

## FORM 7

### MONTHLY PROGRESS REPORT

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

Trading Symbol: PAID

Number of Outstanding Listed Securities: 95,637,943

Date: October 5, 2020

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 September 10, 2020, XTM Inc. signed a Letter of Intent (“LOI”) with one of the largest online cannabis retailer in the U.S. to launch a proprietary cashless payment network. This will be the first of its kind, bank grade, fully compliant, community currency, closed loop solution for any company or business looking to eliminate cash and process real-time payments including but not limited to licensed Cannabis companies. A new web site [www.CaliCard.com](http://www.CaliCard.com) is being established and physical cards will soon be in production.*

*As part of the terms of the LOI XTM will private label its existing mobile wallet and payment network technology, finalize development for merchant settlements, arrange the banking partnerships, manage the network and license the technology to a new entity of which XTM will own 50%. The other party will adopt and roll-out the technology across all its e-commerce platforms and will leverage its contacts for sales and marketing of the solution.*

*On September 30, 2020, the Company announced the filing of its Q2 2020 Financial statements and Management’s Discussion and Analysis:*

- 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 delivery companies including food and pizza delivery companies like Dominos. It was not until late June 2020 that the Company began to experience revenues from its hospitality and salon Today Card programs in the period.*
- 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 increase was mainly due to an increase of marketing costs of \$161,758 primarily attributable to press releases and marketing of the Company to new investors in Germany, Canada and the USA, 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 in the OTC QB in the United States and other legal matters. The total increase for these three 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 subsidizing 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 of that will be expiring in November 2020 that will bring in another \$750K in additional working capital not including the Company’s \$560K available from its debt facilities*

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

*We continue to support revenues from our legacy business and also the new projects that were implemented during last six 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.

**N/A**

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.

Security	Number Issued	Details of Issuance	Use of Proceeds <sup>(1)</sup>

(1) State aggregate proceeds and intended allocation of proceeds.

**N/A**

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 huge challenges to the Company's business. The Company is constantly discussing relaxing payment terms with the suppliers considering the ongoing COVID-19 crisis, exploring other government relief programs available under COVID-19. The Company applied and received 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.

Dated October 5, 2020.

**Marilyn Schaffer**

Name of Director or Senior  
Officer

Signature

<b>CEO, President</b> Official Capacity <i>Issuer Details</i> Name of Issuer <b>XTM Inc.</b>	For Month End <b>September 30, 2020</b>	Date of Report YY/MM/D <b>20/10/05</b>
Issuer Address <b>437-67 Mowat Avenue</b>		
City/Province/Postal Code <b>Toronto, ON M6K 3E3</b>	Issuer Fax No. ( )	Issuer Telephone No. <b>(416) 260-1641</b>
Contact Name <b>Marilyn Schaffer</b>	Contact Position <b>CEO, President</b>	Contact Telephone No. <b>(416) 260-1641</b>
Contact Email Address <b>mschaffer@xtminc.com</b>	Web Site Address <b>www.xtminc.com</b>	