

XTM Files Q3 2022 Quarterly Financial Results

Revenue Up 70% and GDV 182% over Q3 2021

For Immediate Release

MIAMI, TORONTO, November 23, 2022 – XTM, Inc. (“XTM” or the “Company”) (QB: XTMIF / CSE:PAID / FSE:7XT), a Miami and Toronto-based Fintech innovator disseminating earned wages and providing gratuities access to service workers in the hospitality and personal care space, announced the filings of its quarterly unaudited condensed consolidated Financial Statements and Management Discussion and Analysis (“**MD&A**”) for Q3 2022 which shows, among other things, a 70% increase in revenue over Q3 2021.

Highlights include:

- Gross dollar value (“GDV”) loaded on the Company’s platform was \$137MM for the quarter and just under \$324MM year to date. This was the highest quarter in the Company’s brief history, and an increase of 182% from \$48.7MM for Q3 2021, and an increase of \$21MM or 18% from Q2 2022;
- Current Active users at the end of September 2022 (defined as wallet holders that completed a minimum of one transaction in a current month) on the Company’s Today platform totalled 64K, an increase just under 39K or 154% from 25K for Q3 2021, and an increase of 6K or 11% from Q2 2022. Total Active Users (defined as a Today wallet holder with at least one transaction in the past 6 months) increased to 87K at the end of Q3 2022 from just under 83K at the end of Q2 2022 (*metric was not measured in the year ago quarter*);
- During the quarter the Company successfully onboarded 103 new locations for its Today program;
- Revenue of just under \$1.5MM for the quarter ending Q3 2022 was an increase of \$0.6MM or 70% compared to Q3 2021, and derived predominantly from the Canadian market;
- Gross Profit was \$306K or 21% of revenue, a decrease of 22% or \$84K compared to \$390K or 45% of revenue for Q3 2021 due to a significant investment in engineering for product innovation and a one-time high margin program management revenues being recognized in the year ago quarter;
- Operating expenses were \$2.2MM, an increase of 56% or \$0.8MM compared to \$1.4MM for Q3 2021 with the main driver being increase engineering fees to support the Company’s product and market expansion initiatives;
- Cash totaled \$4.2MM as at September 30, 2022, down -\$4.2MM from prior year-end total of \$8.4MM with the decrease attributable to funding operational requirements and investments into new products including platform improvements to support new verticals, Earned Wage Access (EWA) and Tip and Gratuity allocation and distribution solution.

“The third quarter revenue and GDV achievements continued on the trajectory we experienced in Q2, reinforcing both the value proposition of the Today program to operators in the hospitality space and now additional verticals, and the unique go-to-market strategy XTM has pioneered,” said Marilyn Schaffer, CEO and Founder, XTM. She continued “Capital markets remain turbulent, sharpening our focus on fundamentals. Though we are a growth-company, we prudently

continue to tighten our spend and are launching ancillary revenue streams in the coming weeks to contribute to profit margins thus reducing operating cash consumption to sustain us through the following 12 to 18 month period.”

Subsequent events:

- On October 12, 2022, the Company held its inaugural Annual General Meeting where Shareholders voted to approve all matters brought before the Meeting including the setting of the number of directors at four, the election of all director nominees and the re-appointment of MNP LLP as auditors for the ensuing year.
- As announced in Q2 regarding the Today platform enhancements allowing it to enter the market supporting new verticals outside of hospitality, personal care and food delivery, in October the company finalized the terms and signed a large contract worker organization and expects to provide instant earnings to 200,000 users in Canada and the US with onboarding beginning January 2023.
- At the end of Q3 the Company began implementing a number of cost-cutting initiatives including but not limited to;
 - Change of auditors to reduce accounting costs
 - Reduced head count and consultant costs mostly attributable to engineering and development since much of the heavy lifting on platform development has been completed
 - Consolidated and streamlined suppliers to reduce other costs including processing costs.

With these measures the Company anticipates the cash burn to be less than \$450K by the end of the year with further reductions expected in Q1, 2023. With no new revenue or growth, the Company has sufficient cash on hand to take it into 2024.

- On November 8, 2022, the Company held a webinar hosted with Restaurants Canada, an industry-leading non-profit association representing over 30,000 foodservice providers and James Rhodes, leading hospitality tax lawyer. The webinar was curated to provide strategic solutions for hospitality professionals to ensure restaurants are tax compliant on gratuity payouts. The webinar imparted important distinctions between direct versus controlled tips, with actionable solutions that restaurant owners can implement to ensure tip compliance. James Rhodes referenced XTM as the solution to support compliant payout best practices.
- On November 15, 2022, the Company filed a “Notice of Change of Auditor” following the decision to change its auditor from MNP LLP (the “Former Auditor”) to RSM Canada LLP (the “Successor Auditor”). The Former Auditor submitted their resignation effective November 11th, 2022 ,and the Successor Auditor was appointed as the new auditors of the Corporation effective the same day.

About XTM

XTM, www.xtminc.com, is a Miami and Toronto-based fintech innovator in the neo-banking space, helping businesses and service workers in the hospitality and personal care space disseminate and access earned wages and gratuities. XTM's Today™ Solution, comprised of a free mobile app and a Visa or Mastercard debit card with free banking features, is used by thousands of restaurants, salons and staff across Canada and the United States. XTM is a global card issuer and real-time payment specialist, and our technology is used by Restaurants and Salons at no charge to automate and expedite worker payouts and eliminate cash from their ecosystems. XTM's Today solution drives enterprise value with efficiency and a bespoke user experience designed specifically for restaurateurs and personal care services.

For further information please visit xtminc.com or contact:
Marilyn Schaffer, CEO

finance@xtminc.com

416-260-1641

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.