

FORM 51-102F3
MATERIAL CHANGE REPORT

1. Name and Address of Reporting Issuer:

XTM Inc. (the “**Corporation**”)
Suite 437 – 67 Mowat Street
Toronto, ON M6K 1E3

2. Date of Material Change:

June 15, 2023

3. News Release:

A news release announcing the material change was issued on June 15, 2023 for distribution through Businesswire.

4. Summary of Material Change:

The Corporation, through a wholly-owned subsidiary, 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.

5. Full Description of Material Change:

On June 15, 2023, the Corporation entered into the Purchase Agreement to acquire all of the issued and outstanding securities of QRails, a prepaid payments issuer-processor and one of the first vertically integrated providers of EWA. The securities of QRails will be acquired from 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 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 structured as an agreement and plan of merger by and between the Corporation, XTM USA Inc., QRails and XTM QRails USA Inc. (“**SubCo**”), a wholly owned subsidiary of the Corporation. On close, QRails and SubCo will merge with the continuing merged entity becoming a subsidiary of the Corporation.

In connection with the Transaction, the Corporation 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.

6. Reliance on Subsection 7.1(2) or (3) of National Instrument 51-102.

Not applicable.

7. Omitted Information:

No significant facts remain confidential in, and no information has been omitted from, this report

8. Executive Officers:

Marilyn Schaffer
Chief Executive Officer
(416) 260-1641

9. Date of Report:

June 30, 2023

Forward-looking Information Cautionary Statement

Certain information set forth in this material change report may contain “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, that involve known and unknown risks and uncertainties, certain of which are beyond the control of the Corporation. 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 report. 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. By its nature, such forward-looking statements are subject to various risks and uncertainties, which could cause the actual results and expectations to differ materially from the anticipated results or expectations expressed. 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. The Corporation is 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.