

XTM Files 2022 Annual Financial Results

Revenue Up 111% over 2021

MIAMI & TORONTO--(BUSINESS WIRE)--August 3, 2023--**XTM, Inc.** (“**XTM**” or the “**Company**”) (QB: XTMIF / CSE:PAID / FSE:7XT), a Miami and Toronto-based Fintech creator of disruptive payment innovations including fully certified Earned Wage Access through its QRails AnyDay™ solution, announced that it filed the following financial statements (collectively, the “**Required Filings**”):

- audited annual financial statements for the year ended December 31, 2022, management’s discussion & analysis relating to the audited annual financial statements and related officer certifications for the year ended December 31, 2022;
- interim financial statements for the period ended March 31, 2023, management’s discussion & analysis relating to the interim financial statements and related officer certifications for the year for the period ended March 31, 2023.

The Company is currently subject to a failure-to-file cease trade order (the “**FFCTO**”) issued by the Ontario Securities Commission (the “**OSC**”) on July 18, 2023 as a result of the Company’s failure to file the Required Filings in accordance with National Instruments 51-102 – *Continuous Disclosure Obligations*. The Company has remedied the default that led to the FFCTO by filing the Required Documents on August 3, 2023, and copies are available under the Company’s SEDAR profile at www.sedarplus.ca. It is expected that as a result of the filing of the Required Documents, the OSC, as the Company’s principal regulator, will revoke the FFCTO in accordance with National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions* (collectively, the “**Legislation**”).

Upon the revocation of the FFCTO, trading in the common shares of the Company through the facilities of the Canadian Securities Exchange (the “**CSE**”) is expected to resume. The Company is working with the CSE in this respect and the revocation of the FFCTO and the resumption of trading will be confirmed in a further press release.

Audited Annual Financial Statements and Management Discussion and Analysis for the year shows, among other things, a more than 111% increase in annual revenue over the year ending December 31, 2021.

Highlights include:

- Net revenue for the year ending 2022 was \$ 4,733,727 compared to revenue of \$2,262,938 for the year ending 2021, an increase of \$2,470,789 or 111%.
- Gross dollar value (“**GDV**”) loaded on the Company’s platform grew 200% to almost half a billion dollars to \$462.1MM for the year with the Company trending upward with its highest 2022 single month load totaling \$50.4MM in December. GDV is key performance indicator as the Company generates revenue when money is spent from the Today wallet at a point-of-sale in-store or online. XTM’s revenue is derived mainly from interchange fees, which is earned when a user of a Today™ wallet uses their VISA or

branded card at a point-of-sale. A higher GDV will generally result in higher revenues from interchange fees.

- Gross Profit for the year ending 2022 increased to \$930,408 for a Gross Margin percentage of 19.7%, compared to Gross Profit of \$60,909 or 2.7% Gross Margin percentage for the year ending 2020.
- Loss for the year was \$7,266,150 or a loss per share of \$0.04 compared to a loss of \$5,450,042 or a loss per share of \$0.04 in 2021
- XTM experienced increased velocity in new customer acquisitions signing up 655 new locations from across the US and Canada in 2022 for total locations at the year ending of 1,996 and current locations to-date at 2,809.
- Active users on the Company's Today platform increased 64% from the year ending 2021. The Company classifies an active user as one who has made transactions through their Today wallet within a 30-day period.

Subsequent events in Q1 2022:

The Company brought to market several new products over the past six months the most significant being fully SAP certified Earned Wage Access (EWA). The acquisition of QRails and subsequently the AnyDay product sets XTM apart as the only provider of a fully certified SAP EWA solution in North America opening the way for established Fortune 100 companies to confidently extend the offering of on-demand earned wages to their employees.

- XTM is launching the QRails AnyDay™ AnyDay is Payday solution delivering a fully compliant, embedded, single source, EWA solution for the employers looking to add EWA as a retention, recruitment and added benefits feature.
- In the US, XTM's fully owned subsidiary, QRails is onboarding a rapidly growing user-base to its EWA solution to some of the world's largest employers through clients that include Alight.
- The company launched Today Wellness, a value-add virtual healthcare and mental wellness support tool in-app for its Today members through its relationship with CloudMD. A convenient option for users, Today Wellness creates an ancillary Company revenue stream and increases monthly revenue-per-user.
- The company was able to bring market a workforce management platform specifically tailored to the needs of hospitality and staffing organizations Timely, through its partnership with BookJane, announced in December 19, 2022,. 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.
- A subscription-based savings tool Today Goals launched in February 2023 embedded in the Today app. Today Goals uses AI and gamification to drive insights, track habits and support multiple savings goals to which the user can allocate earnings.
- Bundled with other high-value products, Today Boost enables piloted an \$50 overdraft when needed to assist in managing cashflows. The program, which charges a nominal bundled monthly subscription fee launched the pilot in February 2023 with robust uptake. There are plans for a full roll out upon securing a third-party lender for the micro-loans in Q4 2023.

- The Company moved its enabling enterprise fintech platform to be offered as a paid subscription 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.

Paul Dowdall, the Company's former Chief Financial Officer is no longer with the company and has been replaced with an interim CFO, Michael Li. Prior to joining XTM in April of 2023 as SVP, Operations and now Chief Operating Officer, Michael's most recent post was with Ontario Lottery Gaming Commission and before that he oversaw operations for an early-stage time and attendance technology company. Michael holds a CPA designation and has spent the past 17 years as an Operations and Finance Executive. The company is executing an executive search for a finance leader, a competent CFO familiar with the payments space, and one with the experience to consolidate and oversee the financials of both XTM and our US based subsidiary, QRails.

XTM's full financial position and results of operations is provided in the Audited Annual Consolidated Financial Statements and a discussion of those results can be found in the Company's MD&A for years ending December 31, 2022, and 2021, filed on SEDAR

About XTM

XTM is a Miami and Toronto-based Fintech creator of disruptive payment innovations including fully certified Earned Wage Access through its QRails AnyDay™ product.

Founded in the cloud-banking space to further support businesses to inspire their workforce in the hospitality, personal care and services staffing industries, XTM provides on-demand pay for 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.

About QRails / AnyDay

QRails is a fully owned subsidiary of XTM. A cloud-based, API-driven issuer-processor QRails enables payroll providers, financial institutions and other global fintech companies to keep up with the on-demand economy by delivering innovative digital payment solutions to their employees. QRails helps companies modernize and leverage payroll as a differentiator in attracting and retaining talent all at low to no cost for the employee and employer. QRails' flagship solution, AnyDay™, is the first provider to own their full tech stack that powers their Earned Wage Access solution.

Founded in 2016, QRails, Inc., together with its U.K. subsidiary, QRails Limited is SAP-certified, QRails also has earned several industry certifications under PCI DSS, and SOC. For more information, please visit www.QRails.com

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, the success of XTM’s intended geographic and business expansions, the success of XTM’s new market relationships, 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. 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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