

XTM Releases Q1 2020 Financials and Provides Corporate Update

TORONTO, July 16, 2020 /CNW/ - XTM, Inc. ("XTM" or the "Company") (CSE: PAID) (FSE: 7XT), a Toronto-based Fintech company in the challenger banking space, providing mobile banking and payment solutions around the world announces the filing of its Q1 2020 Financial Statements ("Statements") and Management Discussion and Analysis ("MD&A") for the period ending March 31, 2020. A comprehensive discussion of XTM financial position and results of operations is provided in the MD&A for the quarter ending March 31, 2020 filed on SEDAR and can be found at www.sedar.com.

Highlights (to be read together with the Company's MD&A)

- Revenue of \$217,458 for the quarter compared to revenue of \$241,968 for the same period in 2019. The Company began 2020 with revenues trending higher however with COVID-19 the Company started to see declines in February and significant declines in March that led to a full government mandated shutdown of all businesses in March 15, 2020.
- The Company had a net loss Q1 2020 of \$588,102 or a loss per share of \$0.01 compared to a loss of \$413,175 or a loss per share of \$0.01 in Q1 2019. The increase loss was mainly due to the increased costs associated with the Company's go public transaction and listing on the CSE on March 10, 2020.

"Despite typical seasonality resulting in reduced revenues in January in hospitality and in salons post the holiday season, coupled with revenue reductions in late February and complete business shutdowns as of March 15, 2020 due to COVID-19, XTM only experienced an 11% decrease in revenue as compared to Q1 2019" commented Marilyn Schaffer CEO. "We quickly added delivery as a Today Card vertical in Q2 2020 and now with businesses beginning the next phase of reopening we are confident we will see a very strong finish to 2020."

Corporate Update

With COVID 19 re-openings and record Today™ Program boarding of salons, restaurants and delivery companies, XTM is seeing a surge in the Gross Dollar Value loads (GDV) loaded to the Today Cards and mobile wallets by the employers for employee earnings.

Since XTM earns transaction fees from the usage of the card including out of network ATM usage, card to bank transaction fees, foreign exchange etc., GDV is a metric used by XTM and other companies like XTM as a key performance indicator (KPI). It is too early for XTM to provide guidance on revenues as percentage of GDV and spend usage expectations however other companies like XTM providing corporate loads and payroll are experiencing revenues between 1.28%-2.14% of the GDV as a gross revenue number.

Since Q4 2019 XTM has executed and launched two new verticals including Delivery, Salon and Personal Care. As well the Company has added new partnerships and is working on several new API integrations allowing for seamless, fully automated daily payments and new products for launch before the end of Q3 2020.

Key Metrics for the First 6 Months 2020

Delivery

As per the news releases issued on April 22, 2020 regarding Dominos Pizza and on May 19, 2020 regarding Toppers Pizza the Company has also signed and boarded Pizza Pizza, Pizza Hut, Boston Pizza and many other food delivery locations.

As at June 30 the Company has:

- Boarded over 350 locations with an estimated pipeline of 750 locations to be on-boarded in the coming months.
- Current annual run rate GDV greater than \$35M with an estimated annual GDV in excess of \$100M by end of Q4 2020.

Salon and Personal Care

As per the news release dated July 3, 2020 regarding the signing of hundreds of franchised personal services salons.

As at June 30 the Company has;

- Signed and boarded more than 250 salon franchise owned locations including brands First Choice Haircutters®, Magic Cuts®, Supercuts®, Roosters® and SmartStyle®, all part of the Regis Corporation family of brands.
- Approaching 4,000 active salon users.
- Pipeline in excess of 200 additional locations in Canada and thousands more in the US.
- Estimated annual run rate GDV of \$65M at the end of Q4 2020.

Hospitality

XTM continues to board restaurants of all sizes across the country in record numbers. With the employee per location numbers in the hospitality sector being five (5) to seven (7) times higher than that of a salon or delivery location combined with higher annual sales, the Today card GDV is higher per location in the hospitality sector.

As at June 30 the Company has;

- Boarded a total of 376 restaurants with a pipeline in excess 2,200 plus locations either in boarding que, pending re-opening schedule due to COVID-19 or in final contract review.
- A 652% increase in GDV since end of Q4 2019.
- Estimated annual run rate GDV of \$345M at the end of Q4 2020

New Business

Cashless Closed Loop Payment Network

XTM is working on finalizing development of a closed loop payment network and end-to-end solution for community services spending including licensed cannabis dispensaries both online delivery and bricks and mortar. Leveraging many of the systems and processes XTM has already built with the cashless Today Program, XTM expects to have a beta of the product ready for market by the end of Q3 2020. The Company is currently in discussions with a few large US based cannabis dispensaries who are interested in participating in the beta launch.

Credit Card Program

XTM has completed the process of bank approval and has a dedicated Visa Credit BIN and is finalizing the processor integration. This first of its kind all mobile app based micro credit offering will use artificial intelligence (AI) including digital banking to adjudicate and approve credit without the need for a credit check or credit score. With bankruptcies expected to reach all-time highs in 2021 this product will report good credit to the bureaus and will be a low-cost solution for those looking to establish or re-establish credit. With much of the technology already built and in production with the Today program, it is being leveraged to launch the credit program. XTM is in discussions with multiple parties to license the entire solution and expects to have a significant announcement in the coming weeks.

U.S. Today Card Launch

The Company continues to make great progress with the U.S. issuing bank and networks to launch the Today card program in the U.S. We had anticipated completing the process and launching the end of July 2020 but due to delays out of our control we are now looking at an August 2020 launch.

Stadium and Large Venues

Further to the press release dated June 9, 2020 regarding cash to card kiosks to eliminate cash, XTM is in numerous discussions with large stadiums and sporting event arenas looking to eliminate cash. The XTM kiosk solution coupled with Today card program facilitates a complete end to end turnkey cashless solution and the Company anticipates to have news shortly regarding several large sporting event arenas adopting the solution upon reopening before end of year.

Other items

XTM is in a unique position as it has a rapidly expanding network of integrations and direct to employer technology using Today mobile app whereby we are delivering instant access to earnings and have full visibility to earnings data. The Company is in early stage discussions with several large payroll companies where XTM would integrate and fully automate the payroll process and give employers access to a very low cost payroll processing platform fully integrated with the Today platform and allow instant access to earnings to all employees. The Company expects to have a deal finalized before the end of Q3 and have a beta solution available Q4 2020.

The Company is working on API integrations with a few large Point of Sale (POS) platform providers. This would allow any users of the POS platform instant access to the Today Card program and give XTM access to tens of thousands of restaurants.

About XTM Inc.

XTM, www.xtminc.com is a Toronto-based fintech innovator in the challenger banking space helping business and workers alike expedite earnings payout and reduce or eliminate banking fees. We are a global card issuer and payment specialist providing free technology to business to automate and expedite worker payouts that can eliminate cash. XTM integrates businesses to a payment ecosystem that is coupled with a free mobile app and Mastercard debit card with free banking features. XTM drives enterprise value and creates a positive user experience.

This news release contains "forward-looking information" and "forward-looking statements" within the meaning of applicable securities laws (the "forward-looking statements"), within the meaning of applicable Canadian securities legislation, including expected performance of XTM, the expectation that businesses with which XTM does business or have committed to do business will in the expected timeline, the continuing trend toward electronic payment methods, that the integrations will attract new salons, delivery, restaurant or other business owners to use the Today program, and the general conditions and revenues of XTM. Forward-looking statements are statements that are not historical facts and are generally, although not always, identified by words such as "expect", "plan", "anticipate", "project", "target", "potential", "schedule", "forecast", "budget", "estimate", "intend" or "believe" and similar expressions or their negative connotations, or

that events or conditions "will", "would", "may", "could", "should" or "might" occur. While XTM can make best efforts to estimate when businesses will re-open or back to pre-COVID-19 business levels there are no guarantees this will happen in the time the Company expects or if at all. All such forward-looking statements are based on the opinions and estimates of management as of the date such statements are made. These forward-looking statements are made as of the date of this news release. Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the future circumstances, outcomes or results anticipated in or implied by such forward-looking statements will occur or that plans, intentions or expectations upon which the forward-looking statements are based will occur.

The CSE has not approved nor disapproved the contents of this press release, and the CSE does not accept responsibility for the adequacy or accuracy of this release.

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