



# Powering AI in Industry & Government

Sasha Grujicic – Chief Executive Officer

Alim Virani – Chief Financial Officer

Andre Garber – Chief Development Officer

# Q3 2023



INVESTOR PRESENTATION / TSX: NOW.V OTCQB: NOWVF

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This document includes information, statements, beliefs and opinions which are forward-looking, and which reflect current estimates, expectations and projections about future events. Statements containing the words "believe", "expect", "intend", "should", "seek", "anticipate", "will", "positioned", "project", "risk", "plan", "may", "estimate" or, in each case, their negative and words of similar meaning are intended to identify forward-looking statements. By their nature, forward-looking statements involve a number of known and unknown risks, uncertainties and assumptions concerning, among other things, NowVertical Group Inc.'s ("NOW" or the "Company") anticipated business strategies including future acquisitions, anticipated trends in the Company's business and anticipated market share, that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described herein. In addition, even if the outcome and financial effects of the plans and events described herein are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. Although NOW has attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors and risks that cause actions, events or results not to be as anticipated, estimated or intended. Forward-looking information contained in this presentation is based on the Company's current estimates, expectations and projections, which the Company believes are reasonable as of the current date. The Company can give no assurance that these estimates, expectations and projections will prove to have been correct. Forward-looking statements contained in this document are made as of the date of this presentation and, except as required by applicable law, the Company assumes no obligation to update or revise them to reflect new events or circumstances. Historical statements contained in this document regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. In this regard, certain financial information contained herein has been extracted from, or based upon, information available in the public domain and/or provided by the Company. No statement in this document is intended to be nor may be construed as a profit forecast.

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This document refers to Adjusted Revenues, Adjusted EBITDA and EBITDA because certain investors may use this additional information to assess the Company's performance and also determine the Company's ability to generate cash flow. These non-IFRS measures do not have any standardized meaning prescribed by IFRS, should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS, and are not necessarily indicative of operating results presented under IFRS. The Company presents Adjusted Revenues to eliminate the impact of acquisition accounting adjustments to its reported Revenues and presents Adjusted EBITDA to adjust EBITDA for items such as stock-based compensation expenses, acquisition accounting adjustments, transaction expenses related to acquisitions, transactional gains or losses on assets, asset impairment charges, operational restructuring costs, non-recurring expense items, and restructuring costs, and may include impact to the full year of cost synergies related to the reduction of employees in relation to acquisitions.

All figures in this document are in US\$ unless otherwise stated.

# Executive Summary

- Strongest quarter for revenue and profitability to date
  - \$16.5 million in revenue, \$7.2 million in gross profit (44%), \$2.4 million adjusted EBITDA (14.5%), flat net income -\$0.03 million
- Second consecutive quarter with strong new customer wins (30) and business unit organic growth (up to 30%)
- \$2.7 million in annual cost reductions executed in Q3, totaling over \$6.0 million of annualized savings executed year to date
- 84% reduction in cash flow from operations burn rate (\$300,000 in Q3 vs \$1.9 million in Q2 & \$3.6 million in Q1)
- Low levels of talent turnover (6.1% in Q3)

# Q3 at a glance

# Q3 2023 at a Glance

**\$16.5M**

Revenue

110% Increase (vs Q3 '22)

**\$7.2M**

Gross Profit (44%)

121% Increase (vs Q3 '22)

**\$2.4M**

Adjusted EBITDA

603% Increase (vs Q3 '22)

**\$880K**

Gain from  
Operations

**~\$6M**

Annualized Cost  
Reductions

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# Q3 Customer Growth

**30**

New Customer Logos

**\$291K**

Avg. contract value per customer (YTD)

**2.54**

Avg. service contracts per customer (YTD)

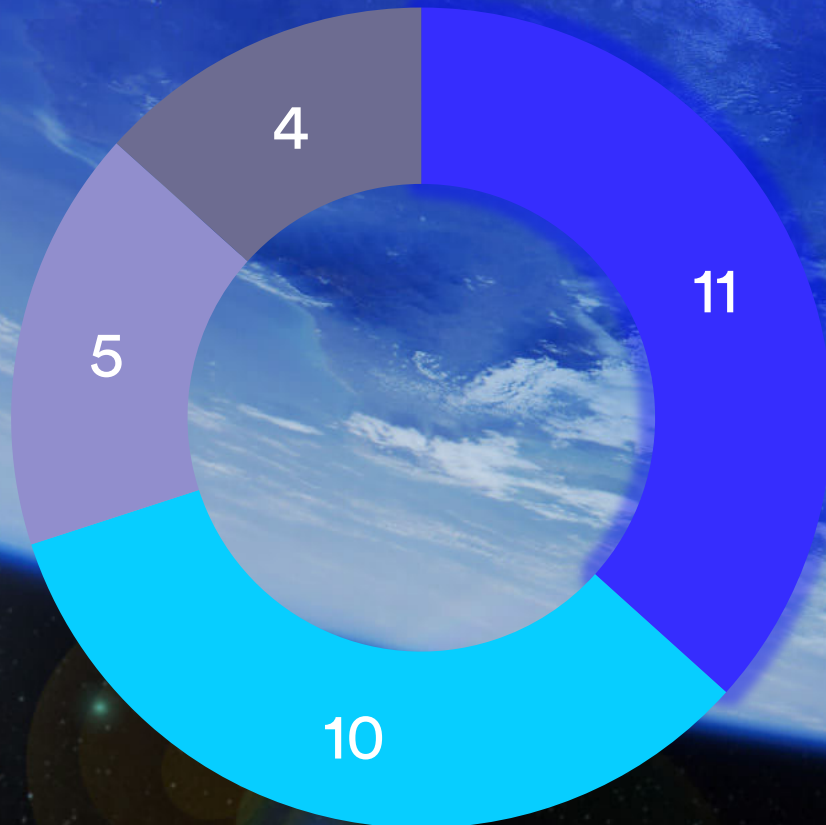
**\$164k**

Avg. value per contract (YTD)

**7**

Avg. length per commercial contract (months, YTD)

# Driving Increased Revenues New Logo Acquisition



## *New Logos by Vertical*

- Commercial Services
- Consumer Goods
- Government
- Industrials

# Q3

# Q3 Highlights

## Strengthened Financial Strategies:

- Enhanced financial position with lending partners
- Achieved increased flexibility by streamlining operations, resulting in a significant cost reduction of approximately \$2.7M annualized in Q3 and ~\$6 million annually year to date

## Market Expansion and Contract Wins:

- Expanded company footprint with 30 new logos across all four verticals

## NOW SnowGraph Partnerships Including:

- LiveRamp
- Hakkoda
- FullContact
- Snowflake

## SMART Pak Analytics as a Service Expansion:

- Launched SMART Pak Analytics as a service in the United States

## Strategic Partnership with PwC UK:

- Formed a strategic alliance with PwC UK to offer NOW Privacy





Driving Increased Revenue, Margins & Cost Improvements

# Integrated NOW Product and Service Delivery

## Verticals Served

Consumer Goods

Commercial Services

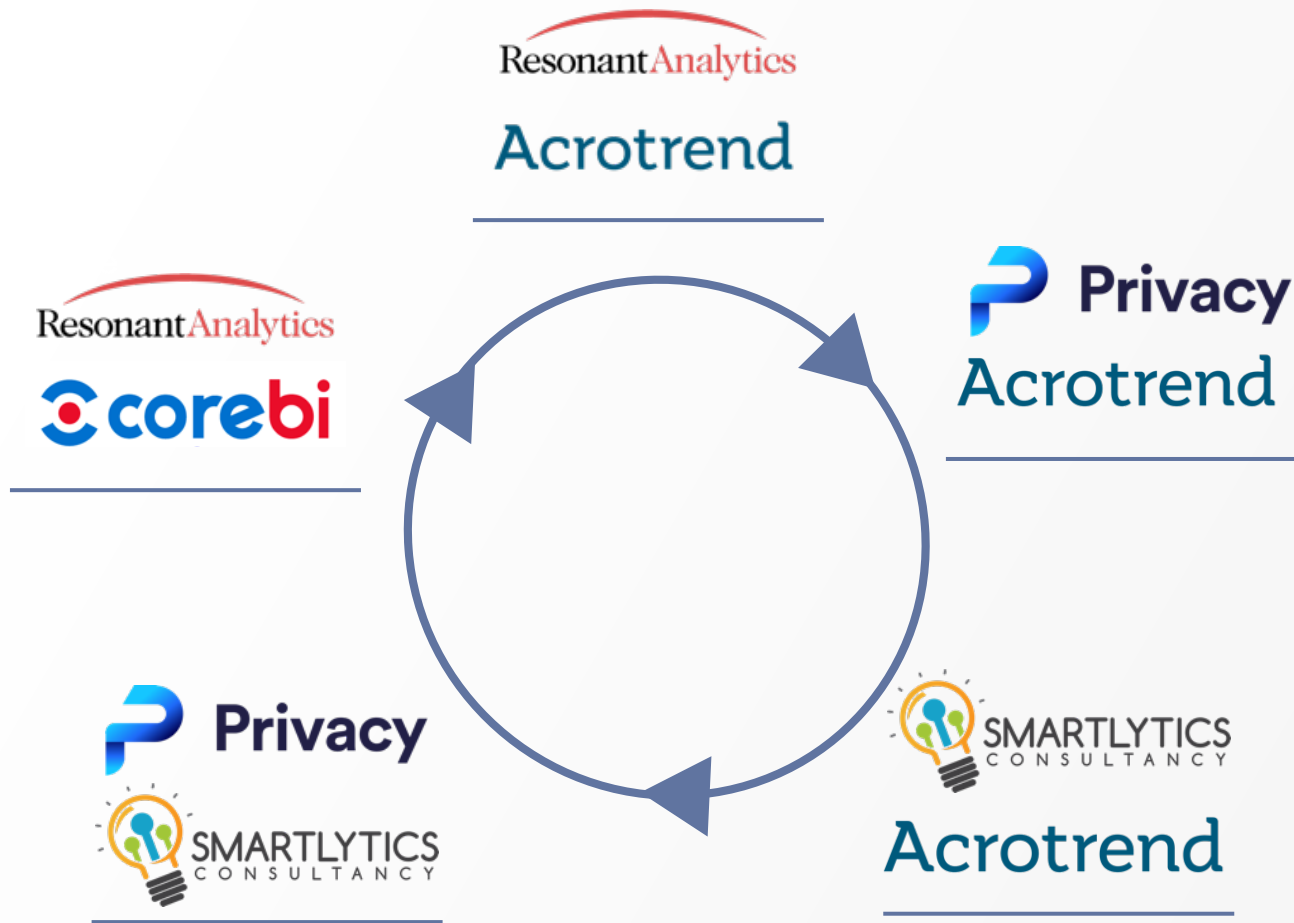
## Continents

North America

Asia

LATAM

Europe

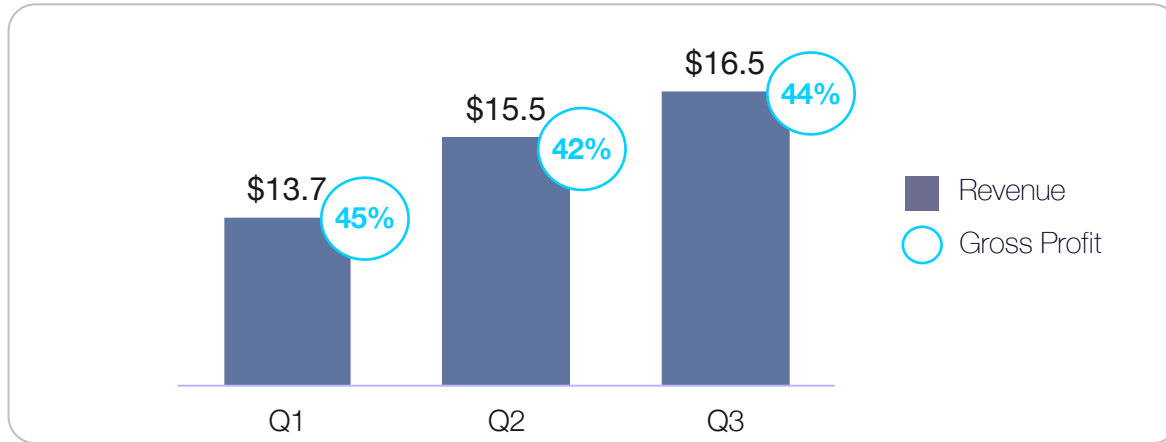


**~5%**  
**Gross Profit Margin Increase**  
 Q2 (42%) vs Q3 (44%)

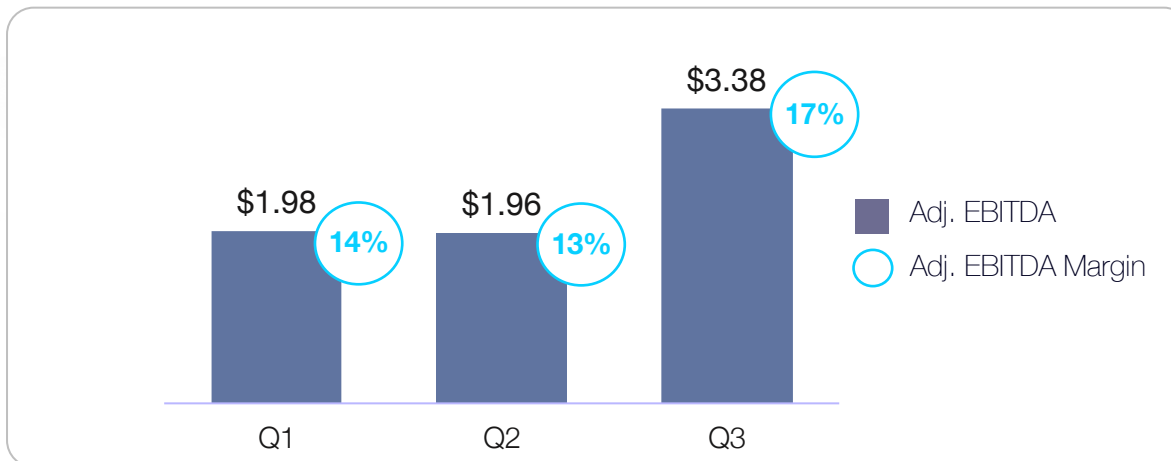
# Q3 Financials

# YTD 2023 Business Unit Performance

YTD 2023 Revenue (millions)



YTD BU Adjusted EBITDA (millions)



## Summary Highlights

### YTD

- Government and Retail vertical and LATAM regions all had strong Q3 top-line performance.
- Customer expansions and progression of ongoing contracts were the key drivers of Q3 Results
- Gross profit margins trending between 42%-45%. Government subsidies and mobilization of the global delivery model were key contributors to improved GP in Q3
- Business unit EBITDA trending between 13-17% in FY 2023
- GP improvements and cost cutting measures were falling to EBITDA in Q3, resulting in improved margins

# EBITDA Analysis

## YTD Consolidated Adjusted EBITDA and Operating Costs



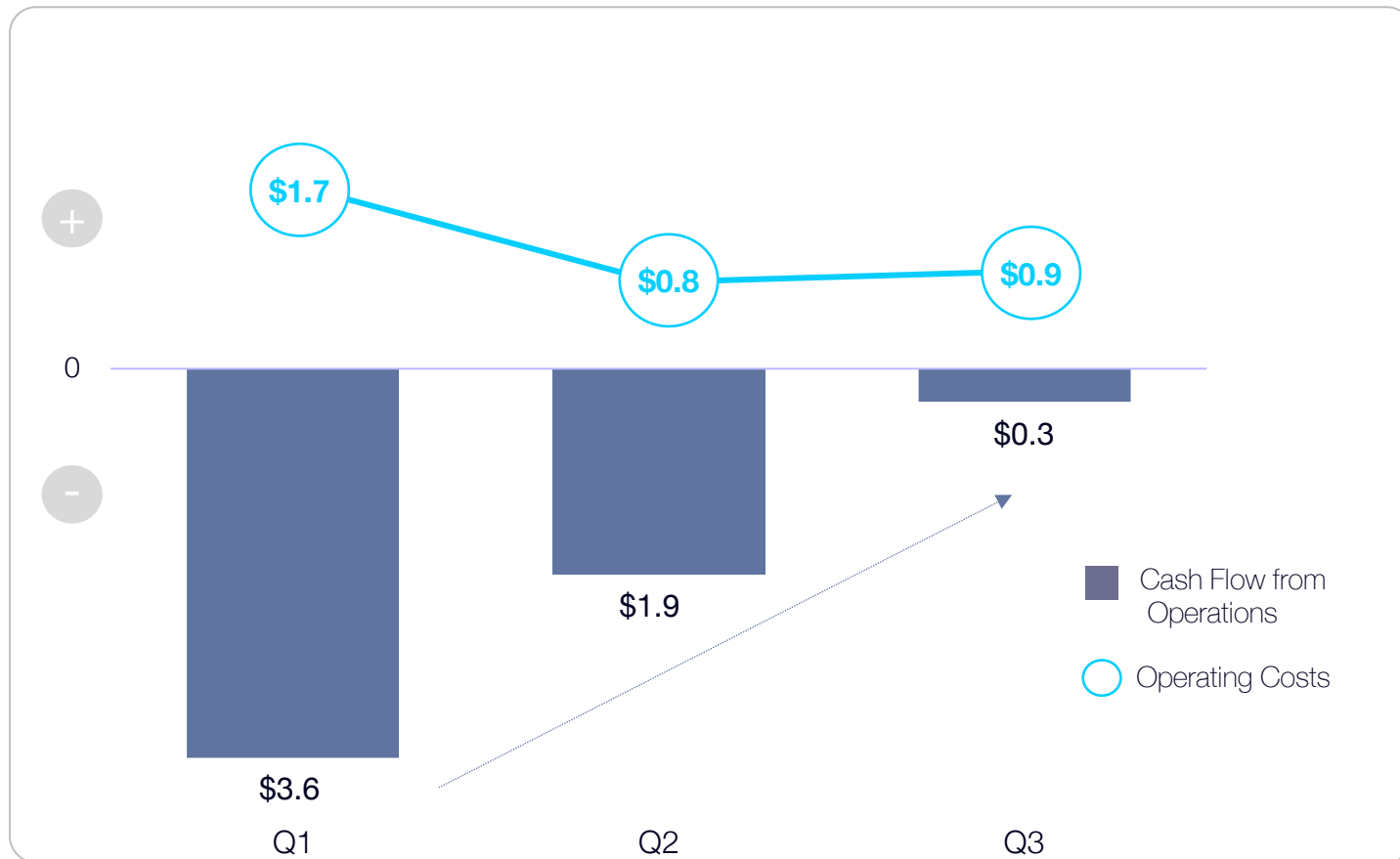
## Summary Highlights

- Consolidated Adjusted EBITDA trending positively in FY 2023
- BU profitability and continued reduction in operating costs are key contributors of improved consolidated profitability
- Opportunity exists for the operating costs to continue to decline as the team further executes on the integration strategy

Overall Adjusted EBITDA has been on the rise, while the operating costs are declining.

# Working Capital

Changes in Cash Flow from operations and Operating Costs (millions)



# 84%

## Cash Burn Reduction

Q2 vs Q3

## Summary Highlights

- Operating cash flow burn decreasing significantly quarter over quarter
- A reflection of strong AR collections in Q3, improved business unit profitability, and reduced operating costs



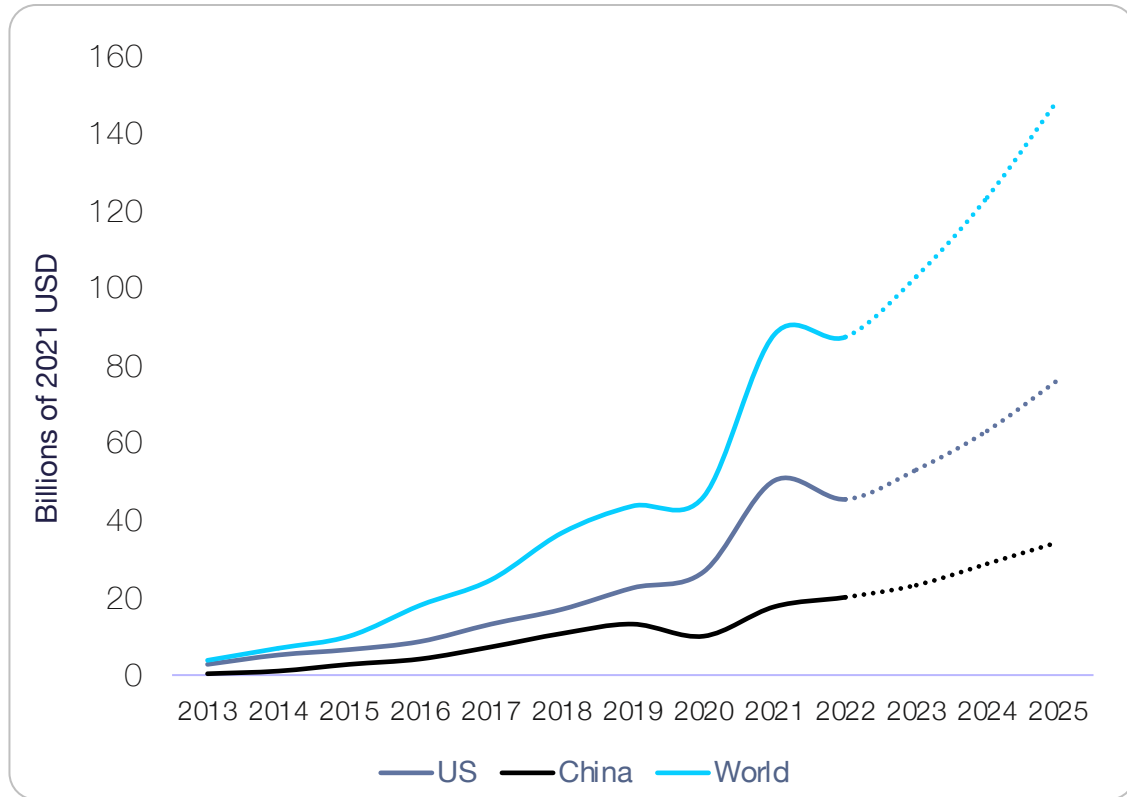
# NOW forward

# Tailwinds for NOW / AI Investment Trends

Pressure on data and technology increases

## AI Investment is likely To Grow In The Next Three Years

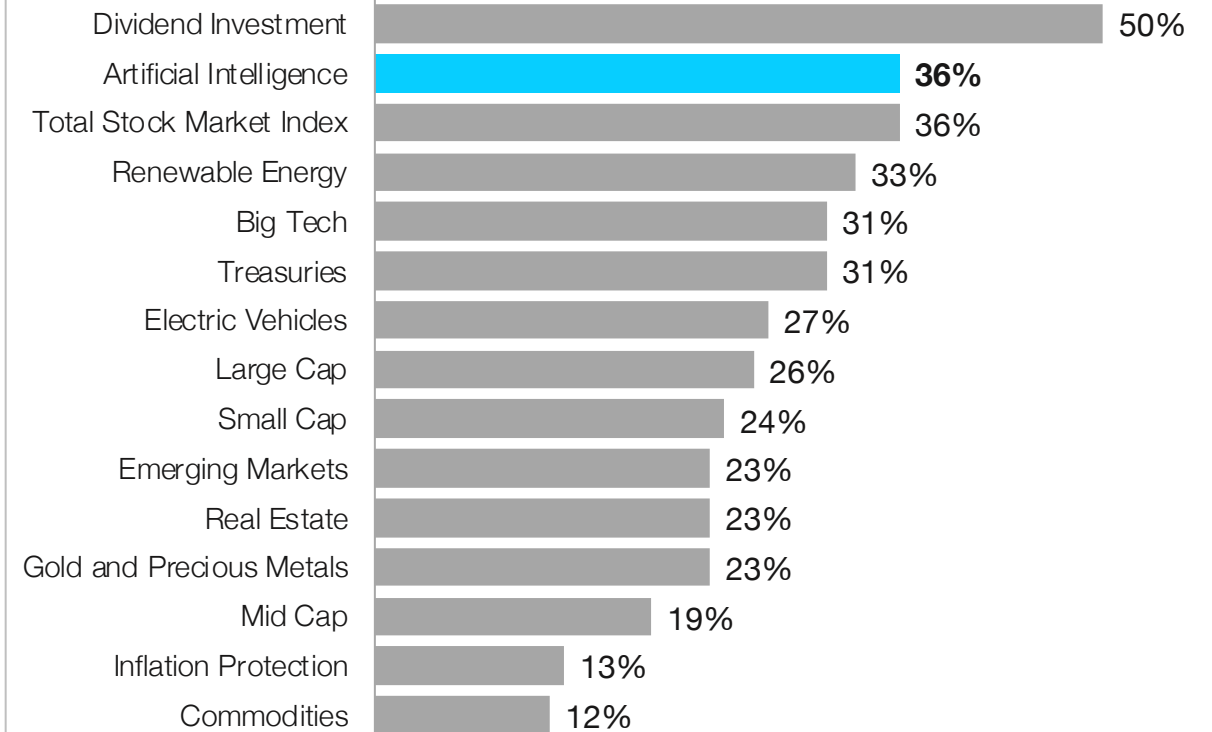
Private AI Investments (dotted lines show GS revenue projections)



Source: Stanford Institute for human-centered Artificial Intelligence, Goldman Sachs Research

## What Retail Investors Are Focusing On In 2023

Which investment themes are you interested in as part of your overall portfolio strategy?

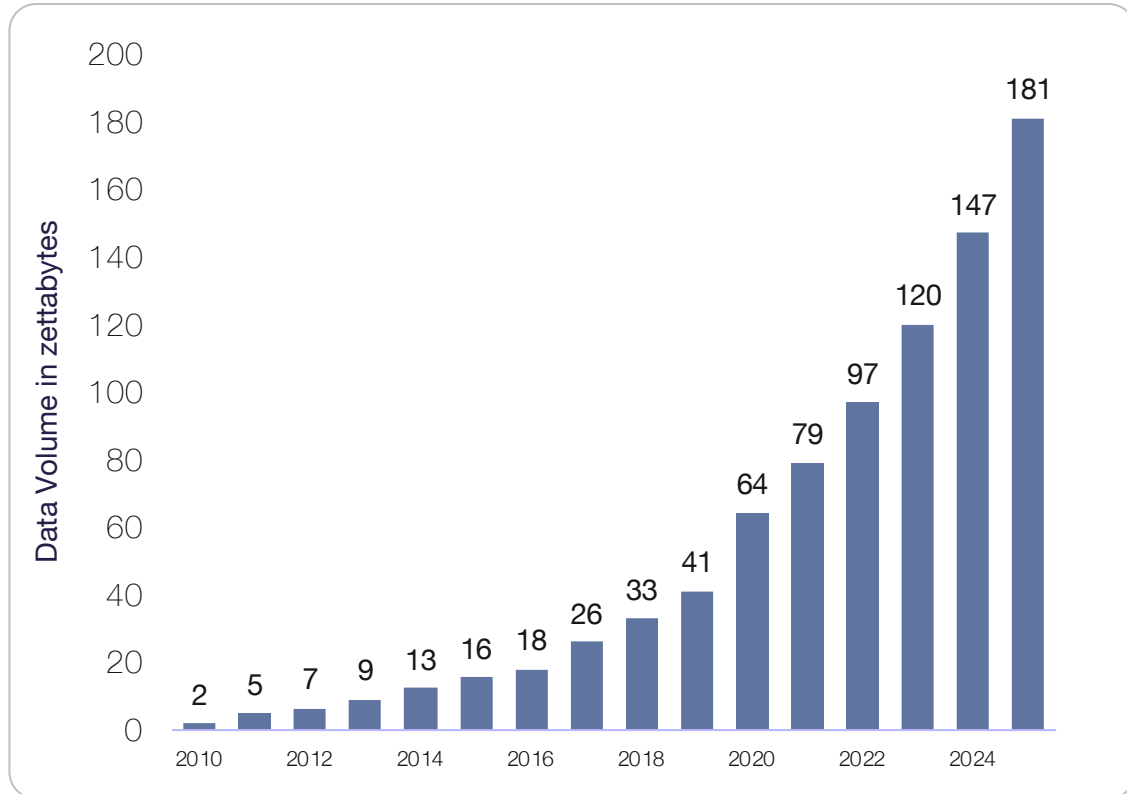


Based on the results of Public's June 2023 Platform Survey  
Source: Public (2023)

# Tailwinds for NOW / Data Creation Worldwide

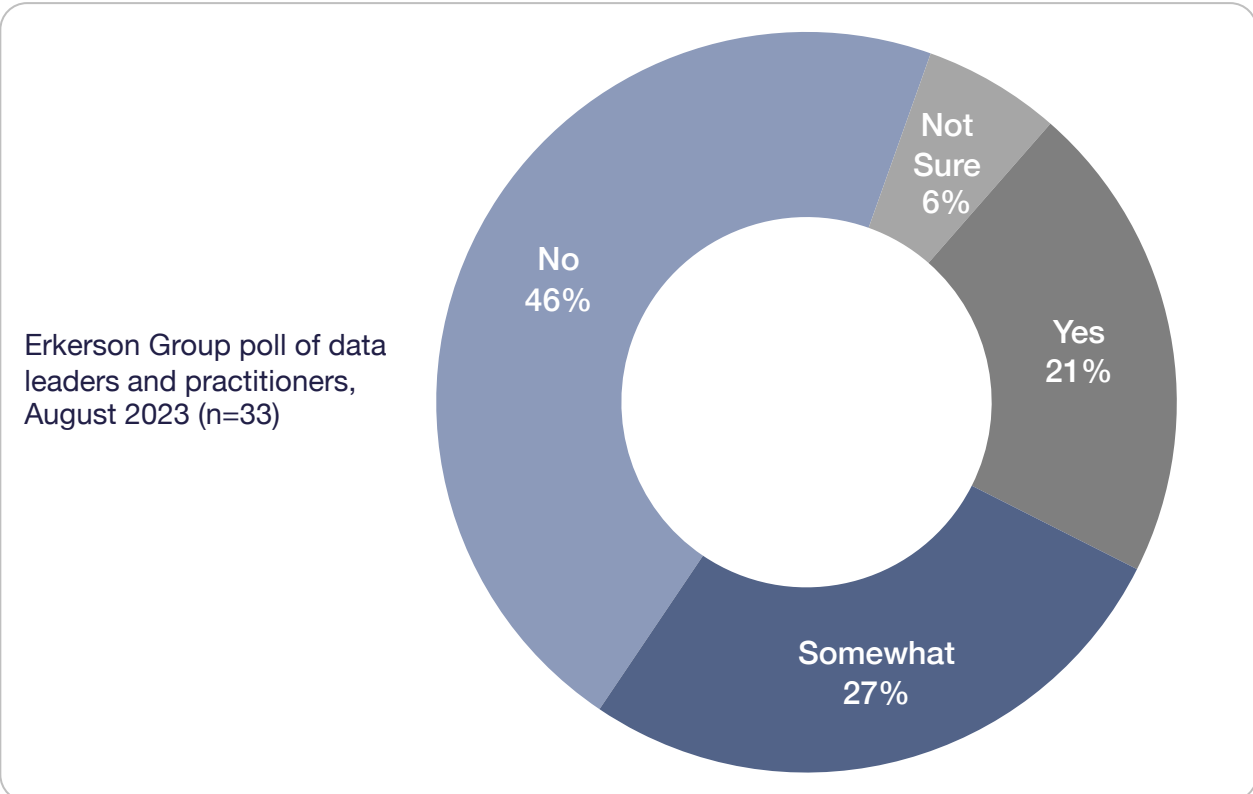
Pressure to solve for data & tech increases

## Data creation is growing exponentially



<https://www.statista.com/statistics/871513/worldwide-data-created>

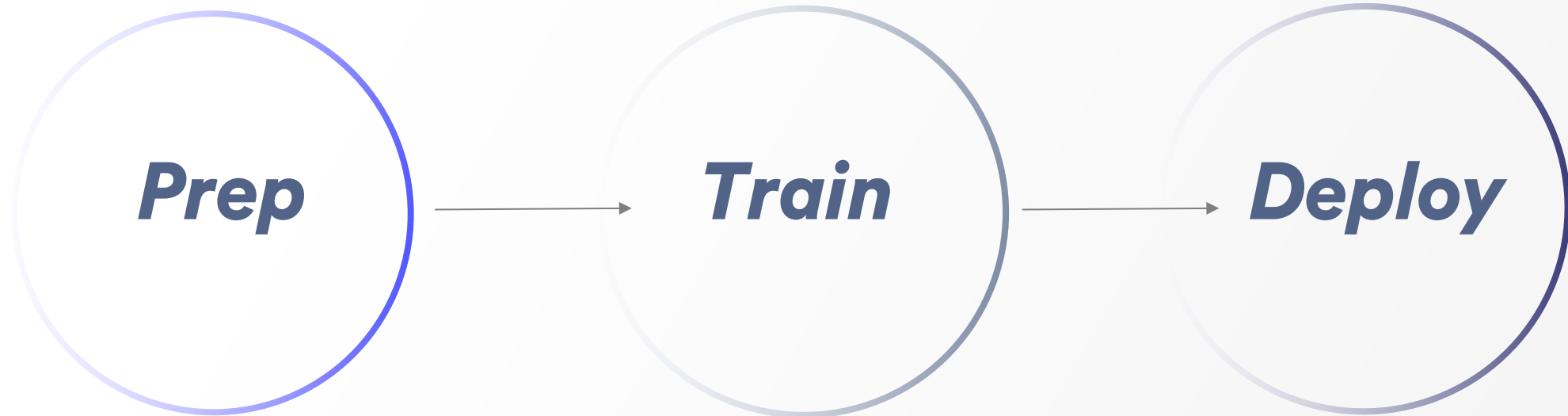
## Does your company have sufficient data quality and data governance controls to support its AI/ML initiatives





# Solving Industry's Biggest Bottleneck with Data & AI

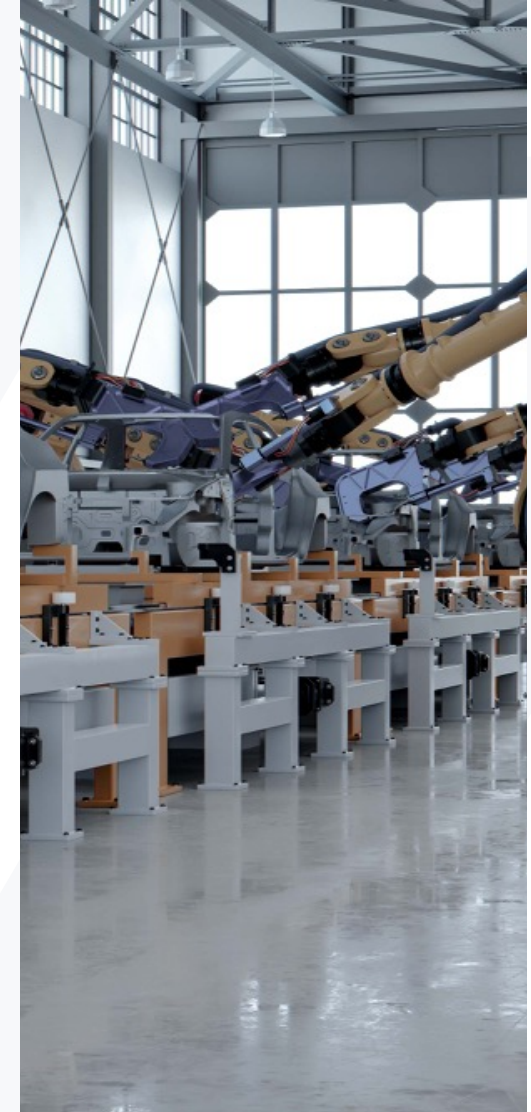
Teaching computers to help solve our customer's hardest problems



100% *Bespoke, Compliant & Performant*  
*Data & AI Services and Solutions*

# Themes for 2024

- Consolidation and integration
- Global focus on accelerating data & AI enablement
- Technology integration of major LLMs in NOW Technology
- Deepening our global technology partnership ecosystem
- Organic growth focus into major, western markets, accessing our global delivery footprint
- Opportunistic M&A



# Why Invest, Why NOW

- ✓ Opportunity in every sector and industry
- ✓ Track record of successful acquisitions
- ✓ Experienced management team
- ✓ Positioned to consolidate a fragmented market
- ✓ A deep pipeline of organic growth opportunities

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<i>Illustrative Share Price (C\$)</i>	<i>\$0.26</i>
<i>Market Cap. (C\$)</i>	<i>\$21M</i>
<i>Common Shares</i>	<i>61,365,862</i>
<i>Shares Outstanding</i>	<i>77,804,862</i>
<i>Options</i>	<i>5,835,942</i>
<i>Fully Diluted</i>	<i>108,653,518*</i>

\*Includes options outstanding, warrants issued and outstanding, convertible debentures issued and outstanding, and shares held for future issuance

## Analyst Coverage

<i>Consensus Rating</i>	<i>Buy</i>
<i>12 month consensus price target</i>	<i>\$0.80</i>



# Contact Information

## *NowVertical Group Inc.*



545 King Street West  
Toronto, Ontario M5V 1M1



Sasha Grujicic, CEO  
IR@nowvertical.com [www.nowvertical.com](http://www.nowvertical.com)

## *Investor Relations*



Glen Nelson, VP Investor Relations  
glen@NowVertical.com [www.nowvertical.com](http://www.nowvertical.com)



# NON IFRS Measures

The non-IFRS financial measures referred to in this news release are defined below. The management discussion and analysis for the three months ended June 30, 2023 (the “Q2 2023 MD&A”), available at [www.nowvertical.com](http://www.nowvertical.com) and on the Company’s SEDAR profile, also contains supporting calculations for Adjusted Revenue, EBITDA, Adjusted EBITDA and Pro Forma TTM Adjusted Revenue.

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

“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.



# Adjusted EBITDA and Adjusted Revenue Reconciliation to IFRS

	Three months ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
<b>Adjusted Revenue</b>	\$ 16,548,674	\$ 8,631,792	\$ 45,755,891	\$ 19,170,929
<b>Adjusted EBITDA</b>	\$ 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
<b>Revenue</b>	\$ 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
<b>Adjusted revenue</b>	\$ 16,548,674	\$ 8,631,792	\$ 45,755,891	\$ 19,170,929
<b>Income (loss) from operations</b>	\$ 874,863	\$ (1,822,581)	\$ (284,623)	\$ (5,734,365)
<b>GAAP Adjustments</b>				
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)
<b>Total GAAP Adjustments</b>	<b>749,280</b>	<b>820,120</b>	<b>2,558,567</b>	<b>2,333,510</b>
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
<b>Adjusted EBITDA</b>	\$ 2,394,316	\$ (249,858)	\$ 3,871,918	\$ (1,621,374)

# SMART HUB Generative AI Solution

## SITUATION

BLINDS2GO, as a prominent online blinds retailer serving a diverse global clientele, faced the critical challenge of efficiently managing and responding to a high volume of customer inquiries across multiple countries. It recognized the importance of enhancing customer satisfaction while optimizing operational costs. The existing traditional data analysis methods, such as CRM entries, needed to be improved to capture nuanced customer sentiments and concerns.

## APPROACH

- **Leveraging Azure Open AI:** The solution was powered by Azure Open AI, providing cutting-edge capabilities.
- **Real-Time Customer Conversation Analysis:** Analyzed customer interactions in real-time, delving into nuances.
- **Comprehensive Understanding:** The tool went beyond surface-level analysis to uncover patterns, sentiments, and underlying issues in vast customer data.

## RESULTS:

1. **Elevated Satisfaction:** SMART HUB boosted customer contentment through tailored services and offerings.
2. **Efficiency Gains:** SMART HUB cut costs by pre-emptively addressing common concerns and optimizing resource allocation.
3. **Seamless Self-Service:** SMART HUB enhanced self-service options, reducing direct customer engagement and operational expenses.

Elevated Customer Satisfaction

Seamless Self Service

Enhanced Efficiency

Optimized Resource Allocation