



## NOT FOR DISSEMINATION TO U.S. NEWSWIRE SERVICES

### UNIVERSAL PROPTech INC. ANNOUNCES PROPOSED TRANSACTION WITH INFLUENCER MARKETING PLATFORM, XEMOTO MEDIA LTD.

*Xemoto Media's proprietary technology empowers every business, even those in complex and highly regulated industries, to unlock the power of brand safe influencer marketing*

- Xemoto's proprietary technology is uniquely designed to serve clients in complex and highly regulated industries as well as unregulated industries
- With unparalleled access to a rapidly growing roster of industry-vetted, compliance-savvy influencers with an aggregate of 80+ million followers across the U.S. and Canada, Xemoto enables businesses to scale up marketing efforts and unlock value
- Xemoto delivers data-driven insights to help publicly traded companies and B2C / B2B businesses execute effective campaigns with agility and progressive growth
- Xemoto plans to employ AI for its brand safety quality assurance to include videos as well as images and text in influencer channels and campaigns
- Since commercial launch in June 2022, Xemoto has run campaigns with more than 1200 social posts for clients in financial services, healthcare, mining and media in the U.S. and Canada
- Universal PropTech Inc. and Xemoto are expected to finalize an agreement on or before Oct. 31, 2023

**Toronto, Ontario / September 27, 2023 / Universal PropTech Inc.** (TSXV: UPI) ("**UPI**" or the "**Company**") is pleased to announce that it has entered into a binding letter of intent dated September 15, 2023 (the "**LOI**") with Xemoto Media Ltd. ("**Xemoto**"), a private Ontario company, whereby UPI intends to acquire (the "**Proposed Transaction**") 100% of the issued and outstanding securities of Xemoto (the "**Xemoto Securities**").

In connection with the announcement of the LOI, the trading of the common shares of UPI ("**UPI Shares**") has been halted pursuant to the policies of the TSX Venture Exchange (the "**TSXV**"). It is anticipated that trading will remain halted until the completion of the Proposed Transaction. In connection with the completion of the Proposed Transaction, UPI proposes to voluntarily delist from the TSXV and seek a listing on the Canadian Securities Exchange (the "**CSE**"). Such delisting will be subject to the approval of UPI shareholders.

Xemoto Media is an influencer marketing platform focused on helping publicly traded companies and businesses in highly regulated and complex industries better connect with customers. Its proprietary digital technology is uniquely designed to engage investor, B2B and B2C audiences. Utilizing its scalable platform, Xemoto rapidly connects its customers' content with a rapidly growing audience of decision makers, investors and consumers.

With the rise of and evolving priorities of the new retail investor, changing B2C conversion trends and shifting lead generation focus areas for B2B buyers, the value of layering influencer marketing into a brand's media mix has never been more critical. Despite the meteoric rise of influencer marketing in the fashion, beauty and lifestyle industries, adoption has been slower for other sectors such as financial services, healthcare and B2B due to their complex regulatory environments and compliance requirements.

To address this underserved market, Xemoto helps businesses create and disseminate brand-safe and high-performing content with savvy influencers to run multiple campaigns across their social media channels. Leveraging their proprietary marketing technology, expertise in navigating complex regulatory environments and extensive network of compliance-savvy influencers, Xemoto empowers businesses to engage audiences, acquire customers and attract investors in the U.S. and Canada.

“Xemoto fills a critical role that more and more companies need to succeed: using influencer marketing to amplify a client’s messaging, engage with target audiences and acquire customers,” said Jeff Berman, CEO, UPI. “Their experience in highly regulated and complex industries is invaluable as companies seek knowledgeable partners who can guide buyers through every stage of a purchasing journey. We are pleased to enter the next chapter of our business and provide long-term shareholder value alongside Xemoto as they continue to pioneer their growing industry.”

“We are thrilled to reach this milestone alongside UPI and look forward to bringing our brand-safe influencer marketing capabilities to a new stage,” said Virginia Brailey, CEO, Xemoto Media. “The world of customer and investor engagement is changing, and leveraging influencers to better reach and build long-term relationships with target audiences has become a critical component of every brand’s media mix. We are confident that our team’s unparalleled expertise paired with our proprietary and scalable platform will continue to help brands in highly regulated and complex industries unlock their full potential.”

### **Xemoto Financial Information<sup>1</sup>**

Included in the table below is a summary of Xemoto’s unaudited financials for the three months ended June 30, 2023, and the fiscal year ended March 31, 2023, disclosed in accordance with TSXV policies:

	<b>Three Months Ended June 30, 2023 (Q1 Fiscal 2024)</b>	<b>Twelve Months Ended March 31, 2023 (Fiscal 2023)</b>
<b>Revenue</b>	\$163,844	\$306,663
<b>Operating Income / (Loss)</b>	(\$396,408)	(\$2,026,432)
<b>Net Income / (Loss)</b>	(\$552,150)	(\$2,043,732)
<b>Total Assets</b>	\$245,005	\$155,488
<b>Total Liabilities</b>	\$1,143,413	\$1,461,857

### **Xemoto Financial Highlights<sup>1</sup>**

- Xemoto achieved revenue of \$306k in its first fiscal year ended March 31, 2023, having only fully launched commercially in June 2022. Xemoto has now been selling to customers in the US and Canada for just over a year.
- Total revenue for the three months ended June 30, 2023 (Q1 FY24), was \$163.8k, an increase of over 41 times Q1 FY23.
- Gross margin for the three months ended June 30, 2023 (Q1 FY24), was 46.6%, compared to 44.6% in Q1 FY23.
- Subscription Sales: for Xemoto, the leading indicator of growth is subscription sales, which reflect upfront client payment for campaigns subscribed for (whereas revenues recognized as campaigns are executed within contractually defined time periods). Xemoto has experienced a significant ramp up in its subscription sales since Q1 FY23.
  - Subscription sales were \$466k in fiscal 2023 and \$157k in Q1 2024 (an increase of approx. 220% over Q1 2023).
  - For the first five months of fiscal year 2024, subscription sales have been increasing from \$48.5k in April to \$135k in August 2023.

- At end of August 2023, Xemoto had secured total subscription sales of \$828k.
- Operating Income: In addition to margin improvement, Xemoto's focus on platform efficiency and overall cost optimization has resulted in a reduced operating loss of (\$396k) in Q1 fiscal 2024, an improvement of approx. 22% over fiscal 2023 quarterly run rate.
- Total Liabilities of \$1.14M as at end of Q1 fiscal 2024 includes:
  - \$743k of accounts payable and accrued liabilities with friendly parties which can be progressively satisfied in line with company growth.
  - \$125k of term loan from the Business Development Bank of Canada to be satisfied over a period of six years.
  - \$152k of deferred revenue (difference between subscription sales and recognized revenue). This is ongoing and cyclical in nature with new subscription sales booked every month and campaigns executed over a two-to-six-month time period.

<sup>1</sup>All information presented are unaudited and prepared as at Sep 22, 2023. Currency is in CAN\$.

## Proposed Transaction Summary

The LOI contemplates that UPI and Xemoto will negotiate and enter into a definitive agreement in respect of the Proposed Transaction on or before October 31, 2023 (the “**Definitive Agreement**”), pursuant to which it is anticipated that UPI will acquire all of the issued and outstanding Xemoto Securities, and securityholders of Xemoto will receive UPI Securities (as defined below) in exchange for their Xemoto Securities.

Pursuant to the terms of the LOI and pending TSXV acceptance, UPI and Xemoto intend to enter into a loan agreement whereby UPI will advance \$250,000 to Xemoto (the “**Principal Sum**”). The maturity date of the loan shall be the earlier of (i) the closing of the Proposed Transaction, (ii) the termination of the LOI by either party or expiry of the LOI without having executed a Definitive Agreement in respect of the Proposed Transaction, or (iii) six months from the advance of the loan (the “**Maturity Date**”).

Xemoto shall pay 0% interest on the Principal Sum outstanding from time to time from the date the loan agreement is entered into, including the Maturity Date. All overdue payments of the Principal Sum shall bear interest at the rate of 15% per annum until such overdue interest is paid in full, and overdue interest shall be payable forthwith without demand by UPI. UPI shall be granted a general security agreement from Xemoto in favour of UPI, constituting a lien on all of the present and future property of Xemoto.

It is currently anticipated that UPI will acquire Xemoto by way of a three-cornered amalgamation. The final structure of the Proposed Transaction is subject to the receipt of tax, corporate and securities law advice for both UPI and Xemoto. Upon completion of the Proposed Transaction, the issuer resulting from the Proposed Transaction (the “**Resulting Issuer**”) will carry on the business of Xemoto.

Additionally, separate and apart from the Proposed Transaction, Xemoto intends to complete an equity financing (the “**Equity Financing**”) to raise proceeds of up to \$250,000, on terms to be determined in the context of the market and/or a debt financing (the “**Debt Financing**”) to raise gross proceeds of up to \$250,000 (\$100,00 of which has already been raised) of 10% unsecured convertible debentures which debentures would be convertible into up to 10,000,000 Xemoto Shares.

The Xemoto Securities consist of (i) 129,741,407 common shares in the capital of Xemoto (“**Xemoto Shares**”); (ii) common share purchase warrants to acquire 25,978,123 Xemoto Shares; (iii) stock options to acquire up to 3,600,000 Xemoto Shares; (iv) restricted share units issuable into an aggregate of 3,200,000 Xemoto Shares; (v) broker warrants to acquire up to 2,119,200 Xemoto Shares (which may be issued after

the date hereof and before the completion of the Proposed Transaction); (vi) up to an additional 25,000,000 Xemoto Shares by way of the Equity Financing to be completed prior to the completion of the Proposed Transaction; (vii) up to \$250,000 (of which, \$100,000 has already been issued) in principal amount of convertible debentures of Xemoto (“**Xemoto Debentures**”), which may be convertible into an aggregate of up to 10,000,000 Xemoto Shares by way of the Debt Financing prior to the completion of the Proposed Transaction; (viii) up to 8,888,889 additional Xemoto stock options, and (ix) up to 16,000,000 Xemoto Shares issuable in connection with a potential acquisition transaction by Xemoto prior to the completion of the Proposed Transaction.

Pursuant to the Proposed Transaction: (i) holders of Xemoto Shares will receive 0.225 of a common share in the capital of UPI (each whole share being a “**UPI Share**”) for each Xemoto Share (the “**Exchange Ratio**”) held; and (ii) all outstanding securities convertible into Xemoto Shares shall be exchanged, based on the Exchange Ratio, for equivalent securities to purchase UPI Shares on substantially similar terms and conditions (the “**UPI Securities**”).

It is expected that, upon completion of the Proposed Transaction, the Resulting Issuer will have approximately 88,952,478 shares issued and outstanding (each, a “**Resulting Issuer Share**”) on an undiluted basis. Upon completion of the Proposed Transaction, it is expected that: (i) the former shareholders of Xemoto will hold approximately 44.7% of the Resulting Issuer Shares; and (ii) the former shareholders of UPI will hold approximately 55.3% of the Resulting Issuer Shares, on an undiluted basis. On a pro-forma basis, it is anticipated that the Resulting Issuer will have approximately \$3 million in cash available upon the completion of the Proposed Transaction.

Certain UPI Shares to be issued pursuant to the Proposed Transaction are expected to be subject to restrictions on resale or escrow under the policies of the CSE, including the securities to be issued to principals, which will be subject to the escrow requirements of the CSE.

Closing of the Proposed Transaction will be subject to a number conditions, including, without limitation: approval of the Proposed Transaction by the boards of directors of UPI and Xemoto; completion of satisfactory results from due diligence investigations for each of the parties; execution of a definitive agreement effecting the Proposed Transaction (the “**Definitive Agreement**”); receipt of all regulatory approvals with respect to the Proposed Transaction and the listing of the Resulting Issuer Shares on the CSE; and approval of the Proposed Transaction by the shareholders of Xemoto. There can be no assurance that all of the necessary regulatory and shareholder approvals will be obtained or that all conditions of closing will be met.

The Proposed Transaction is not a non-arm’s length transaction and is not subject to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*. There are no non-arm’s length parties of UPI that are insiders of Xemoto.

### **Directors and Officers of the Resulting Issuer**

In conjunction with and upon closing of the Proposed Transaction, the board of directors of the Resulting Issuer is expected to consist of seven directors and the management of the Resulting Issuer is expected to consist of 4 officers, all of whom will be nominated by Xemoto. The existing directors and officers of UPI will resign at or prior to closing of the Proposed Transaction. It is expected that at closing of the Proposed Transaction, the following individuals will constitute the board and management of the Resulting Issuer:

*Virginia Brailey, Chief Executive Officer and Director*

Ms. Brailey has over 30 years of expertise in marketing and leadership driving results through robust go-to-market programs, digital strategy and brand and growth marketing for both mature and entrepreneurial organizations. Her strategic acumen has been pivotal in driving growth and contributing to the direction of major firms like ADP, Cogeco Data Services (now Aptum), and Telecom Ottawa (now Rogers Business Solutions). She also has extensive experience leading product management and is skilled at defining and launching services and platform-based solutions that address customer needs. Prior to joining Xemoto Media, she led a consultancy, guiding businesses to define their strategic vision and accelerate growth through innovative business strategy and marketing execution.

Ms. Brailey is an advocate for women in leadership and has served on the Advisory Board of the Women of Influence+ and as a judge for the RBC Canadian Women Entrepreneur Awards since 2018.

*Adam Szweras, Executive Chair*

Adam Szweras is founder and Chairman of Foundation Markets Inc., a Toronto Merchant Bank and Exempt Market Dealer, and a member of the Securities Law Group of Toronto law firm of Fogler, Rubinoff LLP. Mr. Szweras was called to the Bar of Ontario in 1996 and has successfully led Foundation Markets since its establishment in 2006. Mr. Szweras represents several mid-market public companies and assists companies in listing on the Toronto Stock Exchange, the TSXV, and the CSE. He has also represented brokerage firms as legal counsel and has helped numerous clients with their mergers, acquisitions, and cross border transactions. Through Foundation Markets, Mr. Szweras has raised a significant amount of financing for emerging companies. Mr. Szweras currently serves on the board of Aurora Cannabis and has sat the board of directors of numerous other companies including Harborside Inc., Water Ways Technologies and Quinsam Capital.

*Brian Presement, Director*

Mr. Presement brings over 25 years of expertise in technology and telecommunications, specializing in recurring revenue models. He has held distinguished roles as the Founder, President, and CEO of Unite Communications Corp, the visionary behind TextMeAnywhere, and was a Co-Founder and Director at Plexus Media, which has since integrated into Ext. Marketing.

*Andres Tinajero, CPA, Director*

Mr. Tinajero holds the Chief Financial Officer & Director position at Talisker Resources Ltd. (TSE: TSK). Mr. Tinajero is also on the board of Sable Resources Ltd. (CVE: SAE) In the past, he served as the Chief Financial Officer of Pima Zinc Corp., Kerr Mines, Inc. (TSE:KER), Azabache Energy, Inc., Goldgroup Mining, Inc. (TSE: GGA) and Sierra Minerals, Inc.(CNSX: SGRO).

*Randall Craig, CFA, FCMC, Director*

Mr. Craig brings over three decades of expertise in digital strategy, marketing, and technology to the table. Currently CEO of Pinetree Advisors Inc., Randall's previous leadership stints include being the CEO of 108 Ideaspace Inc., SVP at Sapiens, CEO at Internet Marketing Associates Inc., and leadership roles at KPMG.

*Jeremy Goldman, CFA, Director*

Mr. Goldman has dedicated over two decades to venture-stage technology and finance. Jeremy's distinguished leadership journey encompasses roles such as CFO of Sensei Labs, CEO at Vaster, COO/CFO at Kooltra, Consultant at Shoplogix, and President/CCO at Foundation Markets Inc. 20+ years in venture stage technology and finance.

*Jillian Bannister, Director*

Ms. Bannister has over two decades of expertise in financial services marketing. For the past 13-years, Jillian has been CEO of Ext. Marketing Inc., and prior to that held senior marketing and sales roles at an early stage fintech company and Franklin Templeton Investments.

*Taif Ahmed, Interim Chief Financial Officer*

Mr. Ahmed brings over a decade of corporate finance and capital markets expertise. He was previously a VP of Investment Banking at Foundation Markets Inc. and his prior leadership experiences encompass a breadth of roles in M&A, corporate development, strategy, and operational finance across diverse divisions of Maple Leaf Foods Inc.

### **Name Change**

On closing of the Proposed Transaction, the Resulting Issuer is expected to change its name subject to UPI shareholder approval.

### **Summary of Insiders of the Resulting Issuer other than Directors and Officers**

To the knowledge of the directors and officers of UPI and Xemoto, as the Proposed Transaction is currently contemplated, no person other than directors and officers of the Resulting Issuers will directly or indirectly beneficially hold a controlling interest in the Resulting Issuer.

### **Filing Statement**

In connection with the Proposed Transaction, UPI intends to file on SEDAR+ ([www.sedarplus.ca](http://www.sedarplus.ca)) a disclosure document which will contain details regarding the Proposed Transaction, UPI, Xemoto and the Resulting Issuer.

### **Further Information**

UPI will issue further press releases regarding the Proposed Transaction as it proceeds.

For further information, please contact:

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## **About Xemoto Media**

Xemoto Media is the only influencer marketing platform focused on helping publicly traded companies and businesses in highly regulated and complex industries better connect with customers. Its proprietary digital technology is uniquely designed to engage investor, B2B and B2C audiences.

Xemoto's easy-to-navigate automated platform, data-driven insights and commitment to agility ensures that clients can not only execute campaigns quickly, but evaluate results efficiently through real-time insights into campaign performance.

With more than 440 influencers across 785 social media channels and groups, reaching 80+ million followers, Xemoto uses best practices to create brand-safe content with compliance-savvy creators to deliver a strong return on investment for its customers.

Learn more at: [www.xemotomedia.com](http://www.xemotomedia.com), [LinkedIn](#), [Instagram](#), [TikTok](#), [Twitter](#)

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This news release does not constitute an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction. The securities of the Company and Xemoto have not been and will not be registered under the *United States Securities Act of 1933*, as amended (the “**U.S. Securities Act**”) or any state securities laws and may not be offered or sold within the United States or to U.S. Persons (as defined in the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws unless pursuant to an exemption from such registration.

### ***Cautionary Note***

*Completion of the Proposed Transaction is subject to a number of conditions, including but not limited to, TSXV and CSE acceptance. Where applicable, the Proposed Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Proposed Transaction will be completed as proposed or at all. Investors are cautioned that, except as disclosed in the disclosure document to be prepared in connection with the Proposed Transaction, any information released or received with respect to the Proposed 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.*

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

*This news release contains certain forward-looking statements, including statements relating to the Proposed Transaction and certain terms and conditions thereof, the ability of the Parties to enter into a Definitive Agreement and complete the Proposed Transaction, the Exchange Ratio, the Name Change, the Resulting Issuer's ability to become listed on the CSE, shareholder, director and regulatory approvals, obtaining TSXV and CSE approval, the ability of UPI to acquire the Offered Securities, planned future news releases and disclosure, and other statements that are not historical facts. Wherever possible, words such as "may", "will", "should", "could", "expect", "plan", "intend", "anticipate", "believe", "estimate", "predict" or "potential" or the negative or other variations of these words, or similar words or phrases, have been used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management as at the date hereof.*

*Forward-looking statements involve significant risk, uncertainties and assumptions. Many factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. These risks and uncertainties include, but are not limited to the financial markets generally, the ability of UPI to acquire the Offered Securities, the results of the due diligence investigations to be conducted in connection with the Proposed Transaction, the ability of the Company to complete the Proposed Transaction or obtain requisite TSXV and CSE acceptance and, if applicable, shareholder approvals. As a result, the Company cannot guarantee that the Proposed Transaction will be completed on the terms described herein or at all. These factors should be considered carefully and readers should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this news release are based upon what management believes to be reasonable assumptions, the Company cannot assure readers that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this news release, and the Company assumes no obligation to update or revise them to reflect new events or circumstances, except as required by law.*

***Neither the TSXV nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this news release.***

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