



NowVertical Group Reports Record Q2 2023, Strong Financial Results Ahead of Expectations

- Q2 2023 Revenue was \$15.5 million, an increase of 102% over Q2 2022
- Q2 2023 Gross Profit was \$6.3 million, an increase of 98% over Q2 2022
- Q2 2023 Gain from Operations was \$0.05 million, an increase of 102% over Q2 2022
- Q2 2023 Adjusted EBITDA was \$1.28 million¹, an increase of 305% over Q2 2022

TORONTO, Ontario – August 29, 2023/Globe Newswire/ - NowVertical Group Inc. (TSX-V: NOW) (OTCQB: NOWVF) (“**NOW**” or the “**Company** the vertical intelligence (VI) software and solutions company, today announces its financial results for the three and six months ended June 30, 2023.

“The team at NOW has achieved a remarkable set of milestones in our effort to being a global leader in AI Solutions for industry and government. Our second quarter showcased a 102% revenue growth (YoY) to \$15.5 million, with strong Gross Profits (\$6.3 million, +98% YoY) and our first ever Gain from Operations net of our corporate costs (\$0.05 million, +102% YoY)”, said Sasha Grujicic, CEO of NOW. “We welcomed 53 new customers during the quarter and are poised for additional growth. Integrated revenue growth, fortified partnerships with some of the world’s largest tech companies, and cost efficiency will continue to define our strategy during the second half of 2023.”

Selected Financial Highlights:

- **Revenue** – Revenue was a record \$15.5 million in Q2 2023, an increase of 102% from \$7.6 million in the prior year’s second quarter.
- **Gross Profit** – Gross Profit was \$6.3 million (42%) for the three months ended June 30, 2023, an increase of 98% from \$3.2 million in the prior year’s second quarter.
- **Gain (loss) from Operations** – Gain from Operations was \$0.05 million in Q2 2023, an increase of 108%, compared to a loss of (\$1.91) million for the three months ended June 2022.
- **Adjusted EBITDA¹** – Adjusted EBITDA was \$1.28 million for the three months ended June 30, 2023, an increase of 305% compared to \$(0.62) million in the prior year’s second quarter.
- **Cost Reductions** – During the second quarter of 2023, NOW implemented cost-saving initiatives that resulted in savings of \$0.3 million in the second quarter or \$1 million annually.
- **Cash and Investments** – Cash and Investments were \$3.4 million on June 30, 2023.



<i>Amounts in millions except loss per share</i>	Q2 23	Q1 23	% Change	Q2 23	Q2 22	% Change
Revenue	15.460	13.622	15%	15.46	7.642	102%
Gross profit	6.346	6.043	5%	6.346	3.211	98%
Gain (loss) from Operations	0.047	(1.206)	104%	0.047	(1.766)	103%
Adjusted EBITDA ¹	1.277	0.201	535%	1.277	(0.622)	305%
Basic and diluted loss per share	\$0.00	(\$0.02)		\$0.00	(\$0.02)	

¹ See reconciliation of NON-IFRS MEASURES at the end of this news release.

Q2 2023 and Subsequent Business Highlights:

During the second quarter of 2023, NOW achieved several significant milestones that underscore its strategic focus, technological prowess, and market expansion efforts.

Strategic Partnership and Asset Sale: The Company solidified its strategic position by partnering with Audiense Limited (“**Audiense**”), a leading audience intelligence platform provider. This alliance will infuse approximately \$3 million of free cash flow over two years and facilitated a 2-way reseller arrangement, providing NOW access to Audiense's extensive customer base while retaining the core, NOW SnowGraph IP.

Innovative Product Offerings: The introduction of NOW SnowGraph, a Snowflake Native App, showcased NOW's innovation in data analytics. The app heightened the company's value proposition by empowering joint customers to leverage graph analytics and affinity-based scoring within the Snowflake Data Cloud. The partnership with Microsoft to integrate Azure OpenAI's capabilities via NOW's SMART HUB underscored NOW's role in enabling secure enterprise AI deployments.

Market Expansion and Contract Wins: The Company expanded its footprint by securing contracts with 53 new companies, including five esteemed clients in the United Arab Emirates. This expansion underscored NOW's global capability to drive vertical-specific data, technology, and AI applications, positioning the Company as an industry pioneer.

Cash Management Strategies: NOW strategically enhanced its financial position by fostering flexibility through discussions with lending partners, streamlining operations to cut approximately \$2 million in annual costs, and leveraged available cash resources on its balance sheet. Cash improvements through cost cutting measures and enhanced cashflows from operations will continue through Q3 and Q4 2023.

Investor Webinar:

NOW invites shareholders, analysts, investors, media representatives, and other stakeholders to attend our upcoming webinar, where management will discuss Q2 2023 results, followed by a question-and-answer session.

Investor Webinar Registration:



Time: August 30, 2023, 09:30 AM in Eastern Time (US and Canada)

Register here: <https://bit.ly/NOW-Q2-2023-Registration>

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

Related links:

<https://www.nowvertical.com>

Additional Information:

The Company's unaudited second quarter 2023 condensed consolidated interim financial statements, notes to financial statements, and management's discussion and analysis for the three and six months ended June 30, 2023, are available on the Company's SEDAR profile at www.sedar.com. Unless otherwise indicated, all references to "\$" in this press release refer to US dollars, and all references to "CAD\$" in this press release refer to Canadian dollars.

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

<https://ir.nowvertical.com/news-and-media>

About NowVertical Group Inc.:

NOW is a big data, analytics and VI software and services company that is growing organically and through acquisition. NOW's VI solutions are organized by industry vertical and are built upon a foundational set of data technologies that fuse, secure, and mobilize data in a transformative and compliant way. The NOW product suite enables the creation of high-value VI solutions that are predictive in nature and drive automation specific to each high-value industry vertical. For more information about the Company, visit www.nowvertical.com.

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

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NON-IFRS MEASURES:

The non-IFRS financial measures referred to in this news release are defined below. The management discussion and analysis for the quarter ended June 30, 2023 (the "Q2 2023 MD&A"), available at



nowvertical.com and SEDAR, also contains supporting calculations for Adjusted Revenues, EBITDA, Adjusted EBITDA and Pro Forma TTM Adjusted Revenues.

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

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

Reconciliation of Adjusted Revenue and Adjusted EBITDA

	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Adjusted Revenue	\$ 15,518,804	\$ 7,843,233	\$ 29,207,217	\$ 10,539,137
Adjusted EBITDA	\$ 1,276,563	\$ (622,228)	\$ 1,477,601	\$ (1,371,515)
	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Revenue	\$ 15,460,310	\$ 7,641,897	\$ 29,082,345	\$ 10,236,342
Acquisition accounting impact on revenue	58,494	201,336	124,872	302,795
Adjusted revenue	\$ 15,518,804	\$ 7,843,233	\$ 29,207,217	\$ 10,539,137
Gain (loss) from operations	\$ 46,519	\$ (1,765,622)	\$ (1,159,486)	\$ (3,911,784)
GAAP Adjustments				
Depreciation and amortization	593,914	389,663	1,160,009	620,279
Expenses incurred in connection with acquisitions	229,152	383,970	859,308	973,845
Gain on sale of property and equipment	(905)	(866)	(1,403)	(866)
Foreign exchange realized loss	(139,028)	(37,865)	(208,627)	(79,868)
Total GAAP Adjustments	683,132	734,902	1,809,287	1,513,390
Non-cash stock-based compensation	95,935	79,024	169,702	152,354
Acquisition accounting impact on revenue	58,494	201,336	124,872	302,795
Gain (loss) from disposed operations	87,564	(144,609)	54,706	(215,027)
Impact of cost synergies related to reduction of employees	304,920	272,741	478,520	786,758
Adjusted EBITDA	\$ 1,276,563	\$ (622,228)	\$ 1,477,601	\$ (1,371,515)

Forward-Looking Statements:

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



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

Cautionary Note Regarding Non-IFRS Measures:

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