placement has been approved by the independent directors of the Company. The Company did not file a material change report in respect of the Additional Private Placement more than 21 days before the expected closing date of the Additional Private Placement for sound business reasons and to ensure the closing of the Additional Private Placement in a timeframe consistent with usual market practice for transactions of this nature.

The Shares issued pursuant to the Additional Private Placement are subject to a period of restricted trading of four months, in accordance with the applicable securities legislation. In addition, the Additional Private Placement is subject to the approval of the TSX Venture Exchange. Neither the TSX Venture Exchange nor its regulation services provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Update on previously announced loans

The Company would like to provide an update on the two secured loans, announced on May 1, 2023 (the “**Financing**”). The Company has entered into secured loan agreements (the “**Loans**”) with each of (i) Gercanoit Inc. (“**Gercanoit**”), for an amount of \$250,000 and (ii) Sifaben Hypothèque s.e.c. (with Gercanoit, the “**Lenders**”), for an amount of \$342,000. The Loans have a maximum term of 12 months and bear interest at an annual rate of 18%. In addition, ATW may prepay all or a portion of the Loans at any time without penalty.

The proceeds of the Financing will be used by ATW, for the benefit of ATW and its subsidiaries, for the Transaction and its ongoing operations.

The Financing is considered a “related party transaction” within the meaning of Regulation 61-101 as the Lenders are an insider and a company controlled by an insider of the Corporation. The Financing is exempt from the formal valuation requirement and the minority shareholder approval requirement of Regulation 61-101 (pursuant to sections 5.5(b) and 5.7(f)), given that (i) no securities of the Company are listed or quoted for trading on the Toronto Stock Exchange, the NEO Exchange Inc., 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; and (ii) each of the Loans was obtained by the Company on reasonable terms that are no less advantageous to the Company than if the Loans were obtained from an arm’s length party. The Financing has been approved by the independent directors of the Company. The Company did not file a material change report in respect of the Financing more than 21 days prior to the closing date of the Financing for valid business reasons in order to ensure that the closing took place within a time frame consistent with the normal market practice for transactions of this nature.



ATW TECH PROFILE

ATW Tech (TSX-V: ATW) is a technology company that owns several recognized technology platforms such as Semeon Analytics, Option.Vote and Voxtel. Semeon is an accurate and highly reliable text analytics platform for customer reviews. Semeon uses a unique combination of machine learning and natural language processing (NLP) technologies to detect relevant behavior among customer reviews, regardless of the channel used. Option.vote offers a tailor-made multimodal voting system for trade unions, political parties, professional associations and anyone looking for a safe way to reduce their voting costs and improve their turnout. VoxTel is a platform dedicated to telephone billing and alternative payment solutions for fixed and mobile lines.

Cautionary Note Regarding Forward-Looking Statements

Certain statements in this press release may constitute forward-looking statements. These statements include those relating to the closing of the transactions, the closing date of the transactions, the potential impact on the Company of this acquisition, the Company's ability to raise funds in connection with the Private Placement and the use of the proceeds raised in connection with this Private Placement. Although the Company believes that such forward-looking statements reflect expectations based on reasonable assumptions, it can give no assurance that its predictions will be realized. These assumptions, which could prove to be inaccurate, include, but are not limited to, the following:

(i) ATW will obtain the necessary regulatory approvals for the acquisition of NEOS on commercially acceptable terms; (ii) The acquisition of NEOS will enable ATW Tech to realize the anticipated synergies; (iii) ATW's management will not set or achieve any other strategic objectives using the proceeds of the Private Placement. Factors that could cause actual results to differ materially from expectations include: (i) The Company's inability to realize anticipated synergies for any reason or technical issues that would not permit the integration of NEOS' systems with ATW's; (ii) the Company's inability to effectively allocate proceeds from the Private Placement; (iii) the Company's inability to obtain the necessary regulatory approvals for the acquisitions or private placement; (iv) labour disputes or similar hazards; (v) a deterioration in financial market conditions preventing the Corporation from raising the funds it needs in a timely manner; and (vi) generally, the Company's inability to develop and execute an effective business plan for any reason. A description of other risks affecting ATW Tech's business and operations can be found under the heading "Risks and Uncertainties" on pages 11 and 12 of ATW Tech's 2022 Annual Management's Discussion and Analysis, which is available on the SEDAR website at www.sedar.com. There can be no assurance that the events anticipated in the forward-looking statements contained in this press release will occur, or if they occur, what benefits ATW Tech will derive from them. In particular, ATW Tech is not guaranteed to be able to do any future financial performance. ATW Tech assumes no obligation and does not intend to update or alter these forward-looking statements to reflect new information or otherwise, except as required by applicable law. The reader is cautioned not to place undue reliance on these forward-looking statements.

Additional information about the Company is available on SEDAR at www.sedar.com.

Source

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