

XTM Announces Proposed Acquisition of Certified EWA Solution & Processor, QRails

Fully Certified and Live In-Market Provider of EWA in the U.S.

MIAMI & TORONTO--(BUSINESS WIRE)--May 19, 2023--XTM Inc. (“**XTM**” or the “**Company**”) (QB: XTMIF / CSE:PAID / FSE:7XT), a Miami and Toronto-based Fintech creator of disruptive payment innovations and mobile solutions specifically geared towards service industries including hospitality, personal care and other service providers, announces its intent to acquire QRails Inc. (“**QRails**”), a prepaid payments issuer-processor and one of the first vertically integrated provider of earned wage access (“**EWA**”) with operations currently in the United States and the UK, offices in Denver, Kansas City and London and which is incorporated under the laws of Delaware (the “**Proposed Transaction**”).

Built on its own world class issuer-processor platform, QRails’ flagship product AnyDay™ is currently white labeled for some of the largest HR & Payroll Solution Providers in the world and is fully integrated to multiple payroll and time & attendance systems providing workers with real-time access to available wages. Some of the product features included in AnyDay are:

- Full suite of payment options including virtual and physical card, mobile wallet, card-to-card transfers
- White label opportunities for integration into existing apps using APIs and SDKs
- Perfect for Workforce Management (“**WFM**”), Time and Attendance, and Payroll partners to include as part of the overall solution

Information on QRails’ traction in the EWA space can be reviewed at the following link: [QRails News](#)

As part of the acquisition, Cary Strange, XTM’s Chief Revenue Officer will be appointed President of QRails. Strange is an early investor in QRails and its former Chief Revenue Officer. QRails will run as a wholly owned subsidiary of XTM with staff and operational integrations phased in over time as revenue potential has achieved momentum. With a deep and experienced background in payments, and with first-hand knowledge of QRails’ clients, Strange has been assisting XTM with its evaluation and integration planning to be able to quickly scale QRails and XTM into the US and international markets.

“This is fortuitous for XTM,” said Marilyn Schaffer, CEO. “QRails brings XTM into the US market with live fully compliant EWA clients, new opportunities and increase to XTM’s already growing revenue, something our investors have been eagerly anticipating. And, it gives us a first mover advantage with EWA in Canada and the US, which is already fully certified and compliant.”

“This is a big step in realizing the full potential of QRails and AnyDay,” said Strange. “QRails’ vertically-integrated earned wage access solution, along with the state-of-the-art processing and issuing platform, will be accelerated into the market with the strength of XTM’s team and

successful track record. I look forward to leveraging XTM's experience and resources to fully realize the cross border potential of both companies."

XTM and the QRails Board aim to close the Share Purchase Agreement by May 31, 2023. XTM will provide further details in respect to the Proposed Transaction in due course by way of press release. XTM will make available all information as required by applicable regulatory authorities and will provide, in a press release to be disseminated at a later date, the required disclosure.

In connection with the Potential Acquisition, XTM and QRails have entered into a non-binding letter of intent dated April 2, 2023 (the "**Letter of Intent**"). The Letter of Intent provides that XTM and QRails will negotiate and enter into a definitive agreement in respect of the Proposed Transaction (the "**Definitive Agreement**") on or before May 31, 2023, or such later date as may be mutually agreed upon. The Proposed Transaction contemplates that the purchase price of US\$3.5 million paid to shareholders of QRails be satisfied by the payment of \$100,000 in cash and US\$3.4 million in common shares of XTM, and a price reservation for common shares issued as consideration has been filed with the Canadian Securities Exchange at a price of \$0.16 per common share. As part of the Proposed Transaction, XTM will also assume all of the debt of QRails. The Proposed Transaction is subject to, among other things, the negotiation and execution of the Definitive Agreement, XTM fulfilling all of the applicable regulatory and listing requirements, and each of the parties obtaining all necessary board, shareholder and regulatory approvals, and other standard closing conditions.

In order to allow XTM and QRails the necessary time to enter into the Definitive Agreement, and to allow XTM to evaluate and investigate the Proposed Transaction, QRails has agreed that from the LOI Date until June 30, 2023, QRails and its shareholders will immediately suspend and cease any negotiations or other discussions or communications of any nature with any other party concerning the sale of QRails, or its shares or assets, in any manner.

The foregoing description and summary of the Proposed Transaction does not purport to be complete. XTM will provide further details in respect of the Proposed Transaction in due course by way of press release. XTM will make available all information as required by applicable regulatory authorities and will provide, in a press release to be disseminated at a later date, the required disclosure.

XTM's Q1 2023 Quarterly Financials and Y/E 2022 Financials are expected to be filed on or before June 30, 2023 in accordance with the OSC regulatory requirements.

Investor Call

Management will host an Investor Call upon close of the Share Purchase Agreement to further discuss the transaction and to answer questions.

To access the conference, a press release will be issued with the coordinates

An archived recording of the conference call will be available following the conference, upon request.

About XTM

XTM, www.xtminc.com, is a Miami and Toronto-based fintech innovator founded in the cloud-banking space and further helping businesses inspire their workforce in the hospitality, personal care and services staffing industries. Established as a leader in on-demand pay with many large brands including Earls, Maple Leaf Sports & Entertainment, Cactus Club, Marriott Hotels and Live Nation, XTM continues to innovate with further digital featurization to support businesses to inspire workers to want to work more with shift scheduling and call-outs, staff management, expense management, in-app health and financial wellness; and gamified loyalty programs. XTM's Today Financial™ is in use through POS and Payroll integrations and directly through web portals by thousands of businesses and their workers across Canada and the United States.

*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 statements regarding the Proposed Transaction, the appointment of Cary Strange as President of QRails, QRails operating as a wholly-owned subsidiary of XTM, the integration of staff and operations, the satisfaction of various closing conditions, and associated transactions, including statements regarding the terms and conditions of the Proposed Transaction, the business plans and objectives of the Company upon completion of the Proposed Transaction. 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. 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.*

While we have based these forward-looking statements on our expectations about future events as at the date that such statements were prepared, the statements are not a guarantee that such future events will occur and are subject to risks, uncertainties, assumptions and other factors which could cause events or outcomes to differ materially from those expressed or implied by such forward-looking statements. Such factors and assumptions include, among others, the effects of general economic conditions, changing foreign exchange rates and actions by government and regulatory authorities, the effects of COVID-19, both positive and negative, the future of the market for XTM programs and misjudgments in the course of preparing forward-looking statements. In addition, there are known and unknown risk factors which could cause our actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by the forward-looking statements. Known risk factors include risks associated with the impact of general business and economic conditions; the risk that a closing condition to the Proposed Transaction is not satisfied or is not satisfied on a timely basis, including, without limitation, the parties' ability to satisfy closing

conditions and receive necessary approvals; XTM's ability to continue onboarding clients; risks related to global pandemics; influence of macroeconomic developments; business opportunities that become available to, or are pursued by XTM; reduced access to debt and equity capital; litigation; the volatility of the stock market; competition; future sales or issuances of debt or equity securities; use of proceeds; dividend policy and future payment of dividends; liquidity; and the market for XTM's securities. Although we have attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. We are under no obligation to update or alter any forward-looking statements except as required under applicable securities laws. For the reasons set forth above, undue reliance should not be placed on forward-looking statements.

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.

Contacts

For further information please visit:
<https://www.xtminc.com/> or contact:
Marilyn Schaffer
416.260.1641
finance@xtminc.com