

XTM Inc.

Form 51-102F3 | Material Change Report

Item 1 – Name and Address of Company

XTM Inc. (the "Corporation")
67 Mowat Avenue | Suite 437
Toronto, Ontario | M6K 3E3

Item 2 – Date of Material Change

December 15, 2023

Item 3 – News Release

A news release was issued / disseminated by the Corporation on November 30, 2023 and filed on SEDAR at www.sedar.com. A copy of the press release is attached hereto as Schedule "A".

Item 4 – Summary of Material Change

On November 30, 2023, XTM Inc., (CSE: PAID), (OTCQB: XTMIF) announced via press release, that in Q3 of 2023 the Corporation had settled a combined total of \$131,800 CAD in debt via the issuance of 932,857 Common Shares. The Corporation announced that in the months of October and November of 2023, an additional \$460,975 CAD in debt was settled via the issuance of 3,492,499 Common Shares. The Corporation further announced that effective December 7, 2023, Mr. Swapan Kakumanu would be appointed as CFO of the Corporation.

The issuance of the combined 4,425,356 Common Shares to settle the combined amount of \$592,775 CAD in debt is a material event as defined by NP 51-201 as the two issuances have increased the total number of the Corporation's issued and outstanding Common Shares from 200,198,087 to 204,623,443. The appointment of a new CFO is a material event as defined by NP 51-201 as the change of CFO is deemed as being a change in of the senior officers of the Corporation.

Item 5 – Full Description of Material Change

5.1 Full Description of Material Change

Refer to "Appendix A" for complete details of the Material Change.

5.2 Disclosure for Restructuring Transactions

Not Applicable.

Item 6 – Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not Applicable.

Item 7 – Omitted Information

Not Applicable.

Item 8 – Executive Officer

Marilyn Schaffer, CEO & Director | T: (416) 260-1641 | E: info@xtminc.com

Item 9 – Date of Report

December 15, 2023

APPENDIX – A

X T M I N C .

XTM Files Q3 2023 Quarterly Financial Results

US Revenue Increase YOY 328%, EWA Opt-Ins Up 251%, Strongest Revenue Quarter Since Inception

For Immediate Release

MIAMI, TORONTO, November 30, 2023 – XTM, Inc. (“XTM” or the “Company”) (QB: XTMIF / CSE:PAID / FSE:7XT), a Miami and Toronto, Denver and London-based Fintech creator of 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 Q3 2023 which shows, among other things, traction with US revenue at a 328% increase over 2022 and the strongest revenue quarter in the company’s history.

The Company initiated its acquisition of QRails in March 2023 at which time, XTM assumed QRails operations including payroll and accounts payables. XTM closed its acquisition of QRails Inc. on August 18, 2023. The acquisition is strategic in that it accelerates XTM’s traction in the US market, making XTM the first certified and vertically integrated Earned Wage Access (EWA) provider in the world, positioning XTM to compete within the top three EWA providers globally with comparative valuations in the hundreds of millions to billions.

Highlights include:

- Gross dollar value (“GDV”) loads on the Company’s platform grew \$10M from the previous quarter and an increase of \$43.2MM or 31% from \$137.3MM for the prior year’s 3rd quarter.
- Revenue was \$1.9MM for the quarter with Q3 2023 as the strongest quarter for revenue since the Company’s inception, increasing \$0.4MM or 29% compared to Q3 2022, and \$0.2MM or 17% compared to Q2 2023;
- US revenue has increased by \$115K or 328% year over year and can be attributed to QRails acquisition and the AnyDay Earned Wage Access (EWA) platform. The EWA receivable, for funds advanced to employees ahead of payday has grown by 251% as of September 30, 2023 to \$1,051,000 - up from \$419K in March, the month prior to XTM assuming operations

- As XTM and QRails initiate consolidation, economies are being realized. As of July 2023, there was a reduction of \$1.3M in FTE annualized salaries. The combination underway of the two applications, AnyDay and Today Financial, are also furthering cost savings in data management.
- Gross Profit was \$0.1MM or 5% of revenue for the quarter; this compares to \$0.3MM or 21% of revenue for Q3 2022; Normalizing for the QRails acquisition, gross profit for the quarter was \$0.3MM or 14% of revenue;
- Operating expenses were \$4.0MM for the quarter. Q3 2023 saw an increase of 84% or \$1.8MM compared to \$2.2MM for Q2 2022. This is due to cost increases associated with the QRails acquisition. Normalizing for the acquisition and one-time non-recurring costs, operating expenses for the quarter would be \$2.0MM, or a decline of \$0.2MM or 10% reduction year over year;
- Adjusted EBITDA decreased by \$1.5MM compared to Q3 2023 due to QRails. This is driven from losses contributed from QRails, ahead of its ramp-up and product launch in early 2024, and an increased exposure to foreign exchange losses;
- Net loss was \$5.0MM for the quarter compared to a net loss of \$1.8MM for Q3 2022;
- The Company fully integrated its US operations with QRails, including the moving the Today Financial US members the AnyDay app as of September 26, 2023.

Subsequent events:

- The Company announced today that in Q3 that it had settled a combined amount of \$131,800 CAD in debt via the issuance of a combined amount of 932,857 Common Shares. The Company further announced that subsequent to Q3, the Corporation has settled a combined amount of \$460,975 CAD in debt via the issuance of 3,492,499 Common Shares.
- The Company is pleased to announce that Swapan Kakumanu will be joining the Company on December 7, 2023 as fractional CFO to replace Michal Li in his interim CFO role. Swapan Kakumanu has more than 25 years of senior finance and operations experience and has served at the senior executive management levels, both in public and private companies, in high growth technology, manufacturing, blockchain, medical device, and oil field services industries. He has held senior roles as President, Chief Executive Officer, Chief Financial Officer, Controller, Company Secretary, and Board Member for public and private companies in the information technology and energy services sectors. Swapan has extensive experience in public company reporting, investor relations, ERP implementations, mergers and acquisitions, internal controls, and overall financial and operations management. He is well versed in commercializing technologies and launching software (including SaaS) solutions and his experience spans manufacturing, distribution, oilfield services, healthcare technologies, and multi-jurisdictional operations.

About XTM

XTM is a Miami and Toronto, Denver and London-based Fintech creator of payment innovations including fully certified and vertically integrated 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.

For further information please visit xtm-inc.com or contact:

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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.