

## XTM, INC.

(OTCXB:XTMIF)

### XTM Grows 224% in Q2 and Penetrates its First Verticals Outside Restaurants

Based on an average enterprise value to sales of its peers of 3.2 times EV/2023 Estimated Sales, we believe XTM stock could be worth US\$0.19.

Current Price (8/31/2022)

US\$0.13

Valuation

US\$0.19

### OUTLOOK

XTM is a Toronto-based fintech company that provides a fast and cost-effective way for employers to pay out earnings and gratuities to their employees and reimburse expenses through a mobile wallet paired with a prepaid debit card. Its base solution is provided completely free to the business as XTM generates revenues mainly from 1) interchange fees charged to merchants by card issuers and banks 2) ATM withdrawal fees and 3) ACH transfer fees. XTM's main solution, the Today platform, is standalone while its Tiproll product can be integrated with most POS platforms. The company has generated most of its revenues in Canada but is penetrating the US market and is rolling out services there.

## SUMMARY DATA

52-Week High	US\$0.36
52-Week Low	US\$0.11
One-Year Return (%)	-58.5
Beta	0.4
Average Daily Volume (sh)	44,822

Shares Outstanding (mil)	170.5
Market Capitalization (\$mil)	US\$22
Short Interest Ratio (days)	0
Institutional Ownership (%)	0
Insider Ownership (%)	3.2

Annual Cash Dividend	\$0.00
Dividend Yield (%)	0.00

5-Yr. Historical Growth Rates	
Sales (%)	N/A
Earnings Per Share (%)	N/A
Dividend (%)	N/A

P/E using TTM EPS	N/M
P/E using 2022 Estimate	N/M
P/E using 2023 Estimate	N/M

Risk Level

Type of Stock

Industry

High

Small Blend

Financial Trans

## ZACKS ESTIMATES

### Revenue

(In millions of CN\$)

	Q1	Q2	Q3	Q4	Year
	(Mar)	(Jun)	(Sep)	(Dec)	(Dec)
2020	\$0.2 A	\$0.2 A	\$0.2 A	\$0.3 A	\$0.9 A
2021	\$0.3 A	\$0.4 A	\$0.9 A	\$0.9 A	\$2.4 A
2022	\$0.8 A	\$1.3 A	\$1.5 E	\$2.5 E	\$6.1 E
2023					\$12.1 E

### Earnings per Share

	Q1	Q2	Q3	Q4	Year
	(Mar)	(Jun)	(Sep)	(Dec)	(Dec)
2020	-\$0.01 A	-\$0.01 A	-\$0.00 A	-\$0.02 A	-\$0.04 A
2021	-\$0.01 A	-\$0.01 A	-\$0.01 A	-\$0.01 A	-\$0.03 A
2022	-\$0.01 A	-\$0.01 A	-\$0.01 E	-\$0.01 E	-\$0.04 E
2023					-\$0.02 E

### **XTM Increases Revenues 224% in Q2 with a Fully Opened Hospitality Industry in Canada**

Q2 had a full quarter of a fully opened hospitality sector in the Canadian market and onboarded its first new US customers. Canada lifted all restrictions and limits in the hospitality and personal care spaces in early March. In Q2 2022, XTM reported that the gross dollar value (GDV) loaded on its platform was \$117 million, an increase of 405% from \$23 million in Q2 2021. Active users at year end were 58,000, up 262% from 16,000 at the end of Q2 2021. XTM signed up 220 new locations for its Tips Today program during the slower summer quarter compared to 224 in Q1 2022.

XTM continues to enhance its platform. It has integrated with more POS systems and also introduced a stand-alone version of Tipstoday which makes it more flexible and will allow verticals aside from restaurants use it. It allows manual inputs when different information needs to be entered than the POS system would generate. The company just signed its first Tipstoday customer outside the restaurant industry—an on-demand waste disposal company and hopes many other industries will follow. Not only can the company now pay its drivers their earnings, but it can preload Tipstoday debit cards for expenses the drivers incur such as to pay for gas for the trucks, and to pay dump fees. Certainly, with the cost of gas, these are large sums for an employee to burden. XTM is looking to serve other industries employing drivers.

XTM is a canary for the economy and it has recently heard from its customers that restaurant patrons have started to pull back spending as a reaction to interest rates and inflation. We have reduced revenue expectations somewhat for XTM as a result, but still expect rapid growth this year.

### **Q2 2022 Earnings Results**

Net revenues for Q2 2022 at XTM were \$1.3 million versus \$400,000 a year ago, up 224% as restaurants were fully open the full quarter. Gross margin was down significantly year over year to 23.1% from 44.0% last year. This was due to a significant increase in card revenue which is lower margin as current pricing is structured more as a cost recovery, and some duplication of platform costs as XTM continues to migrate its clients from its legacy 1.5 platform to its current 2.0 platform and lower high-margin program revenue as a percent of total revenue. Management expects to complete the migration in early Q3 2022. Gross margin dollars increased 69% to \$297,087 from \$175,989 a year ago.

Operating expenses were \$2.1 million, up almost \$1 million from last year. The majority of the increase was in salaries and benefits (up \$542,000) as the employee count increased, followed by an increase in public company and regulatory increasing \$201,000 and consulting costs for software development increasing \$280,000. The pretax loss was \$1.8 million this year and \$945,000 last. Other income was an expense of \$64,067 compared to income of \$3,000 last year. \$66K was spent in the quarter to exploring potential M&A transactions which were aborted and is non-recurring. The net loss was \$1.9 million this year compared to \$942,000 last year resulting in a loss per share of \$0.011 versus \$0.007. The average share count increased 23% during that time.

### **Balance Sheet**

On June 30, 2022, XTM had \$4.8 million in cash, \$5.3 million in working capital and \$310,000 in debt. XTM had negative cash flow (ex-changes in working capital) cash flow of \$1.8 million for the second quarter of 2022. Adjusted EBITDA was a negative \$1.7 million for Q2 2022.

At a burn rate of \$500,000 per month, \$4.8 million, plus the repayment of the \$650,000 promissory note, should give XTM ten months of runway under current operations; as revenues grow we expect the burn rate could decrease from current levels. The \$650,000 secured short-term promissory note was to the CEO as of

June 30, 2022 and has a maturity date of September 30, 2022 and bears annual interest rate at 6.0%. As of August 5<sup>th</sup>, the primary shares outstanding were 170.5 million.

### **During Q2 2022**

In April 2022, management decided it was in the best interest of shareholders to end negotiations pertaining to a strategic acquisition it had been pursuing due to the target's inability to 1) satisfy due diligence requirements and 2) agree to a financing structure in light of market conditions that was acceptable.

In May 2022, XTM attended the Restaurant Canada Show held in Toronto and is the largest show of its kind in Canada. XTM presented the topics of "Recruitment and Retention of Labor" and "Motivate and Retain Employees with Same Day Pay and Gratuity Access".

In May 2022, XTM discontinued its bill payment feature for the Today program because the bill pay feature provided a poor client experience and generated negative margin due to being a free service. Users now need to use one of the three transaction methods to off load funds from their cards which generate revenue for XTM.

### **After the Quarter Ended**

In July XTM enhanced the Today platform in order to support new verticals. The company also 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, the company launched its Tip, Gratuity and earnings allocation and distribution module. This monthly revenue generating solution is sold either fully integrated with the Today platform or stand-alone. XTM says it has a large pipeline of orders and clients in various stages of contract and onboarding.

Also in August, XTM began negotiations with a food supply chain network to endorse, promote, and provide sales leads to XTM to its more than 600 restaurants under management.

Showing its versatility, XTM announced it had landed a new customer in a new vertical yesterday. It has signed-on multiple franchisees of a large, on-demand refuse pick-up organization. In addition to giving drivers early wage payout, it will provide expense management and reimbursement. Drivers can track and be reimbursed for gas, dump charges, maintenance, mileage as well as receive payments for overtime or bonuses.

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## **KEY POINTS**

- It is not often you come across a product that is offered free to customers and saves them time and effort. XTM's *Today*<sup>™</sup> solution does just that for employers who are becoming increasingly pressured to provide Earned Wage Access to their employees for both gratuities and earnings. The *Today program* mainly generates revenues from a cut of the interchange fees the card issuers charge merchants making the decision for employers to sign up a no-brainer.
- The *Today* platform provides a SaaS solution that provides employers software and a payment platform to calculate and pay out gratuities and earnings to its employees in a simpler and faster way. Rather than stuffing envelopes with cash, employers pay electronically, providing employees with payment to their free mobile wallets whereby they can move money, pay bills and buy in-store or online with their VISA or MasterCard debit cards. This saves the employer time and effort while giv-

ing employees the opportunity for immediate payment of earnings as well as the app to track those earnings and spending.

- XTM's Gross Dollar Value (GDV) loads grew more than 410% in 2021 to \$154 million for the year and in Q2 was \$117 million. During the year, it signed up 732 new locations for its Tips Today program and it added 230% more new clients in Q4 2021 compared with Q4 2020. In Q2 it announced it was up to 58,000 active users, up 262% from last year's quarter.
- The revenues generated in Canada were impacted by the country's COVID dining restrictions although the company leveraged the hospitality down-time to sign the majority of Canada's largest restaurant groups. Approximately 50% of the company's Canadian revenues come from restaurants in Ontario where operations were significantly suppressed by the government. XTM is working to reduce its dependency on that geographic region and Canada as a whole, and is focusing on US sales growth in 2022. Since Canada fully reopened in March sales and staffing have increased
- In Q1 the company rolled out a cash-back program to members and is rolling out a fully POS integrated Tiproll module that will be offered for a monthly fee on a per location basis adding additional revenue streams.
- The company plans to grow internally and by acquisition. Ultimately it hopes to provide services such as payroll processing as well as a fully integrated restaurant management platform addressing the unique needs of the hospitality industry vertical.
- The company has a fully diluted enterprise value of US\$18.6 million (CN\$24.5 million) and trades at an EV to 2023 sales ratio of 2.0 times. This compares with peers who trade at 3.2 times.

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## OVERVIEW

XTM was founded in 2005 and entered the fintech space in 2018. It is headquartered in Toronto with a base in Miami and as of June 30, 2022 employed 32 people. It currently focuses on the hospitality payment space where earnings and gratuities are a significant pain-point with high demand for same day earnings. Almost 100% of revenues come from Canada but it booked its first revenues in the US in Q2 2022. It provides software and services to employers who want to distribute same-day earnings and gratuities to their employees. While these are primarily restaurants, this also applies to service industries such as salons and hotels and now even companies wanting to pay out expenses, rather than tips are using the system. Currently in Canada, restaurants are paying out gratuities by handing out cash, a labor-intensive process that often required a trip to the bank to withdraw the cash that does not exist with credit and debit cards now being the main form of patron payment. XTM's solution provides employers with software to pay employees with a completely digital process, for free, by loading earnings and gratuities onto their employees' free mobile wallet paired with a prepaid debit card. XTM mainly generates revenues through transaction fees including interchange fees from card issuers and is free to both the employer and the employee. The employee gets a MasterCard in Canada and a VISA debit card in the US that can be used wherever they are accepted. Employees can spend what is in their wallets, transfer funds to their bank, or take cash out of an ATM. On any amounts spent at a point of sale online or in-store, XTM collects a portion of the interchange fee of approximately 1.59% of the transaction, which is what XTM books as gross revenues. It also generates some revenue by selling the debit cards to the employers for a one-time \$8.48 per card per employee on the system.

## VALUATION

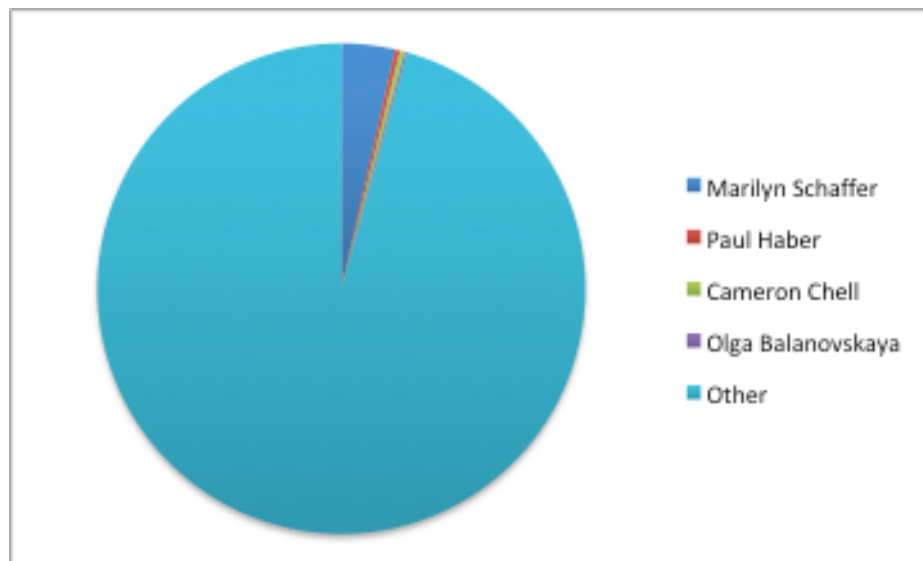
In valuing XTM we look to a number of services companies in the payment space and those focused on the restaurant and hospitality verticals. We see that on average they now trade at 3.2 times enterprise value to 2023 revenue forecasts. Using that multiple and applying it to XTM gets us an enterprise value of US\$29 million, a market cap of US\$32 million and a stock price of US\$0.19 (CN\$0.25) using a fully diluted share count of 170.5 million shares.

Company	Ticker	2023E	Cal. Revenue 2022E	LTM	TTM EBITDA	2023E	Enterprise Value / Sales 2022E	LTM	EV/ EBITDA	Enterprise Value	EBITDA Margin
<b>Fintech Platforms</b>											
Affirm	AFRM	NA	\$1,617	\$1,250	-\$548	NA	5.0x	6.5x	-14.9x	8,152	-43.9%
EVERTEC	EVTC	\$636	\$610	\$612	\$244	3.1x	3.2x	3.2x	8.0x	1,960	39.9%
EVO Payments	EVOP	\$622	\$551	\$533	\$165	3.7x	4.2x	4.4x	14.1x	2,325	30.9%
Flywire	FLYW	\$360	\$277	\$240	-\$11	6.7x	8.7x	10.0x	-210.0x	2,400	-4.8%
Global Payments	GPN	\$8,790	\$8,100	\$8,830	\$3,590	5.2x	5.6x	5.1x	12.6x	45,380	40.7%
i3 Verticals	IIIV	NA	\$321	\$300	\$41	NA	2.6x	2.8x	20.6x	842	13.6%
Lightspeed POS	LSPD	NA	\$704	\$606	-\$227	NA	2.9x	3.4x	-9.1x	2,060	-37.4%
Marqeta	MQ	\$934	\$723	\$640	-\$176	2.7x	3.4x	3.9x	-14.2x	2,490	-27.5%
Nuvei	NVEI	\$991	\$838	\$822	\$222	4.1x	4.8x	4.9x	18.3x	4,060	27.0%
Paya Holdings	PAYA	\$308	\$282	\$269	\$56	3.1x	3.4x	3.6x	17.2x	965	20.9%
Payfare	PAY.TO	\$192	\$136	\$88	-\$14	0.8x	1.2x	1.8x	-11.4x	159	-15.7%
Paymentus	PAY	\$622	\$490	\$446	\$8	2.1x	2.7x	2.9x	172.0x	1,300	1.7%
PayPal	PYPL	\$31,830	\$27,830	\$26,390	\$4,640	3.4x	3.9x	4.1x	23.6x	109,300	17.6%
Paysafe	PSFE	\$1,570	\$1,480	\$1,470	\$357	NA	2.6x	2.6x	10.7x	3,808	24.3%
Repay	RPAY	\$322	\$278	\$258	\$66	4.0x	4.6x	5.0x	19.7x	1,290	25.4%
Sezzle	SEZNL	\$283	\$171	\$118	-\$16	0.5x	0.8x	1.1x	-8.4x	131	-13.1%
Shopify	SHOP	\$8,760	\$7,100	\$5,000	-\$146	4.1x	5.0x	7.2x	-245.0x	35,800	-2.9%
Square	SQ	\$20,940	\$17,600	\$16,290	-\$159	1.8x	2.1x	2.3x	-235.5x	37,500	-1.0%
Toast	TOST	\$3,540	\$2,650	\$2,210	-\$353	2.4x	3.2x	3.9x	-24.4x	8,600	-16.0%
WEX	WEX	\$2,410	\$2,270	\$2,090	\$695	3.4x	3.6x	3.9x	11.7x	8,110	33.2%
Zip Co.	ZIP.AX	\$884	\$755	\$539	-\$376	3.4x	4.0x	5.6x	-8.0x	3,024	-69.9%
<b>Average</b>					<b>449</b>	<b>3.2x</b>	<b>3.7x</b>	<b>4.2x</b>	<b>(24.0)</b>	<b>14,465</b>	

## RISKS

- XTM relies almost 100% on revenues from restaurants in Canada and is affected by the directives of the Canadian government that has shut down restaurants and limited seating capacity in response to COVID.
- Companies that provide POS software and services to restaurants could incorporate tip sharing solutions into their systems and have greater resources to capture market share selling to their installed bases. XTM may find it hard to grow as a single application rather than a full-service provider.
- Potential customers may be hesitant to do business with a small money-losing company.
- The company is burning cash and may have to raise more cash before it reaches cash flow breakeven which would dilute current shareholders.
- The slowing economy has hurt restaurant revenues and forecasts may not be achieved for XTM should its customers perform below expectations.
- The company may find it more difficult than expected to grow in the US and to sell its solution to verticals outside restaurants.

## OWNERSHIP



# INCOME STATEMENT

Canadian Dollars	Q1 2021R 31-Mar	Q2 2021R 30-Jun	Q3 2021 30-Sep	Q4 2021 31-Dec	Q1 2022 31-Mar	Q2 2022 30-Jun	Q3 2022E 30-Sep	Q4 2022E 31-Dec	2020	2021	2022E	2023E
Gross Dollar Value (millions)	\$16.9	\$23.1	\$48.7	\$65.2	\$69.8	\$116.5	\$130.0	\$164.0	\$30.2	\$153.9	\$480.3	
Yr-to-yr Growth	3280%	305%	309%	439%	313%	404%	167%	152%	NA	409.6%	212.1%	
Rev/GDV	1.5%	1.7%	1.8%	1.3%	1.1%	1.1%	1.1%	1.5%	2.8%	1.5%	1.3%	
Active Users	11,538	15,982	25,182	40,997	48,767	57,790	70,290	100,000	11,705	40,997	100,000	
Yr-to-yr Growth	1994%	246%	235%	250%	323%	262%	179%	144%	NA	250.3%	143.9%	
Gross prepaid card revenue	256,881	399,618	861,696	869,319	796,623	1,286,058	1,478,967	2,500,100	975,008	2,387,514	6,061,748	12,123,495
Commissions and agent fees	(2,802)	(2,876)	(370)	(819)	-	-	-	(100)	(121,839)	(6,867)	(100)	(1,000)
<b>Net Revenue</b>	<b>254,079</b>	<b>396,742</b>	<b>861,326</b>	<b>868,500</b>	<b>796,623</b>	<b>1,286,058</b>	<b>1,478,967</b>	<b>2,500,000</b>	<b>853,169</b>	<b>2,380,647</b>	<b>6,061,648</b>	<b>12,122,495</b>
Yr-to-yr Growth	51%	94%	327%	212%	214%	224%	72%	188%	NA	179.0%	154.6%	100.0%
Transaction revenue	74,000	189,292	228,370	719,696	335,000	974,071	1,078,967	1,368,120	459,116	1,127,900	3,756,158	
Yr-to-yr Growth	NA	NA	260%	104%	353%	415%	372%	90%	NA	145.7%	233.0%	
Card revenue	68,000	149,964	295,196	(67,711)	379,000	252,393	300,000	831,880	299,631	610,072	1,763,273	
Yr-to-yr Growth	NA	NA	137%	-28%	457%	68%	2%	NM	NA	103.6%	189.0%	
Program management revenue	112,000	57,486	338,130	216,516	83,000	59,594	100,000	300,000	94,422	642,676	542,594	
Yr-to-yr Growth	NA	NA	2361%	978%	-26%	4%	-70%	39%	NA	580.6%	-15.6%	
<b>Cost of service</b>	<b>180,862</b>	<b>220,753</b>	<b>471,690</b>	<b>752,185</b>	<b>682,239</b>	<b>988,971</b>	<b>1,158,332</b>	<b>1,848,000</b>	<b>770,662</b>	<b>1,625,490</b>	<b>4,677,542</b>	<b>7,274,497</b>
Gross margin	73,217	175,989	389,636	116,315	114,384	297,087	320,635	652,000	82,507	755,157	1,384,106	4,848,998
Gross Margin %	28.5%	44.0%	45.2%	13.4%	14.4%	23.1%	21.7%	26.1%	9.7%	31.7%	22.8%	40.0%
<b>Operating expenses:</b>												
Salaries and fringe benefits	401,297	401,227	466,414	853,522	766,764	943,183	1,000,000	1,100,000	1,104,332	2,122,460	3,809,947	5,714,921
Marketing and promotion	12,812	14,670	40,657	335,956	49,347	103,423	200,000	500,000	664,854	404,095	852,770	1,065,963
Professional fees	100,249	208,398	220,980	386,740	197,105	207,325	207,325	207,325	402,114	916,367	819,080	1,700,000
Consulting	59,900	141,428	228,273	116,499	224,315	421,551	450,000	450,000	189,781	546,100	1,545,866	1,200,000
Public company and regulatory	191,116	58,268	43,992	(131,841)	220,500	259,486	260,000	260,000	27,413	161,535	999,986	300,000
Stock-based compensation	44,964	105,597	135,733	244,409	20,938	2,242	45,000	45,000	972,809	530,703	113,180	1,400,000
Office and general	68,510	94,419	90,525	22,287	45,734	87,940	110,000	150,000	143,121	385,156	393,674	700,000
Bank charges, interest and accretion	40,071	31,993	55,865	31,212	9,135	9,367	9,367	9,367	229,369	159,141	37,236	240,000
Rent	-	-	28,446	-	-	-	-	-	27,313	-	-	-
Expected credit losses	-	-	-	37,448	(14,683)	(2,286)	-	50,000	2,507	37,448	33,031	100,000
Insurance	-	-	16,570	-	-	-	-	-	21,999	-	-	-
Transfer agent fee	-	-	10,380	-	-	-	-	-	20,408	-	-	-
Travel, meals and entertainment	1,926	3,470	14,840	48,544	12,320	22,352	22,352	22,352	37,594	68,780	79,376	100,000
Telephone	-	-	1,635	-	-	-	-	-	4,642	-	-	-
Depreciation and amortization	42,766	61,734	54,120	57,534	44,390	49,442	49,500	49,500	167,846	216,154	192,832	200,000
Total expenses	963,611	1,121,204	1,408,430	2,002,310	1,575,865	2,104,025	2,353,544	2,843,544	4,016,102	5,547,939	8,876,978	12,720,883
<b>Pretax income</b>	<b>(890,394)</b>	<b>(945,215)</b>	<b>(1,018,794)</b>	<b>(1,885,995)</b>	<b>(1,461,481)</b>	<b>(1,806,938)</b>	<b>(2,032,909)</b>	<b>(2,191,544)</b>	<b>(3,933,595)</b>	<b>(4,792,782)</b>	<b>(7,492,872)</b>	<b>(5,446,386)</b>
Pretax Margin	-350.4%	-238.2%	-118.3%	-217.2%	-183.5%	-140.5%	-137.5%	-87.7%	-461.1%	-201.3%	-123.6%	-44.9%
Other income	3,000	3,000	35,523	(4,616)	(62,784)	(64,067)	3,000	3,000	336,178	36,907	(120,851)	12,000
Income taxes	-	-	-	-	-	-	-	-	-	-	-	-
Tax rate	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Net income	(887,394)	(942,215)	(983,271)	(1,943,887)	(1,524,265)	(1,871,005)	(2,029,909)	(2,188,544)	(3,597,417)	(4,755,875)	(7,613,723)	(5,434,386)
<b>EPS</b>	<b>(0.007)</b>	<b>(0.007)</b>	<b>(0.007)</b>	<b>(0.012)</b>	<b>(0.009)</b>	<b>(0.011)</b>	<b>(0.012)</b>	<b>(0.013)</b>	<b>(0.036)</b>	<b>(0.034)</b>	<b>(0.045)</b>	<b>(0.032)</b>
<b>One-time expenses</b>	-	-	-	-	66,000	66,000	-	-	-	-	-	-
Non-GAAP EPS	(0.007)	(0.006)	(0.006)	(0.011)	(0.009)	(0.011)	(0.012)	(0.013)	(0.027)	(0.030)	(0.044)	(0.024)
										12.4%	47.8%	-46.3%
<b>Shares</b>												
Basic & diluted	122,655,566	138,630,992	140,781,033	155,591,966	169,319,666	170,334,375	170,497,391	170,600,000	98,930,730	141,723,786	170,187,858	170,600,000
Yr-to-yr Growth	40%	53%	50%	64%	38%	23%	21%	10%		43.3%	20.1%	0.2%
										51.6%	13.5%	0.2%
Adjusted EBITDA	(802,664)	(777,884)	(828,941)	(1,584,052)	(1,333,369)	(1,689,254)	(1,938,409)	(2,097,044)	(2,792,940)	(4,045,925)	(7,186,860)	(3,846,386)

## BALANCE SHEET

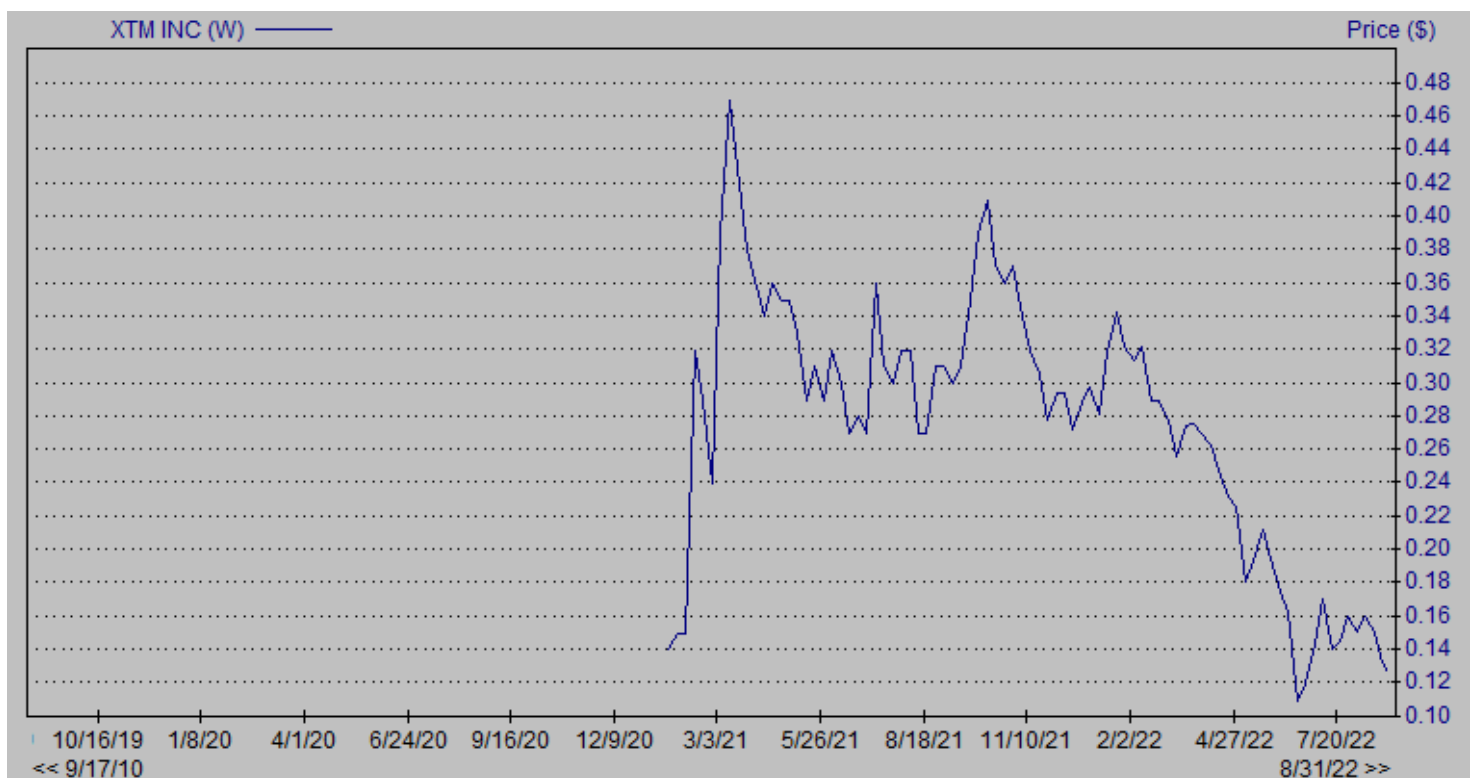
	June 30, 2022	Mar 31, 2022	Qtr-Qtr % Change	June 30, 2021	Yr-Yr % Change
<b>Current assets</b>					
Cash	\$4,835,891	\$6,367,977	-24%	\$3,913,317	24%
Cash held in trust & customer deposits	41,442,480	31,590,498	31%	11,037,100	275%
Trade receivables	974,122	856,994	14%	204,477	376%
Sales taxes receivable	0	0	0%	16,580	-100%
Prepaid expenses	145,597	300,966	-52%	80,165	82%
Note receivable	0	637,981	-100%	0	0%
Due from related parties	983,854	333,854	195%	333,854	195%
Total current assets	48,381,944	40,088,270	21%	15,585,493	210%
Property and equipment, net	275,970	250,906	10%	89,869	207%
Intangible assets	103,571	118,286	-12%	178,277	-42%
Investment	249,920	249,920	0%	0	0%
Goodwill	920,000	920,000	0%	920,000	0%
TOTAL ASSETS	49,931,405	41,627,382	20%	16,773,639	198%
<b>Current liabilities</b>					
Trade and other payables	1,082,273	975,615	11%	603,959	79%
Client deposits	41,442,480	31,590,498	31%	11,037,100	275%
Sales tax payable	13,710	14,587	-6%	0	NA
Due to related party	250,145	287,169	-13%	63,533	294%
Unearned revenue	186,847	0	NA	0	NA
Current portion of lease liabilities	96,085	93,029	3%	30,903	211%
Government note	60,000	60,000	0%	0	NA
Total current liabilities	43,131,540	33,020,898	31%	13,735,495	214%
<b>Long-term liabilities</b>					
Lease liabilities, net of current	37,273	62,471	-40%	52,674	-29%
TOTAL LIABILITIES	43,168,813	33,083,369	30%	13,788,169	213%
<b>Stockholder's equity</b>					
Share capital	17,975,470	17,942,735	0%	10,043,488	79%
Units to be issued	0	0	0%	90,000	-100%
Contributed surplus	233,032	238,204	-2%	346,865	-33%
Warrant reserve	3,179,069	3,110,890	2%	803,997	295%
Cumulative translation reserve	(4,563)	1,595	-386%	0	NA
Deficit	(14,620,416)	(12,749,411)	15%	(8,298,880)	76%
Total stockholders' equity	6,762,592	8,544,013	-21%	2,985,470	127%
Total liabilities and stockholders' equity	\$49,931,405	\$41,627,382	20%	\$16,773,639	198%
Quick Ratio	1.1	1.2	-8%	1.1	-1%
Working Capital	5,250,404	7,067,372	-26%	1,849,998	184%
Net cash	4,835,891	6,367,977	-24%	3,913,317	24%
Net cash as % of assets	10%	15%	-37%	23%	-58%
Debt	310,145	347,169	-11%	2,063,533	-85%
Debt % of assets	1%	1%	-26%	12%	-95%



## CASH FLOW

	Year 2020	3 Mo. Ended 3/31/21	3 Mo. Ended 6/30/21	3 Mo. Ended 9/30/21	3 Mo. Ended 12/31/21	Year 2021	3 Mo. Ended 3/31/22	3 Mo. Ended 6/30/22
<b>Operating activities:</b>								
Net income	(3,597,417)	(887,394)	(942,215)	(982,379)	(1,943,887)	(4,755,875)	(1,524,265)	(1,871,005)
<b>Non-cash items</b>								
Share-based compensation	972,809	37,464	40,563	208,267	244,409	530,703	20,938	2,242
Accretion of debt & debt discount of loan pay	70,253	4,792	1,561	(3,901)	1,542	3,994	-	-
Depreciation of property & eqt	97,846	25,266	32,091	24,477	30,329	112,163	32,247	34,727
Amortization of intangibles	70,000	17,500	28,643	30,643	27,205	103,991	12,143	14,715
Interest on lease liabilities	10,584	1,918	1,418	679	24	4,039	5,520	4,816
Expected credit loss	2,507	-	-	-	17,853	17,853	-	-
Government loan	-	-	-	-	2,941	2,941	-	-
<b>Changes in working capital accounts</b>								
Trade receivables	11,981	(88,485)	(8,869)	(424,132)	(258,102)	(779,588)	11,864	(117,128)
Sales taxes	(20,536)	(8,415)	67,158	26,205	2,985	87,933	1,977	(877)
Prepaid expenses	36,867	93,011	(21,685)	45,733	(79,431)	37,628	(187,103)	155,369
Cash - restricted	(3,575,431)	(2,021,135)	(2,862,181)	(8,089,050)	(6,851,284)	(19,823,650)	(5,613,064)	(9,851,982)
Trade and other liabilities	(134,326)	133,826	(155,379)	428,394	(155,577)	251,264	145,192	106,658
Unearned revenue	-	-	-	-	-	-	-	186,847
Client deposits	3,575,431	2,021,135	2,862,181	8,089,050	6,851,284	19,823,650	5,613,064	9,851,982
Net cash used by operating activities	(2,479,432)	(670,517)	(956,714)	(646,014)	(2,109,709)	(4,382,954)	(1,481,487)	(1,483,636)
<b>Investing activities:</b>								
Property and equipment	(11,982)	(9,918)	(5,202)	(16,633)	(40,018)	(71,771)	(11,892)	(59,791)
Purchase of intangible assets	(170,000)	-	-	-	-	-	-	-
Note receivable	-	-	-	-	-	-	(637,981)	637,981
Investments	-	-	-	-	-	-	(249,920)	-
Net cash used in investing activities	(181,982)	(9,918)	(5,202)	(16,633)	(40,018)	(71,771)	(899,793)	578,190
<b>Financing activities:</b>								
Issuance of short term promissory note	-	-	-	-	-	-	-	(650,000)
Salary deferral repayment to related party	-	-	-	-	-	-	-	(49,388)
Advance from related parties	(98,600)	(31,600)	-	-	-	(31,600)	-	-
Advances to related party	(145)	(20,250)	(42,500)	-	236,000	173,250	(12,364)	12,364
Advances from loan receivable	150,000	-	-	-	-	-	-	-
Advances from loan payable	250,000	-	2,000,000	(2,000,000)	-	-	-	-
Advances from government loans	60,000	-	-	-	-	-	-	-
Loan conversion	-	(500,000)	39,953	-	460,047	-	-	-
Units to be issued	-	25,000	65,000	-	(90,000)	-	-	-
Repayment of lease liabilities	(68,057)	(20,512)	(21,012)	(25,766)	(18,138)	(85,428)	(26,957)	(26,959)
Proceeds from subscriptions receipts	595,945	-	-	-	-	-	-	-
Proceeds from share issuance	1,135,543	1,694,999	-	-	8,078,738	9,773,737	-	-
Share issuance costs	(66,098)	(74,350)	5,627	(75,392)	(728,745)	(872,860)	-	-
Issuance of option - "hold to cover"	-	-	-	-	-	-	-	(5,172)
Proceeds from exercise of warrants	672,352	1,582,409	540,550	1,050,550	68,943	3,242,452	248,957	(1)
Proceeds from exercise of options	313,861	47,250	(21,750)	143,184	184,066	352,750	154,600	98,672
Net cash used in financing activities	2,944,801	2,702,946	2,565,868	(907,424)	8,190,911	12,552,301	364,236	(620,484)
Foreign exchange affecting cash	-	-	-	(39,042)	39,042	-	1,593	(6,156)
Net change - cash	283,387	2,022,511	1,603,952	(1,609,113)	6,080,226	8,097,576	(2,017,044)	(1,532,086)
Cash, beginning	2,466	285,853	2,308,364	3,912,316	2,303,203	285,853	8,383,429	6,366,385
Cash, end of period	285,853	2,308,364	3,912,316	2,303,203	8,383,429	8,383,429	6,366,385	4,834,299
Cash flow - ex changes in working capital	(2,373,418)	(800,454)	(837,939)	(722,214)	(1,619,584)	(3,980,191)	(1,453,417)	(1,814,505)
Free cash flow	(2,385,400)	(810,372)	(843,141)	(738,847)	(1,659,602)	(4,051,962)	(1,465,309)	(1,874,296)

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