QUISITIVE™

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2021 and 2020

(expressed in Thousands of United States dollars unless otherwise noted)

QUISITIVE TECHNOLOGY SOLUTIONS, INC.

Unaudited Condensed Consolidated Interim Financial Statements
September 30, 2021 and 2020
(Expressed in thousands of United States Dollars)

QUISITIVE TECHNOLOGY SOLUTIONS, INC.
Unaudited Condensed Consolidated Interim Statements of Financial Position
September 30, 2021 and December 31, 2020
(Expressed in thousands of United States Dollars)

	September 30, 2021	December 31, 2020
Assets Current		
Cash	17,705	10,983
Accounts receivable and contract assets (Note 4)	18,942	9,572
Current income tax receivable	148	310
Work in progress	1,614	738
Prepaid expenses	2,117	627
	40,526	22,230
Property and equipment, net (Note 5)	4,033	1,764
Intangibles (Note 6)	83,612	16,045
Goodwill (Note 3)	167,302	23,983
Deposits with sponsor banks (Note 13)	350	—
Total Assets	**295,823**	**64,022**
Liabilities Current		
Accounts payable and accrued liabilities	11,377	4,621
Current income tax payable	729	546
Current portion of deferred grant income	—	136
Current portion of Loan agreement (Note 7)	7,732	1,479
Current portion of Deferred revenue	3,150	1,903
Current portion of Lease liability (Note 9)	753	974
Current portion of Contingent consideration	9,710	3,568
Current portion of US payroll protection plan loans (Note 7)	869	346
	34,320	13,573
Non-current liabilities:		
Loan agreement (Note 7)	57,734	13,887
Long term portion of deferred grant income (Note 7)	—	45
Contingent consideration	5,437	4,631
Lease liability (Note 9)	1,786	566
Deferred tax liability	18,436	3,303
US payroll protection plan loans (Note 7)	—	1,156
Total Liabilities	117,713	37,161
Shareholders' equity		
Share capital (Note 10)	206,545	45,781
Warrants (Note 10)	416	2,463
Contributed surplus (Note 10)	3,820	3,300
Deficit	(31,792)	(24,090)
Accumulated other comprehensive loss	(939)	(865)
Equity attributable to owners of the Corporation	178,050	26,589
Non-Controlling Interest (Note 14)	60	272
	178,110	26,861
Total Liabilities and Shareholders' Equity	**295,823**	**64,022**

Subsequent events (Notes 7 and 17)

Approved on behalf of the Board:

"Mike Reinhart" — Mike Reinhart, CEO

"David Guebert" — David Guebert, Director and Chair of Audit Committee

The accompanying Notes are an integral part of these condensed consolidated interim financial statements.

QUISITIVE TECHNOLOGY SOLUTIONS, INC.
Unaudited Condensed Consolidated Interim Statements of Comprehensive Loss
For the three and nine months ended September 30, 2021 and 2020
Expressed in thousands of United States Dollars, except per share amounts)

	Three Months Ended		Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Revenue (Note 15)	$ 27,761	$ 12,680	$ 63,383	$ 36,691
Cost of Revenue	16,907	7,588	39,940	21,921
Gross Margin	10,854	5,092	23,443	14,770
Operating Expenses				
Sales and marketing expense	1,673	1,082	4,153	3,285
General and administrative	4,015	1,891	9,339	5,387
Development	115	70	518	178
Share-based compensation (Note 10)	189	162	651	547
Interest expense	1,820	1,099	3,295	3,060
Grant income	—	(34)	—	(57)
Amortization (Note 6)	3,641	1,007	7,131	3,076
Earn-out settlement loss	1,081	440	1,081	440
Acquisition Related Compensation (Note 3)	253	—	506	—
Depreciation (Note 5)	460	190	1,041	562
Foreign exchange loss (gain)	(39)	317	287	549
Acquisition-related, transaction and other expenses	1,415	696	5,093	980
US Payroll protection plan forgiveness (Note 7)	(1,683)	—	(1,683)	—
Change in fair value of derivative liability	—	(25)	—	8,430
Loss Before Income Taxes	(2,086)	(1,803)	(7,969)	(11,667)
Income tax expense — current	539	213	1,430	772
Deferred income tax expense (recovery)	407	(173)	(1,485)	(534)
Net Loss for the Period	**$ (3,032)**	**$ (1,843)**	**$ (7,914)**	**$ (11,905)**
Comprehensive Loss:				
Items that may be reclassified subsequently to income:				
Foreign currency translation adjustment	68	12	(74)	451
Comprehensive loss	$ (2,964)	$ (1,831)	$ (7,988)	$ (11,454)
Net Loss Attributed to:				
Owners of the Corporation	$ (2,927)	$ (1,970)	$ (7,702)	$ (12,059)
Non-controlling interest (Note 14)	(105)	127	(212)	154
	$ (3,032)	**$ (1,843)**	**$ (7,914)**	**$ (11,905)**
Basic and Diluted Loss per share (Note 11)	$ (0.01)	$ (0.01)	$ (0.03)	$ (0.09)
Weighted Average Number of Common Shares Outstanding	322,147,521	184,211,941	264,585,089	136,351,552

The accompanying Notes are an integral part of these consolidated financial statements.

QUISITIVE TECHNOLOGY SOLUTIONS, INC.
Unaudited Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
For the nine months ended September 30, 2021 and 2020
(Expressed in thousands of United States Dollars except share amounts)

	Share Capital							
	Number	**Amount**	**Contributed Surplus**	**Warrants**	**Deficit**	**AOCI**	**Non-Controlling Interest**	**Total**
Balance December 31, 2019	**90,054,697**	**$ 9,794**	**$ 820**	**$ 2,736**	**$(13,901)**	**$(767)**	**$ (10)**	**$ (1,328)**
June 26, 2020 issuance	21,333,405	8,326		2,150				10,476
Warrants expired	446,178	176	1,775	(1,835)				116
Stock based compensation			547					547
Exercise of RSU's	55,848	16	(16)					—
Compensation unit options issued in connection with June 26, 2020 financing				256				256
Shares issued in connection with Menlo acquisition	19,784,981	3,808						3,808
Shares issued in connection with convertible debt conversion	33,994,449	16,101						16,101
Shares issued in settlement of earnout liabilities	15,020,172	3,297						3,297
Shares issued to settle purchase price note	12,071,428	3,936		(734)				3,202
Change in cumulative impact of foreign currency						451		451
Net income (loss) for the period					(12,059)		154	(11,905)
Balance September 30, 2020	**192,761,158**	**$ 45,454**	**$3,126**	**$ 2,573**	**$(25,960)**	**$(316)**	**$ 144**	**$ 25,021**
Balance December 31, 2020	193,585,013	45,781	3,300	2,463	(24,090)	(865)	272	26,861
Acquisition of Mazik	6,254,020	7,516						7,516
Bought deal and concurrent private placement	41,743,333	46,770						46,770
Private placement	16,000,000	14,836						14,836
Broker compensation units and warrant exercised	12,306,224	12,593		(2,005)				10,588
Warrants expired	—		42	(42)				—
Shares issued as payment of contingent consideration	1,664,539	1,360						1,360
Stock options exercised	15,000	16	(12)					4
Stock based compensation			651					651
Acquisition of Bankcard USA	50,000,000	77,739						77,739
Exercise of RSU's	1,029,837	150	(150)					—
Net settlement of tax liabilities on RSU's	(284,778)	(216)	(11)					(227)
Change in cumulative impact of foreign currency	—					(74)		(74)
Net income (loss)	—				(7,702)		(212)	(7,914)
Balance September 30, 2021	**322,313,188**	**206,545**	**3,820**	**416**	**(31,792)**	**(939)**	**60**	**178,110**

The accompanying Notes are an integral part of these consolidated financial statements.

QUISITIVE TECHNOLOGY SOLUTIONS, INC.
Unaudited Condensed Consolidated Interim Statements of Cash Flows
For the nine months ended September 30, 2021 and 2020
(Expressed in thousands of United States Dollars)

	Nine months ended	
	September 30, 2021	September 30, 2020
Operating Activities		
Net loss for the period	$ (7,914)	(11,905)
Items not involving cash		
Amortization	7,131	3,076
Depreciation	1,041	562
Unrealized foreign exchange	(220)	(862)
Stock based compensation	651	547
Grant income	—	(57)
Interest	3,295	3,060
Acquisition related compensation	506	—
Deferred income tax	(1,485)	(534)
US Payroll production loan forgiveness	(1,683)	—
Earn-out settlement loss	1,081	440
Change in fair value of derivative liability	—	8,430
	2,403	2,757
Changes in non-cash working capital		
Receivables	(1,263)	(2,502)
Work in progress	(876)	(320)
Income tax payable/receivable	251	24
Prepaids and deposits	(1,490)	(277)
Accounts payable and accrued liabilities	3,292	584
Deferred Revenue	(155)	884
	2,162	1,150
Cash Provided by (Used in) Operating Activities		
Investing Activity		
Purchase of Mazik Global (net of cash acquired)	(8,299)	—
Purchase of Bankcard USA (net of cash acquired)	(101,530)	—
Additions to intangible assets	(1,569)	(450)
Purchase of property and equipment	(497)	(158)
Purchase of Menlo Technologies (net of cash acquired)	—	(2,072)
Payment of Contingent consideration	(2,060)	(796)
Cash Used in Investing Activities	(113,955)	(2,680)
Financing Activities		
Proceeds from share issuance, net of issuance costs	46,770	10,732
Proceeds from private placement, net of issuance costs	14,836	—
Proceeds from exercise of warrants	10,588	116
Repayment of 2020 Loan Agreement	(16,110)	(4,123)
Interest paid	(1,510)	(2,087)
Proceeds from the exercise of stock options	4	—
Operating line of credit	—	(1,841)
Lease payments	(813)	(509)
Financing costs incurred	(1,525)	(459)
Proceeds of Loan Agreement	65,564	16,005
Repayment of Loan Agreement	(65,564)	—
BMO Loan Agreement	66,275	—
Repayment of Note Payable	—	(5,245)
Payroll Protection Plan Loans	—	2,929
Repayment of Menlo acquisition note	—	(7,211)
Repayment of purchase price loan and promissary Note from related party	—	(2,417)
Cash Provided by (Used in) Financing Activities	118,515	5,094
Inflow (Outflow) of Cash	6,722	3,564
Cash, Beginning of Period	10,983	8,731
Cash September 30, 2021	$ 17,705	$ 12,295

The accompanying Notes are an integral part of these consolidated financial statements.

(Expressed in thousands of United States Dollars)

1. NATURE OF OPERATIONS

(a)

Quisitive Technology Solutions, Inc. (the "Corporation") is a premier Microsoft solutions provider that helps enterprise organizations move, operate and innovate in the Microsoft cloud: Quisitive provides Microsoft Azure, Microsoft Dynamics business applications and Microsoft O365 as well as proprietary Software as a Service ("SaaS") solutions such as CRG emPerform™, LedgerPay, and business solutions from other technology partners that complement the Microsoft platform.

On May 7, 2021, Quisitive purchased BankCard USA Merchant Services, Inc ("Bankcard") which is a registered and full-acquiring ISO/MSP, that is party to sponsorship agreements with several member banks ("Sponsoring Banks") to process and settle bankcard transactions for merchant customers.

Following the acquisition of Bankcard, the Company 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 (Note 16). Comparative segment information has been restated to reflect the current period presentation.

With a legacy of deep technical and business expertise, Quisitive is empowering the enterprise to navigate the ever-changing technology climate their business relies upon. Quisitive helps customers harness the power of the Microsoft cloud and innovative technologies such as, artificial intelligence, machine learning, the Internet of Things (IoT) and blockchain through customized solutions.

(b) Structure of Business

The Corporation has the following subsidiaries:

Entity name	Country	Ownership percentage at September 30, 2021	Ownership percentage at 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	—

2. BASIS OF PRESENTATION

(a) Basis of presentation

These unaudited interim condensed consolidated financial statements ("financial statements") were prepared using the same accounting policies and methods as those used in the Company's consolidated

2. BASIS OF PRESENTATION (Continued)

financial statements for the year ended December 31, 2020, except as described in note 2(g) below in relation to accounting policies applicable to the operations of Bankcard. These interim condensed consolidated financial statements have been prepared in compliance with IAS 34 — Interim Financial Reporting. Accordingly, certain disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") have been omitted or condensed. These interim condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2020.

These financial statements were authorized for issue by the Board of Directors on November 22, 2021.

(b) COVID-19

The outbreak of coronavirus, specifically identified as "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 extent to which COVID-19 and any other pandemic or public health crisis impacts the Corporation's business, affairs, operations, financial condition, liquidity, availability of credit and results of operations will depend on future developments that are highly uncertain and cannot be predicted with any meaningful precision, including new information which may emerge concerning the severity of the COVID-19 virus and the actions required to contain the COVID-19 virus or remedy its impact, among others. The duration and impact of the COVID-19 outbreak 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.

(c) Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

(d) Functional and reporting currency

These consolidated financial statements are presented in US$. The functional currency of the Corporation and each of the Corporations' controlled subsidiaries is US$ with the exception of Corporate Renaissance Group, Inc. which uses Canadian dollars as its functional currency.

(e) Basis of consolidation

The consolidated financial statements include the Corporation and its subsidiaries. Subsidiaries are entities that the Corporation has control and are fully consolidated from the date that control commences until the date that control ceases.

Intercompany balances and transactions, and unrealized gains arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

(f) Use of Estimates

The preparation of these consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting

2. BASIS OF PRESENTATION (Continued)

policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Significant areas requiring the use of management estimates include:

(i) Stock-based compensation is valued using the Black-Scholes Option Pricing Model at the date of grant and expensed in profit or loss over vesting period of each award. The Black-Scholes Option Pricing Model utilizes subjective assumptions such as expected price volatility and expected life of the option. Stock-based compensation expense also utilizes subjective assumptions on forfeiture rate. Changes in these input assumptions can significantly affect the fair value estimate.

(ii) Useful lives of intangible assets — Following initial recognition, the Corporation carries the intangible assets at cost less accumulated amortization and any accumulated impairment losses. Amortization is recorded on the straight-line basis based upon management's estimate of the useful life and residual value. The estimates are reviewed at least annually and are updated if expectations change as a result of the technical obsolescence or legal and other limits to use. A change in the useful life or residual value will impact the reported carrying value of the intangible assets resulting in a change in related amortization expense.

(iii) The amount of goodwill initially recognized as a result of a business combination, the fair value estimate of any contingent consideration and the determination of the fair value of the identifiable assets acquired and liabilities assumed is based, to a considerable extent, on management's estimate of future cash flows expected to be derived from the assets acquired.

(iv) Recoverability of the carrying value of non-financial assets requires management to determine whether future economic benefits from sale or otherwise are likely. Evaluation may be more complex where activities have not reached a stage that permits a reasonable assessment of the viability of the asset. Management must make certain estimates and assumptions about future events or circumstances including, but not limited to, estimated future cash flows, terminal growth rates and discount rates.

(v) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts and therefore do not necessarily provide certainty as to their recorded values.

(vi) The Corporation records an allowance for doubtful accounts related to accounts receivable that are considered to be uncollectable. The allowance is based on the Corporation's knowledge of the financial condition of its customers, the aging of the receivables, the current business environment and historical experience. A change to those factors could impact the estimated allowance and the provision for bad debts.

Significant areas requiring the use of judgments include:

(i) The determination of cash generating units ("CGU") and the allocation of goodwill for the purpose of impairment testing.

(ii) The determination of the functional currency for the Corporation and each of its subsidiaries is based on management's judgment of the underlying transactions, events and conditions relevant to each entity.

(iii) Deferred income tax assets and liabilities result from timing differences between the financial reporting and tax bases of assets and liabilities. Loss carry forwards also comprise a portion of the temporary differences and result in a deferred income tax asset. Deferred income tax assets are only

2. BASIS OF PRESENTATION (Continued)

recognized to the extent that management considers it probable that a deferred income tax asset will be realized. The assessment for the recognition of a deferred tax asset requires significant judgement. The factors used to assess the likelihood of realization are the Corporation's forecast of future taxable income and available tax planning strategies that could be implemented to realize the deferred tax assets. The Corporation has and continues to use tax planning strategies to realize deferred tax assets in order to avoid the potential loss of benefits. Unknown future events and circumstances, such as changes in tax rates and laws, may materially affect the assumptions and estimates made from one period to the next. Any significant change in events, tax laws, and tax rates beyond the control of the Corporation may materially affect the consolidated financial statements.

(iv) Contingencies are subject to measurement uncertainty as the financial impact will only be confirmed by the outcome of a future event. The assessment of contingencies involves a significant amount of judgement, including assessing whether a present obligation exists, assessing factors that may mitigate or reduce the obligation, and determining a reliable estimate of the amount of cash outflow required to settle the obligation. The Corporation is required to both determine whether loss is probable and whether the loss can be reasonably estimated. The uncertainty involved with the time and amount at which a contingency may be settled may have a material impact on the consolidated financial statements of future periods to the extent that the amount provided for differs from the actual outcome.

(v) Contingent consideration and the allocation of fair value of assets acquired. Management has applied judgment with respect to the probability of the contingent consideration being earned and the discount rate. The determination of fair value of assets acquired requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of the assets acquired require the most judgment and include estimates of future cash flows.

(vi) The assessment of the Corporation's operating segments.

(g) Updates to Significant accounting policies

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

2. BASIS OF PRESENTATION (Continued)

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 or transaction 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

2. BASIS OF PRESENTATION (Continued)

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.

3. BUSINESS COMBINATIONS

(i.) Bankcard USA Merchant Services Inc.

On May 7, 2021, the Corporation, through its subsidiaries purchased all of the shares of Bankcard to obtain control. The aggregate consideration paid by the Corporation to acquire Bankcard is comprised of the following: (i) $100,523 paid in cash at closing; (ii) 50,000,000 common shares valued at $77,739; (iii)Contingent consideration with a fair value of $9,253; and, (iv) Net working capital adjustment estimated at the acquisition date of $1,926.

Contingent consideration of up to $5,000 in cash and up to $5,000 of common shares of the Corporation ("Shares") per annum is payable at the end of each of the two twelve-month periods post acquisition (the "Earnout"). If Bankcard's year one annual revenue exceeds $38,900 the maximum cash payout is $5,000 in cash and $5,000 in Shares, and if year two annual revenue exceeds $44,700 the maximum payout is $5,000 in cash and $5,000 in Shares. The vendors of Bankcard can also achieve the Earnout opportunity if the revenue earned exceeds $83,580 over the 24-month earnout period post acquisition. The maximum aggregate Earnout payment over the two years is $10,000 in cash and $10,000 in Shares. The Corporation has estimated the contingent consideration at present value at the date of acquisition to be approximately $9,253.

The goodwill recognized in connection with the acquisition of BankCard by Quisitive is primarily attributable to the anticipated cost savings synergies expected to be realized as a result of the migration of

(Expressed in thousands of United States Dollars)

3. BUSINESS COMBINATIONS (Continued)

payment processing services from third party providers to the proprietary software developed by Quisitive and the application of Quisitive's best practices to improve the operations of BankCard. Goodwill also includes other intangibles such as assembled workforce that do not qualify for separate recognition under IFRS.

The Corporation has determined that this transaction is a business combination as the assets acquired and liabilities assumed constitute a business. The transaction was accounted for using the acquisition method of accounting whereby the assets acquired, and liabilities assumed were recorded at their estimated fair value at the acquisition date.

The fair values shown below for Bankcard are preliminary, pending finalization of certain assumptions used in valuing the acquired assets, assumed liabilities and value of contingent consideration.

	USD Fair value recognized on acquisition $
Cash	$ 919
Processing and trade receivables	4,229
Property and equipment	840
Right of use asset	1,781
Indemnification asset	659
Intangibles	66,234
Other assets	393
Goodwill	134,099
Trade and other payables	(2,303)
Deferred tax liability	(14,970)
US payroll protection plan loan	(659)
Lease liability	(1,781)
Fair value of assets acquired and liabilities assumed	$189,441
Cash	$100,523
Quisitive common shares	77,739
Working capital adjustment (estimated)	1,926
Contingent consideration	9,253
Total Consideration	$189,441

The gross processing and trade receivable balance is not materially different from the fair value on acquisition.

Since the date of acquisition, Bankcard contributed revenue of $16,048 and net income of $5,257 excluding the amortization of acquired intangible assets. The Corporation incurred $3,110 in acquisition costs related to the acquisition, which has been expensed as transaction-related expenses in the consolidated statement of comprehensive loss.

The goodwill is not tax deductible and has been allocated to the payment solutions cash generating unit. The acquired intangible assets are being amortized over their estimated useful lives as follows:

(Expressed in thousands of United States Dollars)

3. BUSINESS COMBINATIONS (Continued)

Brand	3 years
Developed Technology	9 years
Customer Relationships	8 years

(ii.) Mazik Global, Inc.

On April 1, 2021, the Corporation, through its subsidiaries purchased all of the shares of Mazik Global, Inc. ("Mazik") to obtain control. The aggregate consideration paid by the Corporation to acquire Mazik is comprised of the following: (i) $7,000 paid in cash at closing; (ii) 6,254,020 common shares valued at $7,516; and (iii) Net working capital adjustment estimated at $1,299.

In addition, the agreement included contingent consideration per annum of $2,100, 2,000 and $1,900 for the years ended March 31, 2022, March 31, 2023 and March 31, 2024, respectively contingent on the legacy Mazik business achieving revenue targets of $15,000 from April 1, 2022 to March 31, 2022, $18,000 from April 1, 2022 to March 31, 2023 and $22,000 from April 1, 2023 to March 31, 2024. Additional growth earnouts of $650, $650 and $700 are payable contingent on achieving license revenue targets of $3,500, $5,000, and $6,500 for the years ended March 31, 2022, March 31, 2023 and March 31, 2024, respectively. The contingent consideration includes a requirement for the shareholders to remain employed with Quisitive at the applicable calculation date. As such, the earn-out payments have been accounted for as compensation for post-combination services, and not consideration in the business combination. Any amounts owing will be expensed in the applicable fiscal years as earned. For the three and nine months ended September 30, 2021, the Corporation recorded $253 and $506 of acquisition-related compensation expense.

The goodwill recognized in connection with the acquisition of 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 by Quisitive is primarily attributable to the support of Quisitive services. Goodwill also includes other intangibles such as assembled workforce that do not qualify for separate recognition under IFRS.

The Corporation has determined that this transaction is a business combination as the assets acquired and liabilities assumed constitute a business. The transaction was accounted for using the acquisition method of accounting whereby the assets acquired, and liabilities assumed were recorded at their estimated fair value at the acquisition date.

(Expressed in thousands of United States Dollars)

3. BUSINESS COMBINATIONS (Continued)

The fair values shown below for Mazik are preliminary, pending finalization of certain assumptions used in valuing the acquired assets and assumed liabilities.

	USD Fair value recognized on acquisition $
Cash	$ 609
Trade and other receivables	3,049
Right-of-use asset	31
Indemnification asset	829
Intangibles	7,070
Goodwill	9,219
Trade and other payables	(1,120)
Deferred revenue	(1,402)
Deferred tax liability	(1,570)
US payroll protection plan loan	(869)
Lease liability	(31)
Fair value of assets acquired and liabilities assumed	$15,815
Cash	$ 7,000
Quisitive common shares	7,516
Working capital adjustment (estimated)	1,299
Total Consideration	$15,815

Since the date of acquisition, Mazik contributed revenue of $9,406 and net income of $2,267 excluding the amortization of acquired intangible assets. The Corporation incurred $781 in acquisition costs related to the acquisition, which has been expensed as transaction-related expenses in the consolidated statement of comprehensive loss.

The goodwill is not tax deductible and has been allocated to the cloud services cash generating unit. The acquired intangible assets are being amortized over their estimated useful lives as follows:

Brand	3 years
Developed Technology	3 years
Customer Relationships	8 years

(Expressed in thousands of United States Dollars)

4. ACCOUNTS RECEIVABLE AND CONTRACT ASSETS

The Corporation's accounts receivable and contract assets is comprised of the following:

	September 30, 2021	December 31, 2020
Trade receivables	$11,427	$8,175
Processing receivable	3,392	—
Indemnification asset	829	—
Allowance for doubtful accounts	(141)	(154)
Other receivables	1,936	552
Contract assets	1,499	999
Total accounts receivable and contract assets	$18,942	$9,572

For the three and nine months ended September 30, 2021, the Corporation recorded bad debt expense of $105 and $140 (September 30, 2020 — $19 and $24). Contract assets of $1,499 (December 31, 2020 — $999) relate to performance under a first party license sale contract that has not been billed at September 30, 2021.

5. PROPERTY AND EQUIPMENT

	Computers and Network Equipment	Furniture and Equipment	Leasehold Improvements	Software	Right of Use Asset	Total
Cost						
Balance December 31, 2020	283	507	41	12	2,710	3,553
Acquired from business combination — Mazik					31	31
Acquired from business combination — Bankcard	46	146	648		1,781	2,621
Additions	491			6		497
Reclassification from intangible assets				177		177
Effect of Foreign Currency Translation		(12)	(13)		9	(16)
Balance September 30, 2021	$820	$641	$676	$195	$4,531	$6,863
Accumulated Depreciation						
Balance December 31, 2020	172	411	41	12	1,153	1,789
Effect of Foreign Currency Translation	2	(2)		2	(2)	—
Depreciation	86	32	39	44	840	1,041
Balance September 30, 2021	$260	$441	$ 80	$ 58	$1,991	$2,830
Carrying value						
Balance December 31, 2020	$111	$ 96	$ —	$ —	$1,557	$1,764
Balance September 30, 2021	$560	$200	$596	$137	$2,540	$4,033

(Expressed in thousands of United States Dollars)

6. INTANGIBLE ASSETS

Intangible assets with a finite life are amortized into operating expenses over their useful lives.

	Software	Website Development	Microsoft Relationship	Customer Relationship	Brand	Total
Cost						
Balance December 31, 2020	$2,835	$134	$3,860	$14,473	$2,799	$24,101
Acquired from business combination — Mazik	3,120	—	—	3,634	316	7,070
Acquired from business combination — Bankcard	2,097	—	—	60,760	3,377	66,234
Additions	1,569	—	—	—	—	1,569
Reclassification of website development costs	(186)	186	—	—	—	—
Reclassification — to Property and equipment	(177)	—	—	—	—	(177)
Balance September 30, 2021	$9,258	$320	$3,860	$78,867	$6,492	$98,797
Accumulated Amortization						
Balance December 31, 2020	$ 506	$134	$2,264	$ 4,239	$ 913	$ 8,056
Amortization	839	28	579	4,694	991	7,131
Adjustment	1			(2)	(1)	(2)
Balance September 30, 2021	$1,346	$162	$2,843	$ 8,931	$1,903	$15,185
Carrying value						
Balance December 31, 2020	$2,329	$ —	$1,596	$10,234	$1,886	$16,045
Balance September 30, 2021	$7,912	$158	$1,017	$69,936	$4,589	$83,612

The intangible assets are being amortized on a straight-line basis over an estimated life.

7. BORROWINGS

The following table sets out the Corporation's borrowings:

	September 30, 2021	December 31, 2020
Loan Agreements (i)	$65,466	$15,366
US payroll protection plan loans (ii)	869	1,502
Balance — end of period	$66,335	$16,868
Current	$ 8,601	$ 1,825
Non-current	57,734	15,043
	$66,335	$16,868

(i) BMO Loan Agreement and repayment of previous loan facilities.

On August 10, 2020, the Corporation successfully completed its debt consolidation initiatives pursuant to the terms of a loan agreement entered 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,

7. BORROWINGS (Continued)

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 "BNS 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 BNS 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 BNS 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 were deferred and being amortized using the effective interest rate method over the life of the loan. The Operating Line was repayable with monthly interest consistent with the BNS Term Loan rates. Interest expense during the three and nine months ended September 30, 2021, relating to the BNS Term Loan agreement was $618 and $2,379.

On August 27, 2021, the Corporation entered 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 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 BMO Loan Agreement contains standard compliance requirements as well as ongoing debt service and coveragecovenants. The Revolving Facility is repayable with monthly interest consistent with the Term Loan rates.

The proceeds from the BMO Loan Agreement of US$66,275 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, of which nil is drawn at September 30, 2021.

For the three and nine months ended September 30, 2020, unamortized loan arrangement costs of $402 and $697 incurred in relation to the 2020 Loan Agreement and the New loan agreement were charged to interest expense. Total finance costs incurred in relation to the Term Loan agreement of $828 were 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 on the BMO Loan Agreement during the three and nine months ended September 30, 2021, was $324

7. BORROWINGS (Continued)

and $324. In connection with repaying the Loan Agreement, the Corporation incurred an early repayment fee of CAD$258 which was recorded in Acquisition-related, transaction and other expenses.

(ii) US payroll protection plan loans

On May 1, 2020, Quisitive LLC and Menlo Technologies, Inc. entered into two separate loan arrangements with Bank of America and Cross River Bank (the "Lenders"), respectively, to obtain unsecured loans for $1,682 and $1,247, respectively totaling $2,929 (the "Loans") made under the United States Paycheck Protection Program (the "PPP"). The PPP is a program organized by the U.S. Small Business Administration established under the recently-enacted Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act").

On April 5, 2021, the Corporation received notice that the Cross River loan for $1,247 had been forgiven. The $1,247 was recorded as a gain in the fiscal 2020 statement of comprehensive loss. Further during the three month period ended September 30, 2021 the Corporation received notice that the Bank of America loan for $1,682 had been forgiven. The $1,682 was recorded as a gain in the fiscal 2021 statement of comprehensive loss.

The Corporation assumed two PPP loans in connection with the acquisitions of Bankcard and Mazik with principal amounts of $659 and $869, respectively. The Corporation paid the Mazik and Bankcard shareholders net of the loans and established escrow accounts to cover principal repayments on these loans in the event that forgiveness is not received with the escrow funds to be released to the sellers in the event that forgiveness is received. On May 11, 2021, the entire Bankcard PPP loan was forgiven and the escrowed funds were released to the former Bankcard shareholders.

The Mazik loan matures in February of 2023 and bears interest at a fixed rate of 1.0% per annum. Interest payments are deferred pending the decision by the US Small Business Administration on the Corporation's application for forgiveness.

The loans contain a forgiveness mechanism that provides that the loans will be forgiven in their entirety provided that the proceeds from the loans are used by the Corporation to cover payroll costs, rent and utilities during a prescribed period following the loan origination dates.

The Corporation is monitoring developments as federal authorities continue to update relevant policies and guidelines regarding the PPP, including some that have retroactive effect, and assessing any changes in the Corporation's subsidiaries eligibility for the PPP or any other subsidies or support mechanisms under the CARES Act.

Subsequent to September 30, 2021, the Corporation received notice that the Mazik loan was forgiven and in connection with the share purchase agreement, the escrowed funds were released to the former Mazik shareholders.

8. RELATED PARTY TRANSACTION AND BALANCE

(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 September 30, 2021 and 2020 were as follows:

(Expressed in thousands of United States Dollars)

8. RELATED PARTY TRANSACTION AND BALANCE (Continued)

	Three month period ended September 30, 2021	Three month period ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Salaries and short term benefits	$238	354	$660	$754
Share Based Compensation	$ 2	91	$314	$272

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 Nine months ended September 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
		(all amounts in CAD)		
Software Integrators International Inc.	$(94)	$ (17)	$ 18	$(93)
Corporate Renaissance Group Solutions (PVT) Ltd.	$ 44	$265	$(349)	$(40)

9. LEASE LIABILITIES

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

	As of September 30, 2021	
	Undiscounted	Discounted
2021	$ 303	$ 287
2022	779	731
2023	787	713
2024	620	516
2025	368	292
Total	$2,857	$2,539

(ii) Property lease payments including variable lease payments including property taxes. For the period ended September 30, 2021 and 2020 were as follows:

Period ending	September 30, 2021	September 30, 2020
Total Short-Term Lease Expense	$ 19	$144
Variable Lease Expense	143	143
	$162	$287

(Expressed in thousands of United States Dollars)

9. LEASE LIABILITIES (Continued)

(iii) continuity of fair value of lease obligations is as follows:

Opening balance January 1, 2021	$1,540
Payments (net of accretion)	(813)
New leases	1,812
Present value of lease liability September 30, 2021	$2,539

10. SHARE CAPITAL

(a) Share Issuances

The Corporation is authorized to issue an unlimited number of common shares. As at September 30, 2021, 322,313,188 common shares were issued and outstanding as fully paid and non-assessable (December 31, 2020 — 193,585,013).

For the nine months ended September 30, 2021, the Corporation issued 745,059 and 15,000 shares in connection with the exercise of RSU's and stock options, respectively.

On March 22, 2021, the Corporation announced the completion of a non-brokered private placement with FAX Capital Corp. pursuant to which FAX purchased 16,000,000 common shares from treasury at a price of $1.25 CAD per common share for gross proceeds of $15,970. Share issuance costs of $1,134 in connection with this placement were incurred.

On April 1, 2021, the Corporation issued 6,254,020 shares to the Mazik Owners in connection with the acquisition of Mazik.

On May 7, 2021, the Corporation issued 50,000,000 common shares to the Bankcard owners in connection with the closing of the Bankcard acquisition.

On March 20, 2021, the Corporation 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 CAD$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").

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

(Expressed in thousands of United States Dollars)

10. SHARE CAPITAL (Continued)

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 $46,770 net of transaction cost equal to $4,349.

During the nine months ended September 30, 2021, the Corporation issued 1,397,416 common shares on exercise of broker compensation options and warrants and 10,908,808 common shares on exercise of warrants for total proceeds of $10,588 (note 10(b)).

(b) Warrants Issued

Pursuant to the terms of the warrant indenture between Computershare Trust Company of Canada and the Corporation dated June 26, 2020, if the volume weighted average trading price of the Company's common on the TSX Venture Exchange exceeds $1.60 for a period of 10 consecutive trading days the Corporation was entitled to accelerate the expiry date of the warrants to the date that is not less than 30 days following the date notice of such acceleration.

On May 17, 2021, the acceleration conditions were met and the Corporation elected to accelerate the expiry date of the common share purchase warrants issued on June 26, 2020 under the warrant indenture. The new expiry date of the warrants was June 16, 2021. As a result of this and previous exercises during the year, 10,416,523 warrants were exercised for gross proceeds of CAD$11,458 and 250,180 warrants were forfeited during the quarter. The warrants underlying the 1,145,921 broker compensation options issued on June 26, 2020 were also subject to the warrant indenture. Of these, a total of 985,488 options were exercised with 1,477,773 shares issued for total proceeds of CAD$1,281 were exercised including the underlying warrants and 80,216 warrants expired on June 16, 2021.

Issue date	Type	Number of warrants outstanding at December 31, 2020	Number of warrants outstanding at September 30, 2021	Maturity date	Exercise price (in CAD)
26-Jun-20	normal	10,666,203	—	16-Jun-22	1.10
26-Jun-20	compensation unit options	1,145,921	160,433	26-Jun-22	0.75
1-Jun-18	broker	411,928	—(1)	9-Aug-21	0.35
29-Mar-18	broker	7,500	—(2)	9-Aug-21	0.35

(1) These warrants were exercised on August 6, 2021.

(2) These warrants expired in 2021.

(c) Stock Options

The Corporation has a stock and incentive plan in place to promote the interests of the Corporation and its shareholders by aiding the Corporation in attracting and retaining employees, officers, consultants, advisors and directors capable of assuring the future success of the Corporation, to offer such persons incentives to put forth maximum efforts for the success of the Corporation's business and to compensate such persons through various stock and cash-based arrangements and provide them with opportunities for stock ownership in the Corporation, thereby aligning the interests of such persons with the Corporation's shareholders.

The plan sets out the framework for determining eligibility as well as the terms of any stock based compensation granted. In 2019, the Corporation adopted an Omnibus plan which includes the full scope of governance on stock options, RSU's, stock appreciation rights, and incentive stock options.

(Expressed in thousands of United States Dollars)

10. SHARE CAPITAL (Continued)

	Number of options	Weighted average exercise price (CAD)
Outstanding at December 31, 2020	3,405,000	$0.28
Granted	325,000	1.60
Forfeited	(35,000)	0.24
Exercised	(15,000)	0.35
Outstanding at September 30, 2021	3,680,000	$0.30

For the three and nine months ended September 30, 2021, the Corporation recognized share based compensation from stock options of $86 and $102 (September 30, 2020 — $26 and $135).

The following options were issued and outstanding as at September 30, 2021:

Grant Date	Expiry Date	Ex price (CAD)	Number of options	Exercisable
9-Apr-18	April 9, 2023	0.35	605,000	605,000
30-Apr-18	April 30, 2023	0.35	100,000	100,000
17-Aug-18	August 17, 2023	0.35	200,000	200,000
20-Nov-18	November 20, 2023	0.35	950,000	950,000
29-Aug-19	August 29, 2024	0.15	300,000	300,000
23-Dec-19	December 23, 2024	0.20	1,000,000	666,667
03-Jan-20	January 3, 2025	0.25	200,000	133,333
07-Jul-21	July 7, 2026	1.60	325,000	108,333
			3,680,000	3,063,333

The weighted average contractual life for the remaining options as at September 30, 2021 is 2.67 years.

(d) Restricted Stock Units

The Corporation granted restricted stock units (RSU's) to employees. The RSU's vest over 0-3 years. Each RSU entitles the employee to either one share of the Corporation or the cash equivalent of one share of the Corporation at the option of the Corporation at the exercise date. The fair value of restricted stock awards is estimated using the market price of the Corporation's common stock at the date of grant. Restricted stock activity during the year is as follows:

	# of RSU's
Opening balance December 31, 2020	6,196,801
Granted	1,579,677
Exercised	(1,029,837)
Forfeited	(38,500)
Closing balance September 30, 2021	6,708,141

For the three and nine months ended September 30, 2021, the Corporation recognized share based compensation related to RSU's of $98 and $532 (September 30, 2020 — $136 and $412).

(Expressed in thousands of United States Dollars)

10. SHARE CAPITAL (Continued)

(e) Stock appreciation rights

The Corporation granted 116,500 stock appreciation rights (SAR's) to employees in the first quarter of 2021. 15,250 SAR's were forfeited for the period ended September 30, 2021 and 98,500 remain issued and outstanding as at September 30, 2021. The SAR's vest over three years. Each SAR entitles the employee to receive the increase in the value between the exercise price of $1.27 and the market price of one common share on the vesting date. The payment upon exercise of a SAR will be in cash or common shares at the option of the Company. The grant date fair value of the SAR's of $97 was estimated using the Black Scholes option pricing model with the following assumptions:

Annualized volatility 99.15%

Risk free interest rate 2%

Expected life 3 years

The fair value will be recorded as a charge to income and included in stock based compensation expense over the vesting period with $4 and $17 charged to income for the three and nine months ending September 30, 2021.

11. NET LOSS PER SHARE

The computation for basic and diluted net income (loss) per share for the period ended September 30, 2021 and 2020 are as follows:

	Three Months ended		Nine Months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Net loss for the period	$ (3,032)	$ (1,843)	$ (7,914)	$ (11,905)
Weighted average number of shares outstanding, basic	322,147,521	184,211,491	264,585,089	136,351,552
Basic and Diluted Income (Loss) Per Share	$ (0.01)	$ (0.01)	$ (0.03)	$ (0.09)

Potentially dilutive shares relating to warrants, broker warrants, stock options and RSU's as set-out below have been excluded from the calculation of the diluted number of shares as the impact would be anti-dilutive.

	September 30, 2021	December 31, 2020
Warrants	—	10,666,203
Broker Compensation Options	160,433	1,718,927
Broker warrants	–	419,928
CRG warrants	—	—
Stock options	3,680,000	3,405,000
RSU's	6,708,141	6,196,801
	10,548,574	22,406,859

12. 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

(Expressed in thousands of United States Dollars)

12. FINANCIAL INSTRUMENTS (Continued)

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 $17,705 (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 $14,819 (December 31, 2020 — $8,175). Accounts receivable are shown net of provision of credit losses of $141 (December 31, 2020 — $154).

	under 30	30-60 days	over 60 days	Total
Accounts receivable and processing receivable aging	$12,065	$1,345	$1,268	$14,678

The Corporation has no customers that represent greater than 10% of trade accounts receivable as at September 30, 2021 (December 31, 2020 — one customer 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 September 30, 2021, the Corporation has $17,705 (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+ years
Accounts payable and accrued liabilities	$11,377	—	—	—
Income taxes payable, net	729	—	—	—
US payroll protection plan loans	869	—	—	—
Contingent consideration	—	9,710	5,437	—
Loan agreement	2,761	4,971	13,256	44,478
Total	$15,736	$14,681	$18,693	$44,478

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.

(Expressed in thousands of United States Dollars)

12. FINANCIAL INSTRUMENTS (Continued)

(d) Interest rate risk

The Corporation is exposed to interest rate risk through the BMO 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 +/− $621 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 September 30, 2021 and December 31, 2020, the Corporation's net exposure to foreign currency risk on its financial instruments is as follows:

	September 30, 2021	December 31, 2020
	CAD$	CAD$
Cash	$7,684	$5,979
Accounts payable and accrued liabilities	(819)	(608)
	6,865	5,371
United States dollar equivalent	$5,405	$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.

13. BANK SPONSORING AGREEMENTS

Under VISA and MasterCard program rules, only member banks are allowed to directly process bankcard transactions through their network as the Corporation's Sponsoring Banks are member banks. The Sponsoring Bank agreements generally expire either annually or every two years and are subject to automatic renewal for one- or two-year terms, respectively, unless canceled by either party. The agreement permits the funds to be routed under the Sponsoring Bank's control and identification numbers to clear credit bank card transactions through Visa and MasterCard. The sponsorship agreement also enables the Corporation to settle funds between cardholders and merchants by delivering funding files to the Sponsoring Bank, which in turn transfers settlement funds to the merchants' bank accounts. These restrictions place the settlement assets and obligations under the control of the Sponsoring Bank.

The sponsorship agreement requires, among other things, that the Corporation abide by the by-laws and regulations of the Visa and MasterCard networks. In addition, the agreement requires the Corporation maintain a reserve account. As at September 30, 2021, the Corporation has $350 in deposits with sponsoring banks.

Under the terms of the agreement, in the event that one of the Corporation's merchant customers is unable to settle chargebacks, resulting from valid customer disputes, the Corporation is required to fulfill any remaining obligation, up to the gross amount paid by the customer. As the Corporation's customer

(Expressed in thousands of United States Dollars)

13. BANK SPONSORING AGREEMENTS (Continued)

base consists predominantly of small retail merchants that fulfill obligations at the time of payment, the Corporation's cost of fulfilling this obligation has not historically been material. The Corporation further mitigates this risk by withholding a percentage of amounts due to high risk merchants that collect significant amounts of customer funds in advance of delivery or performance. Costs of fulfilling customer chargeback obligations are accrued when such amounts become probable and estimable

14. NON-CONTROLLING INTEREST

The Corporation owns 84% of its subsidiary LedgerPay.

On January 22, 2018, the Corporation, through its subsidiaries, executed an employment agreement with an executive, and issued 5% or 500,000 shares of LedgerPay to him that are convertible to 1,062,500 shares in the Corporation, at the holder's option. Those shares are not currently converted.

On March 5, 2018, the Corporation, through its subsidiaries, executed an employment agreement with an executive and granted an award of restricted stock equal to five percent (5%) or 500,000 of the issued and outstanding voting stock of LedgerPay. The award shall vest over the initial term at a rate of 12.5% every three-month period following the effective date provided the executive remains employed by the Corporation as of the end of each such three-month period. The award is convertible into 1,062,500 the Corporation common shares at the holder's choice. Those shares are currently not converted.

In 2019, the Corporation entered into two employment agreements that granted an award of restricted stock equal to five percent or 1,000,000 of the issued and outstanding voting stock of LedgerPay. The shares of LedgerPay are convertible into Common Shares of the Corporation based on the ratio of 1:2.124 per share. Upon fully vesting, the issuance will result in a dilution in the Corporation's interest in LedgerPay to 80%.

For the three and nine months ended September 30, 2021 the Corporation recorded non-controlling interest of ($105) and ($212). (September 30, 2020 — $127 and $154.)

15. REVENUE

(i) The following table sets out the Corporation's revenues by type.

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Professional Services	$12,560	$ 8,989	$35,078	$27,273
Maintenance, License and other	$ 4,794	3,691	$11,905	9,418
Payment Processing Services	$10,407	—	$16,400	—
	$27,761	$12,680	$63,383	$36,691
(ii) The following table shows geographic area				
USA	$25,803	$10,906	$56,530	$31,796
Canada	$ 1,958	1,774	$ 6,853	4,895
	$27,761	$12,680	$63,383	$36,691

16. SEGMENT REPORTING

The Corporation's operating business segments include strategic units that offer different products and services. The Corporation has two operating business segments: Cloud Solutions and Payment Solutions.

(Expressed in thousands of United States Dollars)

16. SEGMENT REPORTING (Continued)

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. The Corporation's cloud solutions business 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 Payment Solutions segment has a diverse portfolio of merchant accounts on which it provides scalable processing solutions, payment processing equipment and software corresponding to each card solution, with complimentary support services designed to best meet each new and existing merchant's specific needs and online age verification software offered through the Corporation's AgeChecker.Net platform.

The Corporation evaluates each segment's performance based on Adjusted Earnings before Interest, Taxes, Depreciation, and Amortization ("Adjusted EBITDA"). The Corporation's method of calculating Adjusted EBITDA may differ from that of other corporations and therefore may not be comparable to measures utilized by them. The Corporation defines Adjusted EBITDA as earnings before certain charges that management considers to be non-operating expenses and which consist of interest, taxes, depreciation, amortization, foreign exchange, share-based compensation, transaction related expenses, acquisition related compensation, 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 ceritifications required to complete Ledger Pay.

SEGMENT INFORMATION

	Nine months ended					
	September 30, 2021			September 30, 2020		
	Global Cloud Solutions	Global Payment Processing Solutions	Consolidated	Global Cloud Solutions	Global Payment Processing Solutions	Consolidated
Revenue	$46,983	$16,400	$63,383	$34,372	$2,319	$ 36,691
Expenses	41,218	12,214	53,432	29,922	848	30,770
EBITDA (Adjusted)	5,765	4,186	9,951	4,450	1,471	5,921
All Other Expenses			17,865			17,826
Net Loss			$ (7,914)			$(11,905)

	Three months ended					
	September 30, 2021			September 30, 2020		
	Global Cloud Solutions	Global Payment Processing Solutions	Consolidated	Global Cloud Solutions	Global Payment Processing Solutions	Consolidated
Revenue	$17,354	$10,407	$27,761	$11,509	$1,171	$12,680
Expenses	15,116	7,479	22,595	10,205	426	10,631
EBITDA (Adjusted)	2,238	2,928	5,166	1,304	745	2,049
All Other Expenses			8,198			3,892
Net Loss			$ (3,032)			$ (1,843)

17. SUBSEQUENT EVENTS

On November 8, 2021, the Corporation signed a definitive agreement to acquire all of the issued and outstanding membership units of Austin, Texas-based Catapult Systems, LLC ("Catapult"), a Microsoft-focused digital solutions and services provider, for US$51.5 million in cash (the "Transaction**").** The transaction closed on November 22, 2021.

On November 17, 2021 the corporation closed a "bought deal" offering whereby 33,340,000 common shares of the Corporation (the "Offered Shares") were issued at a price of CAD$1.20 per Offered Share (the "Issue Price") for aggregate gross proceeds to Quisitive of approximately CAD$40 million (the "Offering"). The Corporation has granted the Underwriters an option, exercisable, in whole or in part, at any time not later than the 30th day following the closing of the Offering, to purchase up to an additional 15% of the Offering at the Issue Price for market stabilization purposes and to cover over-allotments, if any (the "Over-Allotment Option").

In connection with the Offering, the Underwriters will receive a cash commission equal to 6% of the gross proceeds from the sale of the Offered Shares (including any Offered Shares issued pursuant to the exercise of the Over-Allotment Option).

The acquisition of Catapult was financed through a combination of funds received from the Offered Shares, cash on hand, and additional amounts from the BMO Loan Agreement. Concurrent with the closing of Catapult the Corporation drew an additional US$15 million on the BMO Loan Agreement.

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