

## FORM 51-102F3

### MATERIAL CHANGE REPORT

#### Item 1 Name and Address of Company

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

#### Item 2 Date of Material Change

September 8, 2022

#### Item 3 News Release

On September 9, 2022, the Company issued a news release in respect of the material change through the facilities of Cision. A copy of the news release is attached as Schedule “A” hereto and is available on SEDAR at [www.sedar.com](http://www.sedar.com).

#### Item 4 Summary of Material Change

##### Acquisition of Ubiquity

On September 9, 2022, the Company (TSXV:POPR, OTCQX:POPRF), announced that it acquired 100% of the membership interests of Ubiquity Agency LLC (“**Ubiquity**”), a user acquisition and marketing technology business principally located in Boca Raton, Florida (the “**Transaction**”).

Pursuant to the definitive transaction agreement, the aggregate consideration to the sellers was comprised of US\$18.7M in cash, the issuance of 41,000,000 common shares of the Company (the “**Initial Consideration Shares**”), the issuance of a convertible debenture in the aggregate principal amount of US\$13.75M (the “**Debenture**”), and the assumption of US\$1.25M of existing liabilities on Ubiquity’s balance sheet.

The Debenture was issued with aggregate principal amount of US\$13.75M (subject to potential adjustments for customary post-closing working capital adjustments) and matures on May 13, 2025. The Debenture is convertible at any time at the election of the holders into additional common shares of the Company at US\$0.78 per share. In the event the Company does not elect, in its own discretion, to prepay at least US\$7.5M in principal of the Debenture within 120 days of the completion of the Transaction, an additional 3,000,000 common shares of the Company (the “**Contingent Shares**”) will be issued to the sellers.

Upon completion of the Transaction and the issuance of the Initial Consideration Shares, the sellers will collectively own approximately 15.0% of the common shares of the Company, on a non-diluted basis. If the Debenture is fully converted and the Contingent Shares are issued, the sellers will collectively own approximately 21.0% of the common shares of the Company, on a partially-diluted basis.

**Amendment to Senior Secured Credit Facility**

In connection with the Transaction, the Company and BMO have amended the Company's existing US\$33M senior secured credit facilities with the Bank of Montreal (the "**BMO Facility**") to provide for the full exercise of the "accordion" option to increase the non-revolving term facility by up to an additional US\$15M. As a result, the BMO Facility is now comprised of a US\$40M non-revolving term facility and an unamended US\$8M revolving facility. All other material terms of the BMO Facility remain unchanged.

**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  
416-583-5918

**Item 9 Date of Report**

September 14, 2022

**Schedule "A"**  
**NEWS RELEASE**

*(see attached)*

# PopReach Acquires Ubiquity and Amends its Senior Secured Credit Facility

*Ubiquity, a growing and cash flow positive user acquisition and marketing technology company, adds significant financial scale while deepening PopReach's portfolio of businesses across the digital media ecosystem*

TORONTO, ONTARIO – September 9, 2022 – PopReach Corporation (“**PopReach**” or the “**Company**”) (TSXV: POPR, OTCQX: POPRF) is pleased to announce that it has acquired 100% of the membership interests of Ubiquity Agency LLC (“**Ubiquity**”), a user acquisition and marketing technology business principally based in Boca Raton, Florida (the “**Transaction**”) pursuant to the terms of a definitive transaction agreement entered into on the date hereof (the “**Transaction Agreement**”). Based on the September 8, 2022 closing price of PopReach common shares of C\$0.34 (the “**Closing Price**”), and a C\$:US\$ exchange rate of 1.3116, the indicative aggregate purchase price for the Transaction is approximately US\$44.3M. Pursuant to the Transaction Agreement, the aggregate consideration is comprised of US\$18.7M in cash, the issuance of 41,000,000 PopReach common shares (the “**Initial Consideration Shares**”), the issuance of a convertible debenture in the aggregate principal amount of US\$13.75M (the “**Debenture**”), and the assumption of US\$1.25M of existing liabilities on Ubiquity's balance sheet (the “**Assumed Liabilities**”).

## Transaction Highlights

- **Strong financial performance<sup>1</sup>:** Ubiquity will significantly increase PopReach's financial scale, having generated US\$51M in gross revenue, US\$4.6M in net income, and US\$5.8M in Adjusted EBITDA<sup>2</sup>, for the 12 months ended June 30, 2022
- **Expanded offerings across the digital ecosystem:** Ubiquity's businesses extend PopReach's vertical integration of digital media technology and services including user acquisition, performance marketing, omnichannel traffic distribution, full stack technology development, business intelligence, and data insights offerings
- **Vast data reservoir:** Ubiquity extensively leverages data in a privacy compliant manner across its connected platforms, working with 10,000+ publishers worldwide and several hundred million opted in subscribers across multiple digital channels as well as membership sites and portals, driving over 2 billion data insights through its business intelligence platform
- **Attractive synergies:** Ubiquity's assets complement PopReach's current portfolio allowing for shared data, improved pricing opportunities, salesforce leverage, cross-selling opportunities, and administrative efficiencies

<sup>1</sup> Please refer to “Selected Unreviewed and Unaudited Ubiquity Financial Information” section of this press release

<sup>2</sup> Please refer to “Non-IFRS Measures” section of this press release

## **Management Commentary**

“With deep capabilities in digital user acquisition and traffic distribution that are grounded in technology and data analytics, this acquisition ticks all the boxes in advancing our vision of building a walled garden of products and services to better connect businesses to target audiences,” said Jon Walsh, CEO of PopReach. “The Ubiquity team has assembled a set of businesses that aligns strongly with our cultural values, with a disciplined approach that balances strong organic growth with healthy positive cash flow contribution.”

Added Ted Hastings, Executive Chairman of Popreach “This acquisition is a strong demonstration of the quality, size and structure of transaction we are now executing under the new Popreach platform. We were able to complete this deal at an accretive multiple while deploying a balanced allocation of cash, debt, and shares. We intend to replicate this structure during this challenging cycle in the public markets as it allows us to execute on our acquisition strategy without requiring an equity raise. We will continue to be aggressive but disciplined as we build a company of financial and strategic relevance including organic top line growth, meaningful EBITDA, and corresponding free cash flow.”

## **About Ubiquity**

Founded in 2006 and based in Florida, with an office in Amsterdam, Netherlands, Ubiquity is a digital media consortium that operates multiple businesses, including:

- A digital agency and performance marketing network that develops performance driven campaigns, working with thousands of publishers worldwide as well as through Ubiquity’s internal distribution network
- A direct to consumer omnichannel marketing company with over 140 million subscribers adding over 140,000 opt-ins per day
- A full stack development and SaaS platform to support delivery, online engagement and analytics for SMS and email campaigns. Ubiquity’s Business Intelligence database houses over 2 billion customer insights used to drive improved performance
- A data driven performance marketing company focused on user acquisition for membership sites, with more than 200,000 unique members acquired monthly

Ubiquity will continue to be led by its three founders, Rob Shaner, Chris Freed, and Jurgen Cautreels, who will be insiders of PopReach by virtue of being officers of Ubiquity.

## **Selected Unreviewed and Unaudited Ubiquity Financial Information**

The following table sets out certain unreviewed and unaudited Ubiquity financial information for the 12 months ended June 30, 2022.

<b>In thousands of US dollars</b>	<b>Twelve months ended June 30, 2022</b>
Revenue	51,280

Net income	4,588
Adjusted EBITDA <sup>2</sup>	5,828

<sup>2</sup> Please refer to “Non-IFRS Measures” section of this press release

### **Key Terms of the Transaction**

Pursuant to the Transaction Agreement, PopReach acquired all of the issued and outstanding membership interests of Ubiquity from the holders thereof (the “**Sellers**”) on a fully-diluted basis for aggregate consideration comprised of US\$18.7M in cash, the issuance of the Initial Consideration Shares, the issuance of the Debenture, and the assumption of the Assumed Liabilities.

The Debenture has been issued with aggregate principal amount of US\$13.75M (subject to potential adjustments for customary post-closing working capital adjustments, including, at the sole election of the Company but subject to approval by the TSX Venture Exchange (the “**Exchange**”), an increase in the principal if post-closing working capital adjustments in favour of the Sellers exceed US\$1.25M) and matures on May 13, 2025. US\$7.5M of the principal amount is non-interest bearing, with the remainder of the principal bearing interest at 4% per annum. The Debenture is convertible at any time at the election of the holders into additional PopReach common shares at US\$0.78 (approximately C\$1.02) per share (representing a Closing Price premium of 200%) and PopReach has the option to pay accrued and unpaid interest in cash or by issuing additional PopReach shares at the greater of US\$0.78 and the then-Market Price of the shares (as defined by the policies of the Exchange).

In addition, pursuant to the terms of the Transaction Agreement, in the event PopReach does not elect, in PopReach’s own discretion, to prepay at least US\$7.5M in principal of the Debenture within 120 days of the completion of the Transaction, an additional 3,000,000 PopReach common shares (the “**Contingent Shares**”) will be issued to the Sellers.

Each of the Sellers have, pursuant to the Transaction Agreement, agreed to customary standstill provisions for a period of at least two years from completion of the Transaction. Furthermore, the Sellers have agreed to certain restrictions against the transfer of the Initial Consideration Shares, the Contingent Shares, and any shares issued pursuant to the Debenture, over a three year period, with 1/3rd of such locked-up shares being released from such transfer restrictions every 12 months commencing on the one year anniversary of the completion of the Transaction.

Upon completion of the Transaction and the issuance of the Initial Consideration Shares, the Sellers will collectively own approximately 15% of the common shares of PopReach, on a non-diluted basis. If the Debenture is fully converted and the Contingent Shares are issued, the Sellers will collectively own approximately 21% of the common shares of PopReach, on a partially-diluted basis.

PopReach has also agreed to grant, on the business day following the next regularly-scheduled meeting of the board of directors of PopReach, an aggregate of 1,000,000 restricted stock units pursuant to PopReach’s omnibus incentive plan (the “**Plan**”) to certain employees of Ubiquity and its subsidiaries as shall be mutually agreed upon by PopReach and the designated representative of the Sellers.

The US\$18.7M cash consideration was paid using the US\$15M proceeds from the Accordion Facility pursuant to the BMO Facility (each as defined below), with the remaining US\$3.7M from PopReach's cash on hand. Approximately US\$3M of the cash consideration has been used to repay certain third party secured debt of Ubiquity, with the remainder paid to the Sellers, on a *pro rata* basis to their respective membership interests in Ubiquity.

The Transaction is an Arm's Length Transaction, is not with any Non Arm's Length Party of PopReach, does not create any new Insider by virtue of the issuance of PopReach securities as consideration, and does not result in a new Control Person or a Change of Control (as each such term is defined in the policies of the Exchange).

No finder's fee, or similar compensation, is payable by PopReach in relation to, or in connection with, the Transaction.

The Transaction has been conditionally approved by the Exchange, subject to customary conditions, and remains subject to final acceptance by the Exchange.

#### **Amendment to Senior Secured Credit Facility**

As previously announced on April 18, 2022, PopReach's existing US\$33M senior secured credit facilities with the Bank of Montreal (the "**BMO Facility**") contemplates an "accordion" option to increase the non-revolving term facility under the BMO Facility by up to an additional US\$15M (the "**Accordion Facility**"). In connection with the Transaction, PopReach and BMO have amended the BMO Facility to provide for the full exercise of the Accordion Facility (the "**Amendment**"), resulting in the BMO Facility, post Amendment, being comprised of a US\$40M non-revolving term facility and an unamended US\$8M revolving facility. All other material terms of the BMO Facility remain unchanged. The BMO Facility continues to be secured by a first-ranking charge against PopReach and its material subsidiaries and in accordance with the terms thereof will be secured by the newly-acquired Ubiquity and its material subsidiaries.

#### **Non-IFRS Measures**

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS"). However, the Company considers certain non-IFRS financial measures as useful additional information to assess its financial performance. These measures, which it believes are widely used by investors, securities analysts and other interested parties to evaluate its 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. Non-IFRS measures include "Adjusted EBITDA".

#### **Adjusted EBITDA**

Consolidated adjusted earnings before interest, taxes, depreciation and amortization ("**Adjusted EBITDA**") is a non-IFRS measure of financial performance. The presentation of this non-IFRS financial

measure 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. Company management defines Adjusted EBITDA as IFRS Net income (loss) adding back finance costs, income taxes, depreciation amortization, gain/loss on disposal of assets and extinguishment of loans, fair value gain/loss on financial liabilities and contingent consideration, 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 impairments where the impairment is the result of an isolated, non-recurring event. It also excludes the effects of equity-settled share-based payments, foreign exchange gains/losses, changes in deferred revenues, changes in deferred cost of sales, and other extraordinary one-time expenses.

Management believes Adjusted EBITDA is a useful financial metric to assess its operating performance on a cash basis before the impact of non-cash and extraordinary one-time items.

The following table presents the Company's calculation of Ubiquity's Adjusted EBITDA for the twelve months ended June 30, 2022, in thousands of US dollars:

Net income	4,588
Add:	
Finance costs	52
Depreciation and amortization	199
Gain on disposal of property and equipment	(0)
Extraordinary one-time expenses	19
Foreign exchange loss	29
Loss on investments	941
Adjusted EBITDA	5,828

### **About PopReach Corporation**

PopReach, a Tier 1 Issuer on the TSX Venture Exchange, with shares also trading on OTCQX® Best Market, is a multi-platform technology company focused on acquiring, optimizing and growing companies and assets that provide services, technology or products within the digital media ecosystem. The Company's portfolio includes: PopReach Games, a free-to-play mobile game publisher with over 25 games enjoyed by millions of players; notifyAI, a push notification subscription and monetization platform; Q1Media, a digital media advertising services provider; and Contobox, an award-winning personalization, eCommerce and creative advertising technology platform.

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

#### ***PopReach Corporation***

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

*Certain information in this news release constitutes forward-looking statements and forward-looking information under applicable Canadian securities legislation (collectively, "forward-looking information"). Forward-looking information include, but are not limited to, statements with respect to and the business, financials and operations of the Company. Forward-looking information in this news release includes, without limitation, the anticipated benefits of the Transaction, the anticipated effect of the Acquisition on PopReach's strategy, operations and financial performance, PopReach's ability to acquire and integrate new businesses and technologies and PopReach's ability retain key employees of Ubiquity.*

*Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events. Forward looking information is necessarily based on a number of opinions, assumptions and estimates. PopReach has made certain material assumptions, including but not limited to: prevailing market conditions; general business, economic, competitive, political and social uncertainties; and the ability of PopReach 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.*

*While considered reasonable by the Company as of the date of this news release, such opinions assumptions are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements and future events to be materially different from those expressed or implied by such forward-looking information, including but not limited to the factors described in greater detail in the public documents of the Company available at [www.sedar.com](http://www.sedar.com). Although the Company has attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended. Investors are cautioned undue reliance should not be placed on any such information, as unknown or unpredictable factors could have material adverse effects on future results, performance or achievements of the Company. The Company does not intend, and does not assume any obligation, to update this forward-looking information except as otherwise required by applicable law.*

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