



NowVertical Group Reports First Quarter 2024 Financial Results

- Q1 2024 Revenue was \$12.9 million, an increase of 3% over Q1 2023
- Q1 2024 Income from Operations was \$0.2 million, an increase of 120% over Q1 2023
- Q1 2024 Adjusted EBITDA was \$1.6 million, an increase of 314% over Q1 2023

TORONTO, Ontario – May 30, 2024/Globe Newswire/—NowVertical Group Inc. (TSX-V: NOW) (OTCQB: NOWVF) (“NOW” or the “Company”), a leading data analytics and AI solutions company, today announced its financial results for the three months ended March 31, 2024.

"We made significant progress in the first quarter on multiple fronts, including leadership and governance, reconfiguring our go-to-market strategy, and implementing an aggressive strategic integration and restructuring plan," said Sandeep Mendiratta, CEO of NOW. "This quarter was a transitional period as we initiated implementation of our One Brand, One Business strategy. Supported by our operator-first model, we are executing this strategy across multiple dimensions of our business. These changes enable us to focus on profitability and sustainability and long-term value creation, with positive results expected to build quarter over quarter as we move forward with our growth plan."

Selected Financial Highlights:

- **Revenue** – Revenue was \$12.9 million in Q1 2024, an increase of 3% from \$12.6 million in Q1 2023 and Adjusted Revenue was \$13.0 million in Q1 2024 compared to \$12.7 million in Q1 2023.
- **Gross Profit** – Gross Profit was \$6.3 million in Q1 2024, an increase of 2% from \$6.2 million in Q1 2023.
- **Income from Operations** – Income from Operations was \$0.2 million in Q1 2024, an increase of 120% from a \$1.0 million loss in Q1 2023.
- **Adjusted EBITDA** – Adjusted EBITDA was \$1.6 million in Q1 2024, an increase of 314% from \$0.4 million in Q1 2023.
- **Administrative Expenses** – Administrative Expenses were \$6.1 million in Q1 2024, a decrease of 16% from \$7.2 million in Q1 2023.
- **Net Loss** – Net Loss was \$1.5 million and Net Loss per fully diluted share was \$0.02 in Q1 2024, consistent with a \$1.5 million Net Loss and a Net Loss per basic and diluted share of \$0.02 in Q1 2023.



Q1 2024 and Subsequent Business Highlights:

- January 8, 2023, NOW added two highly qualified directors, David Charron and Chris Ford, to the Company's Board of Directors and appointed Christine Nelson as Interim Chief Financial Officer of the Company effective as February 1, 2024.
- January 15, 2024, NOW appointed Sandeep Mendiratta as Chief Executive Officer of the Company. Mr. Mendiratta's appointment was a critical step in the strategic reorganization of the Company, designed to fast-track the integration of its global asset base.
- On March 5, 2024, NOW announced a renewed contract with one of the oldest of South Africa's "big four" banks for its NOW Privacy software. With this third consecutive renewal, the Customer agreed to a 3-year \$1.5 million commitment paid in the first half of 2024.
- On April 23, 2024, NOW announced amendments to its Acrotrend obligations that enabled it to improve its balance sheet by reducing its overall cash payment obligations, repay a substantial portion of the 2023 earn-out consideration due to the Acrotrend sellers in shares, and defer and cap certain future payments.
- On May 1, 2024, NOW announced amendments to its Smartlytics agreement to complete its product group integration.
- On May 14, 2024, NOW welcomed David Doritty as an independent director of the Company.
- On May 27, 2024, the Company announced the strategic disposition of Allegient Defense, Inc. to a subsidiary of BCS, LLC for a gross consideration of up to \$12.5 million, clearing \$3.8 million of debt from NOW's balance sheet, reducing deferred liabilities and supporting growth plans for its integrated business, enabling strategic investments in its core data analytics and AI solutions business.

Investor Webinar:

NOW invites shareholders, analysts, investors, media representatives, and other stakeholders to attend our upcoming webinar. Management will discuss Q1 2024 results, followed by a question-and-answer session.

Investor Webinar Registration:

Time: May 31, 2024, 09:30 AM in Eastern Time (US and Canada)

Register here: https://bit.ly/NOW_Q1_2024_Webinar

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 first quarter 2024 condensed consolidated interim financial statements, notes to financial statements, and management's discussion and analysis for the three months ended March 31, 2024, are available on the Company's SEDAR+ profile at www.sedarplus.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.

About NowVertical Group Inc.

The Company is a data analytics and AI solutions company offering comprehensive solutions, software and services. As a global provider, we deliver cutting-edge data, technology, and artificial intelligence (AI) applications to private and public enterprises. Our solutions form the bedrock of modern enterprises, converting data investments into business solutions. NOW is growing organically and through strategic acquisitions. For further details about NOW, please 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.

For further information, please contact:

Andre Garber, CDO
IR@nowvertical.com

Glen Nelson, Investor Relations and Communications:
glen.nelson@nowvertical.com
t: (403) 763-9797

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", and "Adjusted EBITDA". 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.

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 March 31, 2024 (the "**Q1 2024 MD&A**"), available at



nowvertical.com and on SEDAR+ and www.sedarplus.com, also contains supporting calculations for Adjusted Revenue, EBITDA, and Adjusted EBITDA.

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

“EBITDA” adjusts net income (loss) before depreciation and amortization expenses, net interest costs, and provision for income taxes.

“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.

Forward-Looking Statements:

This news release contains forward-looking information and forward-looking information within the meaning of applicable Canadian securities laws (together **“forward-looking statements”**), including, without limitation: the aggregate consideration to be received from sale of Defense, Inc. and expectations regarding NOW’s business, finances and operations. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties, and contingencies. Forward-looking statements generally can be identified by the use of forward-looking words such as “may”, “should”, “will”, “could”, “intend”, “estimate”, “plan”, “anticipate”, “expect”, “believe” or “continue”, or the negative thereof or similar variations. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause future results, performance, or achievements to be materially different from the estimated future results, performance or achievements expressed or implied by the forward-looking statements and the forward-looking statements are not guarantees of future performance. Forward-looking statements are qualified in their entirety by inherent risks and uncertainties, including: adverse market conditions; risks inherent in the data analytics and artificial intelligence sectors in general; regulatory and legislative changes; that future results may vary from historical results; inability to obtain any requisite future financing on suitable terms; any inability to realize the expected benefits and synergies of acquisitions or dispositions; that market competition may affect the business, results and financial condition of the Company and other risk factors identified in documents filed by the Company under its profile at www.sedarplus.com, including the Company’s managements discussion and analysis for the year ended December 31, 2023. 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.