

XTM Files Q2 2023 Quarterly Financial Results

Revenue Up 26%¹ and GDV Up 47% over Q2 2022

MIAMI & TORONTO--(BUSINESS WIRE)--August 29, 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 (EWA) through its QRails AnyDay™ product announced the filings of its quarterly unaudited condensed consolidated Financial Statements and Management Discussion and Analysis (“**MD&A**”) for Q2 2023 which shows, among other things, a 47% increase in Gross Dollar Value (GDV) over Q2 2022.

Highlights include:

- Gross dollar value (“GDV”) loads on the Company’s platform was just under \$170.8MM for the quarter. This is the highest quarter in the Company’s history, surpassing \$143MM in Q1 2023 and an increase of 47% from \$116.5M in Q2 2022;
- Revenue of just under \$1.6 MM for the quarter ending Q2 2022. This was the strongest quarter for revenue since the Company’s inception, increasing \$333K or 26% compared to Q2 2022, and \$191K or 13% compared to Q1 2023. Of note, in accordance with IFRS-15, the Company started to recognize card revenue over the remaining life of the customer contract, starting in Q4 2022. On a comparative basis, revenue would have been up 46% year-over-year.
- To reflect the mix of full and part-time Today employees the Company is using a single member/user metric, “Total Active Users” (defined as a Today wallet holder with at least one transaction in the past 6 months). The Company’s Total Active User count was 119K as at the end of the Q2 2023 from 83K at the end of Q2 2022;
- Gross Profit was \$130K or 8% of revenue for the quarter; this compares to \$297K or 23% of revenue for Q2 2022 with the lower percentage a result of one-time fees associated with the QRails transaction;
- Operating expenses were \$2.218MM for the quarter, an increase of 5% or \$144K compared to \$2,104K for Q2 2022 with the main driver being an increase in professional fees to support the acquisition of QRails, offset by the reduction in contract engineering resourcing and investor relations.
- Net loss was \$2,425K for the quarter. Current quarter net loss increased compared to a net loss of \$1,871K for Q2 2022 mainly due to an increased focus on security, increases in fraud monitoring and cyber protection.

- Cash totaled \$0.4MM as of June 30, 2023, down -\$0.7MM 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.
- After June 30, 2023, the Company received a CAD \$2,000,000 short-term bridge-loan for the purpose of supporting the Company’s working capital requirements until the close of the Convertible Debt Financing.

Subsequent events:

- The Company brought to market several new products over the past 6 months including:
 - Today Goals: The Company launched an in-app financial planning and insights tool, using artificial intelligence for predictability and gamification to assist members in building financial wellness.
 - Today Wellness: Through its partnership with CloudMD Software & Services Inc., the Company launched virtual healthcare access to its Today Program members. The Company began piloting the program on August 1, 2023 with plans for a full roll out before the end of Q4 2023.
- On August 18, 2023, the Company completed its transaction (the “Purchase Agreement”) to acquire (the “Transaction”) all the issued and outstanding securities of QRails Inc. (“QRails”). The securities of QRails were 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 Company is in final negotiations for a US\$70M Debt Facility to be released initially in a US\$30M tranche followed by tranches of US\$20M for Earned Wage Access (“EWA”) lending. This will represent one of the largest debt facilities for EWA lending in North America, and will allow the Company to rapidly scale its EWA product. The Company expects to close on the facility in Q3 2023.
- The Company’s acquisition was included as *strategic* in recent FT Partners Research “Innovations and Payroll Human Capital Management, August 2023 Report”.

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 Inc. (“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.

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.

¹ In accordance with IFRS-15, the Company started to recognize card revenue over the remaining life of the customer contract, starting in Q4 2022. On a comparative basis, revenue would have been up 46% year-over-year.

Contacts

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