

# XTM Inc. FORM 7

## MONTHLY PROGRESS REPORT

Name of Listed Issuer:                     XTM Inc.                     (the "Issuer").

Trading Symbol: **PAID**

Number of Outstanding Listed Securities: **170,497,391**

Date: **September 5, 2022**

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

### **General Instructions**

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

### **Report on Business**

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

*On August 31, 2022, the Company announced it has signed-on multiple franchisees of a large, successful on-demand refuse pick-up organization.*

*Further to the announcement included with XTM's Q2 Earnings Report regarding the launch of new verticals, the drivers are now provided with early wage access and expense management. Besides employee wage payouts, the Today solution can easily manage and disperse funds for each truck on the road including fuel, disposal costs of refuse at multiple locations, overtime, mileage, bonuses, and maintenance.*

*"This further validates our solution being right time, right place, eliminating cash in the business ecosystem," said Marilyn Schaffer CEO, XTM Inc. "The Today program solves a problem for business sectors ancillary to hospitality, personal care and service workers and we believe sector and industry segment growth will exponentially drive revenues as we move money for both worker earnings and expenses."*

**On August 29, 2022**, the Company announced the filings of its quarterly unaudited condensed consolidated Financial Statements and Management Discussion and Analysis ("MD&A") for Q2 2022 which shows, among other things, a 224% increase in revenue over Q2 2021.

Highlights include:

- *Gross dollar value ("GDV") loaded on the Company's platform was just under \$117MM for the quarter. This is the highest quarter in the Company's history, and an increase of 405% from just under \$23MM for Q2 2021 and an increase of \$47MM or 67% from Q1 2022;*
- *Current Active users (defined as wallet holders completing a transaction in the current month) on the Company's Today™ program platform was just under 58K, an increase of 42K or 262% from 16K at the end Q2 2021, and an increase of just under 13K or 27% from Q1 2022. To reflect the mix of full and part-time Today employees the Company has added a new metric, "Total Active Users" (defined as a Today wallet holder with at least one transaction in the past 6 months). The Company's Total Active User count was 82,600 as at the end of the Q2 2022;*
- *During the quarter the Company successfully onboarded 220 new locations for its Today program;*
- *Revenue of just under \$1.3MM for the quarter ending Q2 2022 was an increase of \$0.9MM or 224% compared to Q2 2021, and derived predominantly from the Canadian market as the Company finalizes its Earned Wage Access approvals with its banking partner for the US market;*
- *Gross Profit was \$297K or 23% of revenue an increase of 69% or \$121K compared to \$176K or 44% of revenue for Q2 2021, with the lower percentage a result of lower program revenues and higher card sales to support active user growth;*
- *Operating expenses were \$2MM, an increase of 88% or \$0.6MM compared to \$1MM for Q2 2021, with the main driver being increase staffing and consulting fees*

to support the Company's growth initiatives, investment in sales and marketing, and US expansion;

- Cash totaled \$4.8MM as at June 30, 2022, down -\$3.5MM from prior year-end total of \$8.4MM with the decrease attributable to funding operational requirements and investments into new products including platform improvements to support new verticals, Earned Wage Access (EWA) and Tip and Gratuity allocation and distribution solution.

Subsequent events in Q2 2022:

- In July the Company finalized the development of Today platform enhancements allowing it to enter the market supporting new verticals outside of hospitality, personal care and food delivery. Also in July the Company completed a number of Point of Sale and Payroll integrations to enable an expedited go-live process for a number of hospitality groups.

- In August 2022 the Company signed several new clients in new verticals with more news to be provided in the coming weeks. This is a significant step in the Company's growth plans and proves the model that the Today solution has significant growth potential outside existing verticals.

- In August the Company launched into full production of its Tip, Gratuity and earnings allocation and distribution module. This monthly revenue generating solution can be fully integrated with the Today platform or as stand alone solution. The Company has a large pipeline of orders and clients in various stages of contract and onboarding.

- In August the Company entered final contract negotiations with a food supply chain network whereby the Company will be endorsed by the brand and promoted to the more than 600 restaurants under management.

*"The second quarter was a significant financial milestone for XTM and a sign of positive momentum in the hospitality space," said Marilyn Schaffer, CEO and Founder, XTM. "Our focus remains on continued growth in Canada and the US."*

**On August 29, 2022**, the Company announced the release of a Tip Pool and Tip Share software product that accepts data sets from any time and attendance or POS platform. This feature allows restaurant owners and operators to leverage our Tip Pool/Share without an integration and be operative within a few hours of sign-up.

The Tip Pool solution collects tips received by employees into a pool, and then automates the calculation and distributes on an organization-determined points basis to staff. This XTM Tip Share product automates the calculation and sharing of tips to other employees based on a percentage of net sales, saving operators time and money as well as providing staff with full transparency of the process.

*“The technology-agnostic premise upon which our Tip Pool and Tip Share solutions pull data is a significant and strategic innovation for our Engineering team,” said Chad Arthur, CTO, XTM. “It aligns with our product road-map to provide enterprise solutions for all hospitality businesses large and small, regardless of their current product stack.”*

*“Proper Tip allocation is critical to operators and staff; if not done correctly it can be a highly litigious function within hospitality organizations,” said Marilyn Schaffer, CEO, XTM. “This product is a true reflection of our commitment to provide the hospitality industry with products and solutions to make their businesses more efficient and profitable.”*

2. Provide a general overview and discussion of the activities of management.

***Our primary revenue source and business focus is on continuing to evolve our Today program, which offers employees in the hospitality sector, earned wage access (“EWA”) mainly through disbursement of gratuities by employers using a digital wallet and MasterCard debit card. This evolution is achieved through constant feature additions to the web portal and associated mobile application to further broaden services and features to compete with traditional banking options; and through integrations with other technologies in the hospitality space allowing our clients to realize operational efficiencies and cost savings.***

***Management continues to explore additional revenue-generating opportunities including a payroll integrated EWA offering in both Canada and the US in the second half of 2022, and subscription offerings such as credit scoring and 401K saving. Initially, payroll integrated EWA will occur via API integrations, expanded shortly thereafter via partnerships with other payroll providers specialized in servicing restaurant staff. XTM has also progressed with the offering of its tip pooling module soon to be available on a subscription basis in both Canada and the US. The POS agnostic add-on is currently in trial through Lightspeed POS.***

***Though government mandated restrictions in the workplace have been lifted, the Company continues to follow a hybrid work model, where appropriate, while maintaining and continually updating its COVID-19 risk mitigation policy to protect the health and safety of staff, clients, and community in the event new restrictions are put in place for future variants and / or outbreaks. The policy strictly follows the guidance of both the provincial and federal governments where available.***

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production

programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

**N/A**

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

**N/A**

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

**N/A**

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

**N/A**

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

**N/A**

8. Describe the acquisition of new customers or loss of customers.

**N/A**

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trademarks.

**N/A**

10. Report on any employee hiring's, terminations or lay-offs with details of anticipated length of lay-offs.

**See #1**

11. Report on any labour disputes and resolutions of those disputes if applicable.

**N/A**

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal

parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

**N/A**

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

**N/A**

14. Provide details of any securities issued and options or warrants granted.

<b>Security</b>	<b>Number Issued</b>	<b>Details of Issuance</b>	<b>Use of Proceeds<sup>(1)</sup></b>
Options	299,000	Employee options as part of compensation plan	n/a

(1) State aggregate proceeds and intended allocation of proceeds.

15. Provide details of any loans to or by Related Persons.

**N/A**

16. Provide details of any changes in directors, officers or committee members.

**N/A**

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

***As XTM's unicorn vertical is hospitality, the COVID-19 lockdowns and restrictions imposed challenges to the Company's business. The Company is consistently looking for ways to monetize its user base by bringing ancillary products to market that support financial inclusion (micro credit and credit scoring) and financial discipline (budgeting tools).***

***As of April 2022, all restrictions in the hospitality and personal care sectors have been lifted. Despite this, people are gradually returning to in person dining / etc as they become more confident COVID-19 infection rates and severity is declining. The continuation of hybrid working models will also reduce the amount of foot traffic in urban areas relative to pre-pandemic levels. Overall, the lifting of restrictions and a continued decline in COVID-19 cases continues to have a positive effect on the Company's revenues as they are largely dependent on the amount of gross dollar value ("GDV") processed through the Today platform. GDV is generated through gratuities earned by card holders which are paid out by their employer.***

***Continued volatility in global equity markets coupled with, or resulting from, significant interest rate increases for both Canada and the US has resulted in the Company's stock trading in the range of \$0.165 to \$0.215 per***

**share with a closing price of \$0.175 per share, below the \$0.21 per share closing price for the month of July. Trading volume increased in August to an average of 126,794 shares per trading day (high of 367,751; low of 19,000), from an average of 120,400 shares in July.**

**Certificate Of Compliance**

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: **September 5, 2022**

**Paul Dowdall**  
Name of Director or Senior  
Officer



Signature  
**CFO**  
Official Capacity

<b>Issuer Details</b> Name of Issuer <b>XTM Inc.</b>	For Month End <b>August</b> <b>31, 2022</b>	Date of Report YY/MM/DD <b>22/09/05</b>
Issuer Address <b>437-67 Mowat Avenue</b>		
City/Province/Postal Code <b>Toronto, ON M6K 3E3</b>	Issuer Fax No. ( )	Issuer Telephone No. <b>(416)-260-1641</b>
Contact Name <b>Paul Dowdall</b>	Contact Position <b>CFO</b>	Contact Telephone No. <b>(416)-260-1641</b>

Contact Email Address <b>finance@xtminc.com</b>	Web Site Address <b>www.xtminc.com</b>
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