NowVertical

Annual Consolidated Financial Statements for December 31, 2022 and 2021

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Independent Auditor's Report

To the Shareholders of NowVertical Group Inc.

Opinion

We have audited the consolidated financial statements of NowVertical Group Inc. and its subsidiaries (the "Entity"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Entity incurred a net loss of $9,547,528 and had cash flows used in operating activities of $4,874,581 during the year ended December 31, 2022. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainties exists that may cast significant doubt on the Entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Revised Comparative Segment Information

We draw attention to Note 13 to the consolidated financial statements, which explains that certain comparative segment information for the year ended December 31, 2021 has been recast due to a change in segments. Our opinion is not modified in respect of this matter.

The consolidated financial statements for the year ended December 31, 2021, excluding the adjustments that were applied to recast the comparative segment information, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on April 7, 2022.

As part of our audit of the consolidated financial statements for the year ended December 31, 2022, we also audited the adjustments applied to recast the comparative segment information presented in Note 13. In our opinion, such adjustments are appropriate and have been properly applied.

Other than with respect to the adjustments that were applied to recast the comparative segment information, we were not engaged to audit, review, or apply any procedures to the consolidated financial statements for the year ended December 31, 2021. Accordingly, we do not express an opinion or any other form of assurance on those consolidated financial statements taken as a whole.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Business Combinations

Description of the key audit matter

During the year ended December 31, 2022, the Entity completed four acquisitions, namely CoreBI S.A., CoreBI S.A.S. ("CoreBI"), Exonar Ltd, Allegient Defense Inc. and Resonant Analytics, LLC for fair value of consideration transferred of approximately $4.1 million, $0.4 million, $2.8 million and 1.8 million respectively.

Business combinations were determined to be a key audit matter requiring special audit consideration given there are significant estimates and judgements over the measurement of the fair value of consideration transferred as well the determination of the allocation of the transaction price to the acquired assets and liabilities based on their respective fair values, including contingent consideration and identification of intangible assets.

Please refer to Note 3 to the consolidated financial statements for Entity's business combination accounting policy, Note 5 which details the significant estimates and judgements used in business combination and Note 10 which details the Entity's business acquisitions during the year.

How the Key Audit Matter was Addressed in the Audit

Our audit procedures included, but were not limited to, the following:

- We reviewed the share purchase agreements for the acquisitions, reviewed management's estimates of the measurement of the transaction price as well as the fair value allocation to the assets and liabilities acquired in each acquisition.
- We utilized our valuation specialists to assist in the assessment of the reasonableness of management's valuation methodology as well as significant assumptions used in measuring any contingent consideration and the allocation to various individual identifiable intangible assets, including the discount rates and future cash flows where applicable.
- We assessed management's assumptions about future cash flows in light of historical results and projected future economic and market conditions.
- We considered the likelihood of reasonably possible movements in those key assumptions in the context of the scope and size of the acquisitions.

Goodwill and Intangibles Impairment

Description of the key audit matter

The Entity has goodwill and intangibles which are required to be tested for impairment on an annual basis or more frequently if events or changes in circumstances indicate their carrying amounts may not be recoverable.

This area was important to our audit due to the significance of the estimates involved in the determination of the recoverable amount of each cash generating unit. The significant estimates included discount rates and future cash flows.

Please refer to Note 3 to the consolidated financial statements for Entity's accounting policies on impairment on goodwill and intangibles, Note 5 which details the significant estimates and judgements used in impairment of goodwill and intangibles and Note 14 and 15 which details the goodwill and intangibles impairment during the year.

How the Key Audit Matter was Addressed in the Audit

Our audit procedures included, but were not limited to, the following:

- We utilized our valuation specialists to assist in the assessment of the reasonableness of management's valuation methodology as well as significant assumptions used in measuring the value in use of the goodwill and intangibles, including the discount rates and future cash flows where applicable.
- We assessed management's assumptions about future cash flows in light of historical results and projected future economic and market conditions.
- We performed additional sensitivity and stress tests for cash generating units where the impairment assessments were more sensitive to changes in estimated inputs.
- We reviewed the disclosures on the assumptions and the outcomes of the impairment testing presented in the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis for the year ended December 31, 2022.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Peter Matutat.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
April 28, 2023

NowVertical Group Inc.
Annual Consolidated Statements of Financial Position
As at December 31, 2022 and 2021
Expressed in U.S. Dollars

	Note		December 31, 2022		December 31, 2021
Assets					
Current assets:					
Cash		$	3,809,012	$	9,102,915
Restricted Cash	3		5,148,123		-
Investments	3		482,610		-
Trade and other receivables	9		3,891,455		518,453
Unbilled receivables			811,855		-
Taxes receivable			215,092		231,803
Prepaid expenses and other current assets			384,430		340,097
			14,742,577		10,193,268
Non-current assets:					
Property and equipment, net	16		214,097		15,924
Right of use asset	18		232,319		-
Intangibles, net	14		8,040,185		3,962,569
Goodwill	15		10,938,785		6,908,953
			19,425,386		10,887,446
Total assets		$	34,167,963	$	21,080,714
Liabilities and Shareholder's Equity					
Current liabilities:					
Accounts payable		$	2,959,390	$	1,198,479
Accrued expenses and other current liabilities			3,955,272		1,550,305
Short-term lease liability	18		147,054		-
Loan payable and current portion of long-term debt	17		2,127,244		765,037
Consideration payable related to acquired companies	11		3,889,639		1,905,380
Equity and contingent consideration related to acquired companies	11		606,346		-
Deferred revenue	12		2,538,531		1,313,492
			16,223,476		6,732,693
Non-current liabilities:					
Contingent consideration payable related to acquired companies	11		1,082,525		-
Consideration payable related to acquired companies	11		-		1,435,250
Long-term lease liability	18		85,919		-
Long-term debt	17		11,248,420		653,714
Deferred revenue	12		22,651		10,218
Warrants liability	19		334,293		1,460,943
Convertible debenture	21		2,584,106		-
Convertible debenture conversion feature	21		337,235		-
Deferred tax liability			433,189		25,399
			16,128,338		3,585,524
Total liabilities			32,351,814		10,318,217
Shareholders' Equity:					
Common shares			24,187,024		22,580,976
Contributed surplus			4,439,960		3,943,943
Foreign currency translation reserve			(1,423,722)		77,164
Accumulated deficit			(25,387,113)		(15,839,586)
			1,816,149		10,762,497
Total liabilities and shareholders' equity		$	34,167,963	$	21,080,714

Going concern (Note 2)

Subsequent events (Note 27)

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

Approved on behalf of the Board of Directors

/s/ Daren Trousdell
Director

/s/ Scott Nirenberski
Director

NowVertical Group Inc.
Annual Consolidated Statements of Loss and Comprehensive Loss
Expressed in U.S. Dollars except for share and per share amounts

	Note		Year ended December 31, 2022		December 31, 2021
Revenue	12	$	27,009,266	$	3,221,015
Cost of revenue	24		15,431,494		947,361
Gross profit			11,577,772		2,273,654
Administrative expenses	24		20,640,465		14,818,052
Loss from operations			(9,062,693)		(12,544,398)
Other expense:					
Contingent compensation related to acquisitions	11		(1,576,860)		-
Revaluation of equity consideration	11		64,228		-
Revaluation of contingent and deferred consideration	11		(689,110)		-
Revaluation of conversion features	21		126,262		-
Inflation effect on the net monetary position			985,848		-
Listing expense			-		(1,011,110)
Investing income			530,310		-
Interest expense			(468,152)		(347,744)
			(1,027,474)		(1,358,854)
Loss before income taxes			(10,090,167)		(13,903,252)
Income tax benefit	22		(542,640)		(42,863)
Net loss			(9,547,527)		(13,860,389)
Foreign currency translation adjustment			(1,500,886)		77,164
Other comprehensive income			(1,500,886)		77,164
Total comprehensive loss		$	(11,048,413)	$	(13,783,225)
Net loss per share, basic and diluted	20	$	(0.15)	$	(0.35)
Weighted average number of shares, basic and diluted	20		63,389,751		40,139,294

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

NowVertical Group Inc.
Annual Consolidated Statement of Shareholders' Equity
Expressed in U.S. Dollar

Year ended December 31, 2022	Note	Issued capital Common Shares			Contributed surplus		Foreign currency translation reserve		Accumulated Deficit		Total
		Shares		Amount							
Balances at January 1, 2022		62,042,151	$	22,580,976	$	3,943,943	$	77,164	$	(15,839,586)	$ 10,762,497
Net loss		-		-		-		-		(9,547,527)	(9,547,527)
Vesting of restricted shares		-		-		23,451		-		-	23,451
Share-based compensation expense	19	-		-		484,486		-		-	484,486
Exercise of stock options	19	22,635		17,328		(11,920)		-		-	5,408
Shares issued on acquisition	10	1,358,333		716,417		-		-		-	716,417
Shares issued related to acquisitions	11	1,561,298		814,937		-		-		-	814,937
Shares issued for provision of services		115,000		57,366		-		-		-	57,366
Shares cancelled		(21,000)		-		-		-		-	-
Foreign currency translation adjustment		-		-		-		(1,500,886)		-	(1,500,886)
Balances at December 31, 2022		65,078,417	$	24,187,024	$	4,439,960	$	(1,423,722)	$	(25,387,113)	$ 1,816,149

Year ended December 31, 2021	Issued capital Common Shares			Contributed surplus		Foreign currency translation reserve		Accumulated Deficit		Total
	Shares		Amount							
Balances at December 31, 2020	28,601,160	$	2,587,463	$	-	$	-	$	(1,979,197)	$ 608,266
Net loss	-		-		-		-		(13,860,389)	(13,860,389)
Vesting of restricted shares	4,365,272		-		2,919,503		-		-	2,919,503
Shared-based compensation expenses	-		-		1,024,440		-		-	1,024,440
Shares issued on public offerings, net of issuance costs	19,288,756		12,811,579		-		-		-	12,811,579
Common shares retained under RTO	1,202,593		1,035,707		-		-		-	1,035,707
Conversion of convertible notes, net of issuance costs	3,910,814		2,439,605		-		-		-	2,439,605
Shares issued on private placement	1,000,000		806,800		-		-		-	806,800
Shares issued on acquisition	1,895,556		1,465,332		-					1,465,332
Shares issued for provision of services	1,778,000		1,434,490		-		-		-	1,434,490
Foreign currency translation adjustment	-		-		-		77,164		-	77,164
Balances at December 31, 2021	62,042,151	$	22,580,976	$	3,943,943	$	77,164	$	(15,839,586)	$ 10,762,497

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

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.

Annual Consolidated Statements of Cash Flows

Expressed in U.S. Dollars

	Notes	Year ended December 31, 2022	December 31, 2021
Cash flows from (used in) operating activities:			
Net loss		$ (9,547,527)	$ (13,860,389)
Listing expense		-	1,011,110
Interest expense		-	82,528
Non-cash adjustments	23	3,072,623	5,929,791
Net changes in working capital	23	1,600,324	2,378,337
		(4,874,580)	(4,458,623)
Cash flows from (used in) investing activities:			
Acquisitions of subsidiaries, net of cash acquired	10	(5,690,088)	(2,387,105)
Restricted cash held for acquisitions		(5,148,123)	-
Purchase of property and equipment		(162,175)	(2,842)
Proceeds from disposals of investments, net of investments		230,000	-
Investment in intangible assets		(40,735)	-
		(10,811,121)	(2,389,947)
Cash flows from (used in) financing activities:			
Proceeds from borrowings		9,009,008	-
Repayment of borrowings	17	(816,262)	(666,664)
Interest payment related to acquired companies		(750,000)	-
Payment of consideration payable related to acquired companies		(14,850)	-
Repayment of leasing liabilities		-	(921,000)
Cash acquired on reverse takeover		-	37,128
Proceeds from options exercised		5,408	-
Proceeds from subscription receipts, net of issuance costs		-	12,980,578
Proceeds from convertible notes, net of issuance costs		3,287,340	2,384,539
Proceeds from issue of share capital		-	806,800
		10,720,644	14,621,381
Effect of exchange rates		(328,846)	77,162
Net change in cash		(5,293,903)	7,849,973
Cash, beginning of period		9,102,915	1,252,942
Cash, end of period		**$ 3,809,012**	**$ 9,102,915**

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

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 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.

The Company is a big data, analytics and vertical intelligence company. The Company's reporting segments are Technology and Solutions. 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.

2. Basis of Presentation

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The policies set out below are consistently applied to all periods presented, unless otherwise noted.

These consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors on April 28, 2023.

Basis of measurement

These consolidated financial statements are presented in U.S. dollars, except otherwise noted and were prepared on a going concern basis.

Going concern

These annual consolidated financial statements have been prepared in accordance with IFRS, which contemplates continuation of the Company as a going concern. However, during the year ended December 31, 2022, the Company has incurred a net loss of $9,547,528 and cash flows used in operating activities of ($4,874,581). 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 and cash flow. These material uncertainties may raise significant doubt about the Company's ability to continue as a going concern. These annual consolidated 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 businesses by leveraging internal sales channels and other cross-entity synergies. In addition, management reduced the costs associated with the Company's global operating model by re-locating key service providers and key internal personnel roles from the U.S. to Canada during the year ended December 31, 2022 and will seek to continue to reduce the costs associated with its global operating model as it continues with plans to integrate acquired businesses. These internal activities and plans to raise additional funds through financings to support its working capital needs and to fund future cash accretive acquisitions using debt, are aimed at improving cash flows from operations, eliminating its working capital deficit and achieving its acquisition growth strategy. There can be no assurance, however, that the Company can reach profitability, successfully integrate acquired companies, continue to raise working capital financing, or source and fund future accretive acquisitions with debt.

Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The annual consolidated financial statements of the Company include NowVertical Group Inc. (formerly Good2Go Corp.), an Ontario, Canada company with a Canadian dollar functional currency and its wholly owned subsidiaries. The table below lists the Company's wholly owned subsidiaries:

Company	Jurisdiction	Functional Currency
NowVertical Group, Inc.	USA	U.S. Dollar
Signafire Technologies Inc.	USA	U.S. Dollar
Seafront Analytics, LLC	USA	U.S. Dollar
NOW Guardian Inc.*	USA	U.S. Dollar
Allegient Defense Inc.*	USA	U.S. Dollar
NowVertical US Holdings Inc.*	USA	U.S. Dollar
Resonant Analytics, LLC*	USA	U.S. Dollar
NowVertical Canada, Inc.	Canada	Canadian Dollar
Integra Data and Analytic Solutions Corp.	Canada	Canadian Dollar
Affinio Inc.	Canada	U.S. Dollar
Affinio Holdings Inc.	Canada	U.S. Dollar
NowVertical Canada Holdings Inc.*	Canada	Canadian Dollar
NowVertical UK Ltd.	United Kingdom	Great British Pound
Exonar Ltd.*	United Kingdom	Great British Pound
CoreBI S.A.*	Argentina	Argentinian Peso
CoreBI S.A.S.*	Colombia	Colombian Peso
Robert Baratheon Ltd.	Israel	U.S. Dollar

*New entities added during the year ended December 31, 2022.

All intercompany transactions, balances, income, and expenses are eliminated on consolidation.

Foreign Currencies

Foreign currency transactions are translated to the respective functional currencies of the Company's entities at the exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign exchange rate applicable at the statement of financial position date. Non-monetary items carried at historical cost denominated in foreign currencies are translated to the functional currency at the date of the transactions. Non-monetary items carried at fair value denominated in foreign currencies are translated to the functional currency at the date when the fair value was determined. Realized and unrealized exchange gains and losses are recognized through income and loss.

On consolidation, the assets and liabilities of foreign operations reported in their functional currencies are translated into U.S. dollars, the Company's presentation currency, at period-end exchange rates. Income and expenses, and cash flows of foreign operations are translated into U.S. dollars using average exchange rates. Exchange differences resulting from translating foreign operations are recognized in other comprehensive income or loss and accumulated in the accumulated other comprehensive income within equity.

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 December 31, 2022 was 1,134.59, which represents an increase of 79.1% 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 $1,306,217 to adjust transactions recorded during the period into the measuring unit current as of December 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.

Equity

Common shares represent the value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from common shares. From time to time the Company may issue units consisting of common shares and common share purchase warrants. The Company estimates the fair value of the warrants using a pricing model and the residual difference between the unit price and the fair value of each warrant represents the fair value attributable to each common share. Any transaction costs associated with the issuance of units are apportioned between the common shares and warrants based on their relative fair values. Professional, consulting, regulatory fees and other costs that are directly attributable to financing transactions are deferred until such time as the transactions are completed. Share issue costs are charged to common shares when the related shares are issued.

Costs relating to financing transactions that are abandoned are charged to profit and loss.

Contributed surplus includes the fair value of vested stock options and Restricted Stock Units.

Accumulated deficit includes all current and prior year losses.

3. Summary of significant accounting policies

Cash

Cash is comprised of cash held with financial institutions, all short-term investments purchased with an original maturity of three months or less, and cash held in trust.

Restricted Cash

Restricted cash reflects a wire transfer payment made on December 30, 2022 to be held in escrow for the acquisitions of Smartlytics Consultancy Ltd and Acrotrend Solutions Ltd. The money was received by the escrow agent with a settlement date of January 3, 2023. On January 12, 2023, the cash was transferred as consideration as part of the closing conditions for the acquisitions of Smartlytics Consultancy Ltd and Acrotrend Solutions Lt. Please refer to note 21 for more details on the acquisitions.

Investments

Investments consist of highly liquid investment fund units.

Revenue Recognition

For arrangements that the Company determines are within the scope of IFRS 15 Revenue from contracts with customers ("IFRS 15"), the Company performs the following 5 steps: (i) identifies the contracts with a customer; (ii) identifies the performance obligations within the contract, including whether they are distinct and capable of being distinct in the context of the contract; (iii) determines the transaction price; (iv) allocates the transaction price to the performance obligations in the contract; and (v) recognizes revenue when, or as, the Company satisfies each performance obligation. Any significant discounts and rebates given for the period are offset against revenue. Taxes assessed by governmental authorities on revenue producing transactions are excluded from revenue. Taxes collected are recorded as liabilities until their remittance.

Nature of products and services

The Company's revenue consists of subscriptions, implementation services, maintenance and support revenues, and analytics consulting services.

Revenues from software-as-a-service (SaaS) subscriptions to customers include maintenance and support. The customer is generally required to pay in advance for each twelve-month period. Payments received in advance of performance obligations being satisfied are recognized as deferred revenue. Revenues are recognized ratably, on a straight-line basis, over the term of the contract as performance obligations are fulfilled. The Company sells on-premises software licenses on both a perpetual and specified-term basis. The Company recognizes revenue from the license fee portion of the arrangement upon delivery to the customer as the benefit of the asset has transferred.

Software implementation services consist primarily of design, integration and configuration services. Implementation services revenue is recognized as services are performed.

The Company has a fixed-price, non-cancellable maintenance and support agreement related to a perpetual software license. The customer is required to pay in advance for each twelve-month maintenance and support period. Payments received in advance of performance obligations being satisfied are recognized as deferred revenue. Revenues associated with maintenance and support are recognized on a straight-line basis, over the associated maintenance and support period.

The Company provides consulting services tailored to the needs of the individual clients and performed according to the agreed upon statement of work. These services are provided under fixed, firm price contracts and time and materials contracts.

Fixed, firm price contracts

The Company satisfies its performance obligations as it performs the work outlined in the statement of work each month. Revenues are recognized based on the output method at an amount that corresponds directly with performance of agreed milestones. Invoices are issued at the beginning of the contract period and are due within 30-90 days. Amounts remaining unbilled at the end of a reporting period are presented in the financial statements as trade and other receivables if only the passage of time is required before payment of these amounts will be due.

Time and materials contracts

The Company satisfies its performance obligation as hourly services are rendered. These revenues are recognized when the agreed upon services are performed. Customers are invoiced monthly on hours rendered for the month at the agreed upon rates. Invoices are invoiced at net 30 days or sooner. Amounts remaining unbilled at the end of a reporting period are presented in the financial statements as trade and other receivables if only the passage of time is required before payment of these amounts will be due.

Cost Plus Fixed Fee Contracts

The Company satisfies its performance obligation as services are rendered and as it performs the work outlined in the statement of work. Revenues for cost plus fixed fee contracts are recognized as the agreed upon services are performed over time. Customers are invoiced on hours rendered for the period at agreed rates, plus a fixed fee. The Company recognizes revenue on an input-based measure that reflects its performance, that measure being direct labour hours and materials. Amounts remaining unbilled at the end of a reporting period are presented in the financial statements as unbilled receivables if only the passage of time is required before payment of these amounts will be due.

Other Considerations

The Company does not adjust consideration received for a financing component since the services are delivered within one year. There is no non-cash consideration provided to customers.

Business Combinations

The Company applies the acquisition method of accounting for business combinations. The consideration transferred by the Company to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred, and the equity interest issued by the Company, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRS sections. Changes in the fair value of contingent consideration initially classified as equity are not recognized. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date. The measurement period is the period from the date of acquisition to the date the Company obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum period of one year.

Taxation

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the balance sheet liability method. Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are generally recognized in full, although IAS 12 'Income Taxes' specifies limited exemptions. As a result of these exemptions the Company does not recognize deferred tax on temporary differences relating to goodwill, or to its investments in subsidiaries.

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation. The cost of an item of property and equipment includes the purchase price to acquire the asset. Depreciation is recognized on a straight-line basis over the estimated useful lives of the assets as follows:

Computer equipment	3 years
Furniture and fixtures	10 years

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in profit or loss when the asset is derecognized.

Leases

The Company assesses at the inception of contract, whether it contains a lease. A contract is classified as a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any indirect costs incurred. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined using the same criteria as those for property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses and adjusted for certain remeasurements of the lease liability, if any.

Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognized. Goodwill is carried at cost less accumulated impairment losses.

Other intangible assets

Trade names, customer relationships, developed technology, non-compete agreements, order backlog and licensed technology acquired in a business combination that qualify for separate recognition are recognized as intangible assets at their fair values. All finite-lived intangible assets are initially recorded at fair value and then amortized on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date and they are subject to impairment testing. The following useful lives are applied:

Trade names	2-10 years
Customer relationships	4-15 years
Developed technology	4-7 years
Licensed technology	5 years
Order backlog	1-6 years
Non-compete agreements	3-5 years

Amortization of developed and licensed technology intangible assets are included in cost of revenue.

Subsequent expenditures to maintain computer software and brand names are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in profit or loss.

There are no other indefinite-lived intangible assets other than goodwill.

Impairment testing of goodwill, other intangible assets and property and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units) or CGU's. As a result, some assets are tested individually for impairment, and some are tested at a cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level with the Company at which management monitors goodwill. Cash-generating units to which goodwill has been allocated (determined by the Company's management as equivalent to its operating segments) are tested for impairment at least annually on December 31st. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's (or CGU's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each CGU and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures is directly linked to the Company's latest budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements. Discount factors are determined individually for each CGU and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for each CGU first reduce the carrying amount of any goodwill allocated to that CGU. Any remaining impairment loss is charged pro-rata to the other assets in the CGU. With the exception of goodwill, all assets are subsequently reassessed for indications an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or CGU's recoverable amount exceeds its carrying amount.

Share-based compensation

The Company provides equity-settled share-based compensation plans for its directors and employees. None of the Company's plans are cash-settled. All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where individuals are rewarded using share-based payments, the fair value of the individual's services is determined indirectly by reference to the fair value of the equity instruments granted at the grant date.

All share-based compensation is recognized as an expense in profit or loss with a corresponding credit to equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognized in the current period. The number of vested options ultimately exercised by holders does not impact the expense recorded in any period. Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to issued capital.

Financial Instruments

Recognition and derecognition
Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risk and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled, or expires.

Classification and initial measurement of financial assets
All financial assets are initially measured at fair value. Financial assets are classified into one of the following categories:

- Amortized cost
- Fair value through profit or loss (FVTPL), or
- Fair value through other comprehensive income (FVOCI).

The classification is determined by both:

- The entity's business model for managing the financial assets, and
- The contractual cash flow characteristics of the financial asset.

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

Subsequent measurement of financial assets
Financial assets are measured at amortized cost if the assets meet the following conditions:

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows, and
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Fair value through profit or loss (FVTPL) - Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorized at FVTPL. Further, irrespective of the business model used, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Impairment of financial assets
Under IFRS 9 Financial Instruments, the Company is required to apply an expected credit loss ("ECL") model to all debt financial assets not held at FVTPL, where credit losses that are expected to transpire in future years are provided for, irrespective of whether a loss event has occurred as at the balance sheet date. For trade receivables, the Company has applied the simplified approach under IFRS 9 and has calculated ECLs based on lifetime expected credit losses taking into consideration historical credit loss experience and financial factors specific to the debtors and general economic conditions.

Classification and measurement of financial liabilities
Financial liabilities are initially measured at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Subsequently, financial liabilities are measured at amortized cost using the effective interest method. All interest-related charges and, if applicable, changes in fair value that are reported in profit and loss are included within finance costs or finance income.

The Company's financial instruments categorized at amortized cost include long-term debt, loan payable, long-term lease liability, including current portion of lease liability, accounts payable, accrued expenses and other current liabilities.

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

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously. The Company did not have any offsetting financial instruments.

4. Future accounting standards

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's consolidated financial statements that we believe are material to the Company are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1 – Presentation of Financial Statements

In January 2020, the IASB issued amendments to IAS 1, "Presentation of Financial Statements". The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments help to determine whether, in the consolidated statement of financial position, debt and other liabilities with n uncertain settlement date should be classified as current (due to potentially be settled with one year) or non-current. The amendments also clarify the classification requirements for debt an entity might settle by converting it into equity. The amendments are applied retrospectively for annual periods beginning on or after January 1, 2024, with early application permitted. The Company is currently evaluating the impact of these amendments on its consolidated financial statements.

Another amendment from February 2021 changes the requirement of disclosing accounting policies from disclosing significant accounting policies to disclosing material accounting policies. Further amendments to IAS 1 explain how an entity can identify a material accounting policy. This guidance will be effective for annual periods starting January 1, 2023. The Company is currently evaluating the impact of these amendments on its consolidated financial statements.

Amendments to IAS 8 – Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors". The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in an accounting estimate that results from new information or new developments is not the correction of an error. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Company is currently evaluating the impact of these amendments on its consolidated financial statements.

Amendment to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In May 2021, the IASB issued amendments to IAS 12 Income Taxes. The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments are effective for annual periods beginning on or after January 1, 2023, with early application permitted. The Company is currently evaluating the impact of these amendments on its consolidated financial statements.

5. Significant accounting estimates, judgements, and assumptions

Preparing these annual consolidated financial statements in conformity with IFRS requires management to make several judgements, estimates and assumptions that affect reported amounts of assets, liabilities, revenue and expenses and the disclosure of contingent liabilities. Estimates and judgements are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates and judgements.

Recognition of revenue over time or at a point in time

For the Company's software maintenance and consulting 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 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.

Identification and valuation of intangible assets acquired in business combinations

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of intangible assets. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, management, with assistance from an independent valuation expert where necessary, develops the fair value using appropriate valuation techniques which are based on a forecast of the total expected future net cash flows. In determining the fair value of the intangible assets at the acquisition date, the Company's significant assumptions include the future net cash flows and the discount rate applied.

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. However, the measurement period will last for no more than one year from the acquisition date.

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. Contingent consideration related to acquisitions is considered purchase price consideration if it is not tied to future employment. The liability 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 obligations to issue shares

The determination of the accounting treatment for future obligations to issue shares is an area of significant management judgment which involves the determination of whether the shares to be issued should be classified as equity or a liability, and the fair value of the obligation. Future share issuances related to acquisitions are classified as a liability if the number of shares to be issued is variable. The fair value of the liability is measured using a Monte Carlo simulation model and is re-measured at fair value through profit and loss (mark to market) at each reporting period.

Impairment of intangible assets and goodwill

International Accounting Standard 36 - 'Impairment of Assets' requires that the Company ensures that its assets are carried at no more than their recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired, and the standard requires the entity to recognize an impairment loss. In assessing impairment, management uses judgment to allocate goodwill to groups of operating segments, and estimates recoverable amounts for each operating segment based on expected future cash flows and discount rates. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Share-based payment

Share-based compensation is subject to the estimation of the fair value of the award at the date of grant using the Black-Scholes pricing model which is based on significant assumptions such as volatility, dividend yield, expected term and forfeitures.

Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

6. Details of and accounting for the reverse takeover transaction

The shares used to effect the 2021 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 19).

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

At the closing of the Transaction:

- The convertible notes issued by NVG in February and March 2021 (collectively the "Convertible Notes", see Note 21) 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 19) 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 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 $6,700,000 (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).

7. Financial risk management

The Company's activities expose it to financial risks including credit risk, liquidity risk, currency risk, and interest rate risk.

Credit risk

The Company takes on exposure to credit risk, which is the risk that one party will cause a financial loss for another party by failing to discharge an obligation. The Company is exposed to the risk of non-payment of trade and other receivables balances. The Company's exposure to credit risk was $4,703,310 at December 31, 2022 (2021: $518,453). The Company is also exposed to credit risk from cash held with banks and financial institutions. The maximum exposure is equal to the carrying value of the financial assets.

Liquidity risk

Liquidity risk is the risk that the Company might not be able to generate sufficient cash resources to settle its obligations in full as they fall due, or it can only do so on terms that are materially disadvantageous. The Company is exposed to liquidity risk through non-payment of its accounts payable, accrued expenses, other current liabilities, loans payable, and payables to previous shareholders. The Company's exposure to liquidity risk was $27,846,595 at December 31, 2022 (2021: $7,508,165).

The table below summarizes the Company's contractual obligations into relevant maturity groups at the balance sheet date based on the expected contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows of principal amounts.

	Carrying Value	Contractual Cash Flow	Year 1	Years 2 and 3	Years 4 and 5	Thereafter	Total
Long-term debt	$ 13,375,664	$ 13,531,478	$ 2,127,008	$ 4,731,207	$ 5,335,063	$ 1,338,200	$ 13,531,478
Lease liability	232,973	232,973	147,054	85,919	-	-	232,973
Convertible debt	2,584,106	2,584,106	-	2,584,106	-	-	2,584,106
Consideration payable to acquired companies	3,889,639	3,889,639	3,889,639	-	-	-	3,889,639
Contingent consideration related to acquired companies	1,469,871	1,469,871	387,346	1,082,525	-	-	1,469,871
Total	$ 21,552,253	$ 21,708,067	$ 6,551,047	$ 8,483,757	$ 5,335,063	$ 1,338,200	$ 21,708,067

The Company manages its capital structure on a consolidated level based on the funds available to it in order to support the continuation and expansion of its operations and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. The Company defines capital to include share capital and its borrowings. Management intends to improve revenue and profitability of existing businesses by leveraging internal sales channels and other cross-entity synergies. In addition, management reduced the costs associated with the Company's global operating model by re-locating key service providers and key internal personnel roles from the U.S. to Canada during the year ended December 31, 2022 and will seek to continue to reduce the costs associated with its global operating model as it continues with plans to integrate acquired businesses. These internal activities and plans to raise additional funds through financings to support its working capital needs and to fund future cash accretive acquisitions using debt, are aimed at improving cash flows from operations, eliminating its working capital deficit and achieving its acquisition growth strategy. There can be no assurance, however, that the Company can reach profitability, successfully integrate acquired companies, continue to raise working capital financing, or source and fund future accretive acquisitions with debt.

The primary sources of the Company's cash flow are revenue collected from transactions completed for customers, debt financing and the net cash proceeds from public offerings. The Company always intends to maintain sufficient liquidity to meet its liabilities as they come due. This is achieved by continuously monitoring cash flows and reviewing actual operating expenditures and revenue to budget.

Market risk

Market risk is the risk that changes in the market prices – such as interest rates, foreign exchange rates, equity prices, and credit spreads - will affect the Company's income or the fair value of its holdings of financial instruments. The Company is exposed to market risk through currency risk, which results from both its operating and investing activities.

Currency risk

Currency risk is the possibility of financial loss due to unfavorable moves in exchange rates. The Company is exposed to currency risk, as its equity capital is raised in Canadian dollars and a significant portion of its operating costs and obligations, and its acquisition prices, are denominated in US dollars. A portion of the Company's operating costs are denominated in Argentinian pesos, Great British pounds and Colombian pesos but are significantly hedged by offsetting revenue. To mitigate exposure to foreign currency risk, exchange rates and cash requirements in various currencies are monitored, and funds are converted based on short-term rate forecasts.

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument (ex. loans and borrowings) will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations. The objective of the Company's interest rate management is to minimize the volatility of the income. The Company monitors its exposure to interest rates and has not entered into any derivative contracts to manage this risk at this time. Please refer to Note 17 Long term debt for interest rates on outstanding debt.

Price risk

Price risk is the risk that the value of a security or investment will decrease. The Company is not exposed to significant price risk as the Company does not have securities or investments.

8. Capital management

The Company's capital management objectives are to ensure its ability to continue as a going concern and to provide an adequate return to shareholders. The Company monitors capital based on the carrying amount of equity plus debt, less cash. Management assesses capital requirements to maintain an efficient financing structure while avoiding excessive debt. The Company monitors its capital structure and adjusts in light of economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may downsize or reduce costs. The capital of the Company is comprised of:

		December 31, 2022		**December 31, 2021**
Long-term debt	$	13,375,664	$	653,714
Convertible debt		2,921,341		-
Warrants liability		334,293		1,460,943
Shareholders' equity		1,816,149		10,762,497
Cash		(3,809,012)		(9,102,915)
Investments		(482,610)		-
Capital	$	14,155,825	$	3,774,239

The Company is not subject to externally imposed capital restrictions.

9. Trade and other receivables

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days. The net carrying value of trade receivables is considered a reasonable approximation of fair value due to their short-term nature.

		December 31, 2022		**December 31, 2021**
Trade receivables	$	3,817,261	$	682,860
Allowance for doubtful accounts		(38,550)		(164,407)
Net trade receivables		3,778,711		518,453
Other receivables		112,744		-
Total trade and other receivables	$	3,891,455	$	518,453

10. Acquisitions

2022 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 on closing of the transaction. The Company also has a remaining deferred payment obligation of $1.75 million due on February 28, 2023. The payment timing of the outstanding deferred payment obligations is currently being discussed between the Company and the CoreBI vendors. Future payments of up to a maximum aggregate of $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 is 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. The goodwill from this acquisition consists largely of the synergies and economies of scale expected from combining the operations of CoreBI with the Company's other services operations and is not expected to be deductible for tax purposes. CoreBI has contributed $8,514,194 of revenue and a net income of $690,077 to the Company's revenues and net loss, respectively, from the acquisition date to December 31, 2022. Had the acquisition occurred on January 1, 2022, the Company's revenue for the year would have been $29,626,453 and the Company's net loss for the 2022 year would have been $8,296,666. 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 net loss from acquisition includes the associated amortization of acquired intangible assets recognized as if the acquisitions 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 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. The shares to be issued in the future have been valued at fair value using a Monte Carlo simulation model and are revalued at each reporting period through profit and loss. In connection with the acquisition, the Company incurred acquisition-related costs of $90,073 which have been recorded in administrative expenses. The goodwill from the acquisitions consists largely of the synergies expected from combining the operations from Exonar with the other technology and services operations of the Company and is not expected to be deductible for tax purposes. Exonar has contributed $862,294 and $949,384 to the Company's revenues and net loss, respectively, from the acquisition date to December 31, 2022. Had the acquisition occurred on January 1, 2022, the Company's revenue for the 2022 year would have been $27,254,905 and the Company's net loss for the year would have been $10,802,150. 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 net loss from acquisition includes the associated amortization of acquired intangible assets recognized as if the acquisitions had occurred on January 1, 2022.

Allegient Defense Inc.

On April 6, 2022, the Company acquired 100% of the issued and outstanding securities of Allegient Defense Inc. ("Allegient"), a U.S.-based systems engineering and technical assistance support firm, through its subsidiary NOW Guardian Inc., thereby obtaining control. Allegient Defense Inc. is a U.S.-based government defense contractor providing systems engineering and technical assistance support to the Department of Defense and other governmental agencies through data analysis and assessment of cutting-edge technologies. The Company accounted for this transaction as an acquisition of a business. In connection with the acquisition, the Company made cash payments of $2,000,000 (in May 2022) and issued 600,000 Subordinate Voting Shares on April 6, 2022 with a fair value of $383,000. Future payments of up to a maximum aggregate of US$4 million, payable on the first, second, and third year anniversaries of closing, are due upon Allegient achieving certain adjusted EBITDA targets. Future payments are to be settled in either 100% of the Company's shares or up to 50% in cash and the balance in the Company's shares. The earn-out was valued at fair value using a Monte Carlo simulation model and is revalued at each reporting period through profit and loss. In connection with the acquisition, the Company incurred acquisition-related costs of $419,010 which have been recorded in administrative expenses. The goodwill from the acquisition consists largely of the acquired assembled workforce and synergies expected from combining the operations of Allegient with the Company's other service operations and is not expected to be deductible for tax purposes. Allegient has contributed $11,079,807 of revenue and a net income of $690,077 to the Company's revenues and net loss, respectively, from the acquisition date to December 31, 2022. Had the acquisition occurred on January 1, 2022, the Company's revenue for the 2022 year would have been $30,198,230 and the Company's net loss for the year would have been $8,792,073. 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 net loss from acquisition includes the associated amortization of acquired intangible assets recognized as if the acquisitions had occurred on January 1, 2022.

Resonant Analytics, LLC

On July 20, 2022, the Company acquired 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. The acquisition was made to enhance the Company's data analytics services business.. Pursuant to the terms of a stock purchase agreement dated July 5, 2022, the aggregate consideration consisted of (i) a cash payment of $1,500,000 (subject to holdbacks) paid on closing, (ii) 900,000 Subordinate Voting Shares (subject to a holdback) issued on closing, 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 Subordinate Voting Shares priced at the greater of the 20-day VWAP prior to each annual issuance and $1.00 USD per share. The closing cash consideration was funded with term debt with a U.S. banking partner. In connection with the acquisition, Resonant secured a revolving line of credit of up to $250,000. The earn-out was valued at fair value using a discounted cash flow model, is being accounted for as compensation since it is tied to employment. In connection with the acquisition, the Company incurred acquisition-related costs of $113,223 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. Resonant has contributed $866,043 of revenue and net income of $82,670 to the Company's revenues and net loss, respectively, from the acquisition date to December 31, 2022. Had the acquisition occurred on January 1, 2022, the Company's revenue for the 2022 year would have been $28,160,456 and the Company's net loss for the year would have been $8,736,015 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 net loss from acquisition includes the associated amortization of acquired intangible assets recognized as if the acquisitions had occurred on January 1, 2022.

Intangible assets acquired were as follows:

CoreBI: Customer Relationships - $1,164,000 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, Developed Technology – $47,045 with a useful life of 4 years

Exonar: Customer Relationships - $89,000 with a useful life of 4.7 years; Trade Name - $31,000 with a useful life of 2 years and Developed Technology - $305,000 with a useful life of 4 years.

Allegient: Customer Relationships - $401,000 with a useful life of 15 years; Trade Name - $279,000 with a useful life of 2 years; Order Backlog - $2,553,000 with a useful life of 6 years; and Non-compete Agreements - $10,000 with a useful life of 4 years.

Resonant: Customer Relationships - $1,125,000 with a useful life of 15 years; Trade Name - $35,000 with a useful life of 2 years; Order Backlog - $43,000 with a useful life of 5 months; and Non-compete Agreements - $3,000 with a useful life of 4 years.

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, Exonar, Allegient, and Resonant at their respective dates of acquisition.

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

	CoreBI	Exonar	Allegient	Resonant	Total
Fair value of consideration transferred:					
Amount settled in cash	$ 3,102,631	$ 149,999	$ 2,301,789	$ 1,192,667	$ 6,747,086
Future amounts to be settled in cash or equity	1,026,261	284,000	-	304,583	1,614,844
Fair value of shares issued for consideration	-	-	451,000	265,417	716,417
Total fair value of consideration transferred	$ 4,128,892	$ 433,999	$ 2,752,789	$ 1,762,667	$ 9,078,347
Fair value of net assets acquired:					
Property and equipment , net	$ 142,167	$ 46,476	$ 3,578	$ 26,788	$ 219,009
Deposits	-	-	12,648	19,301	31,949
Goodwill	1,593,034	792,351	3,136,949	52,572	5,574,906
Right of use asset	-	-	328,158	-	328,158
Intangible assets	1,339,045	425,000	3,243,000	1,206,000	6,213,045
Total non-current assets	3,074,246	1,263,827	6,724,333	1,304,661	12,367,067
Prepaid expenses and other current assets	-	-	12,317	49,974	62,291
Unbilled revenue	559,286	-	331,181	-	890,467
Investments	372,385	-	-	-	372,385
Receivables	928,603	981,401	1,451,489	465,237	3,826,730
Cash	355,836	84,354	399,151	217,657	1,056,998
Total current assets	2,216,110	1,065,755	2,194,138	732,868	6,208,871
Deferred tax liability	(452,200)	-	(832,410)	-	(1,284,610)
Lease liability	-	-	(331,137)	-	(331,137)
Deferred revenue	-	(296,000)	-	(101,964)	(397,964)
Long term debt	-	-	(3,800,000)	-	(3,800,000)
Total non-current liabilities	(452,200)	(296,000)	(4,963,547)	(101,964)	(5,813,711)
Accounts payable and accrued expenses	(709,264)	(1,599,583)	(1,202,136)	(172,898)	(3,683,881)
Total current liabilities	(709,264)	(1,599,583)	(1,202,136)	(172,898)	(3,683,881)
Total fair value of net assets acquired	$ 4,128,892	$ 433,999	$ 2,752,789	$ 1,762,667	$ 9,078,347
Cash impact of acquisitions:					
Consideration transferred settled in cash	$ 3,102,631	$ 149,999	$ 2,301,789	$ 1,192,667	$ 6,747,086
Cash acquired	(355,836)	(84,354)	(399,151)	(217,657)	(1,056,998)
Net cash outflow on acquisition	$ 2,746,795	$ 65,645	$ 1,902,638	$ 975,010	$ 5,690,088
Acquisition costs charged to expenses	$ 98,215	$ 90,073	$ 419,010	$ 113,223	$ 720,521

2021 Acquisitions

The purchase price allocations for the 2021 acquisitions are final and there were no measurement period adjustments during the year ended December 31, 2022.

Integra Data and Analytic Solutions Corp.

On August 5, 2021, the Company, through its subsidiary NowVertical Canada, Inc., acquired all the outstanding securities of Integra Data and Analytic Solutions Corp. ("Integra"), an Alberta, Canada based business, thereby obtaining control. The acquisition was made to enhance the Company's data analytics software and services. The Company accounted for this transaction as an acquisition of a business. In connection with the acquisition, the Company issued 555,556 Subordinate Voting Shares valued at $394,445, made a cash payment of $150,000, and paid debt at closing of $267,734. The fair value of the Subordinate Voting Shares was based on the Company's share price on the acquisition date. Pursuant to the terms of the definitive agreement, Integra's sole shareholder may also receive future payments of up to $3,035,000, a portion of which can be taken in the form of the Company's Subordinate Voting Shares. The performance-based earn-out commenced on August 5, 2021 and ends December 2025. As the sole shareholder's continued employment is required to receive the earn-out payments, any such payments will be reflected as employee compensation. In connection with the acquisition, the Company incurred acquisition-related costs of $91,025 which have been recorded in administrative expenses. Goodwill of $507,266 was expected to be realized from Integra's future profitability. The goodwill from this acquisition consists largely of the synergies expected from combining the operations of Integra Data with the Company's technology operations and is not expected to be deductible for tax purposes. Integra contributed $Nil and $84,877 to the Company's revenues and loss, respectively, from the acquisition date to December 31, 2021. Had the acquisition occurred on January 1, 2021, the Company's revenue for the 2021 year would have been unchanged and the Company's net loss for the year would have been $13,870,087 . 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, 2021. The net loss from acquisition includes the associated amortization of acquired intangible assets recognized as if the acquisitions had occurred on January 1, 2021.

DocAuthority Ltd.

On October 1, 2021, the Company, through its subsidiary in Israel (Robert Baratheon Ltd.) and its subsidiary in the UK (NowVertical UK Ltd.), acquired substantially all the assets and assumed certain liabilities of DocAuthority Ltd. ("DocAuthority"), an Israeli-based data governance software company. In connection with the acquisition, certain assets were licensed to the

Company and may ultimately be assigned by DocAuthority without further consideration paid to DocAuthority. The acquisition was made to enhance the Company's privacy software business. The Company accounted for this transaction as an acquisition of a business. In connection with the acquisition, the Company issued 40,000 Subordinate Voting Shares valued at $30,348 and made cash payments of $512,837. The fair value of the Subordinate Voting Shares was based on the Company's share price on the acquisition date. In connection with the acquisition, the Company incurred acquisition-related costs of $84,908 which have been recorded in administrative expenses. Goodwill of $242,185 was expected to be realized from the transaction. The goodwill from the acquisition consists largely of the synergies from combining the operations of DocAuthority with the Company's other technology operations and is not expected to be deductible for tax purposes. DocAuthority contributed $35,255 and $183,170 to the Company's revenues and net loss, respectively, from the acquisition date to December 31, 2021. The Company does not have sufficient information to determine the impact on revenue and net loss if the acquisition had occurred on January 1, 2021.

Affinio Inc.

On November 1, 2021, NowVertical Group Inc. acquired all issued and outstanding securities of Affinio Inc. ("Affinio"), a Canadian-based audience insights and privacy-safe customer analytics platform company, thereby obtaining control. The acquisition was made to enhance the Company's data analytics software business. The Company accounted for this transaction as an acquisition of a business. In connection with the acquisition, the Company issued 1.3 million Subordinate Voting Shares, made a cash payment of $3.0 million and recorded deferred cash payments of $3.0 million.. On June 30, 2022, the Company and the Affinio former shareholders agreed to amend the terms of a deferred payment of $1.5 million that was due on July 2, 2022. The Company agreed to pay $750,000 and to issue Subordinate Voting Shares ("SVS") for an aggregate value of $750,000 at a price per SVS equal to the volume weighted average price of the SVS for the 10-day period prior to the date of issuance, plus 195,000 SVS, on or before August 31, 2022. On April 17, 2023, the Company and the Affinio former shareholders agreed to amend the terms of a deferred payment of $1.5 million, by amending the amount owing to $1.74 million (the "Remaining Amount") and to pay out the Remaining Amount in cash installments between the date hereof and December 31, 2023. The deferred cash payments are recorded in the financial statements as consideration payable to former shareholders and have been recorded at the present value of the future payments. In connection with the acquisition, the Company incurred acquisition-related costs of $132,630 which have been recorded in administrative expenses. Goodwill of $3,762,196 is expected to be realized from synergies with the Company's other businesses and Affinio's future profitability. Goodwill has been allocated to the Technology operating segment and is not expected to be deductible for tax purposes. Affinio contributed $182,495 to the Company's revenues and $257,690 to the Company's net loss (before allocation of corporate costs), from the acquisition date to December 31, 2021. Had the acquisition occurred on January 1, 2021, the Company's revenue for the 2021 year would have been $5,337,905 and the Company's net loss for the year would have been $14,884,925. 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, 2021. The net loss from acquisition includes the associated amortization of acquired intangible assets recognized as if the acquisitions had occurred on January 1, 2021.

The following table summarizes the consideration paid and the allocation of the purchase price based on the fair values of the acquired assets and liabilities of Integra, DocAuthority, and Affinio at their respective dates of acquisition:

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

	Integra	DocAuthority	Affinio	Total
Fair value of consideration transferred:				
Amount settled in cash	$ 417,734	$ 512,837	$ 3,000,000	$ 3,930,571
Consideration payable to former shareholders	-	-	2,888,000	2,888,000
Fair value of shares issued for consideration	394,445	30,348	1,040,540	1,465,333
Total fair value of consideration transferred	$ 812,179	$ 543,185	$ 6,928,540	$ 8,283,904
Fair value of net assets acquired:				
Property and equipment , net	3,525	-	11,019	14,544
Goodwill	507,266	242,185	3,762,196	4,511,647
Intangible assets	366,000	332,000	2,581,000	3,279,000
Total non-current assets	876,791	574,185	6,354,215	7,805,191
Accounts receivable and other current assets	-	-	414,160	414,160
Cash	1,732	-	1,541,734	1,543,466
Total current assets	1,732	-	1,955,894	1,957,626
Deferred tax liability	(25,399)	-	-	(25,399)
Long-term loan	-	-	(678,455)	(678,455)
Total non-current liabilities	(25,399)	-	(678,455)	(703,854)
Accounts payable	(20,688)	-	(154,325)	(175,013)
Accrued expenses and other current liabilities	(1,450)	-	(140,007)	(141,457)
Short-term loan and current portion of long-term debt	(18,807)	-	(101,907)	(120,714)
Deferred revenue	-	(31,000)	(306,875)	(337,875)
Total current liabilities	(40,945)	(31,000)	(703,114)	(775,059)
Total fair value of net assets acquired	$ 812,179	$ 543,185	$ 6,928,540	$ 8,283,904
Cash impact of acquisitions:				
Consideration transferred settled in cash	417,734	512,837	3,000,000	3,930,571
Cash acquired	(1,732)	-	(1,541,734)	(1,543,466)
Net cash outflow on acquisition	$ 416,002	$ 512,837	$ 1,458,266	$ 2,387,105
Acquisition costs charged to expense	$ 91,025	$ 84,908	$ 132,630	$ 308,563

11. Consideration payable related to acquired companies

	December 31, 2022	December 31, 2021
Current liabilities:		
Consideration payable	$ 3,889,639	$ 1,905,380
Equity consideration payable	219,000	-
Contingent consideration payable	387,346	-
	$ 4,495,985	$ 1,905,380
Long-term liabilities:		
Contingent consideration payable	$ 1,082,525	$ -
Consideration payable	-	1,435,250
	$ 1,082,525	$ 1,435,250
Total considerable payable	$ 5,578,510	$ 3,340,630

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

The following table provides information about consideration payable.

	Year ended December 31, 2022	Year ended December 31, 2021
Opening balance	$ 3,340,630	$ 440,243
Acquisition consideration	1,614,844	2,888,000
Contingent compensation related to acquisitions	1,576,860	-
Payments	(764,850)	-
Shares issued	(814,937)	-
Revaluation of equity consideration	(64,228)	-
Revaluation of contingent and deferred consideration	689,110	-
Interest expense	55,500	27,462
Foreign exchange differences	(54,419)	(15,075)
Ending balance	$ 5,578,510	$ 3,340,630

Consideration 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 and holdbacks; Equity consideration payable represents the fair value of obligations to issue shares in the future; and contingent consideration payable represents the fair value of potential future performance-based earn-out payments.

On June 30, 2022, the Company and the Affinio former shareholders agreed to amend the terms of a deferred payment of $1.5 million that was due on July 2, 2022. The Company agreed to pay $750,000 and to issue Subordinate Voting Shares ("SVS") for an aggregate value of $750,000 at a price per SVS equal to the volume weighted average price of the SVS for the 10-day period prior to the date of issuance, plus 195,000 SVS, on or before August 31, 2022. On June 30, 2022, the Company recorded the fair value of the shares of $814,937 as equity payable, reversed the consideration payable of $750,000, and recorded the difference of $64,937 through profit and loss. The Company issued the shares on August 31, 2022, which had a fair value of $821,147 on the date of issuance.

12. Revenues

The following table summarizes revenue by type of service.

	Years ended December 31, 2022	Years ended December 31 2021
Data analytics services		
Cost plus fixed fee	$ 8,532,706	$ -
Fixed firm price	3,214,479	-
Time and materials	9,291,786	441,707
Total data analytics services	21,038,971	441,707
Maintenance and support	2,998,217	2,518,565
Software-as-a-service and other recurring	2,972,078	260,743
Total revenue	$ 27,009,266	$ 3,221,015

Data analytics services relate to the Solutions segment and maintenance and software revenue relate to the Technology segment.

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

	Years ended December 31, 2022	Years ended December 31 2021
USA	$ 17,221,330	$ 3,168,686
Argentina	8,051,971	-
United Kingdom	1,198,564	-
Other countries	537,401	52,329
Total revenue	$ 27,009,266	$ 3,221,015

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

The following table provides information about deferred revenue.

	Year Ended December 31, 2022	Year Ended December 31, 2021
Opening balance	$ 1,323,710	$ 268,626
Increase from business acquisitions	397,964	337,875
Increase from cash received and amounts billed	6,779,491	1,145,948
Revenue recognized	(5,939,983)	(428,739)
Ending balance	$ 2,561,182	$ 1,323,710
Deferred revenue classified as a current liability	$ 2,538,531	$ 1,313,492
Deferred revenue classified as a non-current liability	$ 22,651	$ 10,218

For the year ended December 31, 2022, two customers account for 37% of the Company’s revenue.

13. Segment reporting

As a result of the Allegient acquisition in April 2022, management reassessed its reporting segments and determined there are two operating and reportable segments – Technology and Solutions for the year ended December 31, 2022. As at December 31, 2021 the Company had three operating segments: Origin, Solutions and Affinio. The December 31, 2021, prior comparative segment financial information has been recast to conform to the new segments of Technology and Solutions.

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 the Company’s accounting policies.

Information related to each reportable segment is set out below. Segment income (loss) from operations is used to measure performance because management believes this information is the most relevant in evaluating the results of the respective segments.

The adjustments to reconcile from segment income (loss) from operations to the financial statements consist of amortization of intangible assets, transaction expenses related to acquisitions and, asset impairment charges.

Year Ended December 31, 2022

	Technology	Solutions	Corporate	Adjustments	Total
Revenue	$ 5,937,329	$ 21,071,937	$ -	$ -	$ 27,009,266
Cost of revenue	(641,606)	(14,301,942)	-	(487,946)	(15,431,494)
Gross Profit	5,295,723	6,769,995	-	(487,946)	11,577,772
Administrative expenses	(4,828,480)	(4,392,060)	(6,704,961)	(4,714,965)	(20,640,466)
Income (loss) from operations	$ 467,243	$ 2,377,935	$ (6,704,961)	$ (5,202,911)	$ (9,062,694)
Other expenses					(1,027,474)
Loss beforeincome taxes					$ (10,090,168)

Year Ended December 31, 2021

	Technology	Solutions	Corporate	Adjustments	Total
Revenue	$ 2,748,957	$ 472,058	$ -	$ -	$ 3,221,015
Cost of revenue	(496,927)	(387,434)	-	(63,000)	(947,361)
Gross Profit	2,252,030	84,624	-	(63,000)	2,273,654
Administrative expenses	(347,242)	(462,191)	(8,099,943)	(5,908,676)	(14,818,052)
Income (loss) from operations	$ 1,904,788	$ (377,567)	$ (8,099,943)	$ (5,971,676)	$ (12,544,398)
Other expenses					(1,358,854)
Loss beforeincome taxes					$ (13,903,252)

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

14. Intangible assets

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

	Trade Names	Customer Relationships	Developed Technology	Non-Compete Agreements	Order Backlog	Licensed Technology	Total
Cost:							
Opening at January 1, 2022	$ 768,614	$ 668,787	$ 2,348,000	$ 254,000	$ -	$ 323,000	$ 4,362,401
Acquisitions	428,000	2,779,000	363,663	58,000	2,596,000	-	6,224,663
Hyperinflation adjustment	41,526	582,359	-	22,513	-	-	646,398
Foreign exchange revaluation	(30,154)	(422,880)	-	(16,349)	-	-	(469,383)
Additions	-	-	40,735		-	-	40,735
Closing at December 31, 2022	1,207,986	3,607,266	2,752,398	318,164	2,596,000	323,000	10,804,814
Accumulated Amortization:							
Opening at January 1, 2022	94,802	139,769	135,417	13,694	-	16,150	399,832
Acquisitions	-	-	11,618	-	-	-	11,618
Impairment	-	-	836,667	-	-	-	836,667
Amortization Expense	261,740	278,751	454,666	99,764	356,991	64,600	1,516,512
Closing at December 31, 2022	356,542	418,520	1,438,368	113,458	356,991	80,750	2,764,629
Net book value at December 31 2022	$ 851,444	$ 3,188,746	$ 1,314,030	$ 204,706	$ 2,239,009	$ 242,250	$ 8,040,185

Year ended December 31, 2021

	Trade Names	Customer Relationships	Developed Technology	Non-Compete Agreements	Order Backlog	Licensed Technology	Total
Cost:							
Opening at January 1, 2021	$ 638,000	$ 636,000	$ 378,000	$ 1,000	$ -	$ -	$ 1,653,000
Acquisitions	686,000	47,000	1,970,000	253,000	-	323,000	3,279,000
Closing at December 31, 2021	1,324,000	683,000	2,348,000	254,000	-	323,000	4,932,000
Accumulated Amortization:							
Opening at January 1, 2021	5,825	10,650	5,250	28	-	-	21,753
Impairment	555,386	14,213	-	-	-	-	569,599
Amortization Expense	88,977	129,119	130,168	13,665	-	16,150	378,079
Closing at December 31, 2021	650,188	153,982	135,418	13,693	-	16,150	969,431
Net book value at December 31 2021	$ 673,812	$ 529,018	$ 2,212,582	$ 240,307	$ -	$ 306,850	$ 3,962,569

In the year ended December 31, 2022, $487,945 amortization expense is included in cost of revenue and $1,028,567 is included in administrative expenses in the consolidated statements of loss (2021: $63,000 and $315,078 respectively). An impairment loss of $836,667 (2021: $569,599) was recognized during the year ended December 31, 2022 as certain technology CGU's carrying amount exceeded their recoverable amount.

15. Goodwill

The following table provides information about the changes in goodwill.

	Year ended December 31, 2022	Year ended December 31, 2021
Balance, January 1	$ 6,908,953	$ 2,397,306
Acquired through business combinations	5,574,906	4,511,647
Hyperinflation adjustment	797,007	-
Foreign exchange revaluation	(578,748)	-
Impairment	(1,763,333)	-
Balance, December 31	$ 10,938,785	$ 6,908,953

The Company performs an annual goodwill impairment test or when there are indications of impairment. As at December 31, 2022, management has performed a goodwill impairment test on its five CGUs; Allegient, CoreBI, Resonant, Affinio and Technology. The Technology CGU is a group of three CGUs that consists of Exonar, Signafire and certain technology acquired in the Affinio acquisition.

The recoverable amount for each CGU other than Affinio was determined using a value-in-use approach. Under the value-in-use approach, the CGU's recoverable amount is calculated based on the present value of future cash flows expected to be derived from each CGU. The value-in-use was calculated using unobservable (Level 3) inputs such as the budgeted and projected revenues and EBITDA margin for a five-year period plus a terminal year. EBITDA is defined as net income (loss) before interest, income taxes, depreciation, and amortization. The Company considered past experience, economic trends as well as industry and market trends in assessing if the level of EBITDA can be maintained in the future.

The Company also used discount rates in the range of 17% - 32%, which represents the weighted average cost of capital ("WACC"). The WACC is an estimate of the overall rate of return required by debt and equity holders on their investment. Determining the WACC requires analyzing the cost of equity and debt separately and takes into account a risk premium that is based on each CGU. Revenue growth rates ranging between 4% and 22% and a terminal rate of 2% have been used to estimate future cash flows of each of the CGUs.

The Affinio CGU was valued at its estimated fair value less potential costs of disposal.

An impairment charge was determined to be necessary for the Technology CGU based on the calculations. A total impairment charge of $2,600,000 was recognized with an impairment loss of $1,763,333 recognized for goodwill, and $836,667 was recorded as an impairment to intangible assets. The impairments were largely due to legacy technology acquisitions transitioning from a legacy, data-centre centric type of installation to a more cloud-based solution that management believes will better integrate into enterprise customers' modern data stack.

In addition, the Company determined that a change in the key assumptions could result in an impairment loss on the CoreBi CGU. The Company determined that a reasonably possible reduction in the key assumption for annual forecasted revenue growth of 2% would result in an impairment of approximately $630,000.

Goodwill for each business unit as at December 31, 2022 is as follows: Technology $5,904,608 (2021: $6,875,590) and Solutions $5,034,177 (2021: $33,363).

16. Property and equipment

Details of the Company's property and equipment and their carrying amounts are as follows:

	Computer Equipment	Furniture and Fixtures	Other	Total
Opening at January 1, 2022	$ 15,924	$ -	$ -	$ 15,924
Acquisitions	198,837	15,587	4,585	219,009
Amortization	(171,034)	(8,820)	(3,156)	(183,010)
Additions	148,237	13,937	-	162,174
Closing at December 31, 2022	$ 191,964	$ 20,704	$ 1,429	$ 214,097

17. Long-term debt

	Year ended December 31, 2022	Year ended December 31, 2021
Opening Balance	$ 1,418,751	$ 1,327,018
Additions	9,009,008	780,362
Debt acquired on acquisition	3,800,000	-
Interest accrued	10,774	174,142
Repayments	(816,262)	(666,664)
Foreign exchange revaluation	(46,607)	-
Gain on extinguishment	-	(196,107)
Ending Balance	$ 13,375,664	$ 1,418,751
Current portion	$ 2,127,244	$ 765,037
Long-term portion	$ 11,248,420	$ 653,714

Long-term debt consists of:

a) $116,023 (2021: $662,335) related to a loan assumed upon acquisition of Signafire, which is collateralized by substantially all the assets and equity of Signafire and bears interest at 8%.
b) $659,938 (2021: $756,416) related to four unsecured, non-interest-bearing loans 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, with the adjustment amortized into profit and loss over the term of the debt as interest expense. The contractual principal owing at December 31, 2022 was $815,772.

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c) $3,583,713 related to a term loan to Allegient on April 6, 2022 bearing interest at 6.2%, with interest-only payments for three months and repayable over the following six years. The loan is secured by the assets of Allegient and NOW Guardian Inc. and is subject to standard financial covenants measured quarterly beginning on September 30, 2022.
d) $1,350,000 related to a term loan to Resonant on July 20, 2022 bearing interest at a floating rate of interest equal to the greater of 4.50% per annum and the sum of the Three Month Treasury Rate as of July 20, 2022 plus 3.15%. The loan is secured by the assets of Resonant and NowVertical US Holdings Inc. and is subject to standard financial covenants measured quarterly beginning on March 31, 2023.
e) $2,505,753 related to a $7,000,000 term loan to NowVertical Group Inc. on December 23, 2021 bearing interest at the US prime rate plus 3.0% per annum.
f) $5,160,237 (C$7,000,000) related to a term loan to NowVertical Canada Holdings Inc. on December 30, 2022 bearing interest at 5.9% per annum. The loan is secured by the assets of NowVertical UK Holdings Ltd and is subject to standard financial covenants measured quarterly beginning on March 31, 2023.

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

2023	$2,127,008
2024	$2,299,757
2025	$2,431,450
2026	$2,593,995
2027	$2,741,068
Thereafter	$1,338,200

The Company is in compliance with all debt covenants as of December 31, 2022.

18. Right of use asset

Details of the Company's right of use asset carrying amounts are as follows:

Opening at January 1, 2022	$	-
Acquisitions		328,158
Amortization		(95,839)
Closing at December 31, 2022	$	232,319

19. 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

	Note	
January 1, 2022		62,042,151
Exercise of stock options	19c	22,635
Shares issued related to acquisitions	19d	2,919,631
Shares issued for provision of services	19e	115,000
Shares cancelled	19f	(21,000)
December 31, 2022		**65,078,417**
January 1, 2021		28,601,160
Vesting of restricted shares	19g	4,365,272
Shares issued on public offerings, net of issuance costs	19h	19,288,756
Common shares retained under RTO	19i	1,202,593
Conversion of convertible notes, net of issuance costs	19j	3,910,814
Shares issued on private placement	19k	1,000,000
Shares issued on acquisition	19d	1,895,556
Shares issued for provision of services	19e	1,778,000
December 31, 2021		**62,042,151**

As described in Notes 1 and 6, 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 ("SVS") or Proportionate Voting Shares ("PVS") of the Company, depending on the jurisdiction of the shareholder. As described below, these 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.

c) Exercise of stock options – During the year ended December 31, 2022, 22,635 stock options were exercised for total proceeds of $5,408.

d) Shares issued related to acquisitions – On April 6, 2022 the Company issued 600,000 SVS in connection with the purchase of Allegient. On July 20, 2022 the Company issued 758,333 SVS in connection with the purchase of Resonant. On August 31, 2022 the Company issue 1,561,298 SVS shares in connection with the purchase of Affinio (Note 10).

   On August 5, 2021, the Company issued 555,556 SVS in connection with the purchase of Integra. On October 1, 2021, the Company issued 40,000 SVS in connection with the purchase of the assets of DocAuthority Ltd. On November 1, 2021, the Company issued 1,300,000 SVS in connection with the purchase of Affinio Inc. In November 2020 the Company issued 12,724 common shares (3,579,740 on a post-forward share split basis) pursuant to the acquisitions of Signafire and Seafront.

e) Shares issued for provision of services - On October 7, 2022, the Company issued 115,000 Subordinate Voting Shares to a vendor in settlement of an amount payable. The related expense was $57,366. On June 28, 2021, in connection with the Transaction, the agents received 1,778,000 SVS of G2G. The related expense was $1,434,490.

f) Shares cancelled – On June 16, 2022 210 PVS were cancelled due to the termination of an employee.

g) Vesting of restricted shares – Restricted Stock Units: 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 $2,852,978 was recorded for the year ended December 31, 2021. During the year ended December 31, 2022 compensation expense of $23,451 (2021: $66,525) was recorded for the RSU's issued in connection with the Seafront acquisition.

h) Shares issued on public offerings - On June 28, 2021, each of the 8,394,000 NVG shares were exchanged for one (1) SVS of G2G and the Company received $5,884,753 in net proceeds. On December 15, 2021, the Company issued 10,894,756 SVS pursuant to a Unit offering and received $7,095,825 in net proceeds. Each Unit included one SVS and one half of one purchase warrant. Each full purchase warrant entitles the holder to purchase one SVS at a price of C$1.25 per share for a period of two years ending December 15, 2023.

i) Common shares retained under RTO - On June 28, 2021, G2G has 1,202,593 SVS and 90,000 of previously vested options.

j) Conversion of convertible notes - On June 28, 2021, each of the 2,199,561 convertible notes converted then exchanged on a 1.778 to 1 basis for 3,910,814 SVS of G2G.

k) Shares issued on private placement - 1,000,000 G2G shares were issued in a private placement on April 30, 2021 for proceeds of $806,800, and were exchanged on a 1:1 basis for SVS of G2G on June 28, 2021. On September 22, 2020 (date of inception), the Company issued 95,000 common shares (25,021,420 on a post-forward share split basis).

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l) 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 year ended December 31, 2022, the Company recognized $484,486 (2021: $975,648) 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 of 1.59% to 3.59% , expected life 4 years, expected volatility 78% based on comparable companies, forfeiture rate 12%, and dividend yield 0%.

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

	Year Ended			
	December 31, 2022		December 31, 2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, January 1	4,134,706	$ 0.90	-	$ -
Granted	1,465,000	0.95	4,134,706	
Forfeited	(994,400)	1.01	-	-
Exercised	(22,635)	0.55	-	-
Outstanding, December 31	4,582,671	0.89	4,134,706	
Exercisable, December 31	2,997,326	$ 0.84	2,997,326	$ 0.84

The weighted average remaining life of the options outstanding as of December 31, 2022 is 8.3 years (2021: 9.44 years).

m) Restricted Stock Units:

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 $2,852,978 was recorded for the year ended December 31, 2021.

n) Warrants

In connection with the convertible notes issued in February 2021 and March 2021, the placement agents received 257,586 warrants (144,874 exchanged at 1.778 to 1). In connection with the subscription receipts issued on June 28, 2021, the placement agents received 587,580 warrants. Each warrant, exercisable at a price of C$1.00 per warrant for a period of two years ending June 28, 2023, entitles the agents to purchase one SVS. The fair value of the warrants of $322,700 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%.

In connection with the Unit offering on December 15, 2021, each of the 10,894,756 Units included one half of one purchase warrant (the Unit Warrants). Each of the 5,447,378 full Unit Warrants is exercisable at a price of C$1.25 per warrant for a period of two years ending December 15, 2023 and entitles the holder to purchase one SVS. The Unit Warrants are freely traded. The fair value of the Unit Warrants of $168,999 upon issuance was determined using the closing price of C$0.04 per Unit Warrant on the date of issue. The fair value of the Unit Warrants was recorded to warrants liability and the balance of the proceeds was recorded to equity. Share issuance costs of $19,159 were allocated to the warrants and expensed though profit and loss in the year ended December 31, 2021. The warrants liability is revalued at each reporting period using the closing price of the Unit Warrants on the reporting date. The fair value of the warrants liability at December 31, 2022 was

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$200,736 (2021: $1,460,943), based on the closing price of C$0.05 (2021: C$0.34) per Unit Warrant, and the difference of $1,237,737 was recorded to the statement of loss.

In connection with the Unit offering on December 15, 2021, the placement agents received 762,633 warrants (the Broker Warrants). Each Broker Warrant entitles the holder to purchase one Unit at a price of C$0.95 per Unit until December 15, 2023. The fair value of the Broker Warrants of $332,732 was determined using the Black-Scholes option pricing model including expected share price volatility of 88.35%, risk free interest rate of 0.69%, and dividend yield of 0%. The fair value was allocated to share issue costs in equity.

In connection with the Unit offering on October 5, 2022, each of the 5,069 Units included 715 purchase warrants (the Unit Warrants). Each of the 3,624,335 full Unit Warrants is exercisable at a price of C$1.05 per warrant for a period of 36 months following the closing date and entitles the holder to purchase one SVS. The Unit Warrants are freely traded. The fair value of the Unit Warrants of $320,537 upon issuance was determined using the closing price of C$0.12 per Unit Warrant on the date of issue. The fair value of the Unit Warrants was recorded to warrants liability and the balance of the proceeds was recorded to convertible debt. The warrants liability is revalued at each reporting period using the closing price of the Unit Warrants on the reporting date. The fair value of the warrants liability at December 31, 2022 was $133,557 based on the closing price of C$0.05 per Unit Warrant, and the difference of $187,749 was recorded to the statement of loss (including $769 of exchange differences).

20. Loss per share

Basic loss per share is calculated by dividing net loss for the period by the weighted average number of shares outstanding during the period.

Diluted loss per share is calculated by dividing net 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, warrants and shares resulting from convertible debt 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:

	December 31, 2022	December 31, 2021
Net loss	$ (9,547,527)	$ (13,860,389)
Weighted average shares outstanding, basic and diluted	63,389,751	40,139,294
Loss per share, basic and diluted	$ (0.15)	$ (0.35)

21. Convertible Debt

On October 5, 2022 the Company closed a marketed public offering of 5,069 Convertible Debenture Units ("Debenture Units") at a price of $1,000 per Debenture Unit for total gross proceeds of C$5,069,000 (net proceeds of USD $3.3 million) with a maturity date of October 5, 2025. Each Debenture Unit consists of one 10% senior unsecured Convertible Debenture of the Company with a face value of C$1,000 and 715 Class A subordinate voting share purchase warrants of the Company, representing 75% warrant coverage. Each Warrant is exercisable for one Subordinate Voting Share at a price of C$1.25 per Subordinate Voting Share for a period of 36 months following the closing date. The Warrants are listed under the symbol "NOW.WT.A". The warrants have been classified as a liability and are revalued to fair value each quarter.

The Debenture Units include a conversion feature whereby the Principal Amount shall be convertible, for no additional consideration, into Class A Subordinate Voting Shares of the Company at the option of the holder (with the exception of the Company Conversion asset out below) in whole or in part at any time and from time to time prior to the earlier of: (i) the close of business on the Maturity Date, and (ii) the business day immediately preceding the date specified by the Company for redemption of the Convertible Debentures upon a change of control at a conversion price per share equal to C$1.05 subject to adjustment in certain events (the "Conversion Price"). The Company will be entitled to force the conversion (the "Company Conversion") of the Principal Amount of the then outstanding Convertible Debentures at the Conversion Price on not more than 60 days' and not less than 30 days' notice (i) in the event that the daily volume weighted average trading price of the Subordinate Voting Shares on the TSXV is greater than C$1.60 per share for 10 consecutive trading days of the Subordinate Voting Shares on the TSXV preceding such notice, or (ii) in connection with an equity or similar financing (either qualified by a prospectus or by way of private placement) involving Subordinate Voting Shares, or warrants exercisable for Subordinate Voting Shares, resulting in aggregate gross proceeds to the Company of not less than C$12,500,000 (the "Qualified Financing"), in each case subject to the Company Conversion being permitted under the policies of the TSXV for any trading of the Subordinate Voting Shares at that time. If a Qualified Financing is completed at a price per security that is lower than the Conversion Price (with such Conversion Price being calculated, in the case of warrants, by adding the issue and exercise price), the Conversion Price will be reduced to equal the greater of $0.10 and the closing price of the Subordinate Voting Shares on the TSXV on the day before the press release announcing the Qualified Financing is disseminated, provided that, amount other things, the conditional approval of the TSXV is obtained. The conversion feature was recorded as a liability with an estimated fair value of $462,980 on October 5, 2022, and will be revalued each period through profit and loss. The warrants were valued at their fair value of $320,537 on October 5, 2022, and the debt was valued at $2,503,824 net of allocated transaction costs of $448,519. An additional $219,142 of transaction costs was recorded in Professional fees. The conversion feature was revalued at December 31, 2022 with a fair value of $337,235 and a gain of $126,262 was recorded on the Statement of Loss. There was accretion recorded on the convertible debt of $80,282 to interest expense during the year ended December 31, 2022.

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On February 10, 2021, February 19, 2021, and April 20, 2021, the Company issued $2,473,494 (C$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 described in Note 1 resulted in the automatic conversion of the notes, at a 20% discount to the price per share of the subscription receipts discussed in Note 6, and 3,910,814 Resulting Issuer shares were issued to extinguish the notes. The amount converted included interest of $55,066.

The convertible note agents received $163,324 cash and 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 (see (Note 19n). Issuance costs of $74,369 were amortized as interest expense and the balance of $88,955 was netted against the convertible notes upon conversion to equity.

22. Income tax provision

The major components of the tax expense are the reconciliation of the expected tax benefit based on the U.S. effective tax rate of 21% and the reported tax expense in profit or loss are as follows:

	Year ended	
	December 31, 2022	**December 31, 2021**
Profit/(loss) before tax	(10,090,168)	(13,903,252)
U.S. Tax Rate	21%	21%
Expected Tax Expense	(2,118,935)	(2,919,683)
Adjustments for tax rate differences:		
State and local taxes	-	(417,515)
Non-deductible expenses	1,560,588	3,359,331
Foreign income tax rate differential	77,734	(1,683,854)
Change in unrecognized deferred tax assets	2,695,256	1,553,693
Reversal of previously unrecognized deferred tax asset	(832,410)	-
Other, including prior year true-ups and inflationary adjustments	(1,924,873)	65,165
Actual Tax Expense	(542,640)	(42,863)
Tax expense components:		
Current Tax Expense	308,781	187
Deferred Tax Expense (Tax Benefit)	(851,421)	(43,050)
Tax (benefit) expense	(542,640)	(42,863)

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

The Company's deferred tax inventory is comprised of the following:

Deferred Tax Assets:	**Deferred Tax**	**Not Recognized**	**Recognized**
U.S. net operating losses	3,692,745	(2,710,447)	982,298
Foreign net operating losses	5,350,803	(5,154,891)	195,912
Accrued expenses	153,256	(153,256)	-
Deferred revenue	-	-	-
R&D credit carryforward	1,490,877	(1,490,877)	-
Intangible Assets	641,389	(641,389)	-
Fixed Assets	1,404	(880)	524
	11,330,474	(10,151,740)	1,178,734
Deferred Tax Liabilities:	**Deferred Tax**	**Not Recognized**	**Recognized**
Fixed assets	(433)	-	(433)
Intangible assets	(1,609,352)	-	(1,609,352)
Other	(2,138)	-	(2,138)
	(1,611,923)	-	(1,611,923)
Net deferred tax asset (liability)	9,718,551	(10,151,740)	(433,189)

As at December 31, 2021			
Deferred Tax Assets:	**Deferred Tax**	**Not Recognized**	**Recognized**
U.S. net operating losses	1,783,749	(1,235,642)	548,107
Foreign net operating losses	3,458,491	(2,756,023)	702,468
Accrued expenses	485,267	(485,267)	-
Deferred revenue	287,250	(287,250)	-
R&D credit carryforward	1,490,877	(1,490,877)	-
	7,505,634	(6,255,059)	1,250,575
Deferred Tax Liabilities:	**Deferred Tax**	**Not Recognized**	**Recognized**
Fixed assets	(1,057,281)	-	(1,057,281)
Intangible assets	(218,693)	-	(218,693)
Other	-	-	-
	(1,275,974)	-	(1,275,974)
Net deferred tax asset (liability)	6,229,660	(6,255,059)	(25,399)

As of December 31, 2022, the Company has U.S. federal net operating loss carryforwards of $13.7 million (2021: $5.3 million). The U.S. net operating losses may be carried forward indefinitely but are only available to offset 80% of future taxable income. In addition, the Company has federal R&D credit carryforwards of $1.5 million (2021: $1.5 million) which expire in 2032 and 2033. The Company's material state and local net operating loss carryover is related to New York losses of $3.9 million as of December 31, 2022 (2021: $3.9 million). The New York net operating loss carryforwards expire in 2038 – 2042. The Company has Canadian net operating loss carryforwards of $18.7 million ($12.9 million) which expire in 2038 – 2042. The Company has UK net operating losses of $1.5 million (2021: $nil) which do not expire.

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

23. Cash flow adjustments and changes in working capital

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

	Year ended December 31, 2022	Year ended December 31, 2021
Non-cash adjustments in operating activities:		
Depreciation of property and equipment	$ 183,010	$ 3,589
Amortization of intangible assets	1,516,512	378,079
Deferred income tax benefit	(542,640)	(36,070)
Share-based compensation expense	507,937	1,024,440
Revaluation of equity consideration	(64,228)	-
Revaluation of contingent consideration	618,348	-
Revaluation of deferred consideration	70,762	-
Revaluation of warrant liability	(1,425,486)	1,277,301
Revaluation of conversion features	(126,262)	-
Contingent compensation related to acquisitions	1,576,860	-
Interest expense	146,556	-
Investing income	(530,310)	-
Foreign exchange differences	(1,515,802)	(771)
Shares issued for provision of services	57,366	1,434,490
Goodwill impairment	1,763,333	-
Intangible asset impairment	836,667	569,599
Gain on settlement of lease	-	(1,640,370)
RSU vesting expenses	-	66,527
RSUs related to the RTO Transaction	-	2,852,977
	$ 3,072,623	$ 5,929,791
Net changes in working capital:		
Change in deferred revenue	$ 839,508	$ 717,209
Change in trade and other receivables	485,677	(319,789)
Change in unbilled revenue	78,612	-
Change in prepaid expenses and other current assets	17,958	(265,845)
Change in accounts payable	(1,922,970)	943,628
Change in accrued expenses and other liabilities	2,101,539	1,303,134
	$ 1,600,324	$ 2,378,337
Non-cash disclosures in investment and financing activities:		
Common shares retained under RTO	$ -	$ 1,035,707
Shares issued related to acquisitions	814,937	-
Shares issued on acquisition	716,417	1,465,332
	$ 1,531,354	$ 2,501,039

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

24. Administrative Expenses and Cost of Revenue

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

	Year ended December 31, 2022	Year ended December 30 2021
Compensation and benefits	$ 10,237,275	$ 3,648,895
Professional fees	3,841,932	1,554,892
Marketing and advertising	1,024,767	265,896
Investor relations and filing fees	570,456	135,447
Product development	243,000	231,026
Office and other expenses	921,599	384,535
Travel expense	277,862	101,215
Depreciation	183,010	3,589
Amortization of intangible assets	1,028,567	-
Exchange (gain) / loss	629,546	7,447
Share-based compensation expense	507,937	3,943,943
Revaluation of warrant liability	(1,425,486)	1,277,301
Impairment loss	2,600,000	569,599
Gain on settlement of lease obligation	-	(1,640,370)
Loss on settlement of lease holdback	-	1,881,820
Loss on sale of property and equiment	-	1,024
RTO expenses	-	2,628,741
Share issuance costs of warrant liability	-	19,159
Gain on settlement of debt	-	(196,107)
Total administrative expenses	**$ 20,640,465**	**$ 14,818,052**

Cost of revenue includes compensation, employee benefits, subcontractor costs, software and data expenses and amortization of intangible assets.

	Year ended December 31, 2022	Year ended December 31, 2021
Compensation and benefits	$ 11,378,440	$ 91,473
Subcontractors	2,996,778	371,728
Software and data expense	568,331	106,082
Amortization of intangible assets	487,945	378,078
Total cost of revenue	**$ 15,431,494**	**$ 947,361**

25. 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, 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

26. 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:

	Year ended			
		December 31, 2022		December 31, 2021
Salaries and bonuses	$	1,363,316	$	1,551,250
Consulting fees		-		100,000
Share-based payments		167,626		3,267,491
	$	1,530,942	$	4,918,741

27. Subsequent events

On January 12, 2023 the company acquired Acrotrend Solutions Ltd for consideration payable of: (i) a closing cash payment of $4,100,000 subject to holdbacks, (ii) issuance of 750,000 subordinate voting shares of the Company at a price of $1.00 per share, subject to contractual lock-up restrictions, and (iii) earn-out consideration paid over three fiscal years based on certain targets, a portion of which may be payable in Company shares at the Company's sole discretion subject to a maximum of 5,000,000 shares.

On January 12, 2023 the Company acquired Smartlytics Consultancy Ltd. for consideration payable of: (i) a closing cash payment of $1,000,000 subject to holdbacks, (ii) issuance of 600,000 Company Shares at a deemed issue price of $1.00 per share subject to contractual lock-up restrictions, and (iii) earn-out consideration paid over three fiscal years based on certain targets, a portion of which may be payable in Company shares at the Company's sole discretion subject to a maximum of 926,413 shares.

On February 2, 2023 the Company acquired Group Analytics 10 and Inteligencia de Negocios and its affiliate entities, collectively, "A10 Group" for consideration payable of: (i) a closing cash payment of US$4.95 million, subject to holdbacks, (ii) $550,000 settled by way of an issuance of subordinate voting at a deemed price equal to the greater of NOW's 20-day VWAP on closing and US$1.00 per NOW Share, subject to customary lock-ups, and (iii) earn-out consideration paid over four fiscal years based on certain targets. This is an arm's length transaction and no finder's fees were paid by NOW in connection with the A10 Group acquisition.

Given the timing of these recent business combinations, the Company is still in process of completing the initial business combination accounting. The purchase price allocation has not been finalized and is incomplete and therefore the related business combination disclosures have not been presented.

On February 28, 2023 the Company closed a marketed public offering (the "Offering") of 9,631,500 units (the "Units") of the Company at a price of C$0.52 per Unit for gross proceeds of $3,690,964 (C$5,008,380), which includes partial exercise of the over-allotment option. Each Unit consists of one subordinate voting share in the capital of the Company (a "Subordinate Voting Share") and one Subordinate Voting Share purchase warrant (a "Warrant") of the Company. Each Warrant is exercisable to acquire one Subordinate Voting Share at a price per Share of C$0.80 for a period of 36 months following the closing of the Offering. In connection with the Offering, the Company paid the Agents a cash commission of C$300,503 and issued to the Agents 577,890 broker warrants, with each broker warrant entitling the holder thereof to purchase one Subordinate Voting Share at a price of C$0.52 per Subordinate Voting Share for a period 36 months following the Closing. The net proceeds raised amounted to $3,372,964 (C$4,576,876).