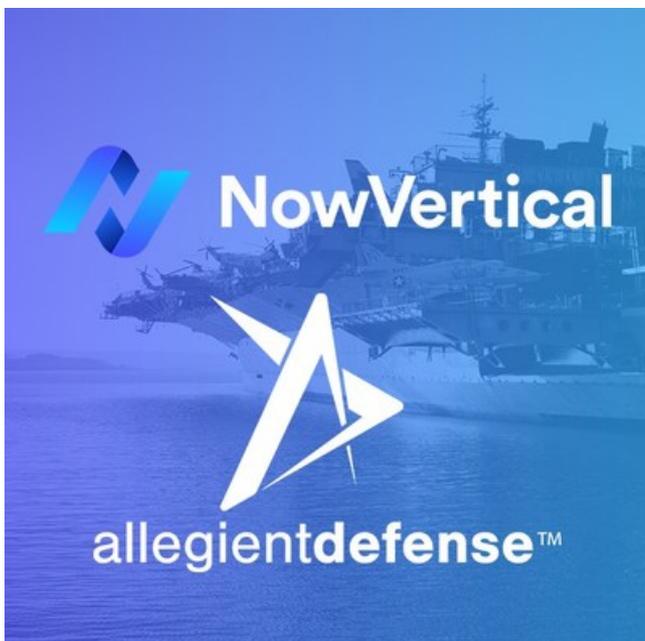


NowVertical Group Enters Definitive Agreement to Acquire Allegient Defense

NOW strengthens its government vertical with definitive agreement to acquire leading U.S. defense business, bringing critical analytic and executional capabilities to the public sector

All amounts are in US dollars unless otherwise specified

TORONTO, Dec. 21, 2021 /CNW/ - NowVertical Group Inc. (TSXV: NOW) ("**NOW**" or the "**Company**"), a global big data software and services company, is pleased to announce that it has entered into a definitive agreement to acquire 100% of the issued and outstanding securities of Allegient Defense, Inc. ("**Allegient Defense**"), a U.S.-based government defense contractor providing Systems Engineering and Technical Assistance support to the Department of Defense through data analysis and assessment of cutting edge technologies (the "**Transaction**").



NowVertical Group Enters Definitive Agreement to Acquire Allegient Defense (CNW Group/NowVertical Group Inc.)

NowVertical Group is acquiring Allegient Defense as part of their expansion into the U.S. public sector. As a trusted advisor and partner to the U.S. Federal Government, Allegient Defense provides technical expertise related to cloud computing, data analytics, AI and autonomy, directed energy, unmanned aerial vehicles, and next-generation weapons systems. These problem solvers will play a core role in the delivery of NOW's Vertical Intelligence (VI) Government software and solutions, increasing access to industry-specific programmatic automations and analytic expertise.

Allegient Defense's innovative approach to providing evaluations and solutions for the U.S. Federal Government earned them SECAF's award of Government Contractor of the Year for contractors in the \$7.5 to \$15M revenue group. They have developed deep experience working on behalf of organizations like U.S. Office of Naval Research (ONR), Defense Advanced Research Projects Agency (DARPA), and United States' departments of Defense, State, and Energy.

"This acquisition by NOW is going to jumpstart a new chapter for our company. The power of the NOW platforms and vision of the team means that we'll be able to bring a whole new range of

critical solutions to bear for our clients," said Angel Diaz, PMP, CEO of Allegient Defense. "We're incredibly proud of everything we have accomplished at Allegient over the past 11 years and can't wait for what the future is going to bring."

"Allegient Defense is a critical component of NOW's Government VI solution set. Their analysts and service providers will bring the expert insight and experience necessary to tailor our approach and guarantee success for our public sector clients," said Daren Trousdell, Chairman & CEO of NOW. "By adding a deep bench of seasoned experts with direct experience in the public sector, we're able to provide not just technologies but also true solutions for our clients and guarantee that they're able to win in an increasingly complicated and competitive world."

Allegient Defense's current contracted revenue backlog with its customers from 2022 to 2025 is approximately \$66,000,000. Allegient Defense currently has approximately 75 full time employees.

Transaction Details

Pursuant to the terms of a stock purchase agreement dated December 20, 2021, the Company has agreed to acquire Allegient Defense for total aggregate consideration of \$10.4 million, consisting of (i) a closing cash payments of \$1,800,000, (ii) a deferred cash payment of \$200,000 payable 12 months post-closing, (iii) the issuance on closing of subordinate voting shares of the Company valued at \$600,000 at the greater of (A) the CAD equivalent of US\$1 per share and (B) the Company's 20-day VWAP pre-closing, (iv) the assumption of a third party loan to Allegient Defense with an outstanding balance of approximately \$3,800,000, which will be partially repaid and refinanced as of Closing, and (v) an earn-out of up to an additional \$4,000,000 payable in subordinate voting shares of NOW (valued using the same method as the subordinate voting shares to be issued at closing) and/or cash, payable over a three-year period post-closing and based on Allegient Defense achieving certain EBITDA targets.

Closing of the acquisition is subject to customary closing conditions, including the receipt of TSXV approval and certain U.S. regulatory approvals.

About NowVertical Group Inc.

NOW is a big data, Vertical Intelligence (VI) software and services company that is growing organically and through acquisition. NOW's Vertical Intelligence solutions are organized by industry vertical and are built upon a foundational set of data technologies that fuse, secure, and mobilize data in a transformative and compliant way. The NOW product suite enables the creation of high-value Vertical Intelligence solutions that are predictive in nature and drive automation specific to each high value industry vertical. For more information about the Company, visit www.nowvertical.com.

Forward-Looking Statements

This news release may contain forward-looking statements (within the meaning of applicable securities laws) which reflect the Company's current expectations regarding future events. Forward-looking statements are identified by words such as "believe", "anticipate", "project", "expect", "intend", "plan", "will", "may", "estimate" and other similar expressions. These statements are based on the Company's expectations, estimates, forecasts and projections and include, without limitation, statements regarding the future success of the Company's business.

The forward-looking statements in this news release are based on certain assumptions. The forward-looking statements are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, these forward-looking statements are made as of the date of this news release and, except as expressly required by applicable law, the Company assumes no obligation to publicly update or revise any forward-

looking statement, whether as a result of new information, future events or otherwise.

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

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