

## FORM 7

### MONTHLY PROGRESS REPORT

Name of CNSX Issuer: UpSnap, Inc. (the “Issuer”, the “Company” or “UpSnap”)

Trading Symbol: UP

Number of Outstanding Listed Securities: 267,640,941

Date: January 29, 2021, for the period ending November 30, 2020

#### 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.**

UpSnap provides highly-targeted, data-driven advertising products to both large brands and small businesses. UpSnap offers its advertising services to national brands on a campaign basis and to small businesses on a monthly subscription basis.

UpSnap’s advertising solutions for small businesses are unique, with products including video ads, social media ads and digitally retargeted direct mail ads that have traditionally only been affordable to large businesses. Small businesses typically pay a monthly fee in return for a fixed number of ads. The ads typically target a local area and are associated with a strong call to action such as “tap to call”, “tap for directions”, “tap for appointment”, “tap for coupon”, or “tap for website” in the case of mobile ads or an exclusive coupon in the case of direct mail ads. UpSnap generally sells these subscriptions through a reseller network.

UpSnap’s Intentional Direct Mail (“IDM”) service allows advertisers such as small businesses and brands to amplify their digital marketing by programatically mailing customized direct mail postcards to potential customers that engage with the advertiser’s website or mobile ads. By adding IDM tracking pixels to an advertiser’s website, UpSnap can automatically locate the website visitor and print and mail a customized direct mail postcard to the visitor’s mailing address within 24 hours of the visit, thereby increasing the advertiser’s engagement with its customers. UpSnap developed the software used by the IDM service in-house and began selling the service in 2019.

In addition to its advertising services, UpSnap provides software and services that allow customers to perform voice and data searches on proprietary business directories.

UpSnap's products and services are available internationally in 8 countries in North America, Europe and other parts of the world. The principal countries in which UpSnap operates, directly and indirectly, are the United States, Canada and Denmark.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (“**COVID-19**”) a “Public Health Emergency of International Concern” and on March 11, 2020, declared COVID-19 a pandemic. The impact of COVID-19 could negatively impact the Company’s operations, suppliers or other vendors, and customer base. The operations for the Company’s services could be negatively impacted by the regional and global outbreak of COVID-19, including stop-work orders on existing contract work for an unknown period of time. Any quarantines, labor shortages or other disruptions to the Company’s operations, or those of their customers, may adversely impact the Company’s revenues, ability to provide its services and operating results. In addition, a significant outbreak of epidemic, pandemic or contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, including the geographical areas in which the Company operates, resulting in an economic downturn that could affect demand for UpSnap’s services. Many small businesses that use the Company’s advertising services have been required to close for an unknown time and the Company has seen a number of campaigns reduced or paused in line with overall industry trends. The extent to which the coronavirus impacts the Company’s results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others. UpSnap has taken a number of actions to mitigate the impact of the COVID-19 virus, including:

- Transitioning to a remote working environment for all employees,
- Reducing all discretionary spending,
- Suspending cash compensation for directors,
- Applying for government assistance including payroll subsidies and business loans, and
- Obtaining deposits and prepayments from customers.

On November 6, 2020, UpSnap announced results from its Annual General and Special Meeting. Shareholders of UpSnap passed the following resolutions:

- To receive the consolidated financial statements of the Corporation as at and for the year ended December 31, 2019 and auditors’ report thereon;
- To elect the following directors: Bruce Howard (CEO and Director), Heather Burrer, Rance Walls, Kristina Finch and Daniel Hilton.
- To appoint RSM Canada as auditors;
- To consider and, if thought advisable, pass a special resolution to consolidate the share capital of the Corporation on the basis of up to fifty (50) existing Common Shares for one (1) new Common Share, or such lower conversion ratio as the board of directors of the Corporation may determine, as its sole discretion, all as further set out in the Circular;

On November 24, 2020, UpSnap announced results for its Q3 2020. Financial highlights included:

- Total operating revenue was \$411,000 for three months ended September 30, 2020 compared to \$430,000 for the three months ended September 30, 2019. Total operating revenue for the nine months ended September 30, 2020 was \$1.3 million compared to \$1.4 million for the same period in 2019.
- Total operating costs for three months ended September 30, 2020 was \$468,000 compared to \$634,000 for three months ended September 30, 2019. Total operating costs for the nine months ended September 30, 2020 was \$1.5 million compared to \$1.8 million for the same period in 2019.
- Cash flow from Operations for the nine months ended September 30, 2020 was (\$28,000) compared to (\$348,000) for the same period in 2019.
- IDM mailers sent for the three months ended September 30, 2020 was 74,988 for a total of 247,037 in the first nine months of 2020.

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

UpSnap continues to invest in its Intentional Direct Mail platform. Management is focused on growing IDM sales through both reseller and direct channels, as well as on continuing development of both new and existing products. There were no significant developments during the month.

Management continues to focus on profitably increasing mobile advertising revenue. Mobile advertising revenue generally comes from two sources: local subscription based campaigns and large or national campaigns.

UpSnap's subscription based product provides small businesses with locally targeted mobile ads that are associated with a strong call to action in return for a monthly fee. UpSnap sells these local ads primarily through a reseller network. In recent months UpSnap's management focus has been on adding new resellers and working with existing resellers to accelerate subscriber growth. There were no significant developments during the month.

Increasing revenue from national campaigns requires establishing long-term relationships with advertisers or their agencies. UpSnap markets to the advertisers and agencies directly through a dedicated sales force. In recent months management has worked at increasing the size and quality of the sales force. There were no significant developments during the month.

In order to earn mobile advertising revenue, UpSnap must source mobile publishers who have places to insert advertisements. UpSnap establishes long-term relationships with publishers as well as with mobile advertising exchanges and mobile RTB networks through a dedicated business development team. There were no significant developments during the month.

**3. Describe and provide details of any new products or services developed or offered.**

Nothing material to report.

4. **Describe and provide details of any products or services that were discontinued.**

Nothing material to report.

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.**

Nothing material to report.

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.**

Nothing material to report.

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.**

Nothing material to report.

8. **Describe the acquisition of new customers or loss of customers.**

Nothing material to report.

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.**

Nothing to report.

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

Nothing material to report.

11. **Report on any labour disputes and resolutions of those disputes if applicable.**

Nothing to report.

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.**

Nothing to report.

**13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.**

Nothing to report.

**14. Provide details of any securities issued and options or warrants granted.**

Nothing to report.

**15. Provide details of any loans to or by Related Persons.**

Nothing to report.

**16. Provide details of any changes in directors, officers or committee members.**

Nothing to report.

**17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.**

UpSnap is positioned at the intersection of two fast growing trends in the technology industry, being the widespread adoption of smartphones and mobile apps and the rapid growth of mobile advertising.

Based on the benefits of mobile advertising as compared to traditional offline advertising and PC-based advertising, UpSnap believes that advertisers will continue to shift their advertising budgets to mobile. The proliferation of smartphones, mobile apps downloads, and general reliance on mobile connectivity provides a high growth market for online advertising. In May 2020, PWC released its survey of Interactive Advertising Bureau members for the full year 2019. The report estimates U.S. internet ad revenues were \$125 billion in 2019, up 16% from the prior year. Mobile now represents 70% of the revenues generated by the entire internet advertising marketplace. Management believes that the Company is well positioned to capitalize on opportunities in these markets and views the Company's established presence in such markets as a competitive advantage.

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## 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 were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CNSX 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 CNSX Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: January 29, 2021

Alex Pekurar  
Name of Director or Senior Officer

/s/ "Alex Pekurar"  
Signature

CFO  
Official Capacity

<b><i>Issuer Details</i></b>		
Name of Issuer <b>UpSnap, Inc.</b>	For Month End <b>November 2020</b>	Date of Report <b>2021/01/29</b>
Issuer Address <b>100 Consilium Place, Suite 200</b>		
City/Province/Postal Code <b>Toronto, Ontario M1H 3E3</b>	Issuer Fax No. <b>(281) 465-5428</b>	Issuer Telephone No. <b>(844) 487-7627</b>
Contact Name <b>Alex Pekurar</b>	Contact Position <b>CFO</b>	Contact Telephone No. <b>(416) 996-7466</b>
Contact Email Address <b>apekurar@upsnap.com</b>	Web Site Address <b><a href="http://www.upsnap.com">www.upsnap.com</a></b>	