



NowVertical Group Reports Fourth Quarter and Full Year 2023 Financial Results

TORONTO, Ontario – May 7, 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 audited financial results for its fourth fiscal quarter ended December 31, 2023. All figures are in U.S. dollars unless otherwise stated.

“Our operating model is evolving to better align with our strategic vision, driven by the integration of our business units. By consolidating formerly distinct businesses into a cohesive global framework, we are enhancing our solutions and services, streamlining resources and costs, and leveraging modern data and AI technologies. This strategic consolidation empowers us to deliver enhanced value propositions to our key accounts, collaborating closely with them to achieve tangible business outcomes and expand sales,” stated Sandeep Mendiratta, Chief Executive Officer.

Select results for the three months ended December 31, 2023:

- **Revenue** was \$10.1 million in the three months ended December 31, 2023, an increase of 20% over \$8.4 million in the three months ended December 31, 2022. See year end adjustments below.
- **Gross Profit** was \$6.3 million or 59% in the three months ended December 31, 2023, an increase of 75% over \$3.6 million or 43% in the three months ended December 31, 2022.
- **Loss from operations** was \$0.5 million in the three months ended December 31, 2023, an increase of 77% over \$2.2 million in the three months ended December 31, 2022.
- **Net loss** was \$3.6 million in the three months ended December 31, 2023, consistent with a loss of \$3.6 million in the three months ended December 31, 2022.
- **Adjusted EBITDA¹** was \$0.8 million in the three months ended December 31, 2023, and increase of 358% over a \$0.3 million loss in the three months ended December 31, 2022.

Select results for the year ended December 31, 2023:

- **Revenue** was \$51.7 million in the year ended December 31, 2023, an increase of 91% over \$27.7 million in the year ended December 31, 2022. See year end adjustments below.
- **Gross Profit** was \$26.7 million in the year ended December 31, 2023, an increase of 130% over \$11.6 million in the year ended December 31, 2022.
- **Loss from operations** was \$0.07 million in the year ended December 31, 2023, an increase of 99% over \$7.9 million in the year ended December 31, 2022.
- **Net loss** was \$5.9 million in the year ended December 31, 2023, an increase of 38% over \$9.5 million in the year ended December 31, 2022.
- **Adjusted EBITDA¹** was \$5.4 million in the year ended December 31, 2023, an increase of 378% over a \$1.9 million loss in the year ended December 31, 2022.

Q4 2023 year end adjustments:

- In Q4 2023 management reviewed its license reseller arrangements and determined that the Company is an agent under the current contract arrangements resulting in an accounting change from gross to net revenue and coupled with a reversal of deferred revenue and deferred costs. This resulted in a reallocation of \$5.9 million in revenue. Prior to the cost of revenue reallocation, revenue for the year ended December 31, 2023, would have been \$57.7 million.
- There was a significant devaluation of the Argentine peso in Q4 2023, resulting in an extraordinary non-cash accounting impact on the Company's Argentine subsidiary's 2023 fourth quarter financial results. If the December 31, 2023, exchange rate is applied to each quarter proforma, the Company's revenue during the three months ended December 31, 2023, would have been \$14.6 million and \$62.1 million for the year ended December 31, 2023.

Q4 2023 Business Highlights:

- Tier one banking relationships resulted in securing non-dilutive funding, which was transformational for the business, giving us a solid footprint in the UK and LATAM (Brazil) and allowing NOW to deliver projects with an attractive cost base.
- On November 21, 2023, NOW announced new contract wins in its Consumer Goods vertical, expanding its client roster in the pharmaceutical industry. This includes collaborations with Takeda Pharmaceutical and Novo Nordisk in BI, Data Engineering, and data integration to enhance analytics capabilities and drive innovation. NOW emphasized its commitment to providing tailored solutions for clients, combining technology and industry expertise to transform data into a strategic asset for future AI implementations.
- On December 5, 2023, the Company announced significant contract expansions and operations in the United Arab Emirates (UAE), establishing a regional strategic footprint. The expansion showcased successful collaborations in Consumer Goods, Professional Services, Financial Services, Industrials, and Government Verticals.
- On December 12, 2023, NOW announced strategic expansions in Peru and Mexico, along with a new contract with McDonald's LATAM, capitalizing on the Latin America big data analytics market's projected growth, reaching over US\$12 billion by 2028 and the artificial intelligence market's anticipated annual growth rate of 18.44%, resulting in a market size of over US\$19 billion by 2030. The Company's expansion included collaborating with Google in Peru for predictive analytics projects with RIMAC Seguros y Reaseguros, strategic consulting in data governance with DMX in Mexico, and a contract with Arcos Dorados (McDonald's LATAM) across Latin America.

2024 Business Highlights:

- On January 8, 2024, the Company announced the strategic appointment of directors David Charron and Chris Ford to the board of directors of the Company, bringing expertise in capital markets, financial governance, and technology transformation.
- On January 15, 2024, the Company announced a strategic reorganization, appointing Sandeep Mendiratta as CEO to fast-track global asset integration and drive the Company's next growth phase.
- On January 23, 2024, NOW announced successful contract acquisitions totalling approximately \$1.5 million US with key government departments in Brazil through its A10 subsidiary, showcasing its commitment to delivering cutting-edge data and analytics solutions to enhance government functions.



- Effective February 1, 2024, Christine Nelson assumed the role of Interim Chief Financial Officer, succeeding Alim Virani. The changes aligned with NOW's commitment to a more mature and integrated operating model, enhancing leadership to pursue growth strategies and reinforce M&A execution.
- On March 5, 2024, the Company announced a \$1.5 million 3-year technology renewal sale with a long-standing major financial services customer in South Africa.
- On April 23, 2024, the Company announced a strategic restructure of the Acrotrend Solutions Limited obligations which aligned the earn-out compensation payable tied to the overall success of the NOW business.

Business Outlook

The Company works with private and public sector clients of all sizes, including some of the world's largest corporations. While 70%¹ of CEOs recognize AI deployment within their organization as a critical competitive advantage for the future, 68% also report being stymied by uncertainty around this space, which makes it challenging to act quickly, necessitating strong partnerships between large enterprises and global solution providers like NOW.

The Company's core markets are growing, offering an estimated \$8.6 billion potential in LATAM and \$146.4 billion in NA, UK, and ME for data analytics alone. The projected compound annual growth rate is estimated at 35.5% globally between 2024 and 2030. Throughout the first quarter of 2024, the Company has undergone a significant operational realignment. We have consolidated our operations into two primary markets: Latin America ('LATAM'), North America, UK, Europe, the Middle East and Asia ("NA & EMEA"). This strategic shift is about consolidation and establishing a dedicated platform for strategic account growth. This move is designed to optimize our product units for organic growth and profitability, demonstrating our commitment to reaching near-term profitability and expanding our offerings to key enterprise clientele.

NOW's strategic direction for 2024 and beyond involves deepening its connections with key accounts in the NA & EMEA, and LATAM regions. Through the integration of its top-tier solutions and services from various business units, the Company aims to develop highly compelling offerings tailored to the needs of its strategic partners. With more than 90 strategic accounts spanning these regions, NOW is actively refining its approach to delivering value-added solutions and services to each. This entails a restructuring of its teams to foster a culture of account-centricity, prioritizing a deep understanding of clients' challenges and objectives. By doing so, NOW can offer contextualized solutions and services that directly align with their business objectives.

Investor Webinar

NOW management will hold a quarterly broadcast to discuss Q4 2023 results at 9:30 am ET, Wednesday, May 8, 2024. Participants will include Sandeep Mendiratta, Chief Executive Officer; Christine Nelson, Interim Chief Financial Officer; and Andre Garber, Chief Development Officer. A question-and-answer session will follow.

Investor Conference Call Registration

Register to watch the webinar here: bit.ly/NOW-Q4-2023-Webinar

¹ Source: Ernst and Young Global, https://www.ey.com/en_gl/newsroom/2023/10/ceos-bet-big-on-generative-ai-to-gain-competitive-edge-despite-hurdles-to-adoption-and-m-and-a-challenges



Following the call, a recording of the webinar and supporting materials will be available on the investor's section of the Company's website at <https://nowvertical.com/news-and-media>.

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.

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NON-IFRS MEASURES

The non-IFRS financial measures referred to in this news release are defined below. The management's discussion and analysis for the three months and year ended December 31, 2023, which will be available on the Company's SEDAR+ profile, also contains supporting calculations.

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

"**Adjusted EBITDA**" adjusts EBITDA for acquisition accounting 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, foreign exchange gains and losses and the full-year impact of cost synergies related to the reduction of employees.

Cautionary Note Regarding Non-IFRS Measures

This news release refers to certain non-IFRS measures. These measures are not recognized 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 "EBITDA" and "Adjusted EBITDA". These non-IFRS measures provide investors with supplemental measures of our operating performance and 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 to prepare annual budgets and forecasts.

Forward-Looking Statements

This news release contains forward-looking information and forward-looking statements within the meaning of applicable Canadian securities laws (together "forward-looking statements"), including, without limitation regarding the benefits to be derived from the Company's efforts, the results of the restructuring, the alignment of management and the business unit leaders, and timing of certain payments by the Company. 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. Investors are cautioned that forward-looking statements are not based on historical facts but instead reflect the Company's expectations, estimates or projections concerning future results or events based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made. 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. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed thereon, as unknown or unpredictable factors could have material adverse effects on future results, performance or achievements of the Company. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking statements are the following: timing and receipt of regulatory approvals, 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; 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, 2022 dated May 6, 2024 and the prospectus supplement (including all documents incorporated by reference therein) dated February 22, 2023. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Although the Company has attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended and such changes could be material. All of the forward-looking statement contained in this press release are qualified by the foregoing cautionary statements, and there can be no guarantee that the results or developments that we anticipate will be realized or, even if substantially realized, that they will have the expected consequences or effects on our business, financial condition or results of operation. Unless otherwise



noted or the context otherwise indicates, the forward-looking statements contained herein are provided as of the date hereof, and the Company does not intend, and does not assume any obligation, to update the forward-looking statements except as otherwise required by applicable law. Investors are cautioned that, trading in the securities of the Company should be considered highly speculative.