



NowVertical Group Announces Definitive Agreement to Acquire Resonant Analytics and an Amendment to the Previously Announced Affinio Acquisition

*All amounts are in **US dollars** unless otherwise specified.*

TORONTO, Ontario – July 6, 2022 /CNW/ - NowVertical Group Inc. (TSX-V: NOW) (“**NOW**” or the “**Company**”), a big data, analytics and vertical intelligence (“**VI**”) software and services company, today is pleased to announce that it has entered into a definitive agreement (the “**Transaction**”) to acquire 100% of the issued and outstanding securities of Resonant Analytics, LLC (“**Resonant**”) a USA-based guided solutions analytics firm providing CRM program strategy, database marketing and business intelligence solutions to Fortune 500 companies such as Palo Alto Networks, DocuSign and others across multiple industry verticals. The Transaction, which is expected to close on or before July 31, 2022, significantly expands NOW Solutions' U.S. commercial business, adding opportunities in addition to its established government vertical in the fastest growing market for data and data analytics solutions on the planet.

“We are extremely pleased to add another established solutions team to our North American operations,” said Daren Trousdell, Chairman & CEO of NOW. “Resonant brings a highly complementary offering and client portfolio to NOW, along with an excellent management team led by Dr. James “Jackson” Barrett. It is a testament to our focus on adding strong businesses that offer positive net income, growing EBITDA and healthy gross margins. Over the third and fourth quarters of 2022, our M&A strategy will continue to target similar compelling market expansion opportunities that provide EBITDA margins in the 25% range to accelerate our timeline to profitability on a consolidated basis.”

Resonant works with some of the world’s most recognizable global enterprises, providing guided solutions across the marketing data analytics value chain. Resonant generated revenues of approximately \$1,800,000 and approximately \$500,000 in EBITDA in 2021 (unaudited). Based on current internal estimates at the end of the second quarter of 2022, Resonant’s revenues are demonstrating healthy growth over 2021, with continued strong EBITDA margins.

With operations in New Jersey, Illinois and California, Resonant analyzes opportunities to develop key business and marketing strategies for customers based on underlying data. Resonant’s core offering includes consumer research, customer segmentation and program strategy and execution. Resonant has teams of professional designers, developers, and marketing specialists who provide prospect analytics, customer data integration, predictive modelling and targeting strategies for clients across multiple verticals, including Banking & Financial Services, Software Products, Consumer Package Goods, Travel & Leisure, and Healthcare.

Transaction Details

Under the terms of the definitive purchase agreement dated July 5, 2022, the Company has agreed to acquire Resonant for (i) a closing cash payment of \$1.5 million, subject to holdbacks, (ii) issuance of 900,000 subordinate voting shares in the capital of NOW (“**NOW Shares**” each a “**NOW Share**”) priced at the greater of NOW’s 20-day VWAP on closing and \$1.00 USD per NOW Share, subject to holdbacks, and (iii) earn-out consideration paid over three fiscal years based on certain adjusted EBITDA targets, and paid annually in two-thirds cash and one-third NOW Shares priced at the greater of NOW’s 20-day VWAP prior



to each annual issuance and \$1.00 USD per NOW Share. NOW anticipates closing cash consideration to be funded using term debt with a U.S. banking partner. Closing of the Transaction is subject to customary closing conditions, including approval of the TSX Venture Exchange (the “TSXV”).

Updated Affinio Terms

The terms of NOW’s agreement to acquire 100% of the issued and outstanding securities of Affinio Inc. (“**Affinio**”) pursuant to a share purchase agreement dated October 19, 2021 (the “**Affinio Purchase Agreement**”) have been amended effective June 30, 2022. The parties to the Affinio Purchase Agreement have entered into an amending agreement (the “**Amending Agreement**”) altering the consideration paid to Whitecap Venture Partners, Round13 Capital and Build Ventures (collectively, the “**Vendors**”). The Vendors are existing holders of NOW and have elected to use this opportunity to increase their investment in the Company.

Pursuant to the terms of the Affinio Purchase Agreement, the Vendors were entitled to a deferred cash payment of \$1.5 million on July 2, 2022. Per the Amending Agreement, the Vendors have agreed, in lieu of the First Deferred Payment, to accept a \$750,000 cash payment on or before August 31, 2022, and the remaining \$750,000 in NOW Shares at a price per NOW Share equal to the VWAP of the NOW Shares on the TSXV for the 10-day period prior to the date of issuance, plus an additional 195,000 NOW Shares, subject to the approval of the TSXV.

“We are extremely pleased with the alignment we have established with the parties closest to our company. The update to the terms of our Affinio acquisition is a great example of working creatively to maintain additional dry powder to transact quickly in a market flush with opportunity,” said Mr. Trousdell. *“With a shared vision of the growth in front of us, we are executing our strategy to reward investors and add additional scale in a prospect-rich environment.”*

About NowVertical Group Inc.

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

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

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Forward-Looking Statements

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

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

NON-IFRS MEASURES

This news release refers to non-IFRS measures including "EBITDA" and "adjusted EBITDA". Please refer to the Company's management discussion and analysis for the quarter ended March 31, 2022 (the "**Q1 2022 MD&A**"), which is available at nowvertical.com and on the Company's issuer profile on SEDAR, for an explanation of the composition of these non-IFRS measures, an explanation of how these non-IFRS measures provide useful information for investors, and the additional purposes for which management uses these non-IFRS measures. . These measures are not recognized under International Financial Reporting Standards ("IFRS") and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of financial information reported under IFRS.