NowVertical

Audited Consolidated Financial Statements for the year ended December 31, 2021 and for the period from September 22, 2020 (date of inception) to December 31, 2020

NowVertical Group Inc.

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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 Company"), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020 and the consolidated statements of loss and comprehensive loss, consolidated statements of shareholders' equity and consolidated statements of cash flows for the year ended December 31, 2021 and the period from September 22, 2020 (date of inception) to December 31, 2020, 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 Company as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2021 and the period from September 22, 2020 (date of inception) to December 31, 2020 in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards and with auditing standards generally accepted in the United States of America. 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 Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada and the United States of America, 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

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company incurred a net loss of $13,860,389 during the year ended December 31, 2021, and as of that date, had an accumulated deficit of $15,839,586. These conditions, along with the matters as set forth in Note 2, raise substantial doubt about the Company's ability to continue as a going concern. Management's plans regarding these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Information other than the consolidated financial statements and auditor's report thereon

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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 International Financial Reporting Standards (IFRS), 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 and with auditing standards generally accepted in the United States of America 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 and with auditing standards generally accepted in the United States of America, 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 Company'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 Company'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 Company 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 Company 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 audits.

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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.

The engagement partner on the audit resulting in this independent auditor's report is Jeffery Gellman**.**

Grant Thornton LLP

New York, New York
April 7, 2022

NowVertical Group Inc.
Consolidated Statements of Financial Position
As of December 31, 2021 and 2020
Expressed in United States Dollars (USD)

	Note		2021		2020
Assets					
Current assets:					
Cash	9	$	9,102,915	$	1,252,942
Trade and other receivables	10		518,453		13,668
Taxes receivable			231,803		-
Prepaid expenses and other current assets			340,097		32,770
			10,193,268		1,299,380
Non-current assets:					
Property and equipment, net			15,924		2,126
Intangibles, net	14		3,962,569		1,631,247
Goodwill	15		6,908,953		2,397,306
			10,887,446		4,030,679
Total assets		$	21,080,714	$	5,330,059
Liabilities and Shareholders' Equity					
Current liabilities:					
Accounts payable		$	1,198,479	$	58,825
Accrued expenses and other current liabilities			1,550,305		64,762
Income tax payable			-		949
Loan payable and current portion of long-term debt	12		765,037		1,327,018
Short-term lease liability	16		-		880,303
Current portion consideration payable to former shareholders	6		1,905,380		6,401
Current portion of deferred revenue	11		1,313,492		268,626
			6,732,693		2,606,884
Non-current liabilities:					
Consideration payable to former shareholders	6		1,435,250		433,842
Long-term lease liability	16		-		1,681,067
Long-term debt	12		653,714		-
Non-current portion of deferred revenue	11		10,218		-
Warrants liability	17		1,460,943		-
Deferred tax liability	20		25,399		-
			3,585,524		2,114,909
Total liabilities			10,318,217		4,721,793
Shareholders' equity:					
Common shares	17		22,580,976		2,587,463
Contributed surplus	18		3,943,943		-
Foreign currency translation reserve			77,164		-
Accumulated deficit			(15,839,586)		(1,979,197)
			10,762,497		608,266
Total liabilities and shareholders' equity		$	21,080,714	$	5,330,059

Subsequent events (Note 26)

Approved on behalf of the Board of Directors

/s/ Daren Trousdell
Director

/s/ Scott Nirenberski
Director

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

NowVertical Group Inc.
Consolidated Statements of Loss and Comprehensive Loss
For the year ended December 31, 2021 and for the period from September 22, 2020 (date of inception) to December 31, 2020
Expressed in United States Dollars (USD)

	Note	2021	2020
Revenue	11	$ 3,221,015	$ 154,268
Cost of revenue		947,361	17,778
Gross profit		2,273,654	136,490
Administrative expenses	23	14,818,052	2,057,809
Loss from operations		(12,544,398)	(1,921,319)
Other expense:			
Listing expense	5	(1,011,110)	-
Interest expense, net	12, 20	(347,744)	(56,929)
		(1,358,854)	(56,929)
Loss before income taxes		(13,903,252)	(1,978,248)
Income tax expense (provision)	21	(42,863)	949
Net loss		$ (13,860,389)	$ (1,979,197)
Foreign currency translation adjustment		77,164	-
Other comprehensive income		77,164	-
Total comprehensive loss		$ (13,783,225)	$ (1,979,197)
Loss per share, basic and diluted	19	(0.35)	(0.13)

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

NowVertical Group Inc.
Consolidated Statements of Shareholders' Equity
For the year ended December 31, 2021 and for the period from September 22, 2020 (date of inception) to December 31, 2020
Expressed in United States Dollars (USD)

Year ended December 31, 2021

	Note	Issued capital - Common Shares	Issued capital - Common Amount	Contributed surplus	Foreign currency translation reserve	Accumulated Deficit	Total
Balance 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	18	4,365,274	-	2,919,503	-	-	2,919,503
Share-based compensation expenses	18	-	-	1,024,440	-	-	1,024,440
Shares issued pursuant to public offerings, net of issuance costs	17 (d)	19,288,756	12,811,579	-	-	-	12,811,579
Common shares retained under RTO	17 (e)	1,202,593	1,035,707	-	-	-	1,035,707
Conversion of convertible notes, net of issuance costs	17 (f)	3,910,814	2,439,605	-	-	-	2,439,605
Issuance of shares - private placement	17 (g)	1,000,000	806,800	-	-	-	806,800
Issuance of shares for provision of services	17 (h)	1,778,000	1,434,490	-	-	-	1,434,490
Issuance of shares - acquisitions	17 (i)	1,895,556	1,465,332	-	-	-	1,465,332
Foreign currency translation adjustment		-	-	-	77,164	-	77,164
Balances at December 31, 2021		62,042,153	22,580,976	3,943,943	77,164	(15,839,586)	10,762,497

Period from September 22, 2020 (date of inception) to December 31, 2020

	Issued capital - Common Shares	Issued capital - Common Amount	Contributed surplus	Foreign currency translation reserve	Accumulated Deficit	Total
Balances at September 22, 2020	-	-	-	-	-	-
Net loss	-	-	-	-	(1,979,197)	(1,979,197)
Issuance of shares	28,601,160	2,587,463	-	-		2,587,463
Balances at December 31, 2020	28,601,160	2,587,463	-	-	(1,979,197)	608,266

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 5.

NowVertical Group Inc.

Consolidated Statements of Cash Flows
Expressed in United States Dollars (USD)

	Note	2021	2020
Cash flows from (used in) operating activities:			
Net loss		$ (13,860,389)	$ (1,979,197)
Listing expense		1,011,110	-
Interest expense on convertible notes		55,066	-
Interest accretion expense		27,462	-
Non-cash adjustments	22	5,929,790	2,022,396
Net changes in working capital	22	2,378,337	(220,923)
		(4,458,624)	(177,725)
Cash flows from (used in) investing activities:			
Acquisitions of subsidiaries, net of cash acquired	6	(2,387,106)	1,430,567
Purchase of property and equipment		(2,842)	-
		(2,389,948)	1,430,567
Cash flows from (used in) financing activities:			
Advance to related party	25	(100,000)	-
Repayment of advance to related party	25	100,000	-
Repayment of borrowings	12	(666,664)	-
Repayment of leasing liabilities	15	(921,000)	-
Cash acquired on reverse takeover	5	37,128	-
Proceeds from private placement	17	806,800	-
Proceeds from equity issuance	17	14,799,753	100
Payment of equity issuance costs	17	(1,819,175)	-
Proceeds from convertible notes	17	2,473,494	-
Payment of convertible note issuance cost	17	(88,955)	-
		14,621,381	100
Effect of exchange rates on cash		77,164	-
Net change in cash and cash equivalents		7,849,973	1,252,942
Cash and cash equivalents, beginning of period		1,252,942	-
Cash and cash equivalents, end of period		$ 9,102,915	$ 1,252,942

The accompanying notes form an integral part of these 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 5). All references herein to 2020 include the period from September 22, 2020 (date of inception) to December 31, 2020.

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. Post the Transaction, the combined businesses of G2G and NVG are sometimes referred to below as the "Resulting Issuer".

The Company is a big data, analytics and vertical intelligence company The Company is organized by segments which are Origin, Solutions, and Affinio. 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.

Impact of COVID-19 – The outbreak of the COVID-19 pandemic and the worldwide government response to mitigate the pandemic's spread have influenced the overall performance of the Company. The extent of the impact of COVID-19 on the Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and impact on the Company's customers, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent of which COVID-19 may impact the Company's financial condition or results of operations is uncertain. As of the date of the issuance of the financial statements, the Company had to forego potential opportunities due to the inability to travel. The Company cannot reasonably estimate the length or severity of this pandemic, but it does not anticipate a material adverse impact on its financial position, its results of operations or cash flows through at least the next twelve months from when these financial statements have been issued.

2. General information, statement of compliance with IFRS and going concern assumption

These consolidated financial statements are presented as of and for the year ended December 31, 2021 in United States dollars (USD), which is the reporting currency of the Company, on a going concern basis.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Certain prior year amounts have been reclassified to conform with the current year presentation in the segment disclosure and the presentation of equity. These consolidated financial statements were approved and authorized for issue by the Company's board of directors on March 30, 2022.

Going Concern

These consolidated financial statements have been prepared in accordance with IFRS, which contemplates continuation of the Company as a going concern. However, during the period from its inception on September 22, 2020 to December 31, 2021, the Company has experienced operating losses and negative cash flows from operations. 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. These material uncertainties raise substantial doubt about the Company's ability to continue as a going concern. These 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 continue to improve revenue and profitability of existing business by leveraging internal sales channels and other cross-entity synergies, and plans to acquire profitable businesses that can be financed under its acquisition strategy. The Company plans to raise additional funds through an equity offering and fund new acquisitions under a new long-term credit facility. The Company has raised over $16.0 million in net cash from equity and convertible notes to date.

The Company intends to rely primarily on cash flows from operations and equity financings for its day-to-day operating needs and additional financing through a credit facility to achieve its acquisition strategy. There can be no assurance, however, that the Company can reach profitability, raise equity, or close a new long-term credit facility for acquisitions.

Company information

The consolidated financial statements of the Company include:

NowVertical Group Inc. (formerly Good2Go Corp.), Parent Company, Ontario, Canada.

NowVertical Group, Inc., principal operating company, Delaware, USA, 100% owned by NowVertical Group Inc..

NVG Canada Finco, Inc. ("Finco", dissolved on September 15, 2021), incorporated in Ontario, Canada on March 1, 2021 as a wholly-owned subsidiary of NowVertical Group, Inc. for the purpose of closing the pre-Transaction private placement financing.

Signafire Technologies Inc., data analytics software, Delaware, USA, 100% owned by NowVertical Group, Inc.

Seafront Analytics, LLC, data analytics and consulting services, Delaware, USA. NowVertical Group, Inc. acquired 49% interest on November 13, 2020. On December 31, 2021, NowVertical Group, Inc. exercised its call option for $1.00 and to own 100% of Seafront.

NowVertical Canada, Inc., administrative support, Ontario, Canada, 100% owned by NowVertical Group Inc., and incorporated on January 26, 2021 for the purpose of establishing a Canadian operation for NowVertical Group, Inc., and initially a wholly-owned subsidiary of NowVertical Group, Inc. In August 2021, an inter-corporate reorganization was completed and NowVertical Canada, Inc. became a wholly-owned subsidiary of NowVertical Group Inc..

Integra Data and Analytic Solutions Corp., Alberta, Canada, 100% owned by NowVertical Canada, Inc.

NowVertical UK Ltd., data analytics and compliance software, UK, 100% owned by the NowVertical Group Inc., incorporated on August 20, 2021 for the purpose of establishing a United Kingdom operation for the Company.

Robert Baratheon Ltd., data analytics and compliance software, Israel, 100% owned by the NowVertical Group Inc., incorporated on July 22, 2021 for the purpose of establishing an Israel operation for the Company.

Affinio Inc., data analytics software, Canada, 100% owned by the NowVertical Group Inc..

3. Standards, amendments, and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncements. There were no new Standards, amendments and interpretations adopted in the current year.

4. Summary of significant accounting policies

4.1 Basis of Preparation – The Company's financial statements have been prepared on an accruals basis and under the historical cost convention. Monetary amounts are expressed in USD, unless otherwise noted.

4.2 Basis of Consolidation – The Company's financial statements consolidate those of NowVertical Group Inc. and all of its controlled subsidiaries as of December 31, 2021. All subsidiaries have a reporting date of December 31. All transactions and balances between NowVertical companies are eliminated on consolidation, including unrealized gains and losses on transactions between NowVertical companies.. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

4.3 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.

4.4 Foreign currency transactions and balances – Foreign currency transactions are translated into the functional currency of the respective entity using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at period-end exchange rates are recognized in profit or loss. Entities which have different functional currencies from USD are Robert Baratheon Ltd. (Shekel), NowVertical UK Ltd.(British Pounds), and NowVertical Canada Inc., Integra Data Analytic and Solutions Corp., and NowVertical Group Inc. (Canadian dollar). Non-monetary items are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

4.5 Foreign operations – In the consolidated financial statements, all assets, liabilities and transactions of NowVertical subsidiaries with a functional currency other than USD are translated into USD upon consolidation. On consolidation, assets and liabilities have been translated into USD at the closing rate at the reporting date. Fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into USD at the exchange rate on the closing date of the acquisition. Income and expenses have been translated into USD at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognized in the currency translation reserve in equity.

4.6 Segment reporting – The Company has three operating segments: Origin, Solutions and Affinio (see Note 13). Each of these operating segments is managed separately as each requires different technologies, marketing approaches and other resources. In addition, corporate expenses which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

4.7 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, and deferred revenue.

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.

4.8 Cash—Cash consists primarily of checking and savings deposits with Canadian and US financial institutions of high-credit quality. These deposits may exceed Canadian and US federally insured limits.

4.9 Consideration payable to former shareholders – Consideration payable to former shareholders includes the closing remaining balance and the net purchase price holdback related to the acquisition of Signafire, and the deferred amounts payable related to the acquisition of Affinio.

4.10 Revenue Recognition
Revenue arises mainly from the sale of software, after-sales maintenance and support services, software implementation services, and data analytics consulting services.

The Company determines revenue recognition through the following steps:
• identification of the contract, or contracts, with a customer;
• identification of the performance obligations in the contract;
• determination of the transaction price;
• allocation of the transaction price to the performance obligations in the contract; and
• recognition of revenue when, or as, performance obligations are satisfied.

Nature of products and services

The Company's revenue consists of sales of software licenses and 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 ratably, 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 withs performance of agreed milestones. Invoices are issued at the beginning of the contract period and are due within 30 days. Amounts remaining unbilled at the end of a reporting period are presented in the financial statements as trade receivable 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 receivable if only the passage of time is required before payment of these amounts will be due.

Contracts with Multiple Performance Obligations
The perpetual license contract contains multiple performance obligations. The selling price for the Company's perpetual license has not been established and the license has not previously been sold on a standalone basis. As a result, the selling price is considered to be uncertain and a representative standalone selling price ("SSP") is not discernible from past transactions or other observable evidence. Standalone selling prices for implementation services and maintenance revenues are estimated based upon the estimated cost plus a margin approach. As a result, the SSP for perpetual licenses included in a contract with multiple performance obligations is determined by applying a residual approach whereby performance obligations related to implementation services and maintenance revenues within a contract are first allocated a portion of the transactions price based upon their respective SSP's, with the residual amount of transaction price allocated to the perpetual license.

Software-as-a-service and software license contracts contain multiple products and services. The Company evaluates these arrangements to determine the appropriate unit of accounting (performance obligation) for revenue recognition purposes based on whether the product or service is distinct from some or all of the other products or services in the arrangement. A product or service is distinct if the customer can benefit from it on its own or together with other readily available resources and the Company's promise to transfer the good or service is separately identifiable from other promises in the contractual arrangement with the customer. Non-distinct products and services are combined with other goods or services until they are distinct as a bundle and therefore form a single performance obligation.

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.

4.11 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.

(Expressed in United States Dollars "USD")

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.

IFRIC 23 – Uncertainty over Income Tax Treatments, which clarifies the provisions of IAS 12 – dealing with the recognition and measurement of income taxes – when there is uncertainty over income tax treatments. IFRIC 23 is applied as of January 1, 2019. The Company has no provisions for tax contingencies.

4.12 Property and equipment - Property and equipment is stated at cost less accumulated depreciation. 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. The residual values, useful lives, and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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

Right of Use Assets - The Company recognizes right-of-use ("RoU") assets at the commencement date of the lease or upon date of acquisition. Right-of-use assets are measured at cost, less any accumulated depreciation. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the remaining lease team and the estimated useful lives of the assets. The Company had a lease on office space, which was being depreciated over the remaining lease term of 4 years, that was terminated on January 21, 2021.

Lease liabilities - At the commencement date of the lease or upon date of acquisition, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

Estimating the incremental borrowing rate –The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

4.14 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. Refer to Note 4.16 for a description of impairment testing procedures.

4.15 Other intangible assets

Initial recognition of other intangible assets
Trade names, customer relationships, developed technology and non-compete agreements acquired in a business combination that qualify for separate recognition are recognized as intangible assets at their fair values.

Subsequent measurement
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. In addition, they are subject to impairment testing described in Note 4.16.

The following useful lives are applied:

Trade names	5-10 years
Customer relationships	5 years
Developed technology	5-7 years
Non-compete agreements	3 years

Amortization of finite-lived intangible assets has been 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.

4.16 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. 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.

4.17 Share-based compensation
The Company operates equity-settled share-based compensation plans for its 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 employees are rewarded using share-based payments, the fair value of employees' 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.

4.18 Equity
Common shares represents 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 RSU's.

Accumulated deficit includes all current and prior year losses.

4.19 Significant management judgement in applying accounting policies and estimation uncertainty - In preparing these consolidated financial statements, management makes a number of judgements, estimates and assumptions that affect reported amounts of assets, liabilities, revenue and expenses and the disclosure of contingent assets and liabilities. The most significant judgements pertain to its revenue recognition, goodwill impairment testing, business combinations, share-based compensation, and accounting for the warrants liability.

Recognition of revenue over time or at a point in time
For one of the Company's software maintenance 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.

Impairment of intangible assets and goodwill
IAS 36 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 CGU's, and estimates recoverable amounts for each CGU 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.

Business combinations
The Company uses various valuation techniques, including utilizing a third-party valuation company, to determine the fair values of certain assets and liabilities acquired in a business combination (see Note 4.3). In particular, the fair value of contingent consideration is dependent on the outcome of many variables, including the acquirees' future profitability (see Note 6).

Share-based compensation
The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, risk free interest rate, volatility and forfeiture rates and making assumptions about them.

Accounting for financing and determination of fair value of warrants liability
The determination of the accounting treatment for the December 2021 Unit Offering is an area of significant management judgment which involved the determination of whether the warrants issued should be classified as equity or as liabilities. The warrants were classified as liabilities due to the existence of an adjustment to the exercise price in the event of a rights offering at less than 95% of the 20-day Volume Weighted Average Price and will be measured at fair value through profit and loss (mark to market) at each reporting period.

5. Details of and accounting for the reverse takeover transaction

The shares used to effect the 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 12).

At closing of the Transaction:

- The convertible notes issued by NVG in February and March 2021 (collectively the "Convertible Notes", see Note 15) 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 12) 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.

(Expressed in United States Dollars "USD")

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 $6.7 million (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).

6. Acquisitions

<u>Acquisitions in 2021</u>

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 commences 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 is expected to be realized from Integra's future profitability. Goodwill has been allocated to the Origin operating segment and is not expected to be deductible for tax purposes. Integra has 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 year would have been unchanged (unaudited) and the Company's net loss for the year would have been $13,870,087 (unaudited). 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 is expected to be realized from the transaction. Goodwill has been allocated to the Origin operating segment and is not expected to be deductible for tax purposes. DocAuthority has 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 (with $1.5 million payable on July 2, 2022 and $1.5 million payable on March 1, 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 Affinio operating segment and is not expected to be deductible for tax purposes. Affinio has 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 year would have been $5,337,905 (unaudited) and the Company's net loss for the year would have been $14,884,925 (unaudited). 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 United States Dollars "USD")

	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	1,465,332
	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	-	1,955,893	1,957,625
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	(20,689)	-	(154,324)	(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)	(120,713)
Deferred revenue	-	(31,000)	(306,875)	(337,875)
Total current liabilities	(40,945)	(31,000)	(703,113)	(775,058)
	$ 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	$ 2,387,106
Acquisition costs charged to expense	$ 91,025	$ 84,908	$ 132,630	$ 308,564

Acquisitions in 2020

Seafront Analytics, LLC
On November 13, 2020, the Company acquired a 49% minority interest in Seafront. As a result of its financial support and the existence of a $1 call option on the remaining 51% interest, the Company has established control and therefore consolidates 100% of Seafront from the acquisition date. On December 31, 2021, the Company exercised its call option and acquired the remaining 51% of Seafront (which was an equity transaction with no change in control, as Seafront was accounted for as a business combination on November 13, 2020 when the Company had established control). Seafront provides analytic consulting and training and conducts technical and analytical testing and evaluation to public and private sector clients. The acquisition was made to establish the company's data analytics consulting business. The Company accounted for this transaction as an acquisition of a business. The consideration of $52,463 consisted of $100 cash and NowVertical shares valued at $52,363. Concurrent with the acquisition, the two member-employees of Seafront entered into three-year employment agreements with the Company and purchased additional NowVertical restricted shares that vest over the three-year term of the employment agreements. These additional shares are considered compensation expense as continued employment is required. The Company can repurchase any unvested restricted shares at $.0001 per share should the employee leave the Company. Goodwill of $33,363 is for growth expectations, expected future profitability and expertise of the acquired workforce. Goodwill has been allocated to the Solutions operating segment and is not expected to be deductible for tax purposes.

Signafire Technologies, Inc.
On November 20, 2020, the Company acquired 100% of the securities of Signafire. Signafire has a suite of data analytics software and provides consulting services. The acquisition was made to establish the Company's software analytics business.

The consideration of $3,102,342 consisted of $567,342 in cash and shares of the Company's stock valued at $2,535,000. The cash was subject to a general representation and warranties holdback of $562,500, less the cash shortfall at closing of $128,658, that expires 18 months from the closing date. The holdback is recorded in the financial statements as consideration payable to former shareholders and does not reflect a financing component due to its short-term nature. The acquisition included an earn-out for the period from November 20, 2020 to November 19, 2021, which stipulates additional consideration in the amount of 30% of the first $4,166,667 and 10% of the amount in excess of $4,1666,667 for future sales, such future sales all related to specified companies. As the further sales to the specified companies did not materialize, the earn-out amount is valued at zero.

Goodwill of $2,363,943 is for growth expectations, expected future profitability and expertise of the acquired workforce. Goodwill has been allocated to the Origin segment and is not expected to be deductible for tax purposes.

The following table summarizes the consideration paid and the preliminary allocation of the purchase price based upon the fair values of the acquired assets and liabilities of Seafront and Signafire at their respective dates of acquisition:

(Expressed in United States Dollars "USD")

	Signafire	Seafront
Fair value of consideration transferred:		
Amount settled or payable in cash	$ 567,342	$ 100
Fair value of shares issued for consideration	2,535,000	52,363
	3,102,342	52,463
Fair value of net assets acquired:		
Right-of-use asset	1,782,406	-
Property and equipment	2,260	-
Goodwill	2,363,943	33,363
Intangible assets	1,634,000	19,000
Total non-current assets	5,782,608	52,363
Prepaid expenses and other current assets	30,421	4,562
Cash	1,770,320	5,548
Total current assets	1,800,741	10,110
Long-term loan	(96,283)	-
Long-term lease liability	(2,225,622)	-
Total non-current liabilities	(2,321,905)	-
Accounts payable	(352,236)	(10,010)
Accrued expenses and other current liabilities	(185,131)	-
Short-term loan	(1,230,735)	-
Deferred revenue	(391,000)	-
Total current liabilities	(2,159,102)	(10,010)
Total fair value of net assets acquired	$ 3,102,342	$ 52,463
Cash impact of acquisitions:		
Consideration transferred settled in cash	127,099	100
Cash acquired	(1,770,320)	(5,548)
Net cash inflow on acquisition	$ (1,643,222)	$ (5,448)
Acquisition costs charged to expense	$ 218,103	$ -

7. Financial risk management

Financial risk factors

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 $518,453 at December 31, 2021 (2020: $13,668).

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 $7,508,165 at December 31, 2021 (2020: $2,606,883).

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. The Company intends to rely primarily on positive cash flows from operations for its day-to-day operating needs as well as a new credit facility and additional financings to achieve its acquisition growth strategy.

The primary sources of the Company's cash flow are revenue collected from transactions completed for customers 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 GBP 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.

Interest rate risk
Interest rate risk is the potential for investment losses that result from a change in interest rates. The Company has a fixed interest rate of 8% on a short-term loan and a rate of 0% on longer term loans. The Company has no other interest rate risk and is not exposed to variable interest rate risk.

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 on the basis of the carrying amount of equity plus debt, less cash and cash equivalents. Management assesses capital requirements to maintain an efficient financing structure while avoiding excessive debt. The Company monitors its capital structure and makes adjustments in light of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may downsize or reduce costs. The capital of the Company is comprised of:

	2021	2020
Long-term debt	$ 653,714	$ -
Warrants liability	1,460,943	-
Shareholders' equity	10,762,497	608,266
Cash	(9,102,915)	(1,252,942)
Capital	$ 3,774,239	$ (644,676)

9. Cash

Cash is comprised of balances with original maturity of less than 90 days and earns interest at floating rates based on daily bank deposit rates.

10. 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.

11. Revenues

The following table provides information about revenue.

	2021	2020
Maintenance and support	$ 2,518,912	$ 122,374
Consulting services	472,057	31,894
Software-as-a-service and other recurring	230,046	-
	$ 3,221,015	$ 154,268

The following table provides information about deferred revenue.

		2021		2020
Opening balance	$	268,626	$	-
Decrease from revenue recognized that was included in the deferred revenue balance at the beginning of the period		(268,626)		-
Increase from business acquisitions		337,875		391,000
Decrease from revenue recognized that arose from acquired deferred revenue balance in the current period		(160,113)		122,374
Increase due to cash received, excluding amounts recognized as revenue during the period		1,145,948		
Balance at December 31	$	1,323,710	$	268,626
Deferred revenue classified as a current liability		1,313,492		268,626
Deferred revenue classified as a non-current liability		10,218		-

12. Loan payable and long-term debt

		2021		2020
Opening balance	$	1,327,018	$	-
Additions		780,362		1,327,018
Interest expense		174,142		-
Repayments		(666,664)		-
Gain on extinguishment		(196,107)		-
Balance at December 31	$	1,418,751	$	1,327,018
Current portion		765,037		1,327,018
Long-term portion		653,714		-

The loan payable is a securities loan agreement assumed upon acquisition of Signafire (the "TCA Agreement") which is collateralized by substantially all the assets and equity of Signafire. The original loan of $1,327,018 bore interest at 15%. The TCA Agreement required monthly principal and interest payments through December 1, 2021. The Company did not make the payments on the loan after January 2021, as the lender and the Company had entered renegotiation discussions. The Company recorded interest expense of $190,344 on the loan in 2021, representing interest at 15% of the unpaid balance. The loan was renegotiated to a payment of $651,803 by December 31, 2021 (which was paid by the Company when due) and a further $677,874 to be paid in six monthly payments of $112,979 beginning January 31, 2022. The Company adjusted the value of the loan based on the revised payment terms (which included an 8% interest rate on the future payments), resulting in a gain of $196,107 which was recorded in administrative expenses in profit and loss.

Long-term debt consists of four unsecured, non-interest-bearing loans from Atlantic Canada Opportunities Agency 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. The adjustment is amortized into profit and loss over the term of the debt as interest expense. Interest expense in 2021 was $8,712.

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

2022	$765,037
2023	$156,892
2024	$149,015
2025	$130,625
2026	$129,915

(Expressed in United States Dollars "USD")

13. Segment reporting

At December 31, 2021, the Company is comprised of three operating segments: Origin (formerly Signafire, plus Integra since its acquisition on August 5, 2021, and certain of the operations of Now Vertical Group, Inc.), Solutions (formerly Seafront, plus certain of the operating costs of Now Vertical Group, Inc.), and Affinio. Origin provides data fusion and compliance software and certain related services. Solutions provides data analytics consulting services. Affinio provides data analytics software. For segment reporting purposes, the CEO is the Chief Operating Decision Maker ("CODM"). The determination of the Company's operating 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 operating segments are the same as those described in the significant accounting policies.

Information related to each reportable segment is set out below. Segment income (loss) before taxes is used to measure performance because management believes this information is the most relevant in evaluating the results of the respective segments. The segment intangible amortization is included in the costs of revenue, reducing the gross profit. Administrative expenses in each segment include the corporate costs that are directly or indirectly attributable to the business units, and which are allocated to each segment based on revenue. Administrative expenses in each segment also includes the amortization of intangible assets related to that segment.

For the year ended December 31,2021:

	Origin	Solutions	Affinio	Corporate	Total
Revenue	$ 2,554,167	$ 472,058	$ 194,790	$ -	$ 3,221,015
Gross profit	2,172,873	80,206	20,575	-	2,273,654
Administrative and other expenses	215,264	768,800	432,626	14,190,617	15,607,307
Impairment loss	555,386	14,213	-	-	569,599
Income (loss) before taxes	1,402,223	(702,807)	(412,051)	(14,190,617)	(13,903,252)

For the period from September 22, 2020 (date of inception) to December 31, 2020:

	Origin	Solutions	Affinio	Corporate	Total
Revenue	$ 122,374	$ 31,894	$ -	$ -	$ 154,268
Gross Profit	104,596	31,894	-	-	136,490
Administrative and other expenses	1,883,804	3,636	-	227,298	2,114,738
Impairment loss	-	-	-	-	-
Income (loss) before taxes	(1,779,208)	28,258	-	(227,298)	(1,978,248)

The Company's operations are in the United States of America, Canada, Israel, and the United Kingdom and 99% of the Company's revenue is from customers located in the United States.

(Expressed in United States Dollars "USD")

14. Intangible assets

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

2021

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

2020

	Trade Names	Customer Relationships	Developed Technology	Licensed Technology	Non-Compete Agreements	Total
Cost:						
Opening	$ -	$ -	$ -	$ -	$ -	$ -
Acquisitions	638,000	636,000	378,000	-	1,000	1,653,000
Closing	638,000	636,000	378,000	-	1,000	1,653,000
Accumulated Amortization:						
Opening	-	-	-	-	-	-
Amortization expense	5,825	10,650	5,250	-	28	21,753
Closing	5,825	10,650	5,250	-	28	21,753
Net book value	$ 632,175	$ 625,350	$ 372,750	$ -	$ 972	$ 1,631,247

In December 2021, the Company determined it would discontinue use of its Integra and Digital Hub trade names and its Hailstorm and Aperture trade names (except pursuant to a specific customer contract), as it executes on its corporate branding strategy. These intangible assets are included in the Origin operating segment. The Company determined that the recoverable amount of the Integra trade names intangible asset is $Nil and accordingly recorded an impairment loss of $58,111. The Company determined that the recoverable amount of the Hailstorm and Aperture trade names intangible assets is $65,000 and accordingly recorded an impairment loss of $497,275. The recoverable amounts of trade names are measured at value in use. Fair values of intangible assets are categorized within Level 3 of the fair value hierarchy and fair value was measured using a relief from royalty method at a royalty rate of 2% and a discount rate of 35.1%, both of which are consistent with the rates applied in the previous measurement.

In November 2021, the Company completed its contracts with customers acquired in the Seafront acquisition. The Company determined the recoverable amount of the Seafront customer relationships intangible asset was $Nil and recorded an impairment loss of $14,213. This intangible asset is included in the Solutions operating segment. The recoverable amount of customer relationships is measured at value in use. Fair values of intangible assets are categorized within Level 3 of the fair value hierarchy and fair value was measured using discounted cash flow of future earnings from the customer contracts at a discount rate of 31%, which is consistent with the discount rate applied in the previous measurement.

(Expressed in United States Dollars "USD")

Amortization expense has been included in cost of revenue in the consolidated statements of loss.

15. Goodwill

		2021		2020
Opening balance	$	2,397,306	$	-
Acquired through business combinations		4,511,647		2,397,306
Balance at December 31	$	6,908,953	$	2,397,306

For the purpose of impairment testing, goodwill for each CGU is allocated to the Company's business units, which are operating segments, and which represent the lowest level within the Company at which goodwill is monitored for internal purposes. Goodwill for each segment is as follows: Origin $3,113,394, Solutions $33,363 and Affinio $3,762,196.

An annual impairment test of Origin goodwill was performed as at December 31, 2021. The recoverable amount was estimated using fair value less costs of disposal, covering a five- year forecast, followed by an extrapolation of expected cash flows using a long-term growth rate of 30%, declining over a five-year straight-line period to 2.21%, the long-term expected gross domestic product growth rate. The discount rate used of 25% reflects appropriate adjustments related to market risk and specific risk factors of the segment. The resulting recoverable amount is $24.4 million.

Management's key assumptions are a revenue growth rate of 68% in 2022 and a compound annual revenue growth rate of 42% for the period from 2023-2026. The revenue growth rates are not based on past history due to the short operating history of the Company. The growth rate for 2023-2026 is consistent with the mean LTM growth rate of guideline public companies.

During the year ended December 31, 2021, goodwill in the amount of $Nil was impaired and expensed (2020 - $Nil).

Affinio was acquired on November 1, 2021. The Affinio goodwill recorded at the acquisition date represents the recoverable amount at December 31, 2021. Due to the proximity of the acquisition date and the reporting date, there were no material changes during the period since the acquisition of Affinio.

16. Leasing activities

On the date Signafire was acquired, NVG assumed Signafire's right of use asset and related lease liability. With no plans by NVG to occupy the leased space, the right of use asset was written off. The remaining lease payments were expensed in 2020. As of January 1, 2021, the outstanding balance of the lease liability was $2,561,370 (short-term liability of $880,303 and long-term liability of $1,681,067). On January 25, 2021, NVG and the lessor agreed to terminate the lease for $921,000. NVG recorded a gain of $1,640,370 for the difference between the termination payment and the remaining lease liability.

The Signafire acquisition agreement included a $2.9 million holdback for the lease liability. Upon termination and settlement of the lease on January 25, 2021, NVG had a liability of $1,881,820 to the previous Signafire shareholders for the difference between the lease holdback and the termination settlement, less certain agreed closing items. The amount was paid to the former Signafire shareholders in the first quarter of 2021 and was recognized as an expense.

17. Issued capital

a) Authorized

Unlimited number of Class A Subordinate Voting Shares, and unlimited number of Class B Proportionate Voting Shares without par value.

(Expressed in United States Dollars "USD")

b) Issued and fully paid

	Note	2021	2020
Beginning of period		28,601,160	-
Vesting of restricted shares	17(c)	4,365,274	-
Issuance of shares - subscription receipts	17(d)	19,288,756	-
Common shares retained in the Transaction	17(e)	1,202,593	-
Conversion of convertible notes	17(f)	3,910,814	-
Issuance of shares - private placement	17(g)	1,000,000	25,021,420
Issuance of shares - provision of services	17(h)	1,778,000	-
Issuance of shares - acquisitions	17(i)	1,895,556	3,579,740
End of period		62,042,153	28,601,160

As described in Notes 1 and 5, 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 (Note 6).

c) Vesting of restricted shares – see Note 18(b).

d) Issuance of shares – subscription receipts: 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.

e) G2G shares retained in the Transaction: On June 28, 2021, G2G has 1,202,593 SVS and 90,000 of previously vested options (Note 5).

f) Issuance of shares - 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 (Note 20).

g) Issuance of shares - 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).

h) Issuance of shares - provision of services: 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.

i) Issuance of shares - acquisitions: As described in Note 6, 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.

j) 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%. The fair value was allocated to share issue costs.

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. 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, 2021 was $1,460,943, based on the closing price of C$0.34 per Unit Warrant, and the difference of $1,291,944 was recorded to the statement of loss (including $14,643 related to foreign exchange differences).

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.

18. Contributed surplus

The 2021 Equity Incentive Plan of NVG was dissolved and replaced by an omnibus equity incentive plan established by the Resulting Issuer. 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.

a) Stock options: On March 19, 2021, the Company granted a total of 1,458,415 stock options at their then current fair market value, of which 57,125 vest over a 4-year period, and 1,401,290 vest over a six month period. As the grant of these options preceded the Transaction, the Company engaged a third-party valuation firm to determine the grant date fair value utilizing the Black-Scholes model. For 1,401,290 of the options, the Black-Scholes option pricing model was used with the following assumptions: dividend yield of 0%, discount rate of 0.90%, expected volatility of 70.30% based on comparable companies, forfeiture rate of 0%, and expected life of 5.1208 years. The fair value for the 1,401,290 options was $0.38 per option. For 57,125 of the options, the Black-Scholes option pricing model was used with the following assumptions: dividend yield of 0%, discount rate of 1.13%, expected volatility of 71.50%, forfeiture rate of 0%, and expected life of 6.0639 years. The fair value for the 57,125 options was $0.42 per option and the exercise price was $0.66 for the options granted in 2021.

On September 8, 2021, the Company granted 795,000 stock options at an exercise price of C$0.78, with 495,000 vesting over a 4-year period and 300,000 vesting over a 1-year period. The fair value for the 495,000 options was $0.49 per option, utilizing the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%, discount rate of 0.40%, expected volatility of 88.90% based on comparable companies, forfeiture rate of 0%, and expected life of 4 years. The fair value for the 300,000 options was $0.27 per option utilizing the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%, discount rate of 0.40%, expected volatility of 88.90%, forfeiture rate of 0%, and expected life of 1 year.

On November 25, 2021, the Company granted 530,000 stock options at an exercise price of C$1.11, which vest over a 4-year period. The fair value of the options was $0.7035 per option, utilizing the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%, discount rate of 1.05%, expected volatility of 88.90% based on comparable companies, forfeiture rate of 0%, and expected life of 4 years.

On December 20, 2021, the Company granted 200,000 stock options at an exercise price of C$0.94 which vest over a 4-year period. The fair value of the options was $0.6144 per option, utilizing the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%, discount rate of 0.99%, expected volatility of 88.90% based on comparable companies, forfeiture rate of 0%, and expected life of 4 years.

During the year ended December 31, 2021 compensation expense of $1,024,440 (2020: $Nil) was recorded for the stock options vested during the year.

There was no stock option plan in 2020. The summary of stock options for 2021 is as follows:

(Expressed in United States Dollars "USD")

	2021	
Outstanding, January 1, 2021	-	
Granted during the period	4,118,061	
Forefeited during the period	(79,323)	
Outstanding, December 31, 2021	4,038,738	
Exercisable at December 31, 2021	2,664,361	
Weighted average remaining life	9.44	years
Range of exercise prices	C$0.78 - C$1.11	

b) 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, 2021 compensation expense of $66,525 (2020: $Nil) was recorded for the RSU's issued in connection with the Seafront acquisition.

19. Loss per share

Basic 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.

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 (9,850,369) and warrants (6,673,860) 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:

	2021	2020
Net loss	$ (13,860,389)	$ (1,979,197)
Weighted average number of shares for basic and diluted EPS	40,139,296	14,862,003
	$ (0.35)	$ (0.13)

20. Convertible notes

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 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.

(Expressed in United States Dollars "USD")

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 17(j)). 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.

21. Income tax provision

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

	2021	2020
Profit before tax	$ (13,903,252)	$ (1,978,248)
U.S. tax rate	21%	21%
Expected tax benefit	(2,919,683)	(415,432)
Adjustments for tax rate differences:		
State and local taxes	(417,515)	(78,372)
Nondeductible expenses	3,359,331	18,139
Foreign income tax rate differential	(1,683,854)	-
Losses for which no benefit was recognized	1,553,693	476,614
Other	30,143	-
Actual tax (benefit) expense	(42,863)	949
Tax expense components:		
Current tax expense	187	949
Deferred tax expense	(43,050)	-
Tax (benefit) expense	(42,863)	949

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was signed into law. Among other things, the CARES Act made tax law changes including (i) modifications to the federal net operating loss rules including permitting federal net operating losses incurred in 2018, 2019, and 2020 to be carried back to each of the five preceding taxable years and suspended the net operating loss limit of 80% of taxable income for use in taxable years beginning before December 31, 2020, (ii) enacted a technical correction so that qualified improvement property can be immediately expensed under IRC Section 168(k), and (iii) increased the limitation under IRC Section 163(j) for 2019 and 2020 to permit additional expensing of interest. The CARES Act did not have a material impact on the Company's financial results.

(Expressed in United States Dollars "USD")

Deferred Tax Assets and Liabilities

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

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:			
Intangible assets	(1,057,281)	-	(1,057,281)
Other	(218,693)	-	(218,693)
	(1,275,974)	-	(1,275,974)
Net deferred tax asset (liability)	6,229,660	(6,255,059)	(25,399)

As at December 31, 2020

Deferred tax assets:	Deferred tax	Not Recognized	Recognized
Net operating losses	771,075	(771,075)	-
Lease liability	577,861	(577,861)	-
R&D credit carryforward	1,490,877	(1,490,877)	-
	2,839,813	(2,839,813)	-
Deferred tax liabilities:			
Property, plant, and equipment	(410)	410	-
Intangible assets	(436,287)	436,287	-
Other	(40,678)	40,678	-
	(477,375)	477,375	-
Net deferred tax asset (liability)	2,362,438	(2,362,438)	-

As of December 31, 2021, the Company has U.S. federal net operating loss carryforwards of $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 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, 2021. The New York net operating loss carryforwards expire in 2038 – 2041 if not utilized. The Company has Canadian net operating loss carryforwards of $12.9 million which expire in 2038 – 2041.

(Expressed in United States Dollars "USD")

22. Cash flow adjustments and changes in working capital

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

	2021	2020
Non-cash adjustments in operating activities:		
Depreciation of property and equipment	3,589	134
Amortization of intangible assets	378,078	21,753
Interest expense related to the lease liability	-	35,109
Deferred income taxes	(36,070)	-
Loss on impairment of intangible assets	569,599	-
Warrant revaluation expense	1,277,301	-
Foreign exchange differences	(771)	-
Shares for services	1,434,490	-
RSU vesting expense	66,527	-
RSUs related to the Transaction	2,852,977	-
Share-based compensation expenses	1,024,440	-
Gain on settlement of lease	(1,640,370)	-
Loss on impairment of right of use assets	-	1,782,406
	5,929,790	1,839,402
Non-cash disclosures related to investing and financing activities:		
Common shares retained under RTO	1,035,707	-
Issuance of shares - acquisitions	1,465,332	3,579,740
Net changes in working capital:		
Change in deferred revenue	717,209	(122,374)
Change in trade and other receivables	(319,789)	(13,668)
Change in prepaid expenses and other current assets	(265,845)	2,213
Change in accounts payable	943,628	(7,344)
Change in accrued expenses and other liabilities	1,303,134	(114,859)
	2,378,337	(256,032)

(Expressed in United States Dollars "USD")

23. Administrative Expenses

General and administrative expenses include compensation, compensation related costs, employee benefits, hosting fees, professional service fees, and other general overhead costs including depreciation, amortization, and loss on impairment of right of use asset and intangible assets.

	2021	2020
Administrative Expenses		
Marketing and advertising	$ 265,896	$ 1,977
Travel expense	101,215	-
Compensation and benefits	3,648,895	143,414
Professional fees	1,554,892	6,883
RSU compensation expense	2,919,503	-
Share-based compensation expense	1,024,440	-
Product development	231,026	-
Depreciation	3,589	21,887
Exchange (gain) / loss	7,447	-
Office and other expenses	385,559	101,243
Loss on investment	1,881,820	-
Gain on settlement of right of use asset	(1,640,370)	-
RTO finders fee expense	1,434,490	-
RTO transaction expenses	1,194,251	-
Investor relations and filing fees	135,447	-
Gain on settlement of debt	(196,107)	-
Loss on impairment of right of use asset	-	1,782,406
Intangible assets impairment charge	569,599	-
Share issuance costs allocated to warrants	19,159	-
Warrant revaluation expense	1,277,301	-
	$ 14,818,052	$ 2,057,809

24. Contingencies

From time to time, the Company is subject to various claims that arise in the ordinary course of business. Management believes that any liability of the Company that may arise out of or with respect to these matters will not materially adversely affect the financial position, results of operations, or cash flows of the Company.

25. 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:

	2021	**2020**
Salaries and bonuses	$ 1,581,250	$ 50,000
Consulting fees	100,000	-
Share-based payments	3,260,935	-
	4,942,185	50,000

On August 24, 2021, the Company entered into an agreement to lend $100,000 (C$125,000) to a key member of management at 1% interest and due in one year. The amount owed to the Company was repaid on December 23, 2021.

26. Subsequent events

On January 24, 2022 the Company obtained a receipt for a final short form base shelf prospectus ("Shelf Prospectus") with the securities commissions in each of the provinces of Canada, other than Quebec. The Shelf Prospectus will be effective for a 25-month period, during which time the Company may, subject to securities regulatory requirements, issue subordinate voting shares, debt securities, warrants, subscription receipts and units (the "Securities") in amounts, at prices and on terms based on market conditions at the time of sale and set forth in an accompanying shelf prospectus supplement ("Prospectus Supplement"), for an aggregate offering amount of up to C$65,000,000. Each Prospectus Supplement will contain specific information concerning the use of proceeds from that sale of Securities. There is no certainty that any Securities will be offered or sold under the Shelf Prospectus within the 25-month period that it is effective.

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"), a data science and analytics consulting company based in Latin America. The acquisition was made to enhance the Company's data analytics services business. Total aggregate consideration is up to $8.0 million, consisting of (i) a cash payment of $3.0 million, (ii) a deferred cash payment of US$1.75 million payable on the 12-month anniversary of closing provided certain corporate objectives are satisfied, and (iii) up to a maximum aggregate of US$3.25 million in the form of future payments, payable on the first, second, third and fourth year anniversaries of closing, upon CoreBI achieving certain adjusted EBITDA targets. The Company will account for this transaction as an acquisition of a business. Since the valuation of the acquisition is not complete, the Company has not yet identified the fair values of the assets and liabilities acquired.

On March 25, 2022, the Company acquired 100% of the issued and outstanding securities of Exonar Ltd. ("Exonar"), a UK-based software solutions firm for consideration of $650,000 consisting of i) Exonar's transaction costs of $150,000 paid in cash on closing, and ii) the issuance of Subordinate Voting Shares twelve months after closing of the acquisition 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 acquisition was made to enhance the Company's data compliance software business. The Company will account for this transaction as an acquisition of a business. Since the valuation of the acquisition is not complete, the Company has not yet identified the fair values of the assets and liabilities acquired.

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 services business in the government vertical. Pursuant to the terms of a stock purchase agreement dated December 20, 2021, as amended April 1, 2022, the total aggregate consideration is $10.4 million, consisting of (i) a closing cash payment of $900,000, (ii) a deferred cash payment of $1,100,000, payable 45 days post-closing, (iii) the issuance of 600,000 Subordinate Voting Shares 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 (valued 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 prior to the applicable issuance) and/or cash, at the option of the Company, payable over a three-year period post-closing based on Allegient achieving certain EBITDA targets. In connection with the acquisition, the Company secured a revolving line of credit of up to $2.0m. The Company will account for this transaction as an acquisition of a business. Since the valuation of the acquisition is not complete, the Company has not yet identified the fair values of the assets and liabilities acquired.

On January 12, 2022, the Company issued 5,968 SVS pursuant to the exercise of employee options.

On January 27, 2022 the Company granted 60,000 employee stock options at an exercise price of C$0.80 per share and vesting over four years.

On March 30, 2022 the Company granted 425,000 employee stock options at an exercise price of C$0.90 per share and vesting over four years.