QUISITIVE TECHNOLOGY SOLUTIONS, INC.

Second quarter Report June 30, 2021

This management discussion and analysis ("MD&A") of Quisitive Technology Solutions, Inc. (the "Corporation", "Quisitive", "we" or "us") for the three and six months ended June 30, 2021 should be read in conjunction with the Corporation's unaudited condensed consolidated interim financial statements and the notes thereto for the three and six months ended June 30, 2021 and the audited consolidated financial statements and the notes thereto for the years ended December 31, 2020 and 2019. We have prepared this MD&A with reference to National Instrument 51-102 "Continuous Disclosure Obligations" of the Canadian Securities Administrators. Our consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in thousands of United States dollars unless otherwise indicated.

This MD&A is current as at August 30, 2021, and may include certain "forward-looking statements" and certain "forward-looking information" as defined under applicable Canadian securities laws. Forward-looking statements and information can generally be identified using forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "continue", "plans" or similar terminology. Forward-looking information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, the Corporation's history of net losses and negative cash flow; the Corporation's requirement for additional funding to develop its business; the limited history of operations of the Corporation's LedgerPay business and future business strategy; changes in technology, customer markets and demand for the Corporation's services; the efficacy of the Corporation's software and product offering; sales and margin risk; acquisition and integration risks; dependence on economic and market conditions including, but not limited to, access to equity or debt capital on favorable terms if required; changes in market dynamics including business relationships and competition; information system risks; risks associated with the introduction of new products; product design risk; risks related to the Corporation being a holding company; environmental risks; customer and vendor risks; credit risks; tax and insurance related risks; risks of legislative changes; risks relating to remote operations; key executive risk; risk of litigation risks; risks related to contracts with third party service providers; risks related to the enforceability of contracts; risks related to the novel coronavirus disease ("COVID-19") pandemic; risks related to the economy generally; the limited operating history of the Corporation; reliance on the expertise and judgment of senior management of the Corporation; risks related to proprietary intellectual property and potential infringement by third parties; failure to protect the Corporation's intellectual property rights; risks relating to financing activities including leverage; risks relating to the management of growth; increased costs associated with the Corporation becoming a publicly traded company; increasing competition in the industry; risks relating to energy costs; reliance on key inputs, suppliers and skilled labour; cyber-security risks; failure to complete target acquisitions on the expected terms or at all; liabilities associated with acquired companies or assets; the expected results of the BankCard USA Acquisition could differ from management's expectations; business integration risks; fluctuations in general macroeconomic conditions, failure to achieve potential revenue; cost synergies may be lower than expected if the Corporation is unable to amend agreements including as required to migrate merchants to LedgerPay; the Corporation's failure to economically commercialize its service; litigation, including with respect to intellectual property infringement; the Corporation's inability to maintain or improve its competitive position; future demand and trends in Microsoft Service offerings; the Corporation's failure to retain key personnel and hire additional personnel needed to develop its business; the Corporation's failure to adequately evaluate its current business and future prospects; and the Corporation's business practice reputation being negatively affected by customer or user complaints or negative publicity Corporation's expectations and predictions for long term revenue and Adjusted EBITDA objectives, approximate 15% growth targets from acquired companies including organic growth, debt leverage targets, revenue and gross margin metrics objectives, *risk associated with acquired companies or assets; risks related to quantifying the Corporation's target market; risks related to industry growth and consolidation; fraudulent activity by employees, contractors and consultants; conflicts of interest; risks related to the cost structures of certain projects; risks relating to certain remedies being limited and the difficulty of enforcement of judgments and effect service outside of Canada; risks related to future dispositions; sales by existing shareholders; the limited market for securities of the Corporation; price volatility of the Common Shares; currency fluctuations; other factors beyond the Corporation's control; and as well as those factors included herein and elsewhere in the Corporation's public disclosure.*

The Corporation undertakes no obligation to update forward-looking information except as required by applicable law. Such forward-looking information represents management's best judgment based on information currently available. No forward-looking statement can be guaranteed, and actual future results may vary materially. Accordingly, readers are advised not to place undue reliance on forward-looking statements or information. This MD&A also contains certain industry related non-GAAP and additional GAAP measures that management uses to evaluate performance of the Corporation. These non-GAAP and additional GAAP measures are not standardized, and the Corporation's calculation may differ from other issuers. See "Definitions — IFRS, Additional GAAP and Non-GAAP Measures".

QUISITIVE TECHNOLOGY SOLUTIONS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the quarter ended June 30, 2021 (all amounts in thousands of USD unless otherwise stated)

OVERVIEW OF THE CORPORATION AND STRUCTURE

Business Overview

General

The Corporation was established as a strategic Microsoft National Solution Provider in the U.S. and has grown its position to a premier global Microsoft partner that harnesses Microsoft cloud platforms and complementary technologies, including custom solutions and first-party offerings, to generate transformational impact for enterprise customers. Following the acquisition of Bankcard USA Merchant Services, Inc ("Bankcard"), the Corporation re-evaluated its assessment of operating segments based on information reviewed by the Chief Operating Decision Maker and determined that the operations of Bankcard and LedgerPay, Inc. represent a separate operating segment (Payment Solutions) from the Company's Cloud Solutions segment. The Corporation's cloud solutions business focuses on helping enterprises move, operate, and innovate in the three Microsoft clouds. The Corporation's payments solutions business is centered on its LedgerPay product suite and leverages the Microsoft Azure cloud to transform the payment processing industry into an entirely new source of customer engagement and consumer value. The Corporation has expanded its payment solutions business to include payment services for over 7000 merchants in the US. Quisitive's CEO, Michael Reinhart, and Quisitive's leadership team have strong executive Microsoft relationships as well as acquisition target executive relationships. The Corporation's brand identity together with its senior executive relationships is considered a key pillar to the consolidation and scale partnership development.

Cloud Solutions

The Corporation's cloud solutions segment is a full-service digital technology consulting firm whose mission is to acquire and integrate companies to become the leading provider of Microsoft professional services in North America. The Corporation is a premier, global Microsoft partner that harnesses the Microsoft platform and complementary technologies, including custom solutions and first-party offerings, to generate meaningful impact for enterprise customers. Following the acquisition of Bankcard, the Corporation re-evaluated its assessment of operating segments based on information reviewed by the Chief Operating Decision Maker and determined that the operations of Bankcard and LedgerPay, Inc. represent a separate operating segment (Payment Solutions) from the Corporation's Cloud Solutions segment. The Corporation's cloud solutions segment focuses on helping enterprises move to, operate within, and innovate via modern development in the three Microsoft clouds (Azure, M365 and Dynamics 365).

The Corporation's cloud solutions segment is comprised of experts in technology who use cloud-based solutions to drive business value. With a long history and depth of knowledge in Microsoft products, as well as a commitment to continual learning and achievement of advanced specializations, the Corporation is positioned to provide high quality technical expertise to help achieve its customer's goals. The Corporation's cloud solutions segment encompasses infrastructure, data and analytics, digital workplace, and application development services that apply the benefits of technology to empower enterprise customers.

As a complement to its cloud services and applications, the Corporation also develops both horizontal and industry-focused first-party business applications, including emPerform, MazikCare, MazikThings, and MazikCity to better serve its customers and their business goals. The Corporation's industry expertise spans healthcare, manufacturing, and public sector to address technology opportunities and challenges within these industries by combining seasoned subject matter expertise with robust IP solutions to generate significant transformation for customers.

As a digital technology consulting company, the Corporation is strategically positioned to help companies through their digital transformation journey. The foundation of the Corporation's approach, and the principal products and services the Corporation delivers, are guided by its focused mission and strategy.

For the quarter ended June 30, 2021 (all amounts in thousands of USD
unless otherwise stated)

Payment Solutions

The Corporation's payment solutions segment is comprised of two key business units: merchant services and payment processing. The payment processing business unit is comprised of the LedgerPay platform which is an innovative cloud-based payment processing and payments intelligence and data insights solution designed to optimize a merchant's payment processing and consumer engagement operations. LedgerPay is a scalable service and the only payment processing platform solution leveraging the Microsoft Azure cloud to deliver a full suite of acquiring, issuing, and processing services with unmatched speed, security, and access to customer's data. Quisitive's payments solutions segment provides payment processing services to both merchants and independent sales organizations (ISOs). The Corporation's flagship product platform, LedgerPay, is a cloud-based data insights and payments intelligence suite that turns everyday transaction data into customer loyalty for merchants.

LedgerPay expects to generate revenue through payment processing, consumer data, consumer engagement and consumer activation transaction fees. LedgerPay's payments intelligence solution captures and analyzes rich data from every card-based transaction. Its engagement engine transforms the merchant's ability to deliver personalized promotions based on an individual's historic buying behaviors and category preferences to shoppers at the point of purchase in real-time. By seamlessly integrating payments, AI-based predictive analytics, and targeted push marketing operations in a single cloud-based solution, LedgerPay's payments intelligence service will have the potential to dramatically increase a merchant's customer engagement, loyalty, and revenue.

The acquisition of Bankcard on May 7, 2021 brings an established all-in-one merchant payment services provider to the merchant services segment with over US$3.0 billion of payment volume which increased 31% in 2020. BankCard has a seasoned payments industry management team, strong in-house sales team, deep risk management program and attractive recurring revenue model with card-not present volume representing approximately 70%. The acquisition of BankCard is expected to serve as a growth catalyst for Quisitive's LedgerPay payment processing with a focused strategy on migrating BankCard merchants to LedgerPay Payment Processing. More detailed information regarding the business of the Corporation as well as its operations and assets can be found in the Annual Information Form.

Structure

As at June 30, 2021, the Corporate structure of the Corporation was as follows:

Entity name	Country	June 30, 2021	December 31, 2020
		%	%
Fusion Agiletech Partners, Inc	Canada	100	100
Corporate Renaissance Group Inc,	Canada	100	100
Quisitive Ltd	USA	100	100
Quisitive LLC	USA	100	100
Ledgerpay, Inc	USA	84	84
Menlo Technologies, Inc	USA	100	100
MidTech Software Solutions, Inc	USA	100	100
Support Solutions, Inc	USA	100	100
Menlo Software India Private Limited	India	100	100
Quisitive Payment Solutions, Inc	USA	100	—
Mazik Global Inc	USA	100	—
Bankcard USA Merchant Services, Inc	USA	100	—

OVERALL PERFORMANCE

Quisitive Q2 2021 business highlights:

- On May 7, 2021, Quisitive signed the agreement to acquire BankCard in a transformative transaction for the Corporation. With annual transaction volumes of $3B across its portfolio of over 7,000 merchants yielding $31.4M in 2020 unaudited revenue contribution and unaudited adjusted EBITDA of $11.3M, BankCard aligns with Quisitive's inorganic growth strategy and adds to the financial strength of the Corporation
- On April 1, 2021, Quisitive announced the closing of the agreement to acquire Microsoft Healthcare Cloud Solutions expert Mazik Global
- During the quarter, the Corporation completed Independent Standards Organization ("ISO") 27001 and 22301 certifications for its cloud-based payment processing and Payments Intelligence™ platform, LedgerPay. These advanced accreditations demonstrate LedgerPay's deep commitment to ensuring the security and availability of customer information at every level.
- The Corporation also received confirmation with The Bancorp Bank, the wholly-owned subsidiary of The Bancorp, Inc. (NASDAQ: TBBK) to act as a sponsor for direct payment processing for Visa™, Mastercard™, and other major credit and debit card brands.
- During the quarter, the Corporation issued a notice of acceleration of the expiration of warrants issued in connection with the June 2020 unit financing. The Corporation has received approximately $10.5 million for the exercise of common share purchase warrants and outstanding compensation units on a year to date basis
- Subsequent to the end of the quarter, the Corporation was awarded the 2021 Microsoft Healthcare Partner of the Year Award. The Corporation was honored among a global field of top Microsoft partners for demonstrating excellence in innovation and implementation of customer solutions based on Microsoft technology. Additionally, the Corporation was recognized as a finalist for The Microsoft Community Response Partner of the Year Award.

Q2 2021 Acquisitions

Signing of Bankcard USA definitive agreement and financing of the transaction

On May 7, 2021 Quisitive closed the acquisition of BankCard USA Merchant Services, Inc. ("BankCard") on terms set out in the stock purchase agreement dated March 29, 2021 (the "Agreement") for US$100 million in cash and the issuance of 50,000,000 common shares in the capital of Quisitive (the "Transaction"). The shareholders may also be entitled to additional contingent consideration in the form of a performance earn-out if BankCard achieves certain financial thresholds during the two-year period following the closing of the Transaction. The amount of the earn-out is a maximum of US$20 million payable in a combination of cash and Common Shares.

The Transaction was financed through a combination of new bank debt and equity. Concurrent with the closing, Quisitive secured a committed debt financing from a syndicate of Canadian banks pursuant to an amendment to the terms of an existing loan agreement to increase the maximum commitment under the existing term loan by US$50 million which was used to fund a portion of the Transaction. Quisitive has also entered into an agreement pursuant to which Scotiabank, Eight Capital and Canaccord Genuity, as joint bookrunners, together with a syndicate of underwriters (collectively, the "Underwriters"), purchased on a "bought deal" basis 33,400,000 subscription receipts of the Company (the "Subscription Receipts") at a price of $1.50 per Subscription Receipt (the "Issue Price") for aggregate gross proceeds to Quisitive of CAD$50,100 (the "Offering") plus an over-allotment option of CAD$7,515. The total gross proceeds of the Offering were $57,615.

Each Subscription Receipt represents the right of the holder to receive, upon satisfaction or waiver of certain release conditions (including the satisfaction of all conditions precedent to the completion of the Transaction other than the payment of the consideration price) (the "Escrow Release Conditions"), without payment of additional consideration, one Common Share, subject to adjustments and in accordance with a subscription receipt agreement to be entered into upon closing of the Offering (the "Subscription Receipt Agreement").

In addition, in a concurrent private placement pursuant to existing contractual rights, FAX Capital Corp. agreed to purchase 3,333,333 Subscription Receipts at the Issue Price for gross proceeds of CAD$5,000 (the "Concurrent Private Placement"). The Concurrent Private Placement closed concurrently with the Offering and the proceeds of the Concurrent Private Placement were used to partially fund the cash consideration portion of the Transaction.

Acquisition of Mazik Global Inc.

On April 01, 2021 the Corporation announced the closing of its acquisition of Mazik Global Inc. ("Mazik"), an independent software vendor that helps companies deploy Microsoft Dynamics CRM, Cloud, and ERP solutions to the healthcare, public sector, education, and manufacturing industries.

The consideration for the acquisition of all of the shares of Mazik consisted of the following: (i) US$7,000 in cash, payable to the Vendors; and (ii) the issuance to the vendors of 6,254,020 common shares in the capital of Quisitive. The vendors may also be entitled to additional contingent consideration in the form of a performance earn-out if Mazik achieves certain financial thresholds during the three (3) year period following the closing of the Transaction. The amount of the earn-out is a base maximum of US$6,000 payable in cash, plus an additional incentive amount of US$2,000 based on exceeding recurring revenue growth targets, payable in cash or Quisitive shares at the option of the Corporation.

For the quarter ended June 30, 2021 (all amounts in thousands of USD unless otherwise stated)

The following table summarizes results for the quarters ended June 30, 2021 and 2020:

	Three Months Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Revenue	22,994	13,125	35,622	24,011
Cost of Revenue	14,695	7,484	23,033	14,333
Gross Margin	8,299	5,641	12,589	9,678
Gross Margin Percentage	36%	43%	35%	40%
Operating Expenses				
Sales and marketing expense	1,452	1,166	2,480	2,203
General and administrative	3,247	1,666	5,324	3,496
Development	92	41	403	108
Share-based compensation (Note 10)	73	179	462	385
Interest expense	1,196	971	1,475	1,961
Grant Income	(19)	(23)	—	(23)
Amortization (Note 6)	2,612	1,038	3,490	2,069
Depreciation (Note 5)	328	194	581	374
Acquisition related compensation	253	—	253	—
Foreign exchange loss (gain)	48	565	326	232
Transaction related expenses	3,222	150	3,678	284
Change in fair value of derivative liability	—	5,313	—	8,455
Loss Before Income Taxes	(4,205)	(5,619)	(5,883)	(9,866)
Income tax expense – current	461	298	891	559
Deferred income tax recovery	(1,731)	(164)	(1,892)	(361)
Net Loss for the Period	**$ (2,935)**	**$ (5,753)**	**$ (4,882)**	**$(10,064)**

The following table summarizes results for the quarters ended June 30, 2021 and 2020 on a segmented basis:

	Six months ended					
	June 30, 2021			June 30, 2020		
	Global Cloud Solutions	Global Payment Processing Solutions	Consolidated	Global Cloud Solutions	Global Payment Processing Solutions	Consolidated
Revenue	$29,276	$6,346	$35,622	$22,863	$1,148	$ 24,011
Expenses	26,101	4,736	30,837	19,378	762	20,140
EBITDA (Adjusted)	3,174	1,611	4,785	3,485	386	3,871
All Other Expenses			9,667			13,935
Net Earnings			$ (4,882)			$(10,064)

For the quarter ended June 30, 2021 (all amounts in thousands of USD
unless otherwise stated)

	Three months ended					
	June 30, 2021			June 30, 2020		
	Global Cloud Solutions	Global Payment Processing Solutions	Consolidated	Global Cloud Solutions	Global Payment Processing Solutions	Consolidated
Revenue	$17,031	$5,963	$22,994	$11,977	$1,148	$13,125
Expenses	14,652	4,742	19,394	9,840	517	10,357
EBITDA (Adjusted)	2,379	1,221	3,600	2,137	631	2,768
All Other Expenses			6,535			8,521
Net Earnings			$ (2,935)			$ (5,753)

Revenues for the three and six months ended June 30, 2021 were $22,994 and $35,622 compared with $13,125 and $24,011 in 2020 which represents 75% and 48% year over year growth. The growth in the Corporation's revenues is due to additional revenues from the Corporation's Payment Solutions segment which added $5,963 in payment transaction processing fees for the stub period from the BankCard acquisition on May 7 to June 30, 2021 and a total of $6,346 for the six months ended June 30, 2021 which includes license revenue from Ledger Pay in the first quarter of 2021. Revenue growth attributable to the cloud solutions segment was $5,054 and $6,413 for the three and six months ending June 30, 2021 attributable to additional CSP revenues and the addition of Mazik for the quarter.

Cost of revenue for the Cloud Solutions segment is comprised of salaries and other personnel related costs, direct subcontractor and other costs associated with delivering of the services. The payment processing segment cost of revenues are mainly comprised of residual sales agent payments as well as additional direct call center and equipment costs. Overall, cost of revenue for the three and six months ended June 30, 2021, was $14,695 and $23,033 with gross margins of 36% and 35% compared to cost of revenue of $7,484 and $14,333 and gross margin of 43% and 40% in 2020. Gross margin percent for the Cloud solutions segment was positively impacted in the 2020 comparative as it was the first quarter post pandemic and utilization were higher than normal as a result of travel restrictions resulting in significantly less consultant vacation time. In 2021, there were declines in margins in Cloud Solutions due to the growth of Cloud Solution Provider ("CSP") recurring revenues in 2021. CSP recurring revenues have lower gross profit margins with minimal selling and general administration expenses incurred to deliver. The Corporation also made increased sales team investment adding six new sales people to the Payments Solutions segment as it prepares for organic growth in 2022 and beyond. Sales resources associated with the Corporation's merchant services is recorded as a cost of revenue expense.

Operating expense is comprised of salaries, commissions, other personnel related costs, facilities, bad debt expenses, travel expenses, advertising programs, investor relations and other promotional activities associated with administrating the Corporation and selling and marketing our services. The Corporation has allocated operating expenses to the Cloud Solutions segment and the payment processing segments on a proportionate basis to revenues recognized for the respective segments.

The following table summarizes sales and marketing expenses in the quarter ended June 30, 2021 and June 30. 2020:

	Three Months Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Sales and marketing expenses	$1,452	$1,166	$2,480	$2,203
As a percentage of revenue	6%	9%	7%	9%

Sales and marketing expense consist primarily of salary and personnel related costs including commissions. Additional expenses include digital marketing campaigns, marketing events, travel, and efforts on proof of concept. Sales and marketing expense are consistent quarter over quarter and have declined as a percentage of revenues due to higher overall revenues in 2021.

For the quarter ended June 30, 2021 (all amounts in thousands of USD
unless otherwise stated)

The following table summarizes General and administrative expense incurred during the quarter ended June 30, 2021 and 2020:

	Three Months Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
General and administrative expenses	$3,247	$1,666	$5,324	$3,496
As a percentage of revenue	14%	13%	15%	14%

General and administrative expenses consist primarily of salary and personnel related costs. Additional expenses include costs of maintaining a public listing, professional fees, insurance, bad debt, occupancy costs, travel and other office related expenses. The increase in 2021 is related to the addition of administrative employee burden being added to manage the increased headcount in the Corporation, additional overhead costs associated with the newly acquired entities along with higher legal and professional fees associated with the growth of the Corporation.

Amortization is attributable to intangible assets, including Microsoft relationship, customer agreements and relationships, brand and software acquired in the Quisitive LLC, CRG, Menlo, Mazik and Bankcard USA transactions as well as website and capitalized software development costs. Intangibles assets with a finite life are amortized to income over their useful life. Amortization has increased significantly in 2021 to $2,612 and $3,490 for the three and six months ended June 30, 2021 compared to $1,038 and $2,069 in 2020. The increase is due to intangible assets acquired in Mazik and Bankcard USA acquisitions.

Interest expense for the three and six months ended June 30, 2021 was $1,196 and $1,475 compared with $971 and $1,961 for the three and six months ended June 30, 2020. Interest expense in 2021 is primarily comprised of interest expense related to the loan agreement compared to fiscal 2020 where there were several debt arrangements outstanding on which the Corporation incurred interest, including on the amounts borrowed and outstanding on the note payable, the bank term loan, the purchase price note, the Menlo acquisition loan, the operating line of credit, convertible debt and factoring facility. The period over period decrease due to significantly lower rates for the quarter ended June 30, 2021 is offset by the write off of deferred financing charges of $402 associated with the 2020 Loan agreement that was repaid in the second quarter of 2021 following signing of the New Loan Agreement.

Share based compensation is the value ascribed to the vesting of stock incentives to employees and directors of the Corporation. Share based compensation for the three and six months ended June 30, 2021 was $73 and $462 compared with $179 and $385 for the three and six months ended June 30, 2020.

Transaction costs include all one-off expenses associated with ongoing transaction and acquisition activity. They are comprised of legal, accounting, valuation, taxation, and other consulting expenses incurred directly related to corporate transactions including acquisitions. Transaction related expenses for the three and six months ended June 30, 2021 were $3,222 and $3,678 an increase from $150 and $284 for the three and six months ended June 30, 2020. The significant increase in transaction costs for the quarter and year to date is due to significant acquisition costs incurred in 2021 relating to the Mazik Global and BankCard USA acquisitions.

Depreciation expense for the three and six months ended June 30, 2021 was $328 and $581 compared with $194 and $374 for the quarter ended June 30, 2020. The increase in 2021 is related to the additional depreciation related to new right of use assets added related to office leases in Ottawa and Hyderabad as well as the depreciation of office lease right of use assets added during the quarter related to the Mazik and Bankcard acquisitions.

Acquisition compensation costs of $253 were incurred for the three and six months ended June 30, 2021 relating to the estimate of earn-out liabilities due to the vendors of Mazik. These costs represent a portion of the consideration paid to acquired businesses that is contingent upon the ongoing employment obligations for certain key employees of Mazik.

Development costs for the three and six months ended June 30, 2021 were $92 and $403 compared to $41 and $108 for the three and six months ended June 30, 2020. The reason for the increase is the ramp up in Ledger Pay product development and the associated certification and testing activities occurring as the Corporation advances the LedgerPay product toward commercialization.

The Corporation issued convertible debt as part of the consideration in the acquisition of Menlo on January 2, 2020 which was fully converted in fiscal 2020. Prior to the convertible debt being converted, the instrument was bifurcated on the balance sheet between debt and the conversion option embedded in the instrument and the conversion option requires revaluation at each accounting period end. For the quarter ended June 30, 2020, the Corporation recorded charges of $5,313 and $8,455 for the three and six months ended June 30, 2020 upon marking the derivative liability to fair value given the increase in the share price of the Corporation between the time of closing of the Menlo acquisition and June 30, 2020.

Adjusted EBITDA

The Corporation prepares and releases unaudited quarterly interim financial statements and annual audited financial statements in accordance with IFRS. It also discloses and discusses certain non-GAAP financial information, used to evaluate our performance, in this and other earnings releases and investor conference calls as a complement to results provided in accordance with IFRS. Management believes that current shareholders and potential investors in the Corporation's securities use non-GAAP financial measures, such as Adjusted EBITDA and Adjusted EBITDA as a percentage of revenues, in making investment decisions about the Corporation and measuring its operational results.

The term "Adjusted EBITDA" refers to a financial measure that we define as earnings before certain charges that management considers to be nonoperating expenses and which consist of interest, taxes, depreciation, amortization, foreign exchange, stock based compensation, acquisition related expense, settlement gains and losses on earn-out liabilities, changes in fair value of the derivative liability, loan forgiveness, grant income and non-recurring development costs associated with obtaining bank sponsorship and operational certifications required to complete Ledger Pay. Adjusted EBITDA as a percentage of revenues divides Adjusted EBITDA for a period by the revenues for the corresponding period and expresses the quotient as a percentage.

Management considers these nonoperating expenses to be outside the scope of Quisitive' ongoing operations and the related expenses are not used by management to measure operations. Accordingly, these expenses are excluded from Adjusted EBITDA, which is referenced to both measure the Corporation's operations and as a basis of comparison of its operations from period to period.

For the quarter ended June 30, 2021 (all amounts in thousands of USD
unless otherwise stated)

June 30, 2021, Adjusted EBITDA reconciliation

	Three Months Ended June 30	
	2021	2020
Net Loss for the Period	$(2,935)	$(5,753)
Income tax expense	(1,270)	134
Transaction related expenses	3,222	150
Foreign exchange	48	565
Depreciation	328	194
Acquisition Related Compensation	253	—
Amortization	2,612	1,038
Grant income	(19)	(23)
Interest	1,196	971
Share based compensation	73	179
Development	92	—
Derivative loss	—	5,313
Adjusted EBITDA	$ 3,600	$ 2,768
Adjusted EBITDA as a percentage of revenue	16%	21%

Adjusted EBITDA for the quarter ended June 30, 2021 was $3,600 or 16% of revenue compared with the quarter ended June 30, 2020 where adjusted EBITDA was $2,768 or 21% of revenue. The Payment processing segment contributed $1,221 of the EBITDA for the three months ended June 30, 2021and the Cloud Solutions segment delivered $2,379 in the second quarter of 2021. In 2021, the Corporation continues to incur selling, general and administrative costs related to the Ledger Pay entity which is pre-production and the Corporation expects to begin payment processing activities for clients in late 2021 or early 2022. The Corporation made increased sales team investment adding six new salespeople to the Payments Solutions business as it prepares for organic growth in the 2022 and beyond. Overall, the 2021 quarterly growth reflects the Bankcard USA activities from May 8 to June 30, 2021 as well as the Corporation's organic growth and growth through the acquisition of Mazik.

Quarterly operating results

The following table summarizes condensed results for the previous eight quarters.

	Quarter ended	Revenue ($)	Gross Margin ($)	Net income (loss) ($)	Income (Loss) per share ($)	Income (Loss) per fully diluted share ($)	Adjusted EBITDA ($)
Q2 2021	30-Jun-21	22,994	8,299	-2,933	-0.01	-0.01	3,600
Q1 2021	31-Mar-21	12,628	4,290	-1,949	-0.01	-0.01	1,166
Q4 2020	31-Dec-20	13,073	5,424	1,997	0.01	0.01	2,203
Q3 2020	30-Sep-20	12,680	5,092	-1,843	-0.01	-0.01	2,049
Q2 2020	30-Jun-20	13,125	5,641	-5,753	-0.05	-0.05	2,768
Q1 2020	31-Mar-20	10,886	4,037	-4,310	-0.04	-0.04	1,103
Q4 2019	31-Dec-19	5,405	2,317	-4,070	-0.03	-0.03	324
Q3 2019	30-Sep-19	5,032	2,271	-812	-0.01	-0.01	551

For the quarter ended June 30, 2021 (all amounts in thousands of USD
unless otherwise stated)

LIQUIDITY AND CAPITAL RESOURCES

Selected financial information from the condensed consolidated interim statements of financial position as at June 30, 2021 and December 31, 2020 are as follows:

	June 30, 2021	December 31, 2020
Working capital	$7,979	$8,657

The Corporation has working capital as at June 30, 2021 of $7,979 which has grown primarily as a result of the financing cashflow activities including strategic private placements, subscription receipt issuance, warrant and compensation unit exercises and additional debt funding.

(a) Loan agreement

On August 10, 2020, the Corporation successfully completed its debt consolidation initiatives pursuant to the terms of a loan agreement entered into between the Corporation, certain material subsidiaries of the Corporation, as guarantors, and a leading Canadian Schedule I Chartered Bank (the "2020 Loan Agreement"). The 2020 Loan Agreement provided for a five-year term loan of $16,133 and a revolving operating line of credit of up to $5,000.

On May 7, 2021, the Corporation closed a new credit facility pursuant to the terms of a loan agreement entered into between the Corporation, certain material subsidiaries of the Corporation, as guarantors, and a syndicate of leading Canadian Schedule I Chartered Banks (the "Loan Agreement"). The Loan Agreement replaces the 2020 Loan Agreement and provides for a five-year term loan of $65,564 (the "Term Loan") and a revolving operating line of credit of up to $5,000 (the "Operating Line"), with all debts, liabilities, and obligations of the Corporation and guarantors under the Term Loan and Operating Line collaterally secured by a first-ranking security interest in all of the present and future undertaking, property and assets of the Corporation and its material subsidiaries. Interest on the Term Loan is payable on a monthly basis, based on a price grid which ranges, depending on the Corporation's total senior debt to EBITDA ratio, from the Bank's prime rate plus 1.5%, to the Bank's prime rate plus 3%, with advances repayable in monthly instalments of principal plus interest with a final payment of any amounts then outstanding due at maturity. The loan contains standard compliance and ongoing debt service and coverage covenants. Unamortized loan arrangement costs of $402 incurred on the 2020 Loan Agreement were charged to interest expense. Total finance costs incurred in relation to the New loan agreement of $697 are deferred and being amortized using the effective interest rate method over the life of the loan. The Operating Line is repayable with monthly interest consistent with the Term Loan rates. Interest expense during the three and six months ended June 30, 2021 was $727 and $972.

(b) Subscription receipts and private placement financings

The Corporation has also entered into an agreement pursuant to which Scotiabank, Eight Capital and Canaccord Genuity, as joint bookrunners, together with a syndicate of underwriters (collectively, the "Underwriters"), purchased on a "bought deal" basis 33,400,000 subscription receipts of the Corporation (the "Subscription Receipts") at a price of $1.50 per Subscription Receipt (the "Issue Price") for aggregate gross proceeds to Quisitive of CAD$50,100 (the "Offering") plus an over-allotment option of 5,010,000 subscription receipts for gross proceeds of CAD$7,515. The total gross proceeds of the Offering were CAD$57,615.

Each Subscription Receipt represented the right of the holder to receive, upon satisfaction or waiver of certain release conditions (including the satisfaction of all conditions precedent to the completion of the Transaction other than the payment of the consideration price) (the "Escrow Release Conditions"), without payment of additional consideration, one Common Share, subject to adjustments and in accordance with a subscription receipt agreement to be entered into upon closing of the Offering (the "Subscription Receipt Agreement").

For the quarter ended June 30, 2021 (all amounts in thousands of USD
unless otherwise stated)

In addition, in a concurrent private placement pursuant to existing contractual rights, FAX Capital Corp. agreed to purchase 3,333,333 Subscription Receipts at the Issue Price for gross proceeds of CAD$5,000 (the "Concurrent Private Placement"). The Concurrent Private Placement closed concurrently with the Offering and the proceeds of the Concurrent Private Placement were used to partially fund the cash consideration portion of the Transaction.

The Escrow Release Conditions were achieved on May 7, 2021 and the Corporation issued 36,733,333 common shares in connection with the 33,400,000 subscription receipts under the Subscription Receipt Agreement and the 3,333,333 subscription receipts under the Concurrent Private Placement. The Corporation also issued 5,010,000 common shares in connection with the 5,010,000 subscription receipts from the exercised over-allotment option. The net proceeds are $47,841 net of transaction costs of $3,135.

(c) Broker Compensation unit and warrant exercises

During the six months ended June 30, 2021, the corporation issued 985,488 common shares on exercise of broker compensation units and 10,908,808 common shares on exercise of warrants for total proceeds of $10,473.

Sources and Uses of Cash

	Quarter ended June 30, 2021	Quarter ended June 30, 2020
Cash provided by (used in) operating activities	$ 195	$ 3,077
Cash used in investing activities	(111,078)	(2,451)
Cash provided by (used in) financing activities	117,373	9,840
Increase (decrease) in cash	$ 6,490	$10,466

The net increase in cash in 2021 is primarily attributable to proceeds from financing activities where the Corporation raised significant inflows relating to share issuances, warrant issuances and additional debt funding totaling $138,523, of which $110,643 were used to close the Mazik and Bankcard USA acquisitions. Cashflows from operations were $195 (inflows of $3,077 for the six months ended June 30, 2020). The period over period decline in 2021 relates mainly to funds spent on development that were not eligible to be capitalized. All cash is held in interest bearing bank accounts with major US or Canadian financial institutions.

TRANSACTIONS WITH RELATED PARTIES

(i) Key management compensation

The Corporation's key management consist of executive officers and directors:

The compensation recorded to key management personnel during the quarters ended June 30, 2021 and 2020 were as follows:

	Three month period ended June 30, 2021	Three month period ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
Salaries and short term benefits	$213	202	422	$400
Share Based Compensation	$ 3	91	312	$181

For the quarter ended June 30, 2021 (all amounts in thousands of USD unless otherwise stated)

In addition, the Corporation has contingent consideration in the form of earn-out liabilities payable to related parties.

(ii) During the quarter, the Corporation had transactions with Software Integrators International, Inc. and Corporate Renaissance Group Solutions (PVT) Ltd. which are controlled by a Director/Officer of the Corporation. The transactions and balances for the six months ended June 30, 2021 are set out in the table below and the ending balance is included in accounts payable and accrued liabilities.

	Opening receivable (payable)	Net repayment / (Payments Received)	Sales provided (Services Received)	Closing payable
Software Integrators International Inc	$(94)	$ (12)	$ 13	$(93)
Corporate Renaissance Group Solutions (PVT) Ltd	$ 44	$186	$(230)	$ —

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

(i) Future minimum cash payments required under the property leases held by the Corporation are as follows:

	As of June 30, 2021	
	Undiscounted	Discounted
2021	$ 664	$ 566
2022	784	661
2023	791	699
2024+	622	561
2025	369	351
Total	$3,230	$2,838

In addition, the Corporation has the following contractual obligations with payments set out below:

	under 3 months	3 months-1 year	1-2 years	3-5 years
A/P and accrued liabilities	$11,250	—	—	—
Income taxes payable, net	338	—	—	—
US payroll protection plan loans	—	2,483	—	—
Contingent consideration	—	8,474	5,343	—
Loan agreement	820	4,097	9,835	49,568
Total	$12,408	$15,054	$15,178	$49,568

OUTSTANDING SHARE CAPITAL

As at the date of this MD&A there were 322,313,188 Common Shares issued and outstanding and 160,433 common shares issuable pursuant to broker compensation units, 5,452,061 restricted stock units and 3,680,000 stock options outstanding.

OFF BALANCE SHEET ARRANGEMENTS

The Corporation has no material undisclosed off-balance sheet arrangements that have or are reasonably likely to have, a current or future effect on its results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources that is material to investors.

(Expressed in thousands of United States Dollars)

SUBSEQUENT EVENTS

On August 27, 2021, the Corporation entered into a new credit facility with a syndicate led by Bank of Montreal ("BMO") pursuant to the terms of a loan agreement entered into between the Corporation, certain material subsidiaries of the Corporation, as guarantors, BMO, as administrative agent and the lenders party thereto (the "Lenders") (the "BMO Loan Agreement"). The proceeds from the BMO Loan Agreement were used to repay and retire the Corporation's existing Loan Agreement, with the balance expected to be used to finance future permitted acquisitions. The proceeds from the Revolving Facility are expected to be used by the Corporation to fund working capital requirements in the ordinary course.

The BMO Loan Agreement provides for a five-year term loan of US$70,000,000 (the "Term Loan") and a revolving loan facility of up to US$5,000,000 (the "Revolving Facility"), with all debts, liabilities, and obligations of the Corporation and guarantors under the Term Loan and Revolving Facility collaterally secured by a first-ranking security interest in all of the present and future undertaking, property and assets of the Corporation and its material subsidiaries. The Term Loan has an accordion feature by which the Corporation may request increases in principal under the Term Loan up to a maximum amount of US$35,000,000.

The Term Loan is available by way of Canadian dollar prime rate loans, U.S. dollar base rate loans, Canadian dollar CDOR loans and U.S. dollar LIBOR loans. Interest on the Term Loan is payable on a monthly basis based on a price grid which ranges, depending on the Corporation's total senior debt to EBITDA ratio, from the Bank's Canadian prime rate or U.S. base rate plus 0.25% to 1.50% and from the CDOR rate or LIBOR rate plus 1.75% to 3.00%. The Term Loan amortizes over 10 years and advances under the Term Loan are repayable in equal quarterly instalments over the loan term with a final payment of any amounts then outstanding due at maturity. The Loan Agreement contains standard compliance requirements as well as ongoing debt service and coverage covenants. The Revolving Facility is repayable with monthly interest consistent with the Term Loan rates.

FINANCIAL INSTRUMENTS

The carrying values of the cash, accounts receivable, accounts payable and accrued liabilities approximate their fair values due to their short term to maturity. The carrying value of the Loan Agreement approximates fair value as it was issued at market rates of interest and the PPP loan carrying value approximates fair value as it has been discounted at market rates.

The Corporation has exposure to the following risks from its use of financial instruments:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Cash is placed with a major US and Canadian financial institutions and the Corporation's concentration of credit risk for cash and maximum exposure thereto is $17,473 (December 31, 2020 — $10,983).

With respect to its accounts receivable, the Corporation assesses the credit rating of all customers and maintains provisions for potential credit losses, and any such losses to date have been within management's expectations. The Corporation's credit risk with respect to trade accounts receivable and processing receivables and maximum exposure thereto is $12,552 (December 31, 2020 — $8,175). Accounts receivable are shown net of provision of credit losses of $124 (December 31, 2020 — $154).

	under 30	30-60 days	over 60 days	Total
Accounts receivable and processing receivable aging	$10,456	$734	$1,238	$12,428

(Expressed in thousands of United States Dollars)

The Corporation is exposed to concentration of credit risk relating to one customer that represents 12% of trade accounts receivable as at June 30, 2021 (December 31, 2020 — 12%).

(b) Liquidity risk

Liquidity risk is the risk that the Corporation will be unable to meet its financial obligations as they fall due. The Corporation's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation. At June 30, 2021, the Corporation has $17,473 (December 31, 2020 — $10,983) of unrestricted cash and liabilities with the following due dates:

	under 3 months	3 months-1 year	1-2 years	3-5 years
A/P and accrued liabilities	$11,250	—	—	—
Income taxes payable, net	338	—	—	—
US payroll protection plan loans	—	2,483	—	—
Contingent consideration	—	8,474	5,343	—
Loan agreement	820	4,097	9,835	49,568
Total	$12,408	$15,054	$15,178	$49,568

The Corporation manages its liquidity risk by relying upon its revenues. In addition, recent events will impact the Corporation to varying degrees as the discrete effects of COVID-19 across companies and industries evolves. This could potentially impact our financing efforts, ability to operate, customer demand and the liquidity our clients and the Corporations liquidity.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate, foreign currency and other price risk.

(d) Interest rate risk

The Corporation is exposed to interest rate risk through the Loan Agreement loan which bears interest at Bankers Acceptance plus a percentage determined by the results of the corporation collocated on a hailing twelve month basis. A 1% change in Bankers Acceptance rate would lead to +/− $650 in interest payable over 1 year.

(e) Foreign currency risk

Foreign currency risk is the risk that the fair value of the Corporation's assets and liabilities will fluctuate due to changes in foreign exchange rates.

The Corporation is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Corporation are not denominated in its functional currency. The Corporation does not manage currency risk through hedging or other currency management tools.

As at June 30, 2021 and December 31, 2020, the Corporation's net exposure to foreign currency risk on its financial instruments is as follows:

(Expressed in thousands of United States Dollars)

	June 30, 2021	December 31, 2020
	CAD$	CAD$
Cash	$10,692	$5,979
Accounts payable and accrued liabilities	(906)	(608)
	9,786	5,371
United States dollar equivalent	$ 7,895	$4,222

(f) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Corporation is not exposed to other price risk.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of consolidated annual financial statements and application of IFRS often involve management's judgment and the use of estimates and assumptions deemed to be reasonable at the time they are made. The Corporation reviews estimates and underlying assumptions on an ongoing basis. Revisions are recognized in the period in which estimates are revised and may impact future periods as well. Other results may be derived with different judgments or using different assumptions or estimates and events may occur that could require a material adjustment. Significant accounting policies and estimates under IFRS are found in Note 2 of the Corporation's consolidated annual financial statements and the notes thereto for the years ended December 31, 2020 and 2019.

ACCOUNTING STANDARDS ISSUED ADOPTED DURING THE PERIOD

For the preparation of these condensed consolidated interim financial statements, the following accounting standards were adopted relating to the Payment processing business segment.

Processing Receivable and Accounts Receivable

The Corporation continuously monitors collections and payments from its Sponsoring Banks and maintains a provision for estimated credit losses based upon its historical experience. Receivables are reported net of an allowance for amounts that may become uncollectible in the future. Payment terms are typically net 30 from the date of invoice.

Revenue recognition Payment solutions

The Corporation's payment services merchant contracts, which are provided in exchange for consideration of completed transactions, enable its customers to accept various payment cards in person and online. The Corporation's comprehensive offerings include, but are not limited to, authorization services, settlement and funding services, customer support and help-desk functions, chargeback resolution, payment security services, consolidated billing and statements, and on-line reporting. In addition, the Corporation may sell point-of-sale terminals or other software and equipment to customers, and offers an age validation software service at point-of-sale.

Pursuant to IFRS 15, at contract inception, the Corporation assesses the goods and services promised in its contracts with customers and identifies a performance obligation for each promise to transfer a good or service to the customer that is distinct. For the Corporation's payment services specifically, the nature of its promise to the customer is that the Corporation stands-ready to process transactions on a daily basis over the contract term. Since the timing and quantity of transactions to be processed by the Corporation is usage-based and undeterminable, the Corporation views payment services as an obligation to stand-ready to process as many transactions as the customer requests. Under a standready obligation, the evaluation of the nature of the Corporation's performance obligation is focused on each time increment rather than the underlying activity. Therefore, the Corporation views payment services to comprise a series of distinct transactions at specific points in time that are substantially the same and have the same pattern of transfer to the customer. Accordingly, the promise to standready is accounted for as a single-event performance obligation.

The Corporation's payment services are priced as a percentage of transaction value and/or a specified fee per transaction, depending on the payment method. The Corporation also charges other per occurrence fees based on specific services that may be unrelated to the number of transactions ortransaction value. Given the nature of the promise and the underlying fees based on unknown quantities or outcomes of services to be performed over the contract term, the total consideration is determined to be variable consideration. The variable consideration for the Corporation's payment services is usage-based and, therefore, it specifically relates to the Corporation's efforts to satisfy its payment services obligation. The variability is satisfied each day the service is provided to the customer. The Corporation directly ascribes variable fees to the distinct day of service to which it relates, and the Corporation considers the services performed each day in order to ascribe the appropriate amount of total fees to that day. Therefore, the Corporation measures revenue for its payment service on a daily basis based on the services that are performed on that day.

In order to provide payment services, the Corporation routes and clears each transaction through the applicable payment network. The Corporation obtains authorization for the transaction and request funds settlement from the card issuing financial institution through the payment network. When third- parties are involved in the transfer of goods or services to the Corporation's customer, the Corporation considers the nature of each specific promised good or service and applies judgment to determine whether the Corporation controls the good or service before it is transferred to the customer or whether the Corporation is acting as an agent of the third-party. To determine whether or not the Corporation controls the good or service before it is transferred to the customer, the Corporation assesses indicators including whether it or the third-party is primarily responsible for fulfillment and which party has discretion in determining pricing for the good or service, as well as other considerations. Based on the Corporation's assessment of these indicators, the Corporation has concluded that the promise to its customer to provide payment services is distinct from the services provided by the card issuing financial institutions and payment networks in connection with payment transactions. The Corporation does not have the ability to direct the use of and obtain substantially all of the benefits of the services provided by the card issuing financial institutions and payment networks before those services are transferred to the Corporation's customer, and on that basis, the Corporation does not control those services prior to being transferred to the customer. As a result, the Corporation presents its revenue net of the interchange fees charged by the card issuing financial institutions and the fees charged by the payment networks. With regard to any sales commissions due by the Corporation, these amounts are based on usage and ultimate collections by the Corporation, and therefore variable in nature; as a result, the commissions are not a component of net processing revenue because the Corporation controls the relationship and the obligation to support each merchant account with the sole discretion to set pricing and services.

Certain of the Corporation's technology-enabled customer arrangements contain multiple promises, such as payment services, age verification services and other software-as-a-service ("SaaS"), and equipment, each of which is evaluated to determine whether it represents a separate performance obligation. SaaS arrangements are generally offered on a subscription basis with per transaction fees, providing the customers with access to the SaaS platform (such as age verification software or online payment gateway) along with general support and maintenance services. Because these promised services within the Corporation's SaaS arrangements are delivered concurrently over the contract term with monthly fees and no minimum commitment period and the ability to terminate at any time, the Corporation accounts for these promises as if they are a single performance obligation (usage-based) that include a series of distinct services with the same pattern of transfer to the customer.

Therefore, in accordance with IFRS 15, the amount of variable consideration received by the Corporation for merchant processing services is highly susceptible to factors outside its control, because it's directly supporting an action of a third-party customer that is engaged with the Corporation's merchants (customers). As a result, all of the Corporation's revenue is variable and recognized only when the usage occurs.

The Corporation satisfies the combined SaaS performance obligation by standing-ready to provide access to the SaaS. Consideration for SaaS arrangements may consist of fixed monthly and/or usage based transaction fees. Revenue is recognized over the period for which the services are provided or by directly ascribing any fees to the distinct day of service based on the services that are performed on that day. In the case of the Corporation's proprietary internet age verification software application, the Corporation retains control over the relationship with its customer and the stand-ready obligation to meet the daily service requirement that is usage-based.

Equipment revenue is recognized when control is transferred to the customer which is typically at the time of delivery.

Contract Costs

Under IFRS 15, the Corporation is required to amortize customer contracts and certain assets over the expected period of benefit. The Corporation is also required to capitalize certain costs, including certain commissions and related payroll taxes and other costs incurred to fulfill a contract before the performance obligation has been satisfied. Since the Corporation's customer contracts and related costs, commissions, and other costs are based on usage-based fees with monthly service charges with the ability to terminate at any time, the Corporation does not capitalize any such assets or expenses.

RISK FACTORS

The following risk factors should not be exhaustive and may not be all the risks that Quisitive may face. Management of the Corporation believes that these factors set out below could cause actual results to be different from expected and historical results.

The following risk factors should not be exhaustive and may not be all the risks that Quisitive may face. of the Corporation believes that these factors set out below could cause actual results to be different from expected and historical results. In addition to the risks noted below, risks related to Financial Instruments as set forth in this MD&A, and those risk factors described in Quisitive's annual information form dated August 19, 2021 which is available on SEDAR, special consideration should be given when evaluating trends, risk and uncertainties relating to Quisitive's business.

Profitability

There is no assurance that Quisitive or any of its Subsidiaries will earn profits in the future, or that profitability will be sustained. There is no assurance that future revenues will be sufficient to generate the funds required to continue Quisitive's business development and marketing activities. If Quisitive does not have sufficient capital to fund its operations, it may be required to reduce its sales and marketing efforts or forego certain business opportunities.

COVID-19 Pandemic

The global outbreak of COVID-19 has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 pandemic is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation and its operating subsidiaries in future periods. To date, certain customers of the Corporation have suspended or scaled back their operations for precautionary purposes or as governments have declared a state of emergency or taken other actions, which may adversely affect the price and demand for the Corporation's services as well as its ability to collect outstanding receivables from its customers. Conversely, the Corporation has also experienced an increased demand for its services as certain customers have accelerated their use and dependence of the Corporation's cloud services as a result of work from home measures. The extent to which COVID-19 impacts the Corporation's financial results will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of COVID-19 and the actions taken by governments to curtail or treat its impact, including shelter in place directives, which, if extended, may impact the economies in which the Corporation now, or may in the future, operate.

Availability of Financing

The ability of Quisitive to arrange financing in the future will depend in part upon prevailing capital market conditions, as well as upon the business success of Quisitive and its Subsidiaries. There can be no assurance that Quisitive will be successful in its efforts to arrange additional financing, or that such financing will be available on terms satisfactory to Quisitive. If additional financing is raised by the issuance of shares or other forms of convertible securities from treasury, control of Quisitive may change and shareholders may suffer additional dilution. Similarly, future acquisitions may be funded in part by equity of a Quisitive Subsidiary or proposed acquisition target, in a manner similar to the arrangements comprising the Quisitive Employment Incentives or as otherwise may be determined by the Board of the Corporation from time to time. Any such arrangement could have a dilutive effect on the interest of shareholders in one or more operating subsidiaries of Quisitive.

If adequate funds are not available, or are not available on acceptable terms, Quisitive and Quisitive Subsidiaries may not be able to take advantage of opportunities, or otherwise respond to competitive pressures and remain in business.

Changes in the IT Industry

The IT industry is characterized by rapid technological innovation, changing client needs, evolving industry standards and frequent introductions of new products, product enhancements, services and distribution methods. The success of Quisitive depends on its ability to develop expertise with these new products, product enhancements, and services and to implement IT consulting and professional services, technology integration and managed services that anticipate and respond to rapid and continuing changes in technology, industry dynamics and client needs. The introduction of new products, product enhancements and distribution methods could decrease demand for current products/services or render them obsolete. Sales of products and services can be dependent on demand for specific product categories, and any change in demand for or supply of such services could have a material adverse effect on net sales, if Quisitive fails to adapt to such changes in a timely manner.

As client requirements evolve and competitive pressures increase, Quisitive will likely be required to modify, enhance, reposition or introduce new IT solutions and service offerings.

Quisitive may experience difficulties that could delay or prevent the successful development, introduction and marketing of services and solutions that respond to technological changes or evolving industry standards or fail to develop services and solutions that adequately meet the requirements of the marketplace or achieve market acceptance. Quisitive may not be successful in doing so in a timely, cost effective and appropriately responsive manner, or at all, which could adversely affect its competitive position and financial condition. All of these factors make it difficult to predict future operating results, which may impair Quisitive's ability to manage its business and its investors' ability to assess Quisitive's prospects.

Client Retention / Attrition

Once Quisitive's solutions and methodologies are deployed within its clients' IT infrastructure environments, the clients rely on Quisitive's support services to resolve any related issues. A high level of client support and service is important for the successful marketing and sale of the services and solutions of Quisitive. If Quisitive does not help its clients quickly resolve post deployment issues and provide effective ongoing support, Quisitive's ability to sell its IT solutions to existing clients would suffer and its reputation with prospective clients could be harmed.

Information Systems

Quisitive's information systems will be internally developed. They will contain external applications that are linked to the proprietary core. There are continued risks when various departments in Quisitive operate on different systems and Quisitive must rely on developed interfaces between these systems. There can be no assurance that these systems will continue to expand to meet the needs of the growth of Quisitive or that the interfaces will be robust enough as Quisitive grows.

Client Demand

Quisitive plans to significantly expand the number of clients it serves and the diversity of its client base thereby increasing revenues. Quisitive is working toward identifying and providing additional products and services that appeal to existing clients in an effort to increase its revenues. Quisitive's ability to attract new clients, as well as increase revenues from existing clients, is dependent on a number of factors including but not limited to offering high quality products and services at competitive prices, the strength of its competitors and the abilities of its sales and marketing teams. The failure of Quisitive to attract new clients or to obtain new business from existing clients may mean that Quisitive will not increase its revenues as quickly as is anticipated, if at all.

Attracting and Retaining Clients

Once Quisitive's solutions and methodologies are deployed within its client's environments, such clients will be reliant on Quisitive's support services to resolve any issues with such solutions and methodologies. A high level of support and service is important for the successful marketing and sale of Quisitive's services and solutions. Failure to help its clients quickly to resolve post deployment issues and provide effective ongoing support may adversely affect Quisitive's reputation with prospective clients and its ability to sell its solutions to existing clients.

Economic Conditions

Quisitive will be sensitive to the spending patterns of its clients, which are subject to economic and business conditions. It is difficult to estimate the level of growth for the economy as a whole. As all components of Quisitive's budgeting and forecasting will be dependent upon estimates of growth in the markets that Quisitive will serve and economic uncertainties make it difficult to estimate future income and expenditures. Downturns in the economy or geopolitical uncertainties may cause clients to reduce or cancel orders. Hence, economic factors could have an effect on Quisitive's business.

Quisitive's client base is predominantly in North America, and to the extent that capital investment in IT either declines or increases, Quisitive may be affected.

Ability to Successfully Execute Strategies

If Quisitive fails to execute any element of its strategy in a timely and effective manner, competitors may be able to seize marketing opportunities that Quisitive has identified. Quisitive's business strategy will require that it successfully and simultaneously complete many tasks. In order to be successful, Quisitive must: (i) continue to attract and retain clients; (ii) hire, train and retain quality employees; and (iii) evolve Quisitive's business to gain advantages in a competitive environment.

Acquisitions

Quisitive intends to in the future acquire additional businesses in the future. Acquisitions involve a number of special risks, including diversion of management's attention, failure to retain key acquired personnel, unanticipated events or circumstances, and legal liabilities, some or all of which could have a material adverse effect on the business, results of operations and financial condition. In addition, there can be no assurance that Quisitive can complete any acquisition it pursues on favourable terms, that any acquired businesses, products or technologies will achieve anticipated revenues and income, or that any acquisitions completed will ultimately benefit the business. Furthermore, the potential funding of any such future acquisitions could require diversion of revenue or securing of debt or equity financings by Quisitive which could, in turn, result in a potentially dilutive issuance of equity securities. If a strategy of growth through acquisition is pursued, the failure of Quisitive to successfully manage this strategy could have a material adverse effect on Quisitive's business, results of operations and financial condition.

Seasonality of the Business

Quisitive's sales are subject to seasonal and variations that may cause significant fluctuations in operating results.

Sale Cycle

The timing of Quisitive's revenues may be difficult to predict. Clients typically undertake a significant evaluation process that has in the past resulted in a lengthy sales cycle. Quisitive will spend substantial time, effort and money on its sales efforts without any assurance that the efforts will produce any sales during a given period.

Reliance on Key Personnel

Quisitive is, and Quisitive will be, substantially dependent upon the services of its management team for the successful operation of its business. The loss of the services of any of these individuals could have a material adverse effect on the business of Quisitive. If Quisitive cannot successfully recruit and retain the employees it needs, or replace key employees following their departure, Quisitive's ability to develop and manage its business will be impaired.

Management of Growth

Quisitive may be subject to growth related risks including capacity constraints and pressure on its internal systems and controls. The ability of Quisitive to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of Quisitive to deal with this growth may have a material adverse effect on Quisitive's consolidated business, financial condition, results of operations and prospects.

Regulatory Risks

The activities of Quisitive or any of its Subsidiaries may become subject to regulation by governmental authorities, in jurisdictions where such companies may exist or conduct its business. Quisitive cannot predict the regulations it may be required to comply with, or the time required to secure all appropriate regulatory approvals, or the extent of information and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on the consolidated business, results of operations and financial condition of Quisitive.

Quisitive and its Subsidiaries may incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or restrictions of Quisitive's consolidated operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to Quisitive's consolidated operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the consolidated business, results of operations and financial condition of Quisitive.

Changes in Laws, Regulations and Guidelines

While to the knowledge of management, Quisitive and its Subsidiaries are currently in compliance with all laws, any changes to laws, regulations, guidelines and policies due to matters beyond the control of Quisitive may cause adverse effects to its operations.

Reliance on Computer Systems

Quisitive's information technology and internal infrastructure is susceptible to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. Significant disruption to the availability of information technology and internal infrastructure could cause delays in research and development work. Quisitive would incur liability and development of product candidates would be delayed if any disruption or security breach were to result in a loss of, or damage to, Quisitive's or any of Quisitive Subsidiaries' data.

Employee Regulations

Quisitive is exposed to the risk of employee fraud and other misconduct. Employee fraud includes intentional failure to comply with regulations, intentional failure to provide accurate information to regulatory authorities and intentional failure to comply with industry standards. Other misconduct includes failure to report financial information accurately, failure to disclose unauthorized activities to Quisitive, and the improper use of information obtained in the course of employment. Employee misconduct resulting in legal action, significant fines or other sanctions could result in a material adverse effect to Quisitive's consolidated business, results of operations or financial condition.

Foreign Currency Risk

Quisitive will be subject to risks and losses resulting from fluctuations in the relative value of the currencies of different countries where its clients and operations are located. While Quisitive will attempt to be prudent in managing such foreign exchange risks, there can be no assurance that shareholders will not suffer losses in the future. Any such losses could have a material adverse impact on results of operations and cash available to support operations.

Competition

The industry in which Quisitive operates is developing rapidly and related technology trends are constantly evolving. In this environment, Quisitive will face significant price competition from its competitors. There is no assurance that Quisitive will be able to respond effectively or in a timely manner to the various competitive factors affecting the industries in which it operates. Quisitive may be forced to reduce the prices of the products and services it sells in response to offerings made by its competitors. In addition, Quisitive may not be able to maintain the level of bargaining power that it has enjoyed in the past when negotiating the prices of its services.

Quisitive faces substantial competition from other national, multiregional, regional and local value added resellers and IT service providers, some of which may have greater financial and other resources than that of

Quisitive or that may have more fully developed business relationships with clients or prospective clients than Quisitive. Many of Quisitive's competitors compete principally on the basis of price and may have lower costs or accept lower selling prices and, therefore, Quisitive may need to reduce its prices.

Quisitive's profitability is dependent on the rates it is able to charge for its products and services. The rates charged for products and services are affected by a number of factors, including but not limited to:

- clients' perceptions of Quisitive's ability to add value through its services;
- introduction of new services or products by Quisitive or its competitors;
- competitors' pricing policies;
- the ability to charge higher prices where market demand or the value of Quisitive's services justifies it;
- the ability to accurately estimate, attain and sustain contract revenues, margins and cash flows over long contract periods;
- procurement practices of Quisitive's clients; and
- general economic and political conditions.

If Quisitive is not able to maintain favourable pricing for its products and services, its profit margin and profitability may suffer.

Litigation

Quisitive may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which Quisitive becomes involved be determined against Quisitive such a decision could adversely affect Quisitive's ability to continue operating and the market price for the common shares and could use significant resources. Even if Quisitive is involved in litigation and wins, litigation can redirect significant Quisitive resources. Litigation may also create a negative perception of Quisitive's brand.

Protection of Intellectual Property Rights

The future success of Quisitive's consolidated business is dependent upon the intellectual property rights surrounding certain technology held by LedgerPay and the other Quisitive Subsidiaries from time to time, including trade secrets, know-how and continuing technological innovation. Although Quisitive and Quisitive Subsidiaries seek to protect proprietary rights, their actions may be inadequate to protect any proprietary rights or to prevent others from claiming violations of their proprietary rights. There can be no assurance that other companies are not investigating or developing other technologies that are similar to the technology of LedgerPay or other Quisitive Subsidiaries from time to time. In addition, effective intellectual property protection may be unenforceable or limited in certain countries, and the global nature of the Internet makes it impossible to control the ultimate designation of the applicable technology. Any of these claims, with or without merit, could subject Quisitive or Quisitive Subsidiaries to costly litigation. If the protection of proprietary rights is inadequate to prevent unauthorized use or appropriation by third parties, the value of LedgerPay, other Quisitive Subsidiaries and other intangible assets may be diminished. Any of these events could have an adverse effect on Quisitive's consolidated business and financial results.

Global Economic and Financial Deterioration Impeding Access to Capital or Increasing the Cost of Capital

Market events and conditions, including disruption in the Canadian, U.S. and international financial markets and other financial systems and the deterioration of Canadian, U.S. and global economic and financial market conditions, could, among other things, impact currency trading and impede access to capital or increase the cost of capital, which would have an adverse effect on Quisitive's ability to fund its working capital and other capital requirements.

Dividends

Any decision to declare and pay dividends in the future will be made at the discretion of Quisitive's Board and will depend on, among other things, financial results, cash requirements, contractual restrictions and other factors that the Board may deem relevant. As a result, investors may not receive any return on an investment in the common shares unless they sell their shares of Quisitive for a price greater than that which such investors paid for them. Quisitive has no earnings or dividend record and may not pay any dividends on its common shares in the foreseeable future. Dividends paid by Quisitive could be subject to tax and, potentially, withholdings.

Disclosure of Internal Controls

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the annual consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the annual consolidated financial statements: and (ii) the annual consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Corporation, as of the date of and for the periods presented.

In contrast to the certificate required for non venture issuers under National Instrument 52-109 Certification of Disclosure in issuers' Annual and Interim filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Corporation does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filling such certificate are not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation: and

(ii) a process to provide reasonable assurance regarding the reliability of financial reposting and the preparation of the unaudited condensed interim consolidated financial statements for external purposed in accordance with the issuer's generally accepted accounting principles (IFRS).

The Corporation's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.