NowVertical

Condensed Consolidated Interim Financial Statements for the three months ended March 31, 2022 and 2021 (Unaudited)

NowVertical Group Inc.

Condensed Consolidated Interim Statements of Financial Position

Expressed in U.S. Dollars

Assets	Note	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Current assets:			
Cash		$ 4,418,778	$ 9,102,915
Trade and other receivables	6	1,920,480	518,453
Unbilled revenue	6	953,907	-
Taxes receivable		326,242	231,803
Prepaid expenses and other current assets		417,588	340,097
		8,036,995	10,193,268
Non-current assets:			
Property and equipment, net	6	270,960	15,924
Intangibles, net	10	5,444,325	3,962,569
Goodwill	11	9,292,464	6,908,953
		15,007,749	10,887,446
Total assets		$ 23,044,744	$ 21,080,714

Liabilities and Shareholders' Equity	Note	March 31, 2022	December 31, 2021
Current liabilities:			
Accounts payable		$ 2,503,099	$ 1,198,479
Accrued expenses and other current liabilities		2,987,226	1,550,305
Income tax payable		117,688	-
Loan payable and current portion of long-term debt	12	449,448	765,037
Consideration payable related to acquired companies	7	3,556,755	1,905,380
Equity and contingent consideration related to acquired companies	7	659,000	-
Deferred revenue	8	1,455,381	1,313,492
		11,728,597	6,732,693
Non-current liabilities:			
Contingent consideration payable related to acquired companies	7	446,000	-
Consideration payable related to acquired companies		-	1,435,250
Long-term debt	12	640,979	653,714
Deferred revenue	8	7,143	10,218
Warrants liability		741,121	1,460,943
Deferred tax liability		372,799	25,399
		2,208,042	3,585,524
Total liabilities		13,936,639	10,318,217
Shareholders' equity:			
Common shares		22,666,966	22,580,976
Contributed surplus		4,005,353	3,943,943
Foreign currency translation reserve		95,841	77,164
Accumulated deficit		(17,660,055)	(15,839,586)
		9,108,105	10,762,497
Total liabilities and shareholders' equity		$ 23,044,744	$ 21,080,714

Subsequent events (Note 19)

NowVertical Group Inc.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Unaudited)
Expressed in U.S. Dollars

	Note	Three months ended March 31, 2022	Three months ended March 31, 2021
Revenue	8	$ 2,594,445	$ 318,707
Cost of revenue		1,209,924	143,631
Gross profit		1,384,521	175,076
Administrative expenses	16	3,116,624	1,702,246
Loss from operations		(1,732,103)	(1,527,170)
Other expense:			
Interest expense, net		(40,280)	(99,658)
		(40,280)	(99,658)
Loss before income taxes		(1,772,383)	(1,626,828)
Income tax expense	14	48,086	22,456
Net loss		$ (1,820,469)	$ (1,649,284)
Foreign currency translation adjustment		18,677	-
Other comprehensive income		18,677	-
Total comprehensive loss		$ (1,801,792)	$ (1,649,284)
Net loss per share, basic and diluted		$ (0.03)	$ (0.10)
Weighted average number of shares, basic and diluted		62,047,393	15,966,734

NowVertical Group Inc.
Condensed Consolidated Interim Statements of Shareholders' Equity
(Unaudited)
Expressed in U.S. Dollars

Three months ended March 31, 2022:	Note	Issued capital - Common Shares	Amount	Contributed surplus	Foreign currency translation reserve	Accumulated Deficit	Total
Balances at January 1, 2022		62,042,153	22,580,976	3,943,943	77,164	(15,839,586)	10,762,497
Net loss		-	-	-	-	(1,820,469)	(1,820,469)
Share-based compensation expense	13	-	-	73,330	-	-	73,330
Exercise of stock options	13	5,968	11,920	(11,920)	-	-	-
Equity adjustment per IAS 29		-	74,070	-	-	-	74,070
Foreign currency translation adjustment		-	-	-	18,677	-	18,677
Balances at March 31, 2022		62,048,121	22,666,966	4,005,353	95,841	(17,660,055)	9,108,105

Three months ended March 31, 2021:		Issued capital - Common Shares	Amount	Contributed surplus	Foreign currency translation reserve	Accumulated Deficit	Total
Balances at January 1, 2020		28,601,160	2,587,463	-	-	(1,979,197)	608,266
Net loss		-	-	-	-	(1,649,284)	(1,649,284)
Vesting of restricted shares	13	10,752	-	-	-	-	-
Share-based compensation expense	13	-	-	214,863	-	-	214,863
Balances at March 31, 2021		28,611,912	2,587,463	214,863	-	(3,628,481)	(826,155)

On March 19, 2021, the Company effected a forward stock split such that 1 outstanding common share in the capital of the Company was converted into 148.13499 common shares, with fractional interests, if any, being rounded to the nearest whole number. All share amounts have been stated on a post-forward share split basis.

On June 28, 2021, in connection with the completion of its reverse takeover, the Company effected a forward stock split such that 1 outstanding common share in the capital of the Company was exchanged and transferred for 1.778 Subordinate Voting Shares or Proportionate Voting Shares. All share amounts have been stated on a post-forward share split basis. See Note 5.

NowVertical Group Inc.
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited)
Expressed in U.S. Dollars

	Note	Three months ended March 31, 2022	Three months ended March 31, 2021
Cash flows from (used in) operating activities:			
Net loss		$ (1,820,469)	$ (1,649,284)
Non-cash adjustments	15	(452,844)	(1,359,943)
Net changes in working capital	15	269,945	754,567
Interest accretion expense		23,997	-
		(1,979,371)	(2,254,660)
Cash flows from (used in) investing activities:			
Acquisitions of subsidiaries, net of cash acquired	6	(2,337,424)	-
Purchase of property and equipment		(33,719)	-
		(2,371,143)	-
Cash flows from (used in) financing activities:			
Proceeds from borrowings		-	2,423,017
Repayment of deferred financing costs		-	(183,610)
Repayment of borrowings	12	(352,300)	(23,412)
Repayment of leasing liabilities		-	(921,000)
		(352,300)	1,294,995
Effect of exchange rates on cash		18,677	-
Net change in cash and cash equivalents		(4,684,137)	(959,665)
Cash and cash equivalents, beginning of period		9,102,915	1,252,942
Cash and cash equivalents, end of period		$ 4,418,778	$ 293,277

1. Background and nature of operations

NowVertical Group Inc. and its subsidiaries (together referred to as the "Company") is an Ontario corporation that is 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 discussed below, the Company was a capital pool company on the TSXV known as Good2Go Corp. ("G2G").

On March 22, 2021, G2G entered into a share purchase agreement with NowVertical Group, Inc. ("NVG"), an entity incorporated in Delaware, US on September 22, 2020, which contemplated the acquisition by G2G of all the issued and outstanding shares of NVG (the "Transaction"). 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 CPC. Coincident 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. NVG was identified as the accounting acquirer and as such, these financial statements represent a continuation of NVG's financial statements (see Note 5).

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 US operating company, NowVertical Group, Inc. does have a comma in its legal name. Post the Transaction, the combined businesses of G2G and NVG are sometimes referred to below as the "Resulting Issuer".

The Company is a big data, analytics and vertical intelligence company. The Company's operating segments are Origin, Solutions, CoreBI and Affinio. The registered office of the Company is located at 333 Bay Street, Suite 3400 Toronto, Ontario M5H 2S7 and its head office is located at 7750 Okeechobee Blvd STE 4-2024, West Palm Beach FL 33411.

Impact of COVID-19 – The outbreak of the COVID-19 pandemic and the worldwide government response to mitigate the pandemic's spread have influenced the overall performance of the Company. The extent of the impact of COVID-19 on the Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and impact on the Company's customers, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent of which COVID-19 may impact the Company's financial condition or results of operations is uncertain. The Company cannot reasonably estimate the length or severity of this pandemic, but it does not anticipate a material adverse impact on its financial position, its results of operations or cash flows through at least the next twelve months from when these financial statements have been issued.

2. General information, statement of compliance and going concern assumption

These condensed consolidated interim financial statements are presented for the three months ended March 31, 2022 in United States dollars (USD), which is the reporting currency of the Company, on a going concern basis.

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". Certain prior period amounts have been reclassified to conform with the current year presentation in the segment disclosure, the Statement of Loss and Comprehensive Loss, the note disclosure for the Statement of Cash Flows, and the presentation of equity. These condensed consolidated interim financial statements do not include all the information required in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2021.

The interim financial statements were approved for issue by the Board of Directors on May 25, 2022.

Going Concern

These condensed consolidated interim financial statements have been prepared in accordance with IFRS, which contemplates continuation of the Company as a going concern. However, during the period from its inception on September 22, 2020 to March 31, 2022, the Company has experienced operating losses and negative cash flows from operations. Whether and when the Company can attain profitability and positive cash flows from operations is uncertain. Continued operations of the Company depend upon the Company's ability to meet its financing requirements on a continuing basis, to continue to have access to financing, and to generate positive operating results. These material uncertainties raise substantial doubt about the Company's ability to continue as a going concern. These condensed consolidated interim financial statements have been prepared on a going concern basis and, as such, do not include any adjustments that might result from the outcome of this uncertainty or the recoverability and classification of recorded asset amounts or amounts and classifications of liabilities that might be necessary should the Company be unable to continue in existence.

Management intends to improve revenue and profitability of existing business by leveraging internal sales channels and other cross-entity synergies. The Company plans to raise additional funds through a financing and to fund new acquisitions under a new long-term acquisition credit facility being sought by the Company. The Company has raised over $16.0 million in net cash from equity and convertible notes to date.

The Company intends to rely primarily on cash flows from operations and financings for its day-to-day operating needs and additional financing through a credit facility to achieve its acquisition strategy. There can be no assurance, however, that the Company can reach profitability, raise equity, or close a new long-term credit facility for acquisitions.

Company information

The condensed consolidated interim financial statements of the Company include:

NowVertical Group Inc. (formerly Good2Go Corp.), Parent Company, Ontario, Canada.

NowVertical Group, Inc., principal operating company, Delaware, USA, 100% owned by NowVertical Group Inc.

Signafire Technologies Inc., data analytics software, Delaware, USA, 100% owned by NowVertical Group, Inc.

Seafront Analytics, LLC, data analytics and consulting services, Delaware, USA, 100% owned by NowVertical Group, Inc.

NowVertical Canada, Inc., administrative support, Ontario, Canada, 100% owned by NowVertical Group Inc.

Integra Data and Analytic Solutions Corp., Alberta, Canada, 100% owned by NowVertical Canada, Inc.

NowVertical UK Ltd., data analytics and compliance software, UK, 100% owned by NowVertical Group Inc.

Robert Baratheon Ltd., data analytics and compliance software, Israel, 100% owned by NowVertical Group Inc.

Affinio Inc., Canada, 100% owned by the NowVertical Group Inc.

Affinio Holdings Inc., data analytics software, Canada, 100% owned by Affinio Inc.

CoreBI S.A., data analytics services, Argentina, 90% owned by NowVertical Group Inc. and 10% owned by NowVertical Group, Inc.

CoreBI S.A.S., data analytics services, Colombia, 100% owned by NowVertical Group Inc.

Exonar Ltd., data privacy software, UK, 100% owned by NowVertical UK Ltd.

NOW Guardian Inc., administrative support, Delaware, USA, 100% owned by NowVertical Group Inc.

3. Standards, amendments, and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncements. There were no new Standards, amendments and interpretations adopted in the current period.

4. Summary of significant accounting policies

The condensed consolidated interim financial statements have been prepared in accordance with the accounting policies adopted in the Company's most recent audited financial statements for the period ended December 31, 2021, in addition to the following significant accounting policies adopted during the period related to the acquisition of CoreBI in Argentina:

Classification of Argentina as a hyper-inflationary economy

The Argentinian economy was designated as hyperinflationary since July 1, 2018. As a result, application of IAS 29, Financial Reporting in Hyperinflationary Economies ("IAS 29") has been applied to CoreBI S.A., whose functional currency is the Argentinian Peso. The application of IAS 29 includes:

- Adjustment of historical cost non-monetary assets and liabilities for the change in purchasing power caused by inflation from the date of initial recognition to the balance sheet date;
- Adjustment of the statement of operations for inflation during the reporting period;
- Translation of the statement of operations at the period end foreign exchange rate instead of an average rate; and
- Adjustment of the statement of operations to reflect the impact of inflation and exchange rate movement on holding monetary assets and liabilities in local currency.

On the application of IAS 29, the Company used the conversion coefficient derived from the national consumer price index, the IPC Nacional (the "IPC"). The level of the IPC on March 31, 2022 was 676.06, which represents an increase of 6.7% over the IPC of 633.43 on February 16, 2022, when CoreBI S.A. was acquired. As a result of the change in the conversion coefficient during the period from acquisition to the reporting period date, the Company recognized a net monetary loss of $108,996 to adjust transactions recorded during the period into the measuring unit current as of March 31, 2022.

As per IAS 21, The Effects of Changes in Foreign Exchange Rates, all amounts (i.e., assets, liabilities, equity and expenses) are translated at the closing foreign exchange rate at the date of the most recent consolidated statement of financial position, except that comparative amounts are not adjusted for subsequent changes in the price level or subsequent changes in exchange rates.

4.1 Significant management judgement in applying accounting policies and estimation uncertainty

In preparing these condensed consolidated interim financial statements, management makes a number of judgements, estimates and assumptions that affect reported amounts of assets, liabilities, revenue and expenses and the disclosure of contingent assets and liabilities. The most significant judgements pertain to its revenue recognition, business combinations, share-based compensation, accounting for the warrants liability, accounting for contingent consideration related to acquired companies, and accounting for an obligation to issue shares in the future.

Recognition of revenue over time or at a point in time
For one of the Company's software maintenance contracts, significant judgement is required to assess whether control of the related performance obligation(s) transfers to the customer over time or at a point in time in accordance with IFRS 15. The Company satisfies its performance obligation as it performs the work outlined in the statement of work each month. Revenues are recognized at an amount that corresponds directly with its performance over time. The Company assesses that it has a right to payment for its performance throughout the contract period and recognizes revenue over time. The customer is billed at the beginning of the contract period. Revenue is recorded as the performance obligation is satisfied.

Business combinations
The Company uses various valuation techniques, including utilizing a third-party valuation company, to determine the fair values of certain assets and liabilities acquired in a business combination. In particular, the fair value of contingent consideration is dependent on the outcome of many variables, including the acquirees' future profitability (see Note 6).

Share-based compensation
The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, risk free interest rate, volatility and forfeiture rates and making assumptions about them.

Accounting for financing and determination of fair value of warrants liability
The determination of the accounting treatment for the December 2021 Unit Offering is an area of significant management judgment which involved the determination of whether the warrants issued should be classified as equity or as liabilities. The warrants were classified as liabilities due to the existence of an adjustment to the exercise price in the event of a rights offering at less than 95% of the 20-day Volume Weighted Average Price and will be measured at fair value through profit and loss (mark to market) at each reporting period.

Accounting for contingent consideration
The determination of the accounting treatment for contingent consideration related to acquisitions is an area of significant management judgment which involves the determination of whether the contingent consideration is purchase price consideration or compensation, whether it should be classified as equity or as a liability, and how to measure the fair value of the potential future payments. The contingent consideration related to the CoreBI acquisition is considered purchase price consideration, is classified as a liability, and is measured at fair value through profit and loss (mark to market) at each reporting period. The fair

value is measured using a Monte Carlo simulation model which requires several significant management estimates, including share price volatility.

Accounting for future obligation to issue shares
The determination of the accounting treatment for a future obligation to issue shares is an area of significant management judgment which involved the determination of whether the shares to be issued should be classified as equity or as liabilities, and the fair value of the obligation. The future share issuance related to the Exonar acquisition was classified as a liability since the number of shares to be issued is variable (due to the existence of a floor price) and the Company has an option to make a cash payment. The fair value of the liability was measured using a Monte Carlo simulation model and will be measured at fair value through profit and loss (mark to market) at each reporting period.

5. Details of and accounting for the reverse takeover transaction

The shares used to effect the Transaction described in Note 1 are referred to as the NowVertical Resulting Issuer Shares.

Immediately prior to the close of the Transaction:

- G2G amended its articles of incorporation to reclassify its common shares as Class A Subordinate Voting Share (the "Subordinate Voting Shares" or "SVS"), and then completed a share consolidation of one SVS for 4.5 G2G pre-consolidation common shares. As a result of the share consolidation, G2G had 1,202,593 post-consolidation SVS outstanding pre-Transaction and 90,000 granted post-consolidation stock options. Upon completion of the Transaction, G2G shareholders received one NowVertical Resulting Issuer Share for each G2G SVS. G2G's articles of amendment also created a new class of shares, the Class B Proportionate Voting Shares (the "Proportionate Voting Shares" or "PVS").
- Pursuant to a private placement financing discussed below under the heading "Concurrent Financings in March and April 2021", Finco issued 8,394,000 common shares, which were then exchanged for 8,394,000 SVS upon completion of the Transaction. Immediately following this, shareholders of Finco and G2G effected the combination of Finco and 2824877 Ontario Inc. ("Pubco Sub"), a wholly owned subsidiary of G2G in order to create "Amalco" which continued in the name of NVG Canada Finco, Inc., being the corporation resulting from the three-cornered amalgamation among Finco, Pubco sub and G2G. Each share of Pubco Sub held by G2G was cancelled and in consideration therefor, G2G received 1 share of the post-amalgamation NVG Canada Finco, Inc. such that G2G held 100 shares of such entity. Pubco Sub was amalgamated into NVG Canada Finco on June 28, 2021 and NVG Canada Finco, Inc., was dissolved after the completion of the transaction.
- Each of the 587,580 warrants issued to the agents in connection with the subscription receipt financing were exchanged for an equivalent number of warrants in the Resulting Issuer, exercisable into such an equivalent number of SVS (see Note 12).

At closing of the Transaction:

- The convertible notes issued by NVG in February and March 2021 (collectively the "Convertible Notes", see Note 15) were converted, pursuant to their terms, into 2,199,561 shares of NVG, and then exchanged for 3,910,814 shares of the Company on a 1.778 to 1 basis.
- Each of the 2,455,162 restricted stock units ("RSUs", see Note 12) granted in NVG vested in their entirety and settled for 2,455,162 common shares of NVG (the "Vested RSUs"). The Vested RSUs were then exchanged for 4,365,275 SVS of G2G.
- Each NVG shareholder exchanged its NVG shares with G2G for:
    - In the case of US resident NVG shareholders (other than in connection with the Vested RSUs described above), 1.778 PVS for each 100 NVG shares exchanged; and
    - In the case of non-US NVG shareholders (other than in connection with the Vested RSUs described above), 1.778 SVS for each NVG share exchanged.
- Each of the 144,874 warrants issued by NVG to the agents in connection with the convertible note financing in February and March 2021 were exchanged on a 1.778 to 1 basis for warrants exercisable into SVS of the Resulting Issuer such that those certain agents held an aggregate of 257,586 warrants in connection with the convertible note financing.
- The 2021 Equity Incentive Plan of NVG was dissolved and replaced by a legacy equity incentive plan established by the Resulting Issuer (the "Legacy Plan"). Existing stock option holders in NVG received 1.778 options to acquire shares in the capital of the Resulting Issuer for each NVG stock option held immediately before the Transaction under the Legacy Plan. The Resulting Issuer also established an omnibus equity incentive plan for new equity incentive grants going forward.
- As a result of the Transaction, G2G became the sole shareholder of NVG.

The Transaction did not qualify as a business combination under IFRS 3, Business Combinations, as at the time of the Transaction, G2G did not meet the definition of a business. As a result, the Transaction was accounted for in accordance with IFRS 2, Share

(Expressed in U.S Dollars, except share information and unless otherwise noted)

Based Payments, as a reverse takeover asset acquisition with NVG identified as the accounting acquirer, the net assets of the G2G being treated as the acquired assets, the recapitalization of NVG and the continuation of NVG's financial statements. The difference between the consideration given to acquire G2G and the fair value of G2G's net assets was recorded as a listing expense. These consolidated financial statements present the historical financial information of NVG up to the date of the Transaction.

The fair value of the deemed consideration to former G2G shareholders of $970,252 (C$1,202,593) plus $65,455 (C$81,129) for replacement options is based on the concurrent financings' C$1.00 per share price in the Private Placement and the price per share received by NVG for common stock issued in April 2021. The options held by G2G shareholders had previously been fully vested and as such the total amount of the replacement options was included in the consideration. The fair value of the replacement options was estimated on the date of the transaction using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%, risk free discount rate of 0.40%, expected volatility of 88.90%, forfeiture rate of 0%, and expected life of 1 year.

Fair value of Resulting Issuer Shares Retained by G2G shareholders:	
Common shares	$970,252
Options	65,455
	1,035,707
Less: Fair Value of G2G Net Assets Acquired	(24,597)
Total Listing Expense	$1,011,110

Fair Value of G2G Net Assets Acquired	
Cash	37,128
Accounts payable and accrued expenses	(12,531)
	$24,597

Concurrent Financings in March and April 2021
On March 23, 2021, the Company completed a private placement offering of subscription receipts for gross proceeds of approximately $6.7 million (C$8,394,000) through its wholly-owned subsidiary, Finco. Each subscription receipt entitled the holder to one common share of Finco, which was exchanged for one SVS of the Resulting Issuer upon completion of the Transaction. The Company agreed to pay the agents a cash fee of approximately $467,000 (CAD $587,580) in connection with the private placement and granted the agents 587,580 warrants to purchase one common share of Finco (then exchanged for one warrant to purchase one SVS of the Resulting Issuer). Net of the agent's cash fee and transaction expenses, the Company raised $5,884,753.

On April 29, 2021, the Company received $806,800 (C$1,000,000) in connection with the issuance of 562,430 newly issued common shares, which on the completion of the Transaction on June 28, 2021 converted into 1,000,000 SVS (at a forward-split ratio of 1.778:1).

6. Acquisitions

CoreBI S.A. and CoreBI S.A.S.

On February 16, 2022, the Company acquired 100% of the issued and outstanding securities of CoreBI S.A. and CoreBI S.A.S. (together, "CoreBI"), data science and analytics consulting companies based in Latin America, thereby obtaining control of both companies. The acquisition was made to enhance the Company's data analytics services business. The Company accounted for this transaction as an acquisition of a business. In connection with the acquisition, the Company made a cash payment of $3.0 million and has a deferred cash payment of $1.75 million payable on February 16, 2023 (which is payable provided certain corporate objectives are satisfied). Future payments of up to a maximum aggregate of US$3.25 million, payable on the first, second, third, and fourth year anniversaries of closing, are due upon CoreBI achieving certain adjusted EBITDA targets. The deferred cash payment of $1.75 million is related to continued employment and is recorded to compensation expense over the twelve-month period. The future payments represent contingent purchase consideration and have been recorded as a liability measured at fair value that will be revalued through profit and loss at each reporting period. In connection with the acquisition, the Company incurred acquisition-related costs of $98,215 which have been recorded in administrative expenses. Goodwill has been allocated to the Solutions operating segment and is not expected to be deductible for tax purposes. CoreBI has contributed

$1,209,611 and $183,686 to the Company's revenues and profit, respectively, from the acquisition date to March 31, 2022. Had the acquisition occurred on January 1, 2022, the Company's revenue for the three months ended March 31, 2022 would have been $3,746,535 and the Company's net loss for the three months ended March 31, 2022 would have been $1,577,901. In determining these amounts, the Company has assumed that the fair values of the net assets acquired that were estimated and accounted for on the dates of acquisition would have been the same as if the acquisition had occurred on January 1, 2022.

Exonar Ltd.

On March 25, 2022, the Company acquired 100% of the issued and outstanding securities of Exonar Ltd. ("Exonar"), a UK-based software solutions firm, through its subsidiary NowVertical UK Limited, thereby obtaining control. The acquisition was made to enhance the Company's data compliance software business. The Company accounted for this transaction as an acquisition of a business. In connection with the acquisition, the Company made a cash payment of $149,999 cash and agreed to issue Subordinate Voting Shares on March 25, 2023 valued at $500,000 at the greater of (A) the Canadian dollar equivalent of US$1 per 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 has the option to pay the $500,000 in cash. In connection with the acquisition, the Company incurred acquisition-related costs of $90,073 which have been recorded in administrative expenses. Goodwill has been allocated to the Origin operating segment and is not expected to be deductible for tax purposes. Exonar has contributed $3,410 and $56,031 to the Company's revenues and net loss, respectively, from the acquisition date to March 31, 2022. Had the acquisition occurred on January 1, 2022, the Company's revenue for the three months ended March 31, 2022 would have been $2,659,531 and the Company's net loss for the three months ended March 31, 2022 would have been $2,925,269. In determining these amounts, the Company has assumed that the fair values of the net assets acquired that were estimated and accounted for on the dates of acquisition would have been the same as if the acquisition had occurred on January 1, 2022.

The following table summarizes the consideration paid and the preliminary allocation of the purchase price based on the fair values of the acquired assets and liabilities of CoreBI and Exonar at their respective dates of acquisition:

(Expressed in U.S Dollars, except share information and unless otherwise noted)

	CoreBI	Exonar	Total
Fair value of consideration transferred:			
Amount settled in cash	$ 3,000,000	$ 149,999	$ 3,149,999
Future amount to be settled in cash or equity	1,021,000	284,000	1,305,000
	4,021,000	433,999	4,454,999
Fair value of net assets acquired:			
Property and equipment , net	189,212	46,476	235,688
Goodwill	1,618,160	765,351	2,383,511
Intangible assets	1,236,000	462,000	1,698,000
Total non-current assets	3,043,372	1,273,827	4,317,199
Accounts receivable and other current assets	928,603	981,401	1,910,004
Unbilled revenue	559,286	-	559,286
Cash	728,221	84,354	812,575
Total current assets	2,216,110	1,065,755	3,281,865
Deferred tax liability	(381,750)	-	(381,750)
Total non-current liabilities	(381,750)	-	(381,750)
Accounts payable	(194,216)	(504,723)	(698,939)
Accrued expenses and other current liabilities	(662,516)	(1,094,860)	(1,757,376)
Deferred revenue	-	(306,000)	(306,000)
Total current liabilities	(856,732)	(1,905,583)	(2,762,315)
	$ 4,021,000	$ 433,999	$ 4,454,999
Cash impact of acquisitions:			
Consideration transferred settled in cash	3,000,000	149,999	3,149,999
Cash acquired	(728,221)	(84,354)	(812,575)
Net cash outflow on acquisition	$ 2,271,779	$ 65,645	$ 2,337,424
Acquisition costs charged to expense	$ 98,215	$ 90,073	$ 188,288

Intangible assets acquired were as follows:

CoreBI: Customer Relationships - $1,108,000 with a useful life of 12.5 years, Trade Name - $83,000 with a useful life of 2 years; and Non-compete Agreements - $45,000 with a useful life of 4 years.

Exonar: Developed Technology - $342,000 with a useful life of 4 years; Customer Relationships - $89,000 with a useful life of 4.7 years; and Trade Name - $31,000 with a useful life of 2 years.

(Expressed in U.S Dollars, except share information and unless otherwise noted)

7. Consideration payable related to acquired companies

	As at March 31, 2022	As at December 31, 2021
Current liabilities:		
Consideration payable	$ 3,556,755	$ 1,905,380
Equity consideration payable	284,000	-
Contingent consideration payable	375,000	-
Long-term liabilities:		
Contingent consideration payable	446,000	-
Consideration payable	-	1,435,250

Amounts payable are in relation to acquired companies and are comprised of cash consideration, equity consideration and contingent consideration. Consideration payable represents deferred cash payments, holdbacks, and purchase price adjustments due within one year, equity consideration payable represents the fair value of an obligation to issue shares in the future, and contingent consideration payable represents the fair value of potential future performance-based earn-out payments.

8. Revenues

The following table summarizes revenue by type of service:

	Three months ended March 31, 2022	Three months ended March 31, 2021
Maintenance and support	750,000	268,626
Consulting services	1,296,680	50,081
Software-as-a-service and other recurring	547,765	-
	2,594,445	318,707

The following table summarizes revenue by the customer's country of domicile:

	Three months ended March 31, 2022	Three months ended March 31, 2021
United States	1,261,162	318,707
Argentina	1,186,949	-
Other countries	146,334	-
	2,594,445	318,707

(Expressed in U.S Dollars, except share information and unless otherwise noted)

The following table provides information about deferred revenue.

	Three months ended March 31, 2022	Three months ended March 31, 2021
Opening balance	$ 1,323,710	$ 268,626
Decrease from revenue recognized that was included in the deferred revenue balance at the beginning of the period	(860,024)	-
Increase from business acquisitions	306,000	(268,626)
Decrease from revenue recognized that arose from acquired deferred revenue balance in the current period	(3,410)	-
Increase due to cash received, excluding amounts recognized as revenue during the period	696,248	31,089
Balance at March 31	$ 1,462,524	$ 31,089
Deferred revenue classified as a current liability	1,455,381	31,089
Deferred revenue classified as a non-current liability	7,143	-

Unbilled contract revenue relates to the Company's right to consideration for work completed but not billed at the reporting date for consulting services contracts.

9. Segment reporting

At March 31, 2022, the Company is comprised of four operating segments: Origin (formerly Signafire, plus Integra since its acquisition on August 5, 2021, certain of the operations of Now Vertical Group, Inc. and Exonar since its acquisition on March 25, 2022), Solutions (formerly Seafront and certain of the operating costs of Now Vertical Group, Inc.), CoreBI, and Affinio. Origin provides data fusion and compliance software and certain related services. Solutions and CoreBi provide data analytics consulting services. Affinio provides data analytics software.

For segment reporting purposes, the CEO is the Chief Operating Decision Maker ("CODM"). The determination of the Company's reportable segments is based on its organization structure and how the information is reported to the CODM on a regular basis. The accounting policies of the reportable segments are the same as those described in the significant accounting policies.

During the three month period to March, 31 2022, there were no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss, except that CoreBI is a new operating segment since its acquisition on February 16, 2022, and the Origin operating segment includes Exonar since its acquisition on March 25, 2022.

Information related to each operating segment is set out below. Segment income (loss) before taxes is used to measure performance because management believes this information is the most relevant in evaluating the results of the respective segments. The amortization of intangible assets for each segment is included in the cost of revenue, reducing the gross profit. Cost of revenue for the operating segments for the three months ended March 31, 2022 includes $216,245 in amortization expense (2021: $65,263). Administrative expenses of each segment include the corporate costs that are directly or indirectly attributable to the business units and which are allocated to each segment based on revenue. Administrative expenses allocated to operating segments for the three months ended March 31, 2022 were $340,958 (2021: $Nil).

(Expressed in U.S Dollars, except share information and unless otherwise noted)

Three months ended March 31, 2022:

	Origin	CoreBi	Solutions	Affinio	Corporate	Total
Revenue	$ 902,504	$1,209,611	$ 87,069	$ 395,261	$ -	$2,594,445
Gross profit	787,955	498,571	4,924	93,071	-	1,384,521
Administrative and other expenses	(789,648)	(658,482)	(202,258)	(547,260)	(959,256)	(3,156,904)
Income (loss) before taxes	(1,693)	(159,911)	(197,334)	(454,189)	(959,256)	(1,772,383)

Three months ended March 31, 2021:

	Origin	CoreBi	Solutions	Affinio	Corporate	Total
Revenue	$ 268,626	$ -	$ 50,081	$ -	$ -	$ 318,707
Gross profit	168,321	-	6,755	-	-	175,076
Administrative and other expenses	1,572,374	-	(83,279)	-	(3,290,999)	(1,801,904)
Income (loss) before taxes	1,740,695	-	(76,524)	-	(3,290,999)	(1,626,828)

(Expressed in U.S Dollars, except share information and unless otherwise noted)

10. Intangible assets

Details of the Company's intangible assets and their carrying amounts are as follows:

Three months ended March 31, 2022

	Trade Names	Customer Relationships	Developed Technology	Licensed Technology	Non-Compete Agreements	Total
Cost:						
Opening	$ 768,614	$ 668,787	$ 2,348,000	$ 323,000	$ 254,000	$ 4,362,401
Acquisitions	114,000	1,197,000	342,000	-	45,000	1,698,000
Closing	882,614	1,865,787	2,690,000	323,000	299,000	6,060,401
Accumulated Amortization:						
Opening	94,802	139,769	135,417	16,150	13,694	399,831
Amortization expense	30,037	47,407	93,633	16,150	23,389	210,616
Foreign exchange	883	661	2,508	645	931	5,629
Closing	125,722	187,837	231,558	32,945	38,014	616,076
Net book value	$ 756,892	$ 1,677,950	$ 2,458,442	$ 290,055	$ 260,986	$ 5,444,325

Three months ended March 31, 2021

	Trade Names	Customer Relationships	Developed Technology	Licensed Technology	Non-Compete Agreements	Total
Cost:						
Opening	$ 638,000	$ 636,000	$ 378,000	$ -	$ 1,000	$ 1,653,000
Acquisitions						-
Closing	638,000	636,000	378,000	-	1,000	1,653,000
Accumulated Amortization:						
Opening	5,825	10,650	5,250	-	28	21,753
Amortization expense	17,475	31,955	15,750		83	65,263
Closing	23,300	42,605	21,000	-	111	87,016
Net book value	$ 614,700	$ 593,395	$ 357,000	$ -	$ 889	$ 1,565,984

Amortization expense (and related foreign exchange) of $216,245 (2021: $65,263) is included in cost of revenue in the consolidated statements of loss.

11. Goodwill

The following table provides information about the changes in goodwill.

	Three months ended March 31, 2022	Three months ended March 31, 2021
Opening balance	$ 6,908,953	$ 2,397,306
Acquired through business combinations	2,383,511	-
Balance	$ 9,292,464	$ 2,397,306

For the purpose of impairment testing, goodwill for each CGU is allocated to the Company's business units, which represent the lowest level within the Company at which goodwill is monitored for internal purposes. Goodwill for each business unit is as follows: Origin $3,878,745, Solutions $722,773, and Affinio $3,762,196.

12. Loan payable and long-term debt

		Three months ended March 31, 2022		Three months ended March 31, 2021
Opening balance	$	1,418,751	$	1,327,018
Interest expense		12,926		16,588
Repayments		(352,300)		(40,000)
Revaluation		11,050		-
Balance at December 31	$	1,090,427	$	1,303,606
Current portion		449,448		1,303,606
Long-term portion		640,979		-

The loan payable is a securities loan agreement assumed upon acquisition of Signafire (the "TCA Agreement") which is collateralized by substantially all the assets and equity of Signafire. The original loan of $1,327,018 bore interest at 15%. The loan was renegotiated in 2021 to a payment of $651,803 by December 31, 2021 and a further $677,874 to be paid in six monthly payments of $112,979 beginning January 31, 2022. The Company adjusted the value of the loan based on the revised payment terms (which included an 8% interest rate on the future payments), resulting in a gain of $196,107 which was recorded in administrative expenses in profit and loss in 2021. The balance of the loan payable at March 31, 2022 is $334,469.

Long-term debt consists of four unsecured, non-interest-bearing loans from Atlantic Canada Opportunities Agency to Affinio, denominated in Canadian dollars. The debt was initially recorded at fair value, estimated using future payments discounted at a market rate of interest. The adjustment is amortized into profit and loss over the term of the debt as interest expense. Interest expense in 2021 was $8,712. The balance of the long-term debt at March 31, 2022 is $755,958 (including the current portion).

Estimated principal repayments over the next five years are as follows:

2022	$765,037
2023	$156,892
2024	$149,015
2025	$130,625
2026	$129,915

13. Share capital

a) Authorized

Unlimited number of Class A Subordinate Voting Shares, and unlimited number of Class B Proportionate Voting Shares without par value.

b) Issued and fully paid

	Three months ended March 31, 2022	Three months ended March 31, 2021
Beginning of period	62,042,153	28,601,160
Vesting of restricted shares	-	10,752
Issuance of shares - exercise of options	5,968	-
End of period	62,048,121	28,611,912

(Expressed in U.S Dollars, except share information and unless otherwise noted)

c) Stock Options:

The Company has an omnibus equity incentive plan (the "Omnibus Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company non-transferable equity-based awards, including stock options, to purchase Subordinate Voting Shares, restricted stock units, deferred stock units, and performance stock units (collectively "Awards"). The Company is authorized to grant up to 6,965,646 Subordinate Voting Shares as Awards pursuant to the Omnibus Plan. The Board of Directors determines the price per Award which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the Award. Stock options typically vest over four years and become partially exercisable on the first anniversary date the options were granted, and Awards vest pursuant to the Omnibus Plan. The Company also has a legacy equity incentive plan which it has granted stock options to certain employees and contractors previously, and which such plan is no longer being used for new grants.

During the three months ended March 31, 2022, the Company recognized $73,330 (2021: $214,863) in share-based compensation expense. The fair value of the options granted in the quarter was estimated using the Black-Scholes option pricing model on the date of grant using the following assumptions: risk free rate 1.42%, expected life 4 years, expected volatility 82% based on comparable companies, forfeiture rate 0%, and dividend yield 0%.

The following table shows the stock options activity during the period:

	Number of options	Weighted average exercise price	Weighted average remaining life (years)
Outstanding, January 1, 2022	4,038,738	0.90	9.44
Granted	485,000	0.92	9.98
Exercised	(22,245)	0.82	9.19
Outstanding, March 31, 2022	4,501,493	0.90	9.27
Exercisable at March 31, 2022	2,664,361	0.85	9.04

14. Income tax provision

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 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. The Company's effective tax rate for the three-months ended March 31, 2022 was (2.71)%, 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.

(Expressed in U.S Dollars, except share information and unless otherwise noted)

15. Cash flow adjustments and changes in working capital

The following non-cash adjustments and adjustments for changes in working capital have been made to net loss to arrive at operating cash flow:

		Three months ended March 31, 2022		Three months ended March 31, 2021
Non-cash adjustments in operating activities:				
Depreciation of property and equipment	$	14,371	$	300
Amortization of intangible assets		216,245		65,263
Income tax expense		(122,087)		-
Warrant liability revaluation		(731,398)		-
Foreign exchange related to warrant liability		11,576		-
Revaluation of debt		11,049		-
Share-based compensation expense		73,330		214,863
Equity adjustment per IAS 29		74,070		-
Gain on settlement of lease		-		(1,640,370)
	$	(452,844)	$	(1,359,943)

Net changes in working capital:				
Deferred revenue	$	(167,186)	$	(237,537)
Trade and other receivables		474,969		(26,233)
Change in unbilled revenue		(394,622)		-
Prepaid expenses and other current assets		40,206		(113,392)
Accounts payable		605,682		997,572
Accrued expenses and other liabilities		(289,104)		134,157
	$	269,945	$	754,567

(Expressed in U.S Dollars, except share information and unless otherwise noted)

16. Administrative Expenses

General and administrative expenses include compensation, employee benefits, professional services fees, marketing and investor relations, product development, depreciation, and other general overhead costs.

Investor relations and filing fees		192,445		-
Marketing and advertising		189,057		3,327
Product development		154,844		7,488
Loss due to the effect of inflation on the net monetary position		108,996		-
Travel expense		66,880		477
Share-based compensation expense		73,330		214,863
Depreciation		14,371		300
Exchange gain		(42,003)		(1,631)
Warrant revaluation expense		(731,398)		-
Loss on investment		-		1,881,820
Gain on settlement of right of use asset		-		(1,640,370)
Reverse takeover transaction expenses		-		854,776
	$	3,116,624	$	1,702,246

17. Financial Instruments

Fair value

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.

Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (derived from prices).

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The carrying amount of cash, accounts receivable, unbilled revenue, taxes receivable, other current assets, accounts payable, accrued expenses and other current liabilities, loan payable, long-term debt, and consideration payable related to acquired companies approximates their fair value due to the short-term maturities of these items. The fair value of the warrants liability is determined using Level 2 valuation techniques. The fair values of equity consideration related to acquired companies and contingent consideration related to acquired companies are determined using Level 3 valuation techniques.

(Expressed in U.S Dollars, except share information and unless otherwise noted)

18. Related party transactions

The Company considers a related party a person or entity that is related to the Company and has control, joint control, or significant influence over the Company, or is a member of key management personnel. Key management personnel of the Company are its chief officers, executive members of the board of directors, and non-executive directors. Key management personnel remuneration includes the following expenses:

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

19. Subsequent events

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 services business in the government vertical. Pursuant to the terms of a stock purchase agreement dated December 20, 2021, as amended April 1, 2022, the total aggregate consideration is $10.4 million, consisting of (i) a closing cash payment of $900,000, (ii) a deferred cash payment of $1,100,000, payable 45 days post-closing (of which $495,000 was paid on May 20, 2022 and the balance will be paid immediately upon certain conditions being met), (iii) the issuance of 600,000 Subordinate Voting Shares on closing, (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 (valued at the greater of (A) the Canadian dollar equivalent of US$1 per 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 $2.0m. The Company will account for this transaction as an acquisition of a business. Since the valuation of the acquisition is not complete, the Company has not yet identified the fair values of the assets and liabilities acquired.