

PopReach Announces Financial Results for the Three Months Ended September 30, 2022

Record revenue of \$25.5 million, an increase of 23% sequentially, and 148% year-over-year

Revenue grew 14% year-over-year to \$36.9 million on a pro-forma consolidated basis¹

Gross Profit of \$11.3 million, an increase of 143% year-over-year

Adjusted EBITDA² of \$3.0 million, an increase of 142% year-over-year

Adjusted Free Cash Flow² of \$2.5 million, an increase of 101% year-over-year

(All figures in US dollars, unless otherwise indicated)

¹Please refer to “Selected Unreviewed and Unaudited Pro-Forma Consolidated Financial Information” section of this press release

²Please refer to “Non-IFRS Measures” section of this press release

TORONTO, ONTARIO – November 29, 2022 – PopReach Corporation (“PopReach” or the “Company”) (TSXV: POPR, OTCQX: POPRF), a multiplatform technology company, announced its financial results for the three and twelve months ended September 30, 2022.

“We are thrilled with our financial performance for the most recent quarter, which included strong growth in revenue and Adjusted EBITDA. Additionally, we were able to close a meaningful acquisition which adds momentum to the upcoming quarter, demonstrating our ability to execute our growth strategy and acquire companies at an accretive price with a balance of cash, vendor take back debt, and stock, in the face of challenging public market conditions. We remain confident in our platform’s ability to deliver ongoing revenue and EBITDA growth, along with strong positive cash flow generation, as we continue to evaluate acquisition opportunities that are strategic and accretive,” said Jon Walsh, CEO of PopReach.

Financial Highlights for the three months ended September 30, 2022

- Record Revenue of \$25.5 million, a 23% increase from the three months ended June 30, 2022, and a 148% increase year-over-year
- Pro-Forma Consolidated¹ Revenue of \$36.9 million, an 8% increase from the three months ended June 30, 2022, and a 14% increase year-over-year
- Gross Profit of \$11.3 million, a 7% increase from the three months ended June 30, 2022, and a 143% increase year-over-year
- Adjusted EBITDA² of \$3.0 million, compared to \$2.8 million for the three months ended June 30, 2022, and an increase of 142% year-over-year

- Adjusted Free Cash Flow² of \$2.5 million, compared to \$2.1 million for the three months ended June 30, 2022, and an increase of 101% year-over-year
- Net loss of \$1.9 million (\$0.01) per basic and diluted share)
- Cash and total debt as at September 30, 2022 were \$8.9 million and \$53.7 million, respectively, compared to \$10.4 million and \$25.0 million as at June 30, 2022; total debt as at September 30, 2022 consists of \$40.0 million of senior lender debt and \$13.1 million of convertible debentures

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²Please refer to “Non-IFRS Measures” section of this press release

Significant developments for the three months ended September 30, 2022

- On September 8, 2022, the Company acquired 100% of the membership interests of Ubiquity Agency LLC (“Ubiquity”), an omnichannel marketing network and technology platform, for an aggregate purchase price of approximately \$44.3 million.
- On September 8, 2022, the Company amended its senior credit facility with the Bank of Montreal to fully exercise the accordion option to increase the non-revolving term facility by \$15 million to \$40 million in order to fund the acquisition of Ubiquity. After the amendment, the facility is comprised of a \$40 million non-revolving term facility and an unamended \$8 million revolving facility. All other material terms of the facility remain unchanged.

Voluntary Withdrawal of Base Shelf Prospectus

PopReach announces that it has decided to voluntarily withdraw its short form base shelf prospectus that was filed on January 15, 2021 (the “Shelf Prospectus”). The Shelf Prospectus expires on February 15, 2023, and PopReach has no intention to complete an offering under the Shelf Prospectus prior to such expiration.

Selected Unreviewed and Unaudited Pro-Forma Consolidated Financial Information

Pro Forma Consolidated Revenue provided above is presented as if: 1) 2810735 Ontario Inc. d/b/a Federated Foundry (“Federated”) had acquired each of Q1Media, Inc., NotifyAI, LLC and Crucial Interactive Holdings Inc. at the beginning of the three month period ended September 30, 2021, (2) Federated Foundry had acquired PopReach at the beginning of the three month periods ended September 30, 2021, and June 30, 2022; and 3) PopReach had acquired Ubiquity at the beginning of the three month periods ended September 30, 2021, June 30, 2022, and September 30, 2022.

The unreviewed and unaudited Pro Forma Consolidated Revenue provided above (the “Pro Forma Revenue”) is derived from the Revenue figures presented in PopReach’s financial statements, and in Management’s Discussion and Analysis, filed for the applicable periods (“As Reported Revenue”) after taking into account the following adjustments: (i) As Reported Revenue for the three month period ending September 30, 2022 increased by \$11.4 million to reflect Pro Forma Revenue for the period of \$36.8 million; (ii) As Reported Revenue for the three month period ending June 30, 2022 increased by

\$13.3 million to reflect Pro Forma Revenue for the period of \$34 million; and (iii) As Reported Revenue for the three month period ending September 30, 2021 increased by \$22.1 to reflect Pro Forma Revenue for the period of \$32.9 million.

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” and “Adjusted Free Cash Flow”.

Adjusted EBITDA and Adjusted Free Cash Flow

Consolidated adjusted earnings before interest, taxes, depreciation and amortization (“Adjusted EBITDA”) is a non-IFRS measure of financial performance. 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. See reconciliation of Adjusted EBITDA under “Adjusted EBITDA” below.

Company management defines “Adjusted Free Cash Flow” as Adjusted EBITDA less capital expenditures, such as acquisition of property and equipment and additions to intangibles, and income taxes paid during the period.

The presentation of these non-IFRS financial measures are 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 believes Adjusted EBITDA and Adjusted Free Cash Flow are useful financial metrics 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 Adjusted EBITDA and Adjusted Free Cash Flow for each period:

Figures in thousands of US Dollars (unaudited)

	For the three months ended		
	September 30, 2022	June 30, 2022	September 30, 2021
Net loss	\$ (1,886)	\$ (1,443)	\$ (46)
Add:			
Finance costs	688	673	506
Income tax expense (recovery)	282	(356)	(53)
Depreciation and amortization	3,070	2,396	1,035
Fair value adjustment - contingent consideration	—	—	—
Fair value loss (gain) on financial liabilities	(33)	(5)	(313)
Gain on disposal of property and equipment	—	—	—
Loss on extinguishment of loan	—	1,217	—
Share-based compensation expense	353	131	—
Change in deferred revenue of in-app purchases	268	(62)	—
Change in deferred cost of sales	(56)	(100)	—
Extraordinary one-time expenses	245	469	—
Foreign exchange loss (gain)	39	(110)	108
Non-recurring income	—	—	(11)
Adjusted EBITDA	\$ 2,970	\$ 2,810	\$ 1,226
Less:			
Acquisition of property and equipment	(21)	(13)	(6)
Additions to intangible assets	(466)	(202)	—
Taxes paid	(27)	(510)	—
Adjusted Free Cash Flow	\$ 2,456	\$ 2,085	\$ 1,220

Financial Statements and MD&A

PopReach's Financial Statements for the three and twelve months ended September 30, 2022, and Management's Discussion and Analysis for the same periods, are posted on its corporate website at www.popreach.com and available on the Company's profile on SEDAR at www.sedar.com.

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; NotifyAI, a push notification subscription and monetization platform; Q1Media, a digital media advertising services provider; Contobox, an award-winning personalization, eCommerce and creative advertising technology platform; and Ubiquity, an omnichannel marketing network and technology platform.

Additional information about the Company is available at 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. 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 that, while considered reasonable by the Company as of the date of this news release, 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. 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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