NowVertical Group Inc.
Management's Discussion and Analysis
For the and year ended December 31, 2022

April 28, 2023

The following management's discussion and analysis ("**MD&A**") is intended to assist readers in understanding the business environment, strategies, performance and risk factors of NowVertical Group Inc. (the "**Company**", "**NowVertical**", "**we**", "**us**" or "**our**"). All references to "$" are U.S. dollars and all references to "C$" are Canadian dollars.

As described in this MD&A and in the Company's filings on SEDAR, the Company was formed in September 2020 with a business strategy to bring together top technologies, services and the human capital needed to provide public and private organizations with full stack analytic and intelligence solutions. In June 2021, the Company went public and in just over two years since its formation, has built an experienced corporate management team, completed nine acquisitions that result in Pro Forma TTM Adjusted Revenue (see "**Non-IFRS Measures**" below) at December 31, 2022 of $33.7 million and, with the acquisitions completed subsequent to December 31, 2022, now employs more than 500 people in five countries on five continents. NowVertical, the Vertical Intelligence^{TM} ("**VI**") company, will continue to grow organically and through the acquisition of additional businesses that complement its VI data integration, engineering, governance, science, analytics and machine learning practices.

This MD&A provides the reader with a view and analysis, from the perspective of management, of the Company's results of operations and financial position for the year ended December 31, 2022, and should be read in conjunction with the Company's annual consolidated financial statements and notes thereto for the twelve months ended December 31, 2022 and 2021 (the "**Audited Financial Statements**"), which were 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") in effect on January 1, 2022. The Annual Financial Statements and the notes thereto, along with this MD&A, were approved by the Company's board of directors.

Forward-Looking Statements

This MD&A may contain statements deemed "forward-looking statements" that involve risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company or its industry to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. All statements in this MD&A, other than statements of historical fact, which address events or developments that the Company expects to occur, are forward-looking statements, and words such as "may", "will", "expect", "believe", "plan", "intend", "should", "anticipate", "contemplate" and other similar terminology are intended to identify these forward-looking statements. These statements reflect management's current assumptions and expectations regarding future events and operating performance as of the date of this MD&A.

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future events, performance, or results, and will not necessarily be accurate indications of whether or not such events, performance or results will be achieved. Several factors could cause actual events, performance, or results to vary significantly from the events, performance or results discussed in the forward-looking statements, including but not limited to the factors discussed below under "Risks and Uncertainties". Although the forward-looking statements contained in this MD&A are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual events, performance or results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this MD&A and the Company assumes no obligation, except as required by law, to update any forward-looking statements to reflect new events or circumstances. This report should be viewed in conjunction with the Company's other publicly available filings, copies of which can be obtained electronically on SEDAR at www.sedar.com.

Non-IFRS Measures

This MD&A includes certain measures which have not been prepared in accordance with IFRS, such as “Pro Forma TTM Adjusted Revenue”, “Adjusted Revenue” and “Adjusted EBITDA”. These are not recognized measures under IFRS and may not be comparable to similar financial measures disclosed by other issuers.

Pro Forma TTM Adjusted Revenue is a supplemental measure intended to portray the impact of the Company’s acquisitive growth strategy being employed by management to execute its business plan.

Adjusted Revenue and Adjusted EBITDA provide investors with supplemental measures of the Company’s historical operating performance by adjusting for items that are not directly related to the Company’s operating performance or operating conditions and thus highlight trends in the core business that may not otherwise be apparent when relying solely on IFRS measures.

The Company believes that securities analysts, investors, and other interested parties frequently use non-IFRS financial measures in the evaluation of issuers. The Company’s management also uses non-IFRS financial measures to facilitate operating performance comparisons from period to period and to prepare annual budgets and forecasts. The non-IFRS financial measures referred to in this MD&A are defined below:

> “**Adjusted EBITDA**” adjusts net income (loss) before depreciation and amortization expenses, net interest costs, and provision for income taxes for revenue adjustments in “Adjusted Revenue” and items such as acquisition accounting adjustments, transaction expenses related to acquisitions, transactional gains or losses on assets, asset impairment charges, non-recurring expense items, non-cash stock compensation costs, and the full year impact of cost synergies related to restructuring activities, such as a reduction of employees.
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> “**Adjusted Revenue**” adjusts revenue to eliminate the effects of acquisition accounting on the Company’s revenues, which predominantly pertain to FMV adjustments to the opening deferred revenue balances of acquired companies.
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> “**Pro Forma TTM Adjusted Revenue**” represents the trailing 12 months of Adjusted Revenue of all acquisitions completed as of the end of the respective period presented.

Incorporation

The Company is an Ontario corporation listed on the TSX Venture Exchange (the “**TSXV**”) under the symbol “NOW.V”. Prior to its name change in connection with the closing of the Transaction (as described below), the Company was a capital pool company on the TSXV known as Good2Go Corp. (“**G2G”).**

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 U.S. operating company, NowVertical Group, Inc., has a comma in its legal name.

NowVertical Group, Inc. (“**NVG**”), a U.S. operating subsidiary of the Company, was incorporated on September 22, 2020 in Delaware, USA. On March 22, 2021, NVG entered into a business combination agreement with G2G, a Company incorporated under the laws of the Province of Ontario, 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 TSXV’s Policy 2.4 – *Capital Pool Companies*. Concurrently with the Transaction’s closing on June 28, 2021, G2G changed its (i) name to NowVertical Group Inc., (ii) symbol on the TSXV to “NOW.V”, and (iii) year-end from February 28 to December 31, to conform with that of NVG. The Company’s subordinate voting shares (the “**Subordinate Voting Shares**”) commenced trading on the TSXV on July 5, 2021.

Description of the Business and Business Strategy

The Company was founded in September 2020 with a business strategy to bring together top technologies, services and human capital needed to provide public and private organizations with full stack analytic and intelligence solutions. The Company is now a publicly-held big data, analytics and VI software and solutions company that has and will continue to grow organically and through acquisitions.

Since its inception to December 31, 2022, the Company has raised more than $19 million of net proceeds that have been deployed to acquire nine companies and to build its management team and public company operating structure. In Q4 2022 the Company has used debt capital to partially fund its acquisitions. Management intends to continue to access capital and debt markets to execute its acquisitive growth strategy.

The Company's revenue for the three and twelve months ended December 31, 2022 increased over seven-fold from the same periods in the prior year to $8.4 million and $27.0 million, respectively (2021: $1.1 million and $3.2 million, respectively). The Company's Pro Forma TTM Adjusted Revenue, which reflects trailing 12 months of Adjusted Revenue for all entities owned as at December 31, 2022, increased five-fold from December 31, 2021 to $33.7 million (December 31, 2021: $7.0 million).

Consolidating and Building Market Share in the Fragmented Data and Artificial Intelligence Market

NowVertical is a Vertical Intelligence (VI) company that delivers industry-specific data, technology, and artificial intelligence (AI) applications to private and public customers globally. Its proprietary solutions service small, medium and large organizations to transform their data, technology and AI investments into Vertically Intelligent ones. This enables our customers to accelerate their time to value, minimize risk and unlock transformative value for their modern enterprise.

Growth Drivers

There are two primary sources of growth for the Company:

1. Inorganic Growth via Acquisitions
2. Organic Growth via Revenue and Margin enhancement

1. Inorganic Growth via Acquisitions of Service Providers, Software Assets, and IP

Service providers are defined by NowVertical as data governance, data engineering, data integration, data science and machine learning / AI service providers that offer highly specialized consultancy services to enterprise customers. NOW's 2021 acquisition of Integra, Seafront Analytics, 2022 acquisitions of Allegient Defense, CoreBI, and Resonant Analytics, and recently completed 2023 Acquisitions of the A10 Group, Acrotrend, and Smartlyics fall into this category.

Software Assets and IP include companies that derive most of their revenue through the sale or licensing of software or intellectual Property (IP) to our customers in one or multiple verticals. The 2021 acquisition of Signifier (NOW Fusion), Doc Authority (NOW Privacy), and Affinio (NOW Social & NOW Snowflake) as well as the 2022 acquisition of Exonar (NOW Reveal) fall into this category.

NowVertical's ability to integrate newly acquired companies into its global operating model is also a part of how the Company achieves its growth targets. NowVertical's integration focuses on commercial enhancement by supporting pipeline development and sales development through its corporate sales team, cross-unit sales via the emerging global network of business units (i.e. the acquired businesses) ("**BUs**"), margin enhancements through standardization of back-office functions and gross profit improvements via NowVertical's efficient global delivery network in LATAM, Middle East and Asia.

As a publicly traded Vertical Intelligence provider with operations on five continents and a successful track record of acquisitive growth, the Company is well-positioned to provide an effective strategy for regional solution providers by working with them to serve their customers, and care for them, their employees and grow their businesses. The Company believes there is a strong pipeline of potential acquisitions and reviews opportunities continuously; however, the Company takes a diligent approach to potential acquisitions, focusing on accretive opportunities that allow for vertical diversification and other strategic benefits to the Company.

2. **Organic growth**

Organic revenue growth for NowVertical comes via three key areas of commercial integration:

a) Direct Sales from the BUs with integrated pipeline development facilitated by the corporate sales team
b) Cross-Unit sales from other BUs with revenue sharing and incentives facilitated by global transfer pricing and service level agreements (SLAs) - i.e. Customer Expansion
c) Channel partner enhancements via global service, software, and technology partners

The Company also endeavors to maintain best-in-class consolidated customer expansion and retention rates across NowVertical. The Company's ability to retain customers over the long term and generate recurring revenue from existing customers results in a more robust and stable revenue stream and creates opportunities for additional upsells and cross-sells across the NowVertical network. Building successful long-term relationships and deeper customer loyalty with NowVertical's products and services also increases the likelihood of new referrals and brand champions. This includes adding new customers (i.e. logos), expanding service offerings to existing customers, and developing new "in-house" software or platform products. This organic growth strategy is supported by the corporate revenue operations team which actively targets net new, cross BU margin enhancement opportunities, as well as driving inter-BU sales and customer expansion.

INDUSTRY VERTICALS

NowVertical provides services in multiple industries and public sector customers. NOW's operations and organic growth are measured internally by industry vertical to evaluate the opportunity, challenges, and changes in its business. NowVertical groups its customers into the following verticals:

- **Industrials** - The Industrials segment captures customers whose primary industries include but are not limited to: manufacturing, Automotive, Transportation, Energy, etc.
- **Commercial Services** - The Commercial Services s segment captures customers whose primary industries include but are not limited to: Finance, Agencies, Insurance, Telecoms, etc.
- **Public Sector** - The Public Sector segment captures customers whose primary industries include but are not limited to : government agencies, federal and municipal governments, large NGOs, etc.
- **Consumer Goods** - The Consumer Goods s segment captures customers whose primary industries include but are not limited to: consumer product groups, retail, healthcare/pharmaceuticals, Media / Publishing, etc.

Acquisitions completed during the year ended December 31, 2022

The following paragraphs summarize four acquisitions completed during the first nine months of 2022 made to enhance the Company's Solutions and Technology operating segments.

Acquisitions in the Solutions Segment

On February 16, 2022, the Company acquired all of the issued and outstanding securities of CoreBI S.A., a data analytics services company in Argentina, and CoreBI SAS, a data analytics services company in Colombia (together, "**CoreBI**"). The acquisition was made to enhance the Company's data analytics services business and provide a footprint for the Company in Latin America. CoreBI generated revenues of approximately $6.6 million and income from operations of approximately $2.0 million in 2021 (audited, translated to USD at the 2021 year-end ARS:USD exchange rate of .00974, and before adjusting non-monetary items for hyperinflation). Aggregate consideration consisted of (i) a cash payment of $3.0 million, (ii) a deferred cash payment of $1.75 million payable 12 months from closing, subject to CoreBI meeting certain corporate objectives, and (iii) up to $3.25 million in future consideration (payable in cash or stock or both cash and stock, upon mutual agreement of the Company and the CoreBI vendors) based on CoreBI's financial performance. The Company accounted for this transaction as an acquisition of a business.

On April 6, 2022, the Company acquired 100% of the issued and outstanding securities of Allegient Defense, Inc. ("**Allegient**"), a U.S.-based government defense contractor providing systems engineering and technical assistance support to the U.S. Department of Defense. The acquisition was made to enhance the Company's government contracting platform, provide additional pathways for VI solutions that meet government needs, and to expand the Company's defense and IT solutions offerings. Allegient generated revenues of approximately $14.2 million and income from operations of approximately $1.0 million in 2021 (audited), and at the time of acquisition had contracted backlog of approximately $70 million through 2025. Pursuant to the terms of a stock purchase agreement dated December 20, 2021, as amended on April 1, 2022, the aggregate consideration consisted of (i) a cash payment of $900,000 paid on closing, (ii) a deferred cash payment of $1,100,000, paid in May 2022, (iii) 600,000 Subordinate Voting Shares issued on closing, (iv) the assumption of a third party loan to Allegient, which was refinanced at $3,800,000 at closing, and (v) an earn-out of up to an additional $4,000,000, payable in Subordinate Voting Shares (priced at the greater of (A) the Canadian dollar equivalent of $1.00 per Subordinate Voting Share and (B) the Company's 20-day volume weighted average trading price prior to the applicable issuance) and/or cash, at the option of the Company, payable over a three-year period post-closing based on financial performance. In connection with the acquisition, the Company secured a revolving line of credit of up to $2,000,000. The Company accounted for this transaction as an acquisition of a business.

On July 20, 2022, the Company acquired 100% of the issued and outstanding securities of Resonant Analytics, LLC ("**Resonant**"), a U.S.-based guided solutions marketing analytics firm providing CRM program strategy, database marketing and business intelligence solutions to Fortune 500 companies. The acquisition was made to significantly expand the U.S. commercial business of the Solutions segment, adding opportunities for marketing data and data analytics solutions and dashboards. Resonant generated revenues of approximately $1.8 million and income from operations of approximately $0.5 million in 2021 (unaudited). 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 holdbacks) issued on closing, and (iii) earn-out consideration payable over three fiscal years based on financial performance, and paid annually in two-thirds cash and one-third Subordinate Voting Shares priced at the greater of (A) the Company's 20-day volume-weighted average trading price prior to each applicable issuance and (B) $1.00 per share. The closing cash consideration was funded with $1.35 million in term debt with a U.S. banking partner payable which was subsequently refinanced in Jan 2023 with a Canadian banking partner (TD Bank).

Acquisition in the Technology Segment

On March 25, 2022, the Company acquired 100% of the issued and outstanding securities of Exonar Ltd. ("**Exonar**"), a UK-based software solutions firm. Exonar generated revenues of approximately $2.4 million and a loss from operations of approximately $4.5 million in 2021 (audited and translated to USD at the 2021 average GBP:USD exchange rate of 1.3757). The acquisition was made to enhance the Company's data compliance software business. Aggregate consideration consisted of (i) Exonar's transaction costs of $150,000 paid in cash on closing, and (ii) the issuance of Subordinate Voting Shares 12 months after closing of the acquisition valued at $500,000 at the greater of (A) the Canadian dollar equivalent of $1.00 per Subordinate Voting 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 accounted for this transaction as an acquisition of a business.

Results of Operations

Revenue

Revenue increased to $8.4 million for the three months ended December 31, 2022 compared to $1.1 million for the same period in 2021. These increases were primarily due to additional revenue from the companies acquired since December 2021.

Revenue increased to $27.0 million for the year ended December 31, 2022 compared to $3.2 million for the same period in 2021, which was also primarily due to additional revenue from the companies acquired since December 2021.

Gross Profit

Gross profit increased to $3.6 million for the three months ended December 31, 2022, compared to $0.5 million for periods in the prior year, primarily due to gross profit earned from companies acquired since December 2021.

Gross profit increased to $11.6 million for the twelve months ended December 31, 2022, compared to $2.3 million for the same periods in the prior year, which was also primarily due to gross profit earned from companies acquired since December 2021.

Cost of revenue includes amortization of acquired technology intangible assets of $0.1 million and $0.5 million for the three and twelve months ended December 31, 2022 (2021: $0.1 million and $0.4 million respectively).

Administrative Expenses

Administrative expenses include corporate costs, the costs of acquired companies that are not included in the cost of revenue, and non-cash operating costs such as share-based compensation. Major components of administrative expenses were as follows:

	Three months ended		Year ended	
	December 31, 2022	December 30 2021	December 31, 2022	December 30 2021
Compensation and benefits	$ 2,589,825	$ 1,696,807	$ 10,237,275	$ 3,648,895
Professional fees	958,962	606,183	3,841,932	1,554,892
Marketing and advertising	248,400	114,710	1,024,767	265,896
Investor relations and filing fees	64,885	71,365	570,456	135,447
Product development	-	140,250	243,000	231,026
Office and other expenses	351,885	197,083	921,599	384,535
Travel expense	123,141	101,215	277,862	101,215
Depreciation	127,090	2,372	183,010	3,589
Amortization of intangible assets	375,495	(160,961)	1,028,567	-
Exchange (gain) / loss	646,392	(73,420)	629,546	7,447
Share-based compensation expense	270,634	63,539	507,937	3,943,943
Revaluation of warrant liability	(590,874)	1,277,301	(1,425,486)	1,277,301
Impairment loss	2,600,000	569,599	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	-	1,025	-	1,024
RTO expenses	-	510,979	-	2,628,741
Share issuance costs of warrant liability	-	19,159	-	19,159
Gain on settlement of debt	-	(196,107)	-	(196,107)
Total administrative expenses	**$ 7,765,835**	**$ 4,941,099**	**$ 20,640,465**	**$ 14,818,052**

Compensation and benefits expense increased compared to the same periods in 2021 due to the compensation costs of acquired companies and growing the corporate operating model and support teams to manage the growth of the Company.

Professional fee expenses increased compared to the same periods in 2021 due to higher audit fees, tax advisory services and filings, legal fees, and consultants related to the growth of the Company and to support its reporting and other obligations as a public company, as well as additional professional fees related to acquisitions.

Marketing and advertising, and investor relations and filing fees expenses both increased compared to the same periods in 2021 due to expanded corporate investor relations and marketing initiatives which began after the Company's going-public transaction (the "**RTO**") in June 2021, as well as additional marketing costs related to acquired companies.

Product development costs increased compared to the same twelve month period in 2021 primarily due to acquired companies and represent the costs of enhancing and integrating the Company's acquired technology platforms, and decreased compared to the same three month period in 2021 as the Company leverages new internal resources from acquired companies for product development.

Office and other expenses increased compared to the same periods in 2021 primarily due the additional costs of acquired companies.

Travel expenses increased compared to the same period in 2021 primarily related to the growth of the company and additional costs of acquired companies.

Depreciation expense increased compared to the same periods in 2021 primarily due to the depreciation of capital assets of acquired companies.

Amortization of intangible assets expense increased compared to the same periods in 2021 due to higher intangible assets related to acquisitions.

Share-based compensation expense relates to stock options and RSUs issued. The higher expense in each of the comparative prior periods is primarily related to issued units vesting over a shorter period.

Revaluation of warrant liability is the revaluation of warrants issued in the Company's unit offering in December 2021 and October 2022.

One legacy technology acquisition has been impaired as the business has transitioned its core application from a legacy, data-centre centric type of installation to a more cloud oriented one. This enables us to better integrated into enterprise customer's modern data stack.

Other expenses

Other expenses include revaluations of financial liabilities, one-time costs, inflation impact and net interest, as follows:

	Three months ended		Year ended	
	December 31, 2022	December 30 2021	December 31, 2022	December 30 2021
Contingent compensation related to acquisitions	$ (509,463)	$ -	$ (1,576,860)	$ -
Revaluation of equity consideration	-	-	64,228	-
Revaluation of contingent and deferred consideration	(784,231)	-	(689,110)	-
Revaluation of conversion features	126,262	-	126,262	-
Inflation effect on the net monetary position	1,718,181	-	985,848	-
Listing expense	-	-	-	(1,011,110)
Investing income	188,811	-	530,310	-
Interest income (expense), net	(235,978)	(122,307)	(468,152)	(347,744)
Total other expenses	**$ 503,582**	**$ (122,307)**	**$ (1,027,474)**	**$ (1,358,854)**

Contingent compensation related to acquisitions is related to contingent deferred consideration for an acquired company that is classified as compensation expense and accrued over time. Revaluation of equity consideration relates to the fair value adjustment of shares to be issued in the future in relation to acquisitions. Revaluation of contingent and deferred consideration relates to the revaluations of contingent earn-out consideration and deferred consideration in relation to acquisitions. Inflation effect on the net monetary position relates to the inflationary adjustment required under IAS 29 related to operations in Argentina.

Gross interest income generated by revenue on cash deposits in 2022 is partially offset by interest expense on long term debt. Interest expense decreased for both periods in 2022 compared to 2021, primarily related to the repayment in December 2021 of a significant portion of a term loan, the renegotiation of a lower interest rate for that term loan, and the conversion in June 2021 of interest-bearing convertible notes issued in March and April 2021, partially offset by interest expense on Allegient and Resonant's term loan.

Income Tax Expense (Benefit)

Income tax expense or benefit is recognized at an amount determined by multiplying the profit (loss) before tax for the reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognized in full in the period.

For the year ended December 31, 2022, the Company recorded an income tax benefit of $0.5 million on pre-tax book loss of $10.1 million, composed of a $0.3 million current income tax expense and $0.8 million deferred tax benefit. The Company's effective tax rate for the year ended December 31, 2022 was 5.4% which differs from the U.S. Federal statutory rate of 21% primarily due to certain pre-tax losses for which no tax benefit was recorded. The Company recorded a deferred income tax benefit of $0.8 million in the year ended December 31, 2022 related to a partial recognition of the Company's U.S. deferred tax assets given the business combination consummated during the period ended December 31, 2022 created a source of future taxable income.

Net Loss and Loss Per Share

The Company reported a net loss of $3.6 million and a comprehensive loss of $5.0 million for the three months ended December 31, 2022, compared to a net loss of $4.5 million and comprehensive loss of $4.5 million for the same period in 2021.

The Company reported a net loss of $9.5 million and a comprehensive loss of $11.1 million for the year ended December 31, 2022, compared to a net loss of $13.9 million and comprehensive loss of $13.8 million for the same period in 2021.

On a per share basis, this represents a net loss per basic and diluted share to $0.06 and $0.15 for the three and twelve months ended December 31, 2022 respectively compared to a net loss per basic and diluted share of $0.09 and $0.35 for the three and twelve months ended December 31, 2021 respectively.

The decrease in the net loss per basic and diluted share for both the three and twelve month periods ended December 31, 2022 is related to higher revenue in 2022 primarily due to the acquisition of CoreBI, Allegient and Resonant in 2022.

Summary of Quarterly Results

The Company in its original form was incorporated on September 22, 2020 and began operations in October 2020. The selected financial information provided below is derived from the Company's Interim Financial Statements. Certain amounts in comparative periods have been reclassified to conform with the presentation adopted in the current period.

Amounts in millions except loss per share	Q4 22	Q3 22	Q2 22	Q1 22	Q4 21	Q3 21	Q2 21	Q1 21	Q4 20
Adjusted Revenue	$ 8.575	$ 8.516	$ 7.673	$ 2.983	$ 1.140	$ 0.958	$ 0.804	$ 0.319	$ 0.365
Adjusted EBITDA	(0.021)	(0.282)	(0.826)	(0.112)	(1.996)	(0.879)	(0.082)	0.328	0.233
Revenue	8.392	8.381	7.641	2.594	1.140	0.958	0.804	0.319	0.154
Gross profit	3.603	3.276	3.211	1.488	0.698	0.724	0.676	0.175	0.115
Loss from operations	(4.163)	(2.024)	(1.415)	(1.461)	(4.404)	(1.372)	(5.241)	(1.527)	(0.139)
Net loss	(3.557)	(2.903)	(1.268)	(1.820)	(4.499)	(1.371)	(6.361)	(1.629)	(1.979)
Basic and diluted loss per share	$ (0.06)	$ (0.05)	$ (0.02)	$ (0.03)	$ (0.08)	$ (0.03)	$ (0.22)	$ (0.06)	$ (0.13)
Weighted average shares outstanding	63.522	63.751	62.603	62.047	52.604	49.061	29.282	28.601	14.862
Shares outstanding, end of period	65.078	64.968	62.648	62.048	62.042	49.807	49.252	28.601	28.601

Revenue and gross profit are increasing quarter over quarter as the Company acquires new companies and expands its product offerings. Cost of revenue includes amortization expense for technology related intangible assets related to acquisitions. The higher net loss in the third quarter of 2022 was primarily related to revaluations of warrant liability, future share consideration and earn-out consideration, as well as the inflationary adjustment related to operations in Argentina. The higher net loss in the fourth quarter of 2021 was primarily related to higher compensation expenses and professional fees as the Company continued to grow the business and a revaluation expense related to the unit warrant liability. The higher net loss in the second quarter of 2021 was related to the RTO Transaction which was completed in June 2021.

Non-IFRS Results for the three and twelve months ended December 31, 2022

Pro Forma TTM Adjusted Revenue (millions)	**As at December 31, 2022**	**As at December 31, 2021**
	$ 33.7	**$ 7.0**

Pro Forma TTM Adjusted Revenue of $33.7 million as at December 31, 2022 is nearly 5 times the comparable amount of $7.0 million for businesses owned by the Company as at December 31, 2021, primarily due to the acquisitions of Allegient, CoreBI, Resonant and Exonar.

Reconciliation of Adjusted Revenue and Adjusted EBITDA

	Three months ended		Year ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Adjusted Revenue	$ 8,575,276	$ 1,140,446	$ 27,746,206	$ 3,221,015
Adjusted EBITDA	$ (21,004)	$ (1,995,848)	$ (1,240,684)	$ (2,628,778)

	Three months ended		Year ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Revenue	**$ 8,391,848**	**$ 1,140,446**	**$ 27,009,266**	**$ 3,221,015**
Acquisition accounting impact on revenue	183,428		736,940	-
Adjusted revenue	**$ 8,575,276**	**$ 1,140,446**	**$ 27,746,206**	**$ 3,221,015**
Loss from operations	**$ (4,162,940)**	**$ (4,403,693)**	**$ (9,062,693)**	**$ (12,544,398)**
GAAP Adjustments				
Depreciation and amortization	619,575	172,239	1,699,522	381,667
Expenses incurred in connection with acquisitions	429,424	471,488	1,699,478	1,048,843
Revaluation of warrant liability	(590,874)	1,277,301	(1,425,486)	1,277,301
Gain on settlement of lease obligation	-	-	-	(1,640,370)
Loss on settlement of lease holdback	-	-	-	1,881,820
Gain on settlement of debt	-	(196,107)	-	(196,107)
Impairment loss	2,600,000	569,599	2,600,000	569,599
Loss on sale of property and equiment	-	1,024	-	1,024
RTO expenses	-	510,978	-	2,628,741
Share issuance costs of warrant liability	-	19,159	-	19,159
Foreign exchange realized loss	629,749	-	629,749	
Total GAAP Adjustments	**3,687,874**	**2,825,681**	**5,203,263**	**5,971,677**
Non-cash stock-based compensation	270,635	63,539	507,937	3,943,943
Acquisition accounting impact on revenue	183,428	(481,375)	736,940	-
Impact of cost synergies related to reduction of employees	-	-	1,373,869	-
Adjusted EBITDA	**$ (21,004)**	**$ (1,995,848)**	**$ (1,240,684)**	**$ (2,628,778)**

Adjusted Revenue increased to $8.6 million (more than five times) and $27.8 million (more than six times), respectively, in the three and twelve months ended December 31, 2022 compared to the same periods in the prior year, primarily due to the acquisitions of Allegient, CoreBI, Resonant and Exonar.

Adjusted EBITDA increased to ($0.02) million compared to $(2.0) million in the same three month period in 2021, and to $(1.2) million compared to $(2.6) million in the same year in 2021, primarily due to increased operating profit from the acquisitions of Allegient, CoreBI, and Resonant, partially offset by higher corporate costs.

The Company was able to realize $1.4 million of personnel efficiencies due to the restructuring of certain, acquired businesses and integrating them into the Global NowVertical Operating Model. These cost synergies come from executive-level reductions, efficiencies generated around the standardization of administrative, leadership activities as well as reductions in speculative R&D investments not core to customer requirements.

Non-IFRS Results by operating segment for the three and twelve months ended December 31, 2022

	Three months ended							
	December 31, 2022				December 31, 2021			
	Technology	Solutions	Corporate	Total	Technology	Solutions	Corporate	Total
Adjusted Revenue	$ 1,704,844	$ 6,870,636	$ -	$ 8,575,480	$ 1,344,978	$ 160,115	$ -	$ 1,505,093
Cost of revenue	(156,842)	(4,515,120)	-	(4,671,962)	(81,120)	(191,092)	-	(272,212)
Gross Profit	1,548,002	2,355,516	-	3,903,518	1,263,858	(30,977)	-	1,232,881
Administrative and other expenses	(1,007,723)	(1,493,389)	(1,423,410)	(3,924,522)	(689,199)	(129,248)	(2,410,282)	(3,228,729)
Adjusted EBITDA	$ 540,279	$ 862,127	$ (1,423,410)	$ (21,004)	$ 574,659	$ (160,225)	$ (2,410,282)	$ (1,995,848)

	Years ended							
	December 31, 2022				December 31, 2021			
	Technology	Solutions	Corporate	Total	Technology	Solutions	Corporate	Total
Adjusted Revenue	$ 6,631,853	$ 21,114,556	$ -	$ 27,746,409	$ 3,594,978	$ 472,059	$ -	$ 4,067,037
Cost of revenue	(641,606)	(14,301,942)	-	(14,943,548)	(181,849)	(387,434)	-	(569,283)
Gross Profit	5,990,247	6,812,614	-	12,802,861	3,413,129	84,625	-	3,497,754
Administrative and other expenses	(3,574,314)	(4,267,766)	(6,201,465)	(14,043,545)	(916,841)	(462,191)	(4,747,500)	(6,126,532)
Adjusted EBITDA	$ 2,415,933	$ 2,544,848	$ (6,201,465)	$ (1,240,684)	$ 2,496,288	$ (377,566)	$ (4,747,500)	$ (2,628,778)

Technology Segment

Adjusted Revenue and Gross Profit for the Technology operating segment increased in the three and twelve months ended December 31, 2022 compared to the same periods in 2021 due to the acquisitions of Affinio, DocAuthority and Exonar.

Adjusted EBITDA decreased slightly in the Technology operating segment in the three and twelve months ended December 31, 2022 compared to the same periods in 2021. While revenue and gross profit in the Technology segment were higher in the 2022 periods compared to the same periods in 2021, this was offset by higher administrative and other costs in the acquired companies.

Solutions Segment

Adjusted Revenue, Gross Profit and Adjusted EBITDA for the Solutions operating segment increased in the three and twelve months ended December 31, 2022 compared to the same periods in the prior year due to the acquisitions of CoreBI, Allegient and Resonant.

Global Operating Model (Corporate)

Adjusted Cost associated with NowVertical's global operating model increased in the twelve months ended December 31, 2022 compared to the same period in 2021 primarily due to the cost of adding personnel to manage the growth of the business and support the Company's operational requirements, and engaging external service providers to assist the Company in meeting its public company requirements and in connection with executing its acquisition strategy. To reduce costs associated with the global operating model, management has re-located key service providers and critical roles from the U.S to Canada. The impact of these changes came into effect in Q4 2022 and will continue into FY 2023. Adjusted costs decreased in the three months ended December 31, 2022 compared to the same period in 2021 primarily due to decrease in bonus costs.

Liquidity and Capital Resources

The Company defines "capital" to include share capital and borrowings, which are managed on a consolidated level. Since its inception, the Company has relied primarily on equity and debt financings, as well as the cash flows provided by acquired businesses, to support its operating model and execute its acquisitive growth strategy. Recent acquisitions have been completed with debt proceeds from the EDC and a commercial bank.

As at December 31, 2022, the Company had a working capital deficit of $1.5 million, which includes deferred revenue of $2.6 million and equity and operating results based contingent consideration payable to acquired companies amounting to $0.6 million. Excluding these items, the Company had a working capital surplus of $1.7 million as at December 31, 2022. To balance the need to manage liquidity while continuing to execute upon important elements of its growth strategy, the Company: (i) in January 2023 used its December 31, 2022 restricted cash balance and acquisition financing to complete three acquisitions, (ii) in February 2023 completed a marketed public equity offering (by utilizing the base shelf registration discussed further below) that raised gross proceeds of C$5.0 million, (iii) is in negotiations with vendors of CoreBI to extend the terms of cash consideration due earlier this year, and (iv) taken action to reduce the overheads of acquired companies. These steps supplement the continual monitoring of cash flows against operating forecasts.

With respect to the base shelf registration mentioned above, the Company was receipted on January 24, 2022 to raise up to C$65.0 million (As at December 31, 2022 C$5.1 million has been utilized to date). 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 C$5.0 million, which includes partial exercise of the over-allotment option. Each Unit consists of one 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$0.3 million 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 in U.S. dollars amounted to $3.4 million.

As of the date of this MD&A, the Company has cash of $5.4 million. The cash includes $0.8 million held in banks in Argentina. The Central Bank of the Argentine Republic has placed restrictions on the repatriation of funds at the official exchange rate, and the Company is working with its advisors to finalize a cash repatriation plan. The cash also includes $2.5 million that is held within subsidiaries that are subject to compliance with bank covenants.

Additional sources of capital and/or financing will be required to meet planned growth initiatives and long-term operational objectives. Since its inception and through the date of this MD&A, the Company has raised over $23 million in net cash from equity and convertible note financings.

Management expects that future cash generated from its operating entities, along with additional financings and a planned credit facility to fund acquisitions, will provide sufficient capital for the Company to execute on its strategy. Management expects to continue to grow revenue and improve the profitability of the Company's existing business by leveraging internal sales channels and other cross-entity synergies and plans to acquire cash flow positive businesses that can be financed with a credit facility and/or debt. Additionally, management will continue to take action to align the cost structures of acquired businesses with its operating model. Whether and when the Company can attain profitability and positive cash flows from operations and obtain additional funds from financing is uncertain. The Company's continued operations depend upon its ability to meet its financing requirements on a continuing basis, to continue to have access to financing, and to generate positive operating results. (Refer to Note 2 of the Audited Financial Statements for Going Concern disclosure).

Cash Flow from Operations

For the year ended December 31, 2022, the Company used $4.9 million of cash for operations (2021: $4.5 million) primarily due to its loss from operations, which includes costs related to the additional personnel and external service providers hired to manage the growth of the business and support its operational requirements and acquisition strategy, and expenses related to the acquisitions of CoreBI, Exonar, Allegient and Resonant.

Cash Flow from Investing Activities

For the year ended December 31, 2022, the Company used $10.8 million of cash for investing activities related to cash used for the acquisitions of CoreBI, Exonar, Allegient and Resonant, net of cash acquired in the transactions. For the same period in 2021, the Company used $2.4 million of cash for investing activities related to cash used for the acquisitions of Integra, Affinio and the assets of DocAuthority.

Cash Flow from Financing Activities

For the year ended December 31, 2022, the Company generated cash of $10.7 million from financing activities, related to debt financing secured for the Resonant acquisition and acquisitions of Acrotrend Solutions Ltd. and Smartlytics Consultancy Ltd. which each closed on January 12, 2023, partially offset by debt repayments. For the same period in 2021, the Company generated $14.6 million in cash from financing activities, primarily from proceeds from equity subscriptions and convertible notes, partially offset by repayment of a leasing liability.

As at December 31, 2022 the Company had $5.2 million of restricted cash which was held in trust for the acquisitions of Acrotrend Solutions Ltd. and Smartlytics Consultancy Ltd. which each closed on January 12, 2023.

Contractual Obligations

The Company has a remaining payment obligation of $0.1 million on a senior secured redeemable debenture issued by Signafire in 2019 which the Company renegotiated in 2021. Affinio has four unsecured, non-interest-bearing loans outstanding of $0.7 million in the aggregate at December 31, 2022, of which $0.2 million is due within twelve months. Allegient has a term loan with a remaining balance of $3.6 million at December 31, 2022, of which $0.5 million is due within the next twelve months. Resonant has a term loan with a remaining balance of $1.4 million at December 31, 2022, of which $0.2 million is due in the next twelve months. NowVertical Canada Holdings Inc. has a term loan with a remaining balance of $5.2 million of which $0.2 million is due in the next twelve months.

On June 30, 2022, the Company amended its agreement with the Affinio vendors. Pursuant to the terms of the agreement, the vendors were entitled to a deferred cash payment of $1.5 million on July 2, 2022. Per the amendment, the vendors agreed, in lieu of the deferred cash payment of $1.5 million on July 2, 2022, to accept a $0.75 million cash payment which was paid on October 7, 2022, and the remaining $0.75 million in Subordinate Voting Shares of the Company ("NOW Shares") at a price per share equal to the VWAP of the NOW Shares on the TSXV for the 10-day period prior to the date of issuance, plus an additional 195,000 NOW Shares. Pursuant to the amendment, the Company issued 1,561,298 NOW Shares on 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 Company also has remaining deferred payment obligations to the vendors of CoreBI of $1.75 million, of which $1.5 million remains outstanding. The payment timing of the outstanding deferred payment obligations is currently being discussed between the Company and the CoreBI vendors.

As at December 31, 2022, the consideration payable related to acquired companies is as follows:

		December 31, 2022
Consideration payable	$	3,889,639
Equity consideration payable		219,000
Contingent consideration payable		387,346
Total current liabilities	$	4,495,985
Contingent consideration payable	$	1,082,525
Total long-term liabilities	$	1,082,525

Contingent consideration payable represents the fair value of estimated earn-out payments related to acquired companies, which are contingent on achieving certain operating results. Equity consideration payable represents the fair value of shares to be issued in relation to acquisitions.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Transactions with Related Parties

	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

Proposed Transactions

The Company seeks potential acquisition targets on an ongoing basis and may complete several acquisitions in any given fiscal year. Additional funding will be required to execute on the Company's acquisition plan for the next twelve months, and a new credit facility is being pursued. The Company successfully utilized debt financing to facilitate its recent acquisitions.

Changes in Accounting Policies including Initial Adoption

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 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 an 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.

Financial Instruments and Other Instruments

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

The Company's 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 either at amortized cost using the effective interest method or at fair value through profit and loss (FVTPL). For financial liabilities measured at amortized cost, 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, accounts payable, accrued expenses and other current liabilities, deferred revenue, and consideration payable related to acquired companies. The Company's financial instruments categorized at FVTPL are contingent consideration payable related to acquired companies and equity consideration payable related to acquired companies.

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 instrument 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.

Outstanding Share Data

The Company is authorized to issue an unlimited number of class A Subordinate Voting Shares and an unlimited number of class B proportionate voting shares ("**Proportionate Voting Shares**"). As of the date of this MD&A, the following securities of the Company were issued and outstanding: (i) 42,713,317 Subordinate Voting Shares, (ii) 223,651 Proportionate Voting Shares, convertible, subject to adjustment, into 22,365,100 Subordinate Voting Shares (iii) 4,582,671 stock options to purchase 4,582,671 Subordinate Voting Shares, (iv) 11,398,761 Warrants exercisable to purchase 11,398,761 Subordinate Voting Shares, and (v) Debenture Units that are convertible into 4,827,619 Subordinate Voting Shares.

Risks and Uncertainties

The Company's business is subject to a number of risk factors, which are described comprehensively in the Company's short form prospectus (including all documents incorporated by reference therein) dated February 22, 2023, and which are incorporated by reference herein. Particularly, the Company's activities expose it to financial risks, including credit risk, liquidity risk, and currency risk. It is the Company's opinion that it is not exposed to other significant market risks, including price, or variable 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 $4.7 million at December 31, 2022.

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 accounts payable, accrued expenses, other current liabilities, loan payable, long-term debt and consideration payable related to acquired companies. As at December 31, 2022, the Company had cash of $3.8 million, restricted cash of $5.2 million, other current assets of $5.7 million and current liabilities of $12.9 million (excluding deferred revenue, equity consideration, and contingent consideration).

Additional funding will be required to meet the Company's contractual obligations and execute on its business plan for the next 12 months. The Company was receipted for a base shelf registration in January 2022 to raise up to C$65.0 million (of which C$5.1 million has been utilized as at December 31, 2021). The Company has successfully raised over $19 million in net cash from equity and convertible notes as at December 31, 2022 and $22.9 million at the date of filing. Management expects to be able to successfully raise additional financing. Management expects that future cash generated from its operating entities, along with additional financings and a planned credit facility to fund acquisitions, will provide sufficient capital for the Company to execute on its strategy. Whether and when the Company can attain profitability and positive cash flows from operations and obtain additional funds from financing is uncertain. The Company's continued operations depend upon its ability to meet its financing requirements on a continuing basis, to continue to have access to financing, and to generate positive operating results. (Refer to Note 2 of the Audited Financial Statements for Going Concern disclosure).

Currency risk

The Company is exposed to foreign currency fluctuations. Such exposure arises from translation of monetary assets and liabilities denominated in foreign currencies, such as the Canadian dollar and the Argentinian peso, the impact of which is recorded in the Company's Statement of Operations; and translation of entities that have a functional currency that differs from the U.S. dollar presentation currency of the Company, the impact of which is recorded through the Company's Other Comprehensive Income.

The Company continually monitors its exposure to foreign currency risks arising from foreign currency balances and transactions. The Company does not utilize any financial instruments to hedge this risk.

Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial also may impair our business and operations and cause the price of the Subordinate Voting Shares to decline. If any of the noted risks actually occur, the Company's business may be harmed and the financial condition and results of operations may suffer significantly. In that event, the trading price of the Subordinate Voting Shares could decline, and shareholders may lose all or part of their investment.

Additional Information Relating to the Company

Additional information relating to the Company, including our Annual Information Form, can be found on the Company's profile at www.sedar.com and on the Company's website at www.nowvertical.com.