NowVertical Group Inc.
Management's Discussion and Analysis
For the Three Months Ended March 31, 2022

May 26, 2022

The following management's discussion and analysis ("**MD&A**") is intended to assist readers in understanding the business environment, strategies, performance and risk factors of NowVertical Group Inc. (the "**Company**", "**we**", "**us**" or "**our**").

This MD&A provides the reader with a view and analysis, from the perspective of management, of the Company's results of operations and financial position for the three months ended March 31, 2022, and should be read in conjunction with the Company's interim condensed consolidated financial statements and notes thereto for the three months ended March 31, 2022 (the "**Interim Financial Statements**"), which were prepared in accordance with International Accounting Standard 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB") and the Company's MD&A and consolidated financial statements for the year ended December 31, 2021 and the period from inception on September 22, 2020 to December 31, 2020. The Interim Financial Statements and the notes thereto, along with this MD&A, were approved by the Company's board of directors. All dollar amounts referred to herein are expressed in United States dollars, unless otherwise noted. All references to "$" are U.S. dollars and all references to "C$" are Canadian dollars.

Forward-Looking Statements

This MD&A may contain statements deemed "forward-looking statements" that involve risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company or its industry to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. All statements in this document, other than statements of historical fact, which address events or developments that the Company expects to occur, are forward-looking statements, and words such as "may", "will", "expect", "believe", "plan", "intend", "should", "anticipate", "contemplate" and other similar terminology are intended to identify these forward-looking statements. These statements reflect management's current assumptions and expectations regarding future events and operating performance as of the date of this MD&A.

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future events, performance or results, and will not necessarily be accurate indications of whether or not such events, performance or results will be achieved. A number of factors could cause actual events, performance or results to vary significantly from the events, performance or results discussed in the forward looking statements, including but not limited to the factors discussed under "Risks and Uncertainties". Although the forward looking statements contained in this MD&A are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual events, performance or results will be consistent with these forward looking statements. These forward looking statements are made as of the date of this MD&A and the Company assumes no obligation, except as required by law, to update any forward looking statements to reflect new events or circumstances. This report should be viewed in conjunction with the Company's other publicly available filings, copies of which can be obtained electronically on SEDAR at www.sedar.com.

Non-IFRS Measures

This MD&A includes certain measures which have not been prepared in accordance with IFRS, such as "Adjusted Revenue", "EBITDA", "Adjusted EBITDA", and "Pro Forma TTM Adjusted Revenue". These are not recognized measures under IFRS and may not be comparable to similar financial measures disclosed by other issuers.

Adjusted Revenue, EBITDA and Adjusted EBITDA provide investors with supplemental measures of the Company's historical operating performance without regard to potential distortions by adjusting for items that are not directly related to the Company's operating performance or operating conditions and thus highlight trends in the core business that may not otherwise be apparent when relying solely on IFRS measures.

Pro Forma TTM Adjusted Revenue is a supplemental measure intended to portray the impact of the Company's acquisitive growth strategy being employed by management to execute its business plan.

The Company believes that securities analysts, investors and other interested parties frequently use non-IFRS financial measures in the evaluation of issuers. The Company's management also uses non-IFRS financial measures to facilitate operating performance comparisons from period to period and to prepare annual budgets and forecasts. The non-IFRS financial measures referred to in this MD&A are defined below:

> "**Adjusted Revenue**" adjusts revenue to eliminate the effects of acquisition accounting on the Company's revenues.
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> "**EBITDA**" represents net income (loss) before depreciation and amortization expenses, net interest costs, and provision for income taxes.
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> "**Adjusted EBITDA**" adjusts EBITDA for revenue adjustments in "Adjusted Revenue" and items such as acquisition accounting adjustments, transaction expenses related to acquisitions, transactional gains or losses on assets, asset impairment charges, non-recurring expense items, non-cash stock compensation costs, and the full year impact of cost synergies related to the reduction of employees in relation to acquisitions.
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> "**Pro Forma TTM Adjusted Revenue**" represents the trailing twelve months of Adjusted Revenue of all acquisitions completed as of the end of the respective period presented.

Incorporation

The Company is an Ontario corporation listed on the TSX Venture Exchange (the "**TSXV**") under the symbol "NOW". Prior to its name change in connection with the closing of the Transaction (as described below), the Company was a capital pool company on the TSXV known as Good2Go Corp.

As a matter of emphasis, note that the ultimate public entity, NowVertical Group Inc., does not have a comma (",") in its legal name, whereas the U.S. operating company, NowVertical Group, Inc., has a comma in its legal name.

NowVertical Group, Inc. ("**NVG**"), a U.S. operating subsidiary of the Company, was incorporated on September 22, 2020 in Delaware, USA. On November 13, 2020, NVG acquired a 49% interest in Seafront Analytics, LLC. On November 20, 2020, NVG acquired Signafire Technologies Inc. ("**Signafire**") through a merger transaction. On March 22, 2021, NVG entered into a business combination agreement with G2G, a Company incorporated under the laws of Ontario, which contemplated the acquisition by G2G of all the issued and outstanding shares of NVG. The Transaction, which was structured as a "three-cornered" amalgamation and a reverse triangular merger, constituted a reverse takeover of G2G by NVG and the qualifying transaction of G2G under the TSXV's Policy 2.4 – *Capital Pool Companies*. Concurrently with the Transaction's closing on June 28, 2021, G2G changed its (i) name to Now Vertical Group Inc., (ii) symbol on the TSXV to "NOW", and (iii) year-end from February 28 to December 31, to conform with that of NVG. The Company's subordinate voting shares (the "**Subordinate Voting Shares**") commenced trading on the TSXV on July 5, 2021.

Description of the Business

The Company is a big data, analytics and Vertical Intelligence™ ("**VI**") software and services company that is growing organically and through acquisition. Since its inception in September 2020, the Company has been acquiring complementary companies and technologies to execute its growth strategy. In the approximately twenty months since inception to the date of this MD&A, the Company has successfully completed eight acquisitions.

The Company's revenue for the three months ended March 31, 2022 was $2.6 million (2021: $0.3 million) and Adjusted Revenue for the quarter was $2.9 million (2021: $0.8 million). The Company's Pro Forma TTM Adjusted Revenue, which reflects trailing twelve months of Adjusted Revenue for all entities owned at March 31, 2022, was $16.3 million. The increases in revenue and Adjusted Revenue are discussed further in *Results of Operations*.

The Company's VI software and services solutions address industry-specific needs in three areas: (i) data transformation (including data fusion, mobilization and securitization), (ii) data visualization and analysis, and (iii) artificial intelligence and automation. Our proprietary technologies include NOW Fusion, NOW Privacy, Now Reveal, NOW DataBench, and Affinio. NOW Fusion is a database fusion technology that brings together structured and unstructured data from both inside and outside an organization to drive enhanced business analysis. NOW Privacy and NOW Reveal are software solutions that add a governance and compliance layer to an organization's data. NOW DataBench is a unified analytics operating framework that brings business intelligence tools into a single interface to empower more people in an organization to make informed decisions using their data. Affinio offers a privacy-safe data mobilization solution that enables secure data access across internal and external stakeholders, as well as a state-of-the-art data clustering platform that creates affinity graphs based on first and third-party data sources that delivers transformative value in the way companies are analyzing data and acquiring new customers.

The Company's operating segments are (i) Origin (which comprises the Fusion, DataBench, Privacy, and Reveal technologies), (ii) Solutions (which comprises services activity), (iii) Affinio, and (iv) Corporate. CoreBI (as defined immediately below) was acquired on February 16, 2022 and is included in the Solutions segment. The Reveal technology was acquired with the purchase of Exonar Ltd. on March 25, 2022 and is included in the Origin segment.

On February 16, 2022, the Company acquired all of the issued and outstanding securities of CoreBI S.A., a data analytics services company in Argentina, and CoreBI SAS, a data analytics services company in Colombia (collectively, "**CoreBI**"), for up-front cash consideration of $3.0 million, a deferred cash payment of $1.75 million payable 12 months from closing, subject to meeting certain corporate objectives, and up to $3.25 million in future consideration (payable in cash or stock or both cash and stock, at the option of the Company) based on financial performance. The Company accounted for this transaction as an acquisition of a business. The acquisition was made to enhance the Company's data services business and provide a footprint in Latin America.

On March 25, 2022, the Company acquired 100% of the issued and outstanding securities of Exonar Ltd. ("**Exonar**"), a UK-based software solutions firm for consideration consisting of (i) Exonar's transaction costs of $150,000 paid in cash on closing, and (ii) the issuance of Subordinate Voting Shares twelve months after closing of the acquisition valued at $500,000 at the greater of (A) the Canadian dollar equivalent of US$1.00 per Subordinate Voting Share and (B) the Company's 20-day volume weighted average trading price on the day prior to issuance, less the maximum discount permitted under the rules of the TSXV. The Company accounted for this transaction as an acquisition of a business. The acquisition was made to enhance the Company's data compliance software business.

Subsequent Event

On April 6, 2022, the Company acquired 100% of the issued and outstanding securities of Allegient Defense, Inc. ("Allegient"), a U.S.-based government defense contractor providing systems engineering and technical assistance support to the U.S. Department of Defense. The acquisition was made to enhance the Company's contracts services business and expand its government vertical. Pursuant to the terms of a stock purchase agreement dated December 20, 2021, as amended on April 1, 2022, the aggregate consideration consisted of (i) a cash payment of $900,000 paid on closing, (ii) a deferred cash payment of $1,100,000, payable 45 days post-closing (of which $495,000 was paid on May 20 and the balance will be paid immediately upon certain conditions being met), (iii) 600,000 Subordinate Voting Shares issued on closing, valued at the Canadian dollar equivalent of US$1.00 per Subordinate Voting Share, (iv) the assumption of a third party loan to Allegient, which was refinanced at $3,800,000 at closing, and (v) an earn-out of up to an additional $4,000,000, payable in Subordinate Voting Shares (priced using the same method as the Subordinate Voting Shares issued at closing of the transaction, being the greater of (A) the Canadian dollar equivalent of US $1.00 per Subordinate Voting Share and (B) the Company's 20-day volume weighted average trading price prior to the applicable issuance) and/or cash, at the option of the Company, payable over a three-year period post-closing based on Allegient achieving certain EBITDA targets. In connection with the acquisition, the Company secured a revolving line of credit of up to $2,000,000. The Company will account for this transaction as an acquisition of a business.

Results of Operations

Three Months Ended March 31, 2022

For the three months ended March 31, 2022, total revenue increased to $2,594,445 (2021: $318,707), cost of revenue increased to $1,209,924 (2021: $143,631) and gross profit increased to $1,384,521 (2021: $175,076), primarily due to the impacts of companies acquired during 2021 and in the first quarter of 2022.

Results by operating segment were as follows:

Three months ended March 31, 2022	Origin	Solutions	CoreBI	Affinio	Total
Revenue	902,504	87,069	1,209,611	395,261	2,594,445
Cost of revenue	(114,549)	(82,145)	(711,040)	(302,190)	(1,209,924)
Gross profit	787,955	4,924	498,571	93,071	1,384,521

Three months ended March 31, 2021	Origin	Solutions	CoreBI	Affinio	Total
Revenue	268,626	50,081	-	-	318,707
Cost of revenue	(100,305)	(43,326)	-	-	(143,631)
Gross profit	168,321	6,755	-	-	175,076

Revenue

Revenue from the Origin operating segment for the three months ended March 31, 2022 was $902,504, compared to $268,626 for the same period in in 2021. The increase is related to recurring revenue from the sale of the Company's privacy product (acquired in 2021) and the full recognition of revenue from an automotive customer contract that was only partially recognized in 2021 due to the impact of purchase accounting.

Revenue from the Solutions operating segment increased to $87,069 for the first quarter of 2022 compared to $50,081 for the same period in 2021 due to additional services contracts.

Revenue from the CoreBI operating segment was $1,209,611 from the date of acquisition on February 16, 2022 to March 31, 2022. There is no comparative amount for CoreBI for the prior period.

Revenue from the Affinio operating segment for the three months ended March 31, 2022 was $395,261, representing recurring revenue from social graph analytics customers. The impact of purchase accounting, which requires deferred revenue to be recorded at fair value upon acquisition, was to reduce deferred revenue that would otherwise have been recognized as revenue in the three months ended March 31, 2022 by $129,209. There is no comparative amount for the prior period, as Affinio was acquired in November 2021.

Cost of Revenue

For the three months ended March 31, 2022, cost of revenue increased to $1,209,924 compared to $143,631 for the same period in the prior year, primarily due to the costs related to the increase in revenue from companies acquired during the period. Cost of revenue in 2022 includes $216,244 of amortization expense related to the intangible assets allocated to each operating segment (2021: $65,263).

Administrative Expenses

Administrative expenses were $3,116,624 for the three months ended March 31, 2022 compared to $1,702,246 for the same period in the prior year. As discussed further below, the primary reasons for the increase are additional staff and professional fees associated with the Company's acquisitive growth and to support its public company status.

The major components of administrative expenses were the following:

Compensation and benefits expense for the three months ended March 31, 2022 was $1,626,380 compared to $290,733 for the same period in 2021, with the increase due to growing the management team and support teams to manage the growth of the Company and the additional compensation costs of acquired companies.

Professional fees expense was $1,112,336 for the three months ended March 31, 2022 compared to $62,545 for the same period in 2021. The increase is due to higher audit fees, tax advisory services and filings, legal fees, and consultants related to the growth of the Company and to meet its reporting and other obligations as a public company, as well as additional professional fees related to acquisitions.

Office, travel, and other expenses were $418,268 for the three months ended March 31, 2022 compared to $28,395 for the same period in 2021, and include costs related to sales travel and other staff travel, hosting and software costs, insurance expenses, and other. The increase in 2022 compared to 2021 is primarily related to the growth of the Company.

Marketing and investor relations expenses were $381,502 for the three months ended March 31, 2022 compared to $3,327 for the same period in 2021. The increase is due to growth in the Company's investor relations initiatives, and well as additional marketing costs related to companies acquired in 2021.

Product development costs for the three months ended March 31, 2022 were $154,844 compared to $7,488 for the same period in 2021. The increase is due to the costs of enhancing and integrating the Company's acquired technology platforms, which was initiated in the second half of 2021.

Share-based compensation expense was $73,330 in the first quarter of 2022 compared to $214,863 for the same period in the prior year. The higher expense in the prior period is primarily related to issued options vesting over a shorter period.

Loss due to the effect of inflation on net monetary position was $108,996 in the first quarter of 2022 compared to $Nil for the same period in the prior year. Because CoreBI operates primarily in Argentina, which is a hyperinflationary economy, non-monetary items are revalued at each reporting date to reflect the loss of purchasing power. There was no corresponding item in the prior year, as CoreBI was acquired in February 2022.

Warrant revaluation is a gain of $731,398 in the first quarter of 2022 compared to $Nil for the same period in the prior year. This represents revaluation of the warrants liability related to the Company's unit offering in December 2021, and there was no comparable item in the prior period.

Interest Expense

Interest expense for the three months ended March 31, 2022 was $40,280 compared to $99,658 for the three months ended March 31, 2021. The decrease is primarily related to the repayment in December 2021 of a significant portion of a term loan and the renegotiation of a lower interest rate.

Income Tax Expense

Income tax expense is recognized at an amount determined by multiplying the profit (loss) before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognized in full in the interim period. As such, the effective tax rate in the Interim Financial Statements may differ from management's estimate of the effective tax rate for the Company's annual financial statements. For the three months ended March 31, 2022, the Company recorded an income tax expense of $48,086 on pre-tax book loss of $1,772,383 (2021: $22,456 on a pre-tax book loss of $1,626,828). The Company's effective tax rate for the three months ended March 31, 2022 was (2.71)% (2021: (1.4%)), which differs from the Canadian statutory rate of 26.5% primarily due to pre-tax losses for which no benefit was recognized as the Company continues to conclude that its deferred tax assets are not recognizable given the weight of objective evidence as prescribed by the authoritative accounting literature.

Net Loss and Loss Per Share

The Company reported a net loss of $1,820,469 and a comprehensive loss of $1,801,792 for the three months ended March 31, 2022, compared to a net loss and comprehensive loss of $1,649,284 for the same period in 2021. The increase in the loss is primarily driven by higher costs associated with the Company growing its operations and acquiring new companies, which were offset by higher revenue. On a per share basis, this represents net loss per basic and diluted share of $0.03 for the first quarter of 2022 compared to a net loss per basic and diluted share of $0.10 for the first quarter of 2021.

Adjusted Revenue, EBITDA, Adjusted EBITDA, and Pro Forma TTM Adjusted Revenue

	Three months ended March 31, 2022	Three months ended March 31, 2021
Revenue	$ 2,594,445	$ 318,707
Acquisition accounting impact on acquired deferred revenue	288,257	481,374
Adjusted Revenue	**2,882,702**	**800,081**
Net loss	(1,820,469)	(1,649,284)
Interest expense, net	40,280	99,658
Income tax provision	48,086	22,456
Depreciation and amortization	230,616	65,563
EBITDA	**$ (1,501,487)**	**$ (1,461,607)**
Acquisition accounting impact on acquired deferred revenue	288,257	481,374
Non-cash compensation related to stock options and RSU's	73,330	214,863
Expenses incurred in connection with acquired businesses	798,343	194,905
Revaluation of warrants liability	(731,398)	-
Effect of inflation on net monetary position	108,996	-
Expenses incurred in connection with the Transaction	-	656,870
Gain on settlement of lease obligation	-	(1,640,370)
Loss on settlement of lease hold-back	-	1,881,820
Adjusted EBITDA	**$ (963,959)**	**$ 327,855**
Pro Forma TTM Adjusted Revenue (millions)	**$ 16.3**	**$ 3.1**

Adjusted Revenue was $2,882,702 for the three months ended March 31, 2022 compared to $800,081 for the same period in 2021, primarily due to additional revenue from acquired companies.

Adjusted Revenue for the Origin operating segment was $1,061,552 for the three months ended March 31, 2022 compared to $750,000 for the same period in 2021 due to revenue from privacy technologies acquired in October 2021 and March 2022.

Adjusted Revenue for the Affinio operating segment was $524,470 for the three months ended March 31, 2022. There is no comparative amount for the first quarter of 2021, as Affinio was acquired in November 2021.

Adjusted Revenue for the Solutions and CoreBI segments was the same as revenue since there were no purchase accounting adjustments in these operating segments.

EBITDA decreased to ($1,501,487) for the three months ended March 31, 2022 compared to ($1,461,607) for the same period in 2021. Although revenue was higher by $2,275,738 than for the same period in the prior year, this increase was offset by higher costs of compensation and benefits, professional fees, office, travel and other, and marketing and investor relations, as management continues to build the structure to grow the Company and acquire companies, and higher professional fees incurred costs related to acquisitions as management executes its acquisition growth strategy.

Adjusted EBITDA decreased to ($963,959) for the three months ended March 31, 2022 compared to $327,855 for the same period in 2021. While Adjusted Revenue grew to $2,882,702 during the period, this increase was offset by the costs of additional personnel to manage the growth of the business and support the Company's operational requirements and additional external service providers engaged to assist the Company in meeting its public company requirements and in connection with executing its acquisitive growth strategy.

Pro Forma TTM Adjusted Revenue of $16.3 million at March 31, 2022 is more than five times the comparable amount for businesses owned by the Company as at March 31, 2021 of $3.1 million, primarily due to the acquisitions of CoreBI, Affinio, and the DocAuthority assets.

Summary of Quarterly Results

The Company was incorporated on September 22, 2020 and began operations in October 2020. The selected financial information provided below is derived from the Company's unaudited quarterly financial statements prepared in accordance with IFRS. Certain amounts in comparative periods have been reclassified to conform with the presentation adopted in the current period.

	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Revenue	2,594,445	1,140,445	957,708	804,155	318,707	154,268
Cost of revenue	(1,209,924)	(442,079)	(233,490)	(128,163)	(143,629)	(39,531)
Gross profit	1,384,521	698,366	724,218	675,992	175,078	114,737
Administrative expenses	(3,116,624)	(5,102,060)	(2,096,621)	(5,917,123)	(1,702,248)	(2,036,056)
Listing expense	-	-	-	(1,011,110)	-	-
Interest expense, net	(40,280)	(122,306)	(14,073)	(111,707)	(99,658)	(56,929)
Income tax (expense) provision	(48,086)	27,106	15,726	22,487	(22,456)	(949)
Net comprehensive loss	(1,801,792)	(4,464,155)	(1,370,750)	(6,299,036)	(1,649,284)	(1,979,197)
Basic and diluted loss per share	(0.03)	(0.08)	(0.03)	(0.22)	(0.06)	(0.13)
Weighted average shares outstanding	62,047,393	52,604,095	49,060,699	29,281,952	28,601,160	14,862,003
Common shares outstanding, end	62,048,122	62,042,154	49,807,398	49,251,842	28,601,160	28,601,160

Revenue and gross profit are increasing quarter over quarter as the Company acquires new subsidiaries and expands its product offerings. Cost of revenue includes amortization expense for intangible assets related to acquisitions. Administrative expenses are increasing quarter over quarter as the Company acquires new subsidiaries, grows its management team and incurs professional fees to support its growth, incurs acquisition-related expenses, and expands its marketing and investor relations programs.

The higher administrative expenses and net loss in Q4 2021 were primarily related to higher compensation expenses and professional fees as the Company continued to grow the business, an impairment charge of $569,599 related to certain intangible assets, and a revaluation expense of $1,277,301 related to the unit warrant liability. The increase in expenses in Q2 2021 was related to the Transaction which was completed in June 2021. Higher expenses in Q4 2020 were primarily related to a loss on impairment related to an office lease.

Liquidity and Capital Resources

The Company manages its capital structure on a consolidated level based on the funds available to it to support the continuation and expansion of its operations and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. The Company defines "capital" to include share capital and its borrowings. The Company intends to rely on cash flows from operations for its operating requirements as well as to negotiate a new credit facility and additional financings to achieve its acquisition growth strategy. The primary sources of the Company's cash flow are revenue from customers and net cash proceeds from equity offerings, which the Company expects to be able to supplement with debt financing for future acquisitions. The Company intends to maintain sufficient liquidity to meet its liabilities as they come due by continuously monitoring cash flow, reviewing actual operating expenditures and revenue to budget and forecast and with the proceeds of additional equity offerings.

At March 31, 2022 the Company had cash of $4.4 million and a working capital deficit of $1.7 million (excluding deferred revenue and equity consideration payable). In May, the Company received $3.0 million in cash from customer payments that were not included in accounts receivable as at the reporting date. Additional funding will be required to meet the Company's contractual obligations and execute on its business plan for the next twelve months. The Company has raised over $16.0 million in net cash from equity and convertible notes from its inception to date and management expects to be able to raise additional financing. The Company filed a base shelf registration in January 2022 to raise up to C$65 million. Management expects that future cash generated from its operating entities, along with additional financings and a planned credit facility to fund acquisitions, will provide sufficient capital for the Company to execute on its strategy. Management expects to continue to grow revenue and improve the profitability of the Company's existing business by leveraging internal sales channels and other cross-entity synergies, and plans to acquire businesses that can be financed with a credit facility.

Whether and when the Company can attain profitability and positive cash flows from operations and obtain additional funds from financing is uncertain. The Company's continued operations depend upon its ability to meet its financing requirements on a continuing basis, to continue to have access to financing, and to generate positive operating results.

Cash Flow from Operations

For the three months ended March 31, 2022, the Company used $1,979,371 of cash for operations (2021: $2,254,660) primarily due to its loss from operations, which includes cash compensation costs related to the additional personnel and external service providers hired to manage the growth of the business and support its operational requirements and acquisition strategy and expenses related to the acquisitions of CoreBI and Exonar. In the same period of the prior year, the net loss included costs of $656,870 related to the reverse takeover transaction.

Cash Flow from Investing Activities

The Company used $2,371,143 of cash for investing activities related to cash used for from the acquisitions of CoreBI and Exonar, net of cash acquired in the transactions. For the same period in 2021, there were no investing activities and the Company used $Nil in cash.

Cash Flow from Financing Activities

For the three months ended March 31, 2022, the Company used $352,300 in cash for financing activities, related to repayments of its term loan and long-term debt. For the same period in 2021, the Company generated $1,294,995 in cash from financing activities, primarily from proceeds from convertible notes, partially offset by repayments of leasing liabilities and borrowings.

Contractual Obligations

The remaining payment obligations are $112,979 per month in April, May and June 2022 on a senior secured redeemable debenture issued by Signafire in 2019 which the Company renegotiated in 2021.

As of March 31, 2022, the consideration payable related to acquired companies is as follows:

	As of March 31, 2022
Current:	
Consideration payable	3,556,755
Equity consideration payable	284,000
Contingent consideration payable	375,000
Long-term:	
Contingent consideration payable	446,000

Affinio has four unsecured, non-interest bearing loans outstanding. The total amount owing at March 31, 2022 pursuant to these loans is $965,185 of which $114,979 is due within twelve months.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Transactions with Related Parties

	Three months ended March 31, 2022	Three months ended March 31, 2021
Salaries, including bonuses	272,500	105,000
Consulting fees	-	40,000
Share-based payments	33,028	159,082
Total remuneration	305,528	304,082

Proposed Transactions

The Company seeks potential acquisition targets on an ongoing basis and may complete several acquisitions in any given fiscal year. Additional funding will be required to execute on the Company's acquisition plan for the next twelve months, and a new credit facility is being pursued.

Changes in Accounting Policies including Initial Adoption

There are no new standards issued by the International Accounting Standards Board that were not effective at March 31, 2022 that are expected to have a significant impact on the Company.

Financial Instruments and Other Instruments

The Company's financial assets categorized at amortized cost include trade and other receivables, unbilled revenue, taxes receivable, and cash. The Company does not have any financial assets categorized as FVTPL or FVOCI.

The Company's financial liabilities are initially measured at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Subsequently, financial liabilities are measured either at amortized cost using the effective interest method or at fair value through profit and loss (FVTPL). For financial liabilities measured at amortized cost, all interest-related charges and, if applicable, changes in fair value that are reported in profit and loss are included within finance costs or finance income.

The Company's financial instruments categorized at amortized cost include long-term debt, loan payable, accounts payable, accrued expenses and other current liabilities, deferred revenue, and consideration payable related to acquired companies. The Company's financial instruments categorized at FVTPL are contingent consideration payable related to acquired companies and equity consideration payable related to acquired companies.

Derivative instruments, including derivative instruments embedded in other contracts (such as warrants) and instruments designated for hedging activities, are recognized as either asset or liabilities in the statement of financial position and measured at fair value. The Company has not used derivative instruments to hedge exposures to cash flow or foreign currency risks. Any change in the fair value of a derivative instrument or an embedded derivative not designated as a hedging instrument is recognized as an unrealized gain or loss in the statement of loss and comprehensive loss.

Outstanding Share Data

The Company is authorized to issue an unlimited number of class A Subordinate Voting Shares and an unlimited number of class B proportionate voting shares ("**Proportionate Voting Shares**"). As of the date of this MD&A, the following securities of the Company were issued and outstanding: (i) 37,891,519 Subordinate Voting Shares (of which 4,365,275 are restricted share units), (ii) 247,566 Proportionate Voting Shares, convertible, subject to adjustment, into 24,756,600 Subordinate Voting Shares (iii) 4,501,493 stock options to purchase 4,501,493 Subordinate Voting Shares, (iv) 4,365,275 restricted stock units, and (v) 5,828,694 Warrants exercisable to purchase 5,828,694 Subordinate Voting Shares.

Risks and Uncertainties

The Company's business is subject to a number of risk factors, which are described comprehensively in the Company's short form prospectus dated December 7, 2022 and incorporated by reference herein. Particularly, the Company's activities expose it to financial risks, including credit risk, liquidity risk, and currency risk. It is the Company's opinion that it is not exposed to other significant market risks, including price, or variable interest rate risk.

Credit risk

The Company takes on exposure to credit risk, which is the risk that one party will cause a financial loss for another party by failing to discharge an obligation. The Company is exposed to the risk of non-payment of trade and other receivables balances. The Company's exposure to credit risk was $1,920,480 at March 31, 2022.

Liquidity risk

Liquidity risk is the risk that the Company might not be able to generate sufficient cash resources to settle its obligations in full as they fall due, or it can only do so on terms that are materially disadvantageous. The Company is exposed to liquidity risk through non-payment of accounts payable, accrued expenses, other current liabilities, loan payable, long-term debt and payables related to acquired companies. As at March 31, 2022, the Company had cash of $4.4 million and current liabilities of $9.6 million (excluding deferred revenue and equity and contingent consideration). In May, the Company received cash of $3.0 million from a customer representing an advance payment for the April 2022 – March 2023 contract year. Additional funding will be required to meet the Company's contractual obligations and execute on its business plan for the next twelve months. The Company filed a base shelf registration in January 2022 to raise up to C$65 million. The Company has successfully raised over $16.0 million in net cash from equity and convertible notes to date and management expects to be able to successfully raise additional financing. Management expects that future cash generated from its operating entities, along with additional financings and a planned credit facility to fund acquisitions, will provide sufficient capital for the Company to execute on its strategy.

Currency risk

The Company is exposed to foreign currency fluctuations. Such exposure arises from translation of monetary assets and liabilities denominated in foreign currencies, such as the Canadian dollar ("**CAD**") and the Argentinian peso ("**ARS**"), the impact of which is recorded in the Company's Statement of Operations; and translation of entities that have a functional currency that differs from the USD presentation currency of the Company, the impact of which is recorded through the Company's Other Comprehensive Income.

The Company continually monitors its exposure to foreign currency risks arising from foreign currency balances and transactions. The Company does not utilize any financial instruments to hedge this risk.

Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial also may impair our business and operations and cause the price of the Subordinate Voting Shares to decline. If any of the noted risks actually occur, the Company's business may be harmed and the financial condition and results of operations may suffer significantly. In that event, the trading price of the Subordinate Voting Shares could decline, and shareholders may lose all or part of their investment.

Additional Information Relating to the Company

Additional information relating to the Company can be found on the Company's profile at www.sedar.com and on the Company's website at www.nowvertical.com.