

VerticalScope Reports Sequential Growth in ARPU and Free Cash Flow for Q3 2025

ARPU up 21% year-over-year and 9% sequentially
Q3 Adjusted EBITDA of \$6.2M, up 45% sequentially
Q3 Adjusted EBITDA Margin of 42%, up 12 percentage points from Q2
Q3 Free Cash Flow of \$5.9M, up 56% sequentially with 94% conversion

Unless otherwise stated, all amounts are in US dollars.

TORONTO--(BUSINESS WIRE)--November 5, 2025--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, 2025 ("Q3" or "the quarter").

"Our business took several important steps forward in Q3 to execute on the three main components of our long term strategy: grow our direct audience, expand new revenue sources, and drive new AI-based platform improvements," said Chris Goodridge, CEO of VerticalScope. "Although we continued to experience traffic fluctuations from search-based sources resulting in MAU of 83 million in the quarter, we saw a rebound in October, with over 90 million MAU. We are encouraged that all major traffic sources grew in October, most importantly our direct MAUs. We also made progress in monetization with ARPU growing 21% in Q3 compared to last year driven by growth in direct sales and e-commerce."

Mr. Goodridge added, "AI is unlocking new growth opportunities across our platform that are adding new value for users and expanding our sources of revenue. A good example is our new AI-powered community assistant, Fora Frank, which is helping to support meaningful gains in engagement. We are also close to completing our integration with TollBit's platform which we expect will open up more opportunities to surface value from data in the quarters ahead."

Financial Highlights for the Three Months Ended September 30, 2025. All comparatives, unless otherwise noted, are versus the same period in the prior year. Sequential comparisons refer to the previous quarter (Q2 2025).

- Revenue decreased 17% year-over-year to \$14.7M, primarily reflecting lower MAU following record highs in the prior year. Revenue increased 1% sequentially, reflecting the stability of our core audience.
- ARPU increased 21% year-over-year and 9% sequentially, supported by a 40% increase in e-commerce revenue, a return to growth for both direct and video advertising, and a larger share of traffic from direct channels.
- Adjusted EBITDA was \$6.2M, down 16% year-over-year but up 45% sequentially, reflecting cost efficiencies and lower operating expenses recognized in the quarter.

- Adjusted EBITDA margin expanded 12 percentage points sequentially to 42%, remaining consistent with the prior year.
- Operating Cash Flow was \$4.7M and Free Cash Flow was \$5.9M, up 56% sequentially, representing a Free Cash Flow conversion of 94%, compared to 86% in the prior year.
- Available Liquidity was \$68.4M, including \$12.4M in unrestricted cash and \$56.0M of undrawn revolver capacity.
- Net loss was \$0.4M or \$(0.02) per share, compared to net income of \$1.2M or \$0.06 per share in the prior year, reflecting lower revenue partially offset by reduced operating and income tax expenses. Net loss in the period included non-cash depreciation and amortization expense of \$4.8M, compared to \$4.4M in the prior year.

“The strength of our core business model and our disciplined management approach was evident in Q3,” said Vince Bellissimo, CFO of VerticalScope. “We delivered a 45% sequential improvement in Adjusted EBITDA in the quarter, while achieving a Free Cash Flow conversion rate of 94%. As a result of these strong operating and cash flow results, our financial capacity continues to grow. Unrestricted cash on the balance sheet grew sequentially by 52% in Q3, positioning us to capitalize on new growth opportunities in the quarters ahead.”

Earnings Conference Call and Webcast

Management will host a conference call and webcast to discuss the Company's financial results at 8 a.m. ET on Thursday, November 6, 2025.

Live Call Registration and Webcast:

<https://www.netroadshow.com/events/login/LE9zwo4BXVmpMFnB5eJzyPlgIiLTN0Lu69R>

Joining Live by Telephone:

Canada: 1 833 950 0062

United States: 1 833 470 1428

Participant Access code: 795453

If you are unable to join live, an archived recording of the webcast will be available at:

<https://investors.verticalscope.com/>.

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 and approximately 100 million monthly active users.

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 “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, the growth of revenue and MAU, 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. 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, potential disruption from artificial intelligence technologies, evolving privacy and data regulations, macroeconomic conditions affecting advertiser spending, and the factors discussed under "Risk Factors" in the Company’s Annual Information Form dated March 31, 2025, 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 and 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, share performance related bonuses, unrealized gains or losses from changes in fair value of derivative financial instruments, severance, adjustments to contingent consideration liabilities measured at fair value through profit and loss, gain or loss on sale of assets, gain or loss on sale of investments, foreign exchange loss (gain), realized and unrealized other loss (gain) and other charges that include direct and incremental business acquisition 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”) is defined as the number of individuals who have visited our communities within a calendar month, based on data as measured by Google Analytics. 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.

SOURCE VerticalScope Holdings Inc.

Related Links

<http://www.verticalscope.com>

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

(Unaudited) (in thousands of US dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net income (loss)	(\$422)	\$1,207	(\$4,629)	\$645
Net interest and financing expense	808	986	2,372	3,223
Income tax expense (recovery)	97	442	(1,293)	874
Depreciation and amortization	4,769	4,428	14,023	13,493
EBITDA	5,252	7,062	10,472	18,235
Share-based compensation	546	385	1,673	1,174
Share performance related bonus ⁽¹⁾	—	—	—	(3)
Unrealized loss (gain) from changes in derivative fair value of financial instruments	44	(23)	(144)	52
Severance ⁽²⁾	84	—	1,204	—
Other income	(2)	—	(3)	—
Gain on sale of assets	(1)	(5)	(4)	(10)
Gain on sale of investments	—	(1)	—	(17)
Foreign exchange loss (gain)	19	(16)	92	12
Realized other loss	—	—	94	—
Other charges ⁽³⁾	278	34	775	296
Adjusted EBITDA	6,220	7,437	14,159	19,740
Less capital expenditures	(308)	(494)	(1,019)	(1,327)
Income taxes paid	(51)	(530)	(414)	(273)
Free Cash Flow	\$5,860	\$6,414	\$12,726	\$18,140

⁽¹⁾ Share performance related bonus is included in wages and consulting on the condensed consolidated interim statements of income (loss) and comprehensive income (loss).

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

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

VERTICALSCOPE HOLDINGS INC.

Condensed Consolidated Interim Statements of Financial Position

(In US dollars)

(Unaudited)

	September 30, 2025	December 31, 2024
Assets		
Current assets:		
Cash	\$12,381,348	\$5,189,315
Restricted cash	105,605	97,244
Trade and other receivables	11,582,370	14,874,882
Lease receivable	—	326,267
Income taxes receivable	690,591	784,332
Prepaid expenses	876,315	761,652
	25,636,229	22,033,692
Property and equipment	299,292	482,276
Right-of-use asset	1,150,814	1,564,687
Intangible assets	34,689,468	37,597,990
Goodwill	52,635,164	52,635,164
Other assets	133,633	154,497
Deferred tax asset	19,316,885	17,937,708
Total assets	\$133,861,485	\$132,406,014
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$8,663,492	\$6,864,256
Income taxes payable	285,698	426,778
Derivative instruments	1,045	145,068
Deferred revenue	1,055,262	1,125,592
Current portion of long-term debt	653,682	687,875
Lease liability	631,480	946,626
	11,290,659	10,196,195
Long-term debt	44,000,000	38,000,000
Lease liability	778,363	1,180,878
Deferred tax liability	—	315,607
Other long-term liabilities	26,612	26,612

Total liabilities	56,095,634	49,719,292
Shareholders' equity:		
Share capital	159,019,349	163,250,013
Contributed surplus	22,782,152	25,413,119
Other comprehensive loss	(145,494)	(145,494)
Deficit	(103,890,156)	(105,830,916)
	77,765,851	82,686,722
Total liabilities and shareholders' equity	\$133,861,485	\$132,406,014

VERTICALSCOPE HOLDINGS INC.

Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)

(In US dollars)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Revenue	\$14,688,198	\$17,786,704	\$42,794,031	\$49,197,664
Operating expenses:				
Wages and consulting	6,044,589	7,260,759	21,482,797	21,023,470
Share-based compensation	545,547	385,403	1,673,398	1,174,219
Platform and technology	1,787,100	1,920,206	5,501,195	5,139,085
General and administrative	1,042,630	1,180,123	3,485,641	3,640,927
Depreciation and amortization	4,768,585	4,427,753	14,022,509	13,493,365
	14,188,451	15,174,244	46,165,540	44,471,066
Operating income (loss)	499,747	2,612,460	(3,371,509)	4,726,598
Other expenses (income):				
Other income	(1,655)	—	(3,479)	—
Gain on sale of assets	(928)	(5,306)	(3,869)	(10,024)
Net interest and financing expense	808,172	985,549	2,371,634	3,223,363
Gain on sale of investments	—	(712)	—	(17,110)
Foreign exchange loss (gain)	19,313	(15,993)	92,353	11,648
Realized other loss	—	—	94,030	—
	824,902	963,538	2,550,669	3,207,877
Income (loss) before income taxes	(325,155)	1,648,922	(5,922,178)	1,518,721
Income tax expense (recovery)				
Current	246,143	427,461	402,048	679,826
Deferred	(149,539)	14,827	(1,694,780)	193,756
	96,604	442,288	(1,292,732)	873,582

Net income (loss)	(\$421,759)	\$1,206,634	(\$4,629,446)	\$645,139
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Other comprehensive income (loss)

Items that may be reclassified to net income (loss):

Foreign currency differences on translation of foreign operations	—	(65,147)	—	(52,301)
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Total comprehensive income (loss)	(\$421,759)	\$1,141,487	(\$4,629,446)	\$592,838
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Earnings (loss) per share:

Basic	(\$0.02)	\$0.06	(\$0.21)	\$0.03
Diluted	(0.02)	0.06	(0.21)	0.03

VERTICALSCOPE HOLDINGS INC.

Condensed Consolidated Interim Statements of Cash Flows

(In US dollars)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024

Cash provided by (used in):

Operating activities:

Net income (loss)	(\$421,759)	\$1,206,634	(\$4,629,446)	\$645,139
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Items not involving cash:

Depreciation and amortization	4,768,585	4,427,753	14,022,509	13,493,365
Net interest and financing expense	808,172	985,549	2,371,634	3,223,363
Gain on sale of assets	(928)	(5,306)	(3,869)	(10,024)
Gain on sale of investments	—	(712)	—	(17,110)
Unrealized loss (gain) in derivative instruments	44,185	(22,850)	(144,023)	51,853
Income tax expense (recovery)	96,604	442,288	(1,292,732)	873,582
Share-based compensation	545,547	385,403	1,673,398	1,174,219
	5,840,406	7,418,759	11,997,471	19,434,387

Change in non-cash operating assets and liabilities

Interest paid	(738,520)	(979,387)	(2,153,460)	(3,212,715)
Income taxes paid	(51,300)	(530,034)	(413,630)	(272,505)

	4,727,902	5,878,725	14,135,597	17,777,433
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Financing activities:

Repayment of term loan	—	(625,000)	—	(1,875,000)
Proceeds from issuance of revolving loan	—	—	6,000,000	—
Repayment of revolving loan	—	(5,000,000)	—	(13,250,000)
Cash settlement for vested RSUs	—	—	(119,753)	—

Repurchase of share capital for cancellation	—	(34,411)	(1,845,070)	(703,496)
Lease payments	(229,712)	(334,034)	(785,363)	(1,035,677)
Proceeds from sublease	49,302	148,342	328,244	446,298
	(180,410)	(5,845,103)	3,578,058	(16,417,875)
Investing activities:				
Additions to property and equipment and intangible assets	(308,046)	(493,599)	(1,022,700)	(1,327,217)
Proceeds from sale of assets	928	5,666	3,869	11,747
Proceeds from sale of investments	—	712	—	17,110
Acquisitions	—	—	(9,494,430)	(200,178)
	(307,118)	(487,221)	(10,513,261)	(1,498,538)
Increase (decrease) in cash	4,240,374	(453,599)	7,200,394	(138,980)
Cash, beginning of period	8,143,612	6,320,979	5,189,315	6,015,184
Change in restricted cash balances	(2,638)	(2,305)	(8,361)	(1,326)
Effect of movement of exchange rates on cash and restricted cash held	—	(30,739)	—	(40,542)
Cash, end of period	\$12,381,348	\$5,834,336	\$12,381,348	\$5,834,336

Contacts

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