

## VerticalScope Announces Three Additional Acquisitions

Unless otherwise stated, all dollar amounts are in U.S. dollars.

TORONTO--(BUSINESS WIRE)--November 9, 2021--VerticalScope Holdings Inc. (“VerticalScope” or the “Company”) (TSX: FORA) announced today that certain of its subsidiaries have entered into agreements to acquire Hometalk Inc. (“Hometalk”), Fomopop, Inc. (“The Streamable”) and Threadloom, Inc. (“Threadloom”).

The purchase price consideration for HomeTalk and The Streamable combined, net of cash remaining in the businesses, totals \$63.5 million payable in cash on closing with the potential for up to an additional \$30 million in cash payable over a two-year period if certain performance thresholds are achieved. These two acquisitions are expected to be immediately accretive to EBITDA in Q4 and are expected to add between \$10 million and \$14 million of Adjusted EBITDA in 2022 at approximately 50% Adjusted EBITDA margins. Both Hometalk and The Streamable acquisitions are expected to close imminently.

The consideration payable on closing for Threadloom is \$15 million in newly-issued subordinated voting shares of VerticalScope and \$1 million in cash as retention consideration. The acquisition also includes contingent retention consideration of an additional \$2 million in cash payable following the first anniversary of the closing and \$7 million in subordinated voting shares of VerticalScope issuable following the second anniversary of the closing subject to certain conditions being met. The number of shares to be issued will be based on the five-day volume weighted average trading price of VerticalScope’s subordinated voting shares on the Toronto Stock Exchange (the “TSX”) as of the date of the acquisition agreement. The share-based consideration is subject to a one year lock-up period and is subject to approval by the TSX. Threadloom will not be immediately accretive to EBITDA, however, we expect that by integrating and further developing its technology it will become breakeven before the end of 2022 and accretive to overall growth longer term. The acquisition is expected to close before the end of November, 2021.

### HOMETALK

Hometalk was founded in 2011 and includes the online DIY home, cooking and fashion communities hometalk.com, foodtalkdaily.com and upstyledaily.com. These communities serve over 6 million monthly active users (“MAU”) and provide a platform for creators to connect and share knowledge, tips, guides, videos and product reviews. DIYers on hometalk.com can explore over 169,000 project tutorials on a wide-sweeping range of topics, including how to build, decorate, upcycle, clean, repair, organize and more. Community members on Hometalk.com can post a project, ask or answer a DIY question, or search for DIY projects. Foodtalkdaily.com was launched in 2020 to provide a dedicated space for anyone, foodie or newbie, to broaden their palate and add more, different dishes to their dinner rotation. The site has over 7,000 recipes shared by chefs, bakers and recipe creators. Upstyledaily.com was also launched in 2020 and provides a DIY destination for creators passionate about fashion, style, and beauty. Hometalk’s R&D team is based in Israel with sales, finance and marketing teams based in the United States. Hometalk’s entire team of 35 staff led by Ezra Menaged, Sam Schmelzer, Meir Welcher and Miriam Illions will be continuing with the business following completion of the acquisition by VerticalScope.

### THE STREAMABLE

Founded in 2017 by entrepreneurs Jason Gurwin, Peter Michailidis and Neil Daniels, TheStreamable.com is one of the largest communities of cord-cutters online, and provides a unique commerce engine for finding the best streaming service for sports, shows and movies. The site provides reviews, deals and an interactive matchmaker tool which recommends streaming services and devices. The site reached over 3 million MAU in September and now makes recommendations in 28 different countries. On closing of the transaction, Gurwin, Michailidis and Daniels will be joining VerticalScope and continuing to lead The Streamable’s operations.

### THREADLOOM

Founded in 2015 and headquartered in Mountain View, California, Threadloom is backed by investors which include Prosus Ventures (formerly Naspers Ventures), UP2398 (founded by Pierre Omidyar) and the Stanford Start-X Fund. Led by Paul Lee, CEO and former Google Shopping Senior Product Manager, and Raquel Romano, CTO and former Google Senior Software Engineer, the Threadloom team has built an impressive suite of capabilities in the forums space ranging from email

newsletters, and news feeds, to commerce-focused guides and product recommendations and reviews. Following the closing of the acquisition, Threadloom's entire team is expected to join VerticalScope. Going forward, the Threadloom team will be focused on expanding VerticalScope's Fora platform capabilities, leading with their expertise in user engagement, product-focused recommendations, and social shopping experiences.

"We are thrilled with these acquisitions," noted Rob Laidlaw, Founder and CEO of VerticalScope. "With these three deals we have added large and vibrant online communities to our business with over 9 million MAU, and significantly accelerated our commerce revenues, including in the area of digital goods. We are also adding capabilities and world class talent and technology to our organization, helping to accelerate development of our platform. This is a very big day for VerticalScope and I couldn't be more excited for our company."

Chris Goodridge, President and COO of VerticalScope added, "These acquisitions are right in our wheelhouse; with a focus on user generated content and commerce-driven tools for consumers, we are very pleased with the fit and growth opportunities they bring to VerticalScope. We are also pleased to be ahead of schedule in deploying the proceeds from our initial public offering in June. Our pipeline continues to grow and we expect to be able to continue to successfully acquire great businesses that fit strategically with VerticalScope and meet our valuation criteria. We continue to close on smaller deals on a regular basis, and have a number of additional communities that we expect to join our platform before the end of the year."

## **Advisors**

Canaccord Genuity Group Inc. is acting as financial advisor to VerticalScope and Norton Rose Fulbright Canada LLP is acting as legal advisor.

## **About VerticalScope**

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 and nearly 100 million MAU. VerticalScope is listed on the Toronto Stock Exchange (TSX: FORA).

## **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. Forward-looking information, including statements relating to the success of the acquisitions, successful closing of the transactions (including obtaining any necessary approvals), and statements relating to the anticipated impact of acquisitions on the Company's growth, Adjusted EBITDA, and user base, 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. Such risks and uncertainties include, but are not limited to, the successful integration and performance of the acquired assets and businesses post-acquisition, and the factors discussed under "Risk Factors" in the supplemented PREP prospectus dated June 14, 2021, which is available on the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). When used in this news release, words such as "should", "could", "intended", "expect", "plan" or "believe" and similar expressions indicate forward-looking statements.

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. Forward-looking statements are based on the opinions and estimates of management at the date that the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to 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. These 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 "Adjusted EBITDA" and "MAU". "Adjusted EBITDA" is calculated as net income (loss) excluding interest, income tax expense (recovery), and depreciation and amortization, or EBITDA, adjusted for share-based compensation, unrealized gains or losses from changes in fair value of derivative financial instruments, severance, contingent consideration liabilities measured at fair value through profit and loss, gain on sale of assets, gain on sale of investments, foreign exchange loss (gain), and other charges that include direct and incremental business acquisition related costs and costs directly incurred in connection with the Company's initial public offering that are not deducted from the equity proceeds. "MAU" is the number of individuals who have visited our communities within a calendar month, based on data as measured by Google Analytics. It is calculated as the sum of the monthly users of each of our communities. To calculate average MAU in a given period, we sum the total MAU for each month in that period, divided by the number of months in that period.

## **Contacts**

### **Investor inquiries:**

Chris Goodridge, President and COO  
Tel: 416-341-7174 IR@verticalscope.com

### **Media inquiries:**

Wojtek Dabrowski, Provident Communications  
Tel: 647-825-5009 wojtek@providentcomms.com