



NowVertical Group Achieves Strong Q3 2023 Results, with \$16.5 Million in Revenue and Exceptional Results Across Key Financial Metrics

- Q3 2023 Revenue was \$16.5 million, an increase of 97% over Q3 2022
- Q3 2023 Gross Profit was \$7.2 million, an increase of 121% over Q3 2022
- Q3 2023 Income from Operations was \$0.88 million, an increase of 148% over Q3 2022
- Q3 2023 Adjusted EBITDA was \$2.39 million¹, a ten-fold over Q3 2022

TORONTO, Ontario – November 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 nine months ended September 30, 2023.

“Our Q3 performance is a testament to the hard work and dedication from our global team in delivering market-leading data & AI solutions to our customers. In the quarter, we achieved very strong revenues of \$16.5 million (+97% vs Q3 2022), record Gross Profits of \$7.2 million (+121% vs Q3 2022), Income from Operations of \$0.88 million (+148% vs Q3 2022) and strong Adjusted EBITDA of \$2.39 million (+1,058% vs Q3 2022)”, said Sasha Grujicic, CEO of NOW. “In addition, we added 30 new customers to our global roster across Consumer Goods (10), Commercial Services (11), Industrials (5) and Government (4). The future for NOW is very bright. We’re just scratching the surface on what we can do for our customers, and as we operate with discipline and focus, we will translate that work into value for our shareholders.”

Selected Financial Highlights:

- **Revenue** – Revenue was a record \$16.5 million in Q3 2023, an increase of 97% from \$8.38 million in the prior year’s third quarter.
- **Gross Profit** – Gross Profit was \$7.2 million (44%) for the three months ended September 30, 2023, an increase of 121% from \$3.2 million in the prior year’s third quarter.
- **Income (loss) from Operations** – Income from Operations was \$0.88 million in Q3 2023, an increase of 148%, compared to a loss of (\$1.82) million for the three months ended September 30, 2022.
- **Adjusted EBITDA¹** – Adjusted EBITDA was \$2.39 million for the three months ended September 30, 2023, an increase of 1,058% compared to \$(0.25) million in the prior year’s third quarter.
- **Cost Reductions** – During the third quarter of 2023, NOW implemented cost-saving initiatives that saved \$2.7 million in the third quarter, or approximately \$6 million annually.
- **Cash and Investments** – Cash and Investments were \$4.8 million on September 30, 2023.

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

Q3 2023 Business Highlights:

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

Strengthened Financial Strategies: NOW strategically enhanced its financial position by fostering flexibility through discussions with lending partners, streamlining operations to cut approximately \$2.7 million in costs, and leveraging available cash resources on its balance sheet.

Market Expansion and Contract Wins: The Company expanded its footprint by securing contracts with 30 new companies.

Strategic Revenue Partnerships for NOW, SnowGraph: NOW formed key partnerships with industry leaders such as LiveRamp, FullContact, Hakkoda, and Snowflake to accelerate the growth of NOW SnowGraph, a Snowflake Native App. These partnerships expanded sales and marketing channels globally, enhancing SnowGraph's capabilities in graph analytics for various industry verticals.

SMART Pak Analytics as a Service Expansion: NOW successfully launched SMART Pak analytics as a service in the United States, following its proven success in the UK market. This offering addresses barriers to AI value realization by providing comprehensive analytics services, including data engineering, AI, machine learning, and customer analytics.

Strategic Partnership with PwC UK: NOW announced a strategic partnership with PwC UK to offer NOW Privacy, its flagship data discovery and governance product, to PwC's customers. This collaboration leverages PwC's consulting expertise with NOW Privacy's cutting-edge software, providing clients with enhanced data management, compliance, and security solutions. This partnership is a significant step in NOW's global mission to provide Vertical Intelligence solutions.

Subsequent Business Highlights:

Amending Agreement with EDC: NOW was pleased to disclose as of November 29, 2023 an amending agreement with Export Development Canada (EDC). In this agreement, NowVertical and EDC agreed to defer over \$954,000 USD of principal, converting the deferred amount into a balloon payment at the end of 2028. This strategic arrangement provided the Company with enhanced financial flexibility and aligns with the Company's long-term financial planning.

Change of Auditor: Following the recommendation of the Audit Committee of the Board of Directors, NowVertical's Board of Directors appointed Ernst & Young LLP as the Company's auditor. This decision was made per best governance practices and aimed to ensure the integrity and transparency of the Company's financial reporting. A detailed notice of the change of auditor, as required by regulatory obligations, was filed and is available for review on the System for Electronic Document Analysis and Retrieval (SEDAR+). Notably,



the notice affirmed no “reportable events,” as defined in National Instrument 51-102 – Continuous Disclosure Obligations, were associated with this change.

Investor Webinar:

NOW invites shareholders, analysts, investors, media representatives, and other stakeholders to attend our upcoming webinar, where management will discuss Q3 2023 results, followed by a question-and-answer session.

Investor Webinar Registration:

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

Register here: <https://bit.ly/NOW-Q3-2023-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://nowvertical.com/news-and-media>

Related links:

<https://www.nowvertical.com>

Additional Information:

The Company's unaudited third quarter 2023 condensed consolidated interim financial statements, notes to financial statements, and management's discussion and analysis for the three and nine months ended September 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.:

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

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 September 30, 2023 (the "Q3 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		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Adjusted Revenue	\$ 16,548,674	\$ 8,631,792	\$ 45,755,891	\$ 19,170,929
Adjusted EBITDA	\$ 2,394,316	\$ (249,858)	\$ 3,871,918	\$ (1,621,374)
	Three months ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Revenue	\$ 16,512,040	\$ 8,381,076	\$ 45,594,385	\$ 18,617,418
Acquisition accounting impact on revenue	36,634	250,716	161,506	553,511
Adjusted revenue	\$ 16,548,674	\$ 8,631,792	\$ 45,755,891	\$ 19,170,929
Income (loss) from operations	\$ 874,863	\$ (1,822,581)	\$ (284,623)	\$ (5,734,365)
GAAP Adjustments				
Depreciation and amortization	601,048	483,185	1,761,057	1,103,464
Expenses incurred in connection with acquisitions	27,212	296,209	886,520	1,270,054
Gain on sale of property and equipment	192	(1,063)	(1,211)	(1,929)
Foreign exchange realized loss	120,828	41,789	(87,799)	(38,079)
Total GAAP Adjustments	749,280	820,120	2,558,567	2,333,510
Non-cash stock-based compensation	241,484	84,949	411,186	237,303
Acquisition accounting impact on revenue	36,634	250,716	161,506	553,511
Gain (loss) from disposed operations	22,738	(170,173)	77,444	(385,201)
Impact of cost synergies related to reduction of employees	469,318	587,111	947,838	1,373,869
Adjusted EBITDA	\$ 2,394,316	\$ (249,858)	\$ 3,871,918	\$ (1,621,374)

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.