

XTM Files Year-end 2023, Q1 and Q2 2024 Financial Statements

XTM reports in Canadian dollars and in accordance with International Financial Reporting Standards ("IFRS")

TORONTO--(BUSINESS WIRE)--October 1, 2024--XTM Inc. ("XTM" or the "Company") (CSE: PAID / FSE: 7XT) on September 30, 2024 filed its audited annual financial statements for the year ended December 31, 2023 (the "**2023 Financial Year**"), interim financial statements for the periods ended March 31, 2024 ("**Q1**") and June 30, 2024 ("**Q2**", and together with the 2023 Financial Year and Q1, the "**Financial Periods**"), as well as management's discussion & analysis relating and related officer certifications for the relevant periods (collectively, the "**Financial Statements**").

Financial Highlights for the Financial Periods include:

- Gross dollar value ("**GDV**") loaded on the Company's platform volume increased in the 2023 Financial Year over the previous financial year by 42% to \$659 million. GDV is a non-IFRS metric the Company monitors to track performance and refers to the total gross amount loaded on XTM's products during a particular period.
- GDV loaded on the Company's platform was \$202.6 million during Q2. This was the highest quarter of measured GDV in the Company's history, surpassing the previous high of \$178.7 million in the fourth financial quarter of 2023 and an increase of 22% from \$165.5 million in the second financial quarter of 2023.
- Current active users on the XTM platform increased by 20% in the 2023 Financial Year over the previous financial year ended December 31, 2022 (the "**2022 Financial Year**").
- Active users on the XTM platform increased by 11% in the first six months of 2024.
- New employees on the QRails platform increased by 461% in the 2023 Financial Year compared with the 2022 Financial Year, with a further and 104% increase in the first six months of 2024.
- Revenue increased 43% to \$6.8 million in the 2023 Financial Year from the \$4.8 million in revenue reported in the 2022 Financial Year, and during the first six months of 2024 revenue was \$4.0 million, which represents a 30% increase from the \$3.0 million of revenue reported for the first six months of 2023.
- Net loss grew to \$16.1 million in the 2023 Financial Year, up \$8.8 million from \$7.3 million in the 2022 Financial Year due to the Company's acquisition of QRails.
- Working capital deficit grew to \$15.7 million in the 2023 Financial Year, representing a decrease of \$16.7 million compared to a positive working capital of \$1.0 million in the 2022 Financial Year due to the QRails acquisition.
- Net loss per fully diluted share was \$0.08 for the 2023 Financial Year compared to \$0.04 for the 2022 Financial Year.

Selected events in Q2 & Q3:

- Further to its news releases of December 13, 2023 and February 6, 2024, the Company announced that it had completed its previously announced non-brokered private placement offering of the secured convertible debentures ("**Debentures**") for aggregate gross proceeds of US\$11,028,468. Due to unforeseen events, an investor rescinded their investment of \$5 million reducing the total gross proceeds to \$6,028,468.
- XTM rolled-out the QRails AnyDay™ is Payday solution in the U.S., delivering a fully compliant, embedded, single source, EWA solution to Fortune 100 company employees in the U.S. including to employees of one of the largest casinos in the world.
- In Canada, the Company is transitioning its hospitality payments Software as a Service from fee to paid. The Company began signing new clients to the tiered subscription model in February 2023 and has achieved a 421% increase in SAAS revenue over the past 18 months.
- The Company was targeted by external fraud during the 2022 Financial Year and the 2023 Financial Year. Perpetrators included an organized criminal group operating within the hospitality industry, contributing to

an increase in the recorded deficit in the Company's restricted funds. The Company has made claims under its insurance policies and is working with law enforcement authorities to recover funds, where possible. The company ensured that no customer or member transaction has ever been impacted as a result of the restricted cash deficit. The company in March 2024 secured a USD\$20,000,000 lending facility from which funds may be used for operations and to satisfy any restricted cash deficits.

- In order to ensure the responsible deployment of capital, the Company reduced payroll obligations in Q1 and Q2 by 25% through an adjustment of its staffing.

XTM's full financial position and results of operations is provided in the Financial Statements and a discussion of those results can be found in the Company's MD&A filed on SEDAR+.

On July 3, 2024, the Ontario Securities Commission, as the principal regulator of XTM Inc., issued a failure-to-file cease trade order (the "**Cease Trade Order**") to the Company under National Policy 11-207 (Failure-To-File Cease Trade Orders and Revocations In Multiple Jurisdictions) as a result of the Company's failure to file certain financial statements. The Company has now satisfied the required filings set out in the Cease Trade Order and will accordingly seek the revocation of the Cease Trade Order at the earliest possible opportunity and will also seek to resume the trading of its common shares on the Canadian Securities Exchange. Due to the duration of the Cease Trade Order, XTM's securities will no longer be quoted on the OTC Markets until the OTC Markets accepts XTM's application to relist its securities.

About XTM INC.

XTM is a Fintech creator of payment innovations including fully certified Earned Wage Access through its 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. 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.

Disclaimer for Forward Looking Statements

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 statements regarding the issuance of the FFCTO, the contents of these orders, the Company's ability to file the Required Documents, the completion of the required steps in respect of the audit of the Required Documents related to the annual financial period ending December 31, 2023, the subsequent revocation of the Cease Trade Order, the appointment of a new CFO and directors of the Company, and management's plans regarding its businesses. It is possible that the Required Documents may not be filed, or that even if the Required Documents are filed that the Cease Trade Order may never be revoked by the OSC or other regulators. 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.

While we have based these forward-looking statements on our expectations about future events as at the date that such statements were prepared, the statements are not a guarantee that such future events will occur and are subject to risks, uncertainties, assumptions and other factors which could cause events or outcomes to differ materially from those expressed or implied by such forward-looking statements. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake any obligation to update or alter any forward-looking statements except as required under applicable securities laws. For the reasons set forth above, undue reliance should not be placed on forward-looking statements.

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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