

NowVertical Further Enhances Core Leadership Alignment Through Debt-to-Equity Conversions

- NowVertical to realize additional cash savings of approximately US\$970K
- NowVertical's core leadership aligned with shareholder value through debt settlement agreement

TORONTO, January 2, 2025 – NowVertical Group Inc. (TSX-V: NOW) ("**NowVertical**" or the "**Company**"), a leading data analytics and AI solutions provider, today announced it has entered into a debt settlement agreement with the former owners of Acrotrend Solutions Ltd. (the "**Vendors**"). The Vendors include Sandeep Mendiratta, NowVertical's CEO, who is a key part of the Company's core leadership team, have agreed to settle an aggregate entitlement of US\$815,000, from the US\$1,055,000 owing to the Vendors as of December 31, 2024, through the issuance of Class A subordinate voting shares of NowVertical (the "**Subordinate Voting Shares**").

Subject to receipt of TSX Venture Exchange (the "**TSXV**") approval, the Company will issue an aggregate of 3,553,646 Subordinate Voting Shares (collectively, the "**Settlement Shares**") to the Vendors at a price of C\$0.33 per share (the "**Settlement Price**"), representing an approximate 11% discount to the last closing price of the Subordinate Shares on the TSXV. Additionally, the Vendors have agreed to defer the remaining US\$240,000 of cash payments that became owing to the Vendors on January 1, 2025, spreading it into 12 equal monthly installments of US\$20,000 throughout 2025. Following the issuance of the Settlement Shares, the only remaining obligations to the Vendors will be the payment of the US\$240,000. For further details of the prior obligations to the Vendors which have been settled, please see the Company's press releases of April 23, 2024 and June 12, 2024, copies of which are available under the Company's profile on www.sedarplus.com.

In a separate agreement, the Company and Andre Garber, NowVertical's Chief Development Officer, have entered into a debt settlement agreement to settle an outstanding debt of US\$151,200 related to a 2021 cash bonus. Subject to receipt of TSXV approval, the cash bonus will be settled through the issuance of 659,278 Subordinate Voting Shares at the Settlement Price.

These agreements, combined with the previously announced LATAM market unit debt-to-equity conversion, deliver total cash outflow savings of approximately US\$1.6 million, significantly easing cash flow pressures and supporting NowVertical's growth strategy.

"In 2024, we completely transformed the business to position it for profitable and sustainable organic growth," said Sandeep Mendiratta, CEO of NowVertical. "The growth potential of this business has allowed us to clean up our balance sheet and further align our passionate management team with fellow shareholders as we progress toward achieving our US\$50 million revenue run rate and 20% best-in-class EBITDA margin financial goals. With a substantial reduction in our cash outflows in 2025, we can now focus our energies on accelerating organic growth earlier than anticipated."

In the event the Settlement Shares have not been issued to the Vendors by March 31, 2025, the US\$815,000 that is being settled through the issuance of such shares will become due and payable upon notice from the Vendors to the Company. Upon issuance, the Settlement Shares will be subject to a statutory hold period of four months plus a day from the issuance date, as per

applicable securities regulations. In addition, the Vendors and Andre Garber have agreed to a contractual lock-up for twelve (12) months from the issuance date.

Additionally, the Vendors have agreed to vote in favour of board recommendations for director elections until June 30, 2025 but retain the right to abstain from voting during this period.

Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Related Party Transactions*

Sandeep Mendiratta is the Chief Executive Officer and a Director of the Company and Andre Garber is the Chief Development Officer and Corporate Secretary of the Company. As a result, the entering into of the debt settlement agreements and certain of the transactions contemplated thereby are considered to be a “related party transaction”, subject to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Related Party Transaction* (“**MI 61-101**”). Notwithstanding the foregoing, the Company is exempt from the formal valuation requirement per sections 5.5(a) and 5.5(b) of MI 61-101, as neither the fair market value of the subject matter of either of the transactions, nor the fair market value of the consideration for those transactions, insofar as it involves interested parties, exceeds 25% percent of the Company’s market capitalization and the Company is not listed on any of the exchanges specified in 5.5(b) of MI 61-101. The Company further confirms that it has not obtained any valuations relevant to the transactions in the 24 months preceding entering into the debt settlement agreements. In addition, the Company is exempt from the requirement to obtain minority shareholder approval per section 5.7(1)(a) of MI 61-101, as neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the transaction, insofar as it involves interested parties, exceeds 25% percent of the Company’s market capitalization.

The terms of the debt settlements were settled through arm’s length negotiations between the independent directors of the Company and each of Sandeep Mendiratta and Andre Garber. The entering into of debt settlements and the transactions contemplated thereby was considered and unanimously recommended to the Company’s board of directors by the independent members of the Company’s board of directors, having regard to, among other things, the impact of the transactions on the Company’s balance sheet, liquidity and overall stability, and, upon such recommendation, the board of directors unanimously approved the transaction with Sandeep Mendiratta and Andre Garber declaring their interests and Sandeep Mendiratta recusing himself from any deliberations or voting on the transactions.

The Company did not file a material change report 21 days in advance of implementing the transactions as the negotiations were only recently concluded.

Early Warning Disclosure

Sandeep Mendiratta currently beneficially owns or has control or direction over, directly or indirectly, 8,734,742 Subordinate Voting Shares, representing approximately 10.3% of the currently issued and outstanding Subordinate Voting Shares. Following completion of the debt settlement transactions contemplated in this press release, Sandeep Mendiratta will own or have control or direction over, directly or indirectly, 10,511,565 Subordinate Voting Shares which will represent approximately 11.8% of the issued and outstanding Subordinate Voting Shares.

The acquisition of the Subordinate Voting Shares by Sandeep Mendiratta was completed by way of issuance from treasury for investment purposes in connection with the debt settlement. Depending on market conditions, Sandeep Mendiratta may, from time to time, acquire additional

securities, dispose of some or all of the existing or additional securities or may continue to hold the securities of the NowVertical.

This press release is being issued pursuant to the requirements of National Instrument 62-104 - *Take-Over Bids and Issuer Bids*, which also requires an early warning report to be filed containing additional information with respect to the foregoing matters. A copy of the early warning report will be made available on SEDAR+ under NowVertical's issuer profile at www.sedarplus.com. For further information and to obtain a copy of the early warning report.

To obtain a copy of the early warning report, please contact Andre Garber, Corporate Secretary of NowVertical via email at IR@nowvertical.com or at its head office of 545 King Street West, Toronto, Ontario, M5V 1M1.

About NowVertical Group Inc.

The Company is a global data and analytics company which helps clients transform data into tangible business value with AI, fast. Offering a comprehensive 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. NowVertical is growing organically and through strategic acquisitions. For further details about NowVertical, please visit www.nowvertical.com.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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Cautionary note regarding Forward-Looking Statements

This news release contains forward-looking information and forward-looking information within the meaning of applicable Canadian securities laws (together "**forward-looking statements**"), including, without limitation: statements pertaining to the ability of the Company to realize cash savings, the approval of the TSXV and the issuance of the Settlement Shares, the alignment of the Company's leadership and shareholders, and the associated results of the transactions contemplated in this press release on NowVertical's business, finances and operations. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties, and contingencies, certain of which are unknown. Forward-looking statements generally can be identified by the use of forward-looking words such as "may", "should", "will", "could", "intend", "estimate", "plan", "anticipate", "expect", "believe" or

"continue", or the negative thereof or similar variations. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause future results, performance, or achievements to be materially different from the estimated future results, performance or achievements expressed or implied by the forward-looking statements and the forward-looking statements are not guarantees of future performance. Forward-looking statements are qualified in their entirety by inherent risks and uncertainties, including: adverse market conditions; risks inherent in the data analytics and artificial intelligence sectors in general; regulatory and legislative changes; that future results may vary from historical results; inability to obtain any requisite future financing on suitable terms; any inability to realize the expected benefits and synergies of acquisitions or dispositions; that market competition may affect the business, results and financial condition of the Company and other risk factors identified in documents filed by the Company under its profile at www.sedarplus.com, including the Company's management's discussion and analysis for the year ended December 31, 2023. Further, these forward-looking statements are made as of the date of this news release and, except as expressly required by applicable law, the Company assumes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.