



Unaudited Interim Condensed Consolidated
Financial Statements as of June 30, 2021 and for the
three and six months then ended

NOWVERTICAL GROUP INC.

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NOWVERTICAL GROUP INC.

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2021 AND DECEMBER 31, 2020
(EXPRESSED IN UNITED STATES DOLLARS "USD")**

	NOTES	6/30/2021 (Unaudited)	12/31/2020
ASSETS			
CURRENT			
Cash		\$ 9,200,875	\$ 1,252,942
Trade and other receivables		35,474	13,668
Income tax receivable		2,228	-
Prepaid expenses and other current assets		51,533	32,770
CURRENT ASSETS		<u>9,290,111</u>	<u>1,299,380</u>
NON-CURRENT			
Property and equipment, net		1,525	2,126
Intangibles, net	9	1,500,721	1,631,247
Goodwill		2,397,306	2,397,306
NON-CURRENT ASSETS		<u>3,899,552</u>	<u>4,030,679</u>
TOTAL ASSETS		<u><u>13,189,663</u></u>	<u><u>5,330,059</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
CURRENT			
Accounts payable		1,198,032	58,825
Accrued expenses and other current liabilities		205,856	64,762
Income tax payable		2,003	949
Loan payable		1,303,606	1,327,018
Short-term lease liability	10	-	880,303
Current portion consideration payable to former shareholders		6,401	6,401
Deferred Revenue		2,258,181	268,626
CURRENT LIABILITIES		<u>4,974,079</u>	<u>2,606,883</u>
NON-CURRENT			
Consideration payable to former shareholders		433,842	433,842
Long-term lease liability	10	-	1,681,067
NON-CURRENT LIABILITIES		<u>433,842</u>	<u>2,114,910</u>
TOTAL LIABILITIES		5,407,921	4,721,793
SHAREHOLDERS' EQUITY			
Issued capital - common	11	14,176,367	11
Contributed surplus	12	3,532,892	2,587,452
Foreign currency translation reserve		42,425	-
Accumulated deficit		(9,969,942)	(1,979,197)
TOTAL SHAREHOLDERS' EQUITY		<u>7,781,742</u>	<u>608,266</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u><u>13,189,663</u></u>	<u><u>5,330,059</u></u>

The accompanying notes form an integral part of these financial statements.

NOWVERTICAL GROUP INC.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS (EXPRESSED IN UNITED STATES DOLLARS "USD")

		FOR THE THREE MONTHS ENDED 6/30/2021	FOR THE SIX MONTHS ENDED 6/30/2021
	NOTES		
REVENUE	7	\$ 804,155	\$ 1,122,861
COST OF REVENUE		<u>62,899</u>	<u>141,267</u>
GROSS PROFIT		741,256	981,594
ADMINISTRATIVE EXPENSES		<u>5,982,387</u>	<u>7,749,895</u>
LOSS FROM OPERATIONS		<u>(5,241,131)</u>	<u>(6,768,301)</u>
OTHER (EXPENSE):			
Listing Expense		(1,011,110)	(1,011,110)
Interest expense		<u>(111,707)</u>	<u>(211,365)</u>
Total other (expense)		<u>(1,122,817)</u>	<u>(1,222,475)</u>
LOSS BEFORE INCOME TAXES		(6,363,948)	(7,990,776)
INCOME TAX PROVISION	15	<u>(22,487)</u>	<u>(31)</u>
NET LOSS		<u><u>(6,341,461)</u></u>	<u><u>(7,990,745)</u></u>
Loss Per share			
Basic loss per share	13	(0.22)	(0.27)
Diluted loss per share	13	(0.22)	(0.27)

The accompanying notes form an integral part of these financial statements.

NOWVERTICAL GROUP INC.

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(EXPRESSED IN UNITED STATES DOLLARS "USD")**

FOR THE THREE MONTHS ENDED 6/30/2021 FOR THE SIX MONTHS ENDED 6/30/2021

NOTES

NET LOSS	\$ (6,341,461)	\$ (7,990,745)
OTHER COMPREHENSIVE INCOME:		
Foreign currency translation adjustment	<u>42,425</u>	<u>42,425</u>
Comprehensive loss	<u><u>(6,299,036)</u></u>	<u><u>(7,948,320)</u></u>

The accompanying notes form an integral part of these financial statements.

NOWVERTICAL GROUP INC.

UNAUDITED CONSOLIDATED STATEMENT OF SHAREHOLDER'S EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(EXPRESSED IN UNITED STATES DOLLARS "USD")

		Issued capital - common	Contributed surplus	Foreign currency translation reserve	Accumulated deficit	Total
	Notes	Shares	Amount			
		(Note 11)	(Note 11)	(Note 12)		
Balances at December 31, 2020		28,601,160	\$ 2,587,463	\$ -	\$ -	\$ (1,979,197) \$ 608,266
Net loss		-	-	-	-	(7,990,745) (7,990,745)
Vesting of restricted shares	11 (c)	4,365,275	-	2,890,009	-	2,890,009
Share-based compensation expenses	12	-	-	642,883	-	642,883
Issuance of subscription receipts	11 (d)	8,394,000	5,884,754	-	-	5,884,754
Common shares retained under RTO	11 (e)	1,202,593	1,035,707	-	-	1,035,707
Conversion of convertible notes	11 (f)	3,910,814	2,439,604	-	-	2,439,604
Issuance of shares - private placement	11 (g)	1,000,000	806,800	-	-	806,800
Shares for services	11(h)	1,778,000	1,434,490	-	-	1,434,490
Foreign currency translation adjustment		-	(12,451)	-	42,425	29,974
Balances at June 30, 2021		49,251,842	14,176,367	3,532,892	42,425	(9,969,942) 7,781,742

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 6.

NOWVERTICAL GROUP INC.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2021 (EXPRESSED IN UNITED STATES DOLLARS "USD")

		6/30/2021
OPERATING ACTIVITIES		
Net loss		\$ (7,990,745)
Listing expense		1,011,110
Interest expense on convertible notes		55,066
Non-cash adjustments	16	3,488,113
Net changes in working capital	16	3,192,170
NET CASH USED IN OPERATING ACTIVITIES		(244,286)
INVESTING ACTIVITIES		
		-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		-
FINANCING ACTIVITIES		
Repayment of leasing liabilities		(921,000)
Cash acquired on reverse takeover	6	37,128
Proceeds from subscription receipts, net of issuance c	11	5,884,753
Proceeds from convertible notes, net of issuance costs	11	2,384,538
Proceeds from issue of share capital	11	806,800
NET CASH PROVIDED BY FINANCING ACTIVITIES		8,192,219
NET CHANGE IN CASH AND CASH EQUIVALENTS		7,947,933
Cash and cash equivalents, beginning of period		1,252,942
Cash and cash equivalents, end of period		9,200,875

The accompanying notes form an integral part of these financial statements.

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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2021 AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021 (EXPRESSED IN UNITED STATES DOLLARS "USD")

1. BACKGROUND AND NATURE OF OPERATIONS

Now Vertical Group Inc. (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. Further details are provided in Note 6.

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, through NVG's operating subsidiaries, Seafront Analytics, LLC ("Seafront") and Signafire Technologies Inc. ("Signafire"), which were acquired in November 2020, provides business intelligence software and data analytic services that help companies understand, manage and utilize their data. The Company intends to grow organically and through acquisition of data analytics software and services companies.

The registered office of the Resulting Issuer (i.e. NowVertical Group Inc.) is located at 1 King Street West, Suite 1505, Toronto, ON M5H 1A1 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 governments 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. As of the date of the issuance of the financial statements, the Company had to forgo potential opportunities due to the inability to travel. 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 are available to be issued.

In March 2020, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was signed into law in the United States. The CARES Act enacts measures to help stabilize the economy and

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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2021 AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021 (EXPRESSED IN UNITED STATES DOLLARS "USD")

provides more than \$2 trillion in financial assistance to federal agencies, state and local governments, businesses, and individuals.

2. GENERAL INFORMATION, BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These unaudited interim condensed consolidated financial statements are presented as of and for the three and six months ended June 30, 2021 in United States dollars (USD), which is the functional currency of the Company. They have been prepared in accordance with IAS 34 'Interim Financial Reporting' except for prior period comparative figures as NVG's date of inception was September 22, 2020 and therefore, NVG was not in existence during the comparable prior year periods. As such, the Company has no choice but to omit prior period comparative financial statements in the income statement, the statement of equity, and the statement of cash flows. These unaudited interim condensed consolidated financial statements do not include all the information required in annual financial statements in accordance with International Financial Reporting Standards ("IFRS") and should be read in conjunction with NVG's consolidated financial statements for the period ended December 31, 2020 that were contained in the G2G's filing statement dated June 18, 2021 with the TSXV.

These unaudited interim condensed consolidated financial statements were approved by the Company's audit committee on August 24, 2021.

Company information

The interim consolidated financial statements of the Company include:

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

NowVertical Group, Inc., principal operating company, Delaware, USA, 100% Equity Interest

NVG Canada Finco, Inc. (dissolved on June 28, 2021), pre-Transaction support, Ontario, Canada, 100% owned by NowVertical Group, Inc.

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

Seafront Analytics, LLC, Data analytics and consulting, Delaware, USA, 49% owned by NowVertical Group, Inc.

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

NowVertical Canada, Inc. is an Ontario corporation incorporated on January 26, 2021. It is a wholly-owned subsidiary of NowVertical Group, Inc. It was incorporated for the purpose of establishing a Canadian operation for NVG.

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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2021 AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021 (EXPRESSED IN UNITED STATES DOLLARS "USD")

NVG Canada Finco, Inc. ("Finco") is an Ontario corporation incorporated on March 1, 2021. It is a wholly-owned subsidiary of NowVertical Group, Inc. It was incorporated for the purpose of closing the pre-Transaction private placement financing of subscription receipts of approximately \$6.7 million (CAD \$8,394,000).

3. STANDARDS, AMENDMENTS, AND INTERPRETATIONS TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN ADOPTED BY THE COMPANY

There are no accounting pronouncements which have become effective from January 1, 2021 that have a significant impact on the Company's unaudited interim condensed consolidated financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The unaudited interim condensed consolidated 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, 2020.

5. ESTIMATES AND JUDGEMENTS

When preparing unaudited interim condensed consolidated financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. Actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any further periods affected.

The judgements, estimates and assumptions applied in the unaudited interim condensed consolidated financial statements, including the key sources of estimation or uncertainty, were the same as those applied in the Company's last audited financial statements for the period ended December 31, 2020, except for the estimate of income tax liabilities which is determined in the unaudited interim condensed consolidated financial statements by using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

6. DETAILS OF AND ACCOUNTING FOR THE REVERSE TAKEOVER TRANSACTION

The shares used to affect 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

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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2021 AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021 (EXPRESSED IN UNITED STATES DOLLARS "USD")

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").

- Each of the 8,394,000 subscription receipts issued by Finco, discussed below under the heading "Concurrent Financings in March and April 2021", were exchanged for one (1) Finco share, such that 8,394,000 Finco shares were issued and outstanding. Each Finco share was then cancelled and in consideration therefor, each shareholder of Finco received 1 SVS for each share they held in Finco. 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 587,000 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 equivalent number of SVS. See Note 12.

At closing of the Transaction:

- Each convertible note issued by NVG in February and March 2021 (collectively the "Convertible Notes", see Note 14) was converted, pursuant to its terms, into shares of NVG.
- Each of the 2,455,162 restricted stock units ("RSUs", see Note 11) 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 which were 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 which were 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

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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2021 AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021 (EXPRESSED IN UNITED STATES DOLLARS "USD")

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 does 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 in accordance with IFRS 2, Share 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 unaudited condensed interim 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, (CAD \$1,202,593), plus \$65,455 (CAD \$81,129) for replacement options is based on the concurrent financings' CAD \$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 were included in the consideration. The fair value of the replacement options were estimated on the date of the transaction using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, risk free discount rate 0.40%, and expected volatility of 88.90%, forfeiture rate 0%, and expected life of 1 year.

Fair value of Resulting Issuer Shares Retained by G2G shareholders:

Common shares	\$970,252
Options	65,455
Subtotal	<u>1,035,707</u>
Less: Fair Value of G2G Net Assets Acquired	<u>(24,597)</u>
Total Listing Expense	<u>\$1,011,110</u>

Fair Value of G2G Net Assets Acquired

Cash	37,128
Accounts payable and accrued expenses	<u>(12,531)</u>
	<u>\$24,597</u>

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 (CAD \$8,394,000) through its wholly-owned subsidiary,

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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2021 AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021 (EXPRESSED IN UNITED STATES DOLLARS "USD")

NVG Canada Finco, Inc. ("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, which only became exercisable upon completion of the transaction, to purchase one common share of Finco, and 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 approximately \$806,800 (CAD \$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).

7. REVENUES

Three months ended June 30, 2021

	Fixed, firm price	Time and materials	Not contract related	Total
Contract revenues earned	\$ 801,003	\$ 3,152	\$ -	\$ 804,155
Contract related cost of revenues	62,899	-	-	62,899

Six months ended June 30, 2021

	Fixed, firm price	Time and materials	Not contract related	Total
Contract revenues earned	\$ 1,080,054	\$ 42,807	\$ -	\$ 1,122,861
Contract related cost of revenues	126,331	14,936	-	141,267

June 30, 2021

Contract trade receivables	35,092	297	85	35,474
Contract accounts payable	73,333	-	1,124,698	1,198,032
Remaining performance obligations	2,258,181	-	-	2,258,181

Remaining performance obligations:

The Company's primary customer is invoiced at the beginning of each contract year. The contract was initiated in April 2021 and paid in May 2021. The Company did not adjust the consideration received for a financing component since the service will be delivered within one year.

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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2021 AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021 (EXPRESSED IN UNITED STATES DOLLARS "USD")

8. OPERATING SEGMENTS

The Company is comprised of two operating segments: Signafire, which provides predominately data analytics software and related services, and Seafront, which provides data analytic consulting services. For the purpose of segment reporting, the CEO is the Chief Operating Decision Maker ("CODM"). The determination of the Company's operating 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 operating segments are the same as those described in the significant accounting policies.

Information related to each reportable 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. Seafront has been presented with Corporate as part of "All Other" as it does not meet the quantitative thresholds to be a reportable segment.

Three months ended June 30, 2021

	Signafire	All Other	Total
Revenue	\$ 750,000	\$ 54,155	\$ 804,155
Gross Profit	719,792	21,464	741,256
Administrative and Other Expenses	134,845	6,970,359	7,105,204
Income (loss) before taxes	584,947	(6,948,895)	(6,363,948)

Six months ended June 30, 2021

	Signafire	All Other	Total
Revenue	\$ 1,018,626	\$ 104,235	\$ 1,122,861
Gross Profit	952,272	29,322	981,594
Administrative and Other Expenses	(1,373,372)	10,345,742	8,972,370
Income (loss) before taxes	2,325,644	(10,316,420)	(7,990,776)

June 30, 2021

Segment assets	3,925,880	9,263,783	13,189,663
Segment liabilities	3,781,655	1,626,266	5,407,921

The Company's operations are in the United States of America.

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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2021 AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021 (EXPRESSED IN UNITED STATES DOLLARS "USD")

9. INTANGIBLE ASSETS

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

	Trade Names USD	Customer Relationships USD	Developed Technology USD	Non- Compete Agreements USD	Total USD
<u>COST</u>					
At December 31, 2020	\$ 638,000	\$ 636,000	\$ 378,000	\$ 1,000	\$ 1,653,000
Additions	-	-	-	-	-
At June 30, 2021	638,000	636,000	378,000	1,000	1,653,000
<u>Amortization</u>					
At December 31, 2020	5,825	10,651	5,250	28	21,754
Amortization charge for the period	34,950	63,909	31,500	166	130,526
At June 30, 2021	40,775	74,560	36,750	194	152,279
Net book value					
At June 30, 2021	\$ 597,225	\$ 561,440	\$ 341,250	\$ 806	\$ 1,500,721

Amortization has been included within administrative expenses in the unaudited interim condensed consolidated income statements.

10. LEASING ACTIVITIES

On the date Signafire was acquired, NVG assumed Signafire's right of use asset and related lease liability. With no future plans by NVG to occupy the leased space, the right of use asset was immediately written off. The remaining lease payments continued to be expensed through the 2020 consolidated financial statements. As of January 1, 2021, the outstanding balance of the lease liability was \$2,561,370. On January 25, 2021, NVG and the lessor agreed to terminate the lease for \$921,000. NVG recorded a gain of \$1,640,370 for the difference between the termination payment and the remaining lease liability.

Further, in the acquisition of Signafire, the agreement included a \$2.9 million holdback clause for the lease liability. Once the lease was terminated and settled as described above, NVG had a liability to the previous Signafire shareholders for the difference between the lease hold-back and the termination settlement minus a few other closing items agreed upon in the merger agreement at

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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2021 AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021 (EXPRESSED IN UNITED STATES DOLLARS "USD")

closing. The total amount due and paid to the former Signafire shareholders of \$1,881,819 was recognized as a loss in the first quarter of 2021.

11. ISSUED CAPITAL

a) Authorized

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

b) Issued and fully paid

Shares issued and fully paid:

Beginning of period	16,086,423
Impact of share exchange for SVS and PVS at a ratio of 1:1.778	28,601,160
Vesting of restricted shares	4,365,275
Issuance of subscription receipts	8,394,000
Common shares retained in the transaction	1,202,593
Conversion of convertible notes	3,910,814
Issuance of shares - private placement	1,000,000
Shares for services	1,778,000
End of period	49,251,842

Shares authorized:

Total Shares authorized and end of period	<i>unlimited</i>
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Issued Capital – As describe in Note 1 and Note 6 above, NVG entered into a share purchase agreement with G2G on June 28, 2021. This transaction exchanged the previous common shares of NVG into either Subordinate Voting Shares or Proportionate Voting Shares of the Company, depending on the jurisdiction of the shareholder. As described below, these said shares had stock splits on March 19, 2021 and on June 28, 2021.

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.

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	NowVertical Group, Inc. (US entity)			NowVertical Group Inc. (Canadian Public entity)		Total share capital on a consolidated common control continuity of interest basis	
	Shares	Amount USD	Share premium USD	Shares	Amount USD	Shares	Amount USD
	Incorporation of NVG, US	95,000	\$ 10	\$ 91	-	\$ -	95,000
Acquisition of Signafire	12,453	1.2453	2,534,999	-	-	12,453	2,534,999
Acquisition of Seafront (RSUs)	1,140	0.114	52,363	-	-	1,140	52,363
Issuance of shares	-	-	-	-	-	-	-
Balance, December 31, 2020	108,593	11	2,587,452	-	-	108,593	2,587,452
Impact of share split of NVG shares at a ratio of 1:148.13499	16,086,423						
Impact of share split of NVG shares at a ratio of 1:1778	28,601,160						
Share for share exchange in the Transaction	(28,601,160)	(11)	(2,587,452)	28,601,160	2,575,012	28,601,160	2,575,012
Vesting of restricted shares				4,365,275		4,365,275	-
Shared-based compensation expenses						-	-
Issuance of subscription receipts				8,394,000	5,884,754	8,394,000	5,884,754
G2G shares retained in Transaction				1,202,593	1,035,707	1,202,593	1,035,707
Conversion of convertible notes				3,910,814	2,439,604	3,910,814	2,439,604
Issuance of shares - private placement				1,000,000	806,800	1,000,000	806,800
Shares for services				1,778,000	1,434,490	1,778,000	1,434,490
Balance, June 30, 2021	-	-	-	49,251,842	14,176,367	49,251,842	14,176,367

- c) **Subscription receipts:** On June 28, 2021, each of the 8,394,000 shares were exchanged for one (1) SVS of G2G. The company received \$5,884,754 from the subscription receipts, net of issuance costs on June 30, 2021.
- d) **G2G shares retained in the Transaction:** On June 28, 2021, G2G has 1,202,5933 SVS shares and 90,000 of previously vested options. See Note 6.
- e) **Conversion of convertible notes:** On June 28, 2021, each of the convertible notes, a total of 2,199,561, converted then exchanged on a 1.778 to 1 basis for SVS of G2G, which then total to 3,910,814. The company received \$2,384,538 cash and \$55,066 from interest for a total of \$2,439,604 from the convertible notes, net of issuance costs on February 10, 2021, February 19, 2021, and April 20, 2021. See Note 14.
- f) **Issuance of shares – private placement:** On June 28, 2021, the shares issued in a private placement on April 30, 2021 were exchanged for one (1) SVS of G2G. The company received \$806,800 on April 30, 2021.
- g) **Shares for services:** On June 28, 2021, in connection with the transaction, the agents received 1,778,000 of SVS of G2G. The related expense of \$1,434,490 was recorded in the three and six months ended June 30, 2021.

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- h) **Warrants:** In connection with the convertible notes issued in February 2021 and March 2021, the placement agents received 144,874 (257,586 after exchange of 1.778 to 1) warrants. In connection with the subscription receipts issued on June 28, 2021, the placement agents received an additional 587,580 warrants. Each warrant, exercisable at a price of CAD\$1.00 per warrant for a period of two years ending June 28, 2023, entitles the agents to purchase one Subordinate Voting Share. The fair value of the warrants of \$322,700 (CAD\$399,976) was determined using the Black-Scholes option pricing model including expected share price volatility of 88.90%, risk free interest rate of 0.40%, and dividend yield of 0%. The fair value of \$322,700 was allocated to share issue costs.

12. CONTRIBUTED SURPLUS

The 2021 Equity Incentive Plan of NVG was dissolved and replaced by an omnibus equity incentive plan established by the Resulting Issuer. 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.

- a) **Stock options:** On March 19, 2021, the Company granted a total of 1,458,415 stock options at their then current fair market value. 57,125 of these Stock Options vest over a 4-year period, and 1,401,290 of these Stock Options vest over a 6-month period. Compensation expense related to stock options amounted to \$450,304 and \$642,883 for the three and six months ended June 30, 2021, respectively. As the grant of these options preceded the Transaction, the Company engaged a third-party valuation firm to determine the grant date fair value utilizing the Black-Scholes model. The 1,401,290 options utilized the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, discount rate 0.90%, expected volatility 70.30%, forfeiture rate 0%, and expected life of 5.1208. The fair value for the 1,401,290 options was \$0.38. The 57,125 options utilized the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, discount rate 1.13%, expected volatility 71.50%, forfeiture rate 0%, and expected life of 6.0639. The fair value for the 57,125 options was \$0.42 and the exercise price was \$0.66 for all the options granted in 2021.
- b) **Restricted Shares:** On March 19, 2021, the Company granted a total of 2,455,162 Restricted Stock Units ("RSUs"). Pursuant to their terms, the RSUs would vest 100% immediately upon the consummation of a reverse takeover, Qualifying Transaction (as defined in the TSX Venture Exchange Corporate Finance Manual), amalgamation, arrangement, merger, consolidation, tender offer, exchange offer, share acquisition, share exchange, recapitalization or business combination or other similar transaction of the Company with, by or into another corporation, entity or person, pursuant to which a class of shares of the issuer resulting from such transaction are listed on a recognized North American stock exchange (including the Toronto Stock Exchange or the TSX Venture Exchange) (the "Listed Securities") and the shareholders of the Company and, if applicable, an affiliate of NowVertical receive Listed Securities (or a class or series of shares convertible into the Listed Securities) in exchange for their equity securities in the Company. As a result of the Transaction, the RSUs, multiplied by the split ratio of 1.778, resulted in 4,365,275 RSUs and related compensation expense of \$2,852,977 was recorded in the three and six months ended June 30, 2021.

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During the three months and six months ended June 30, 2021 compensation expense of \$14,747 and \$37,032, respectively, was recorded for the NowVertical restricted shares that were issued in connection with the Seafront acquisition.

13. LOSS PER SHARE

Basic loss per share amounts are calculated by dividing net loss and comprehensive loss for the period attributable to shareholders by the weighted average number of shares outstanding during the period.

Diluted loss per share amounts are calculated by dividing net loss and comprehensive loss for the period attributable to shareholders by the weighted average number of shares outstanding during the period plus the weighted average number of shares, if any, that would be issued on a conversion of all the dilutive potential effects. All stock options and warrants were excluded from the diluted weighted average number of shares calculation as their impact would have been anti-dilutive.

The PVS and SVS shares are economically equivalent and entitled to the same earnings, as such, the basic and diluted net loss per share for the Company for the period is calculated using the following numerators and denominators:

	For the three months ended:	For the six months ended
	6/30/2021	6/30/2021
	USD	USD
<i>Numerator</i>		
Net loss and comprehensive loss	(6,299,036)	(7,948,320)
<i>Denominator</i>		
Weighted average number of shares for basic EPS	<u>29,281,952</u>	<u>28,943,437</u>
	<u>(0.22)</u>	<u>(0.27)</u>
<i>Denominator</i>		
Weighted average number of shares for diluted EPS	<u>29,281,952</u>	<u>28,943,437</u>
	<u>(0.22)</u>	<u>(0.27)</u>

14. CONVERTIBLE NOTES

As described in Note 6 and Note 11 above, the Company issued approximately \$2.4 million (CAD \$3,060,022) of 8% unsecured convertible promissory notes. The notes were to mature on December 31, 2021, unless automatically converted per their terms prior to the maturity date. The Transaction resulted in the automatic conversion of the notes, at a 20% discount to the price per share of the

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subscription receipts discussed in Note 6, which resulted in 3,910,814 Resulting Issuer shares issued to extinguish the notes.

The convertible note agents received \$163,324 and on May 14, 2021, 144,874 warrants to purchase NVG common shares representing 7% of the NVG common shares issued on the conversion of the convertible notes (the "Note Warrants"). Each Note Warrant outstanding immediately prior to the Transaction was exchanged for 1.778 warrants entitling the holder thereof to acquire Resulting Issuer shares on substantially the same terms and conditions as were applicable to the Note Warrants immediately prior to the Merger.

15. INCOME TAX PROVISION

Income tax expense (benefit) 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 six-months ended June 30, 2021, the Company recorded an income tax benefit of \$31 on pre-tax book loss of \$7,990,776. The Company's effective tax rate for the six-months ended June 30, 2021 was 0.00%, 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.

For the three-months ended June 30, 2021, the Company recorded an income tax benefit of \$22,487 on pre-tax book loss of \$6,363,948. The Company's effective tax rate for the three-months ended June 30, 2021 was 0.35%, 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.

During the three-months ended June 30, 2021, the Company treated various expenses incurred related to the Transaction as an infrequent and unusual event. During the three-months ended March 31, 2021, the Company treated the loss on Signafire lease termination settlement as an infrequent and unusual. The tax impact of these infrequent and unusual events was recognized in full during each relevant interim period.

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16. CASH FLOW ADJUSTMENTS AND CHANGES IN WORKING CAPITAL

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

	6/30/2021 USD
Non-cash adjustments in operating activities	
Depreciation of property, plant and equipment	601
Amortization of intangible assets	130,526
Foreign exchange differences	29,974
RSU vesting expense	37,032
Share-based compensation expenses	642,883
Loss/(gain) on settlement of lease	<u>(1,640,370)</u>
<i>Adjustments related to operating activities</i>	<i>(799,354)</i>
Non-cash adjustments in financing activities	
Shares for services	1,434,490
RSUs related to the Transaction	<u>2,852,977</u>
<i>Adjustments related to financing activities</i>	<i>4,287,467</i>
Total Adjustments	<u>3,488,113</u>

	6/30/2021 USD
Net changes in working capital	
Deferred Revenue	1,989,555
Change in trade and other receivables	(24,034)
Change in prepaid expenses and other current assets	(18,764)
Change in accounts payable	1,126,676
Change in accrued expenses and other liabilities	<u>118,737</u>
Total changes in working capital	<u>3,192,170</u>

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17. CONTINGENCIES

From time to time, the Company is subject to various claims that arise in the ordinary course of business. Management believes that any liability of the Company that may arise out of or with respect to these matters will not materially adversely affect the financial position, results of operations, or cash flows of the Company.

18. RELATED PARTIES

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 a member of key management personnel. During the six months ended June 30, 2021, a key member of management's former law firm provided legal services to the Company amounting to \$657,542 (CAD \$815,000).

19. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through August 27, 2021, which is the date the unaudited interim condensed consolidated financial statements were available to be issued, for events requiring recording or disclosure in the unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2021.

On August 5, 2021, the Company's subsidiary NowVertical Canada, Inc. acquired all the outstanding securities of Integra Data and Analytic Solutions Corp. ("Integra"), a data analytics software and services company. The purchase price consisted of \$150,000 cash to the seller, the assumption of \$330,464 of Integra's debt (that was satisfied at closing), the issuance of 555,556 of the Company's Subordinate Voting Shares valued at \$450,000 and additional consideration of up to \$3,035,000 in earn-out payments, some of which can be taken in Subordinate Voting Shares, assuming certain performance criteria are met.

On August 24, 2021, the Company entered into a definitive agreement to acquire substantially all of assets of DocAuthority Ltd., an Israeli-based data governance software-as-a-service (SAAS) platform that helps companies save money and reduce risk by organizing, managing and protecting their data. The purchase price consideration will include (i) an aggregate cash payment of \$316,376.48 and (ii) the issuance of 40,000 Subordinate Voting Shares of the Company, priced at CAD\$1.26 per share, being the Canadian dollar equivalent of \$1.00 per share. Closing of the acquisition is subject to customary closing conditions, including the receipt of TSXV approval for both the acquisition and issuance of Subordinate Voting Shares of the Company.