VerticalScope Announces Third Quarter 2026 Financial Results

Reduces Revolver Borrowings by $11.0 million Year-to-Date

Signs Two Data Agreements with Frontier AI Labs

Unless otherwise stated, all amounts are in US dollars.

TORONTO - VerticalScope Holdings Inc. ("VerticalScope" or the "Company") (TSX: FORA; OTCQX: VFORF), a technology company that has built and operates a cloud-based digital platform for online enthusiast communities, today announced financial results for the third quarter ended September 30, 2026 ("Q3" or "the quarter").

"We delivered higher profitability in Q3, driven by the strength of our enthusiast communities, disciplined cost management and consistent cash generation," said Chris Goodridge, CEO of VerticalScope. "Adjusted EBITDA was $4.8 million, and margins were 37%, and we reported net income for the quarter. We are also starting to see revenue gains from AI, with our new commerce experience contributing to a 29% increase in affiliate commerce revenue across our forums. As we increasingly deploy AI across our operations, we are continually adapting how we work. The realignment we began implementing in November is expected to reduce annualized costs by approximately $4.4 million and positions us to keep generating strong Free Cash Flow as we invest in AI-driven growth."

"We are aligning our investments and resources around one priority: delivering more value to the enthusiasts at the heart of our communities, and our growing AI capabilities will accelerate that work," added Mr. Goodridge. "Our members own the vehicles, equipment and products they discuss, and the first-hand experience they share is a scarce asset that AI cannot replace. That asset will continue to drive value for our business. Frontier AI labs are recognizing it. In October, we signed our first direct commercial agreements with frontier AI labs relating to our content, which we expect to become a new source of revenue for VerticalScope beginning in Q4."

Financial Highlights for the Three Months Ended September 30, 2026 ("Q3 2026"). All comparatives, unless otherwise noted, are versus the same period in the prior year.

- Revenue was $13.1 million, down 11%, driven by lower search-driven programmatic advertising and lower custom content revenue, partially offset by a partial-quarter contribution from AudienceEngine.
- MAU averaged 76.8 million, compared to 83.0 million, due to lower organic search traffic, partially offset by traffic from AudienceEngine, which contributed for only part of the quarter.
- Net income was $0.1 million, or $0.01 per share, compared to a net loss of $0.4 million.
- Adjusted EBITDA was $4.8 million, with an Adjusted EBITDA Margin of 37%, compared to $6.2 million and 42%.
- Operating cash flow was $6.1 million, compared to $4.7 million, driven by the release of working capital previously committed to AudienceEngine, which is not expected to recur. Free Cash Flow was $3.7 million, compared to $5.9 million, a 77% conversion from Adjusted EBITDA. Liquidity was $74.1 million, including $7.1 million of unrestricted cash.

Subsequent to the Quarter

- AI data agreements. Signed two agreements with frontier AI labs relating to the Company's content. Revenue from these agreements is expected to begin in the fourth quarter.
- Debt repayment. Repaid a further $2.0 million on October 30, reducing the revolver balance to $31.0 million, from $44.0 million at December 31, 2025.
- Realignment. Implemented an organizational realignment expected to reduce annualized costs by approximately $4.4 million beginning in the fourth quarter. One-time termination costs of approximately $1.6 million are expected

to be recognized in the fourth quarter.

"We stopped deploying capital to AudienceEngine to focus our resources on engaging and monetizing our organic audience," said Vince Bellissimo, CFO of VerticalScope. "That released the working capital the program required, and we put it towards our debt. In August, we said we expected to quickly repay the $6 million we drew to fund our AltaML investment, and we have. Since the draw, we've repaid $7 million, and our revolver is now at $31 million. We remain focused on strengthening our balance sheet and using AI to drive organic growth across our platform."

Selected Business Performance Information

(Unaudited)	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2026	2025	2026	2025
Revenue	$13.1	$14.7	$38.5	$42.8
Net income (loss)	$0.1	($0.4)	($3.8)	($4.6)
Adjusted EBITDA	$4.8	$6.2	$11.6	$14.2
Cash flow from operations	$6.1	$4.7	$10.0	$14.1
Free Cash Flow	$3.7	$5.9	$9.3	$12.7
Adjusted EBITDA Margin	37%	42%	30%	33%
Free Cash Flow Conversion	77%	94%	80%	90%

Earnings Conference Call and Webcast

Management will host a conference call and webcast to discuss the Company's financial results at 8:00 a.m. ET on Wednesday, November 11, 2026.

Live Call Registration and Webcast:
https://www.netroadshow.com/events/login/1PeTHmohEhqWNOuoHANFyMouphBiwJNk5RC08

Joining Live by Telephone:
Canada: 1 833 950 0062
United States: 1 833 470 1428
Participant Access code: 288126

If you are unable to join live, an archived recording of the webcast will be available at:
https://investors.verticalscope.com/.

Related Party Matters

The Company's applied AI engagement and investment with AltaML, as previously disclosed, are related party transactions. Cory Janssen, a director of the Company, is the Chief Executive Officer of AltaML. Mr. Janssen did not participate in the Board of Directors' approval of any of these transactions. These transactions were negotiated at arm's length and on commercially reasonable terms. For additional details, including applicable exemptions under Multilateral Instrument 61-101, refer to the Company's condensed consolidated interim financial statements for the three and nine months ended September 30, 2026.

About VerticalScope Holdings Inc.

Founded in 1999 and headquartered in Toronto, Ontario, VerticalScope is a technology company that has built and operates a cloud-based digital platform for online enthusiast communities in high consumer spending categories. VerticalScope's mission is to enable people with common interests to connect, explore their passions, and share knowledge about the things they love. Through targeted acquisitions and development, VerticalScope has built a portfolio of over 1,200 online communities, with over 2 billion user-generated posts.

Forward-Looking Statements

This news release contains forward-looking information within the meaning of applicable securities legislation that reflects the Company's current expectations regarding future events. When used in this news release, words such as "will", "should", "could", "intended", "expect", "plan" or "believe" and similar expressions indicate forward-looking statements. Forward-looking information, including the Company's plans for organic growth, deployment of capital, investments in our platform, revenue and MAU trends, information regarding our financial position, business strategy, growth strategies, addressable markets, budgets, operations, financial results, plans and objectives, is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the Company's control.

Forward-looking information in this release includes statements about the Company's positioning and outlook for 2026, expected trends in MAU and direct advertising revenue, the expected annualized cost savings and one-time termination costs associated with an organizational realignment, the Company's ability to apply AI and agentic workflows across its platform and operations to improve monetization and drive operating leverage, the expected impact of the Company's applied AI engagement with, and investment in AltaML, the Company's ability to scale new AI-enabled commerce experiences and other new products and achieve projected revenue or contribution levels, the Company's capital allocation priorities (including debt repayment and balance sheet flexibility), the Company's ability to pursue selective M&A opportunities, and the performance of the Company's business model. Material assumptions include that the customer accepts delivered data within the expected timeframe and that the organizational realignment is completed substantially as planned, as well as those set out under 'Caution Regarding Forward-Looking Information' in the Company's MD&A for the three and nine months ended September 30, 2026. Although the Company believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurances can be given that actual results will be consistent with these forward-looking statements. Such risks and uncertainties include, but are not limited to, the implementation and effectiveness of the Company's capital allocation strategy, the availability of high-quality M&A opportunities, dependence on search algorithms and third-party traffic sources, the Company's reliance on third-party media-buying, monetization, and distribution platforms in connection with its traffic diversification initiatives, and changes to the policies, algorithms, or commercial terms of those platforms, the impact of artificial intelligence on search behavior, content discovery patterns and user traffic, the Company's ability to adapt its platform and monetization strategies to AI-mediated discovery, opportunities to monetize content through agreements with frontier AI developers and the expected timing of revenue from these agreements, potential disruption from artificial intelligence technologies, the Company's ability to realize the anticipated benefits of its applied AI engagement with, and investment in, AltaML and its broader AI initiatives, including operating leverage and cost savings, the Company's ability to scale new products and achieve projected revenue or EBITDA contribution levels, evolving privacy and data regulations, macroeconomic conditions affecting advertiser spending, changes in international trade policy and tariffs and their potential impact on advertiser spending and consumer behavior, regional and global geopolitical instability, including armed conflicts in the Middle East and their potential impact on the Company's Israeli operations, personnel, and asset valuations, the Company's ability to grow its direct user base, the Company's ability to protect and enforce its intellectual property rights, including against unauthorized use of its content by artificial intelligence companies and other third parties, the outcome, costs, timing and impact of any current or future litigation, regulatory proceedings, or enforcement actions, including those relating to the use of the Company's content by third parties, and the factors discussed under "Risk Factors" in the Company's Annual Information Form dated March 31, 2026, which is available on the Company's profile on SEDAR Plus at https://sedarplus.ca. Actual results could differ materially from those projected herein. VerticalScope does not undertake any obligation to update such forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required under applicable securities laws.

Non-IFRS Measures

This news release references certain non-IFRS measures, including Adjusted EBITDA, Adjusted EBITDA Margin,

Free Cash Flow, and Free Cash Flow Conversion as described below. This news release also makes reference to MAU, which is an operating metric used in our industry. These non-IFRS measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS.

The Company uses non-IFRS measures including:

"EBITDA" is calculated as net income (loss) excluding interest, income tax expense (recovery), and depreciation and amortization.

"Adjusted EBITDA" is calculated as EBITDA adjusted for share-based compensation, unrealized gains or losses from changes in fair value of derivative financial instruments, gains or losses from changes in fair value of other investment, severance, other income, gain or loss on sale of assets, foreign exchange loss (gain), realized and unrealized other loss (gain) and other charges that include direct and incremental business acquisition related costs and non-recurring legal related costs.

"Adjusted EBITDA Margin" measures Adjusted EBITDA as a percentage of revenue.

"Free Cash Flow" means Adjusted EBITDA less capital expenditures and income taxes paid during the period.

"Free Cash Flow Conversion" is equal to Free Cash Flow for the period divided by Adjusted EBITDA for the period.

"Monthly Active Users" ("MAU") measures the total audience reach across the Company's network and is defined as the sum of unique individuals who visit our communities and content within a calendar month. This metric is based on data, including as measured by Google Analytics, subject to adjustments by the Company to identify and exclude bot traffic, scrapers, and non-human activity. These processes may not capture all non-human traffic. To calculate average MAU for a multi-month period, we sum the total MAU for each month and divide by the number of months in that period. Our MAU reflects both organic visitors and traffic acquired through paid audience-acquisition, creating a blended audience across our enthusiast communities and specialized content properties. Because of this composition, MAU is not solely indicative of community engagement and should be evaluated together with our other operating metrics and results.

SOURCE VerticalScope Holdings Inc.

Related Links
https://www.verticalscope.com

The following table sets forth a reconciliation of Adjusted EBITDA and Free Cash Flow to net income (loss):

(Unaudited)	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands of US dollars)	2026	2025	2026	2025
Net income (loss)	$140	($422)	($3,814)	($4,629)
Net interest and financing expense	397	808	1,634	2,372
Income tax expense (recovery)	191	97	(1,136)	(1,293)
Depreciation and amortization	3,700	4,769	12,747	14,023
EBITDA	4,428	5,252	9,431	10,472
Share-based compensation	343	546	1,226	1,673
Unrealized loss (gain) from changes in fair value of derivative financial instruments	(16)	44	35	(144)
Change in fair value of other investment	(19)	-	(19)	-
Severance [1]	-	84	376	1,204
Other income	(67)	(2)	(93)	(3)
Gain on sale of assets	(2)	(1)	(3)	(4)
Foreign exchange loss	39	19	86	92
Realized other loss	-	-	-	94
Other charges [2]	93	278	554	775
Adjusted EBITDA	4,799	6,220	11,592	14,159
Less capital expenditures	(1,026)	(308)	(1,867)	(1,019)
Income taxes paid	(99)	(51)	(443)	(414)
Free Cash Flow	$3,674	$5,860	$9,282	$12,726

(1) Severance is included in wages and consulting on the condensed consolidated interim statements of net income (loss).

(2) Other charges are included in wages and consulting and general and administrative on the condensed consolidated interim statements of net income (loss). For the three and nine months ended September 30, 2026 and September 30, 2025, these charges include direct and incremental business acquisition related costs and non-recurring legal related costs.

VERTICALSCOPE HOLDINGS INC.
Condensed Consolidated Interim Statements of Financial Position
(In US dollars)
(Unaudited)

	September 30, 2026	December 31, 2025
Assets		
Current assets:		
Cash	$7,107,869	$16,373,449
Restricted cash	169,252	164,496
Trade and other receivables	10,384,995	15,122,763
Lease receivable	132,320	126,668
Current portion of note receivable	173,098	-
Income taxes receivable	496,212	349,547
Prepaid expenses	936,698	574,390
Derivative instruments	-	10,729
	19,400,444	32,722,042
Property and equipment	207,234	282,566
Right-of-use asset	372,135	535,990
Intangible assets	15,250,116	25,846,567
Goodwill	54,908,063	54,908,063
Other assets	82,518	73,942
Deferred tax asset	20,260,257	17,871,911
Lease receivable	-	99,960
Note receivable	5,692,885	-
Other investment	513,499	-
Total assets	$116,687,151	$132,341,041
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$7,301,148	$10,086,039
Income taxes payable	1,296,982	318,650
Derivative instruments	23,973	-
Deferred revenue	1,117,131	1,011,933
Current portion of long-term debt	548,765	619,313
Lease liability	507,620	448,982
	10,795,619	12,484,917
Long-term debt	33,000,000	44,000,000
Lease liability	178,770	555,399
Other long-term liabilities	26,612	26,612
Total liabilities	44,001,001	57,066,928
Shareholders' equity:		
Share capital	160,501,896	159,382,348
Contributed surplus	23,425,734	23,319,659
Other comprehensive loss	(145,494)	(145,494)
Deficit	(111,095,986)	(107,282,400)
	72,686,150	75,274,113
Total liabilities and shareholders' equity	$116,687,151	$132,341,041

VERTICALSCOPE HOLDINGS INC.

Condensed Consolidated Interim Statements of Net Income (Loss)
(In US dollars)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Revenue	$13,106,977	$14,688,198	$38,491,719	$42,794,031
Operating expenses:				
Wages and consulting	5,579,863	6,044,589	19,043,478	21,482,797
Share-based compensation	343,191	545,547	1,225,623	1,673,398
Platform and technology	1,591,073	1,787,100	5,086,256	5,501,195
General and administrative	1,214,451	1,042,630	3,734,034	3,485,641
Depreciation and amortization	3,700,176	4,768,585	12,746,842	14,022,509
	12,428,754	14,188,451	41,836,233	46,165,540
Operating income (loss)	678,223	499,747	(3,344,514)	(3,371,509)
Other expenses (income):				
Other income	(66,886)	(1,655)	(93,135)	(3,479)
Gain on sale of assets	(2,469)	(928)	(3,101)	(3,869)
Net interest and financing expense	397,224	808,172	1,633,712	2,371,634
Change in fair value of other investment	(19,170)	-	(19,170)	-
Foreign exchange loss	38,718	19,313	86,458	92,353
Realized other loss	-	-	-	94,030
	347,417	824,902	1,604,764	2,550,669
Income (loss) before income taxes	330,806	(325,155)	(4,949,278)	(5,922,178)
Income tax expense (recovery)				
Current	695,665	246,143	1,252,653	402,048
Deferred	(504,831)	(149,539)	(2,388,345)	(1,694,780)
	190,834	96,604	(1,135,692)	(1,292,732)
Net income (loss)	$139,972	($421,759)	($3,813,586)	($4,629,446)
Earnings (loss) per share:				
Earnings (loss) per share basic and diluted	$0.01	($0.02)	($0.18)	($0.21)
Weighted average shares outstanding basic	21,877,089	21,501,326	21,768,356	21,584,536
Weighted average shares outstanding diluted	22,169,439	21,501,326	21,768,356	21,584,536

VERTICALSCOPE HOLDINGS INC.
Condensed Consolidated Interim Statements of Cash Flows
(In US dollars)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Cash provided by (used in):				
Operating activities:				
Net income (loss)	$139,972	($421,759)	($3,813,586)	($4,629,446)
Items not involving cash:				
Depreciation and amortization	3,700,176	4,768,585	12,746,842	14,022,509
Net interest and financing expense	397,224	808,172	1,633,712	2,371,634
Gain on sale of assets	(2,469)	(928)	(3,101)	(3,869)
Unrealized loss (gain) in derivative instruments	(15,885)	44,185	34,702	(144,023)
Change in fair value of other investment	(19,170)	-	(19,170)	-
Income tax expense (recovery)	190,834	96,604	(1,135,692)	(1,292,732)
Other income	(6,948)	-	(25,520)	-
Share-based compensation	343,191	545,547	1,225,623	1,673,398
	4,726,925	5,840,406	10,643,810	11,997,471
Change in non-cash operating assets and liabilities	1,979,945	(322,684)	1,687,036	4,705,216
Interest paid	(518,279)	(738,520)	(1,859,458)	(2,153,460)
Income taxes paid	(99,324)	(51,300)	(443,343)	(413,630)
Net cash provided by operating activities	6,089,267	4,727,902	10,028,045	14,135,597
Financing activities:				
Proceeds from issuance of revolving loan	6,000,000	-	6,000,000	6,000,000
Repayment of revolving loan	(5,000,000)	-	(17,000,000)	-
Cash settlement for vested RSUs	-	-	-	(119,753)
Repurchase of share capital for cancellation	-	-	-	(1,845,070)
Lease payments	(135,151)	(229,712)	(405,531)	(785,363)
Proceeds from sublease	33,970	49,302	101,912	328,244
Net cash provided by (used in) financing activities	898,819	(180,410)	(11,303,619)	3,578,058
Investing activities:				
Additions to property and equipment and intangible assets	(1,025,918)	(308,046)	(1,867,311)	(1,022,700)
Proceeds from sale of assets	2,470	928	4,251	3,869
Acquisitions	-	-	-	(9,494,430)
Purchase of note receivable and other investment	(6,122,190)	-	(6,122,190)	-
Net cash used in investing activities	(7,145,638)	(307,118)	(7,985,250)	(10,513,261)
Increase (decrease) in cash	(157,552)	4,240,374	(9,260,824)	7,200,394
Cash, beginning of period	7,263,958	8,143,612	16,373,449	5,189,315
Change in restricted cash balances	1,463	(2,638)	(4,756)	(8,361)
Cash, end of period	$7,107,869	$12,381,348	$7,107,869	$12,381,348

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Contacts

For further information
Investor and media inquiries:

VerticalScope - Vincenzo Bellissimo, Chief Financial Officer
Tel: 416-341-7166, IR@verticalscope.com

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