
QX 2Q 2022 Shareholder update – June 25, 2022

Dear TSS Shareholders:

This email summarizes our progress in 2Q22 and identifies the major planned milestones for 3Q22. I have provided a quick summary and then some additional details for you to read, if time permits.

Executive Summary

- (1) We have three partners under contract for Phase 1; one partner is live and we expect to have the other two onboarded in July; we are live, executing end-to-end transactions, and generating revenues.
- (2) We have made good progress on our development, testing, and preparation for deploying our Phase 2 Offering in 3Q22. We are working with both our outsourced team (KiwiTech) and our Amazon Web Services partner, Rackspace, for this deployment. This includes our proprietary Event Sharing Pipeline (ESP), which we expect will give us a competitive advantage in the marketplace.
- (3) Our outreach to acquire Phase 2 QX partners (mid-tier and higher publishers) is ongoing. Our goal is to have several QX partners onboarded prior to going live with Version 2.0 of our Offering.
- (4) Thanks to our debt holders and investors, we have been able to continue to fund our 2Q22 efforts and position us for closing additional funding in 3Q22. Funding continues to be a risk area and we need to get sufficient funding to expand our Version 2.0 Offering in the mobile and video gaming market. We still need some completion funding from existing investors to bridge us to a planned closing with a large investment fund in 3Q22.
- (5) 3Q22 will be a key quarter for us. When we deploy our Phase 2 offering, attract additional QX partners, and secure the funding needed to move us to a cash-flow positive position in 2023, the future looks bright. But each of these areas have challenges that we are working to address.

Phase 1 – Partner onboarding and transactions

Our Chief Marketing Officer, Bill Wilson, has continued to work various tactics to attract and onboard Phase 1 QX partners. Our initial success of attracting 3 partners has allowed us to fully test our end-to-end technology and process for onboarding game partners, as well as attract gamers and execute their exchange and redeem transactions on the QX app. Crimson Company is fully onboarded and we have successfully executed exchanges, redeems, and transaction revenues. The largest redeem has been over \$600 USD. Because of our addition of an international redemption method (via PayPal), we have been able to process gamer redemptions outside of the US. We are onboarding ePlay Digital and Studio 85; they are executing integration of their games and we are hoping to have both onboarded in July, leading to increases in gamers, transactions, and revenues. Several other game publishers approached by our CMO have expressed interest in our offering. Our expectation is that we will see more QX partner onboarding with the release of our Phase 2 Offering.

Technical upgrades for Phase 2 launch in 3Q22

Mike Flanagan, our CTO, has made very good progress with both our outsourced technology team (KiwiTech) and with our Event Sharing Pipeline (ESP) technology team, RackSpace, a preferred partner of Amazon (NOTE: please reference 2Q22 press releases related to these events: <https://acqyrexchange.com/press/>). The ESP team is on schedule and expects to have the ESP completed by early August. KiwiTech is working to finalize Phase 2 functionality for Offers, Tournaments, Premium Services, and Reporting by mid-August. Our plan is to have Version 2.0 of this Offering deployed by the end of August 2022. As you might remember, we are receiving funding support from Amazon Web Services, the details of which cannot be disclosed due to confidentiality clauses in our agreement with them. Phase 2 will allow us to monitor events occurring within our QX partner games and apply those events to Offers, Achievements and Tournaments that our QX partners have defined within our Partner Portal. As Offers are completed by gamers and tournaments won, we will reward QX points on behalf of our QX Partners to the participating gamers. Our QX Partners cover the cost of the QX points, plus a QX fee, which then allows the gamers to redeem those points for cash.

Outreach for Phase 2 QX Partners (game publishers)

Our CMO has begun a major outreach to mid-tier and larger game publishers to become a QX Partner for our Phase 2 Offering. This outreach was just begun in mid-June, with a goal to onboard several mid-tier publishers and their games as QX partners by the end of August. We are using several industry standard outreach tools to attract these game publishers to consider becoming a QX partner. We will keep you updated on the growth of our QX partner base as we begin to attract these publishers to QX. We have received a lot of interest in adding tournaments to our QX app; so, we have prioritized this functionality and are working to have that available in the initial Version 2.0 deployment.

Funding progress

To allow us to get Phase 2 developed and ready for deployment, as well as to give us more time to attract an investment fund to provide the funding needed for major expansion and initiation of debt reduction, our current investors have provided major support to the Company. First, our existing debt holders have allowed us to defer payments on that debt until we can secure the larger investment fund infusion needed for scaling the Company and initiating debt reduction. Thank you! In addition, several of our current accredited investors, as well as new investors through our Reg Crowdfunding Offering, have provided us the funding needed to execute through mid-3Q of 2022. Again, thank you! Of the estimated \$300,000 needed for this short-term funding, \$250,000 has been secured and we are hoping to be able to secure the remainder in the next couple of weeks. We are currently in due diligence discussions with two groups that are giving us access to early-stage funds and family offices that can support our expansion funding. We are working hard to get this funding in place, so that we don't have a funding gap in 3Q22. Again, I will keep you updated on progress in this area.

3Q22 anticipated milestones

Here are the anticipated milestones that we hope to complete in 3Q22:

- (1) Deploy our Version 2.0 Offering for our existing QX partners, plus several additional QX partners which we hope to attract over the next few weeks;
- (2) Explore filing a patent on our Event Sharing Pipeline Intellectual Property;
- (3) Close early-stage fund or family office fund to secure the needed funding to continue and market expansion plans and initiate debt reduction;

- (4) Continue adding functionality to for our Phase 2 deployment. We will prioritize these efforts based upon our QX partner and gamer feedback, as well as continued market research;
- (5) Execute our market expansion plans, with a goal to be cash flow positive within the next 12 months.

Sincerely Yours,

Jim

James O. Mulford, Chief Executive Officer

