



NowVertical Group Reports Second Quarter 2022 Financial Results

- **Q2 2022 Pro Forma Adjusted Revenue** was \$7.9 million¹ in Q2 2022 and \$15.4 million¹ in H1 2022, an increase of 883% over Q2 2021 and 862% over the six months ended June 30, 2021
- **Current Pro Forma TTM Adjusted Revenue** was \$31.9 million¹, an increase of 852% over Q2 2021

TORONTO, Ontario – August 24, 2022 /Globe Newswire/ - NowVertical Group Inc. (TSX-V: NOW) (“**NOW**” or the “**Company**”), a big data, analytics and vertical intelligence (“**VI**”) software and solutions company, today announces its financial results for the three months ended June 30, 2022 (“**Q2 2022**”) and six months ended June 30, 2022 (“**H1 2022**”). All figures are in U.S. dollars unless otherwise stated.

Selected Pro Forma and Financial Highlights

- **Q2 2022 Pro Forma Adjusted Revenue¹** – Q2 2022 Pro Forma Adjusted Revenue was \$7.9 million¹ in Q2 2022 and \$15.4 million¹ in H1 2022, an increase of 883% over Q2 2021 and 862% over the six months ended June 30, 2021.
- **Current Pro Forma TTM Adjusted Revenue¹** – Current Pro Forma TTM Adjusted Revenue, which includes all acquisitions closed to date, was \$31.9M, a nearly ten-fold increase over Q2 2021.
- **Adjusted Revenue¹** – Adjusted Revenue was \$7.3M in Q2 2022 and \$10.2M in H1 2022, an increase of 805% from \$0.8 million in Q2 2021 and an increase of 534% from \$1.6M in the six months ended June 30, 2021.
- **Revenue** – Revenue was \$7.2M in Q2 2022 and \$9.7M in H1 2022, an increase of 789% from \$0.8 million in Q2 2021 and an increase of 768% from \$1.1M in H1 2021.
- **Adjusted EBITDA¹** – Adjusted EBITDA was (\$0.6M) in Q2 2022 and (\$1.6M) in H1 2022, a decrease of \$0.4M from (\$0.2) million in Q2 2021 and a decrease of \$1.7M from \$0.1M in the six months ended June 30, 2021 (“**H1 2021**”).
- **Net Loss** – Net Loss was \$1.3M in Q2 2022 and \$3.1M in H1 2022, a decrease of 79% from \$6.3M in Q2 2021 and a decrease of 61% from \$8.0M in H1 2021. The higher losses in 2021 were primarily due to non-recurring administrative expenses, listing expenses and non-cash items in NOW’s first year of operating as a public company.
- **Cash and Cash Equivalents** – Cash and cash equivalents were \$3.6M as of June 30, 2022.

“We continue to report significant quarter-over-quarter growth in our business. NOW has consistently shown meaningful revenue and gross profit increases every quarter since our inception. We are proud to report another record in the second quarter, with revenue nearly three times higher than the previous quarter,” said Daren Trousdell, Chairman and CEO of NOW. *“I’m delighted our Company is executing the NOW strategy. In the 13 months since becoming a public company we have completed and integrated seven acquisitions, including four in the first half of 2022, added incredible people to our Solutions and Technology teams across three continents, and grew Pro Forma TTM Adjusted Revenue to \$31.9M setting us up for continuing growth and profitability. We will remain focused on achieving positive Adjusted EBITDA in the second half of 2022.”*

Q2 2022 and Subsequent Business Highlights



- NOW grew its government contracting platform in the government vertical by acquiring 100% of the issued and outstanding securities of Allegient Defense, Inc. (“**Allegient**”), a U.S.-based government contracts services company. Concurrent with the purchase of Allegient, NOW secured a \$5.8M credit facility with US-based MVB Bank, comprised of a \$3.8M term loan and a \$2.0M revolving line of credit.
- NOW announced the launch of a comprehensive suite of consumer analytics and collaboration applications for data consumers and providers on the Snowflake Marketplace. In partnership with Snowflake, the Data Cloud company, NOW Affinio’s applications were made available for purchase directly through the marketplace to customers with existing Snowflake accounts.
- NOW acquired Resonant Analytics LLC, a USA-based guided solutions analytics firm providing CRM program strategy, database marketing and business intelligence solutions to Fortune 500 companies, including Adobe, DocuSign, and Palo Alto Networks.
- NOW Affinio achieved 100% customer retention on logo renewals and further expanded its agency roster, including McCann NYC.
- NOW’s LATAM Business, CoreBI, achieved a 100% customer retention rate in the second quarter of 2022, adding four new regional logos and expanding operations into Mexico with a new customer, Grupo ALEn in Santa Catarina, Mexico.

Investor Webinar

NOW invites shareholders, analysts, investors, media representatives, and other stakeholders to attend our upcoming webinar. Daren Trousdell, Chief Executive Officer, will discuss Q2 2022 results, followed by a question-and-answer session. Registration details for the webinar, including the date and time, can be found immediately below:

Time: August 25, 2022, 09:30 AM EST

Register here: <https://bit.ly/NOW-Q2-Registration>

A recording of the webinar and supporting materials will be made available in the “Investors” section of the Company’s website at <https://ir.nowvertical.com/news-and-media>

Related links:

<https://www.nowvertical.com>

Additional Information

The Company's unaudited condensed consolidated interim financial statements, notes to financial statements, and management's discussion and analysis for the three and six months ended June 30, 2022 are available on the Company's SEDAR profile at www.sedar.com.

An investor presentation, including supplemental financial information and reconciliations of certain non-IFRS measures, is available on NOW’s Investor Relations website at:

<https://ir.nowvertical.com/events-and-presentations/presentations>



About NowVertical Group Inc.

NOW is a big data, analytics and Vertical Intelligence™ (“VI”) software and solutions company that is and will continue to grow 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.

For further information, please contact:

Daren Trousdell, Chief Executive Officer
e: daren@nowvertical.com
t: (212) 302-0868

or

Glen Nelson, Investor Relations
e: glen@nowvertical.com
t: (403) 763-9797

NON-IFRS MEASURES

The non-IFRS financial measures referred to in this news release are defined below. The management discussion and analysis for the three and six months ended June 30, 2022 (the “**Q2 2022 MD&A**”), available at www.nowvertical.com and on the Company’s SEDAR profile, also contains supporting calculations for Adjusted Revenue, EBITDA, Adjusted EBITDA and Pro Forma TTM Adjusted Revenue.

“**Adjusted Revenue**” adjusts revenue to eliminate the effects of acquisition accounting on the Company’s revenues.

“**Q2 2022 Proforma Adjusted Revenue**” adjusts revenue to eliminate the effects of acquisition accounting on the Company’s revenues and includes revenues from all acquisitions completed as at August 23, 2022.

“**EBITDA**” represents net income (loss) before depreciation and amortization expenses, net interest costs, and provision for income taxes.

“**Adjusted EBITDA**” adjusts EBITDA for revenue adjustments in “Adjusted Revenue” and items such as acquisition accounting adjustments, transaction expenses related to acquisitions, transactional gains or losses on assets, asset impairment charges, non-recurring expense items, non-cash stock compensation costs, and the full-year impact of cost synergies related to the reduction of employees.

“**Pro Forma TTM Adjusted Revenue**” represents the trailing twelve months of Adjusted Revenue of all acquisitions completed as of the end of the respective period presented.



“Current Pro Forma TTM Adjusted Revenue” adjusts Pro Forma TTM Adjusted Revenue to include the Pro Forma TTM Adjusted Revenue of all acquisitions completed through the date of the Q2 2022 MD&A. The prior year's comparable amount reflects acquisitions completed through the date of the prior period's MD&A.

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.

Cautionary Note Regarding Non-IFRS Measures

This news release makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from management's perspective. The Company's definitions of non-IFRS measures used in this news release may not be the same as the definitions for such measures used by other companies in their reporting. Non-IFRS measures have limitations as analytical tools and should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. The Company uses non-IFRS financial measures including “Adjusted Revenue”, “EBITDA”, “Adjusted EBITDA”, “Pro Forma TTM Adjusted Revenue”, and “Current Pro Forma TTM Adjusted Revenue”. These non-IFRS measures are used to provide investors with supplemental measures of our operating performance and to eliminate items that have less bearing on our operational performance or operating conditions and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures. The Company believes that securities analysts, investors and other interested parties frequently use non-IFRS financial measures in the evaluation of issuers. The Company's management also uses non-IFRS financial measures in order to facilitate operating performance comparisons from period to period and to prepare annual budgets and forecasts.