

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1. – Name and Address of Company

NowVertical Group Inc. (the “**Company**”)
333 Bay Street, Suite 3400
Toronto, ON
M5R 2S7

Item 2. - Date of Material Change

October 5, 2022

Item 3. - News Release

Attached as Schedule “A” is a copy of the press release relating to the material change, which was disseminated on October 5, 2022 through the newswire services of GlobeNewswire and subsequently filed on the System for Electronic Document Analysis and Retrieval.

Item 4. - Summary of Material Change

On October 5, 2022 (the “**Closing Date**”), the Company announced the closing of its marketed public offering (the “**Public Offering**”) of 4,569 senior unsecured convertible debenture units of the Company (the “**Debenture Units**”) and its concurrent private placement of 500 Debenture Units (the “**Concurrent Private Placement**” and, together with the Public Offering, the “**Offering**”) at a price of C\$1,000 per Debenture Unit for gross proceeds of C\$5,069,000.

The Offering was conducted on a “best efforts” agency basis by Echelon Wealth Partners Inc. (the “**Agent**”), as sole agent and bookrunner.

Each Debenture Unit consists of one 10% senior unsecured convertible debenture of the Company (each a “**Convertible Debenture**”) having a face value of C\$1,000 (the “**Principal Amount**”) and 715 Class A subordinate voting share purchase warrants of the Company (each a “**Warrant**”, and collectively the “**Warrants**”), representing 75% warrant coverage.

The Convertible Debentures will mature 36 months from the Closing Date (the “**Maturity Date**”). The Principal Amount per Convertible Debenture shall be convertible, for no additional consideration, into Class A subordinate voting shares of the Company (each a “**Subordinate Voting Share**”) at the option of the holder (with the exception of the Company Conversion as set out below) in whole or in part at any time and from time to time prior to the earlier of: (i) the close of business on the Maturity Date, and (ii) the business day immediately preceding the date specified by the Company for redemption of the Convertible Debentures upon a change of control at a conversion price per share equal to C\$1.05 subject to adjustment in certain events (the “**Conversion Price**”).

Each Warrant is exercisable for one Subordinate Voting Share at a price of C\$1.25 per Subordinate Voting Share for a period of 36 months following the Closing Date. The Company received approval from the TSX Venture Exchange (the “**TSXV**”) to list the Warrants issued under the

Public Offering under the symbol “NOW.WT.A”. The Warrants commenced trading on the TSXV on the Closing Date.

The Company will be entitled to force the conversion (the “**Company Conversion**”) of the Principal Amount of the then outstanding Convertible Debentures at the Conversion Price on not more than 60 days’ and not less than 30 days’ notice (i) in the event that the daily volume weighted average trading price of the Subordinate Voting Shares on the TSXV is greater than C\$1.60 per share for 10 consecutive trading days of the Subordinate Voting Shares on the TSXV preceding such notice, or (ii) in connection with an equity or similar financing (either qualified by a prospectus or by way of private placement) involving Subordinate Voting Shares, or warrants exercisable for Subordinate Voting Shares, resulting in aggregate gross proceeds to the Company of not less than C\$12,500,000 (the “**Qualified Financing**”), in each case subject to the Company Conversion being permitted under the policies of the TSXV for any trading of the Subordinate Voting Shares at that time. If a Qualified Financing is completed at a price per security that is lower than the Conversion Price (with such Conversion Price being calculated, in the case of warrants, by adding the issue and exercise price), the Conversion Price will be reduced to equal the greater of C\$0.10 and the closing price of the Subordinate Voting Shares on the TSXV on the day before the press release announcing the Qualified Financing is disseminated, provided that, among other things, the conditional approval of the TSXV is obtained.

The Company filed a prospectus supplement dated September 26, 2022 in respect of the Public Offering, which supplemented a short form base shelf prospectus of the Company dated January 21, 2022, each of which was filed with the securities commissions of each of the Provinces of Canada, except Quebec. The prospectus supplement and the short form base shelf prospectus are available on the Company’s SEDAR profile at www.sedar.com.

The Company intends to use the net proceeds of the Offering for (i) deferred payments related to acquisitions, (ii) working capital, and (iii) general corporate purposes

Item 5. - Full Description of Material Change

For a full description of the material change, please see the news release attached hereto as Schedule “A”, which news release forms an integral part of this material change report.

Item 6. – Reliance on subsection 7.1(2) of National Instrument 51-102

Not Applicable.

Item 7. - Omitted Information

Not Applicable.

Item 8. - Executive Officer

Daren Trousdell, Chief Executive Officer (212) 302-0868

Item 9. – Date of Report

October 13, 2022

Forward-looking Information

This report contains forward-looking statements (within the meaning of applicable securities laws) which reflect the Company's current expectations regarding future events. Forward-looking statements may be 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 proposed use of proceeds from the Offering, and the future success of the Company's business.

The forward-looking statements in this report 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. A number of 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 report 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.

SCHEDULE "A"

(See Attached)

NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES

NOWVERTICAL GROUP INC. ANNOUNCES CLOSING OF FINANCING FOR GROSS PROCEEDS OF C\$5,069,000

TORONTO, ON, October 5, 2022 - NowVertical Group Inc. (TSXV: NOW) (“**NOW**” or the “**Company**”) is pleased to announce the closing of its previously announced marketed public offering (the “**Public Offering**”) of 4,569 senior unsecured convertible debenture units of the Company (the “**Debenture Units**”) and its concurrent private placement of 500 Debenture Units (the “**Concurrent Private Placement**” and, together with the Public Offering, the “**Offering**”) at a price of \$1,000 per Debenture Unit for total gross proceeds of C\$5,069,000. The Offering was conducted on a “best efforts” agency basis by Echelon Wealth Partners Inc. (the “**Agent**”), as sole agent and bookrunner.

Each Debenture Unit consists of one 10% senior unsecured convertible debenture of the Company (each a “**Convertible Debenture**”) having a face value of C\$1,000 (the “**Principal Amount**”) and 715 Class A subordinate voting share purchase warrants of the Company (each a “**Warrant**”, and collectively the “**Warrants**”), representing 75% warrant coverage.

The Convertible Debentures will mature 36 months from the date hereof (the “**Maturity Date**”). The Principal Amount per Convertible Debenture shall be convertible, for no additional consideration, into Class A subordinate voting shares of the Company (each a “**Subordinate Voting Share**”) at the option of the holder (with the exception of the Company Conversion as set out below) in whole or in part at any time and from time to time prior to the earlier of: (i) the close of business on the Maturity Date, and (ii) the business day immediately preceding the date specified by the Company for redemption of the Convertible Debentures upon a change of control at a conversion price per share equal to C\$1.05 subject to adjustment in certain events (the “**Conversion Price**”).

Each Warrant is exercisable for one Subordinate Voting Share at a price of C\$1.25 per Subordinate Voting Share for a period of 36 months following the date hereof. The Company has received approval from the TSX Venture Exchange (the “**TSXV**”) to list the Warrants issued under the Public Offering under the symbol “NOW.WT.A”. The Warrants are expected to commence trading on the TSXV on the date hereof.

The Company will be entitled to force the conversion (the “**Company Conversion**”) of the Principal Amount of the then outstanding Convertible Debentures at the Conversion Price on not more than 60 days’ and not less than 30 days’ notice (i) in the event that the daily volume weighted average trading price of the Subordinate Voting Shares on the TSXV is greater than C\$1.60 per share for 10 consecutive trading days of the Subordinate Voting Shares on the TSXV preceding such notice, or (ii) in connection with an equity or similar financing (either qualified by a prospectus or by way of private placement) involving Subordinate Voting Shares, or warrants exercisable for Subordinate Voting Shares, resulting in aggregate gross proceeds to the Company of not less than C\$12,500,000 (the “**Qualified Financing**”), in each case subject to the Company Conversion being permitted under the policies of the TSXV for any trading of the Subordinate Voting Shares at that time. If a Qualified Financing is completed at a price per security that is lower than the Conversion Price (with such Conversion Price being calculated, in the case of warrants, by adding the issue and exercise price),

the Conversion Price will be reduced to equal the greater of \$0.10 and the closing price of the Subordinate Voting Shares on the TSXV on the day before the press release announcing the Qualified Financing is disseminated, provided that, among other things, the conditional approval of the TSXV is obtained.

The Company filed a prospectus supplement dated September 26, 2022 in respect of the Public Offering, which supplemented a short form base shelf prospectus of the Company dated January 21, 2022, each of which was filed with the securities commissions of each of the Provinces of Canada, except Quebec. The prospectus supplement and the short form base shelf prospectus are available on the Company's SEDAR profile at www.sedar.com. There have been no changes to the material terms of the Debenture Units since the press release issued September 22, 2022 disclosing the pricing terms of the Offering.

The Company intends to use the net proceeds of the Offering for (i) deferred payments related to acquisitions, (ii) working capital, and (iii) general corporate purposes.

The Convertible Debentures and Warrants issued in respect of the Concurrent Private Placement are subject to a four-month hold period and are therefore not freely tradeable until February 6, 2023. In connection with the Offering, the Company paid the Agent an agency fee comprised of a cash fee of \$354,830 and the issuance of 337,933 broker warrants, with \$35,000 of such cash fee and 33,333 of such broker warrants being paid or issued in respect of the Concurrent Private Placement, as applicable.

This news release does not constitute an offer to sell or a solicitation of an offer to sell any of securities in the United States. The securities have not been and will not be registered under the United States *Securities Act of 1933*, as amended (the "**U.S. Securities Act**") or any state securities laws and may not be offered or sold within the United States or to U.S. persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

About NowVertical Group Inc.

NOW is a big data, analytics and Vertical Intelligence ("VI") software and solutions company 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.

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 more information about the Company, visit www.nowvertical.com. For further information, please contact:

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or

Glen Nelson, Investor Relations

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t: (403) 763-9797

Forward-Looking Information

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 proposed use of proceeds from the Offering, and 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 (such risks include, among other things, the failure to use the proceeds of the Offering as set forth herein). A number of 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.