

# XTM Inc.

CSE: PAID, OTCQB: XTMIF, FSE: 7XT  
[www.XTMINC.com](http://www.XTMINC.com)

## Interim Condensed Consolidated Financial Statements

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For the periods ended September 30, 2024 and 2023

*(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 29<sup>th</sup> day of November, 2024

XTM INC.

Per: (signed) "Marilyn Schaffer"

Name: Marilyn Schaffer

Title: Chief Executive Officer

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## INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As At September 30, 2024	December 31, 2023
<b>ASSETS</b>			
<b>Current</b>			
Cash	5	\$ 26,039	\$ 94,096
Cash – restricted	20	58,727,178	49,974,371
Trade and other receivables	18	462,113	503,370
Receivables - restricted	18,20	3,959,245	658,271
Prepaid expenses	7	615,723	454,027
Inventory	6	412,249	417,339
Contract assets	8	462,775	384,121
Sales tax receivable		-	37,244
		<b>64,665,322</b>	<b>52,522,839</b>
Property and equipment	9	341,183	479,461
Right-of-use assets	9	640,711	241,911
Prepayment option on convertible note	14	41,961	142,060
Intangible assets	10	6,019,105	7,038,555
Goodwill	4	3,127,619	3,127,619
<b>Total Assets</b>		<b>\$ 74,835,901</b>	<b>\$ 63,552,445</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Trade and other payables	18	\$ 10,309,207	\$ 7,500,309
Program deposits	18,20	70,188,511	57,113,812
Sales tax payable		125,605	15,452
Due to related party	15	281,139	2,259,482
Loan payable - EWA revolving credit facility	11	3,793,219	-
Unearned revenue	16	1,290,599	1,104,249
Current portion of lease liabilities	12	181,056	246,007
		<b>86,169,336</b>	<b>68,239,311</b>
Long term portion of lease liabilities	12	575,958	11,428
Government loan	21	60,000	60,000
Convertible debentures	14	8,269,550	1,483,204
Subscription receipts	14	1,110,934	1,088,467
<b>Total Liabilities</b>		<b>\$ 96,185,778</b>	<b>\$ 70,882,410</b>
<b>SHAREHOLDERS' DEFICIT</b>			
Share capital	13	26,791,054	26,474,701
Contributed surplus	13	1,915,414	1,127,791
Equity conversion feature on convertible note	13,14	174,222	589,836
Warrant reserve	13,14	61,255	53,020
Cumulative translation reserve		14,135	31,287
Accumulated deficit		(50,305,957)	(35,606,600)
<b>Total Shareholders' Deficit</b>		<b>(21,349,877)</b>	<b>(7,329,965)</b>
<b>Total Liabilities and Shareholders' Deficit</b>		<b>\$ 74,835,901</b>	<b>\$ 63,552,445</b>
Commitments and contingencies	17		
Subsequent events	23		
Going concern	1		

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

APPROVED BY THE BOARD OF DIRECTORS:

"Marilyn Schaffer"

Director

"Olga Balanovskaya"

Director

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

	Note	For the three months ended,		For the nine months ended,	
		September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Net revenues	22	\$ 2,414,310	\$ 1,895,021	\$ 6,378,061	\$ 4,942,142
Cost of sales		2,252,908	1,798,325	6,137,158	4,539,286
<b>Gross profit</b>		<b>161,402</b>	<b>96,696</b>	<b>240,903</b>	<b>402,856</b>
<b>Expenses</b>					
Salaries and employee benefits	15	2,410,115	1,913,266	7,966,724	4,161,980
Professional fees		569,472	792,443	1,188,694	1,291,452
Depreciation and amortization	9,10	508,886	388,274	1,592,127	481,900
Office and general		374,676	256,671	1,228,250	557,778
Share-based compensation	13	287,427	411,555	972,573	485,961
Interest on debentures	14	260,257	-	703,213	-
Accretion on debentures	14	15,165	-	63,646	-
Bank charges and interest		166,869	15,644	358,897	40,349
Marketing and promotion		56,180	97,875	209,211	366,710
Consulting		46,861	66,027	342,081	433,911
Public company and regulatory		46,224	95,028	119,130	277,626
Travel, meals and entertainment		3,254	10,815	29,610	37,328
Bad debt and expected credit loss		(855)	15,476	10,629	19,084
Other (income) expenses		(419,623)	1,010,320	(324,216)	1,565,297
<b>Total expenses</b>		<b>4,324,908</b>	<b>5,073,394</b>	<b>14,464,125</b>	<b>9,719,376</b>
<b>Loss from operations</b>		<b>(4,163,506)</b>	<b>(4,976,698)</b>	<b>(14,223,222)</b>	<b>(9,316,520)</b>
Income taxes		-	-	-	-
<b>Net loss for the period</b>		<b>\$ (4,163,506)</b>	<b>\$ (4,976,698)</b>	<b>\$ (14,223,222)</b>	<b>\$ (9,316,520)</b>
Other comprehensive (loss) income		(17,152)	196,453	(17,152)	196,453
<b>Net loss and comprehensive loss</b>		<b>\$ (4,180,658)</b>	<b>\$ (4,780,245)</b>	<b>\$ (14,240,374)</b>	<b>\$ (9,120,067)</b>
<b>Net loss per share - Basic and diluted</b>		<b>\$ (0.02)</b>	<b>\$ (0.03)</b>	<b>\$ (0.07)</b>	<b>\$ (0.05)</b>
<b>Weighted average number of shares outstanding – Basic and diluted</b>		<b>210,926,948</b>	<b>185,221,323</b>	<b>209,982,020</b>	<b>176,354,538</b>

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

**For the nine months ended September 30, 2024 and 2023**

	Note	Number of Common Shares	Amount	Warrant Reserve	Equity conversion feature on convertible note	Contributed Surplus	Cumulative Translation Reserve	Accumulated Deficit	Total Shareholders' Equity
<b>Balance, January 1, 2023</b>		<b>171,569,084</b>	<b>\$ 18,084,459</b>	<b>\$ 3,038,230</b>	<b>\$ -</b>	<b>\$ 612,136</b>	<b>\$ (24,390)</b>	<b>\$ (19,523,677)</b>	<b>\$ 2,186,758</b>
Prior year translation of foreign operations	13	-	-	-	-	-	24,390	(24,390)	-
Issue of shares	13	28,574,519	4,700,522	-	-	-	-	-	4,700,522
Warrants expired	13	-	3,038,230	(3,038,230)	-	-	-	-	-
Stock options expired	13	-	88,830	-	-	(88,830)	-	-	-
Share-based compensation	13	-	-	-	-	485,961	-	-	485,961
Restricted stock units issued	13	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)
<b>Balance, September 30, 2023</b>		<b>201,130,944</b>	<b>\$ 26,059,466</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 861,842</b>	<b>\$ 196,453</b>	<b>\$ (28,840,197)</b>	<b>\$ (1,722,436)</b>
<b>Balance, January 1, 2024</b>		<b>208,758,818</b>	<b>\$ 26,474,701</b>	<b>\$ 53,020</b>	<b>\$ 589,836</b>	<b>\$ 1,127,791</b>	<b>\$ 31,287</b>	<b>\$ (35,606,600)</b>	<b>\$ (7,329,965)</b>
Prior year translation of foreign operations		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (37,606)	\$ (37,606)
Restricted stock units issued	13	421,500	72,249	-	-	(72,249)	-	-	-
Shares issued for stock options	13	296,875	26,641	-	-	11,202	-	-	37,843
Stock options vested	13	-	-	-	-	620,905	-	-	620,905
Restricted stock units vested	13	-	-	-	-	223,824	-	-	223,824
Convertible debentures equity component	14	-	-	-	(415,614)	-	-	-	(415,614)
Warrants issued from convertible debentures	13,14	-	-	8,235	-	-	-	-	8,235
Redemption of convertible debentures	14	1,449,755	217,463	-	-	3,941	-	-	221,404
Other comprehensive loss from translation of foreign operations		-	-	-	-	-	(17,152)	(438,530)	(455,682)
Net loss for the period		-	-	-	-	-	-	(14,223,222)	(14,223,222)
<b>Balance, September 30, 2024</b>		<b>210,926,948</b>	<b>\$ 26,791,054</b>	<b>\$ 61,255</b>	<b>\$ 174,222</b>	<b>\$ 1,915,414</b>	<b>\$ 14,135</b>	<b>\$ (50,305,958)</b>	<b>\$ (21,349,877)</b>

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

## INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

		For the nine months ending	
	Note	September 30, 2024	September 30, 2023
<b>OPERATING ACTIVITIES</b>			
Net loss for the nine months		\$ (14,223,222)	\$ (9,316,520)
<i>Items not affecting cash:</i>			
Accretion and interest on convertible debentures	14	766,859	-
Depreciation of property and equipment	9	129,709	127,186
Depreciation of right-of-use assets	9	289,387	-
Amortization of intangible assets	10	1,173,032	354,713
Expected credit loss		14,185	-
Interest on lease liabilities	12	-	2,675
Share-based compensation	13	972,573	485,961
Loss on disposal of asset	10	17,667	-
		(10,859,812)	(8,345,985)
<i>Changes in non-cash working capital:</i>			
Accounts payable	18	2,836,395	2,172,308
Cash – restricted	20	(8,727,818)	30,198
Contract assets	8	(78,654)	(294,314)
Program deposits	20	13,074,699	2,103,260
Prepaid expenses	7	(156,770)	49,753
Trade and other receivables	18	(501,431)	(828,106)
Receivables - restricted	18	(3,308,844)	-
Inventory	6	15,882	-
Unearned revenue	16	180,207	457,633
Due from related parties	15	323,534	-
		3,657,200	3,690,732
Cash flows used by operating activities		(7,202,612)	(4,655,253)
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment	9	-	(6,824)
Acquisition of right-of-use assets	9	(689,003)	-
Investments		-	(9,186,888)
Cash flows used by investing activities		(689,003)	(9,193,712)
<b>FINANCING ACTIVITIES</b>			
Repayment to related parties	15	(2,301,877)	(90,089)
Cash – restricted		-	3,650,000
Issuance of common shares for acquisition		-	4,670,521
Expiry of stock options	13	243,871	-
Repayment of lease liabilities	12	500,717	(86,440)
Net proceeds from convertible debt issuance	14	5,643,972	-
Net proceeds from loan payable	11	3,822,724	-
Net proceeds from subscription receipts	14	-	3,024,407
Net proceeds from options and stock	13	8,235	30,000
Cash flows from financing activities		7,917,642	11,198,399
Foreign exchange affecting cash		(94,085)	380,404
Decrease in cash		(68,057)	(2,270,162)
Cash, beginning of period		94,096	2,687,626
<b>Cash, end of year</b>	5	<b>\$ 26,039</b>	<b>\$ 417,464</b>

The accompanying notes are an integral part of these audited consolidated financial statements

## 1. NATURE OF OPERATIONS

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XTM Inc. (“XTM” or the “Company”), with offices in Miami, Toronto, Denver and London, is a Fintech creator of payment innovations including fully certified Earned Wage Access (“EWA”) 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.

The Company was incorporated under the Ontario Business Corporations Act on December 1, 2005. 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”.

### Going Concern

The Company's condensed consolidated interim 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 condensed consolidated interim financial statements show a net loss for the three months ended September 30, 2024 of \$4,245,950 and as at that date, the Company had an accumulated deficit of \$50,388,401. 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 condensed consolidated interim 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 is funding operations of the Company through advances from existing shareholders, private placement of convertible debt, credit facilities, restricted cash or the issuance of shares in lieu of cash for payment of services and chooses the best funding method that is in the best interest of the Company and related stakeholders at the time of funding.

In Q1 2024 the Company obtained a term sheet for \$20,000,000 lending facility from which funds can be used for operations (with approval from the lender) and the deficit of restricted cash fully reconciled on demand, in the event a customer demands repayment of the restricted cash. Note that while the deficit of restricted cash has not been cured, the funds available under the credit facility can be used for the settlement of any demands for restricted cash in the event of such demand and there is no risk to the return of restricted cash. A total of US\$2,810,000 has been drawn on the facility as at September 30, 2024.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a) Statement of compliance

The unaudited condensed consolidated interim financial statements for the three-month period ended September 30, 2024 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, 2024, were authorized for issue by the Company’s Board of Directors on September 30, 2024.

### b) 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, 2023. 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 unaudited condensed consolidated interim financial statements.

### c) Basis of consolidation

The unaudited condensed consolidated interim financial statements include the accounts of the Company’s wholly owned subsidiaries below.

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%	USD	Active
QRails Ltd.	United Kingdom	100%	GBP	Active
QRails Ireland Ltd.	Ireland	100%	EUR	Active

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.

#### **d) 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 October 1, 2024 that have a material impact to the Company's consolidated financial statements.

#### **e) Critical accounting estimates and judgements**

In preparing these unaudited condensed consolidated interim financial statements, management has made critical judgements, estimates and assumptions that affect the applicability of the Company's accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Management reviews these judgements, estimates and assumptions on an ongoing basis based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted prospectively in the period in which the estimates are revised. In preparing these unaudited condensed consolidated interim financial statements, the significant estimates and critical judgments were the same as those applied to the audited annual consolidated financial statements as at and for the year ended December 31, 2023.

### **3. MATERIAL ACCOUNTING POLICIES**

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The accounting policies followed by the Company are set out in the audited annual consolidated financial statements for the year ended December 31, 2023 and have been consistently followed in the preparation of these unaudited condensed consolidated interim financial statements.

### **4. GOODWILL**

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The Company has determined that it has two CGUs comprised of 1) XTM Inc. and 2) QRails Inc. The Company completed its annual goodwill impairment testing on December 31, 2023 and determined that goodwill amounts were not impaired.

	As at September 30, 2024	As at December 31, 2023
Goodwill consists of the following CGUs:		
XTM Inc.	\$ 920,000	\$ 920,000
QRails Inc.	2,207,619	2,207,619
	<b>\$ 3,127,619</b>	<b>\$ 3,127,619</b>

**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, 2024, the Company held the totals below in cash, and is not currently utilizing money market instruments (December 31, 2023; \$nil).

	As at September 30, 2024	As at December 31, 2023
Cash consists of:		
CAD Operating account	\$ 3,063	\$ 14,677
USD Operating account	22,976	74,419
	<b>\$ 26,039</b>	<b>\$ 94,096</b>

**6. INVENTORY**

Inventory is comprised of the following items:

<i>Expressed in Canadian Dollars</i>	As at September 30, 2024	As at December 31, 2023
Payment cards	\$ 357,269	\$ 360,992
Program collateral & envelopes	54,980	56,347
	<b>\$ 412,249</b>	<b>\$ 417,339</b>

Inventories are written down for any obsolescence or when the net realizable value considering future events and conditions is less than the carrying value. There were no write-downs in the nine months ended September 30, 2024.

**7. PREPAID EXPENSES**

<i>Expressed in Canadian Dollars</i>	As at September 30, 2024	As at December 31, 2023
Prepaid expenses consist of:		
Insurance premiums	\$ 54,696	\$ 39,519
Subscriptions	149,583	172,708
Licensing Fees	111,062	111,062
Program and other operating related	115,812	69,244
Consulting Services	166,162	5,421
Leasehold deposits	18,408	36,073
Hiring Costs	-	20,000
	<b>\$ 615,723</b>	<b>\$ 454,027</b>

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

**8. CONTRACT ASSETS**

Contract assets represent the balance of deferred cost of goods sold pertaining to card issuance. The cost of goods sold is deferred over the term of clients' contracts. Management estimates the average term of contracts as 2.5 years, and an estimated gross margin of 25%. A continuity for contract assets for the periods ending September 30, 2024 and December 31, 2023, is as follows:

Balance, January 1, 2023	\$ 247,517
Additions deferred to future periods	336,168
Unearned revenue recognized in current year	(199,564)
<b>Balance, December 31, 2023</b>	<b>\$ 384,121</b>
Additions deferred to future periods	\$70,423
Unearned revenue recognized in current year	(34,863)
<b>Balance, March 31, 2024</b>	<b>\$ 419,681</b>
Additions deferred to future periods	74,469
Unearned revenue recognized in current year	(46,506)
<b>Balance, June 30, 2024</b>	<b>\$ 447,644</b>
Additions deferred to future periods	88,129
Unearned revenue recognized in current year	(72,998)
<b>Balance, September 30, 2024</b>	<b>\$ 462,775</b>

## 9. PROPERTY AND EQUIPMENT

A continuity of the property and equipment, including finance leases for the period ended September 30, 2024, is as follows:

Cost	Computer Equipment	Furniture and Fixtures	Servers and Hardware	Telephone Equipment	Total	Right-of-use asset
Balance as at January 1, 2023	\$ 122,131	\$ 139,947	\$ 25,000	\$ 8,707	\$ 295,785	\$ 347,310
Additions	6,825	-	-	-	6,825	105,380
Acquisition	432,300	-	23,463	-	455,763	280,357
Derecognition	-	(32,517)	-	-	(32,517)	-
Balance as at December 31, 2023	\$ 561,256	\$ 107,430	\$ 48,463	\$ 8,707	\$ 725,856	\$ 733,047
Additions	-	-	-	-	-	687,382
Derecognition	-	(32,517)	(25,000)	(8,707)	(66,224)	-
Effect of foreign exchange	11,309	-	614	-	11,923	7,334
Balance as at March 31, 2024	\$ 572,565	\$ 74,913	\$ 24,077	\$ -	\$ 671,555	\$ 1,427,763
Effect of foreign exchange	3,759	-	204	-	3,963	8,262
Balance as at June 30, 2024	\$ 576,324	\$ 74,913	\$ 24,281	\$ -	\$ 675,518	\$ 1,436,025
Effect of foreign exchange	(6,145)	-	(334)	-	(6,479)	(13,507)
<b>Balance as at September 30, 2024</b>	<b>\$ 570,179</b>	<b>\$ 74,913</b>	<b>\$ 23,947</b>	<b>\$ -</b>	<b>\$ 669,039</b>	<b>\$ 1,422,518</b>

Accumulated Depreciation						
Balance as at January 1, 2023	(\$ 72,270)	(\$ 67,505)	(\$ 19,664)	(\$ 8,126)	(\$ 167,565)	(\$ 259,245)
Depreciation	(77,429)	(14,208)	(5,848)	(116)	(97,601)	(231,891)
Derecognition	-	18,771	-	-	18,771	-
Balance as at December 31, 2023	(\$ 149,699)	(\$ 62,942)	(\$ 25,512)	(\$ 8,242)	(\$ 246,395)	(\$ 491,136)
Depreciation	(38,822)	(1,551)	(3,267)	-	(43,640)	(126,170)
Derecognition	-	19,051	21,264	8,242	48,557	-
Effect of foreign exchange	(2,090)	-	(110)	-	(2,200)	(3,643)
Balance as at March 31, 2024	(\$ 190,611)	(\$ 45,442)	(\$ 7,625)	\$ -	(\$ 243,678)	(\$ 620,949)
Depreciation	(37,965)	(1,551)	(3,296)	-	(42,812)	(81,368)
Effect of foreign exchange	(768)	-	(65)	-	(833)	(2,019)
Balance as at June 30, 2024	(\$ 229,344)	(\$ 46,993)	(\$10,986)	\$ -	(\$ 287,323)	(\$ 704,336)
Depreciation	(37,609)	(1,551)	(3,250)	-	(42,410)	(81,529)
Effect of foreign exchange	1,726	-	151	-	1,877	4,058
<b>Balance as at September 30, 2024</b>	<b>(\$ 265,227)</b>	<b>(\$ 48,544)</b>	<b>(\$14,085)</b>	<b>\$ -</b>	<b>(\$ 327,856)</b>	<b>(\$ 781,807)</b>

Carrying Amount						
Balance as at December 31, 2023	\$ 411,557	\$ 44,488	\$ 22,951	\$ 465	\$ 479,461	\$ 241,911
Balance as at March 31, 2024	\$ 381,954	\$ 29,471	\$ 16,452	\$ -	\$ 427,877	\$ 806,814
Balance as at June 30, 2024	\$ 346,980	\$ 27,920	\$ 13,295	\$ -	\$ 388,195	\$ 731,689
<b>Balance as at September 30, 2024</b>	<b>\$ 304,952</b>	<b>\$ 26,369</b>	<b>\$ 9,862</b>	<b>\$ -</b>	<b>\$ 341,183</b>	<b>\$ 640,711</b>

**10. INTANGIBLE ASSETS**

A continuity of the intangible assets for the period ended September 30, 2024 is as follows:

Cost	Software Platform
Balance as at January 1, 2023	\$ 424,000
Acquired	7,565,272
<b>Balance as at December 31, 2023</b>	<b>\$ 7,989,272</b>
Foreign exchange adjustment	197,912
<b>Balance as at March 31, 2024</b>	<b>\$ 8,187,184</b>
Foreign exchange adjustment	65,781
<b>Balance as at June 30, 2024</b>	<b>\$ 8,252,965</b>
Foreign exchange adjustment	(107,536)
<b>Balance as at September 30, 2024</b>	<b>\$ 8,145,429</b>
<b>Accumulated Amortization</b>	
Balance as at January 1, 2023	(\$ 346,000)
Amortization	(604,717)
<b>Balance as at December 31, 2023</b>	<b>(\$ 950,717)</b>
Amortization	(394,159)
Foreign exchange adjustment	(14,482)
<b>Balance as at March 31, 2024</b>	<b>(\$ 1,359,358)</b>
Amortization	(397,391)
Foreign exchange adjustment	(8,044)
<b>Balance as at June 30, 2024</b>	<b>(\$ 1,764,793)</b>
Amortization	(379,965)
Foreign exchange adjustment	18,434
<b>Balance as at September 30, 2024</b>	<b>(\$ 2,126,324)</b>
<b>Carrying Amount</b>	
Balance as at December 31, 2023	\$ 7,038,555
Balance as at March 31, 2024	\$ 6,827,826
Balance as at June 30, 2024	\$ 6,488,172
<b>Balance as at September 30, 2024</b>	<b>\$ 6,019,105</b>

**11. LOAN PAYABLE - EWA REVOLVING CREDIT FACILITY**

In March 2024, the Company secured a senior first lien revolving credit facility. To date the drawn funds have been used exclusively to fund Earned Wage Access (“EWA”) advances. The facility revolves in its entirety on average every 12 days and no dollars have been drawn to date for operations. The facility has an initial capacity of US\$20,000,000, with incremental capacity available to \$100,000,000. The facility bears a simple interest rate of 13% per annum and is set to mature on March 31, 2026 (inclusive of a 12-month extension option) and includes a guarantee by the Company.

As at September 30, 2024 the Company had drawn \$3,793,219 (US\$2,810,000) on the facility.

**12. LEASE LIABILITIES**

A continuity of the Company's lease liabilities is as follows:

<b>Balance as at January 1, 2023</b>	<b>\$ 86,867</b>
Addition of new leases	431,366
Repayment of lease liability	(266,985)
Interest expense on lease liability	6,187
<b>Balance as at December 31, 2023</b>	<b>\$ 257,435</b>
Addition of new lease	675,572
Repayment of lease liability	(140,948)
Interest expense on lease liability	2,755
Effect of foreign exchange	4,218
<b>Balance as at March 31, 2023</b>	<b>\$ 799,032</b>
Repayment of lease liability	(41,536)
Interest expense on lease liability	2,214
Effect of foreign exchange	6,170
<b>Balance as at June 30, 2024</b>	<b>\$ 765,880</b>
Repayment of lease liability	(41,483)
Interest expense on lease liability	35,663
Effect of foreign exchange	(3,046)
<b>Balance as at September 30, 2024</b>	<b>\$ 757,014</b>
<b>Current Versus Long-term</b>	
Lease liabilities due within one year	\$ 181,056
Lease liabilities – long term	\$ 575,958
<b>Total lease liabilities</b>	<b>\$ 757,014</b>

The Company has continued its lease at its head office in Canada from previous year effective December 1, 2023. Total annual payments including additional rent and hydro are \$137,850, and the Company applied a discount rate of 13% to determine the asset value noted above. The current lease expires on November 30, 2024 and will be month to month thereafter.

In Q1 2024, the Company signed a new office lease in Denver, Colorado for a term of 49 months effective March 31, 2024. The first 7 months of rent on the lease are abated. The Company applied a discount rate of 12% to determine the asset value for the right-of-use asset. The total annual payments expected for this lease, inclusive of cost allocations, are as follows:

2024	\$ 40,896
2025	249,742
2026	255,985
2027	262,381
2028	77,265
<b>Total lease payments – Denver office</b>	<b>\$ 886,269</b>

**13. 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	\$
<b>Shares issued and outstanding as at January 1, 2023</b>	<b>171,569,084</b>	<b>18,084,459</b>
Shares issued for restricted stock units	2,534,215	403,891
Shares issued for directors' fees (i)	4,230,769	390,000
Options expired	-	88,829
Warrants expired	-	3,038,230
Shares issued for acquisition (ii)	28,343,750	4,222,405
Shares issued for services (iii)	2,081,000	246,887
<b>Shares issued and outstanding as at December 31, 2023</b>	<b>208,758,818</b>	<b>26,474,701</b>
Shares issued for restricted stock units (v)	171,500	28,499
Shares issued for stock options	146,875	13,983
<b>Shares issued and outstanding as at March 31, 2024</b>	<b>209,077,193</b>	<b>26,517,183</b>
Shares issued for restricted stock units (vi)	250,000	43,750
Shares issued for stock options	150,000	12,658
Shares issued for convertible debentures (vii)	1,449,755	217,463
<b>Shares issued and outstanding as at June 30, 2024</b>	<b>210,926,948</b>	<b>26,791,054</b>
Shares issued (viii)	-	-
<b>Shares issued and outstanding as at September 30, 2024</b>	<b>210,926,948</b>	<b>26,791,054</b>

**Year ended December 31, 2023**

- (i) On January 13, 2023, the Company issued 230,769 shares at \$0.13 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.
- (ii) On August 18, 2023, the Company issued 28,343,750 at \$0.16 share and cash considerations for the acquisition of QRails Inc. at a fair value of \$4,222,405 (discounted for lack of marketability).
- (iii) On September 19, 2023, the company issued 892,857 shares at \$0.14 per share for a total value of \$125,000 to a consultant for services rendered.
- (iv) On December 12, 2023, the Company recorded share-based compensation pertaining to director fees of \$390,000 (2022 - \$90,000) during the year- Note 15(i).

**Period ended March 31, 2024**

- (v) On February 8, 2024, the Company issued 61,500 shares at \$0.119 per share for a total value of \$7,343 to employees due to RSU's granted in prior periods vesting. On March 25, 2024, the company issued 110,000 shares at \$0.192 per share for a total value of \$21,156 to employees due to RSU's granted in prior periods vesting.



**Period ended June 30, 2024**

- (vi) On April 3, 2024, the Company issued 125,000 shares at \$0.175 per share for a total value of \$21,875 to employees due to RSU's granted in prior periods vesting. On April 5, 2024, the Company issued 125,000 shares at \$0.175 per share for a total value of \$21,875 to employees due to RSU's granted in prior periods vesting.
- (vii) On May 16, 2024, the Company issued 1,449,755 shares at \$0.150 per share for a total value of \$217,463 to a debenture holder for the redemption of previously issued convertible debentures. A concurrent issuance of 1,449,755 unit warrants were issued with an exercise price of \$0.150 per share and a restriction period of 4 months as described further below and in note 14.

**Period ended September 30, 2024**

- (viii) No shares were issued during this period because of the cease trade order imposed by the Ontario Securities Commission on July 3, which was revoked on October 2, 2024.

**Restricted stock units**

	Number of RSU's Granted	Weighted Avg. Exercise Price (\$)
<b>Balance January 1, 2023</b>	<b>415,625</b>	<b>0.25</b>
Granted (ix) (x) (xiii) (xiv) (xv)(xvii)	4,732,000	0.15
Issued	(712,984)	0.13
Canceled (xi) (xii) (xvi)	(459,375)	0.16
Settled for taxes	(26,766)	0.16
<b>Balance December 31, 2023</b>	<b>3,948,500</b>	<b>0.16</b>
Issued (xix)	(171,500)	0.17
<b>Balance March 31, 2024</b>	<b>3,777,000</b>	<b>0.16</b>
Granted (xx) (xxi) (xxii)	1,220,000	0.13
Issued (xxiv)	250,000	0.18
Canceled (xxiii)	(15,000)	0.13
<b>Balance June 30, 2024</b>	<b>5,232,000</b>	<b>0.15</b>
Canceled (xxv)	(8,750)	0.13
<b>Balance September 30, 2024</b>	<b>5,223,250</b>	<b>0.15</b>

**Year ended December 31, 2023**

- (ix) 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.
- (x) 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.
- (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.

- (xii) On July 17, 2023, 75,000 RSUs which were previously granted on May 13, 2022, were forfeited by an employee who left the Company.
- (xiii) 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.
- (xiv) On September 1, 2023, the Company granted 1,252,000 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.
- (xv) 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.
- (xvi) On October 31, 2023, 375,000 RSU's which were previously granted on April 5, 2023, were forfeited by a director who left the Company.
- (xvii) On December 13, 2023, the Company granted 200,000 RSU's to an executive of the Company under the RSU plan, which vests quarterly in equal allotments over a 1-year period. The RSUs issued had a grant date fair value of \$17,000 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.
- (xviii) As at December 31, 2023, the Company recorded share-based compensation of \$709,306 in the consolidated statements of loss and comprehensive loss.

**Three months ended March 31, 2024**

- (xix) A total of 171,500 RSU shares were issued during the three months ended March 31, 2024, with 39,486 shares settling for taxes and a net amount of 132,014 shares being issued to employees. The Company did not grant RSUs for the three-month period ending March 31, 2024.

**Three months ended June 30, 2024**

- (xx) On April 1, 2024, the Company granted 1,000,000 RSU's to an executive of the Company under the RSU plan, which vests quarterly in equal allotments over a 1-year period. The RSU's granted 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.
- (xxi) On April 1, 2024, the Company granted 120,000 RSU's to an executive of the Company under the RSU plan, which vests monthly in equal allotments over a 17-month period. The RSU's issued had a grant date fair value of \$15,000 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.
- (xxii) On April 13, 2024, the Company granted 100,000 RSU's to an executive of the Company under the RSU plan, which vests monthly over 1 month. The RSU's issued had a grant date fair value of \$14,500 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.
- (xxiii) On May 23, 2024, 15,000 RSU's which were previously granted on September 1, 2023, were forfeited by an

employee who left the company.

- (xxiv) A total of 250,000 RSU shares were issued during the 3 months ended June 30, 2024, with 68,376 shares settling for taxes and a net amount of 181,624 shares being issued to employees.

### Three months ended September 30, 2024

- (xxv) On August 2, 2024, 8,750 RSU's which were previously granted on September 1, 2023, were forfeited by an employee who left the company.

### Stock options

	Number of Options	Weighted Average Exercise Price
<b>Balance outstanding, January 1, 2023</b>	<b>1,603,500</b>	<b>\$0.18</b>
Granted (xxvi)	16,372,000	\$0.13
Expired / Forfeited (xxvii)	(1,653,000)	\$0.14
<b>Balance outstanding, December 31, 2023</b>	<b>16,322,500</b>	<b>\$0.14</b>
Granted (xxix) (xxx)	200,000	\$0.17
Exercised (xxxi)	(146,875)	\$0.19
Expired / Forfeited (xxxii)	(478,125)	\$0.13
<b>Balance outstanding, March 31, 2024</b>	<b>15,897,500</b>	<b>\$0.14</b>
Granted (xxxiv) (xxxv) (xxxvi) (xxxvii)	975,000	\$0.14
Exercised (xxxviii)	(150,000)	\$0.13
Expired / Forfeited (xxxix)	(283,750)	\$0.14
<b>Balance outstanding, June 30, 2024</b>	<b>16,438,750</b>	<b>\$0.14</b>
Granted (xl)	-	-
Exercised (xli)	-	-
Expired / Forfeited (xlii)	(926,500)	0.13
<b>Balance outstanding, September 30, 2024</b>	<b>15,512,250</b>	<b>\$0.14</b>

### Year Ended December 31, 2023

- (xxvi) The Company granted 16,372,000 stock options to employees and officers of the Company, with 12.5% vesting every quarter from the day of the grant.
- (xxvii) There were 1,653,000 stock options cancelled/forfeited during the period as a result of employee turnover.
- (xxviii) The Company recorded \$256,073 in stock-based compensation relating to stock options (December 31, 2022 - \$17,819).

### Three months ended March 31, 2024

- (xxix) The company granted 100,000 stock options on February 1, 2024, to employees of the Company, with 12.5% vesting every quarter from the day of the grant.
- (xxx) The company granted 100,000 stock options on February 15, 2024, to employees of the Company, with 12.5% vesting every quarter from the day of the grant.
- (xxxi) On March 11, 2024, there were 146,875 stock options exercised at strike price \$0.13, with fair value on exercise date of \$0.19.

- (xxxii) There were 390,000 options canceled and 88,125 forfeited during the period due to employee turnover.
- (xxxiii) The company recorded \$188,178 in stock-based compensation related to stock options (March 31, 2023: \$31,409).

### Three months ended June 30, 2024

- (xxxiv) The company granted 600,000 stock options on April 1, 2024, to an executive of the company, with 20% vesting every month from the day of the grant.
- (xxxv) The company granted 75,000 stock options on April 1, 2024, to an employee of the company, with 12.5% vesting every quarter from the day of the grant.
- (xxxvi) The company granted 200,000 stock options on April 15, 2024, to employees of the company, with 12.5% vesting every quarter from the day of the grant.
- (xxxvii) The company granted 100,000 stock options on June 20, 2024, to a consultant of the company, with immediate vesting on the day of the grant.
- (xxxviii) On April 25, 2024, there were 150,000 stock options exercised at strike price \$0.13, with fair value on exercise date of \$0.13.
- (xxxix) There were 370,000 stock options canceled or forfeited during the period due to employee turnover, with 283,750 canceled/forfeited during the period, and the remaining 86,250 options to be forfeited in the following period.

### Three months ended September 30, 2024

- (xl) No options were granted or exercised during the period due to the cease trade order from July 4, 2024, which was lifted on October 7, 2024.
- (xli) There were 926,500 stock options canceled or forfeited during the period due to employee turnover, which includes the remaining 86,250 options from the previous period. The remaining 478,250 options will be forfeited in the following period if left unexercised.

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

Grant Date	Share Price	Exercise Price	Term	Dividend Rate	Risk-free rate	Volatility	Forfeiture rate
8-Mar-22	0.33	0.33	3 years	0%	1.49%	82%	0%
13-May-22	0.25	0.19	3 years	0%	2.68%	85%	0%
8-Aug-22	0.21	0.21	3 years	0%	3.12%	90%	0%
30-Nov-22	0.13	0.13	3 years	0%	3.64%	94%	0%
1-Feb-23	0.16	0.16	3 years	0%	3.38%	96%	0%
1-Apr-23	0.155	0.155	3 years	0%	3.51%	97%	0%
1-Sep-23	0.125	0.125	3 years	0%	4.31%	104%	0%
1-Sep-23	0.125	0.125	1 year	0%	5.07%	181%	0%
2-Nov-23	0.16	0.16	3 years	0%	3.38%	107%	0%
31-Jan-24	0.19	0.19	3 years	0%	3.77%	96%	0%
14-Feb-24	0.155	0.155	3 years	0%	4.02%	96%	0%
1-Apr-24	0.18	0.18	3 years	0%	4.00%	137%	0%
15-Apr-24	0.165	0.145	3 years	0%	4.11%	137%	0%
20-Jun-24	0.12	0.15	3 years	0%	3.74%	139%	0%

Details of options outstanding as at September 30, 2024:

Expiry Date	Number of Options Outstanding	Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Options Exercisable
March 8, 2025	100,000	\$0.330	0.4	100,000
May 13, 2025	600,000	\$0.185	0.6	600,000
November 29, 2025	232,875	\$0.130	1.2	205,500
March 31, 2026	2,000,000	\$0.155	1.5	1,250,000
August 31, 2026	11,582,500	\$0.125	1.9	6,067,500
November 1, 2026	75,000	\$0.090	2.1	75,000
January 31, 2027	50,000	\$0.190	2.3	12,500
February 15, 2027	56,250	\$0.155	2.4	18,750
April 1, 2027	600,000	\$0.125	2.5	600,000
April 1, 2027	9,375	\$0.180	2.5	9,375
April 15, 2027	106,250	\$0.145	2.5	18,750
June 20, 2027	100,000	\$0.150	2.7	100,000
<b>Balance</b>	<b>15,512,250</b>	<b>\$0.133</b>	<b>1.8</b>	<b>9,057,375</b>

### Financing Warrants

Summary of the warrant activity is as follows:

	Number of Warrants	Weighted Avg. Exercise Price (\$)
<b>Balance January 1, 2023</b>	<b>28,623,254</b>	<b>0.57</b>
Expired	(28,623,254)	0.57
Issued	1,405,000	0.40
<b>Balance December 31, 2023</b>	<b>1,405,000</b>	<b>0.40</b>
Warrants extinguished from convertible debentures	(990,000)	0.40
<b>Balance September 30, 2024</b>	<b>415,000</b>	<b>0.40</b>

Warrants outstanding as at September 30, 2024 were as follows:

Expiry Date	Number of Warrants	Exercise Price (\$)
31-May-25	415,000	0.40

The weighted average life of the warrants outstanding and exercisable at September 30, 2024 is 0.67 years.

### Broker Warrants

Summary of the broker warrants activity is as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
<b>Balance January 1, 2023</b>	<b>1,721,860</b>	<b>0.65</b>
Issued	51,500	0.40
Expired	(1,721,860)	0.65
<b>Balance December 31, 2023</b>	<b>51,500</b>	<b>0.40</b>
Issued	146,909	0.40
<b>Balance September 30, 2024</b>	<b>198,409</b>	<b>0.40</b>

Broker warrants outstanding as at September 30, 2024 were as follows:

Expiry Date	Number of Warrants	Exercise Price (\$)
30-May-25	51,500	0.40
29-Feb-26	146,909	0.40
<b>Balance September 30, 2024</b>	<b>198,409</b>	<b>0.40</b>

The weighted average life of the broker's warrants outstanding at September 30, 2024 is 0.85 years.

### Unit Warrants

Unit warrants are issued upon conversion of USD convertible debentures into units. All USD convertible debenture units at September 30, 2024 are convertible into 1 common share and 1 unit warrant with an exercise price of US\$0.11 per warrant. At September 30, 2024, unit warrants had a value of nil.

## 14. CONVERTIBLE DEBENTURES & SUBSCRIPTION RECEIPTS

### Q2 2023 Tranche

On April 28, 2023, the Company announced that they intend 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 C\$1,340 per Convertible Debenture Unit for gross proceeds to the Company of up to US\$5,000,000 (the "Offering" or the "Q2 2023 Tranche").

Each Convertible Debenture Unit was 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 carry an interest 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. A total CAD equivalent of \$1,088,467 has also been recorded as subscription receipts.

The Convertible Debentures are 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 pays 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 December 31, 2023, the Company had received the equivalent of \$1,882,700 CAD in net proceeds under the convertible debenture terms noted above, net of legal fees of \$59,492 and broker commissions of \$69,010. The net proceeds received for the Q2 2023 Tranche were \$1,754,198. The Q2 2023 Tranche are convertible into fixed shares at amounts determined using \$0.25 per share and as such, a conversion option is recorded as equity at a fair value of \$589,836. There were 1,405,000 financing warrants issued at a value of \$50,071 expiring May 31, 2025 and 51,500 broker warrants issued at a fair value of \$2,949 expiring May 31, 2025.

There is also a prepayment option available to the Company that is considered to be an embedded option (derivative asset) for the Q2 2023 Tranche which was valued at \$229,337 upon recognition. A gain in fair value change of \$87,277 was recognized in 2023 leaving a balance of \$142,060 at December 31, 2023.

In Q1 2024, a portion of the Q2 2023 Tranche were rolled over into USD convertible debentures as described below (the "Q2 2023 Rollover"). This resulted in an extinguishment of those CAD convertible debentures. The remaining CAD convertible debentures from the Q2 2023 Tranche had a prepayment option of \$41,961 at September 30, 2024 (December 31, 2023 - 142,060) and an equity conversion feature of \$174,222 at September 30, 2024 (December 31, 2023 - \$589,836).

A summary of the Q2 2023 Tranche, the financial instruments recognized and the valuation methods used are as follows:

	Q2 2023 Tranche
Gross proceeds	\$ 1,882,700
Less: legal and financing fees	(128,502)
<b>Net proceeds</b>	<b>1,754,198</b>
Financial instruments split out:	
Broker warrants (equity)	(2,949)
Finance warrants (equity)	(50,071)
Conversion option (equity)	(589,836)
Prepayment option on convertible note (derivative asset)	229,337
<b>Host convertible debentures at recognition</b>	<b>\$ 1,340,679</b>
Add: Accretion of convertible debentures for the year	142,481
<b>Convertible debentures at December 31, 2023</b>	<b>\$ 1,483,160</b>
Extinguishment of debentures rolled over to Q1 2024 USD debentures:	
Accretion pre-rollover	26,229
Capitalized costs released on extinguishment	18,298
Carrying amount extinguished	(1,071,775)
Gain on extinguishment	(52,500)
Accretion of Q2 2023 CAD convertible debentures in Q1	6,474
<b>Q2 2023 Tranche remaining at March 31, 2024</b>	<b>\$ 409,886</b>
Accretion of Q2 2023 CAD convertible debentures in Q2	15,000
<b>Convertible debentures at June 30, 2024</b>	<b>\$ 424,886</b>
Accretion of Q2 2023 CAD convertible debentures in Q3	15,165
<b>Convertible debentures at September 30, 2024</b>	<b>\$ 440,051</b>

The terms used in the valuation and the related financial instruments, where applicable, are as follows:

Valuation metric	Q2 2023 Tranche
Issuance date	April 20, 2023
Maturity date	April 30, 2025
Interest rate	10%
Conversion option	C\$0.25/share (Fixed)
Closing share price	C\$0.175
Volatility (low / high)	75% / 85%

The shared terms used in the valuation of all convertible debentures are as follows:

Valuation metric description	Metric Value
Risk-free rate – debentures & financing warrants	4.27%
Risk-free rate – broker warrants	4.19%
Time to maturity – debentures & financing warrants	2.09 years
Time to maturity – broker warrants	1.89 years
Credit spread (low / high)	24.03% / 31.95%
Dividend yield	0%

At September 30, 2024, the value of the remaining Q2 2023 Tranche debentures approximated the value at December 31, 2023 and the tranches from the Q1 2024 Offering detailed below approximated the face value.

### Q2 2023 Rollover

On February 16<sup>th</sup>, 2024, a portion of convertible debtholders elected to rollover their debentures to new convertible debentures offered under the new terms of the Q1 2024 offering; however, a portion of the debenture holders did not exercise this right. For the debentures rolled over, it was determined that since the fair value changed by greater than 10%, the original debentures are to be treated as an extinguishment and a gain or loss recognized. The remaining original debentures would continue to be accounted for in the same manner. The new debentures were included in the Q1 2024 Tranche 2 amount below and the fair value used to calculate the gain on extinguishment of the Q2 2023 Tranche as calculated above.

### Q1 2024 Offering

On February 6, 2024, the Company announced that it completed non-brokered private placement offering for convertible debentures, previously announced and revised on December 18, 2023, for aggregate gross proceeds of US\$5,579,282, net of commissions of US\$114,720 and oversubscribed from the original maximum offering size of US\$5,000,000. Broker warrants with a fair value of US\$6,113 were also issued. The debentures were issued at a par value of US\$1,000, at a rate of 12% per annum from the date of issuance with a maturity date 24 months from issuance date. Each Debenture shall be convertible at the option of the holder thereof into units (“Units”) of the Company at a price of US\$0.11 per Unit. Each Unit shall entitle the holder thereof to receive one common share in the capital of the Company (“Common Shares”), for no additional compensation, and one warrant to purchase a Common Share upon payment of US\$0.11 to the Company.

The closing occurred in 3 tranches as shown in the summary below in Canadian dollars.

### Q2 2024

In Q2 2024, a portion of the third tranche has been redeemed for a total of 1,449,755 common shares at \$0.15 per share. In addition, the Company has received \$200,000 USD or \$270,800 CAD for a total of 200 new debentures, at \$1,000 USD per debenture, or \$1,354 CAD equivalent on May 31, 2024. Each debenture will be convertible at the option of the holder, at any time on or before the maturity date, at a conversion price of \$0.11 USD, or \$0.15 CAD per unit. Each unit consists of one common share and one warrant to purchase common shares.



**Convertible Debenture Summary**

In Canadian Dollars	Q1 2024		Q1 2024		Total
	Tranche 1	Tranche 2	Tranche 3		
Proceeds	\$ 5,646,091	\$ 1,710,536	\$ 371,273		\$ 7,727,900
Less: Commissions	(133,766)	(21,932)	-		(155,698)
Net proceeds	5,512,325	1,688,604	371,273		7,572,202
Less: Broker warrants	(6,785)	(1,512)	-		(8,297)
Total USD convertible debentures	5,505,540	1,687,092	371,273		7,563,905
Q2 2023 Tranche remaining					409,886
Effect of foreign exchange					250,440
<b>Total convertible debentures, March 31, 2024</b>					<b>\$ 8,224,231</b>
Convertible debentures Q2 2023 USD					1,126,372
New convertible debentures in Q2 2024					270,800
Redemption in Q2 2024					(221,404)
Accretion of Q2 2023 CAD convertible debentures					15,000
Effect of foreign exchange					76,311
<b>Total convertible debentures, June 30, 2024</b>					<b>\$ 9,491,310</b>
Accretion of Q2 2023 CAD convertible debentures					15,165
Less: adjustment to subscription receipts					(1,110,934)
Effect of foreign exchange					(125,991)
<b>Total convertible debentures, September 30, 2024</b>					<b>\$ 8,269,550</b>

**15. 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, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Management salaries, bonuses, and other benefits	\$ 81,250	\$ 116,506	\$ 321,734	\$ 455,422
Share-based payments - Management	-	1,977	-	46,602
Share-based payments – Directors	-	50,000	-	80,000
<b>Total</b>	<b>\$ 81,250</b>	<b>\$ 168,483</b>	<b>\$ 321,734</b>	<b>\$ 542,024</b>

**(ii) Due to / from related parties:**

As at September 30, 2024, the Company had a balance payable of \$281,139 (December 31, 2023 - \$2,259,482) owing to the CEO and a board member of the Company.

**16. 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:

<b>Balance, January 1, 2023</b>	<b>\$ 464,311</b>
Additions deferred to future periods	879,880
Unearned revenue recognized in current year	(239,942)
<b>Balance, December 31, 2023</b>	<b>\$ 1,104,249</b>
Additions deferred to future periods	828,482
Unearned revenue recognized in current year	(648,275)
Currency translation	6,143
<b>Balance, September 30, 2024</b>	<b>\$ 1,290,599</b>

**17. 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.

**18. 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, the 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, 2024, the Company had the following balances denominated in U.S. dollars: Cash of \$17,021 (December 31, 2023 - \$66,537), trade and other receivables, including restricted, of \$2,490,868 (December 31, 2023 - \$498,283), trade and other payables of \$2,912,385 (December 31, 2023 - \$2,415,565), and loan payable of \$2,810,000 (December 31, 2023 - \$nil). As at September 30, 2024, a 10% depreciation or appreciation of the U.S. dollar against the Canadian dollar would result in an approximate \$433,925 decrease or increase, 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.

**(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, 2024	December 31, 2023
Trade receivables aging:		
0-30 days	\$ 467,968	\$ 447,308
31-90 days	20,895	23,960
Greater than 90 days	36,920	58,836
Trade receivables	525,783	530,104
Provision for expected credit losses	(86,618)	(67,017)
Net trade receivables	439,165	463,087
Other receivables	22,948	40,283
Net trade and other receivables	<b>\$ 462,113</b>	503,370
Receivables – restricted	3,959,245	658,271
Total Trade and other receivables	<b>\$ 4,421,358</b>	\$ 1,161,641

The Company recognizes a restricted receivable for earned wage access advances to client employees, which is paid back when a client settles payroll. On average the duration of these advances is 10 days. The Company also recognizes a restricted receivable when temporary deficiencies arise between the Cash – Restricted asset balances and Program Deposits liabilities. These deficiencies can occur due to 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 considers restricted receivables low risk due to the counter involved parties and therefore does not apply an expected loss provision.

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.

The Company's cash is all held with major Canadian or US financial institutions 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 and other 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, 2024, the Company had a cash balance of \$26,039 (December 31, 2023 - \$94,096).

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

	At September 30, 2024	At December 31, 2023
	\$	\$
Trade and other liabilities	10,309,207	7,500,309
Due to related party	281,139	2,259,482
Sales Tax Payable	125,605	15,452
Lease liabilities (current) (note 12)	181,056	246,007
Loan Payable (note 11)	3,793,219	-
Program deposits	70,188,511	57,113,812
<b>Total</b>	<b>84,878,737</b>	<b>67,135,062</b>

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

	September 30, 2024	At December 31, 2023
	\$	\$
Government loan (note 21)	60,000	60,000
Subscription receipts (note 14)	1,110,934	1,088,467
Long term portion of lease liabilities (note 12)	575,958	11,428
Convertible debentures (note 14)	8,269,550	1,483,204
<b>Total</b>	<b>10,016,442</b>	<b>2,643,099</b>

As at September 30, 2024, the Company had negative working capital of \$21,504,014 (December 31, 2023 – negative working capital of \$15,716,472).

## **19. MANAGEMENT OF CAPITAL**

At September 30, 2024, the Company's capital consists of shareholders' equity in a deficit of \$21,349,877 (December 31, 2023 – deficit of \$7,329,965).

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 strategic plans;
- b) Maintaining financial capacity and flexibility through access to capital to develop the future of the business;
- c) Minimizing its cost of capital and considering all industry, market and economic risks and conditions;
- 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; and
- e) Managing cash flows related to restricted cashflows that are utilized to meet withdrawals from program deposits.

**20. CLIENT AND CARDHOLDER FUNDS – RESTRICTED CASH AND PROGRAM DEPOSITS**

Program deposits by customers had a balance of \$70,188,511 as at September 30, 2024 (December 31, 2023 - \$57,113,812).

In September 2024, in response to the Retail Payment Activities Act (“RPAA”) finalized and published November 22, 2023, the Company began the process to segregate restricted funds cash accounts by client. This process continues to date and will be completed on or before the RPAA is effective on September 8, 2025. as is required by the RPAA rules. Under the RPAA, the Company applied during the 2 week application window (November 1 - 15, 2024) to be a Payment Service Provider (“PSP”), mandating supervision by the Bank of Canada in an effort to build confidence in the safety and reliability of PSP services while protecting end users from specific risks.

As at September 30, 2024 there in was a deficit of \$11,978,905 (June 30, 2024 - \$9,232,096 and December 31, 2023 - \$7,929,411).

The deficit is not taking into account the segregated restricted funds cash account of \$3,959,245.

In March 2024, the Company secured a senior first lien revolving credit facility from which funds can be used for operations (with approval from the lender) and the deficit of restricted cash fully reconciled on demand, in the event a customer demands payment of the restricted cash. To date the drawn funds have been used exclusively to fund Earned Wage Access (“EWA”) advances. The facility revolves in its entirety on average every 12 days and no dollars have been drawn to date for operations. The facility has an initial capacity of US\$20,000,000, with incremental capacity available to \$100,000,000.

	September 30, 2024	December 31, 2023
Cash - restricted	\$ 58,209,606	\$ 49,184,401
Program deposits	(70,188,511)	(57,113,812)
<b>Asset (deficit)</b>	<b>\$ (11,978,905)</b>	<b>\$ (7,929,411)</b>
Deficit, prior period	\$ (7,929,411)	\$ (1,251,391)
<b>Deficit, current period:</b>		
Administration	(3,772,599)	(4,931,134)
Fraud losses	(158,195)	(2,023,848)
Timing differences	(118,700)	276,962
Total deficit, current	(4,049,494)	(6,678,020)
<b>Closing Deficit</b>	<b>\$ (11,978,905)</b>	<b>\$ (7,929,411)</b>

**21. 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 converted to a 2-year term loan at an interest rate of 5% per annum.

The balance of the government loan as at September 30, 2024 was \$60,000 (December 31, 2023 - \$60,000).

**22. 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 nine months ended September 30, 2024, and 2023 are as follows:

	For the three months ended		For the nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Transaction Revenue	2,057,263	1,603,201	5,548,809	4,343,866
Program Management	120,914	131,416	279,509	217,302
Card revenue	236,133	160,404	549,743	380,974
<b>Net Revenue</b>	<b>2,414,310</b>	<b>1,895,021</b>	<b>6,378,061</b>	<b>4,942,142</b>
Canada	2,153,423	1,745,436	5,795,721	4,711,746
United States	260,887	149,585	582,340	230,396
<b>Net Revenue</b>	<b>2,424,310</b>	<b>1,895,021</b>	<b>6,378,061</b>	<b>4,942,142</b>

### 23. SUBSEQUENT EVENTS

On October 2, 2024, due to the above Filings, the Ontario Securities Commission (the "OSC") issued an order revoking the failure-to-file cease trade order issued on July 3, 2024, against the Company (the "Cease Trade Order") and on October 7, 2024, the Company's stock resumed trading through the facilities of the Canadian Securities Exchange (CSE: PAID).

On October 16, 2024, the Company announced the launch and roll-out of a Global Workers Payout Program called PayNow. The new program empowers temporary workers to, with a simple mobile app download and know your client application, open a secure digital bank account to receive earnings, load cash conveniently at 50,000 locations across the United States, make point of sale transactions with a paired debit card and access employee benefits including remittance (initially to Mexico) and sick day pay.

On October 24, 2024, the Company announced a private placement offering of convertible debentures of the Company ("Debentures") at a price of C\$1,100 per Debenture for aggregate gross proceeds of up to C\$7,000,000 (the "Offering"). The Debentures will mature 24 months from the date of issue (the "Maturity Date"), carry an interest rate of 12% per year and will be convertible to units ("Debenture Units") at a conversion price of \$0.11 per Unit. Each Debenture Unit shall consist of one common share of the Company and one additional common share purchase warrant exercisable until the Maturity Date for an additional common share a price of C\$0.11 (each a "Warrant"). In the event the 5-day volume weighted average price of the common shares of the Company is C\$0.50 or more on the Canadian Securities Exchange, the Company may accelerate the expiry date of the Warrants to the date that is 30 days from the date of an announcement of such acceleration. The Debenture will be a secured obligation of the Company ranking pari-passu to the existing secured debenture holders of the Company and shall be senior in right of payment to all future unsecured obligations of the Corporation.

On November 12, 2024, the Company signed an exclusive referral agreement with KOHO Financial Inc. ("KOHO") to offer enhanced financial services to its more than 100,000 AnyDay member base. As part of the commercial referral agreement there are multiple closing conditions, including XTM agreeing to close a financing of \$5 million CAD within 30 days of the effective date, as well as audit rights. Other notable terms include that the Company will generate revenue via customer acquisition fees and a time-bound revenue share for new users that KOHO acquires. This will enable the Company to eliminate banking, network, transactional and customer service costs, thereby offsetting a significant amount of cost of goods sold.