



## Quisitive Technology Solutions Inc. Reports Fiscal 2019 First Quarter Results

### 66.1% Year on Year Growth

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Toronto, May 30, 2019, /CNW/ – [Quisitive Technology Solutions Inc.](#) (Quisitive or the “Corporation “) (TSXV: QUIS), a premier Microsoft solutions provider, announced today that it has achieved quarterly revenues of \$4.0 million or 66.1% year over year growth while driving operational performance of adjusted EBITDA of \$222,746 or 5.6% of revenue for the quarter ended March 31, 2019.

“The Microsoft cloud assessment pipeline momentum we had coming out of 2018 Q4 enabled Quisitive to start strong in 2019, closing five net new cloud migration projects in the first quarter of 2019,” said Mike Reinhart, CEO. “That volume of net new customer cloud migration work is a key performance indicator of the trajectory the organization is on.”

#### **FY2019 Q1 Financial Results:**

- Revenue for the quarter ended March 31, 2019 were \$4,008,834 or 66.1% revenue growth from March 31, 2018. Total revenue is comprised of professional services revenues from consulting, implementation and training services related to the Corporation’s Microsoft service offerings and Microsoft Cloud Solution Provider (“CSP”) program. Quisitive’s core strengths include deep expertise across the Microsoft technology stack including; Microsoft Azure, Office 365, SharePoint, SQL, Microsoft cloud licensing management, blockchain, artificial intelligence, machine learning and IoT. Quisitive currently services enterprise customers with annual revenues between \$25M-\$5B across North America. Quisitive, LLC was acquired on January 23, 2018 and results thereafter have been included in operations.
- During the quarter Quisitive managed 65 customer engagements, including 52 Microsoft Azure Cloud Assessments and 13 new customer projects in Microsoft Azure, Office 365, and blockchain custom development.
- Gross margin for the quarter ended March 31, 2019 was \$1,605,013 or 40.0% of revenue. This is a strong quarter, with internal utilization rates in excess of 80%. Gross margin for the quarter ended March 31, 2018 was \$966,917 or 40.0% of revenues. Overall gross margin increased 66% year over year.
- Acquisition related expense for the quarter ended March 31, 2019 was \$54,100 a reduction of 65.1% from the quarter ended March 31, 2018. In March 31, 2018, the Corporation had completed the acquisition of Quisitive, LLC on January 23, 2018 and hence had additional acquisition related costs in that quarter. The Corporation continues to explore target acquisitions to execute on its consolidation strategy of building the North America’s premier Partner of the Future for Microsoft.

- Depreciation for the quarter ended March 31, 2019 was \$148,719 compared with \$25,015 in the quarter ended March 31, 2018. Under the newly adopted IFRS 16 Lease standard, the right-to-use lease asset must be capitalized, and depreciated. The Corporation incurred depreciation charges of \$106,235 related to this asset.
- Net loss for the quarter was \$656,545, an increase of 16.1% compared a loss of \$782,977 in the quarter ended March 31, 2018.
- Net loss per share for the quarter ended March 31, 2019 was (\$0.01) compared with a loss of (\$0.02) for the quarter ended March 31, 2018.
- Adjusted EBITDA for the quarter ended March 31, 2019 was \$222,746 or 5.6% of revenue. This is a significant increase from the quarter ended March 31, 2018 where the adjusted EBITDA was a loss of (\$23,676) or (1%) of revenue.
- DSO for the quarter ended March 31, 2019 was 44 days compared with 52 days for the quarter ended March 31, 2018.
- Total shares outstanding as of May 30, 2019 was 84,931,013.
- As of March 31, 2019 the Corporation had 74 employees, with 80% of human capital being customer facing solution experts.

### **FY2019 Q1 Business Highlights:**

- Quisitive had the pleasure of kicking the quarter off by [ringing the bell](#) to open the Market on the TSX.
- Quisitive was awarded a 2019 [services contract with Cinemark](#) (NYSE: CNK) to service Cinemark's Microsoft-centric initiatives.
- Quisitive [demonstrated best-in-class](#) capability and marketing leadership through the achievement of five Microsoft competencies; Application Development, Cloud Platform, Cloud Productivity, Datacenter and Collaboration and Content.
- Quisitive achieved [Microsoft Cloud Solution Provider \(CSP\)](#) Direct status, allowing the Corporation to be the center of the customer relationship by providing direct billing, managed services, as well as direct provisioning, management and support of Microsoft Office 365 and Microsoft Azure. The Corporation rolled out a targeted Go-To-Market motion after the announcement was made and saw early success with three CSP customer wins in the quarter ended March 31, 2019.
- Quisitive added a new cloud-based [Supply Chain & Manufacturing](#) case study to the growing industry portfolio, demonstrating how leveraging Microsoft Azure, blockchain, artificial intelligence (AI), computer vision, neuro-linguistic programming (NLP), and Internet of Things (IoT) can quickly address supply chain needs to bring visibility into the supply chain and improve operations.
- Quisitive's Q1 customer wins and project momentum included;
  - The Corporation secured a large scale blockchain application project with a global financial services customer.
  - The Corporation applied its Microsoft Office 365 expertise to transform a luxury retailer's internal workplace collaboration & communication toolset across 14,300 employees.
  - The Corporation leveraged skill set in Office 365 through a project targeted at enabling 2 newly acquired companies to quickly integrate and develop a single foundation for communication and collaboration.
- The Corporation continues to have success with the Quisitive Azure Assessment program. This program was designed to guide customers from hesitation to Microsoft cloud adoption. During the quarter ending in March 31, 2019, Quisitive ran 52 assessments, completing 39. The program converted 5 assessments, transitioning customers from assessment into Azure migration projects.

Members of Qusitive's executive management team will host a conference call to discuss the Corporation's financial results and provide an update on the Corporation's M&A strategy at 8:30am ET on Tuesday, June 4, 2019.

### **Conference Call Access**

To access the conference call by phone, please dial the following numbers.

Canada/United States: 1-800-319-4610

Toronto Toll: 1-416-915-3239

The Company's unaudited financial statements for the quarter ended in March 31, 2019 and related management's discussion and analysis can be found on the Company's website and at [www.sedar.ca](http://www.sedar.ca). All figures are expressed in United States dollars unless otherwise stated.

The Corporation will simultaneously conduct an audio webcast on the Qusitive website at <https://www.qusitive.com/investor-relations/reporting/>. Phone conference dial-in or webcast login is required approximately 10 minutes beforehand and ask to join the Qusitive Technology Solutions earnings call.

Replays of the conference call will be available following the call.

We encourage you to access the presentation material in the Investors section of Qusitive's website at <https://qusitive.com/investor-relations/>.

### **About Qusitive:**

Qusitive is a premier Microsoft solutions provider that helps customers navigate the ever-changing technology climate that their business relies upon. With a legacy of innovation and deep technical expertise, Qusitive is empowering the enterprise to harness the Microsoft cloud and emerging technologies such as blockchain, artificial intelligence (AI), machine learning, and the Internet of Things (IoT) through customized solutions and first-party cloud-based products.

Qusitive is uniquely comprised of former Microsoft leaders and technologists who share a deep understanding of market needs and the appropriate application of Microsoft cloud technology. Qusitive serves clients globally with offices in Dallas, TX, Denver, CO and Toronto, Ontario. For more information, visit <http://www.Qusitive.com> or follow [@BeQusitive](https://twitter.com/BeQusitive).

### **For further information, please contact:**

Mike Reinhart – Chief Executive Officer  
[mike@reinhart@qusitive.com](mailto:mike@reinhart@qusitive.com)

### **Reconciliation of Non-GAAP Financial Measures - Adjusted EBITDA and Adjusted EBITDA as a percentage of revenue**

We prepare and release quarterly unaudited and annual audited financial statements prepared in accordance with IFRS. We also disclose and discuss 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. We believe that current shareholders and potential investors in our company use non-GAAP financial measures, such as Adjusted EBITDA and Adjusted EBITDA as a percentage of revenues, in making investment decisions about our company and measuring our operational results.

The term "Adjusted EBITDA" refers to a financial measure that we define as earnings before certain charges that management considers to be non-operating expenses and which consist of interest, taxes, depreciation, amortization, stock-based compensation (for which we include related fees and taxes), acquisition-related

expenses and listing expense. 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 non-operating 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 we reference to both measure our operations and as a basis of comparison of our operations from period-to-period.

Management believes that investors and financial analysts measure our business on the same basis, and we are providing the Adjusted EBITDA financial metric to assist in this evaluation and to provide a higher level of transparency into how we measure our own business. However, Adjusted EBITDA and Adjusted EBITDA as a percentage of revenues are non-GAAP financial measures and may not be comparable to similarly titled measures reported by other companies. Adjusted EBITDA and Adjusted EBITDA as a percentage of revenues should not be construed as a substitute for net income determined in accordance with IFRS or other non-GAAP measures that may be used by other companies, such as EBITDA. The use of Adjusted EBITDA and Adjusted EBITDA as a percentage of revenues does have limitations. As these acquisition-related expenses charges may continue as we pursue our consolidation strategy, some investors may consider these charges and expenses as a recurring part of operations rather than expenses that are not part of operations.

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<b>Reconciliation of Adjusted EBITDA loss</b>	<b>Quarter ended March 31, 2019</b>	<b>Quarter ended March 31, 2018</b>
Net loss for the period	\$ (656,545)	\$ (782,977)
Adjustments to reconcile to Adjusted EBITDA		
Income tax expense	-	7,800
Deferred income tax expense		439,100
Interest expense	210,885	118,295
Amortization	403,581	14,091
Depreciation	148,719	25,015
Share-based compensation	45,745	-
Financing costs	16,262	-
Acquisition related expenses	54,100	155,000
<b>Adjusted EBITDA (loss)</b>	<b>222,747</b>	<b>(23,676)</b>
<b>Adjusted EBITDA (loss) as a percentage of</b>	<b>5.5%</b>	<b>(1.0%)</b>

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

*Forward-Looking Statements: Some statements in this news release contain forward-looking information. These statements include, but are not limited to, statements with respect to proposed activities, consolidation strategy and future expenditures. These statements address future events and conditions and, as such, involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the statements. Such factors include, among others the limited history of operations, lack of profitability, availability of financing, the need for additional financing and the timing and amount of expenditures, ability to successfully execute on consolidation strategies, the failure to find economically viable acquisition targets, funding for internally developed technology solutions, client retention and attrition, client demands, reliance on key personnel, economic spending in the IT industry and technological changes in the IT industry. Quisitive Technology Solutions Inc. does not assume the obligation to update any forward-looking statements.*