

XTM Signs Definitive Agreement to Acquire Issuer, Processor, Certified EWA Provider-QRails

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

MIAMI & TORONTO--(BUSINESS WIRE)--June 15, 2023--XTM Inc. (“**XTM**” or the “**Company**”) (QB: XTMIF / CSE:PAID / FSE:7XT), a Miami and Toronto-based Fintech creator of payment innovations and mobile solutions specifically geared towards service industries including hospitality, personal care and other service providers, today announced that it has entered into a definitive agreement dated June 15, 2023 (the “**Purchase Agreement**”) to acquire (the “**Transaction**”) all of the issued and outstanding securities of QRails Inc. (“**QRails**”), a prepaid payments issuer-processor and one of the first vertically integrated providers of earned wage access (“**EWA**”). The securities of QRails will be acquired from its current shareholders (the “**Sellers**”) for total consideration of US\$3,500,000, consisting of US\$100,000 in cash with the remaining US\$3,400,000 to be paid through the issuance of common shares of the Company (“**Common Shares**”) at a deemed price of US\$0.12 (CAD\$0.16), resulting in 28,333,333 Common Shares being issued to the Sellers. The Transaction is expected to close on or about July 3, 2023, subject to reporting timelines and customary closing conditions.

The Transaction is structured as an agreement and plan of merger by and between the Company, XTM USA Inc., QRails and XTM QRails USA Inc. (“**SubCo**”), a wholly owned subsidiary of the Company. On close, QRails and SubCo will merge with the continuing merged entity becoming a subsidiary of the Company.

In connection with the Transaction, XTM has advanced to QRails bridge financing in the amount of US\$1,507,000, which is evidenced by a promissory note due and payable in the event of the termination of the Purchase Agreement. The bridge financing is without interest until such time as it becomes due, following which the principal attracts interest at a rate of 12% per year.

The Transaction, the Purchase Agreement and the purchase price payable to the Sellers was negotiated at arm’s-length, and no finders fee is being paid in connection with the Transaction.

QRails currently operates in the United States and the U.K., with offices in Denver, Kansas City and London, further accelerating XTM’s expansion plans in those markets, with a qualified pipeline of new clients, representing hundreds of thousands of new users. QRails’ product AnyDay™ is a leading EWA brand and has been white labeled for some of the largest HR & Payroll Solution Providers in the world.

“We are excited about how the merger of QRails and XTM will help extend earned wage access to our global client base,” said Raj Sharmacharya, Managing Director of Veritas Prime. “Our clients will benefit from the expanded product and support resources that the combined company will bring.”

QRails 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

QRails has not historically produced material revenue as it has been focusing on customer acquisition and entering into agreements with a large number of customers as it scales its operations and develops its technology assets. It is expected that QRails will have material revenue in 2023, with increases to revenue in 2024 together with opportunities for strategic cross-selling opportunities with XTM products and services. Information on QRails’ traction in the EWA space can be reviewed at the following link: [QRails News](#)

The Transaction will allow the teams to identify strengths and opportunities for growth in the AnyDay and Today Payment products and to leverage these strengths and realize the economies of scale.

“The union with QRails brings us processing control, incredible talent, an established U.S. book of business and a complimentary economic model,” said Marilyn Schaffer, CEO of XTM.

“Both the QRails and XTM teams are enthusiastic about the merger” said Cary Strange, President, QRails. “Everyone is fully vested in our combined future. Our expanded geographic market, combination of market-defining solutions, and our competitive EWA position produces a winning combination.”

Upon the completion of the Transaction, the board of directors of QRails will be replaced with nominees of the Company selected from the existing management and board of XTM.

Investor Call

Management will host an Investor Update on Tuesday, June 20, 2023 at 11:00 am ET. A conference link will be published in advance of the call.

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 relating to the completion of the Transaction, the conditions to completing the Transaction, the receipt of regulatory and CSE approval, the future integration of QRails and its technology into the business of the Company, QRails operating as a wholly-owned subsidiary of XTM, the integration of staff and operations, the satisfaction of various closing conditions, and associated transactions, the terms and conditions of the Transaction, the business plans, competitive strategy and objectives of the Company upon completion of the Transaction, the opportunities and growth in the AnyDay and Today Payment products, market conditions, maintenance and/or expansion of the book of business, and the potential benefits of the Transaction and that of the combined company. 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 conditions required for the Transaction, that the conditions for the Transaction will be fulfilled, the receipt of all third-party approvals required for the Transaction, the approval of the Transaction by the Canadian Securities Exchange, the Company’s ability to raise capital; the Company’s ability to integrate QRails and its technology into the business of the Company, the maintenance and expansion of existing and combined operations of the Company and QRails in its current markets, market acceptance and demand of the QRails technology and related products, 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 ability of the Company to successfully integrate the QRails into its existing operations; unexpected changes in market and technological trends and governmental policies and regulations affecting the Company, the risk that a closing condition to the 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.

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