



Talenthouse AG

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PRESS RELEASE

Ad hoc Announcement pursuant to Art. 53 LR

Q3 Trading update

(Baar / Switzerland) Talenthouse AG ("Talenthouse" or the "Company" or the "Group"), the leading technology platform connecting creatives and brands globally, today provides a trading update for the period from 1 July to 30 September 2022. As the acquisition of Coolabi Group Limited ("Coolabi") was completed in July, and Coolabi is now a wholly owned subsidiary of Talenthouse (note: Ad Hoc Announcement, 7 July 2022), financial commentary in this statement includes its impact on results.

Highlights

- Revenue grew by 29% and Gross Profit increased 64% in Q3 2022 versus Q3 2021, driven by the acquisition of Coolabi
- Pro forma Adjusted Gross Revenue increased 4% in Q3, year-on-year, on a constant currency basis
- Pro forma Adjusted Gross Profit increased 15% on a constant currency basis, driven by significant growth from higher-margin part of the Group, Coolabi
- Repeat business with existing clients and new business signed gives management confidence for the remainder of 2022
- Cost reduction measures including reduction of headcount by 25% in Q3
- Talenthouse community reached over 19 million members; continues to exceed management expectations
- Agreement to invest cash and shares of up to \$7 million into Nerve, ahead of TalentPlus launch in US market this year
- Transitioned significant portion of short-term liabilities into long-term debt, and converted certain legacy debt into equity during Q3

Trading update

Gross Revenue (unaudited) in US Dollars (USD) increased 29% while Gross Profit grew 64% in Q3 2022 versus Q3 2021, driven by contribution from Coolabi as a wholly owned subsidiary.

On a pro forma basis (including Coolabi in both 2022 and 2021), Gross Revenue (unaudited) was down by 8% for Q3 2022 compared to Q3 2021. Gross Profit (unaudited) increased by 5%. However, the significant strengthening of the USD impacts like-for-like

comparison and should therefore be adjusted in order to assess underlying performance.

After adjusting for the foreign exchange impact, the Company's Gross Revenue grew 4% during Q3, while Gross Profit grew 15% on a constant currency basis, driven by the contribution from the higher-margin part of the Group, Coolabi.

Despite the uncertain macroeconomic climate in 2022, the underlying business continued to perform within management's expectations, albeit with the timing of certain deals moving into Q4. However, the latter part of Q3 saw a number of customers revisiting negotiations which were delayed in the first half of the year, giving management confidence of a strong finish to the financial year. Talenthouse continues to review operating costs to ensure it is spending prudently whilst driving growth. During Q3, the Company initiated cost-reduction measures across the business including the reduction of its headcount by 25%, while also continuing to realise synergies from its acquisitions.

The Company continued to add new revenue streams to its business from existing clients, such as Bacardi and the National Professional Basketball Association (NPBA). This repeat business reflects the engagement with several clients who have requested additional projects from the Talenthouse community during the period. Talenthouse also made strong progress on its new customer relationships, signing exciting projects with Trivago, Razorfish (World Cup video campaign), and several others during Q3, with a healthy mix of existing and new customers driving growth.

The number of customers generating over \$1m in annual revenue for the Company grew considerably in the last two years, and 2022 so far has given management confidence that this number continues to grow with strength.

The overall size of the combined Talenthouse community has increased to over 19 million members, making it one of the world's largest creative communities. Quarterly growth of the community increased 36% in Q3 2022 versus Q2 2022, while monthly growth of the community continues to surpass management's expectations.

Coolabi's Q3 2022 revenue grew significantly versus Q3 2021, driven by outperformance across the business. Book royalties from Warriors grew 10% year on year, while 7 new book series have been sold in 2022 so far, a notable increase versus prior years. Coolabi also won the filmed content rights to the highly competitive 'Improbable Tales of Baskerville Hall' – to co-develop and co-produce a filmed adaptation of the multi-book series with its partner Imagine Kids + Family. Coolabi attracts over 2 million unique users per month on Roblox for its Warrior Cats game alone, and generates over 40 million views per month on YouTube.

TalentPlus

Together with its partners, Talenthouse is close to launching its Community Empowerment business line, TalentPlus – a financial services offering for its creative community. Management believes the offering will contribute significant revenue to Talenthouse in the future. A key milestone in this process was the investment into Nerve (note: Ad Hoc Announcement, 20 October 2022), which saw the Company sign an agreement to invest cash and shares of up to \$7 million over the next 15 months to take a stake in Nerve's solution ahead of its US market launch this year. TalentPlus is a solution in response to feedback from Talenthouse's community, asking for a more

reliable and faster pay-out method, and will create a more cost-effective and efficient process for community members. TalentPlus will launch in the US this year and expand into additional markets in 2023.

Balance Sheet

During Q3, the Company has engaged in fundraising efforts and continues examining financing options, having already undertaken significant conversions of certain legacy debt into equity during the period. Talenthouse has also refinanced 48% of its short-term liabilities into long-term liabilities during Q3, in order to strengthen its balance sheet position.

The Company had short-term obligations of USD 25.1 million as of 30 September. With the closing of the Coolabi transaction in July, the Company refinanced existing vendor loans of USD 30.4 million into a 5-year loan facility. Talenthouse also converted USD 7.4 million of debt into equity during Q3. Of the USD 62.9 million of short-term obligations as at 30 June, the remaining balance of USD 25.1 million at 30 September consists largely of shareholders loans.

Management will continue to steer the company forwards, maintaining tight cost control and driving revenue growth. Management believe they will secure additional funding, allowing the Company to invest in its growth initiatives.

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About Talenthouse AG

Talenthouse AG is a technology platform company, working with the world's largest creative community of c.19 million members, to produce the highest quality digital content for many of the largest companies globally, including Netflix and Universal Music Group. Talenthouse AG, which unites the creative platforms of Talenthouse, EyeEm, Ello, Creative Commission, Coolabi, Zooppa and Jovoto, is leading a structural shift in the way that creative content is produced, employing a platform business model to source content at the scale and quality required to keep pace with consumer demand in the digital age. In doing so, it is also opening up opportunities for a much larger pool of creative talent.

TalentPlus is Talenthouse AG's financial services vertical, providing Creators with financial services solutions to support their creative endeavours. The company is registered in Switzerland and operationally headquartered in London with offices in LA, NYC, Berlin, Venice, Peterborough and Philadelphia. For more information visit: www.business.talenthouse.com

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