

# FORM 7

## MONTHLY PROGRESS REPORT

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

Trading Symbol: PAID

Number of Outstanding Listed Securities: 108,334,896

Date: January 5, 2021

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 November 30, 2020, The Company adopted a restricted share unit ("RSU") plan (the "RSU Plan") pursuant to which the Company may grant options and RSUs to attract, motivate and retain directors, officers, employees, and*

consultants, and to align the interests of plan participants with those of the Company's shareholders.

The maximum number of RSUs issuable under the RSU Plan together with the number of stock options issuable under the company's existing stock option plan (the "Stock Option Plan") may not exceed 20% of the number of issued and outstanding common shares of the Company as at the date of a grant under the RSU Plan or the Stock Option Plan, as the case may be.

On November 30, 2020, the Company granted 2,685,001 RSUs to one employee and five consultants of the Company under the RSU Plan, which RSUs vest immediately upon their grant.

The RSUs were issued as part of the contractual and discretionary compensation set out for such employee and consultants. 2,685,001 Common shares were issued on December 2, 2020.

On December 1, 2020, the Company announced the filing of its Q3 2020 Financial Statements and Management Discussion and Analysis for the period ending September 30, 2020. As of September 30, 2020, the Company has seen revenues return to approximately 91% of pre COVID levels. During the nine-month period ended September 30, 2020 the Company's gross revenue decreased by 9.43% compared to gross revenue during the nine months ended September 30, 2019. While the Company was trending towards higher revenues in early Q1 2020, the effects of COVID-19 played a significant role in the decline of revenues during the period. With almost 100% of XTM's revenue being derived from its Today™ Card program servicing the hospitality, salon and personal care and food delivery companies.

On December 3, 2020, the Company announced its plan to offer micro-credit to its Today Cardholder Community. This micro-credit product delivers an overdraft protection on a subscription model and reports the good repayment history to the bureaus thereby increasing the subscribers' credit score.

On December 8, 2020, the Company announced a completion of its 2.0 Fintech Platform after a year of development. The enhanced platform and mobile app have every feature of a neo banking app including transaction tracking, balance reports, e-transfer, bill-pay, card-to-card transfers, card to bank, suspicious activity notifications etc.

On December 14, 2020, XTM Inc. provided an update on its VERT Visa Credit Card providing underbanked access to credit.

On December 31, 2020, the Company announced the issuance of 600,000 RSUs to its Chief Financial Officer and two Board Directors which vested immediately upon their grant. The RSUs were issued as part of the contractual and discretionary compensation set out for such employee and consultants. 600,000 common shares were issued on December 31, 2020.

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

*We continue to support revenues from our legacy business and the new projects that were implemented during last nine months as well as employee incentive payouts and we are quickly exploring other opportunities and managing the impacts of COVID-19 on our business daily.*

*The Company continues maintaining a company wide COVID-19 risk mitigation policy to protect the health and safety of our staff, clients, and community.*

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.

**See #1**

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 trade-marks.

**N/A**

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

**N/A**

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>      |
|------------------------|----------------------|---|---|
| Restricted Share Units | 2,685,001            | Issuance to one employee and five consultants as incentives | N/A                                       |
| Restricted Share Units | 600,000              | Issuance to CFO and two directors as incentives             | N/A                                       |
| Common shares          | 1,160,000            | Warrants exercised  | \$150,800-To support operating activities |
| Common shares          | 702,800              | Warrants exercised  | \$91,364-To support operating activities  |

*(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 spread of COVID-19 posed challenges to the Company's business. The Company is consistently looking for ways to monetize its user base with essential products such as credit. The company also continues to explore other government relief programs available under COVID-19. The Company continues applying and receiving support related to the extended Canada Emergency Wage Subsidy program.*

*The Company's stock has been holding its price in the mid to high teens with a respectable amount of volume which has triggered early exercising of warrants and options bringing in financing to support operational expenditures.*

## 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.
5. Dated January 5, 2021.

**Olga Balanovskaya**

Name of Director or Senior  
Officer



Signature

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|---|---|--|
| <b>CEO, President</b><br>Official Capacity <i>Issuer Details</i><br>Name of Issuer<br><b>XTM Inc.</b> | For Month End<br><b>December 31,<br/>2020</b> | Date of Report<br>YY/MM/D<br><b>21/01/05</b>   |
| Issuer Address<br><b>437-67 Mowat Avenue</b>  |   |  |
| City/Province/Postal Code<br><b>Toronto, ON M6K 3E3</b>   | Issuer Fax No.<br>( )                         | Issuer Telephone No.<br><b>(416) 260-1641</b>  |
| Contact Name<br><b>Marilyn Schaffer</b>   | Contact Position<br><b>CEO, President</b>     | Contact Telephone No.<br><b>(416) 260-1641</b> |
| Contact Email Address<br><b>mschaffer@xtminc.com</b>  | Web Site Address<br><b>www.xtminc.com</b>     |  |

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January 2015

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