



# PopReach Provides Q3 2021 Update on Selected Unaudited Pro-Forma Financial Information with Federated Foundry

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*Inclusive of PopReach, the combined businesses delivered Q3 year over year consolidated pro-forma revenue growth of 25%*

TORONTO, Nov. 29, 2021 /CNW/ - PopReach Corporation ("**PopReach**" or the "**Company**") (TSXV: POPR) (OTCQX: POPRF) is, further to its press release dated October 18, 2021 regarding the proposed business combination (the "**Transaction**") of PopReach with 2810735 Ontario Inc. d/b/a Federated Foundry ("**Federated**" and together with PopReach, the "**Parties**"), pleased to provide an update on selected unaudited pro-forma consolidated financial information for the combined Parties for the three months ended September 30, 2021. The selected unaudited pro-forma financial information presented is inclusive of the unaudited financial information of PopReach for the applicable periods, as previously reported and filed on [www.sedar.com](http://www.sedar.com).

## **Unaudited Pro-Forma Consolidated Financial Information**

The following table sets out certain unaudited pro-forma consolidated financial information for the combined PopReach and Federated businesses had: 1) the Transaction been consummated at the beginning of three month periods ended September 30, 2020 and September 30, 2021; and 2) Federated had acquired Notify AI, LLC ("**Notify**"), Q1Media, Inc. ("**Q1Media**"), and Crucial Interactive Holdings Inc. ("**Contobox**"), at the beginning of the same periods.

*Figures in US Dollars*

| <i>Unaudited</i>             | 2021 Q3<br>ended Sep | 2020 Q3<br>ended Sep | YoY Growth |
|------------------------------|----------------------|----------------------|------------|
| Revenue                      | \$18,875,980         | \$15,104,644         | 25.0%      |
| Adjusted EBITDA <sup>1</sup> | \$2,610,007          | \$2,346,414          | 11.2%      |
| Net Income                   | \$603,613            | \$825,219            | (26.9%)    |

<sup>1</sup> Please refer to "Non-IFRS Measures" section of this press release.

## **Recent Federated Operating Highlights**

- Notify AI, a leading messaging platform for publisher monetization and advertiser promotions, expanded its global presence with the opening of a new office in Amsterdam, and a significant office expansion in Tel Aviv's high-tech hub in the Rothschild Boulevard district, increasing its headcount in Israel by approximately 50% to expand R&D efforts and to support international growth plans
- Q1Media, a world-class digital media services company, was named on Inc.'s 2021 Best Workplaces list, a national award that recognizes the best companies to work for in America<sup>2</sup>
- Contobox, an award-winning rich media advertising platform, was recognized with several award nominations at the Digiday Technology Awards ("**Digiday**"), Online Media Marketing and Advertising Awards ("**OMMA**") and International Performance Marketing Awards, winning the Best Customer Data Platform award at Digiday, and the Best Programmatic Creative award at

<sup>2</sup> <https://www.inc.com/best-workplaces/2021>

<sup>3</sup> <https://www.advertisers.contobox.com/post/sharkninja-contobox-riq-and-um-announced-winners-of-mediapost-omma-best-programmatic-award>

<sup>3</sup> <https://twitter.com/digidayawards/status/1461425581434851339?s=21>

### **Management Commentary**

"The unaudited consolidated pro-forma financial information for the third quarter provide a good glimpse of the increased scale and multi-faceted growth that our combination with Federated will bring. As reported separately in our Q3 2021 results, PopReach's mobile platform revenue grew 22% year over year. With Federated growing revenue 36% in the same period, on an unaudited pro forma basis, the combined companies would have generated Q3 2021 Adjusted EBITDA margins of 14%," said Jon Walsh, CEO of PopReach. "In addition to becoming a much larger enterprise, the ability to tap into multiple growth catalysts across the digital media value chain from content, to technology stacks, to data and audiences, will allow us to take advantage of industry tailwinds and prioritize our investments in the areas that will generate the greatest returns."

### **Non-IFRS Measures**

The Parties prepare their financial statements in accordance with IFRS. However, the Parties consider certain non-IFRS financial measures as useful additional information to assess their financial performance. These measures, which the Parties believe are widely used by investors, securities analysts and other interested parties to evaluate their performance, do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies, nor should they be construed as an alternative to financial measures determined in accordance with IFRS. "EBITDA" and "Adjusted EBITDA" are non-IFRS measures.

### **EBITDA and Adjusted EBITDA**

Earnings before interest, taxes, depreciation and amortization ("**EBITDA**") and consolidated adjusted earnings before interest, taxes, depreciation and amortization ("**Adjusted EBITDA**") are non-IFRS measures of financial performance. The presentation of these non-IFRS financial measures is not intended to be considered in isolation from, as a substitute for, or superior to, the financial information prepared and presented in accordance with IFRS, and may be different from non-IFRS financial measures used by other companies. Management of the Parties defines EBITDA as follows: IFRS Net income (loss) adding back accretion and interest expenses (including amortization of deferred financing fees), income taxes, amortization, gain/loss on disposal of assets, and fair value gain/loss on financial liabilities. Adjusted EBITDA is calculated as EBITDA and excludes discontinued operations and the effects of significant items of income and expenditure which may have an impact on the quality of earnings, such as restructuring costs, legal expenses, and impairments where the impairment is the result of an isolated, non-recurring event. It also excludes the effects of equity-settled share-based payments, and changes in deferred revenues.

The Parties believe EBITDA and Adjusted EBITDA are useful financial metrics to assess operating performance on a cash basis before the impact of non-cash items.

The following table presents the pro-forma consolidated calculation of EBITDA and Adjusted EBITDA, on an unaudited basis, for the three months ended September 30, 2020 and three months ended September 30, 2021:

*Figures in US Dollars*

| <i>Unaudited</i>                | 2021 Q3<br>ended Sep | 2020 Q3<br>ended Sep |
|---------------------------------|----------------------|----------------------|
| Net income per Consolidated FS  | \$603,613            | \$825,219            |
| Add:                            |                      |                      |
| Interest and accretion expenses | \$455,113            | \$331,109            |
| Loss on disposal of assets      | -                    | \$6,750              |
| Current taxes (recovery)        | \$119,253            | (\$47,843)           |

|  |             |             |
|--|-------------|-------------|
| Deferred tax recovery                    | (\$7,687)   | (\$37,846)  |
| Amortization and depreciation            | \$537,427   | \$836,959   |
| Fair value loss on financial liabilities | \$286,398   | \$514,027   |
| EBITDA                                   | \$1,994,118 | \$2,428,376 |
| Add:                                     |             |             |
| Share-based compensation expense (gain)  | (\$484,665) | \$59,692    |
| Change in deferred revenue               | \$194,000   | (\$179,577) |
| Change in deferred cost of sales         | (\$81,075)  | -           |
| Extraordinary one-time expenses          | \$987,630   | \$75,173    |
| Non-recurring income                     | -           | (\$37,250)  |
| Adjusted EBITDA                          | \$2,610,007 | \$2,346,414 |

## **About PopReach Corporation**

PopReach, a Tier 1 Issuer on the TSX Venture Exchange, with shares also trading on OTCQX® Best Market, is a free-to-play game publisher focused on acquiring and optimizing proven franchises. The Company has to date acquired successful game franchises enjoyed by over 1.9 million unique players a month, including *Smurfs' Village* (IP under license), *PAYDAY Crime War* (IP under license), *Peak - Brain Training*, *Kitchen Scramble*, *Gardens of Time*, *City Girl Life*, *War of Nations* and *Kingdoms of Camelot*. PopReach, headquartered in Toronto, employs a team of over 130 experts in Toronto, Vancouver, London, UK, and Bangalore, India.

Additional information about the Company is available at [www.sedar.com](http://www.sedar.com)

*Completion of the Transaction is subject to a number of conditions, including but not limited to, TSXV acceptance and, if applicable, disinterested shareholder approval. Where applicable, the Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Transaction will be completed as proposed or at all.*

*Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of PopReach should be considered highly speculative.*

*Certain financial data contained herein is unaudited and may be subject to refinement or modification during the audit process. Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon.*

*The TSXV has in no way passed upon the merits of the Transaction and has neither approved nor disapproved the contents of this news release.*

*This news release does not constitute an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction.*

## **Cautionary Statement Regarding Forward-Looking Information**

*This news release contains "forward-looking information" within the meaning of Canadian securities legislation. Forward-looking information generally refers to information about an issuer's business, capital, or operations that is prospective in nature, and includes future-oriented financial information about the issuer's prospective financial performance or financial position.*

*The forward-looking information in this news release includes disclosure about the terms of the Transaction and the proposed structure of the Transaction.*

*PopReach and Federated made certain material assumptions, including but not limited to: prevailing market conditions; general business, economic, competitive, political and social*

*uncertainties; delay or failure to receive board, shareholder or regulatory approvals; and the ability of the resulting issuer to execute and achieve its business objectives, to develop the forward-looking information in this news release. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.*

*Actual results may vary from the forward-looking information in this news release due to certain material risk factors. These risk factors include, but are not limited to: adverse market conditions; the inability of PopReach or Federated to complete the Transaction on the terms disclosed in this news release, or at all; the unavailability of exemptions from prospectus requirements for the issuance of common shares of PopReach ("**PopReach Shares**") ; the risks associated with the marketing and sale of PopReach Shares; refusal of the proposed directors or officers to act for any reason, including conflicts of interest; reliance on key and qualified personnel; and regulatory and other risks associated with the technology, media and digital gaming industries in general. The foregoing list of material risk factors and assumptions is not exhaustive.*

*PopReach assumes no obligation to update or revise the forward-looking information in this news release, unless it is required to do so under Canadian securities legislation.*

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**For further information:** PopReach Corporation: Dennis Fong, Investor Relations, (416) 283-9930, dennis.fong@loderockadvisors.com; Christopher Locke, invest@popreach.com; Federated Foundry: Ted Hastings, ted@federatedfoundry.com

CO: PopReach Corporation

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