XTM Inc.

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

Interim Condensed Consolidated Financial Statements

For the periods ended September 30, 2023 and 2022

(These unaudited interim condensed consolidated financial statements, prepared by management, have not been reviewed by the Company's external auditor)

Management's Responsibility for Financial Statements

The accompanying unaudited consolidated condensed interim financial statements of XTM Inc. (the "Company" or "XTM") are the responsibility of management and the Board of Directors.

The unaudited consolidated condensed interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions, which were not complete at the statement of financial position date. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”).

Management has established processes which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the financial statements 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 in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the financial statements and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the financial statements.

The Board of Directors is responsible for reviewing and approving the interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the consolidated condensed interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited consolidated condensed interim financial statements have been prepared by, and are the responsibility of, the Company’s management. The Company’s independent auditor has not performed a review of these financial statements.

DATED 29th day of November, 2023

XTM INC.

Per: *(signed) “Marilyn Schaffer”*
Name: Marilyn Schaffer
Title: Chief Executive Officer

(Expressed in Canadian Dollars, unaudited)

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at	Note	September 30, 2023	December 31, 2022
ASSETS			
Current			
Cash	5	**$ 417,465**	$ 2,687,626
Cash - restricted	17	**47,836,777**	51,274,921
Trade and other receivables	15	**606,904**	579,329
Receivables - restricted	15	**1,956,604**	171,729
Prepaid expenses	6	**523,168**	280,617
Inventory		**409,172**	6,773
Contract asset		**541,831**	247,517
Due from related parties	12	**315,235**	323,534
		52,607,102	55,572,046
Property and equipment	7	**691,300**	216,284
Intangible assets	8	**7,121,400**	78,000
Goodwill	4	**3,557,024**	920,000
Total Assets		**$ 63,976,827**	$ 56,786,330
LIABILITIES			
Current			
Trade and other payables	15	**$ 6,848,683**	$ 1,288,176
Program deposits	17	**54,629,572**	52,526,312
Sales tax payable		**16,236**	14,376
Due to related party	12	**61,141**	159,529
Unearned revenue	13	**931,882**	464,311
Lease liabilities	9	**24,470**	86,868
Government loan	18	**60,000**	60,000
		62,571,984	54,599,572
Long-term portion of lease liabilities	9	**102,872**	-
Subscription receipts	11	**3,024,407**	-
Total Liabilities		**$ 65,699,263**	$ 54,599,572
SHAREHOLDERS' EQUITY			
Share capital	10	**$ 26,059,466**	$ 18,084,459
Contributed surplus	10	**861,842**	612,136
Warrant reserve	10	**-**	3,038,230
Cumulative translation reserve		**196,453**	(24,390)
Accumulated deficit		**(28,840,197)**	(19,523,677)
		(1,722,436)	2,186,758
Total Liabilities and Shareholders' Equity		**$ 63,976,827**	$ 56,786,330
Commitments and contingencies	14		
Subsequent events	20		
Going concern	1		

APPROVED BY THE BOARD OF DIRECTORS:

	"Marilyn Schaffer"	**"Randy Khalaf"**
	Director	**Director**

The accompanying notes are an integral part of the interim condensed consolidated financial statements

(Expressed in Canadian Dollars, unaudited)

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

	Notes	For the three months ended September 30, 2023	September 30, 2022	For the nine months ended September 30, 2023	September 30, 2022
Net revenue	19	**$ 1,895,021**	$ 1,467,995	**$ 4,942,142**	$ 3,550,676
Cost of sales		**1,798,325**	1,162,164	**4,539,286**	2,783,151
Gross profit		**96,696**	305,831	**402,856**	767,525
Expenses					
Salaries and employee benefits	12	**1,913,266**	960,334	**4,161,980**	2,670,281
Professional fees		**792,443**	237,093	**1,291,452**	641,523
Office and general		**256,671**	108,064	**557,778**	241,738
Marketing and promotion		**97,875**	106,378	**366,710**	259,148
Consulting		**66,027**	370,348	**433,911**	1,016,214
Stock-based compensation	10	**411,555**	133,531	**485,961**	156,711
Public company and regulatory		**95,028**	194,135	**277,626**	674,121
Depreciation and amortization	7,8	**388,274**	47,609	**481,900**	141,441
Travel, meals and entertainment		**10,815**	31,744	**37,328**	66,416
Bank charges, interest and accretion		**15,644**	4,680	**40,349**	23,182
Bad debt and ECL		**15,476**	4,899	**19,084**	(12,070)
		4,063,074	2,198,815	**8,154,079**	5,878,705
Loss from operations		**(3,966,378)**	(1,892,984)	**(7,751,223)**	(5,111,180)
Other expenses (income)		**1,010,320**	(72,043)	**1,565,297**	54,808
Loss before income taxes		**(4,976,698)**	(1,820,941)	**(9,316,520)**	(5,165,988)
Income taxes		**-**	-	**-**	-
Net loss		**(4,976,698)**	(1,820,941)	**(9,316,520)**	(5,165,988)
Other comprehensive income (loss)		**196,453**	-	**196,453**	-
Net loss and comprehensive loss		**$ (4,780,245)**	$ (1,820,941)	**$ (9,120,067)**	$ (5,165,988)
Net loss per share – Basic and diluted		**$ (0.03)**	$ (0.01)	**$ (0.05)**	$ (0.03)
Weighted average number of shares outstanding – Basic and diluted		**185,221,323**	170,582,957	**176,354,538**	170,078,999

The accompanying notes are an integral part of the interim condensed consolidated financial statements

(Expressed in Canadian Dollars, unaudited)

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the nine months ended September 30, 2023 and 2022

	Notes	Number of Common Shares	Amount	Warrant Reserve	Contributed Surplus	Cumulative Translation Reserve	Accumulated Deficit	Total Shareholders' Equity
Balance, January 1, 2022		**167,833,427**	**$17,366,594**	**$3,262,537**	**$ 238,204**	**$ -**	**$(11,225,146)**	**$ 9,642,189**
Issue of shares	*10*	-	-	-	-	-	-	-
Share issuance costs	*10*	-	-	-	-	-	-	-
Warrants issued	*10*	-	64,005	(64,005)	-	-	-	-
Warrants expired	*10*	-	19,463	(19,463)	-	-	-	-
Exercise of warrants	*10*	1,082,417	248,956	-	-	-	-	248,956
Exercise of stock options	*10*	1,510,422	253,272	-	(10,344)	-	-	242,928
Expiration of stock options	*10*	-	-	-	-	-	-	-
Stock-based compensation	*10*	-	-	-	-	-	-	-
Restricted stock units issued	*10*	99,250	28,352	-	-	-	-	28,352
Common shares cancelled	*10*	-	-	-	-	-	-	-
Other comprehensive loss from translation of foreign operations		-	-	-	-	(27,173)	-	(27,173)
Net loss for the period		-	-	-	-	-	(5,216,211)	(5,216,211)
Balance September 30,2022		**170,754,088**	**$18,020,642**	**$3,179,069**	**$ 301,392**	**($27,173)**	**($16,441,357)**	**$ 5,032,573**
Balance, January 1, 2023		**171,569,084**	**$18,084,459**	**$3,038,230**	**$ 612,136**	**($24,390)**	**($19,523,677)**	**$ 2,186,758**
Prior year translation of foreign operations		-	-	-	-	24,390	(24,390)	-
Issue of shares	*10*	28,574,519	4,700,522	-	-	-	-	4,700,522
Warrants expired	*10*	-	3,038,230	(3,038,230)	-	-	-	-
Stock options expired	*10*	-	88,830	-	(88,830)	-	-	-
Stock-based compensation	*10*	-	-	-	485,961	-	-	485,961
Restricted stock units issued	*10*	987,341	147,425	-	(147,425)	-	-	-
Other comprehensive loss from translation of foreign operations		-	-	-	-	196,453	-	196,453
Net loss for the period		-	-	-	-	-	(9,292,130)	(9,292,130)
Balance September 30,2023		**201,130,944**	**$26,059,466**	**$ -**	**$ 861,842**	**$196,453**	**($28,840,197)**	**($ 1,722,436)**

The accompanying notes are an integral part of the interim condensed consolidated financial statements

(Expressed in Canadian Dollars, unaudited)

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

		For the nine months ended	
	Note	**September 30, 2023**	**September 30, 2022**
OPERATING ACTIVITIES			
Net loss		**$ (9,316,520)**	($5,216,211)
Items not affecting cash:			
Depreciation of property & equipment	7	127,186	101,798
Amortization of intangible assets	8	354,713	39,643
Stock-based compensation	10	485,961	136,711
Interest on lease liabilities	9	2,675	14,426
		(8,345,984)	(4,923,633)
Changes in non-cash working capital:			
Cash – restricted		30,198	(21,933,455)
Trade and other receivables		(828,106)	191,958
Prepaid expenses		49,753	(152,837)
Contract assets		(294,314)	-
Unearned revenue	13	457,633	209,459
Trade and other payables		2,170,448	501,669
Program deposits		2,103,260	21,933,455
Sales tax payable		1,860	(4,958)
		3,690,734	745,291
Cash flows used by operating activities		(4,655,250)	(4,178,342)
INVESTING ACTIVITIES			
Purchase of property and equipment excluding acquisition	7	(6,824)	(78,180)
Investments		(9,186,888)	(249,920)
Cash flows used by investment activities		(9,193,712)	(328,100)
FINANCING ACTIVITIES			
Cash – Restricted		3,650,000	-
Issuance for Acquisition		4,670,521	-
Issuance of options – “hold to cover”		-	(5,172)
Repayment of lease liabilities	8	(86,440)	(80,874)
Salary deferral repayment to related party		(90,089)	(91,444)
Subscription receipts		3,024,407	-
Net proceeds from options and stock	9	30,000	253,272
Net proceeds from warrants	9	-	248,956
Cash flow used by financing activities		11,198,399	324,738
Foreign exchange affecting cash		380,404	(27,173)
Decrease in cash		(2,270,160)	(4,208,877)
Cash, beginning of period		$ 2,687,626	8,383,429
Cash, end of period		$ 417,464	$ 4,174,552

1. NATURE OF OPERATIONS

XTM Inc. ("XTM" or the "Company") was incorporated under the Ontario Business Corporations Act on December 1, 2005. The Company's main business is as a creator of disruptive payment innovations including fully certified Earned Wage Access through its QRails AnyDay™ product. XTM is the originator of the Today™ Solution, a software solution originally designed for restaurateurs, personal care service providers, food delivery operators, and other businesses with a similar need to provide staff with funds in near real-time. It is comprised of a Today wallet accessible by a free mobile app, and a companion Visa or Mastercard debit card with free banking features. Currently the solution 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 head United States office is located at 1221 Brickell Ave Suite 900 Miami, FL. 33310

On March 10, 2020, the common shares of the Company were listed on the Canadian Securities Exchange under the trading symbol PAID. On April 29, 2020, the common shares of the Company were listed on the Frankfurt Stock Exchange (Deutsche Boerse AG) under the symbol "7XT".

On March 5, 2021, XTM's shares started trading on the OTCQB Venture Market, a US trading platform that is operated by OTC Markets Group in New York. The Company's symbol is "XTMIF". The OTCQB US listing supports broader investor interest as the business rapidly expands into the US market.

Going Concern

The Company's consolidated financial statements are prepared on a going-concern basis, which contemplates the realisation of assets and the satisfaction of obligations in the normal course of business.

The consolidated financial statements show a net loss for the three months ended September 30, 2023 of $4,976,698 and as at that date, the Company had an accumulated deficit of $28,840,197. These conditions indicate the existence of material uncertainties that may cast significant doubt over the ability of the Company to continue as a going concern.

In view of these matters, continuation as a going concern is dependent upon the continued development of the financial product and services of the Company, which in turn is dependent upon the Company's ability to meet its financial requirements, raise additional capital, and the success of its future operations. The consolidated financial statements do not include any adjustments to the amount and classification of assets and liabilities that may be necessary should the Company not continue as a going concern.

Management plans to fund operations of the Company through advances from existing shareholders, private placement of restricted securities or the issuance of shares in lieu of cash for payment of services until such time as the EWA product can be fully released post-close of the QRails transaction. There are written agreements in place for such funding or issuance of securities, and with the QRails transaction, there is interest in furthering the combined company's operations as it becomes a market leading provider in Earned Wage Access.

The company has secured a US$30,000,000 debt facility with the option to increase the funding limit to US$90,000,000 with a structured lender to enable its signed EWA contracts. Concurrent and before the initial draw of the debt facility, the Company intends to close additional operating financing as a condition of the loan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The unaudited condensed consolidated interim financial statements for the three-month period ended September 30, 2023 were prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, using the same accounting policies as those used in the Company's most recent audited annual consolidated financial statements. These unaudited condensed consolidated interim financial statements do not include all of the disclosures included in the Company's audited annual consolidated financial statements. Accordingly, these unaudited condensed consolidated interim financial statements should be read together with the most recent audited annual consolidated financial statements.

These condensed interim consolidated financial statements for the period ended September 30, 2023, were authorized for issue by the Company's Board of Directors on November 29th, 2023.

Basis of presentation

The unaudited condensed consolidated interim financial statements are prepared on a going concern basis under the historical cost convention and in accordance with IAS 34, *Interim Financial Reporting* using the same accounting policies and methods of computation as presented in the audited annual consolidated financial statements for the year ended December 31, 2022. Unless otherwise stated, the unaudited condensed consolidated interim financial statements are presented in Canadian dollars which is the Company's functional and presentation currency as (i) the Company is based in Canada, (ii) the majority of its costs are denominated in Canadian dollars, and (iii) all its financing is obtained through Canadian dollar private placements.

In the preparation of these unaudited condensed consolidated interim financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed consolidated interim financial statements and the reported amounts of expenses during the year.

Estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates, judgements and assumptions used in the most recent audited annual consolidated financial statements do not differ materially from those used for these condensed consolidated interim financial statements.

Principles of consolidation

The unaudited condensed consolidated interim financial statements include the accounts of the Company's wholly owned subsidiary XTM USA Inc. ("XTM USA").

Name of Subsidiary and / or Investment	Place of Incorporation	Ownership Interest	Functional Currency	Status
XTM Inc.	Ontario, Canada	100%	CAD	Active
XTM USA Inc.	Delaware, United States	100%	USD	Active
QRails, Inc.	Delaware, United States	100%	CAD	Active
QRails Ltd.	United Kingdom	100%	GBP	Active
QRails Ireland Ltd.	Ireland	100%	EUR	Active

Subsidiaries are all entities over which the Company has the power, is exposed, or has rights to variable returns from its involvement and has the ability to use its power to affect its returns. Subsidiaries are fully consolidated from the date of creation or acquisition by the Company. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Intercompany transactions, balances and unrealized gains or losses between subsidiaries are eliminated in the preparation of the condensed consolidated financial statements. The financial statements of the subsidiaries are prepared for the same reporting period as the reporting Company using consistent accounting policies.

Recently Issued Accounting Pronouncements

The future changes in accounting policies described in the most recent audited annual consolidated financial statements do not differ materially from those still applicable to these condensed consolidated interim financial statements.

There are no new standards issued but not yet effective as at January 1, 2023 that have a material impact to the Company's consolidated financial statements.

Foreign currency translation

a) Functional and presentation currency

   Items included in the interim condensed consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The interim condensed consolidated financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. The Company's sole subsidiary, XTM USA Inc., is presented in US dollars on an unconsolidated basis, and translated to the Company's presentation currency for consolidated reporting.

b) Transactions and balances

   Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of loss and comprehensive loss.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these interim condensed consolidated financial statements require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed consolidated interim financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the condensed consolidated statement of financial position date, which could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

(i) ***Useful life of tangible and intangible assets***

The depreciation and amortization methods applied are reviewed at year end. If there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method shall be changed to reflect the changed pattern. Such a change shall be accounted for as a change in an accounting estimate. Considering the future development plans and estimation of benefits derivable from tangible and intangible assets, management has assessed no changes in useful lives during the current year.

(ii) ***Valuation of share-based payments***

For calculating the expected volatility, the Company considers historical or implied volatility of its share price or option price information available in the public domain. The determination of the inputs in the fair value of stock options is subject to judgement.

(iii) ***Revenue Recognition***

Application of the accounting principles in IFRS related to the measurement and recognition of revenue requires the Company to make judgements and estimates. Complex arrangements may require significant contract interpretation to determine the appropriate accounting. Specifically, the determination of whether the Company is a principal to a transaction (gross revenue) or an agent (net revenue) can require considerable judgement. There is significant judgement in assessing whether the Company controls the promised service before it is transferred to the customer, including assessing whether the Company was primarily responsible for fulfilling the service and whether the Company had full discretion in establishing the price for its service.

(iv) ***Recoverability of intangible assets***

Management assesses the recoverability of its intangible assets. The value in use is dependent on estimating future cash flows and an appropriate discount rate to reflect the risk inherent in the cash flows. According to managements evaluation, the intangible asset has the potential to generate future economic benefits over the assessed useful life of the asset.

(v) ***Allowances for expected credit losses***

The Company is exposed to credit risk associated with its trade receivables. Management reviews the trade receivables at each reporting date in accordance with IFRS 9. The ECL model requires considerable judgment, including consideration of how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. IFRS 9 outlines a three-stage approach to recognizing ECLs which is intended to reflect the increase in credit risks of a financial instrument based on 1) 12-month expected credit losses or 2) lifetime expected credit losses. The Company measures provision for ECLs at an amount equal to lifetime ECLs. The Company applies the simplified approach to determine ECLs on trade receivables by using a provision matrix based on historical credit loss experiences. The historical results are used to calculate the run rates of default which are then applied over the expected life of the trade receivables, adjusted for forward looking estimates.

(vi) **Customer Accounts**

Certain customer funds for which the Company is an agent and custodian on behalf of our customers are not reflected on our consolidated balance sheet. These funds include U.S. dollar funds which are deposited at one or more third-party financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC") and are eligible for FDIC pass-through insurance (subject to applicable limits). We act as an agent in facilitating earned wage access advances on behalf of our customers. Funds held on behalf of our customers are not the Company's assets and therefore are not reflected on our consolidated balance sheet.

(Expressed in Canadian Dollars, unaudited)

4. BUSINESS COMBINATIONS

On August 18, 2023, the Group acquired 100% of the issued share capital and voting rights of QRails Inc., a company incorporated and based in the United States that operates within the payments segment. The objective of the acquisition is to expand the Company's service offerings and accelerate its expansion into the United States. The details of the business combination are as follows:

As at	
Fair value of consideration transferred	
Cash	$ 135,521
Interim funding of QRail's operations	4,434,721
Shares issued	4,670,521
	$ 9,240,763
Recognized amounts of identifiable net assets	
Cash and cash equivalents	$ 53,875
Cash - Restricted	242,054
Trade and other receivables	19,521
Receivable – Restricted	964,770
Inventory	404,650
Prepaid expenses	290,053
Total current assets	**1,974,923**
Property and equipment	607,263
Intangible assets	7,548,464
Total non-current assets	**8,155,727**
Account payable and accrued liabilities	3,390,057
Unearned revenue	9,938
Current portion of lease liabilities	14,950
Total current liabilities	**3,414,945**
Long-term portion of lease liabilities	111,964
Total non-current liabilities	**111,964**
Identifiable net assets	**6,603,741**
Goodwill on acquisition	**2,637,024**

(Expressed in Canadian Dollars, unaudited)

Consideration transferred
Acquisition-related costs amounting to $401,590 are not included as part of consideration transferred and have been recognised as an expense in the condensed consolidated statement of profit or loss, as part of other expenses.

Identifiable net assets
The fair values of the identifiable intangible assets have been determined provisionally at August 18, 2023, because the acquisition was completed late in the period. The Company is currently obtaining the information necessary to finalize its valuation. The fair value of the trade and other receivables acquired as part of the business combination amounted to $984,291. As of the acquisition date, the Company's best estimate of the contractual cash flows not expected to be collected amounted to $29,105.

Goodwill
The goodwill that arose on the combination can be attributed to the synergies expected to be derived from the combination and the value of the workforce of QRails which cannot be recognized as an intangible asset. Goodwill has been provisionally allocated to cash-generating units at August 18, 2023 The goodwill that arose from this business combination is not expected to be deductible for tax purposes.

QRail's contribution to the Group results
From the date of the acquisition to September 30, 2023, QRails contributed C$110,835 and C$2,154,982 to the Group's revenues and net loss and comprehensive loss, respectively.

5. CASH

Cash is comprised of bank balances at major Canadian and US financial institutions. Transaction costs are expensed when incurred. As at September 30, 2023, the Company held the totals below in cash, and is not currently utilizing money market instruments (December 31, 2022; $nil).

As at	**September 30, 2023**	December 31, 2022
Cash consists of:		
CAD Operating account	**$ 252,143**	$ 2,479,996
USD Operating account	**165,322**	172,640
	$ 417,465	$ 2,687,626

6. PREPAID EXPENSES

The Company's prepaid expenses are comprised of the following amounts:

As at	**September 30, 2023**	December 31, 2022
Insurance Premiums	**$ 54,805**	$ 83,956
Subscriptions	**204,915**	52,733
Licensing Fees	**111,062**	111,062
Program and other operating related	**99,981**	26,866
Leasehold Deposit	**45,713**	-
Consulting Services	**6,000**	6,000
	$ 523,168	$ 280,617

Program and other operating related prepaid expenses consist of payments for trade shows, association fees, and deposits with service providers.

(Expressed in Canadian Dollars, unaudited)

7. PROPERTY AND EQUIPMENT

A continuity of the property and equipment, including finance leases for the period ended September 30, 2023 is as follows:

Cost	Computer Equipment	Furniture and Fixtures	Computer Software	Servers and Hardware	Right-of-use asset	Telephone Equipment	**Total**
Balance as at Jan 1, 2022	$ 88,871	$ 89,987	$ -	$ 25,000	$ 388,372	$ 8,707	$ 600,937
Additions	33,260	49,960	-	-	-	-	83,220
Balance as at Dec 31, 2022	122,131	139,947	-	25,000	388,372	8,707	684,157
Additions	6,824	-	-	-	-	-	6,824
Derecognition	-	-	-	-	(41,062)	-	(41,062)
Balance as at Mar 31, 2023	128,954	139,947	-	25,000	347,310	8,707	649,919
Additions	-	-	-	-	-	-	-
Balance as at Jun 30, 2023	$ 128,954	$ 139,947	$ -	$ 25,000	$ 347,310	$ 8,707	$ 649,919
Additions	-	-	-	-	-	-	-
Acquisition	576,165	-	6,285	24,813	-	-	607,263
Balance as at Sep 30, 2023	**$ 705,120**	**$ 139,947**	**$ 6,285**	**$ 49,813**	**$ 347,310**	**$ 8,707**	**$1,257,182**
Accumulated Depreciation							
Balance as at Jan 1, 2022	$ (45,082)	$ (55,169)	$ -	$ (17,376)	$ (204,069)	$ (7,981)	$ (329,677)
Depreciation	(27,189)	(12,337)	-	(2,288)	(96,238)	(144)	(138,196)
Balance as at Dec 31, 2022	(72,271)	(67,506)	-	(19,664)	(300,307)	(8,125)	(467,873)
Depreciation	(5,763)	(3,622)	-	(400)	(24,060)	(30)	(33,875)
Derecognition	-	-	-	-	41,062	-	41,062
Balance as at Mar 31, 2023	(78,034)	(71,128)	-	(20,064)	(283,305)	(8,155)	(460,686)
Depreciation	(6,069)	(3,621)	-	(400)	(24,059)	(29)	(34,178)
Balance as at Jun 30, 2023	$ (84,103)	$ (74,749)	$ -	$ (20,464)	$ (307,364)	$ (8,184)	$ (494,864)
Depreciation	(38,628)	(3,622)	(2,265)	(2,314)	(24,060)	(29)	(70,918)
Balance as at Sep 30, 2023	**$(122,731)**	**$(78,371)**	**$ (2,265)**	**$ (22,778)**	**$(331,424)**	**$ (8,213)**	**$(565,782)**
Carrying Amount							
Balance as at Dec 31, 2022	$ 49,860	$ 72,441	$ -	$ 5,336	$ 88,065	$ 582	$216,284
Balance as at Mar 31, 2023	$ 50,921	$ 68,819	$ -	$ 4,936	$ 64,005	$ 552	$189,233
Balance as at Jun 30, 2023	$ 44,852	$ 65,198	$ -	$ 4,536	$ 39,946	$ 523	$155,055
Balance as at Sep 30, 2023	**$ 582,389**	**$ 61,576**	**$ 4,020**	**$ 27,035**	**$ 15,886**	**$ 494**	**$691,300**

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(Expressed in Canadian Dollars, unaudited)

8. INTANGIBLE ASSETS

A continuity of the intangible assets for the period ended September 30, 2023 is as follows:

Cost	Total
Balance as at January 1, 2022	$ 424,000
Additions	-
Balance as at December 31, 2022	424,000
Additions	-
Balance as at March 31, 2023	424,000
Additions	-
Balance as at June 30, 2023	424,000
Acquired	7,548,464
Balance as at September 30, 2023	**$ 7,972,464**

Accumulated Amortization	
Balance as at January 1, 2022	$ (293,571)
Amortization	(52,429)
Balance as at December 31, 2022	(346,000)
Amortization	(12,786)
Balance as at March 31, 2023	(358,786)
Amortization	(12,785)
Balance as at June 30, 2023	(371,571)
Amortization	(329,142)
Balance as at September 30, 2023	**$ (700,713)**

Carrying Amount	
Balance as at December 31, 2022	$ 78,000
Balance as at March 31, 2023	65,214
Balance as at June 30, 2023	52,429
Balance as at September 30, 2023	**$ 7,121,400**

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(Expressed in Canadian Dollars, unaudited)

9. LEASE LIABILITIES

A continuity of the Company's lease liabilities, which consist of an office and equipment leases are as follows:

Carrying Amount	
Balance as at January 1, 2022	**$ 176,938**
Repayment of lease liability	(106,596)
Interest expense on lease liability	16,526
Balance as at December 31, 2022	**86,867**
Repayment of lease liability	(24,397)
Interest expense on lease liability	2,084
Balance as at March 31, 2023	**64,555**
Repayment of lease liability	(25,198)
Interest expense on lease liability	1,416
Balance as at June 30, 2023	**$ 40,772**
Additions of new leases	135,487
Repayment of lease liability	(51,592)
Interest expense on lease liability	2,675
Balance as at September 30, 2023	**$ 127,343**

Current Versus Long-term	
Lease liabilities due within one year	$ 24,470
Lease liabilities – long term	102,872
Total lease liabilities	$ 127,343

The Company has continued its lease at its head office in Canada from previous year. Total annual payments including additional rent and hydro are $131,694, and the Company applied a discount rate of 13% to determine the asset value noted above. The current lease expires on November 30, 2023.

10. CAPITAL STOCK

Share capital

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preference shares.

Shares issued and outstanding	Number of common shares	Value
Shares issued and outstanding as at January 1, 2022	**167,833,427**	**$ 17,366,594**
Shares issued for the exercise of warrants	1,082,417	294,803
Shares issued for the exercise of stock options	1,510,422	210,692
Shares issued for restricted stock units	143,034	45,120
Shares issued for stock-based compensation (i) (ii) (iii)	999,784	167,250
Shares issued and outstanding as at December 31, 2022	**171,569,084**	**18,084,459**
Shares issued for restricted stock units	39,521	10,147
Shares issued for stock-based compensation (iv)	230,760	30,000
Options expired	-	18,423

(Expressed in Canadian Dollars, unaudited)

Warrants expired	-	341,739
Shares issued and outstanding as at March 31, 2023	**171,839,374**	**18,484,768**
Shares issued for restricted stock units	14,963	5,478
Options expired	-	54,110
Shares issued and outstanding as at June 30, 2023	**171,854,337**	**18,544,356**
Shares issued for restricted stock units	932,857	131,800
Shares issued for acquisition (x)	28,343,750	4,670,522
Options expired	-	16,297
Warrants expired	-	2,696,491
Shares issued and outstanding as at September 30, 2023	**201,130,944**	**$ 26,059,466**

Year ended December 31, 2022

(i) On August 29th, 2022, the Company issued 228,572 shares at $0.175 per share for a total value of $40,000 to 2 members of the board of directors as part of the annual Board of Directors Compensation plan covering January 1, 2022 to June 30, 2022. The plan entitles each Board Member to receive compensation of $10,000 a quarter paid in shares of the Company and issued within 5 business days of the period end valued at the closing price of the prior trading day.

(ii) On October 4th, 2022, the Company issued 121,212 shares at $0.165 per share for a total value of $20,000 to 2 members of the board of directors as part of the annual Board of Directors Compensation plan covering July 1, 2022 to September 30, 2022. The plan entitles each Board Member to receive compensation of $10,000 a quarter paid in shares of the Company and issued within 5 business days of the period end valued at the closing price of the prior trading day.

(iii) On October 4th, 2022, the Company issued 650,000 shares at $0.165 per share for a total value of $107,250 to its Chief Financial Officer as part of the annual compensation period covering September 2021 to September 2022.

(iv) The Company recorded share-based compensation pertaining to director fees of $60,000 (2021 - $NIL) during the year.

(v) During the year ended December 31, 2022, the Company incurred share issuance costs of $NIL.

Quarter ended March 31, 2023

(vi) On January 13, 2023, the Company issued 255,769 shares at $0.12 per share for a total value of $30,000 to 3 members of the board of directors as part of the annual Board of Directors Compensation plan covering October 1, 2022 to December 31, 2022. The plan entitles each Board Member to receive compensation of $10,000 a quarter paid in shares of the Company and issued within 5 business days of the period end valued at the closing price of the prior trading day.

(vii) The Company recorded share-based compensation pertaining to director fees of $30,000 (Quarter ended March 31, 2022 - $20,000) during the quarter.

Quarter ended June 30, 2023

(viii) On January 13, 2023, the Company issued 255,769 shares at $0.12 per share for a total value of $30,000 to 3 members of the board of directors as part of the annual Board of Directors Compensation plan covering

(Expressed in Canadian Dollars, unaudited)

October 1, 2022 to December 31, 2022. The plan entitles each Board Member to receive compensation of $10,000 a quarter paid in shares of the Company and issued within 5 business days of the period end valued at the closing price of the prior trading day.

(ix) The Company recorded share-based compensation pertaining to director fees of $30,000 (Quarter ended June 30, 2022 - $20,000) during the quarter.

Quarter ended September 30, 2023

(x) On August 18, 2023, the Company issued 28,343,750 at $0.16 share and cash considerations for the acquisition of QRails Inc.

Restricted stock units

	Number of RSU's Granted
Balance January 1, 2022	**-**
Granted (i) (ii) (iii) (iv)	780,500
Issued	(143,034)
Settled for taxes	(46,841)
Cancelled (v)	(175,000)
Balance December 31, 2022	**415,625**
Issued	(39,521)
Settled for taxes	(16,729)
Balance March 31, 2023	**359,375**
Granted (viii) (ix) (x)	3,999,999
Issued	(14,963)
Settled for taxes	(10,037)
Cancelled (xi)	(9,375)
Balance June 30, 2023	**4,324,999**
Granted (xii) (xiii) (xiv) (xv)	2,644,857
Issued	(932,857)
Cancelled (xvi)	(50,000)
Balance September 30, 2023	**5,986,999**

Year ended December 31, 2022

(i) On January 1, 2022, the Company granted 25,000 RSUs to the executive of the Company under the RSU plan which vest equally over a 24-month period. The RSUs issued had a grant date fair value of $9,165 based on the closing price per common share. The expense is recorded in stock-based compensation on the consolidated statements of loss and comprehensive loss.

(ii) On March 7, 2022, the Company granted 150,000 RSUs to an executive of the Company under the RSU plan which vest quarterly in equal allotments over a 24-month period. The RSUs issued had a grant date fair value of $54,868 based on the closing price per common share. The expense is recorded in stock-based compensation over the vesting period on the consolidated statements of loss and comprehensive loss.

(iii) On March 8, 2022, the Company granted 150,000 RSUs to an executive of the Company under the RSU plan which vest quarterly in equal allotments over a 24-month period. The RSUs issued had a grant date fair value of $36,658 based on the closing price per common share. The expense is recorded in stock-based compensation on the consolidated statements of loss and comprehensive loss.

(iv) On May 13, 2022, the Company granted 500,000 RSU's to its Chief Executive Officer, Chief Financial Officer and other executives of the Company. The RSUs vest quarterly in equal allotments over a 24-month period. The RSU's issued had a grant date fair value of $96,623 based on the closing price per common share. Additionally, 5,500 RSU's were issued to a contractor in relation to services render and vested immediately for a value of $1,063. The expense was recorded in stock-based compensation over the vesting period on the consolidated statements of loss and comprehensive loss.

(v) On September 15, 2022, 175,000 RSU's which were previously granted on May 13, 2022 were forfeited by an employee who left the Company.

(vi) As at December 31, 2022 the Company recorded share-based compensation of $131,311 in the consolidated statements of loss and comprehensive loss.

Quarter ended March 31, 2023

(vii) The Company did not grant RSU's for the 3-month period ending March 31, 2023.

Quarter ended June 30, 2023

(viii) On April 1, 2023, the Company granted 2,500,000 RSUs to executives of the Company under the RSU plan which vest quarterly in equal allotments over a 24-month period. The RSUs issued had a grant date fair value of $387,500 based on the closing price per common share. The expense is recorded in stock-based compensation on the consolidated statements of loss and comprehensive loss.

(ix) On April 5, 2023, the Company granted 500,000 RSUs to an executive of the Company under the RSU plan which vest quarterly in equal allotments over a 24-month period. The RSUs issued had a grant date fair value of $92,500 based on the closing price per common share. The expense is recorded in stock-based compensation on the consolidated statements of loss and comprehensive loss.

(x) On April 18, 2023, the Company granted 333,333 RSUs to a board member of the Company and 666,666 to two shareholders of the Company for consultation services under the RSU plan. All RSUs granted vest on the date of issue. The RSUs issued had a grant date fair value of $150,000 based on the closing price per common share. The expense is recorded in stock-based compensation on the consolidated statements of loss and comprehensive loss.

(xi) On June 15, 2023, 9,375 RSU's which were previously granted on May 13, 2022, were forfeited by an employee who left the Company.

Quarter ended September 30, 2023

(xii) On August 1, 2023, the Company granted 200,000 RSUs to a consultant of the Company under the RSU plan which vest monthly in equal allotments over a 5-month period. The RSUs issued had a grant date fair value of $19,000 based on the closing price per common share. The expense is recorded in stock-based compensation on the consolidated statements of loss and comprehensive loss.

(Expressed in Canadian Dollars, unaudited)

(xiii) On September 1, 2023, the Company granted 1,472,000 RSUs to employees of the Company under the RSU plan which vest quarterly in equal allotments over a 24-month period. The RSUs issued had a grant date fair value of $184,000 based on the closing price per common share. The expense is recorded in stock-based compensation on the consolidated statements of loss and comprehensive loss.

(xiv) On September 1, 2023, the Company granted 80,000 RSUs to two employees of the Company under the RSU plan which vest quarterly in equal allotments over a 12-month period. The RSUs issued had a grant date fair value of $10,000 based on the closing price per common share. The expense is recorded in stock-based compensation on the consolidated statements of loss and comprehensive loss.

(xv) On September 19, 2023, the Company granted 892,857 RSUs to a shareholder of the Company for consultation services under the RSU plan. All RSUs granted vest on the date of issue. The RSUs issued had a grant date fair value of $125,000 based on the closing price per common share. The expense is recorded in stock-based compensation on the consolidated statements of loss and comprehensive loss.

(xvi) On July 17, 2023, 50,000 RSUs which were previously granted on May 13, 2022, were forfeited by an employee who left the Company.

Escrow shares

As at September 30, 2023, no common shares (December 31, 2022 – 2,465,500) were subject to escrow. Under the escrow agreement, 10% of the shares were released upon the listing of the Company's securities on the CSE, and 15% are to be released every 6 months thereafter, subject to acceleration provisions provided for in NP 46-201.

Stock options

	Number of Options	Weighted Average Exercise Price
Balance outstanding, January 1, 2022	**3,375,000**	**$0.17**
Granted (i)	2,517,500	$0.19
Exercised (ii)	(1,510,422)	$0.17
Expired / Forfeited	(2,778,578)	$0.18
Balance outstanding, December 31, 2022	**1,603,500**	**$0.18**
Granted (iv)	112,000	$0.16
Expired / Forfeited	(146,000)	$0.17
Balance outstanding, March 31, 2023	**1,569,500**	**$0.18**
Granted (vi)	2,000,000	$0.16
Expired / Forfeited	(197,000)	$0.18
Balance outstanding, June 30, 2023	**3,372,500**	**$0.16**
Granted (viii, ix)	14,060,000	$0.13
Expired / Forfeited	(150,000)	$0.17
Balance outstanding, September 30, 2023	**17,282,500**	**$0.13**

Year ended December 31, 2022

(i) The Company granted 2,517,500 stock options to officers and employees of the Company, with 12.5% vesting every quarter from the day of the grant.

(Expressed in Canadian Dollars, unaudited)

(ii) There were 1,510,422 stock options exercised at strike price of $0.17 and fair value on exercise date of $0.07, and 2,778,578 expired during the year ended December 31, 2022.

(iii) The Company recorded $227,038 in stock-based compensation relating to stock options (December 31, 2021; $530,703).

Quarter ended March 31, 2023

(iv) The Company granted 112,000 stock options on February 1, 2023 to employees of the Company, with 12.5% vesting every quarter from the day of the grant.

(v) The Company recorded $31,409 in stock-based compensation relating to stock options (March 31, 2022; $20,938).

Quarter ended June 30, 2023

(vi) The Company granted 2,000,000 stock options on April 1, 2023 to an executive of the Company, with 25% vesting on October 1, 2023 and 12.5% vesting every quarter thereafter.

(vii) The Company recorded $9,877 in stock-based compensation relating to stock options (June 30, 2022; $2,242).

Quarter ended September 30, 2023

(viii) The Company granted 13,840,000 stock options on September 1, 2023 to employees of the Company, with 12.5% vesting every quarter from the day of the grant.

(ix) The Company granted 220,000 stock options on September 1, 2023 to an executive of the Company, with 25% vesting every quarter from the day of the grant.

(x) The Company recorded $25,437 in stock-based compensation relating to stock options (September 30, 2022; $nil).

The fair value of stock options was determined using the Black Scholes model with the following assumptions:

Grant Date	01-Feb-23	01-Apr-23	01-Sep-23	01-Sep-23
Share Price	$ 0.16	$ 0.16	$ 0.13	$ 0.13
Exercise Price	$ 0.16	$ 0.16	$ 0.13	$ 0.13
Term	3 years	3 years	3 years	1 year
Dividend Rate	0%	0%	0%	0%
Risk-free rate	3.38%	3.51%	4.31%	5.07%
Volatility	96%	97%	104%	181%
Forfeiture rate	33%	33%	33%	0%

(Expressed in Canadian Dollars, unaudited)

Details of options outstanding as at September 30, 2023:

Expiry Date	Number of Options Outstanding	Exercise Price	Weighted Average Remaining Contractual Life (years)	Number of Options Exercisable
March 8, 2025	100,000	$ 0.33	0.0	75,000
May 13, 2025	650,000	0.19	0.1	406,250
November 29, 2025	472,500	0.13	0.1	177,188
March 31, 2026	2,000,000	0.16	0.2	-
September 1, 2026	13,840,000	0.13	1.5	-
September 1, 2026	220,000	0.13	0.0	-
Balance		**$0.16**	**1.9**	**658,438**

Warrants

Summary of the warrant activity is as follows:

	Number of Warrants	Weighted Avg. Exercise Price
Balance January 1, 2022	**34,328,912**	**$ 0.52**
Exercised	(993,617)	0.23
Expired	(4,712,041)	0.14
Balance December 31, 2022	**28,623,254**	**0.57**
Exercised	-	-
Expired	(7,099,998)	0.30
Balance March 31, 2023	**21,523,256**	**0.65**
Exercised	-	-
Expired	-	-
Balance June 30, 2023	**21,523,256**	**0.65**
Exercised	-	-
Expired	(23,245,116)	0.65
Balance September 30, 2023	**-**	**$ 0.00**

Warrants outstanding as at September 30, 2023 were nil.

Broker Warrants

Summary of the broker warrants activity is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance January 1, 2022	**2,007,609**	**$ 0.59**
Exercised	(88,800)	0.23
Expired	(196,949)	0.26
Balance December 31, 2022	**1,721,860**	**0.65**
Exercised	-	-
Expired	-	-
Balance March 31, 2023	**1,721,860**	**0.65**

(Expressed in Canadian Dollars, unaudited)

Exercised	-	-
Expired	-	-
Balance June 30, 2023	**1,721,860**	**$ 0.65**
Exercised	-	-
Expired	(1,210,836)	-
Balance September 30, 2023	**511,024**	**$0.65**

Broker warrants outstanding as at September 30, 2023 were as follows:

Expiry Date	Number of Warrants	Exercise Price
23-Nov-23	511,024	$ 0.65
	511,024	**$ 0.65**

The weighted average life of the broker's warrants outstanding at September 30, 2023 is 0.11 years.

11. SUBSCRIPTION RECEIPTS

On April 28, 2023 the Company announced that the Company intends to complete a non-brokered private placement of convertible debentures of the Company (each, a "Convertible Debenture Units") at a price of US$1,000 or CAD$1,340 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 or CAD$1,340 principal amount of unsecured convertible debenture ("Convertible Debenture") and 1,000 common share purchase warrants (a "Warrant"). Each Warrant will entitle the holder thereof to purchase one common share of XTM (a "Common Share") at a price of US$0.29 or CAD$0.40 per Common Share for a period of twenty-four (24) months from the date of issuance thereof.

The Convertible Debentures will bear interest at a rate of 10.0% per annum, calculated and payable quarterly in arrears, commencing September 30, 2024 and mature twenty-four (24) months following the date of issuance (the "Maturity Date"). The principal amount of each Convertible Debenture (the "Principal Amount") will be convertible into Common Shares at a conversion price of US$0.185 or CAD$0.25 per Common Share (the "Conversion Price") at the option of the holder of a Convertible Debenture ("Debenture Holder") at any time prior to the close of business on the Maturity Date.

The Convertible Debentures will be unsecured obligations of the Company and will be subordinated in right of payment of principal and interest to all secured debt and to all existing and future senior indebtedness of the Company and senior to any of the Company's future debt that is expressly subordinated to the Convertible Debentures.

The Company may pay a fee in connection with the Offering comprised of (a) cash of up to 5% of the aggregate principal amount of the Convertible Debenture Units sold pursuant to the Offering and/or (b) an aggregate number of broker warrants, with substantially the same terms as the Warrants, of up to 5% of the aggregate number of Warrants issued pursuant to the Offering.

As at September 30, 2023, the Company has received $3,024,407 CAD in proceeds for subscriptions under the convertible debenture terms noted above.

(Expressed in Canadian Dollars, unaudited)

12. RELATED PARTY BALANCES AND TRANSACTION

(i) Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of certain executive and non-executive members of the Company's Board of Directors, its CEO, and its CFO.

Remuneration attributed to key management personnel can be summarized as follows:

	For the three months ended		For the nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Management salaries, bonuses, and other benefits	$ 116,506	$ 86,858	$ 455,422	$ 419,166
Share-based payments - Management	1,977	4,625	6,602	4,625
Share-based payments – Directors	50,000	59,187	80,000	60,000
Total	**$ 168,483**	**$ 150,670**	**$ 542,024**	**$ 483,791**

(ii) Due to / from related parties:

As at September 30, 2023, the Company has a balance receivable of $323,537 (December 31, 2022 - $323,534) from the entities controlled by a CEO of the Company.

As at September 30, 2023, the Company has a balance payable of $60,838 (December 31, 2022 - $60,838) to a related party controlled by a CEO of the Company.

As at September 30, 2023, the Company had a balance payable of $80,642 (December 31, 2022 - $98,691) owing to the CEO of the Company.

As at September 30, 2023, the Company had a balance receivable of $80,339 (December 31, 2022 - $17,751) from a director.

The amounts due from and to related parties in the normal course of business are unsecured, non-interest bearing and have no specific terms of repayment.

13. UNEARNED REVENUE

A continuity of the Company's unearned revenue, related to card revenue and a partnership agreement entered into the US card program is as follows:

Balance, December 31, 2022	$ 464,311
Revenue deferred to future periods	757,177
Unearned revenue recognized in current period	(289,605)
Balance, September 30, 2023	**$ 931,882**

14. COMMITMENTS AND CONTINGENCIES

In the ordinary course of operating, the Company may from time to time be subject to various claims or possible claims. Management believes that there are no claims or possible claims that if resolved would either individually or collectively result in a material adverse impact on the Company's financial position, results of operations, or cash flows. These matters are inherently uncertain, and management's view of these matters may change in the future.

On December 16, 2022 (the "Effective Date"), the Company entered into a license fee agreement up to $500,000 which is payable over the term of the agreement of 24 months. The Company has prepaid $100,000 of the licence fee (the "Advance") and committed to pay the remaining $400,000 in monthly installment over the term of the agreement. Installment payments begin once an initial combined client engagement is operational; if this does not occur within 120 days of the Effective Date the Company, at its discretion, can terminate the agreement and receive repayment of the initial Advance with 5 days written notice. As at September 30, 2023, the Company and partner did not have an operational client engagement and therefore no licensing fee's were earned by partner / incurred by the Company.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The fair value of cash, trade and other receivables, government loans, due from related parties, accounts payable and accrued liabilities, and due to related party approximate their carrying values due to the relatively short-term nature of these financial instruments. The carrying value of the loan payable and government loan approximates its fair value as the interest rates are consistent with the current rates offered to the Company for loans with similar terms.

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

The Company uses various methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks.

(a) Market risk

(i) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any financial instrument subject to floating interest rates; therefore, interest rate risk is considered low.

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at September 30, 2023, the Company had the following balances denominated in U.S. dollars: Cash of $154,406 (December 31, 2022 - $172,641), trade and other receivables of $111,699 (December 31, 2022 - $46,481), trade and other payables of $3,564,360 (December 31, 2022 - $396,780), and subscription receipts of $1,056,518 (December 31, 2022 - $nil) yielding a net liability of $3,298,255 (December 31, 2022 – net liability of $160,459). As at September 30, 2023, a 10% depreciation or appreciation of the U.S. dollar against the Canadian dollar would result in an approximate $455,924 increase or decrease, respectively, in net loss and comprehensive loss.

(iii) Other price risks

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risk.

(Expressed in Canadian Dollars, unaudited)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of dealing with credit-worthy counterparties. The Company's exposure and credit ratings of counterparties is continuously monitored. The Company's maximum exposure to credit risk for its trade receivables is summarized as follows:

As at	September 30, 2023	December 31, 2022
Trade receivables aging:		
0-30 days	**$ 518,273**	$ 365,489
31-90 days	**42,505**	35,121
Greater than 90 days	**56,455**	283
	617,233	400,892
Provision for expected credit losses	**(41,449)**	(5,146)
Net trade receivables	**575,784**	395,745
Other receivables	**31,121**	183,584
Total trade receivables	**606,905**	579,329
Receivable – Restricted	**1,956,604**	171,729
Total receivables	**$ 2,563,508**	$ 751,058

The Company recognizes a restricted receivable for earned wage access advances to client employees, which is paid back when client settles payroll. On average, the duration of these advances is 10 days. The Company will also recognize a restricted receivable when temporary deficiencies arise between the Cash – Restricted asset balances and Program Deposits liabilities. These deficiencies can occur due as a result of fraud credits being issued to cardholders in advance of reimbursement by the network (Visa or Mastercard) to the Company, and temporary client overdrafts stemming from funding transaction failures.

The Company applies the simplified approach to provide for expected credit losses as prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. The expected credit loss provision is based on the Company's historical collections and loss experience and incorporates forward-looking factors, where appropriate.

All of the Company's cash are held with a major Canadian financial institution and thus the exposure to credit risk is considered insignificant. Management actively monitors the Company's exposure to credit risk under its financial instruments, including with respect to trade receivables.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support its normal operating requirements. The Company coordinates this planning and budgeting process with its financing activities through its capital management process.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient funds to meet liabilities as they come due and to execute on its business plan. The Company manages liquidity risk by maintaining adequate cash reserves and loan facilities and by continuously monitoring forecast and actual cash flows. At September 30, 2023, the Company had a cash balance of $417,465 (December 31, 2022 - $2,687,626).

(Expressed in Canadian Dollars, unaudited)

Maturity analysis of liabilities which are due in next twelve months can be summarized as follows:

As at	September 30, 2023	December 31, 2022
Trade and other liabilities	**$ 6,848,682**	$ 1,288,176
Due to related party	**61,141**	159,529
Sales Tax Payable	**16,236**	14,376
Lease payments	**24,470**	86,868
Total	**$ 6,950,529**	$ 1,548,949

As at September 30, 2023, the Company had negative working capital of $9,964,882 (December 31, 2022 – positive working capital of $972,472). As at September 30, 2023, the Company has access to a line of credit of $60,000.

16. MANAGEMENT OF CAPITAL

At September 30, 2023, the Company's capital consists of the negative shareholders' equity in the amount of $1,722,436 (December 31, 2022 - $2,186,758).

The Company's capital management is designed to ensure that it has sufficient financial flexibility both in the short and long-term to support its financial obligations and the future development of the business.

The Company manages its capital with the following objectives:

a) Ensuring sufficient liquidity is available to support its financial obligations and to execute its operating strategic plans;
b) Maintaining financial capacity and flexibility through access to capital to support future development of the business;
c) Minimizing its cost of capital and considering current and future industry, market and economic risks and conditions; and
d) Utilizing short term funding sources to manage its working capital requirements and long-term funding sources to match the long-term nature of the property, plant and equipment of the business.

17. RESTRICTED CASH AND PROGRAM DEPOSITS

The Company, acting as a paying agent, maintains restricted accounts, separate from the Company's operating accounts, for client and cardholder deposits. The balance on deposit in custodial and settlement accounts as at September 30, 2023 totalled $47,836,777 (December 31, 2022 - $51,274,921) and the recorded liability totalled $54,629,572 (December 31, 2022 - $52,526,312).

18. GOVERNMENT LOAN

On April 21, 2020, the Company received a $40,000 Canada Emergency Business Account ("CEBA") loan from the Government of Canada. On December 16, 2020, the Company received an additional $20,000 CEBA loan. Both loans are unsecured and interest-free until December 31, 2023, at which time the remaining balance will convert to a 2-year term loan at an interest rate of 5% per annum.

(Expressed in Canadian Dollars, unaudited)

As at	September 30, 2023	December 31, 2022
Opening balance	$ 60,000	$ 60,000
Advances	-	-
Discount for interest free period – government assistance	-	-
Interest accretion	-	-
Ending balance	$ 60,000	$ 60,000

19. REVENUES

The Company generates revenue through three distinct streams:

1) Transaction Revenue - Card holder transactions consisting of merchant transactions resulting in interchange revenue, and fee revenue for ATM withdrawals and electronic fund transfers.
2) Program Management - Program Management which consists of one-time and recurring fees charged to clients for bespoke program support and platform licensing, recurring fixed fees not tied to client transactions, and development support fees.
3) Card Revenue - Procurement and fulfillment of Today debit cards to the clients for use by card holders.

Revenues for the three and six months ended September 30, 2023, and 2022 are as follows:

	For the three months ended		For the nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Transaction Revenue	$ 1,603,201	$ 1,207,218	$ 4,343,866	$ 2,719,181
Program Management	131,416	17,210	217,302	160,013
Card revenue	160,404	243,567	380,974	671,482
Net Revenue	$ 1,895,021	$ 1,467,995	$ 4,942,142	$ 3,550,676
Canada	$ 1,745,436	$ 1,433,127	$ 4,711,746	$ 3,497,439
United States	149,585	34,868	230,396	53,237
Net Revenue	$ 1,895,021	$ 1,467,995	$ 4,942,142	$ 3,550,676

20. SUBSEQUENT EVENTS

The Company had the following material subsequent events occur after the reporting period, but prior to the finalization of the audited consolidated financial statements:

(i) On October 13, 2023, the Company issued 2,000,000 shares at $0.12 per share for CA$240,000 for the purpose of supporting the Company's working capital requirements until the close of the Convertible Debt Financing.

(ii) On October 23, 2023, the Company issued 999,999 shares at $0.15 per share for CA$150,000 for the purpose of supporting the Company's working capital requirements until the close of the Convertible Debt Financing.