

**NowVertical Group Inc.**  
**Management's Discussion and Analysis**  
**For the nine months ended September 30, 2024**

**November 14, 2024**

The following management's discussion and analysis ("MD&A") is intended to assist readers in understanding the business environment, strategies, performance and risk factors of NowVertical Group Inc. (the "**Company**", "**NowVertical**", "**NOW**", "**we**", "**us**" or "**our**"). All references to "\$" are U.S. dollars and all references to "C\$" are Canadian dollars.

As described in this MD&A and in the Company's filings on SEDAR+, the Company was formed in September 2020 with a business strategy to bring together top technologies, services and the human capital needed to provide public and private organizations with full stack analytic and intelligence solutions. In June 2021, the Company went public and has built an experienced corporate management team and board, completed nine acquisitions and now employs more than 600 people in ten countries on five continents.

This MD&A provides the reader with a view and analysis, from the perspective of management, of the Company's results of operations and financial position for the nine months ended September 30, 2024 and should be read in conjunction with the Company's annual consolidated financial statements and notes thereto for the twelve months ended December 31, 2023 and 2022 (the "**Audited Financial Statements**"), which were prepared in accordance with International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board ("**IASB**") and interpretations issued by the International Financial Reporting Interpretations Committee in effect on January 1, 2023. The September 30, 2024, Financial Statements and the notes thereto, along with this MD&A, were approved by the Company's board of directors (the "**Board**") on November 14, 2024.

**Forward-Looking Statements**

This MD&A may contain statements deemed "forward-looking statements" that involve risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company or its industry to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. All statements in this MD&A, other than statements of historical fact, which address events or developments that the Company expects to occur, are forward-looking statements, and words such as "may", "will", "expect", "believe", "plan", "intend", "should", "anticipate", "endeavour", "contemplate" and other similar terminology are intended to identify these forward-looking statements. These statements reflect management's current assumptions and expectations regarding future events and operating performance as of the date of this MD&A.

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future events, performance, or results, and will not necessarily be accurate indications of whether or not such events, performance or results will be achieved. Several factors could cause actual events, performance, or results to vary significantly from the events, performance or results discussed in the forward-looking statements, including but not limited to the factors discussed below under "Risks and Uncertainties". Although the forward-looking statements contained in this MD&A are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual events, performance or results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this MD&A and the Company assumes no obligation, except as required by law, to update any forward-looking statements to reflect new events or circumstances. This report should be viewed in conjunction with the Company's other publicly available filings, copies of which can be obtained electronically on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

## Non-IFRS Measures

This MD&A includes certain measures which have not been prepared in accordance with IFRS, such as “Adjusted Revenue,” “Adjusted EBITDA” and “EBITDA %”. These are not recognized measures under IFRS and may not be comparable to similar financial measures disclosed by other issuers.

Adjusted Revenue, Adjusted EBITDA and EBITDA % provide investors with supplemental measures of the Company’s historical operating performance by adjusting for items that are not directly related to the Company’s operating performance or operating conditions and thus highlight trends in the 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. The non-IFRS financial measures referred to in this MD&A are defined below:

“**Adjusted EBITDA**” adjusts net income (loss) before depreciation and amortization expenses, net interest costs, and provision for income taxes 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 restructuring activities, such as a reduction of employees.

“**EBITDA %**” is defined as Adjusted EBITDA as a percentage of Adjusted Revenue.

“**Adjusted Revenue**” adjusts revenue to eliminate the effects of acquisition accounting on the Company’s revenues, which predominantly pertain to FMV adjustments to the opening deferred revenue balances of acquired companies.

For further details, please refer to the section entitled “Non-IFRS Results for the nine months ended September 30, 2024” below.

## Incorporation

The Company is an Ontario corporation listed on the TSX Venture Exchange (the “TSXV”) under the symbol “NOW.V”. Prior to its name change in connection with the closing of the Transaction (as described below), the Company was a capital pool company with its shares listed TSXV known as Good2Go Corp. (“G2G”).

NowVertical Group, Inc. (“NVG”), a U.S. operating subsidiary of the Company, was incorporated on September 22, 2020, in Delaware, USA. On March 22, 2021, NVG entered into a business combination agreement with G2G, a Company incorporated under the laws of the Province of Ontario, which contemplated the acquisition by G2G of all the issued and outstanding shares of NVG (the “Transaction”). The Transaction, which was structured as a “three-cornered” amalgamation and a reverse triangular merger, constituted a reverse takeover of G2G by NVG and the qualifying transaction of G2G under the TSXV’s Policy 2.4 – *Capital Pool Companies*. Concurrently with the Transaction’s closing on June 28, 2021, G2G changed its (i) name to NowVertical Group Inc., (ii) symbol on the TSXV to “NOW.V”, and (iii) year-end from February 28 to December 31, to conform with that of NVG. The Company’s Class A subordinate voting shares (the “Subordinate Voting Shares” or “SVS”) commenced trading on the TSXV under the symbol NOW.V on July 5, 2021.

## Description of the Business and Business Strategy

We help clients transform data into tangible business value with AI, and we do it fast.

NowVertical is a global data and analytics company focused on transforming data into actionable, industry-specific value for enterprise businesses worldwide. Through a suite of solutions and services, the Company enables clients to quickly harness the full potential of their data, driving measurable outcomes and accelerating potential return on

investment. Enterprises optimize decision-making, improve operational efficiency, and unlock long-term value from their data using the Company's AI-Infused first party and third-party technologies.

The Company was founded in September 2020 with a business strategy to bring together top capabilities, services and human capital needed to provide public and private organizations with full stack analytic and intelligence solutions. The Company is now a publicly traded specialist in data, analytics and artificial intelligence ("AI"), focused on driving growth through both organic initiatives and strategic expansion.

Since its inception to September 30, 2024, the Company has raised an aggregate of \$22.9 million of net proceeds that have been deployed to make 12 acquisitions across the globe and to build its management team and public company operating structure.

### *Consolidating and Building Market Share in the Fragmented Data and Artificial Intelligence Market*

#### **Growth Drivers**

The Company's growth strategy is built on organic expansion within two key markets:

1. North America and Europe, the Middle East and Africa ("NA & EMEA")
2. Latin America ("LATAM")

NowVertical capitalizes on the significant headroom available in existing accounts, offering a clear path to revenue growth within its established client base of 100+ enterprise clients, including 30+ accounts with lifetime values exceeding \$5 million. A strong focus on cross-sell and upsell within these strategic accounts combined with sustained net-new account growth provides organic growth through both volume and account expansion.

Twenty-six of the Company's top 30 clients by 2023 revenue, with 66% based in LATAM and 34% in NA&EMEA, have a 3+ year relationship with the organisation demonstrating the trust and opportunity built across multiple industries and enterprise accounts. These long-standing relationships provide significant room share of wallet growth, enabling NowVertical to deepen its integration within each account. This approach not only increases client value but also stabilizes recurring revenue, contributing to a more robust, resilient revenue base.

The Company's propositional approach to address enterprises biggest data challenges by embedding proprietary NowVertical technologies and models or leveraging partnerships with market leading technologies (provided by Microsoft, Google, Amazon, Anaplan) provides a unique market position to grow total strategic account volume.

#### **Global Reach with Cost-Effective Delivery**

NowVertical's global delivery model combines regional expertise with cost efficiencies achieved through delivery powerhouses in Argentina and India. This approach allows the Company to provide high-quality, globally coordinated services at competitive rates, reducing delivery costs while enhancing margins. For clients, this model offers the advantage of global service delivery with the flexibility and responsiveness of local support, positioning NowVertical to win market share while optimizing operational expenses.

NowVertical's organic growth strategy offers a blend of scalability, market diversity, and operational efficiency. By capitalizing on existing relationships, leveraging a cost-effective global delivery model, and expanding service offerings, NowVertical is positioned to drive sustainable growth. This strategy, anchored by deep client relationships and a proven approach to account expansion, **creates the opportunity for long-term revenue growth, enhanced market positioning, and best-in-class margins.**

## Solutions and Services

NowVertical provides solutions to 16 of the biggest business challenges faced in key markets (LATAM and NA&EMEA) by enterprise clients in both the private and public sector. These include but are not limited to Customer Acquisition, Customer Retention, Data Risk Management, and more. The Company's operations and organic growth are measured internally by embedding solutions and their underlying data services (AI Enablement, Data Engineering, Data Governance, and more) within enterprise clients. Through this approach the Company has been able to establish key industry expertise across:

- **Financial Services:** The Financial Services segment includes industries such as banking, insurance, and investment management. NowVertical helps these organizations leverage data to enhance risk management, optimize customer engagement, and streamline operations.
- **Media:** The Media segment covers industries like publishing, broadcasting, and digital media. With NowVertical's solutions, these industries has the potential to unlock the full potential of their audience data, improve content engagement, retain customers. The Commercial Services segment captures customers whose primary industries include but are not limited to: Finance, Agencies, Insurance, Telecoms, etc.
- **Technology:** The Technology segment includes businesses in software development, cloud computing, IT services, and other tech-driven sectors. NowVertical empowers these organizations to harness their data for innovation, operational efficiency, marketing performance, and strategic decision-making.
- **Retail & E-Commerce:** The Retail & E-Commerce segment spans industries like consumer products, e-commerce platforms, and brick-and-mortar retail. NowVertical helps these businesses optimize their business, improve customer personalization, make strategic decisions and manage their data effectively.
- **Subscriptions:** The Subscriptions segment serves industries like media subscriptions, software-as-a-service ("SaaS"), and membership-based services. NowVertical assists these companies in managing customer churn, improving retention strategies, and boosting lifetime value through predictive analytics and personalized offerings.

## Acquisitions Completed During the Year Ended December 31, 2023

### *Smartlytics Consultancy Ltd.*

On January 12, 2023, the Company acquired 100% of the issued and outstanding securities of Smartlytics Consultancy Ltd. ("**Smartlytics**"), a UK-based data analytics consultancy company that provide a wide range of Data Science and analytics services. The acquisition was made to enhance the Company's data analytics services business. Pursuant to the terms of a stock purchase agreement dated December 10, 2022 (the "**Smartlytics Purchase Agreement**"), the aggregate consideration consisted of (i) a closing cash payment of \$1,000,000 subject to holdbacks, and (ii) issuance of 600,000 Subordinate Voting Shares. Excluded from the purchase price consideration is an earn-out consideration paid over three fiscal years based on certain targets, a portion of which may be payable in Company shares at the Company's sole discretion subject to a maximum of 926,413 shares. The closing cash consideration was funded with term debt with a Canadian banking partner. In connection with the acquisition, the Company incurred acquisition-related costs of \$140,587 which have been recorded in administrative expenses. The goodwill from the acquisitions consists largely of the synergies expected from combining the operations from Smartlytics with the operations of the Company and is not expected to be deductible for tax purposes.

### *Acrotrend Solutions Ltd.*

On January 12, 2023, the Company acquired 100% of the issued and outstanding securities of Acrotrend Solutions Ltd ("**Acrotrend**"), a UK-based customer analytics consultancy company that combines business intelligence and decision-making, helping turn consumer data into smart insights. The acquisition was made to enhance the Company's data analytics services business. Pursuant to the terms of a stock purchase agreement dated December 9, 2022 (the "**Acrotrend SPA**"), the aggregate consideration consisted of (i) a closing cash payment of \$4,100,000 subject to holdbacks, and (ii) issuance of 750,000 Subordinate Voting Shares of the Company at a price of \$1.00 per share, subject to contractual lock-up restrictions. Excluded from the purchase price consideration is an earn-out consideration paid over three fiscal years based on certain targets, a portion of which may be payable in Company shares at the Company's sole discretion subject to a maximum of 5,000,000 shares. The closing cash consideration was funded

with term debt with a Canadian banking partner. The earn-out is being accounted for as compensation since it is tied to employment. In connection with the acquisition, the Company incurred acquisition-related costs of \$46,089 which have been recorded in administrative expenses. The goodwill from the acquisitions consists largely of the synergies expected from combining the operations from Acrotrend with the operations of the Company and is not expected to be deductible for tax purposes. See “Contractual Obligations” below with respect to the amendment of the Acrotrend SPA.

### Group Analytics 10

On February 2, 2023, the Company acquired 100% of the issued and outstanding securities of Group Analytics 10 and Inteligencia de Negocios and its affiliate entities (collectively, “A10”). The A10 Group is one of Latin America’s most experienced big data, business intelligence, and advanced analytics partners. Serving more than 700 customers, A10 focuses on helping organizations make intelligent, data-backed decisions by translating data into understandable information that accelerates concrete action. The acquisition was made to enhance the Company’s data analytics services business and expand operations in Latin America. Pursuant to the terms of a stock purchase agreement dated December 21, 2022, the aggregate consideration consisted of (i) a closing cash payment of \$4.95 million, subject to holdbacks, and (ii) \$550,000 settled by way of an issuance of Subordinate Voting Shares at a deemed price equal to the greater of the Company’s 20-day VWAP on closing and \$1.00 per Subordinate Voting Share, subject to customary lock-ups. Excluded from the purchase price consideration is an earn-out consideration paid over four fiscal years based on certain targets. This is an arm’s length transaction and no finder’s fees were paid by the Company in connection with the A10 Group acquisition. The closing cash consideration was funded with term debt with a Canadian banking partner. The earn-out was valued at fair value using a discounted cash flow model and is being accounted for as compensation since it is tied to employment. In connection with the acquisition, the Company incurred acquisition-related costs of \$328,414 which have been recorded in administrative expenses. The goodwill from the acquisitions consists largely of the synergies expected from combining the operations from A10 with the operations of the Company and is not expected to be deductible for tax purposes.

### Dispositions Completed May 24, 2024

On May 24, 2024, the Company closed the disposition of its subsidiary, Allegient Defense, Inc. (“Allegient”) to Denergy Corporation (the “Purchaser”) for a total gross cash consideration of up to \$12.5 million pursuant to a purchase and sale agreement among the Company, the Purchaser and The Assérac Group, LLC whereby the Purchaser acquired all of the issued and outstanding equity interests of NOW Guardian Inc., a wholly owned subsidiary of the Company through which the Company indirectly held 100% of the issued and outstanding equity interests in Allegient. The \$12.5 million all cash consideration for the transaction consists of \$7.5 million in cash received on closing, \$1.0 million pursuant to a secured promissory note payable in instalments within 18 months of closing, and \$4.0 million as an earn-out payable on Allegient reaching certain revenue milestones. As part of the transaction, the existing Allegient earnout out from the 2022 purchase of Allegient has been extinguished and a new earn-out agreement was entered. Under the new earnout the Company must pay 50% of the \$4.0 million earn-out consideration up to a maximum of \$1,680,000 in aggregate with the same payment terms to the former owners.

### Results from Operations

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Revenue	\$ 10,704,018	\$ 15,014,206	\$ 35,999,390	\$ 41,600,160
Cost of revenue	5,432,571	7,521,498	18,608,806	21,558,333
Gross profit	5,271,447	7,492,708	17,390,584	20,041,827
Gross profit margin	49%	50%	48%	48%
Administrative expenses	3,941,936	6,353,114	15,157,025	19,620,505
Income (loss) from operations	\$ 1,329,511	\$ 1,139,594	\$ 2,233,559	\$ 421,322

## Revenue

Revenue decreased by 13% to \$36.0 million for the nine months ended September 30, 2024, compared to \$41.6 million for the same period in 2023, mainly due to the sales of Allegient on May 24, 2024, Seafront Analytics LLC (“Seafront”) on December 31, 2023, and Affinio Social on May 10, 2023. Excluding the Allegient, Seafront and Affinio Social businesses, revenue increased by 6% to \$28.6 million in the nine months ended September 30, 2024, compared to \$26.9 million in the nine months ended September 30, 2023.

For the three months ended September 30, 2024, revenue decreased by 29% to \$10.7 million, compared to \$15.0 million for the same period in 2023, mainly due to the sale of Allegient and Seafront. Excluding the Allegient and Seafront businesses, revenue increased by 9% to \$10.7 million in the three months ended September 30, 2024, compared to \$9.8 million in the three months ended September 30, 2023.

The following table summarizes revenue by type of service.

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Data analytics services				
Cost plus fixed fee	\$ 192,888	\$ 2,956,568	\$ 4,749,102	\$ 8,251,757
Fixed firm price	1,366,469	2,354,459	4,719,854	5,851,979
Time and materials	7,266,523	7,044,504	20,609,322	19,435,476
Total data analytics services	8,825,880	12,355,531	30,078,278	33,539,212
Maintenance and support	731,507	898,196	1,822,180	3,025,672
License, maintenance and software-as-a-service	1,146,631	1,760,479	4,098,932	4,914,028
Hardware	-	-	-	121,248
Total revenue	\$ 10,704,018	\$ 15,014,206	\$ 35,999,390	\$ 41,600,160

## Gross Profit

Gross profit decreased to \$17.4 million for the nine months ended September 30, 2024, from \$20.0 million in the same period in 2023, mainly due to the sale of Allegient. Excluding the Allegient business, gross profit increased by 1% to \$14.8 million in the nine months ended September 30, 2024, consistent with the same period in the 2023.

For the three months ended September 30, 2024, gross profit was \$5.3 million, as compared to \$7.5 million in the same period in 2023. Excluding the Allegient business, gross profit was \$5.3 million in the three months ended September 30, 2024, compared to \$5.7 million in the three months ended September 30, 2023.

## Administrative Expenses

Administrative expenses decreased by \$4.5 million or 23% to \$15.2 million in the nine months ended September 30, 2024, compared to \$19.6 million for the same period in 2023. Administrative expenses decreased by \$2.4 million or 38% to \$3.9 million in the three months ended September 30, 2024, compared to \$6.4 million for the same period in 2023. Excluding the Allegient, Seafront and Affinio Social business, administrative expenses were \$13.0 million for the nine months ended September 30, 2024, compared to \$14.8 million in the nine months ended September 30, 2023, a decrease of 13%.

These decreases were a direct result of a concerted restructuring effort by management to reduce overhead costs and increase efficiency in the business. Administrative expenses include corporate costs, the costs of acquired companies that are not included in the cost of revenue, and non-cash operating costs such as share-based compensation. Major components of administrative expenses were as follows:

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Compensation and benefits	\$ 1,755,831	\$ 3,245,995	\$ 6,997,917	\$ 10,245,171
Professional fees	464,101	988,273	2,366,530	3,686,478
Marketing and advertising	211,248	274,857	653,277	902,066
Investor relations and filing fees	30,628	57,826	95,064	228,186
Product development	92,226	59,695	254,771	72,492
Office and other expenses	770,808	706,326	2,471,972	2,255,010
Travel expense	65,036	139,427	207,675	400,045
Depreciation of property and equipment	73,046	76,914	206,226	194,556
Amortization of intangible assets	323,629	441,596	1,200,258	1,313,114
Exchange loss (gain)	71,473	120,722	510,367	(87,799)
Share-based compensation expense	83,910	241,484	192,968	411,186
<b>Total administrative expenses</b>	<b>\$ 3,941,936</b>	<b>6,353,114</b>	<b>\$ 15,157,025</b>	<b>19,620,505</b>

Compensation and benefits decreased by 32% to \$7.0 million for the nine months ended September 30, 2024, compared to \$10.2 million for the same period in 2023. For the three months ended September 30, 2024, compensation and benefits decreased by 46% to \$1.8 million, compared to \$3.2 million for the same period in 2023 mainly due to corporate restructuring by management to reduce costs and increase efficiency in the business.

Professional fees decreased by 36% to \$2.4 million for the nine months ended September 30, 2024, compared to \$3.7 million for the same period in 2023 mainly due to a decrease in acquisition due diligence fees and no prospectus fees in 2024. Professional fees decreased by 53% to \$0.5 million three months ended September 30, 2024, compared to \$1.0 million for the same period in 2023, mainly due to a concerted effort to reduce corporate overhead costs.

Marketing and advertising decreased by 28% to \$0.7 million for the nine months ended September 30, 2024, compared to \$0.9 million for the same period in 2023. For the three months ended September 30, 2024, marketing and advertising decreased by 23% to \$0.2 million, compared to \$0.3 million for the same period in 2023 mainly due to a concerted effort by management to reduce corporate costs.

Investor relations and filing fees decreased by 58% to \$0.1 million for the nine months ended September 30, 2024, compared to \$0.2 million for the same period in 2023. For the three months ended September 30, 2024, product and development decreased by 47% to \$0.03 million, compared to \$0.06 million for the same period in 2023.

Product and development costs increased by 251% to \$0.3 million for the nine months ended September 30, 2024, compared to \$0.1 million for the same period in 2023. For the three months ended September 30, 2024, product and development increased by 54% to \$0.09 million, compared to \$0.06 million for the same period in 2023 as the Company increases focus on its internally generated technology.

Office and other expenses increased by 10% to \$2.5 million for the nine months ended September 30, 2024, compared to \$2.3 million for the same period in 2023. For the three months ended September 30, 2024, office and other expenses increased by 9% to \$0.8 million, compared to \$0.7 million for the same period in 2023. The increase in these expenses is mainly due to an increase in bad debts expense.

Travel expenses decreased by 48% to \$0.2 million for the nine months ended September 30, 2024, compared to \$0.4 million for the same period in 2023. For the three months ended September 30, 2024, travel expenses decreased by 53% to \$0.07 million, compared to \$0.1 million the same period in 2023.

Depreciation expense remained consistent at \$0.2 million for the nine months ended September 30, 2024, compared to the same period in 2023. Depreciation expense remained consistent at \$0.07 million for the three months ended September 30, 2024, compared to the same period in 2023.

Amortization of intangible assets decreased by 9% to \$1.2 million for nine months ended September 30, 2024, compared to \$1.3 million the same period in 2023. Amortization of intangible assets decreased by 27% to \$0.3 million for three months ended September 30, 2024, compared to \$0.4 million to the same period of 2023.

Share-based compensation expense relates to stock options and restricted stock units granted.

### *Income from Operations*

Income from operations increased by 430% to \$2.2 million for the nine months ended September 30, 2024, compared to \$0.4 million for the same period in 2023. Income from operations increased by 17% to \$1.3 million for the three months ended September 30, 2024, compared to \$1.1 million for the same period in 2023.

### *Other Income/Expenses*

Other expenses include revaluations of financial liabilities, one-time costs, inflation impact and net interest, as follows:

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Contingent compensation related to acquisitions	\$ -	\$ -	\$ -	\$ (230,698)
Revaluation of warrant liability	-	-	19,902	1,098,243
Revaluation of equity consideration	2,937	-	25,412	105,480
Revaluation of contingent and deferred consideration	185,764	(385,323)	(560,781)	(1,113,544)
Revaluation of conversion features	-	2,121	-	337,160
Inflation effect on the net monetary position	(351,357)	(202,362)	(1,247,728)	(234,573)
Impairment loss	-	-	-	(250,000)
Investing income	8,503	529,524	528,354	871,551
Interest expense	(581,770)	(794,473)	(1,846,113)	(2,477,759)
Gain on disposal of asset	56,689	-	3,585,309	(57,351)
<b>Total other expenses</b>	<b>\$ (679,234)</b>	<b>\$ (850,513)</b>	<b>\$ 504,355</b>	<b>\$ (1,951,491)</b>

Contingent compensation related to acquisitions is related to contingent deferred consideration for an acquired company that is classified as a compensation expense and accrued over time. Revaluation of equity consideration relates to the fair value adjustment of shares to be issued in the future in relation to acquisitions. Revaluation of contingent and deferred consideration relates to the revaluations of contingent earn-out consideration and deferred consideration in relation to acquisitions. Inflation effect on the net monetary position relates to the inflationary adjustment required under IAS 29 related to operations in Argentina.

### *Income Tax Expense (Benefit)*

Income tax expense is recognized at an amount determined by multiplying the profit (loss) before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognized in full in the interim period. As such, the effective tax rate in the interim financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

For the nine months ended September 30, 2024, the Company recorded an income tax expense of \$1.7 million (2023: \$0.8 million) on pre-tax income of \$2.7 million (2023: \$1.5 million loss). For the three months ended September 30, 2024, the Company recorded an income tax expense of \$0.08 million (2023: \$0.05 million expense) on pre-tax income of \$0.7 million (2023: \$0.3 million).

### *Net Income/Loss and Loss Per Share*

For the nine months ended September 30, 2024, net income increased by 143% to \$1.0 million, compared to a net loss of \$2.4 million for the same period in 2023. For the three months ended September 30, 2024, net income increased by 144% to \$0.6 million, compared to net income of \$0.2 million for the same period in 2023.

On a per basic and diluted share basis, this represents net income per basic share of \$0.01 for the nine months ended September 30, 2024, compared to a net loss per basic and diluted share of \$0.03 for the same period in 2023. For the three months ended September 30, 2024, this represents net income per basic and diluted share of \$0.01 for the three months ended September 30, 2024, compared to a net income per basic and diluted share of \$0.00 for the same period in 2023.

## Summary of Quarterly Results

The Company in its original form was incorporated on September 22, 2020, and began operations in October 2020. The selected financial information provided below is derived from the Company's Interim Financial Statements.

<i>Amounts in millions except loss per share</i>	Q3 24	Q2 24	Q1 24	Q4 23	Q3 23	Q2 23	Q1 23	Q4 22	Q3 22	Q2 22	Q1 22	Q4 21
Revenue	\$ 10,704	\$ 12,348	\$ 12,947	\$ 10,102	\$ 15,014	\$ 13,962	\$ 12,623	\$ 8,392	\$ 8,381	\$ 7,642	\$ 2,594	\$ 0,777
Gross profit	5,271	6,089	6,030	5,652	7,493	6,358	6,191	3,603	3,276	3,211	1,488	0,441
Administrative expenses	3,942	5,387	5,828	6,139	6,353	6,046	7,221	5,757	5,099	4,976	3,634	5,755
Income (loss) from operations	1,330	0,702	0,202	(0,487)	1,140	0,311	(1,030)	(2,154)	(1,823)	(1,766)	(2,146)	(4,283)
Net income (loss)	0,575	1,943	(1,510)	(3,568)	0,235	(1,110)	(1,490)	(3,557)	(2,903)	(1,268)	(1,820)	(4,378)
Basic net income (loss) per share	\$ 0.01	\$ 0.02	\$ (0.02)	\$ (0.05)	\$ 0.00	\$ (0.01)	\$ (0.02)	\$ (0.06)	\$ (0.05)	\$ (0.02)	\$ (0.03)	\$ (0.08)
Diluted net income (loss) per share	\$ 0.01	\$ 0.02	\$ (0.02)	\$ (0.05)	\$ 0.00	\$ (0.01)	\$ (0.02)	\$ (0.06)	\$ (0.05)	\$ (0.02)	\$ (0.03)	\$ (0.08)
Weighted average shares outstanding	87,126	79,546	77,805	77,805	77,548	76,885	69,914	65,067	63,751	62,603	62,047	52,604
Shares outstanding, end of period	87,126	87,126	77,805	77,805	77,805	77,110	76,610	65,078	64,968	62,648	62,048	62,042
Adjusted revenue	\$ 10,690	\$ 12,465	\$ 12,988	\$ 10,142	\$ 15,051	\$ 14,021	\$ 12,690	\$ 8,575	\$ 8,632	\$ 7,843	\$ 2,696	\$ 0,777
Adjusted EBITDA	\$ 2,020	\$ 1,728	\$ 1,488	\$ 0,795	\$ 2,659	\$ 1,541	\$ 0,378	\$ (0,277)	\$ (0,309)	\$ (0,622)	\$ (0,749)	\$ (2,117)

The decrease in revenue in three months ended December 31, 2023, compared to prior three quarters in 2023, is due to impact of the devaluation of the Argentine peso in the December 2023 resulting in an extraordinary non-cash accounting impact on the Company's Argentine subsidiary's 2023 fourth quarter financial results.

## Non-IFRS Results for the three and nine months ended September 30, 2024

### Reconciliation of Adjusted Revenue and Adjusted EBITDA

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Revenue	\$ 10,704,018	\$ 15,014,206	\$ 35,999,390	\$ 41,600,160
Acquisition accounting impact on revenue	(13,938)	36,634	144,225	161,506
<b>Adjusted revenue</b>	<b>\$ 10,690,080</b>	<b>\$ 15,050,840</b>	<b>\$ 36,143,615</b>	<b>\$ 41,761,666</b>
<b>Income from operations</b>	<b>\$ 1,329,511</b>	<b>\$ 1,139,594</b>	<b>\$ 2,233,559</b>	<b>\$ 421,322</b>
<b>Adjustments</b>				
Depreciation and amortization	385,730	601,048	1,522,024	1,761,057
Expenses incurred in connection with acquisitions	7,035	27,212	55,862	886,520
Gain on sale of property and equipment	43	192	(585)	(1,211)
Foreign exchange realized loss	58,342	120,828	510,369	(87,799)
Non-cash stock-based compensation	83,910	241,484	192,968	411,186
Acquisition accounting impact on revenue	(13,938)	36,634	144,225	161,506
Gain (loss) from disposed operations	-	22,738	-	77,444
Impact of cost synergies related to reduction of employees	169,578	469,318	577,980	947,838
<b>Adjusted EBITDA</b>	<b>\$ 2,020,210</b>	<b>\$ 2,659,047</b>	<b>\$ 5,236,401</b>	<b>\$ 4,577,862</b>

Adjusted EBITDA increased by 14% to \$5.2 million in the nine months ended September 30, 2024, compared to \$4.6 million in the same period in 2023, primarily due to a concerted effort by management to decrease corporate and administrative costs. Excluding the Allegient, Seafront and Affinio Social businesses, Adjusted EBITDA was \$4.6 million in the nine months ended September 30, 2024, compared to \$3.7 million in the nine months ended September 30, 2023, an increase of 26%.

Adjusted EBITDA decreased by 24% to \$2.0 million in the three months ended September 30, 2024, compared to \$2.7 million in the same period in 2023. Excluding the Allegient and Seafront businesses, Adjusted EBITDA was \$2.0 million in the three months ended September 30, 2024, a decrease of 8% from \$2.2 million in the three months ended September 30, 2023.

For segment reporting purposes, the Chief Executive Officer is the Chief Operating Decision Maker ("CODM"). The determination of the Company's reportable segments is based on its organization structure and how the information

is reported to the CODM on a regular basis. The CODM makes decisions and assesses performance of the Company on the basis such that the Company has five reportable operating segments: A10, Acrotrend, Affinio, Allegient, and CoreBI. Three other operating segments have been aggregated as one reportable segment (“Other”), on the basis that these operating segments operating in the same sector and have similar economic characteristics. The accounting policies of the reportable segments are the same as the Company’s accounting policies.

Information related to each reportable segment is set out below. Segment EBITDA is used to measure performance, because management believes this information is the most relevant in evaluating the results of the Company.

### Non-IFRS Results by operating segment for the nine months ended September 30, 2024

Adjusted EBITDA Segment Note GAAP Measures for MD&A									
Nine months ended September 30, 2024									
	A10	Acrotrend	Affinio	Allegient	CoreBI	Other	Corporate	Total	
Revenue	\$ 9,999,097	\$ 3,832,937	\$ -	\$ 7,434,315	\$ 11,509,893	\$ 3,347,731	\$ 19,642	\$ 36,143,615	
Cost of revenue	(3,940,565)	(2,356,236)	-	(4,881,531)	(5,961,112)	(1,239,339)	-	(18,378,783)	
Gross profit	6,058,532	1,476,701	-	2,552,784	5,548,781	2,108,392	19,642	17,764,832	
Gross profit %	61%	39%	0%	34%	48%	63%	0%	49%	
Administrative expenses	(4,069,338)	(764,685)	-	(1,946,114)	(1,962,679)	(1,280,160)	(2,505,455)	(12,528,431)	
Adjusted EBITDA	\$ 1,989,194	\$ 712,016	\$ -	\$ 606,670	\$ 3,586,102	\$ 828,232	\$ (2,485,813)	\$ 5,236,401	
Adjusted EBITDA %	20%	19%	0%	8%	31%	25%	-7%	14%	

  

Nine months ended September 30, 2023									
	A10	Acrotrend	Affinio	Allegient	CoreBI	Other	Corporate	Total	
Revenue	\$ 9,367,546	\$ 4,392,911	\$ 604,491	\$ 13,414,101	\$ 8,278,164	\$ 5,704,453	\$ -	\$ 41,761,667	
Cost of revenue	(3,607,211)	(1,878,593)	(237,121)	(8,513,281)	(5,052,837)	(2,015,903)	-	(21,304,946)	
Gross profit	5,760,335	2,514,318	367,370	4,900,820	3,225,327	3,688,550	-	20,456,721	
Gross profit %	61%	57%	61%	37%	39%	65%	0%	49%	
Administrative expenses	(3,777,211)	(1,078,846)	(405,887)	(3,860,328)	(664,728)	(2,438,243)	(3,653,614)	(15,878,856)	
Adjusted EBITDA	\$ 1,983,124	\$ 1,435,472	\$ (38,517)	\$ 1,040,492	\$ 2,560,599	\$ 1,250,307	\$ (3,653,614)	\$ 4,577,864	
Adjusted EBITDA %	21%	33%	-6%	8%	31%	22%	-9%	11%	

  

Three months ended September 30, 2024									
	A10	Acrotrend	Affinio	Allegient	CoreBI	Other	Corporate	Total	
Revenue	\$ 3,188,231	\$ 1,515,322	\$ -	\$ -	\$ 5,079,736	\$ 906,791	\$ -	\$ 10,690,080	
Cost of revenue	(1,583,767)	(979,340)	-	-	(2,405,078)	(387,786)	-	(5,355,971)	
Gross profit	1,604,464	535,982	-	-	2,674,658	519,005	-	5,334,109	
Gross profit %	50%	35%	0%	0%	53%	57%	0%	50%	
Administrative expenses	(1,284,738)	(231,177)	-	-	(789,702)	(320,821)	(687,461)	(3,313,899)	
Adjusted EBITDA	\$ 319,726	\$ 304,805	\$ -	\$ -	\$ 1,884,956	\$ 198,184	\$ (687,461)	\$ 2,020,210	
Adjusted EBITDA %	10%	20%	0%	0%	37%	22%	-6%	19%	

  

Three months ended September 30, 2023									
	A10	Acrotrend	Affinio	Allegient	CoreBI	Other	Corporate	Total	
Revenue	\$ 3,795,412	\$ 1,614,411	\$ -	\$ 4,690,486	\$ 2,892,721	\$ 2,057,810	\$ -	\$ 15,050,840	
Cost of revenue	(988,467)	(753,226)	-	(2,868,710)	(1,546,861)	(899,937)	-	(7,057,201)	
Gross profit	2,806,945	861,185	-	1,821,776	1,345,860	1,157,873	-	7,993,639	
Gross profit %	74%	53%	0%	39%	47%	56%	0%	53%	
Administrative expenses	(1,563,769)	(288,397)	42,516	(1,380,958)	(188,981)	(732,975)	(1,222,028)	(5,334,591)	
Adjusted EBITDA	\$ 1,243,176	\$ 572,788	\$ 42,516	\$ 440,818	\$ 1,156,879	\$ 424,898	\$ (1,222,028)	\$ 2,659,048	
Adjusted EBITDA %	33%	35%	0%	9%	40%	21%	-8%	18%	

## Liquidity and Capital Resources

The Company defines “capital” to include share capital and borrowings, which are managed on a consolidated level. Since its inception, the Company has relied primarily on equity and debt financings, as well as the cash flows provided by acquired businesses, to support its operating model and execute its acquisitive growth strategy. Recent acquisitions have been completed with debt proceeds from the EDC and a commercial bank.

As of September 30, 2024, the Company had a working capital deficit of \$7.4 million, which includes deferred revenue of \$1.3 million and equity and operating results based contingent consideration payable to acquired companies amounting to \$4.3 million. Excluding these items, the Company had a working capital deficit of \$4.2 million as at September 30, 2024. To balance the need to manage liquidity while continuing to execute upon important elements of its growth strategy, the Company: (i) in January 2023 used its December 31, 2022 restricted cash balance and acquisition financing to complete three acquisitions, (ii) in February 2023 completed a marketed public equity offering (by utilizing the base shelf registration discussed further below) that raised gross proceeds of C\$5.0 million, (iii) has re-negotiated with the vendors of CoreBI to extend the terms of cash consideration due earlier this year, and (iv) taken action to reduce the overheads of acquired companies. These steps supplement the continual monitoring of cash flows against operating forecasts.

With respect to the base shelf registration mentioned above, the Company was receipted on January 24, 2022, to raise up to C\$65.0 million (as at December 31, 2022, C\$10.1 million has been utilized to date). On February 28, 2023, the Company closed a marketed public offering (the “Offering”) of 9,631,500 units (the “Units”) of the Company at a

price of C\$0.52 per Unit for gross proceeds of C\$5.0 million, which includes partial exercise of the over-allotment option. Each Unit consists of one Subordinate Voting Share and one Subordinate Voting Share purchase warrant (a “**Warrant**”) of the Company. Each Warrant is exercisable to acquire one Subordinate Voting Share at a price per Share of C\$0.80 for a period of 36 months following the closing of the Offering. In connection with the Offering, the Company paid the Agents a cash commission of C\$0.3 million and issued to the Agents 577,890 broker warrants, with each broker warrant entitling the holder thereof to purchase one Subordinate Voting Share at a price of C\$0.52 per Subordinate Voting Share for a period 36 months following the Closing. The net proceeds raised in U.S. dollars amounted to \$3.4 million.

As of the date of this MD&A, the Company has cash of \$3.1 million. The cash includes \$1.7 million held in banks in Argentina. The cash also includes \$0.8 million that is held within subsidiaries that are subject to compliance with bank covenants.

Additional sources of capital and/or financing will be required to meet planned growth initiatives and long-term operational objectives. Since its inception and through the date of this MD&A, the Company has raised over \$22.9 million in net cash from equity and convertible note financings.

Management expects that future cash generated from its operating entities and additional financings will provide sufficient capital for the Company to execute on its strategy. Management expects to continue to grow revenue and improve the profitability of the Company’s existing business by leveraging internal sales channels and other cross-entity synergies and plans to acquire cash flow positive businesses that can be financed with a credit facility and/or debt. Additionally, management will continue to take action to align the cost structures of acquired businesses with its operating model. Whether and when the Company can attain profitability and positive cash flows from operations and obtain additional funds from financing is uncertain. The Company’s continued operations depend upon its ability to meet its financing requirements on a continuing basis, to continue to have access to financing, and to generate positive operating results. (Refer to Note 2 of the Audited Financial Statements for Going Concern disclosure).

#### *Cash Flow from Operations*

For the nine months ended September 30, 2024, the Company used \$0.5 million of cash for operations (2023: \$5.8 million) primarily due to increased gross profit.

#### *Cash Flow from Investing Activities*

For the nine months ended September 30, 2024, the Company generated \$6.9 million of cash from the Allegient sale proceeds (2023 investing proceeds: \$1.5 million). There were no other investing activities in 2024.

#### *Cash Flow from Financing Activities*

For the nine months ended September 30, 2024, the Company used cash of \$7.0 million in financing activities, related to repayment of long-term debt and consideration related to acquired companies. For the same period in 2023, the Company generated \$3.1 million from financing activities, related to debt financing secured for the A10 acquisition which closed on February 2, 2023, and the private placement which closed on February 28, 2023, for gross proceeds of \$3.4 million, partially offset by debt repayments.

#### *Contractual Obligations*

The Company has a remaining payment obligation of \$0.1 million on a senior secured redeemable debenture issued by Signafire in 2019 which the Company renegotiated in 2021. Affinio has four unsecured, non-interest-bearing loans outstanding of \$0.5 million in the aggregate, of which \$0.08 million is due within twelve months. NowVertical Canada Holdings Inc. has a term loan with a remaining balance of \$4 million of which \$1.0 million is due in the next twelve months. A10 Brazil has four term loans with a remaining balance of \$0.4 million of which \$0.2 million is due in the next twelve months. The Company has a term loan with a remaining balance of \$6.5 million of which \$1.2 million is due in the next twelve months.

As at September 30, 2024, the consideration payable related to acquired companies is as follows:

	September 30, 2024	December 31, 2023
Consideration payable	\$ 2,334,607	\$ 3,580,071
Equity consideration payable	499,967	40,095
Contingent consideration payable	1,441,039	4,580,112
<b>Total current liabilities</b>	<b>\$ 4,275,613</b>	<b>\$ 8,200,278</b>
Contingent consideration payable	\$ 2,632,403	\$ 1,084,453
<b>Total long-term liabilities</b>	<b>\$ 2,632,403</b>	<b>\$ 1,084,453</b>
<b>Total considerable payable</b>	<b>\$ 6,908,016</b>	<b>\$ 9,284,731</b>

On September 9, 2024, the Company and the A10 former shareholders agreed to amend the terms of the stock purchase agreement dated December 21, 2022. The amendment releases the Company from all current and future obligations related to A10 including, but not limited to, the remaining \$750,000 holdback owed and any future earnout obligations, in exchange for a one-time cash payment of \$130,000 to be paid in installments.

On April 30, 2024, the Company and the seller of Smartlytics Consultancy Limited (“**the seller**”) agreed to amend (the “**Amending Deed**”) the existing share purchase agreement dated December 10, 2022, as amended (the “**SPA**”) to restructure the remaining earn-out obligations and defer the acquisition holdback. Under the Amending Deed the future earn-out payments for years 2024 and 2025 will be settled through a payment by the Company tied to the EBITDA of the Company’s Technology Product group payable to the seller equally in cash, or through the issuance of Class A SVS of the Company, subject to TSXV approval prior to the time of each issuance.

On April 23, 2024, the Company amended the Purchase Agreement dated December 9, 2022, between the Company and the former shareholders of Acrotrend (the “**Sellers**”). In particular, the acquisition holdback amount of \$410,000, previously due on January 12, 2024, will be deferred and paid in installments by December 1, 2024. The Sellers were previously entitled to a top-up amount equal the difference between the price of the 750,000 Class A SVS in the capital of the Company received by the Sellers in connection with the transaction and the market price of such shares on the date when the Sellers elect to exercise their top-up entitlement, with an estimated value of \$558,116 (the “**Top-Up Consideration**”). The Company issued 2,835,277 SVS in settlement of the Sellers’ potential entitlement to Top-Up Consideration. The Company paid \$100,000 of the 2023 earn-out amount in cash to the Sellers and issued 5,000,000 SVS in settlement of the 2023 earn-out amount. The future earn-outs for the years ending December 31, 2024, and 2025 will be settled through a cash payment by the Company equal to \$990,000, payable to the Sellers on or before January 1, 2026.

The Company has remaining deferred payment obligations to the vendors of CoreBI of \$1.3 million. This payment will be paid out over multiple installments during FY 2024 and FY 2025. On October 3, 2023, the Company amended the Share Purchase Agreement with the prior shareholders of CoreBI. The amended agreement provides for an earnout payment up to \$3,250,000, which is contingent on CoreBI meeting specific cash flow targets.

On April 17, 2023, the Company and the Affinio former shareholders agreed to amend the terms of a deferred payment of \$1.5 million, by amending the amount owing to \$1.75 million (the “**Remaining Amount**”) and to pay out the Remaining Amount in cash installments between the date hereof and December 31, 2025.

### **Off-Balance Sheet Arrangements**

The Company does not have any off-balance sheet arrangements.

## Transactions with Related Parties

The Company considers a related party a person or entity that is related to the Company and has control, joint control or significant influence over the Company, or is a member of key management personnel. Key management personnel of the Company are its chief officers, executive members of the Board and non-executive directors. Key management personnel remuneration includes the following expenses:

	Three months ended		September 30, 2023		September 30, 2024		Nine months ended		September 30, 2023	
	September 30, 2024		September 30, 2023		September 30, 2024		September 30, 2023		September 30, 2023	
Salaries and bonuses	\$	184,489	\$	272,492	\$	541,261	\$	938,390		
Share-based payments		37,545		228,329		40,680		344,969		
Total related party transactions	\$	222,034	\$	500,821	\$	581,941	\$	1,283,359		

## Changes in Accounting Policies including Initial Adoption

The IASB has issued the following new standards and amendments that are effective January 1, 2024, and have not yet been adopted by the Company and could have an impact on future periods. The Company is currently assessing the potential impact on its Financial Statements.

### *Amendments to IAS 21, The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

In August 2023, the IASB issued Lack of Exchangeability (Amendments to IAS 21) that specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments will be effective for annual periods on or after January 1, 2025, with early adoption permitted. Comparative information cannot be restated when applying the amendments.

### *IFRS 18, Presentation and Disclosure in the Financial Statements*

In April 2024, the IASB issued IFRS 18, Presentation and Disclosure in the Financial Statements which aims to improve the quality of financial reporting by introducing three sets of new requirements that include new required categories and subtotals in the statement of profit and loss, disclosure about management-defined performance measures, and enhanced guidance on grouping of information. This standard is effective for annual periods beginning on or after January 1, 2027, with early adoption permitted.

## Financial Instruments and Other Instruments

The Company's financial assets categorized at amortized cost include trade and other receivables, unbilled revenue, taxes receivable, and cash. The Company does not have any financial assets categorized as fair value through profit and loss ("FVTPL") or fair value through other comprehensive income ("FVOCI").

The Company's financial liabilities are initially measured at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Subsequently, financial liabilities are measured either at amortized cost using the effective interest method or at FVTPL. For financial liabilities measured at amortized cost, all interest-related charges and, if applicable, changes in fair value that are reported in profit and loss are included within finance costs or finance income.

The Company's financial instruments categorized at amortized cost include long-term debt, convertible debenture, loan payable, accounts payable, accrued expenses and other current liabilities, deferred revenue, and consideration payable related to acquired companies. The Company's financial instruments categorized at FVTPL are contingent consideration payable related to acquired companies and equity consideration payable related to acquired companies.

Derivative instruments, including derivative instruments embedded in other contracts (such as warrants) and instruments designated for hedging activities, are recognized as either asset or liabilities in the statement of financial position and measured at fair value. The Company has not used derivative instruments to hedge exposures to cash flow or foreign currency risks. Any change in the fair value of a derivative instrument or an embedded derivative not designated as a hedging instrument is recognized as an unrealized gain or loss in the statement of loss and comprehensive loss.

## **Outstanding Share Data**

The Company is authorized to issue an unlimited number of class A Subordinate Voting Shares and an unlimited number of class B proportionate voting shares (“**Proportionate Voting Shares**”). As of the date of this MD&A, the following securities of the Company were issued and outstanding: (i) 84,891,544 Subordinate Voting Shares, (ii) 23,765 Proportionate Voting Shares, convertible, subject to adjustment, into 2,376,500 Subordinate Voting Shares (iii) 4,378,542 stock options to purchase 4,378,542 Subordinate Voting Shares, (iv) 13,255,835 Warrants exercisable to purchase 13,255,835 Subordinate Voting Shares, and (v) convertible debentures that are convertible into 4,827,619 Subordinate Voting Shares.

## **Risks and Uncertainties**

The Company’s business is subject to a number of risk factors, which are described below as well as in the Base Shelf Prospectus and the Prospectus Supplement which are incorporated by reference herein. Particularly, the Company’s activities expose it to financial risks, including credit risk, liquidity risk, and currency risk. It is the Company’s opinion that it is not exposed to other significant market risks, including price, or variable interest rate risk.

### *Credit risk*

The Company takes on exposure to credit risk, which is the risk that one party will cause a financial loss for another party by failing to discharge an obligation. The Company is exposed to the risk of non-payment of trade and other receivables balances. The Company’s exposure to credit risk was \$14.5 million as at September 30, 2024.

### *Liquidity risk*

Liquidity risk is the risk that the Company might not be able to generate sufficient cash resources to settle its obligations in full as they fall due, or it can only do so on terms that are materially disadvantageous. The Company is exposed to liquidity risk through non-payment of accounts payable, accrued expenses, convertible debentures, other current liabilities, loan payable, long-term debt and consideration payable related to acquired companies. As at September 30, 2024, the Company had cash of \$2.3 million, other current assets of \$13.5 million and current liabilities of \$17.6 million excluding deferred revenue, equity consideration, and contingent consideration.

Additional funding will be required to meet the Company’s contractual obligations and execute on its business plan for the next 12 months. The Company’s Base Shelf Prospectus was receipted in January 2022 to raise up to C\$65.0 million (of which C\$10.1 million has been utilized as at March 31, 2024). The Company has successfully raised over \$22.9 million in net cash from equity and convertible notes as at September 30, 2024. Management expects to be able to successfully raise additional financing, however, there can be no assurance that additional funding will be available, or available under terms favourable to the Company. Management expects that future cash generated from its operating entities, along with additional financings and a planned credit facility to fund acquisitions, will provide sufficient capital for the Company to execute on its strategy. Whether and when the Company can attain profitability and positive cash flows from operations and obtain additional funds from financing is uncertain. If adequate funds are not available, or are not available on acceptable terms, the Company may not be able to take advantage of new business opportunities, respond to competitive pressures or remain in business at all. The Company’s continued operations depend upon its ability to meet its financing requirements on a continuing basis, to continue to have access to financing, and to generate positive operating results. These material uncertainties may raise significant doubt about the Company’s ability to continue as a going concern. (Refer to Note 2 of the Audited Financial Statements for Going Concern disclosure).

### *Currency risk*

The Company is exposed to foreign currency fluctuations. Such exposure arises from translation of monetary assets and liabilities denominated in foreign currencies, such as the Canadian dollar and the Argentinian peso, the impact of which is recorded in the Company’s Statement of Operations; and translation of entities that have a functional currency that differs from the U.S. dollar presentation currency of the Company, the impact of which is recorded through the Company’s Other Comprehensive Income.

The Company continually monitors its exposure to foreign currency risks arising from foreign currency balances and transactions. The Company does not utilize any financial instruments to hedge this risk.

Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial also may impair our business and operations and cause the price of the Subordinate Voting Shares to decline. If any of the noted risks actually occur, the Company's business may be harmed, and the financial condition and results of operations may suffer significantly. In that event, the trading price of the Subordinate Voting Shares could decline, and shareholders may lose all or part of their investment.

#### *Ability to Achieve the Desired Synergies and Benefits of Acquisitions*

As part of the Company's growth strategy, it has and plans to continue to complete acquisitions. NowVertical's ability to integrate newly acquired companies into its global operating model is an integral part of how the Company achieves and plans to continue to achieve its growth targets. In recent years, the Company has consummated a number of acquisitions. The Company evaluates, and expects in the future to evaluate, potential strategic acquisitions of, and partnerships or joint ventures with, businesses providing services or technologies that are complementary to the Company's existing services and technologies. The Company's acquisition strategy involves a number of risks related to the realization of synergies and overall integration of the Company's operations, including but not limited to, human resources, company culture, product pricing, information technology, data integrity, information systems, business processes and financial management. However, the Company may not be successful in identifying acquisition, partnership and joint venture targets or the Company may use estimates and judgments to evaluate the operations and future revenue of a target that turn out to be inaccurate. In addition, the Company may not be able to successfully finance or integrate a particular business, service or technology that the Company acquires or with which the Company forms a partnership or joint venture, and the Company may not achieve the anticipated benefits of such project or the Company may lose customers or patients as a result. Furthermore, the integration of any acquisition, partnership or joint venture may divert management's time and resources from the Company's existing business and disrupt its operations. Certain acquisitions, partnerships and joint ventures the Company has and may in the future make may prevent the Company from competing for certain customers or in certain lines of business and may lead to a loss of customers to the extent the Company acquires businesses with non-competes or exclusivity provisions in their agreements with corporate customers. Certain acquisitions may also enmesh the Company in outstanding or unforeseen legal, regulatory, contractual, employee or other issues. As a result of any of the foregoing, the Company may spend time and money on projects that do not increase its revenue or profitability. Moreover, the Company's competitors may be willing or able to pay more than the Company for acquisitions, which may cause the Company to lose certain acquisitions that the Company would otherwise desire to complete. Even if the Company successfully competes for a certain acquisition, partnership or joint venture, the Company may finance the project with cash on hand, equity or debt, or a combination thereof, which could decrease the Company's cash reserves, dilute the Company's shareholders or significantly increase the Company's level of indebtedness or place other restrictions on the Company's operations. The Company cannot ensure that any acquisition, partnership or joint venture the Company makes will not have a material adverse effect on the Company's business, financial condition and results of operations.

#### *Claims against a seller*

There may be liabilities assumed in any acquisition or business combination that the Company did not discover or that it underestimated in the course of performing the Company's due diligence. Although a seller generally will have indemnification obligations to the Company under an acquisition or merger agreement, these obligations usually will be subject to financial limitations, such as deductibles and maximum recovery amounts, as well as time limitations. The Company cannot assure you that its right to indemnification from any seller will be enforceable, collectible or sufficient in amount, scope or duration to fully offset the amount of any undiscovered or underestimated liabilities that it may incur. Any such liabilities could have a material adverse effect on the Company's business, financial condition, operating results, liquidity and prospects.

#### *Incorporation of AI May Present Risks*

We have incorporated, and plan to incorporate in the future, AI, into our products. AI is a new and emerging technology that is in its early stages of commercial use, particularly within the medical device industry. If any of our products that incorporate AI have perceived or actual negative impacts on our customers, we may experience brand

or reputational harm, competitive harm or legal liability. The rapid evolution of AI may also require the application of significant resources to develop, test and maintain our products and services that incorporate AI in order to help ensure that it is implemented in a socially responsible manner, to minimize any real or perceived unintended harmful impacts. In addition, AI is subject to a complex and evolving regulatory landscape, including data protection, privacy, and potentially other laws and different jurisdictions have taken and may take in the future varying approaches to regulating AI. Compliance with these laws and regulations can be complex, costly and time-consuming, and there is a risk of regulatory enforcement actions or litigation if we fail to comply with these requirements. As regulations evolve, we may have to alter our business practices or products in order to comply with regulatory requirements.

#### *Risks Related to the Company's Services and Effects on Revenues*

Certain markets in which the Company competes are subject to rapid and significant changes. In order to remain competitive and continue to acquire new customers, the Company is continually involved in a number of projects to develop new services and improve the Company's existing services. These projects may not be successful and carry some risks, such as cost overruns, delays in delivery, performance problems, and may cause the Company to become subject to additional regulation. Any inability to develop or delay in the delivery of new services or the failure to differentiate the Company's services or to accurately predict and address market demand could render the Company's services less desirable, or even obsolete, to the Company's clients. In addition, many current or prospective clients may find competing services more attractive if the Company does not keep pace with market innovation or changes.

The Company relies in part, and may in the future rely in part, on third parties, including some of the Company's competitors and potential competitors, for the development of, and access to, new technologies. If the Company is unable to maintain these relationships, it may lose access to new technologies or may not have the speed-to-market necessary to successfully launch new offerings.

The Company's future success will depend on the Company's ability to adapt to technological changes and evolving industry standards. The Company cannot predict the effects of technological changes on the Company's business. If the Company is unable to adapt to technological changes or evolving industry standards on a timely and cost-effective basis by introducing new services and improving existing services, the Company's business, financial condition and results of operations could be materially adversely affected.

#### *Risk Related to Marketing and Selling Products*

Future sales of our products will depend in large part on our ability to effectively market and sell our products and services and increase the scope of our marketing efforts. If sales, including through recurring customers decline, the Company's overall revenue and revenue growth may decline.

Because we have limited experience in marketing and selling our products, our ability to forecast demand, the infrastructure required to support such demand and the sales cycle to customers is unproven. If we do not build an efficient and effective marketing and sales force, our business and operating results will be adversely affected.

#### *Potential for Software System, Database or Network Related Failures or Defects*

The Company relies on software systems and networks to process, transmit and store digital information. The Company also relies on technological solutions from a number of vendors and business units to effectively work together in order to deliver its digital solutions and services to its customers. A software bug, failure or defect may negatively impact software systems, databases and networks from operating properly which could result in the inability of our customers from receiving our services for an indeterminate period of time. Further, a cyber-attack, security breach, theft, or other destruction, invasion or interruption, or unauthorized access to our systems, by employees, others with authorized access to our systems or unauthorized persons, could negatively impact our business and operations. These threats are increasing in number and severity and broadening in type of risk, including with the Russian invasion of Ukraine and cyber-attacks ongoing in that context, which may broaden.

### *Risks Associated with New or Changing Laws and Regulations and Governmental Action*

The Company operates in a complex regulatory and legal environment and are subject to a wide variety of laws and regulations in the jurisdictions in which the Company operates. Some of the provincial and federal laws and regulations in Canada and other jurisdictions in which the Company operates that affect or may affect it include: consumer products, product liability and consumer protection; those relating to negligence; those relating to the manner in which the Company advertises, markets and sells products and services; labour and employment laws, including wage and hour laws; tax laws or interpretations thereof; data protection and privacy laws and regulations. Continuing to achieve and sustain compliance with these laws may prove costly.

The laws and regulations specifically applicable to the Company may also change on the basis of a change in the nature of the Company's products or services, or a change in the jurisdictions in which those products or services are being offered, including, but not limited to, as a result of acquisitions. There can be no guarantee that the Company will have sufficient resources to comply with new laws, regulations or government action, or to successfully compete in the context of a shifting regulatory environment. Moreover, these laws and regulations may change, sometimes significantly, as a result of political, economic and social events.

Although the Company maintains that its operations are in compliance with existing laws, there can be no assurance that the Company's operations will not be challenged in the future and, if challenged, that they will not be found to violate applicable laws. Any such ruling against the Company could subject it to potential damages, injunctions and/or civil and criminal penalties or require it to restructure the Company's arrangements in a way that would affect the control or quality of the Company's services or change the amounts that the Company receives from its operations, which could have a material adverse effect on the Company's business.

### *Internal controls over financial reporting*

Effective internal controls over financial reporting are necessary to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure of the Company's internal controls could have an adverse effect on stated results of operations and increase legal, regulatory, and reputational risks. As a result, the Company may experience higher than anticipated operating expenses, as well as higher independent auditor fees during and after the implementation of these ongoing changes. If the Company is unable to implement any required changes to its internal control over financial reporting effectively or efficiently or is required to do so earlier than anticipated, it could adversely affect the Company's operations, financial reporting and results of operations. If the Company fails to maintain an effective system of disclosure controls and internal control over financial reporting, its ability to produce timely and accurate financial statements or comply with applicable regulations could be adversely impacted.

### *Limited Operating History*

The Company has a limited operating history. While members of the Company's management team and the Board have significant expertise within the sector, the Company itself has a limited history of operations and there can be no assurance that the business will be successful or profitable or the Company will be able to successfully execute its business model and growth strategy. If the Company is unable to execute its business model and growth strategy, it may have a material adverse effect on the Company's business, results of operations and financial condition. Further, the Company will therefore be subject to many of the risks common to early-stage enterprises, including under capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and limited revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

## *Competition*

The industry in which the Company operates is highly competitive, is evolving and is characterized by technological change. Current or future competitors may have longer operating histories, larger corporate customer bases, greater brand recognition and more extensive commercial relationships in certain jurisdictions, and greater financial, technical, marketing and other resources than the Company. As a result, the Company's competitors may be able to develop products and services better received by corporate customers or may be able to respond more quickly and effectively than the Company can to new or changing opportunities, technologies, regulations or corporate customer requirements. In addition, larger competitors may be able to leverage a larger client base to adopt more aggressive pricing policies, which could cause the Company to lose potential clients or corporate customers, or to sell its solutions at lower prices.

Competition may intensify as the Company's competitors enter into business combinations or alliances or raise additional capital, or as established companies in other market segments or geographic markets expand into the Company's market segments or geographic markets. The Company also expects to face additional competition from new entrants. If the Company cannot compete against existing and future competitors, its business, results of operations and financial condition could be materially and adversely affected.

## *Growth Management*

To manage the Company's growth effectively, the Company must continue to strengthen its existing infrastructure, develop and improve its processes and internal controls, create and improve its reporting systems, and timely address issues as they arise. As the Company continues to strengthen its existing infrastructure and systems, the Company will also be required to hire additional personnel. These efforts may require substantial financial expenditures, commitments of resources, developments of the Company's processes, and other investments and innovations. Furthermore, the Company encourages employees to quickly develop and launch new features for the Company's products and services. As the Company grows, the Company may not be able to execute as quickly as smaller, more efficient organizations. In addition, as the Company grows, the Company may not be able to maintain its entrepreneurial company culture, which fosters innovation and talent. If the Company does not successfully manage its growth, its business may be adversely affected.

## *Intellectual Property*

The Company's success depends, in part, on its ability to develop and commercialize its services and technologies without infringing, misappropriating or otherwise violating the intellectual property rights (the "**IP Rights**") of third parties. However, the Company may not be aware that the Company's products, services, solutions or technologies are infringing, misappropriating or otherwise violating third-party IP Rights, and such third parties may bring claims alleging such infringement, misappropriation or violation. Third parties may have issued, or may eventually issue, patents that could be infringed by the Company's services or technology. Any of these third parties could make a claim of infringement against the Company with respect to its services or technology. The Company may also be subject to claims by third parties for breach of copyright, trademark, license usage or other IP Rights. When any such claims are asserted against the Company, the Company may seek to license the third party's IP Rights, which could be expensive. The Company maybe unable to obtain the necessary licenses on satisfactory terms, if at all. Any claim from third parties may result in a limitation on the Company's ability to use the intellectual property subject to these claims or could prevent the Company from registering its brands as trademarks. Even if the Company believes that intellectual property-related claims are without merit, defending against such claims is time-consuming and expensive, and could result in the diversion of the time and attention of the Company's management and employees. Claims of intellectual property infringement also might require the Company to redesign affected services, enter into costly settlement or license agreements, pay costly damage awards, change the Company's brands or face a temporary or permanent injunction prohibiting the Company from importing, marketing, selling or operating certain of the Company's services, using certain of the Company's brands or operating the Company's business as presently conducted. Even if the Company has an agreement for indemnification against such costs, the indemnifying party, if any in such circumstances, may be unable to uphold its contractual obligations.

The Company may be subject to adverse publicity or reputational harm, even if claims against the Company are later shown to be unfounded or unsubstantiated. Moreover, there could be public announcements of the results of hearings,

motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it could have an adverse effect on the price of the Company's securities. The award of damages, or the Company's entry into any license or settlement agreement in connection with such claims, could affect the Company's ability to compete with third parties and have a material adverse effect on the Company's business, financial condition and results of operations.

#### *Insurance Policies*

The Company's insurance policies may not adequately cover all risks to which the Company is exposed and may not be adequate for all liabilities actually incurred or indemnification claims against the Company. A significant claim not covered by the Company's insurance, in full or in part, may result in significant expenditures by the Company. Moreover, the Company may not be able to maintain insurance policies in the future at reasonable costs, on acceptable terms or at all, which may adversely affect the Company's business and the trading price of its securities. The successful assertion of one or more large claims against the Company that exceed available insurance coverage, or the occurrence of changes in the Company's insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could adversely affect the Company's business, financial condition and results of operations.

#### *Current economic and geopolitical events*

Rising interest rates, significant and persistent inflationary pressures, the Russia-Ukraine war, conflict in Israel, and other associated recent geopolitical developments continue to have an uncertain and potentially adverse impact on global economic conditions. The severity and duration of any of these factors, or a combination of these conditions, could continue to impact the global economy and lead to lower demand for the Company's products and services.

Interest rates may impact the Company's ability to finance its future growth and cause the Company to slow the pace of its technological innovations and commercial partnerships, which could impact its ability to raise revenue and negatively impact its financial condition and performance. The inflationary impact on operating costs such that capital and credit markets and industry sentiment are adversely affected, may make it more difficult for the Company to access the necessary capital or credit markets, or if able to do so, at a higher cost or less advantageous terms than existing borrowings.

#### *No Dividends*

No dividends on the Subordinate Voting Shares have been paid to date. The Company anticipates that, for the foreseeable future, it will retain future earnings and other cash resources for the operation and development of its business. Payment of any future dividends will be at the discretion of the Board of Directors after taking into account many factors, including the Company's earnings, operating results, financial condition, current and anticipated cash needs, and restrictions in financing agreements.

#### **Additional Information Relating to the Company**

Additional information relating to the Company, can be found on the Company's profile at SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and on the Company's website at [www.nowvertical.com](http://www.nowvertical.com).