XTM Sees 37% Increase in Q2 Revenue Despite COVID-19 Business Shutdown

TORONTO, Sept. 30, 2020 /CNW/ **- XTM, Inc. ("XTM"** or the **"Company"**) (CSE: PAID) (FSE: 7XT), a Toronto-based Fintech company in the challenger banking space, providing mobile banking and payment solutions around the world announces the filing of its Q2 2020 Financial Statements ("**Statements**") and Management Discussion and Analysis ("**MD&A**") for the period ending June 30, 2020. A comprehensive discussion of XTM financial position and results of operations is provided in the MD&A for the quarter ending June 30, 2020 filed on SEDAR and can be found at www.sedar.com.

Highlights (to be read together with the Company's MD&A)

- Revenue increased 36.6% to $266,988 for the quarter compared to revenue of $195,451 for the same period in 2019. On March 15, 2020 the government ordered the closure of businesses due to COVID-19. With almost 100% of XTM's revenue being derived from its Today™ Card program servicing the hospitality, salon and personal care and travel industries, the Company had to quickly pivot to add new revenue streams. In Early April the Company began boarding food delivery companies including companies such as Dominos. It was not until late June 2020 that the Company began to realize revenues from its Today Program hospitality and salon installations.

- The Company had a net loss in Q2 2020 of $670,571 or a loss per share of $0.01 compared to a loss of $500,656 or a loss per share of $0.01 in Q2 2019. The loss was mainly due to an increase in marketing costs of $161,758 primarily attributable to press releases and marketing of the Company to new investors in Germany, Canada and the USA. Also there was an increase of $91,061 in stock based compensation from the issuance of options to employees post going public and an increase of $56,270 in professional fees attributable to new listing costs on the Frankfurt exchange and on the OTC QB in the United States and other associated legal matters. The total increase attributed to these three areas is $309,089 or 46% of our net loss for the quarter.

- Our cost of sales for Q2 2020 was $187,366. Included in this number are monthly issuing bank fees totaling $76,882, card production and fulfillment costs totaling $59,660 and transaction based processing costs totaling $50,824. The company had been subsiding 100% of the card costs to new clients to accelerate the rollout of the Today Card program. As of July 2020 the company is now charging at minimum the actual cost of fulfillment and cost of the cards to clients. Taking into consideration only the transactional costs and monthly bank charges, our normalized cost of sales would be $127,706 and normalized gross profit would be $77,047 or 37.6% gross margin percentage.

- During Q2 2020 the Company brought in $414,583 from the early exercise of options and warrants. In Q3 2020 the Company brought in an additional $277,800 through the early exercise of options and warrants and repayment of a debt. The Company has received commitments from warrant holders with warrants that will be expiring in November 2020 that will bring in an additional $750K in working capital not including the Company's $560K available from its debt facilities.

"These numbers tell a good-news story. We experienced a close-to complete and sudden halt in revenues at the beginning of our second quarter due to COVID-19 business shutdowns," commented Marilyn Schaffer, XTM CEO. "To recover from, and see an increase of almost 37% in revenue vs the previous period, is a testament to our amazing staff. We pivoted and pursued the food delivery businesses and then worked diligently in a new-normal, work-from-home-environment to deliver on huge demand, reflected in a user base that has grown by 3,000%. The Company will be providing some significant news and a comprehensive corporate update including significant milestones in the weeks to come."

About XTM Inc.

XTM, www.xtminc.com is a Toronto-based fintech innovator in the challenger banking space helping business and workers alike expedite earnings payout and reduce or eliminate banking fees. We are a global card issuer and payment specialist providing free technology to business to automate and expedite worker payouts that can eliminate cash. XTM integrates businesses to a payment ecosystem that is coupled with a free mobile app and Mastercard debit card with free banking features. XTM drives enterprise value and creates a positive user experience.

This news release contains "forward-looking information" and "forward-looking statements" within the meaning of applicable securities laws (the "forward-looking statements"), within the meaning of applicable Canadian securities legislation, including expected performance of XTM, ,the expectation that businesses with which XTM does business or have committed to do business will in the expected timeline, the continuing trend toward electronic payment methods, that the salon integration will attract new salon owners to use the Today program, and the general conditions and revenues of XTM. Forward-looking statements are statements that are not historical facts and are generally, although not always, identified by words such as "expect", "plan", "anticipate", "project", "target", "potential", "schedule", "forecast", "budget", "estimate", "intend" or "believe" and similar expressions or their negative connotations, or that events or conditions "will", "would", "may", "could", "should" or "might" occur. All such forward-looking statements are based on the opinions and estimates of management as of the date such statements are made. These forward-looking statements are made as of the date of this news release. Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the future circumstances, outcomes or results anticipated in or implied by such forward-looking statements will occur or that plans, intentions or expectations upon which the forward-looking statements are based will occur.

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