



NowVertical Group Reports Record Fourth Quarter 2022 Financial Results

- Adjusted Revenue was \$8.6 million¹ for the three months ended December 31, 2022 (“Q4 2022”) and \$27.7 million¹ for the year ended December 31, 2022 (“FY 2022”), an increase of more than 450% from the three months ended December 31, 2021 (“Q4 2021”) and more than 550% from the year ended December 31, 2021 (“FY 2021”).
- NOW reported breakeven Adjusted EBITDA¹ in Q4 2022 and \$(1.2) million in FY 2022, an increase of 99% from Q4 2021 and 53% from FY 2021.

TORONTO, Ontario – April 19, 2023 /Globe Newswire/ - NowVertical Group Inc. (TSX-V: NOW) (OTCQB: NOWVF) (“NOW” or the “Company”), the Vertical Intelligence (“VI”) company, today announces its financial results for the three and twelve months ended December 31, 2022. All figures are in U.S. dollars unless otherwise stated.

“The fourth quarter results demonstrate our ability to create value through a disciplined, profitability-oriented growth strategy,” said Daren Trousdell, Chief Executive Officer. “Carrying this momentum into fiscal 2023, we are uniquely positioned – strategically, operationally, and financially – to continue consolidating in markets around the world, while realizing meaningful cost efficiencies and generating increasing levels of organic growth.”

“NOW has ramped up our operations to build significant scale and position us to compete with some of the biggest and most well-known brands in the AI industry,” continued Trousdell. “We have done this with a very strong and dedicated corporate development team that has internally sourced, pursued, and closed 12 acquisitions, that all-in generates approximately \$60 million in revenue on a trailing 12-month (“TTM”) basis.”¹

Selected Financial Highlights:

- **TTM Proforma Revenue¹** was **\$33.7** million at December 31, 2022, an increase of more than 300% from FY 2021.
- **Current TTM Proforma Revenue¹** at April 19, 2023, is approximately **\$60** million, including TTM revenue from all 12 acquisitions completed.
- **Adjusted Revenue¹ Target for Q1 2023** is between **\$11.5-\$12.5** million.
- **Adjusted Revenue¹** – Adjusted Revenue was **\$8.6** million¹ in Q4 2022 and **\$27.7** million¹ for FY 2022, an increase of more than 450% from Q4 2021 and more than 550% from FY 2021.
- **Gross Profit¹** was **\$3.9** million in Q4 2022 and **\$12.8** million in FY 2022, representing significant increases from **\$1.2** million in Q4 2021 and **\$3.4** million in FY 2021.

¹See NON-IFRS MEASURES at the end of release



- **Adjusted EBITDA¹** – Adjusted EBITDA was **\$0.0** million in Q4 2022 and **(\$1.2)** million in FY 2022, representing significant improvements from **\$(2.0)** million in Q4 2021 and **(\$2.6)** million in FY 2021.
- **Net Loss** – Net Loss was **\$3.8** million in Q4 2022 and **\$9.8** million in FY 2022, improving from a net loss of **\$4.5** million in Q4 2021 and **\$13.9** million in FY 2021.
- **Cash and Cash Equivalents** – Unrestricted Cash and cash equivalents were **\$3.8** million as of December 31, 2022.

Financial Information:

Three months ended

(000)s	December 31, 2022			December 31, 2021		
	NOW Business Units	NOW Group Operations	Total	NOW Business Units	NOW Group Operations	Total
Reported:						
Revenue	\$ 8,392	\$ -	\$ 8,392	\$ 1,140	\$ -	\$ 1,140
Loss from operations	\$ (2,595)	\$ (1,558)	\$ (4,152)	\$ (281)	\$ (4,123)	\$ (4,404)
Adjusted:						
Adjusted Revenue	\$ 8,575	\$ -	\$ 8,575	\$ 1,505	\$ -	\$ 1,505
Cost of revenue	\$ (4,672)	\$ -	\$ (4,672)	\$ (272)	\$ -	\$ (272)
Gross Profit	\$ 3,903	\$ -	\$ 3,903	\$ 1,233	\$ -	\$ 1,233
Gross Profit margin	46%		46%	82%		82%
Administrative and other expenses	\$ (2,501)	\$ (1,423)	\$ (3,925)	\$ (818,447)	\$ (2,410)	\$ (3,229)
Adjusted EBITDA	\$ 1,402	\$ (1,423)	\$ (21)	\$ 414,434	\$ (2,410)	\$ (1,995)
EBITDA %	16%		-	28%		-133%

12 Months Ended

(000)s	December 31, 2022			December 31, 2021		
	NOW Business Units	NOW Group Operations	Total	NOW Business Units	NOW Group Operations	Total
As reported:						
Revenue	\$ 27,009	\$ -	\$ 27,009	\$ 3,221	\$ -	\$ 3,221
Loss from operations	\$ (2,137)	\$ (6,915)	\$ (9,052)	\$ 895	\$ (13,439)	\$ (12,544)
Adjusted:						
Adjusted Revenue	\$ 27,746	\$ -	\$ 27,746	\$ 4,067	\$ -	\$ 4,067
Cost of revenue	\$ (14,944)	\$ -	\$ (14,944)	\$ (569)	\$ -	\$ (569)
Gross Profit	\$ 12,802	\$ -	\$ 12,802	\$ 3,498	\$ -	\$ 3,498
Gross Profit margin	46%		46%	86%		86%
Administrative and other expenses	\$ (7,842)	\$ (6,201)	\$ (14,044)	\$ (1,379)	\$ (4,748)	\$ (6,127)
Adjusted EBITDA	\$ 4,960	\$ (6,201)	\$ (1,241)	\$ 2,119	\$ (4,748)	\$ (2,629)

Q4 2022 and Subsequent Business Highlights

- In December 2022, NOW announced definitive agreements to acquire 100% of the issued and outstanding securities of two U.K.-based data analytics solution providers, Acrotrend Solutions and Smartlytics Consultancy. Both acquisitions closed during Q1 2023, on January 12, 2023.
- In December 2022, NOW announced a definitive agreement to acquire 100% of the issued and outstanding securities of Group Analytics 10 and Inteligencia de Negocios and its affiliate entities (collectively, the “A10 Group”), one of Latin America’s premier big data solution providers with an experienced team of over 175 experts. The transaction closed during Q1 2023 on February 2, 2023.
- On December 21, 2022, NOW entered into a partnership with Export Development Canada (“EDC”) to support NOW’s international growth and expansion efforts. As part of this partnership, NOW and EDC have entered into a non-dilutive secured \$7.0 million credit facility agreement.
- On October 5, 2022, NOW completed a marketed public debenture offering for total gross proceeds of C\$5.1 million.

Subsequent to Q4:

- January 12, 2023, NOW announced a new credit agreement with The Toronto-Dominion Bank (“TD Bank”) for CAD\$7 million.
- On March 6, 2023, NOW announced its System Organization Control Type II (“SOC 2”) certification.
- On February 21, 2023, Acrotrend, one of the newest additions to NOW’s Vertical Intelligence offering, was awarded a gold rating in the sixth annual listing of UK management firms most recommended by their clients.
- On February 28, 2023, NOW completed a marketed public offering of 9,631,500 units for aggregate gross proceeds of C\$5.0 million.

Investor Call

NOW management will hold a quarterly broadcast to discuss 2022 results tomorrow morning at 9 am ET. Participants will include Daren Trousdell, Chief Executive Officer; Alim Virani, Chief Financial Officer; and Sasha Grujicic, President. A question-and-answer session will follow.

Investor Conference Call Registration

Register to watch the webinar here: <https://bit.ly/nowQ4webinar>



For participants that would like to ask questions on the call please register here for a dial in PIN: <https://bit.ly/NOWQ4registration>

A recording of the webinar and supporting materials will be made available following the call in the investor's section of the company's website at <https://ir.nowvertical.com/news-and-media>.

Release of Annual Audited Financial Statements

The Company previously announced that its 2022 audited financial statements for the year ended December 31, 2022 (the "**Financial Statements**") and accompanying management's discussion and analysis (the "**MD&A**") would be released following the close of market on April 19, 2023. By way of update, the Company will be releasing its Financial Statements and MD&A on or before the filing deadline of April 30, 2023.

Corporate Update

Further to the Company's news release dated February 2, 2023 announcing the Company's acquisition of the A10 Group, the Company would like to clarify that the earn-out consideration payable under the purchase agreement with the A10 Group vendors which is to be paid over four fiscal years based on certain Adjusted EBITDA targets is payable in part by way of an issuance of subordinate voting shares in the capital of NOW ("**NOW Shares**") in the Company's sole discretion subject to a maximum of 1,500,000 NOW Shares (or an aggregate of 2,050,000 NOW Shares including the 550,000 NOW Shares issued on closing at a deemed price of US\$1.00 per NOW Share in settlement of a US\$550,000 payable on closing.

Further to the Company's news release dated March 28, 2022 announcing the Company's acquisition of Exonar Ltd. ("**Exonar**"), the Company would like to clarify that the consideration payable under the purchase agreement to the Exonar vendors is as follows: (i) a closing cash payment of US\$150,000 which was paid in March 2022 on closing; and (ii) a deferred payment of US\$500,000 payable one year from the closing date (the "**Deferred Payment**"), in cash or NOW Shares in the Company's sole discretion at a deemed price per NOW Share equal to the greater of (A) the Canadian dollar equivalent of US\$1.00 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 TSX Venture Exchange (the "**TSXV**") and subject to the approval of the TSXV. The Company has sought the approval of the TSXV to issue 500,000 NOW Shares in settlement of the Deferred Payment and such issuance remains subject to the approval of the TSXV.

Additionally, on April 18, 2023, the Company and the former shareholders of Affinio, a company previously acquired by NOW, agreed to amend the terms of a deferred payment of \$1.5 million, by amending the amount payable to \$1.74 million (the "**Remaining Amount**") and deferring the payment of the Remaining Amount in cash installments between now and December 31, 2023.

Related links:

<https://www.nowvertical.com>

About NowVertical Group Inc.



NowVertical Group is a Vertical Intelligence (VI) software and services provider that delivers vertically-specific data, technology, and artificial intelligence (AI) applications into private and public verticals globally. NOW's proprietary solutions sit at the foundation of the modern enterprise by transforming AI investments into VI, enabling its customers to minimize their risk, accelerate the time to value, and reduce costs. NOW is rapidly growing organically and through targeted acquisitions. For more information about NOW, visit www.nowvertical.com.

Pre-Released Financial Metrics

This news release contains certain pre-released fourth quarter and full year financial metrics. The fourth quarter and full year financial metrics contained in this news release are preliminary and represent the most current information available to the Company's management, as financial closing procedures for the three months and year ended December 31, 2022 are not yet complete. The Company's actual audited financial statements for such period will be filed with the securities regulatory authorities in certain provinces of Canada and available at www.sedar.com, on or before the filing deadline of April 30, 2023, and may result in material changes to the financial metrics summarized in this news release (including by any one financial metric, or all of the financial metrics, being below or above the figures indicated) as a result of the completion of normal quarter and year end accounting procedures and adjustments, and also what one might expect to be in the final financial statements based on the financial metrics summarized in this news release. Although the Company believes the expectations reflected in this news release are based upon reasonable assumptions, the Company can give no assurance that actual results will not differ materially from these expectations.

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

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NON-IFRS MEASURES

The non-IFRS financial measures referred to in this news release are defined below. The management's discussion and analysis for the three and 12 months ended December 31, 2022, which will be available on or before April 30, 2023 at www.nowvertical.com and on the Company's SEDAR profile, also contains



supporting calculations for Adjusted Revenue, EBITDA, Adjusted EBITDA, and Pro Forma TTM Adjusted Revenue.

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

“Q4 2022 Proforma Adjusted Revenue” adjusts revenue to eliminate the effects of acquisition accounting on the Company’s revenues and includes revenues from all acquisitions completed as of the MD&A issuance date.

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

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

“Current Pro Forma TTM Adjusted Revenue” adjusts Pro Forma TTM Adjusted Revenue to include the Pro Forma TTM Adjusted Revenue of all acquisitions completed through the date of the Q4 2022 MD&A. The prior year's comparable amount reflects acquisitions completed through the date of the prior period’s MD&A.

Forward-Looking Statements

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

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

Cautionary Note Regarding Non-IFRS Measures

This news release refers to certain non-IFRS measures. These measures are not recognized under IFRS, do not have a standardized meaning prescribed by IFRS, and are, therefore, unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company’s



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