

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

PopReach Corporation (the “Company”)
1 University Avenue, 3rd Floor
Toronto, Ontario M5J 2P1

Item 2 Date of Material Change

October 18, 2021

Item 3 News Release

On October 18, 2021, the Company issued a news release through CNW Group. A copy of the news release is attached as Schedule “A” hereto and is available on SEDAR at www.sedar.com.

Item 4 Summary of Material Change

Further to its press release issued on August 17, 2021 announcing the proposed combination (the “Transaction”) of the Company with 2810735 Ontario Inc. d/b/a Federated Foundry (“Federated”), the Company and Federated have entered into a definitive business combination agreement (“Agreement”) settling the terms and conditions of the Transaction.

As required by the policies of the TSX Venture Exchange (“TSXV”), trading in the common shares of the Company remain halted until, among other things, the Company completes certain regulatory filings in connection with the Transaction with the TSXV and the TSXV has completed certain matters it considers necessary or advisable, potentially until the completion of the proposed Transaction.

Item 5 Full Description of Material Change

For a full description of the material change, please see Schedule “A” attached hereto.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

None.

Item 8 Executive Officer

Christopher Locke
President, Chief Operating Officer and Corporate Secretary
416-583-5918

Item 9 Date of Report

October 18, 2021

Schedule "A"
NEWS RELEASE

(see attached)

PopReach Enters Into Definitive Agreement for Business Combination with Federated Foundry



NEWS PROVIDED BY
PopReach Corporation →
Oct 18, 2021, 17:35 ET

*Voting support agreements in place with shareholders holding in aggregate approximately
50.5% of the issued and outstanding PopReach Shares*

***/NOT FOR DISTRIBUTION TO US WIRE SERVICES OR FOR DISSEMINATION IN THE UNITED
STATES OF AMERICA/***

TORONTO, Oct. 18, 2021 /CNW/ - PopReach Corporation ("**PopReach**" or the "**Company**") (TSXV: POPR) (OTCQX: POPRF) is pleased to announce that, further to its press release issued on August 17, 2021 announcing the proposed combination of PopReach with 2810735 Ontario Inc. d/b/a Federated Foundry ("**Federated**" and together with PopReach, the "**Parties**", and each, a "**Party**") to form a leading, publicly-listed Canadian technology and media enterprise (the "**Transaction**"), the Parties have entered into a definitive transaction agreement (the "**Transaction Agreement**") settling the terms and conditions of the Transaction.

As required by the policies of the TSX Venture Exchange (the "**TSXV**"), trading in the common shares of PopReach ("**PopReach Shares**") will remain halted until, among other things, PopReach completes certain regulatory filings in connection with the Transaction and the TSXV has completed certain matters it considers necessary or advisable; trading of PopReach Shares may remain halted until the completion of the Transaction.



Key Terms of the Transaction and the Transaction Agreement

Pursuant to the Transaction Agreement, PopReach will acquire all of the issued and outstanding shares of Federated ("**Federated Shares**") on a fully-diluted basis (including all common shares issued or issuable on any exercise of the outstanding options, warrants and other securities convertible, exercisable or exchangeable for Federated Shares, collectively, the "**Purchased Shares**") for an aggregate purchase price of up to C\$160 million. The Transaction is expected to be effected by way of a three-way amalgamation amongst Federated, PopReach, and a new, wholly-owned subsidiary of PopReach, with the purchase price payable by the issuance by PopReach pursuant to such amalgamation of an aggregate number of PopReach Shares based on the deemed price per PopReach Share of C\$0.80, representing a premium of 27% over the PopReach Share closing price, and a premium of 32.9% over the PopReach Share 20-day VWAP, as at August 16, 2021, the last trading day immediately prior to the initial announcement of the proposed Transaction.

The aggregate purchase price is subject to adjustments for assumed debt, working capital and other customary terms and conditions set out in the Transaction Agreement. The Transaction Agreement provides that, on the closing date, PopReach will issue, pursuant to the above-noted three-way amalgamation, to holders of Federated Shares that number of PopReach shares calculated based on the C\$160 million purchase price, less the amount of assumed debt and less the amount of net working capital less than C\$5 million. Upon completion of the Transaction, the current shareholders of Federated will own more than 50% of the shares of the resulting issuer (the "**Resulting Issuer**") on a non-diluted basis.

Closing of the Transaction is subject to customary conditions, including: (a) approval of the Transaction by shareholders of PopReach and Federated; (b) approval of the Transaction by the boards of directors of PopReach and Federated; (c) receipt of all regulatory approvals with respect to the Transaction, including approval by the TSXV; (d) each of Ted Hastings, Amy Hastings, Jeff Collins, Mike Fitzgerald and Kevin Ferrell, as well as certain additional executive officers of Federated subsidiaries, shall have executed executive employment agreements with the Resulting Issuer or one of its subsidiaries; (e) confirmation of no adverse material change of PopReach or Federated; and (f) compliance by each of PopReach and Federated with representations, warranties, covenants, obligations and conditions of such Party as set out in the Transaction Agreement.

Fairness Opinions

Each of Echelon Capital Markets and Stifel Nicolaus Canada Inc. has provided a fairness opinion to PopReach's Board of Directors (the "**PopReach Board**") to the effect that, as of the date of the opinion and based upon and subject to the assumptions and limitations described in their respective opinion, the consideration payable by PopReach is fair, from a financial point of view, to PopReach and its shareholders.

The PopReach Board, in consultation with its advisors, has unanimously determined that the Transaction is in the best interest of PopReach and to the shareholders of PopReach.

Shareholder Approvals

The Transaction will, pursuant to the policies of the TSXV, require approval of the shareholders of PopReach. PopReach will seek approval of its shareholders at an annual general and special meeting of shareholders as soon as reasonably practicable (the "**PopReach Shareholders Meeting**"), and will prepare an information circular for the PopReach Shareholders Meeting, which will contain details regarding the Transaction, PopReach, Federated and the Resulting Issuer. The information circular and other materials for the PopReach Shareholders Meeting will be mailed to shareholders of PopReach and available on SEDAR at www.sedar.com.

The Transaction will require approval of the shareholders of Federated. All of Federated's shareholders are subject to a voting trust agreement allowing for Ted Hastings, in his capacity as Chief Executive Officer of Federated, to exercise voting rights in respect of the Federated Shares.

PopReach Shareholder Voting Support Agreements

Each of the directors, executive officers and insiders of PopReach, along with a number of other long-term unrelated shareholders who first invested in PopReach prior to the Company's "go public" transaction in July 2020, holding in aggregate approximately 50.5% of the issued and outstanding PopReach Shares, have executed voting support agreements in customary form whereby each such person has agreed to, as a shareholder of PopReach, vote and deliver proxies in support of the Transaction.

Arm's Length Transaction

The Transaction constitutes an Arm's Length Transaction (as such term is defined in the policies of the TSXV). No person who or which is a Non-Arm's Length Party of PopReach has any direct or indirect beneficial interest in Federated, its shareholders or its assets prior to giving effect to the

Transaction and no such persons are also Insiders of Federated. Similarly, there is no known relationship between or among any person who or which is a Non-Arm's Length Party of PopReach and any person who or which is a Non-Arm's Length Party to Federated.

Management Commentary

"We are pleased to be proceeding with our definitive agreement with Federated Foundry to create a leading multi-platform digital media company with immediate size and scale that touches all points of the value chain from content, to technology stacks, to data, and audiences," said Jon Walsh, CEO of PopReach. "Our combined platforms will have greater capacity to do larger deals and benefits from the steady organic growth of Federated Foundry's portfolio of assets, along with the potential to generate outsized returns from the investments we have made at PopReach."

Added Ted Hastings, CEO of Federated Foundry, "This combination is about accelerating our ability to take advantage of the pipeline of opportunities we see across both our organizations. We know there is a deep pool of high value subscale businesses in each of our markets, and we have both developed mature consolidation platforms to plug and play these assets to extract greater value and growth."

Unaudited Pro-forma Consolidated Financial Performance

The following table sets out certain unaudited pro-forma consolidated financial information for the combined PopReach and Federated Foundry businesses had the Transaction been consummated at the beginning of three month periods ended June 2020 and June 2021.

Figures in US Dollars

<i>Unaudited</i>	2021 Q2	2020 Q2	
	ended Jun	ended Jun	YoY Growth
Revenue	\$18,633,514	\$11,961,566	55.8%
Adjusted EBITDA ¹	\$2,868,102	\$1,960,397	46.3%
Net Income	\$2,714,521	(\$1,627,715)	-

¹ Please refer to "Non-GAAP Measures" section of this press release.

Non-GAAP Measures

The Parties prepare their financial statements in accordance with IFRS. However, the Parties consider certain non-GAAP financial measures as useful additional information to assess its financial performance. These measures, which the Parties believe are widely used by investors, securities analysts and other interested parties to evaluate its performance, do not have a standardized meaning prescribed by GAAP 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-GAAP 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 June 30, 2020 and three months ended June 30, 2021:

Figures in US Dollars

<i>Unaudited</i>	2021 Q2	2020 Q2
	ended Jun	ended Jun
Net income per Consolidated FS	\$2,714,521	(\$1,627,715)
Add:		
Interest and accretion expenses	\$244,136	\$460,751
Loss (gain) on disposal of assets	(\$4,212)	-
Current taxes (recovery)	\$107,973	\$48,538
Deferred tax recovery	(\$4,495)	-
Amortization	\$524,512	\$832,117
Fair value loss (gain) on financial liabilities	(\$1,311,463)	\$1,402,033
EBITDA	\$2,270,972	\$1,115,724
Add:		
Share-based compensation expense	\$73,470	\$38,945
Change in deferred revenue	\$226,104	(\$109,141)
Change in deferred cost of sales	(\$139,560)	-
Extraordinary one-time expenses	\$437,118	\$914,868
Adjusted EBITDA	\$2,868,102	\$1,960,397

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

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 proposed 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 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.

SOURCE PopReach Corporation

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