XTM Inc.

CSE: PAID, OTCQB: XTMIF, FSE: 7XT
www.XTMINC.com

Management's Discussion and Analysis

For the years ended December 31, 2022 and 2021

Table of Contents

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") prepared as of August 3, 2023 reviews the financial condition and results of operations of XTM Inc. (the "Company" or "XTM") for the year ended December 31, 2022 and all other material events up to the date of this report. The following discussion should be read in conjunction with a) the annual audited consolidated financial statements and related notes for the year ended December 31, 2021. Results are reported in Canadian dollars, unless otherwise noted. These statements can be found under the Company's profile on SEDAR at www.sedar.com.

This MD&A has been prepared in compliance with the requirements of section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. The Company's audited consolidated financial statements and the financial information contained in this MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC") All dollar amounts are in Canadian dollars, unless otherwise noted.

The Company's certifying officers are responsible for ensuring that the audited consolidated financial statements and MD&A do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading considering the circumstances under which it was made. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of XTM's Subordinate Voting Shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates the materiality in this regard referencing all relevant circumstances, including potential market sensitivity. The Company's directors certify that the audited consolidated financial statements and MD&A present, in all material respects, the financial condition, results of operations and cash flows, of the Company as the date hereof.

ACCOUNTING PERIODS

The following Management's Discussion & Analysis ("MD&A") is based on information in the annual audited consolidated financial statements and accompanying notes thereto for the year ended December 31, 2022. Comparative amounts in the annual audited consolidated financial statements and accompanying notes thereto are for the year ended December 31, 2021.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain sections of this MD&A may contain "forward-looking statements" within the meaning of applicable securities legislation. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Forward-looking statements may relate to the Company's future financial conditions, results of operations, plans, objectives, performance or business developments. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements.

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. Forward-looking statements are provided for the purpose of providing information about management's expectations and plans relating to the future. All of the forward-looking statements made in this MD&A are qualified by these cautionary statements and those made in our other filings with applicable securities regulators in Canada. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law.

CORPORATE OVERVIEW

The Company's main business is designing, engineering and delivering disruptive payment innovations to businesses including fully certified Earned Wage Access, driving employee recruitment and retention, work satisfaction and financial wellness. XTM began delivering EWA in 2020 with the Today™ program, a mobile and enterprise software solution specifically designed for restaurateurs, personal care service providers, food delivery operators, and other establishments with a similar need to provide staff with on-demand payouts. The Today wallet, accessible via the internet or by a free mobile app paired with a Chip & PIN EMV Visa or Mastercard debit card includes free banking features and is used by thousands of locations and their staff across Canada, and the United States.

The head office, principal address, and registered office of the Company is located at 67 Mowat Avenue, Suite 437, Toronto, Ontario, Canada, M6K 3E3 and the United States office is located at 1221 Brickell Ave Suite 900 Miami, FL. 33310.

During the years ended December 31, 2022, 2021, and 2020, there was a global outbreak of COVID-19, which has had a significant impact on businesses through the restrictions put in place by the Canadian federal, provincial, and municipal governments regarding travel, business operations and isolation/quarantine orders. The start of the Russia/Ukraine War and ensuing global uncertainty especially as it relates to financial markets resulted on June 13, 2022, the MSCI ACWI index, which tracks stock prices from both emerging and developed markets, officially slipping into a bear market, falling 21% from a mid-November peak. It is not possible to reliably estimate the length and severity that the bear market will have on the financial results and condition of the Company in future periods.

RECENT EVENTS

The following notable events occurred after the period covered by the Company's 2022 year end audited consolidated financial statements and MD&A:

- The Company brought to market several new products over the past 6 months including:
  - Early Wage Access ("EWA"): By immediately capitalizing on its relationship with QRails, the Company is quickly launching the QRails AnyDay™ https://anydayispayday.com/ solution across Canada. By doing this, the Company is able to deliver a fully compliant, payroll integrated, single source, EWA solution. This uniquely positions the Company to provide Employers with operations in Canada and the US one integrated solution for their organizations.
  - Today Wellness: Through its partnership with CloudMD Software & Services Inc. announced on May 11, 2023, the Company launched virtual healthcare access to its Today Program members. The Company begins piloting the program August 1, with plans for a full roll out before the end of Q3, 2023.
  - Timely: Through its partnership with BookJane announced December 19, 2022, the company was able to bring market a workforce management platform specifically tailored to the needs of hospitality and staffing organizations. Breakaway Staffing http://breakawaystaffing.ca/ with People 2.0 began piloting the platform in July 2023 with further onboardings planned before the end of Q3, 2023.
  - Today Goals: A subscription based savings tool launched in February 2023 that is integrated into the Today Financial mobile application. Today Goals allows users to manage their spending by providing AI driven insights and the ability to establish multiple savings goals to which the user can allocate earnings against.
  - Today Boost: The ability for mobile app users to advance up to $50 when needed to assist in managing cashflows. The program, which charges a nominal monthly subscription entered pilot in February 2023 with plans for a full roll out in Q4 2023.

  In addition to this, the Company also moved its main product, Today Financial, to a paid subscription model from the previous free model. The Company began signing new clients to the tiered subscription model in March 2023, while renewing existing client contracts on the paid model beginning in May 2023.

- On June 30, 2023, the Company filed a "Notice of Change of Auditor" following the decision to change its auditor from RSM Canada LLP (the "Former Auditor") to MNP LLP (the "Successor Auditor"). The Former Auditor submitted their resignation at the Company's request effective July 14th, 2023, and the Successor Auditor was appointed as the new auditors of the Corporation effective June 30, 2023. The change was a result of the Company determining the former auditor did not have the requisite knowledge of the payments and neo financial industry, and as such was not going to be able to meet the extended timeline granted to the Company by the OSC.
- On May 19, 2023, the Company announced its intent to acquire QRails Inc. ann issuer-processor and America's only fully SAP certified EWA providers https://store.sap.com/dcp/en/product/display-0000060604_live_v1/anyday. Its vertical integration is a significant competitive advantage for QRails making it a favored solution for large Fortune 100 Employers such as Alight
- On June 15, 2023, the Company announced it had entered into a definitive agreement (the "Purchase Agreement") to acquire (the "Transaction") all the issued and outstanding securities of QRails Inc. ("QRails"). 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. The Transaction is expected to close on or about July 22, 2023, subject to reporting timelines and customary closing conditions. Further details can be found in the Company's annual audited consolidated financial statements for December 31, 2022.

- On May 11, 2023, as part of the Company's intent to eventually acquire QRails, both parties entered into a debt agreement in the form of a promissory note (the "Note") and accompanying general security agreement in which XTM agreed to provide QRails bridge financing that is non-interest bearing so long as the parties are exclusively negotiating the form and substance of a potential acquisition of QRails by XTM. The purpose of the Note is to satisfy working capital requirements of QRails Inc. while the two companies' negotiation acceptable terms for a potential acquisition. As at July 17, 2023, the Company has advanced $1,937,000 under the terms noted above. Further details can be found in the Company's annual audited consolidated financial statements for December 31, 2022.

- On May 2, 2023, the Company was granted a management cease trade order ("MCTO") related to it not meeting its filing deadline for its audited annual financial statements, management's discussion and analysis and related certifications for the financial year ended December 31, 2022 (collectively, the "Issuer Statements"), as required under applicable Canadian securities laws. The initial MCTO provided the Company a 60 day filing extension which was later further extended to July 17, 2023.

- On April 28, 2023, the Company announced it was completing a non-brokered private placement of convertible debentures of the Company (each, a "Convertible Debenture Units") at a price of US$1,000 per Convertible Debenture Unit for gross proceeds to the Company of up to US$5,000,000 (the "Offering"). Each Convertible Debenture Unit will be comprised of US$1,000 principal amount of unsecured convertible debenture ("Convertible Debenture") and 1,000 common share purchase warrants (a "Warrant"). As at August 3, 2023 the Company has received subscriptions totalling $3.1MM CAD.

- In April of 2023, the Company hired a SVP, Operations, Michael Li. Michael holds a CPA designation and was most recently with Ontario Lottery and Gaming Corporation. Michael is driving for efficient operations while optimizing current infrastructure for revenue scale.

- In March 2023, the Company hired a its first Chief Revenue Officer (CRO), Cary Strange, a seasoned payments executive and board member / advisor to early-stage tech companies, to lead its expansion efforts into the US market through the acquisition of QRails. Cary's in-depth knowledge of earned wage access products and their delivery will accelerate XTM's time to market and time to revenue.

HIGHLIGHTS FOR FISCAL 2022

The Company is pleased with its 2022 results having achieved $4.7MM in revenue while processing just under $500MM in payments (GDV) to hospitality sector employees, with 96% coming from the Canadian market. The Company views the 200% growth in GDV and 109% growth in revenue as a clear sign of continued positive momentum even though economic headwinds continue to put supress consumer discretionary spend.

- Gross dollar value ("GDV") loaded on the Company's *Today Financial* platform grew 200% or by $309MM to $462.8MM for the year with the Company achieving its higher single month load totalling $50.4MM in December;

- Current Active users at the end of 2022 (defined as card holders that completed a minimum of one transaction in a current month) on the Company's Today platform totalled 67K, an increase of over 26K or 64% from 41K for the year ended 2021. Total Active Users (defined as a Today wallet holder with at least one transaction in the past 6 months) increased to 101K at the end of 2022 from just under 77K at the end of 2021;

- Revenue was $4.7MM for fiscal 2022, increasing $2.4MM or 109% compared to prior year, with transaction revenue (revenue generated from card holders moving funds off their cards) growing 293% from prior year;
- Gross Profit was $930K or 20% of revenue for fiscal 2022 compared to $61K or 3% for the prior year, with the increase in percentage of driven by reduction in costs related to write- downs of restricted fund assets.
- Operating expenses were $7,828K for fiscal 2022 compared to $5,548K for the prior year with the increase resulting from increased staffing and consulting fees. In 2022 the Company expanded its Product and Software Development teams to deliver a larger number of new products and enhancements compared to prior year, and increased Sales and Marketing to support expansion to new verticals while increasing value to and revenue from existing clients;
- Net loss was $7,266K for fiscal 2022 compared to $5,450K for 2021. Current year net loss increased compared to prior year by $1,816K mainly due to investments in new technology, new hires to support growth, further investment in to programs for the US market, and expansion to new verticals;
- Cash totaled $2.7MM at December 31, 2022, down $5.6MM from 2021's year end total of $8.4MM with all of the $5.7MM reduction being used to fund operations;
- Working capital of the Company was $972K at December 31, 2022, a decrease of $6.4MM compared to working capital of $7.4MM at December 31, 2021, with the decrease due to cash used in operations;
- During the year the Company successfully onboarded 655 new locations for its Today program.

SUMMARY OF ANNUAL RESULTS

KEY PERFORMANCE INDICATORS AND NON-IFRS MEASURES

The key performance indicators ("KPI's") and non-IFRS measures for the Company are gross dollar value load ("GDV"), Current Active Users, and Total Active Users. The Company's success will be measured by its growth in revenue from one reporting period to the next and is directly a result of increased dollar value transacted through its platform. Revenue growth is dependent on the Company continuing to sign on new hospitality locations, increase the percentage of GDV used for POS transactions, and the addition of new products to enhance current programs.

ANALYSIS OF FINANCIAL PERFORMANCE

NET LOSS AND COMPREHENSIVE LOSS

Net loss and comprehensive loss for fiscal 2022 was $7,290K compared to a net loss of $5,450K for the prior year. The increased loss of $1,840K is attributed to higher operating expenses mainly in staffing (consisting of "Salaries and employee benefits" plus "Consulting") and to a lesser extent "Public company and regulatory". This increase is to support continued development (featurization) of the Company's *Today Financial* platform and associated mobile application, and to expand its sales efforts beyond hospitality to adjacent verticals that equally benefit from near real-time access to earnings. The Company expects operating expenses to remain at similar levels in the coming quarters as it continues to invest in development to bring new products and features to market, and as the US market becomes a larger part of its overall strategy. This will be partially offset by an increase in revenue and associated gross profit as new customers come on to the *Today Financial* platform, resulting in a reduction in net and comprehensive losses in future quarters.

REVENUE AND GROSS PROFIT

Gross Dollar Value ("GDV") of $462.8MM for 2022 increased by $308.9MM or 200% from $153.9MM for 2021. The increase is a result of significant growth in the number of clients and associated active users added to the Today program over the preceding 12 months coupled with the complete removal of COVID-19 restrictions in the hospitality sector starting in early Q2 2022; the latter resulting in higher foot traffic which in turn yielded higher GDV per client and active user.

Revenue for fiscal 2022 totaled $4,733K, an increase of $2,471K or 109% from $2,263K for 2021. Of the Company's three revenue streams, Transaction revenue was the main driver, increasing by $2,943K, while Card issuance revenue decreased slightly by $37K; Program management revenue was down $428K.

Transaction revenue which consists of interchange resulting from point of sale transactions ("POS"), out of network ATM withdrawal fees, and electronic transfer fee's totaled $3,946K for fiscal 2022, an increase of $2,943K or 293% from $1,003K for the prior year. The increase is due to the Company generating more GDV per location as a result of 1) pandemic restrictions being lifted, 2) growing its location count resulting in active user growth by over 26K card holders during 2022, and 3) generating new fees from clients as a result of adding new services and implementing new wallet management based fees.

Card issuance revenue which consists of revenue from the purchase and shipping of *Today Financial* debit cards to the clients for use by their employees, totaled $573K for fiscal 2022, a decrease of $37K or 6% from $610K for the prior year. This is due to a change from card revenue is being recognized, and the Company is amortizing revenue over the useful life of the cards. On a comparative basis, revenue would have been up by $295K or 42% year over year. Entering fiscal 2022, the Company had 1,341 locations with 41K users (609 and 11,705 for prior year opening), adding an additional 655 locations and 26K users through out the year. This higher number of locations and active users at the beginning of 2022 compared to the beginning of 2021 coupled with the current year growth in both metrics was the main driver for the increase.

Program management revenue which consists mainly of licensing fees or customization and support fees of the Company's *Today Financial* technology totaled $214K for fiscal 2022, a decrease of $428K or 67% from $643K for Q3 2021. The decrease is due mainly to one-time licencing fees received by the Company in September and December of 2021 totalling $354K not replicated in 2022, and an overall decline in recurring program fees as the Company refocused sales and development efforts to its primary products and services to drive improved efficiencies mainly through economies of scale. The Company anticipates this revenue stream will decline further in 2023 as only one program will remain under contract by the end of the next fiscal year.

- **Gross Profit** for fiscal 2022 totaled $930K or 20% of revenue, an increase of $869K from $61K or 3% of revenue for the prior year. This increase in gross profit is directly attributable to increase revenue which was achieved through location and active user growth. The increase in gross profit percent is driven by reduction in costs related to write-downs of restricted fund assets.

OPERATING EXPENSES

Total operating expenses for fiscal 2022 were $7,827K, an increase of $2,280K or 41% from $5,548K in the prior year. The main driver for the increase is higher staffing costs (salaries and employee benefits plus Consulting) as the Company made significant investments across all departments to manage growth, continue to add value to its software and services, and to expand is focus beyond the hospitality segment. Operating expenses of the company consist of:

Salaries and employee benefits were $3,699K for fiscal 2022 compared to $2,122K for the prior year. The increase of $1,577K is primarily a result of increased staffing, from 26 at the end of the prior year to 36 at the end of 2022. The Company added new strategic positions at the executive level and expanded the areas of Engineering, Product Development, and Sales, all to support product the rapid growth of the Canadian market, and expansion efforts into the US market. The Company also experienced an increase in salaries across many mid-level positions in the organization late in 2021 and throughout 2022 due to increased competitiveness in the North American labour market and rising inflation, this consistent with other companies in the technology and financial sectors. There were no increases across senior management.

Professional fees were $736K for fiscal 2022 compared to $916K for the prior year. The decrease of $180K or 20% is due mainly to lower legal spend of $134K as the Company incurred significant expense in fiscal 2021 associated ongoing litigations that were subsequently settled in fiscal 2022. The remaining decrease is spread across accounting and audit, and information technology categories.

Stock based compensation was $358K for fiscal 2022 compared to $531K for the prior year. The decrease of $172K or 32% is due mainly to the lower share price of the Company resulting in a reduced number of options and warrants being executed, lower valuation of options and RSU's granted, and increased forfeiture rates associated with staffing turnover.

Consulting fees were $1,299K in fiscal 2022 compared to $546K for the prior year. The increase of $753K is mainly a result of the Company utilizing contracted developers beginning in Q4 2021 to support platform development due to a highly competitive Canadian labour market through the first three quarters of fiscal 2022. In late Q4 2022 the Company undertook an initiative to brings development back in-house to reduce costs and improve consistency as the labour market has improved since the beginning of fiscal 2022. The Company continually reviews staffing requirements and reliance on contract labour quarterly, and adjusts based on labour market and projected workload requirements.

Marketing and promotion was $306K for fiscal 2022 compared to $206K for the prior year. The increase of $100K or 49% is due to increased cardholder communications spend (messaging) due to a higher number of active users on the platform, costs associated with the Company's rewards and loyalty program for cardholders, and higher spend on tradeshows and associated content creation.

Office and General was $354K for fiscal 2022 compared to $385K for the prior year. The decrease of $31K is due to reduction in software subscriptions as the Company eliminated use of non-value add and redundant software, and elimination of its on-premise hosting as it moved its legacy platform to a cloud based solution.

Depreciation and amortization was $191K for fiscal 2022 compared to $216K for the prior year. The decrease of $25K is due to the Company fully depreciating leasehold improvements in 2021 and fully amortizing one of three intangible assets held at the end of December 31, 2021.

Public company and regulatory was $771K for fiscal 2022 compared to just under $360K for the prior year. The increase of $411K is due to increased public market spend pertaining to awareness and outreach activities conducted in the quarter which were mainly focused on introducing the Company to US retail and institutional investors.

Bank charges, interest and accretion was $35K for fiscal 2022 compared to $159K for the prior year. The decrease of $124K is due mainly to a reduction in administration fees as the Company restructured its banking relationships with the objective of improving costs, minimizing complexity in the delivering of its services, and improving quality of service.

Travel, meals, and entertainment was $89K for fiscal 2022 compared to $69K for the prior year. The increase of $20K is due mainly to increased travel due to US expansion efforts.

Bad debt and expected credit loss ("ECL") was a gain of $10K for fiscal 2022 compared to an expense of $37 for the prior year. The gain in the current year is a result of the Company collecting a significant portion of aged receivables while also shifting a large portion of new sales to its ecommerce site which replaces invoicing with merchant processing and thus eliminates credit risk.

OTHER INCOME

Other expense (income) for fiscal 2022 was an expense of $368K compared to income of $ 36K for the prior year. The current year expense consists of:

(i) the write-down of a strategic investment totalling $250K CAD that the company deemed no longer viable *(also see note 20 of the audited annual consolidated financial statements)*;
(ii) Costs associated with potential acquisition the Company was pursuing but did not consummate in the first half of 2022 totaling $102K;
(iii) the write-down of uncollectible funds totaling $86K;
(iv) Interest income of $106K earned as a result of operating and restricted cash balances held at schedule 1 Canadian financial institutions;
(v) foreign exchange gain income of $28K;
(vi) and income from a recovery of legal fee's resulting from a successful motion put forward by the Company totalling $25K.

The prior year income consists of:

(i) foreign exchange gain income of $18K;
(ii) and interest income of $3K earned as a result of operating and restricted cash balances held at schedule 1 Canadian financial institutions.

ASSETS

Cash as at December 31, 2022 was $2,688K compared to $8,383K at December 31, 2021. The decrease of $5,696K is a result of cash consumed to fund operating activities totalling $6,444K partially offset by an increase in trade and other payables, and decrease in trade and other receivables.

Trade and other receivables as at December 31, 2022 were $751K compared to $883K at December 31, 2021. The decrease of $132K is mainly a result of the Company converting a receivable of $200K USD (~$250K CAD at time of conversion) to and equity investment on March 28, 2022; the investment was subsequently deemed impaired by management and written off in its entirety to Other expense at December 31, 2022. Partially offsetting the equity conversion, is an increase in restricted receivables of $158K at year end due mainly to the timing of fraud credits issued to cardholders and the later reimbursement to the Company by the card network.

Prepaid expenses as at December 31, 2022 were $287K compared to $114K at December 31, 2021. The increase of $173K is due to increased annual insurance premiums paid in the July to be amortized over the following 12 months along with a prepayment of $100K to a strategic partner for licensing of technology pertaining to new product development.

Investments as at December 31, 2022 were $nil compared to $nil at December 31, 2021. In March 2022, the Company converted a clients outstanding receivable of $200K USD, which was attributed to platform licensing revenues generated in Q3 2021, to and equity investment of 200,000 common shares valued at $1.00 USD per share. At year end, management reviewed the investment and determined that the underlying company has since failed to demonstrate the viability of its product in the market due to lack of actual or prospect sales, and had no physical or intellectual assets of value; as such the Company has written down 100% of the investment with the charge being recorded in Other expenses.

LIABILITIES

Trade and other payables as at December 31, 2022 were $1,288K compared to $830K at December 31, 2021, an increase of $458K. The increase correlates with the increase in operating expenses due to revenue growth and increased reliance on contract labour mainly in engineering.

Unearned revenue as at December 31, 2022 was $464K compared to $nil at December 31, 2021. The increase is attributed to the Company recognizing Card revenue over the life of customer contract. As at December 31, 2022, this generated an unearned revenue balance of $295K. The Company also had program incentives related to the Company's launch with Visa in the US. Recognition of the incentive amount is contingent on the Company achieving pre-determined payment volumes over a 3-year period. The Company has not recognized any of the incentive to date and will review its progress against the target volumes quarterly and recognize any earned amount in Other Income.

SHAREHOLDERS EQUITY

Shareholders equity as at December 31, 2022 was $2,187K compared to $8,610K at December 31, 2021. The decrease of $6,423K is due to an increase in accumulated deficit of $7,266K associated with the current years net loss and comprehensive loss. Partially offsetting this is an increase of $717K in share capital mainly attributed to the exercise of warrants and options in the first half of 2022.

RESTRICTED CASH AND PROGRAM DEPOSITS

Acting as a paying agent, the Company had $51.3MM in restricted funds on deposit (December 31, 2021 - $27.1MM) and corresponding liabilities for client and cardholder balances as at December 31, 2022 of $52.5MM (December 31, 2021 - $28.1MM). Restricted cash consists of cash balances held in individual client wallets which are on deposit in custodial accounts controlled by the company for the sole benefit of the client, and cardholder balances resulting from the transfer of funds by the client from their respective wallet(s) to a card which are on deposit in settlement accounts controlled and subject to restrictions imposed by the card program sponsoring bank.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

WORKING CAPITAL

Working capital of the Company as at December 31, 2022 was $972K compared to $7,375K at December 31, 2021. The decrease of $6,403 is mainly a result of a lower ending cash balance of $5,696K due mainly to funding 2022 operational requirements, lower trade and other receivables of $132K, and an increase in Trade and other payables of $458K.

RISK FACTORS AND UNCERTAINTIES

Please refer to the Company's audited annual consolidated financial statements for the year ended December 31, 2022 for identification of risks effecting the Company.

NEW ACCOUNTING PRONOUNCEMENTS

Please refer to the Company's audited annual consolidated financial statements for the year ended December 31, 2022 for new pronouncements issued by the IASB or the IFRIC that are applicable or have a significant impact on Company's annual audited consolidated financial statements and related disclosures.

DEFINITIONS – IFRS, ADDITIONAL GAAP AND NON-GAAP

IFRS MEASURES

Cost of sales
Cost of sales consists of expenses related to servicing the customers instant pay and mobile banking solutions. These expenses include interchange and related network fees, ATM (Automated Teller Machine) fees, card set-up / printing / shipping costs, and customer support expenses for resources directly associated with the cost of services.

Gross profit and gross profit margin
Gross profit is net revenue less cost of sales while gross profit margin is gross profit divided by net revenue.

ADDITIONAL GAAP MEASURES

Professional fees
Professional fees consist of expenses the Company incurs in the normal course of business to procure the services of individuals or businesses highly skilled in a particular field which includes, but is not limited to legal, recruitment, audit and taxation, and capital markets. These fees are primarily for a fix duration and for tasks with a finite duration and limited scope.

Consulting fees
Consulting fees consist of expenses incurred primarily for contract labour required for an indefinite period with a broad mandate that will evolve as the business needs dictate. At times management judgement will be required in determining the classification between consulting fees and professional fees when a service lies outside of the defined categories in the respective definitions.

Public company and regulatory
Public company and regulatory expenses consist mainly of expenses associated with public company filings, management of the Company's listing on the CSE, equity administration and management, and investor relations activities such as outreach and marketing.

Office and general in operating expenses

Office and general expenses include software and other computer expenses, internal compliance expense, donations, dues and fees, equipment leases, insurance, facilities, telecom, and office supplies and maintenance expenses.

Finance costs

Finance costs consist of interest charged on our long-term debt facility, amortization of deferred financing costs and accretion expense. The deferred financing costs are amortized using the effective interest method over the term of the loan.

Loss from operations

Loss from operations exclude foreign exchange loss, income taxes, finance costs and change in fair value of derivative liability. We consider loss from operations to be representative of the activities that would normally be regarded as operating for the Company. We believe this measure provides relevant information that can be used to assess the performance of the Company and therefore, provides meaningful information to investors.

KEY PERFORMANCE INDICATORS (non-GAAP and non-IFRS)

Gross dollar value (“GDV”)

Gross dollar value loaded is the aggregate amount of all dollars loaded on to the Company’s platform by hospitality, personal care, food delivery, and other establishments, and is measured on a monthly, quarterly, and annual basis.

Current Active Users

The Company classifies Current Active Users as those wallet holders who have had at least one transaction in their account in the most current reported month of the reporting period.

Total Active Users

The Company classifies Total Active Users as those wallet holders who have had at least one transaction in their account during the previous six months from the reporting date.