

XTM, INC.

(OTCXB:XTMIF)

XTM Increases Transaction Revenues 277% in Q3 2022

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 (11/25/2022) US\$0.10
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 rolling out services there.

SUMMARY DATA

52-Week High US\$0.36
52-Week Low US\$0.08
One-Year Return (%) -64.6
Beta 0.4
Average Daily Volume (sh) 79,173

Shares Outstanding (mil) 171.5
Market Capitalization (\$mil) US\$17
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 High
Type of Stock Small Blend
Industry 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 A	\$1.7 E	\$5.3 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 A	-\$0.01 E	-\$0.04 E
2023					-\$0.01 E

XTM Increases Transaction Revenues 277% in Q3 2022

Q3 results came in as expected reporting \$1.5 million in revenues compared to \$861,000 in Q3 2021, or a growth of 70%. Transaction revenue growth accelerated to 277%, card revenue grew 26%, and program management revenue decreased by 95%.

In Q3 2022, XTM reported that the gross dollar value (GDV) loaded on its platform was \$137 million, an increase of 182% from \$49 million in Q3 2021. Active users at year-end were 40,997 and now are 64,020 at the end of Q3 2022. XTM signed up 103 new locations for its Today program compared to 220 in Q2 2022.

Gross margin was down significantly year over year to 20.8% from 45.2% last year. This was due to a significant decrease in program management revenue which is high-margin revenue. This year the company had \$17,000 in program management revenue compared to \$338,130 in last year's quarter. As a result, gross margin dollars decreased 22% to \$305,831 from \$389,636 a year ago. We are assuming that program management revenues remain at that lower level going forward.

Operating expenses were \$2.2 million, up almost \$1.4 million from last year. The majority of the increase was in salaries and benefits (up \$494,000) as the employee count increased, followed by an increase in public company and regulatory increasing by \$150,000 and consulting costs for software development increasing by \$142,000. In an effort to respond to the current environment and to preserve costs the company is cutting back on expenses going forward. It is cutting staff and consultants and has found more favorable pricing for developers.

The pre-tax loss was \$1.9 million this year and \$1.0 million last year. Other income was \$72,043 compared to income of \$35,523 last year. The increase is a result of a cost recovery totaling \$25,000 for legal fees XTM was awarded as part of an ongoing lawsuit and higher interest income due to larger cash balances. Net loss was \$1.8 million this year compared to \$983,000 last year resulting in a loss per share of \$0.011 versus \$0.007. The average share count increased by 21% during that time.

The launch in the US has been delayed by XTM's ability to get EWA approval from Bancorp as it is really a new model for payment and payroll. While pursuing this, XTM is looking to partner directly with payroll providers to provide EWA though this approach is more limited. It plans to focus on these types of partnerships in the interim.

Despite our cut in Q4 numbers we continue to believe in our 2023 revenue estimate of \$12.1 million and the company expects even higher revenues than that. We are reducing losses due to recent cost-cutting.

Balance Sheet

On September 30, 2022, XTM had \$4.2 million in cash, \$3.5 million in working capital, and \$268,000 in debt. XTM had a negative cash flow (ex-changes in working capital) and a free cash flow of \$1.7 million for the third quarter of 2022. Adjusted EBITDA was a negative \$1.7 million for Q3 2022 as it was in Q2 2022.

At a burn rate of \$400,000 per month, \$4.2 million, should give XTM ten months of runway under current operations; as revenues grow we expect the burn rate could decrease from current levels. XTM is continuing to tighten its spending and is launching new revenue streams in the coming weeks to contribute to profits and reduce operating cash usage. It expects these efforts to support its cash usage for the next 12 to 18 months. As of November 23, 2022, the primary shares outstanding were 171,528,425 million. All current warrants and options are out of the money.

During Q3 2022

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, on August 31st XTM announced it had landed a new customer in a new vertical. 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, and mileage as well as receive payments for overtime or bonuses. Onboarding is expected to begin in January 2023.

On September 15th XTM announced it signed a corporate agreement with Foodtastic, a leader in the restaurant franchising business with more than 700 restaurant customers to offer XTM's solution to its customers.

After the Quarter Ended

On October 12, 2022, XTM held its first annual general meeting where shareholders voted to approve all matters brought before the Meeting including the setting of the number of directors at four, the election of all nominees.

On November 8, 2022, XTM held a webinar hosted with Restaurants Canada and a leading hospitality tax lawyer promoting XTM's solution to wage and tips payouts as a compliant solution using best practices. After the webinar XTM saw a 300% surge of inbound new business leads.

On November 15, 2022, XTM changed its auditor to RSM Canada LLP to reduce costs and improve the auditing process.

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*[™] 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 with software and a payment platform to calculate and pay out gratuities and earnings to their 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

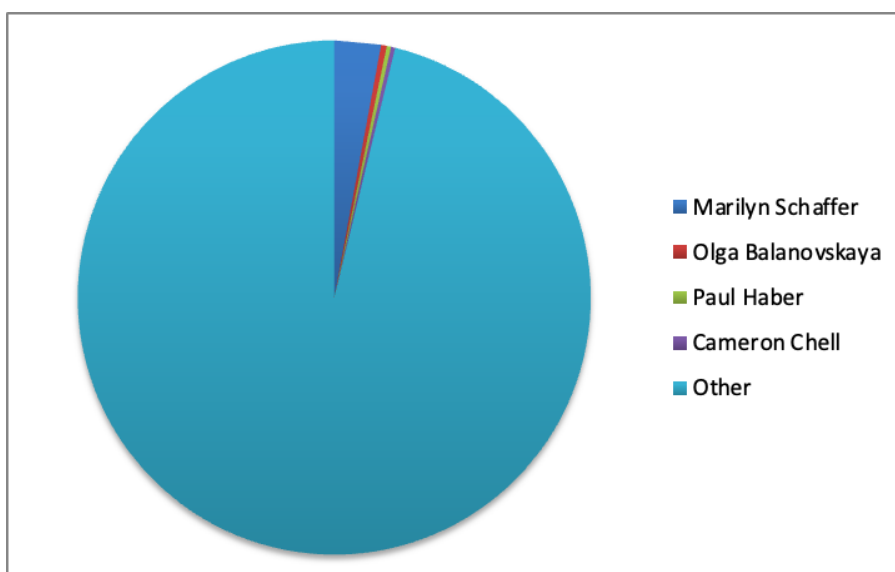
giving employees the opportunity for immediate payment of earnings as well as the app to track those earnings and spending.

- XTM's Gross Dollar Value (GDV) loads grew more than 410% in 2021 to \$154 million for the year and in Q3 was \$137 million. During 2021, it signed up 732 new locations for its Today program and it added 230% more new clients in Q4 2021 compared with Q4 2020. It announced it was up to 64,000 active users by the end of Q3, up 154% 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 downtime 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 tip 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\$13.1 million (CN\$17.5 million) and trades at an EV to 2023 sales ratio of 1.5 times. This compares with peers who trade at 3.2 times.

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 September 30, 2022, employed 35 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 debit cards to employers for a one-time \$8.48 per card per employee on the system.

OWNERSHIP



VALUATION

In valuing XTM we look to a number of service companies in the payment space and those focused on the restaurant and hospitality verticals. We see that on average they still 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\$28.8 million, a market cap of US\$32.7 million and a stock price of US\$0.19 (CN\$0.25) using a fully diluted share count of 171.5 million shares.

Company	Ticker	2023E	Cal. Revenue 2022E	LTM	TTM EBITDA	2023E	Enterprise Value / Sales 2022E	LTM	EV/ EBITDA	Enterprise Value	EBITDA Margin
Fintech Platforms											
Affirm	AFRM	NA	\$1,617	\$1,440	-\$824	NA	3.5x	4.0x	-6.9x	5,700	-57.2%
EVERTEC	EVTC	\$637	\$612	\$612	\$222	3.8x	3.9x	3.9x	10.8x	2,400	36.2%
EVO Payments	EVOP	\$621	\$551	\$536	\$163	5.3x	6.0x	6.2x	20.4x	3,320	30.4%
Flywire	FLYW	\$354	\$274	\$268	-\$17	5.5x	7.1x	7.2x	-113.6x	1,940	-6.4%
Global Payments	GN	\$8,530	\$8,070	\$8,920	\$3,620	4.6x	4.8x	4.4x	10.8x	39,000	40.6%
i3 Verticals	IIIV	NA	\$321	\$318	\$42	NA	3.6x	3.6x	27.1x	1,153	13.4%
Lightspeed POS	LSPD	NA	\$704	\$657	-\$233	NA	2.1x	2.3x	-6.4x	1,500	-35.4%
Marqeta	MQ	\$947	\$743	\$700	-\$189	1.8x	2.4x	2.5x	-9.2x	1,750	-27.1%
Nuvei	NVEI	\$967	\$841	\$835	\$200	4.1x	4.7x	4.7x	19.7x	3,930	23.9%
Paya Holdings	PAYA	\$314	\$283	\$277	\$56	3.7x	4.1x	4.2x	20.6x	1,160	20.3%
Payfare	PAY.TO	\$187	\$132	\$112	-\$12	0.8x	1.2x	1.4x	-13.2x	156	-10.6%
Paymentus	PAY	\$616	\$491	\$473	\$7	1.7x	2.1x	2.2x	156.3x	1,050	1.4%
PayPal	PYPL	\$30,078	\$27,530	\$27,050	\$4,770	3.0x	3.3x	3.4x	19.2x	91,550	17.6%
Paysafe	PSFE	\$1,580	\$1,490	\$1,480	\$301	2.1x	2.2x	2.2x	10.9x	3,298	20.4%
Repay	RPAY	\$312	\$277	\$269	\$72	3.6x	4.1x	4.2x	15.7x	1,138	26.9%
Sezzle	SEZNL	\$136	\$105	\$120	-\$23	0.6x	0.8x	0.7x	-3.7x	84	-19.0%
Shopify	SHOP	\$6,670	\$5,510	\$5,240	-\$312	6.4x	7.7x	8.1x	-136.6x	42,680	-6.0%
Square	SQ	\$20,250	\$17,510	\$16,960	-\$119	1.7x	2.0x	2.1x	-293.7x	34,800	-0.7%
Toast	TOST	\$3,590	\$2,720	\$2,480	-\$381	2.4x	3.2x	3.5x	-22.9x	8,720	-15.4%
WEX	WEX	\$2,420	\$2,310	\$2,220	\$749	3.2x	3.3x	3.5x	10.3x	7,730	33.7%
Zip Co.	ZIP.AX	\$838	\$716	\$620	-\$144	3.5x	4.1x	4.8x	-20.6x	2,968	-23.3%
Average					429	3.2x	3.7x	3.7x	(15.1)	13,313	

RISKS

- XTM relies almost 100% on revenues from restaurants in Canada and is affected by the directives of the Canadian government that in the past 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 by 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. It could take longer than expected to get EWA approval in the US.

INCOME STATEMENT

Canadian Dollars	Q1 2021R	Q2 2021R	Q3 2021R	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022E	2020	2021	2022E	2023E
	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec				
Gross Dollar Value (millions)	\$16.9	\$23.1	\$48.7	\$65.2	\$69.8	\$116.5	\$137.3	\$164.0	\$30.2	\$153.9	\$487.6	
Yr-to-yr Growth	3280%	305%	309%	439%	313%	404%	182%	152%	NA	409.6%	216.8%	
Rev/GDV	1.5%	1.7%	1.8%	1.3%	1.1%	1.1%	1.1%	1.0%	2.8%	1.5%	1.1%	
Active Users	11,538	15,982	25,182	40,997	48,767	57,790	64,020	100,000	11,705	40,997	100,000	
Yr-to-yr Growth	1994%	246%	235%	250%	323%	262%	154%	144%	NA	250.3%	143.9%	
Gross prepaid card revenue	256,881	399,618	861,696	869,319	796,623	1,286,058	1,467,995	1,700,000	975,008	2,387,514	5,250,676	12,100,000
Commissions and agent fees	(2,802)	(2,876)	(370)	(819)	-	-	-	-	(121,839)	(6,867)	-	-
Net Revenue	254,079	396,742	861,326	868,500	796,623	1,286,058	1,467,995	1,700,000	853,169	2,380,647	5,250,676	12,100,000
Yr-to-yr Growth	51%	94%	327%	212%	214%	224%	70%	96%	NA	179.0%	120.6%	130.4%
Transaction revenue	74,000	189,292	319,870	719,696	335,000	974,071	1,207,000	1,483,000	459,116	1,127,900	3,999,071	10,655,759
Yr-to-yr Growth	NA	NA	404%	104%	353%	415%	277%	106%	NA	145.7%	254.6%	166.5%
Card revenue	68,000	149,964	192,900	(67,711)	379,000	252,393	244,000	200,000	299,631	610,072	1,075,393	1,344,241
Yr-to-yr Growth	NA	NA	55%	-28%	457%	68%	26%	NM	NA	103.6%	76.3%	580.6%
Program management revenue	112,000	57,486	348,556	216,516	83,000	59,594	17,000	17,000	94,422	642,676	176,594	100,000
Yr-to-yr Growth	NA	NA	2436%	978%	-26%	4%	-95%	-92%	NA	580.6%	-72.5%	-43.4%
Cost of service	180,862	220,753	471,690	752,185	682,239	988,971	1,162,164	1,413,720	770,662	1,625,490	4,247,094	7,260,000
Gross margin	73.217	175.989	389.636	116.315	114.384	297.087	305.831	286.280	82.507	755.157	1,003.582	4,840,000
Gross Margin %	28.5%	44.0%	45.2%	13.4%	14.4%	23.1%	20.8%	16.8%	9.7%	31.7%	19.1%	40.0%
Operating expenses:												
Salaries and fringe benefits	401,297	401,227	466,414	853,522	766,764	943,183	960,334	800,000	1,104,332	2,122,460	3,470,281	3,500,000
Marketing and promotion	12,812	14,670	40,657	335,956	49,347	103,423	106,378	110,000	664,854	404,095	369,148	461,435
Professional fees	100,249	208,398	220,980	386,740	197,105	207,325	237,093	200,000	402,114	916,367	841,523	800,000
Consulting	59,900	141,428	228,273	116,499	224,315	421,551	370,348	300,000	189,781	546,100	1,316,214	1,200,000
Public company and regulatory	191,116	58,268	43,992	(131,841)	220,500	259,486	194,135	170,000	27,413	161,535	844,121	680,000
Stock-based compensation	44,964	105,597	135,733	244,409	20,938	2,242	133,531	45,000	972,809	530,703	201,711	500,000
Office and general	68,510	94,419	90,525	22,287	45,734	87,940	108,064	140,000	143,121	385,156	381,738	560,000
Bank charges, interest and accretion	40,071	31,993	55,865	31,212	9,135	9,367	4,680	4,680	229,369	159,141	27,862	18,720
Rent	-	-	28,446	-	-	-	-	-	27,313	-	-	-
Expected credit losses	-	-	-	37,448	(14,683)	(2,286)	4,899	50,000	2,507	37,448	37,930	50,000
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	31,744	31,744	37,594	68,780	98,160	110,000
Telephone	-	-	1,635	-	-	-	-	-	4,642	-	-	-
Depreciation and amortization	42,766	61,734	54,120	57,534	44,390	49,442	47,609	47,609	167,846	216,154	189,050	190,436
Total expenses	963,611	1,121,204	1,408,430	2,002,310	1,575,865	2,104,025	2,198,815	1,899,033	4,016,102	5,547,939	7,777,738	8,070,591
Pretax income	(890,394)	(945,215)	(1,018,794)	(1,885,995)	(1,461,481)	(1,806,938)	(1,892,984)	(1,612,753)	(3,933,595)	(4,792,782)	(6,774,156)	(810,591)
Pretax Margin	-350.4%	-238.2%	-118.3%	-217.2%	-183.5%	-140.5%	-129.0%	-94.9%	-461.1%	-201.3%	-129.0%	-6.7%
Other income	3,000	3,000	35,523	(4,616)	(62,784)	(64,067)	72,043	3,000	336,178	36,907	(51,808)	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)	(1,820,941)	(1,609,753)	(3,597,417)	(4,755,875)	(6,825,964)	(798,591)
EPS	(0.007)	(0.007)	(0.007)	(0.012)	(0.009)	(0.011)	(0.011)	(0.009)	(0.036)	(0.034)	(0.040)	(0.005)
One-time expenses	-	-	-	-	66,000	66,000	-	-	-	-	-	-
Non-GAAP EPS	(0.007)	(0.006)	(0.006)	(0.011)	(0.009)	(0.011)	(0.011)	(0.009)	(0.027)	(0.030)	(0.039)	(0.002)
										12.4%	30.5%	-95.5%
Shares												
Basic & diluted	122,655,566	138,630,992	140,781,033	155,591,966	169,319,666	170,334,375	170,582,957	170,754,088	98,930,730	141,723,786	170,247,772	170,754,088
Yr-to-yr Growth	40%	53%	50%	64%	38%	23%	21%	10%		43.3%	20.1%	0.3%
										51.6%	13.5%	0.3%
Adjusted EBITDA	(802,664)	(777,884)	(828,941)	(1,584,052)	(1,333,369)	(1,689,254)	(1,711,844)	(1,520,144)	(2,792,940)	(4,045,925)	(6,383,395)	(120,155)

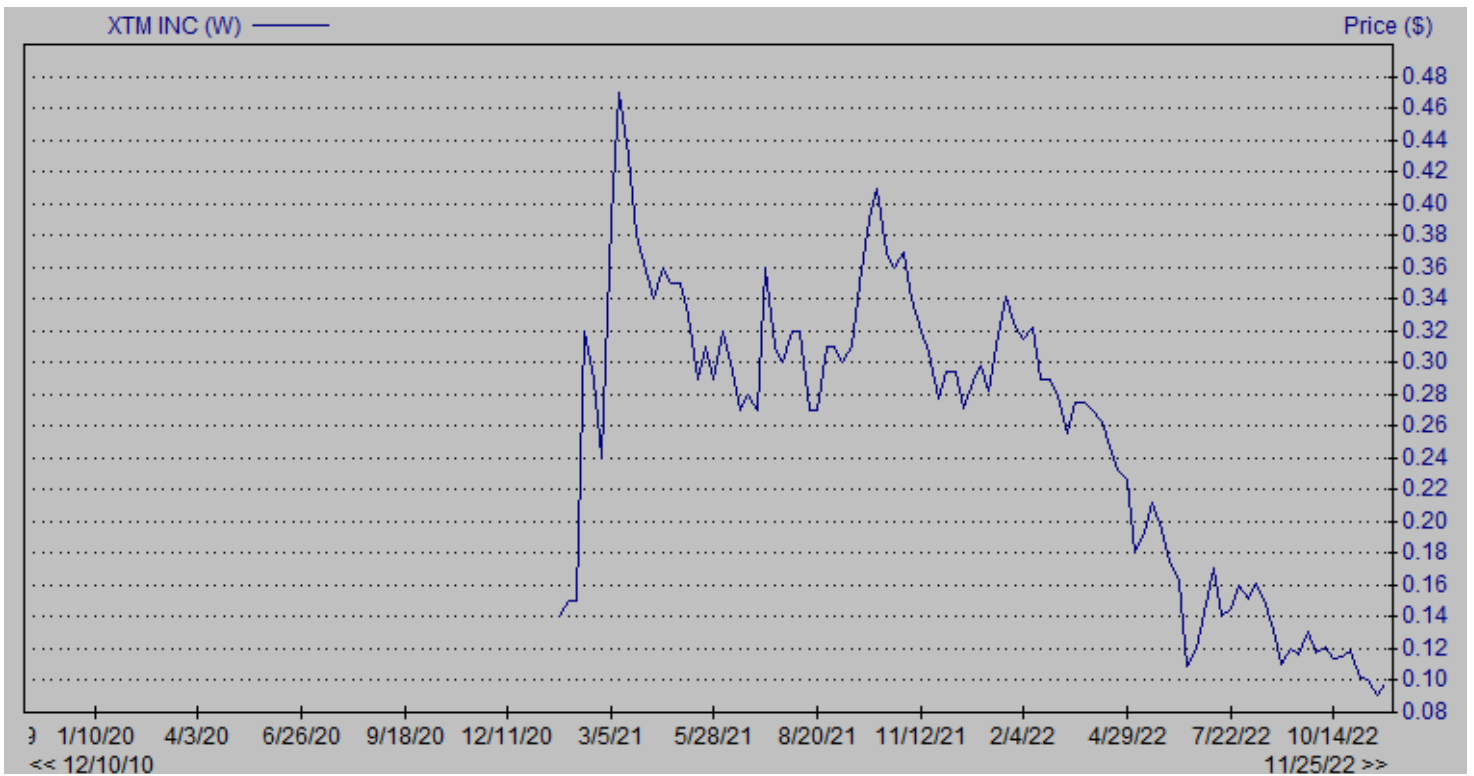
BALANCE SHEET

	Sept 30, 2022	June 30, 2022	Qtr-Qtr % Change	Sept 30, 2021	Yr-Yr % Change
Current assets					
Cash	\$4,174,552	\$4,835,891	-14%	\$2,303,203	81%
Cash held in trust & customer deposits	47,970,889	41,442,480	16%	19,126,150	151%
Trade receivables	676,900	974,122	-31%	628,609	8%
Prepaid expenses	266,700	145,597	83%	34,432	675%
Due from related parties	333,854	983,854	-66%	333,854	0%
Total current assets	53,422,895	48,381,944	10%	22,426,248	138%
Property and equipment, net	247,642	275,970	-10%	82,025	202%
Intangible assets	90,786	103,571	-12%	148,634	-39%
Investment	249,920	249,920	0%	0	NM
Goodwill	920,000	920,000	0%	920,000	0%
TOTAL ASSETS	54,931,243	49,931,405	10%	23,576,907	133%
Current liabilities					
Trade and other payables	1,332,092	1,082,273	23%	1,041,000	28%
Client deposits	47,970,889	41,442,480	16%	19,126,150	151%
Sales tax payable	7,652	13,710	-44%	9,625	-20%
Due to related party	208,089	250,145	-17%	63,533	228%
Unearned revenue	209,459	186,847	12%	0	NA
Current portion of lease liabilities	99,242	96,085	3%	9,176	982%
Government note	60,000	60,000	0%	0	NA
Total current liabilities	49,887,423	43,131,540	16%	20,249,484	146%
Long-term liabilities					
Lease liabilities, net of current	11,247	37,273	-70%	0	NM
TOTAL LIABILITIES	49,898,670	43,168,813	16%	20,299,995	146%
Stockholder's equity					
Share capital	18,020,642	17,975,470	0%	11,570,258	56%
Units to be issued	0	0	0%	90,000	-100%
Contributed surplus	301,392	233,032	29%	297,920	1%
Warrant reserve	3,179,069	3,179,069	0%	599,997	430%
Cumulative translation reserve	(27,173)	(4,563)	496%	0	NM
Deficit	(16,441,357)	(14,620,416)	12%	(9,281,263)	77%
Total stockholders' equity	5,032,573	6,762,592	-26%	3,276,912	54%
Total liabilities and stockholders' equity	\$54,931,243	\$49,931,405	10%	\$23,576,907	133%
Quick Ratio	1.1	1.1	-5%	1.1	-3%
Working Capital	3,535,472	5,250,404	-33%	2,176,764	62%
Net cash	4,174,552	4,835,891	-14%	2,303,203	81%
Net cash as % of assets	8%	10%	-22%	10%	-22%
Debt	268,089	310,145	-14%	63,533	322%
Debt % of assets	0%	1%	-21%	0%	81%

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	3 Mo. Ended 9/30/22
Operating activities:									
Net income	(3,597,417)	(887,394)	(942,215)	(982,379)	(1,943,887)	(4,755,875)	(1,524,265)	(1,871,005)	(1,820,941)
Non-cash items									
Share-based compensation	972,809	37,464	40,563	208,267	244,409	530,703	20,938	2,242	113,531
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	34,824
Amortization of intangibles	70,000	17,500	28,643	30,643	27,205	103,991	12,143	14,715	12,785
Interest on lease liabilities	10,584	1,918	1,418	679	24	4,039	5,520	4,816	4,090
Expected credit loss	2,507	-	-	-	17,853	17,853	-	-	-
Government loan	-	-	-	-	2,941	2,941	-	-	-
Changes in working capital accounts									
Trade receivables	11,981	(88,485)	(8,869)	(424,132)	(258,102)	(779,588)	11,864	(117,128)	297,222
Sales taxes	(20,536)	(8,415)	67,158	26,205	2,985	87,933	1,977	(877)	(6,058)
Prepaid expenses	36,867	93,011	(21,685)	45,733	(79,431)	37,628	(187,103)	155,369	(121,103)
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)	(6,528,409)
Trade and other liabilities	(134,326)	133,826	(155,379)	428,394	(155,577)	251,264	145,192	106,658	249,819
Unearned revenue	-	-	-	-	-	-	-	186,847	22,612
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	6,528,409
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)	(1,213,219)
Investing activities:									
Property and equipment	(11,982)	(9,918)	(5,202)	(16,633)	(40,018)	(71,771)	(11,892)	(59,791)	(6,497)
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	(6,497)
Financing activities:									
Issuance of short term promissory note	-	-	-	-	-	-	-	(650,000)	650,000
Salary deferral repayment to related party	-	-	-	-	-	-	-	(49,388)	(42,056)
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)	(26,958)
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)	580,986
Foreign exchange affecting cash	-	-	-	(39,042)	39,042	-	1,593	(6,156)	(22,610)
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)	(661,340)
Cash, beginning	2,466	285,853	2,308,364	3,912,316	2,303,203	285,853	8,383,429	6,366,385	4,835,892
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	4,174,552
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)	(1,655,711)
Free cash flow	(2,385,400)	(810,372)	(843,141)	(738,847)	(1,659,602)	(4,051,962)	(1,465,309)	(1,874,296)	(1,662,208)

HISTORICAL STOCK PRICE



DISCLOSURES

The following disclosures relate to relationships between Zacks Small-Cap Research (Zacks SCR), a division of Zacks Investment Research (ZIR), and the issuers covered by the Zacks SCR Analysts in the Small-Cap Universe.

ANALYST DISCLOSURES

Zacks SCR Analysts hereby certify that the view expressed in this research report or blog article accurately reflect the personal views of the analyst about the subject securities and issuers. Zacks SCR also certifies that no part of any analysts' compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report or blog article. Zacks SCR believes the information used for the creation of this report or blog article has been obtained from sources considered reliable, but we can neither guarantee nor represent the completeness or accuracy of the information herewith. Such information and the opinions expressed are subject to change without notice. The Zacks SCR Twitter is covered herein by this disclosure.

INVESTMENT BANKING AND FEES FOR SERVICE

Zacks SCR does not provide investment banking services nor has it received compensation for investment banking services from the issuers of the securities covered in this report or article.

Zacks SCR has received compensation from the issuer directly, from an investment manager, or from an investor relations consulting firm engaged by the issuer for providing non-investment banking services to this issuer and expects to receive additional compensation for such non-investment banking services provided to this issuer.

The non-investment banking services provided to the issuer include the preparation of this report, investor relations services, investment software, financial database analysis, organization of non-deal road shows, and attendance fees for conferences sponsored or co-sponsored by Zacks SCR.

Each issuer has entered into an agreement with Zacks to provide continuous independent research for a period of no less than one year in consideration of quarterly payments totaling a maximum fee of \$40,000 annually.

POLICY DISCLOSURES

This report provides an objective valuation of the issuer today and expected valuations of the issuer at various future dates based on applying standard investment valuation methodologies to the revenue and EPS forecasts made by the SCR Analyst of the issuer's business.

SCR Analysts are restricted from holding or trading securities in the issuers that they cover. ZIR and Zacks SCR do not make a market in any security followed by SCR nor do they act as dealers in these securities. Each Zacks SCR Analyst has full discretion over the Valuation of the issuer included in this report based on his or her own due diligence. SCR Analysts are paid based on the number of companies they cover.

SCR Analyst compensation is not, was not, nor will be, directly or indirectly, related to the specific valuations or views expressed in any report or article.

ADDITIONAL INFORMATION

Additional information is available upon request. Zacks SCR reports and articles are based on data obtained from sources that it believes to be reliable, but are not guaranteed to be accurate nor do they purport to be complete. Because of individual financial or investment objectives and/or financial circumstances, this report or article should not be construed as advice designed to meet the particular investment needs of any investor. Investing involves risk. Any opinions expressed by Zacks SCR Analysts are subject to change without notice. Reports or articles or Tweets are not to be construed as an offer or solicitation of an offer to buy or sell the securities herein mentioned.

CANADIAN COVERAGE

This research report is a product of Zacks SCR and prepared by a research analyst who is employed by or is a consultant to Zacks SCR. The research analyst preparing the research report is resident outside of Canada, and is not an associated person of any Canadian registered adviser and/or dealer and, therefore, the analyst is not subject to supervision by a Canadian registered adviser and/or dealer, and is not required to satisfy the regulatory licensing requirements of any Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and is not required to otherwise comply with Canadian rules or regulations.