QUISITIVE TECHNOLOGY SOLUTIONS, INC. (formerly Nebo Capital Corp.)

Condensed Consolidated Interim Financial Statements
For the Three Months ended March 31, 2019 and 2018
(Expressed in United States Dollars)

Notice of No Auditor Review of Interim Financial Statements

The accompanying unaudited condensed consolidated interim financial statements have been prepared by management and approved by the Audit Committee.

The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditors.

QUISITIVE TECHNOLOGY SOLUTIONS, INC. (formerly Nebo Capital Corp.)
Condensed Consolidated Interim Statements of Financial Position
(Unaudited)
(Expressed in United States Dollars)

	March 31, 2019	December 31, 2018
Assets		
Current		
Cash	$ 66,955	$ 273,448
Accounts receivable (Note 5)	1,951,689	1,400,739
Work in progress	461,284	510,444
Prepaid expenses	277,669	191,971
	2,757,597	2,376,602
Deposits	27,347	27,347
Property and equipment, net (Note 6)	1,240,183	179,840
Intangible assets (Note 7)	4,518,991	4,922,572
Goodwill (Note 8)	5,752,748	5,752,748
Total Assets	**$ 14,296,866**	**$ 13,259,109**
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 1,823,844	$ 2,071,222
Operating line of credit (Note 9)	1,014,171	230,253
Accrued state taxes	38,187	38,187
Lease liability (Note 2(g) ii)	421,421	-
Contingent consideration (Note 3)	1,201,880	1,186,094
Note payable (Note 10)	5,244,851	5,244,851
	9,744,354	8,770,607
Lease liability (Note 2(g) ii)	674,516	-
Total Liabilities	10,418,870	8,770,607
Shareholders' equity		
Share capital (Note 12(a))	9,117,405	9,117,405
Warrants (Note 12(b))	1,551,091	1,551,091
Contributed surplus	415,332	374,266
Deficit	(7,233,857)	(6,593,814)
Equity attributable to owners of the Corporation	3,849,971	4,448,948
Non-Controlling Interest (Note 16)	28,025	39,554
	3,877,996	4,488,502
Total Liabilities and Shareholders' Equity	**$ 14,296,866**	**$ 13,259,109**

Going Concern (Note 2(a))

Approved on behalf of the Board:

"Mike Reinhart"
…………………………………………………
Mike Reinhart, Chairman and 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. (formerly Nebo Capital Corp.)
Condensed Consolidated Interim Statements of Comprehensive Loss
(Unaudited)
(Expressed in United States Dollars)

		March 31, 2019		March 31, 2018*
Revenue	$	4,008,834	$	2,413,514
Cost of Revenue		2,403,820		1,446,597
Gross Margin		1,605,013		966,917
Operating Expenses				
Sales and marketing expense		659,169		289,333
General and administrative		723,097		701,260
Amortization (Note 7)		403,581		14,091
Interest expense		210,885		118,295
Finance costs		16,262		-
Stock based compensation (Note 12(c))		45,745		-
Acquisition related expenses (Note 3)		54,100		155,000
Depreciation (Note 6)		148,719		25,015
Loss Before Income Taxes		(656,545)		(336,077)
Current income tax		-		7,800
Deferred income tax				439,100
Net Loss	$	(656,545)	$	(782,977)
Comprehensive Loss				
Comprehensive Loss Attributed to:				
Owners of the Corporation	$	(640,043)	$	(781,236)
Non-controlling interest (Note 16)		(16,502)		(1,741)
	$	(656,545)	$	(782,977)
Basic and Diluted Loss Per Share (Note 13)	$	(0.01)	$	(0.02)
Weighted Average Number of Common Shares Outstanding		84,831,013		40,664,108

*The Corporation retrospectively applied IFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated. See Note 2(f).

*The Corporation retrospectively applied IFRS 16 using the modified retrospective approach. Under this method, the comparative information is not restated. See Note 2(g)ii.

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

QUISITIVE TECHNOLOGY SOLUTIONS, INC. (formerly Nebo Capital Corp.)

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Unaudited)
(Expressed in United States Dollars)

	Share Capital						
	Number	Amount	Contributed Surplus	Warrants	Deficit	Non-Controlling Interest	Total
		$	$	$	$	$	$
Balance, February 8, 2017	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Shares on incorporation	1,000,000	1	-	-	-	-	1
Balance, December 31, 2017*	**1,000,000**	**1**	**-**	**-**	**-**	**-**	**1**
Shares issued from private placements	62,067,288	8,178,156	-	-	-	-	8,178,156
Shares issuance costs		(704,732)	-	-	-	-	(704,732)
Share issued in connection with Quisitive acquisition	11,588,725	466,562	-	-	-	-	466,562
Warrants	-	(1,214,327)	-	1,214,327	-	-	-
Broker warrants	-	(336,764)	-	336,764	-	-	-
Shares issued pursuant to RTO	10,175,000	2,728,509	23,042	-	-	-	2,751,551
Stock-based compensation	-		351,224	-	-	55,940	407,164
Net loss for the year	-		-	-	(6,593,814)	(16,386)	(6,610,200)
Balance, December 31, 2018	**84,831,013**	**$ 9,117,405**	**$ 374,266**	**$ 1,551,091**	**$ (6,593,814)**	**$ 39,554**	**$ 4,488,502**
Stock-based compensation			41,066			4,973	46,039
Net loss for the period					(640,043)	(16,502)	(656,545)
Balance, March 31, 2019	**84,831,013**	**$ 9,117,405**	**$ 415,332**	**$ 1,551,091**	**$ (7,233,857)**	**$ 28,025**	**$ 3,877,996**

*The Corporation retrospectively applied IFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated. See Note 2(f).

*The Corporation retrospectively applied IFRS 16 using the modified retrospective approach. Under this method, the comparative information is not restated. See Note 2(g)ii.

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

QUISITIVE TECHNOLOGY SOLUTIONS, INC. (formerly Nebo Capital Corp.)

Condensed Consolidated Interim Statements of Cash Flows
(Unaudited)
(Expressed in United States Dollars)

	Three Months Ended	
	March 31, 2019	**March 31, 2018***
Operating Activities		
Net income (loss) for the quarter	$ (656,545)	$ (782,977)
Items not involving cash		
Amortization	403,581	14,091
Depreciation	148,719	25,015
Stock-based compensation	45,745	-
Accretion of contingent consideration and lease liability (Note 3, 2 (g) i)	16,262	-
	(42,238)	(304,771)
Changes in non-cash working capital		
Accounts receivable	(550,950)	(513,685)
Work in progress	49,159	(367,670)
Prepaid	(85,699)	23,886
Accounts payable and accrued liabilities	(247,559)	200,665
Accrued income taxes	-	7,800
Cash Used in Operating Activities	(877,287)	(953,776)
Investing Activities		
Purchase of equipment	(5,063)	(3,259)
Purchase of intangibles	-	-
Acquisition of Quisitive, net of cash acquired (Note 3)	-	(3,904,876)
Cash Used in Investing Activities	(5,063)	(3,908,135)
Financing Activities		
Share subscriptions received, net of issuance costs	-	7,142,049
Proceeds from factoring operating line of credit (Note 9)	783,917	-
Draw (repayment) of operating line of credit (Note 9)	-	77,698
Payment of lease liabilities	(108,060)	
Repayment of equipment lease loan	-)	(11,885)
Cash Provided by Financing Activities	675,857	7,207,862
Foreign Exchange Effect on Cash	-	-
Inflow/Outflow of Cash	(206,493)	2,345,950
Cash, Beginning of Year	273,448	95,124
Cash, End of Year	$ 66,955	$ 2,441,073

*The Corporation retrospectively applied IFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated. See Note 2(f).

*The Corporation retrospectively applied IFRS 16 using the modified retrospective approach. Under this method, the comparative information is not restated. See Note 2(g)ii

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

1. NATURE OF OPERATIONS

Quisitive Technology Solutions, Inc. ("Quisitive" or the "Corporation"), formerly Nebo Capital Corporation ("Nebo"), is the parent Corporation of Fusion Agiletech Partners, Inc. (formerly Fusion Martech Partners, Inc.) ("Fusion Canada") which was incorporated on February 8, 2017 under the *Business Corporation Act* (Ontario).

Nebo Capital Corporation was classified as a Capital Pool Corporation ("CPC") as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4 ("Policy 2.4"). As a CPC, the Corporation's immediate objective was to identify and acquire either operating assets or a business, subject to shareholders' approval, that meet the criteria of a Qualifying transaction as defined by the TSX-V ("Qualifying Transaction").

On August 8, 2018, the Qualifying Transaction occurred pursuant to a definitive Business Combination Agreement. The Qualifying Transaction or Reverse Take Over ("RTO") was approved by the TSX-V and proceeded by way of a three cornered amalgamation (the "Amalgamation") pursuant to which Fusion Canada amalgamated with Nebo Acquisition Corp., a wholly-owned subsidiary of Nebo incorporated under the laws of Ontario, and Nebo acquired all of the issued and outstanding common shares of Fusion Canada (the "Fusion Shares"), in exchange for Nebo's shares on a 1:1 basis, such that Fusion Canada became a wholly-owned subsidiary of Nebo. The Amalgamation also provided that all outstanding convertible securities to purchase Fusion Canada's Shares were either exchanged in accordance with their terms, on a 1:1 basis, for economically equivalent securities of Nebo or became exercisable for equivalent securities of Nebo in lieu of securities of Fusion Canada and otherwise on the same terms and conditions. In connection with the closing of the Qualifying Transaction, Nebo also changed its name from "Nebo Capital Corp." to "Quisitive Technology Solutions, Inc.". See Note 4 for further details.

The common shares of Quisitive are listed on the TSX Venture Exchange (the "TSX-V") under the symbol "QUIS". The Corporation is a holding Corporation that has been incorporated to acquire IT service companies in the United States and Canada. The address of the Corporation's registered office is 161 Bay Street, Suite 2325, Toronto, Ontario, M5J 2S1.

Fusion Agiletech Holdings Ltd. ("Fusion Holdings")), a wholly-owned subsidiary of Fusion Canada, was incorporated on December 22nd, 2017 under the General Corporate Law of the State of Delaware. Fusion Holding's registered office is 919 North Market Street, Suite 950, Wilmington, Delaware, 19801. In connection with the Qualifying Transaction, Fusion Holdings changed its name to Quisitive Ltd.

LedgerPay was incorporated on December 26th, 2017 under the General Corporate Law of the State of Delaware. LedgerPay's principal activity is to develop, promote and sustain blockchain-enabled payments-related software products. Fusion Holdings owns 92.1% of LedgerPay. The address of the LedgerPay's registered office is 919 North Market Street, Suite 950, Wilmington, Delaware, 19801.

On January 22, 2018, Fusion Holdings entered into a definitive agreement to acquire the shares of Quisitive, LLC. The transactions closed on January 23, 2018 (see Note 3) and the operations of Quisitive, LLC since January 24, 2018 have been reflected in the consolidated financial statements.

Quisitive, LLC is a Texas Limited Liability Corporation and provides capabilities in customer-oriented information technology solutions, specializing in blockchain and transformative technologies, strategy and management consulting, agile software development, digital transformation, cloud and data analytics. Quisitive, LLC's headquarters is 1431 Greenway Drive, Suite 1000, Irving, TX 75038 and has a secondary office in Denver, Colorado.

2. SIGNIFICANT ACCOUNTING POLICIES

(A) GOING CONCERN:

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the basis of presentation outlined in Note 2(b) on the assumption that the Corporation is a going concern and will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Corporation has experienced losses since inception and has a working capital deficiency and significant debt obligations. Additional financing will be required to support operating and investing activities and refinance debt obligations, as the Corporation intends to expand its operations in the foreseeable future. There is no certainty that additional financing will be available or that it will be available on attractive terms.

The above condition indicates the existence of a material uncertainty that may cast significant doubt as to the Corporation's ability to continue as a going concern. The consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumptions were not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses, and the consolidated statement of financial position classification used.

(B) BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements for the quarter ended March 31, 2019 of the Corporation were prepared using the same accounting policies and methods as those used in the Corporation's consolidated financial statements for the year ended December 31, 2018 (the "2018 Consolidated Financial Statements") except as described in Note 3. These interim financial statements are in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed.

The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Corporation's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements should be read in conjunction with the Company's 2018 Consolidated Financial Statements.

These financial statements were authorized for issue by the Board of Directors on May 30, 2019.

(a) *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.

All financial information is stated in United States of America Dollars ("US$"), except where otherwise noted.

(b) *Functional and reporting currency*

These consolidated financial statements are presented in US$. The functional currency of the Corporation and each of the Corporations' controlled subsidiaries is also US$.

(c) ***Basis of consolidation***

The consolidated financial statements include the Corporation and its wholly-owned subsidiaries Fusion Agiletech Partners, Inc., Quisitive Ltd. and Quisitive, LLC, as well as LedgerPay, which the Corporation owns an 88.9% interest. 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.

(d) ***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 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.

(e) ***Financial Instruments***

The Corporation classifies its financial assets and financial liabilities in the following measurement categories i) those to be measured subsequently at fair value through profit or loss (FVTPL); ii) those to be measured subsequently at fair value through other comprehensive income (FVOCI); and iii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Corporation reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income.

Impairment

The Corporation assesses all information available, including on a forward-looking basis the expected credit loss associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Corporation compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information. For trade receivables only, the Corporation applies the simplified approach as permitted by IFRS 9. The simplified approach to the recognition of expected losses does not require the Corporation to track the changes in credit risk; rather, the Corporation recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable.

Evidence of impairment may include indications that the counterparty debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Receivables are reviewed qualitatively on a case-by-case basis to determine whether they need to be written off.

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Corporation under the contract, and the cash flows that the Corporation expects to receive. The Corporation assesses all information available, including past due status, credit ratings, the existence of third-party insurance, and forward looking macro-economic factors in the measurement of the expected credit losses associated with its assets carried at amortized cost.

The Corporation measures expected credit loss by considering the risk of default over the contract period and incorporates forward-looking information into its measurement.

Summary of the Corporation's Classification and Measurements of Financial Assets and Liabilities

	IFRS 9		IAS 39	
	Classification	**Measurement**	**Classification**	**Measurement**
Cash	FVTPL	Fair value	Loans and receivables	Fair Value
Accounts receivables	Amortized cost	Amortized cost	Loans and receivables	Amortized cost
Accounts payables and accrued liabilities	Amortized cost	Amortized cost	Other liabilities	Amortized cost
Operating line of credit	Amortized cost	Amortized cost	Other liabilities	Amortized cost
Note payable	Amortized cost	Amortized cost	Other liabilities	Amortized cost
Contingent consideration	FVTPL	Fair value	FVTPL	Fair Value

(f) Adoption of IFRS 15 – Revenue from Contracts with Customers ("IFRS 15")

IFRS 15 introduced a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRSs. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps: i) identify the contract with a customer; ii) identify the performance obligations in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligations in the contract; and v) recognize revenue when (or as) the entity satisfies a performance obligation.

On January 1, 2018, the Corporation adopted IFRS 15 – Revenue from Contracts with Customers using the cumulative effect method; therefore, comparative information has not been restated.

The adoption of IFRS 15 did not result in any changes to the Corporation's accounting policies for revenue recognition and therefore, did not result in any transitional adjustments to the Corporation's consolidated financial statements.

(g) Adoption of IFRS 16 Leases ("IFRS 16") –

IFRS 16 introduced a single, on-balance sheet accounting approach for leases. Effective January 1, 2019, the Corporation adopted IFRS 16 using the modified retrospective approach for recognizing the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings as January 1, 2019. Comparative information has not been restated and continues to be reported under IAS17.

Under the new standard the Corporation assesses whether at contract inception, such contract contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control or use an identified asset for a period of time in exchange for consideration.

i) Significant Accounting Policies

The Corporation records a right-of-use asset and lease liability at the lease commencement date. The right-of use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the Corporation's incremental borrowing rate. Payments included in the measurements of the liability include fixed payments and payments expected to be made where a renewal/extension option is reasonably certain to be exercised. The lease liability is subsequently increased by the interest cost and decreased by lease payments made. The liability is remeasured when there is a change in the future lease payments arising from the exercise of extension options, changes in the assessment of extension options reasonably expected to be excised, renegotiations with lessors and contract amendments, changes in the scope of a lease due to certain contract rights being exercised, and changes in assessments of termination options reasonably expected to be exercised.

The Corporation elected to record the right-of-use assets based on the corresponding lease liability. In addition, the Company has elected to apply the practical expedient to account for leases for which the lease term ends within 12 months of the date of initial applications short term leases.

ii) Impacts on Financial Statements

On initial transition, the Corporation has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Right - of-use assets and lease liabilities of $1,203,998 were recorded on January 1, 2019. There was no net impact on opening retained earnings on adoption.

(Expressed in United States Dollars)

The following is a table that reconciles the Corporation's operating lease obligations at December 31, 2018 as previously disclosed in the Corporation's 2018 Consolidated Financial Statements to the IFRS 16 lease liability recognized on January 1, 2019. The discount rate applied at January 1, 2019 was 5.3%. A reconciliation of the lease liabilities during the three months ended March 31, 2019 is as follows:

Commitments, December 31, 2018	$	1,507,950
Less: Non-lease commitments		210,549
Undiscounted lease obligation at January 1, 2019		1,297,401
Discount		(93,402)
Balance, right-of-use asset January 1, 2019	$	1,203,998

(h) *Upcoming Accounting Pronouncements*

IFRIC 23 Uncertainty over Income Tax Treatments (issued in June 2017) – The Interpretation, applicable to annual periods beginning on or after January 1, 2019 (earlier application permitted), provides guidance on how to reflect the effects of uncertainty in accounting for income taxes under IAS 12, in particular (i) whether uncertain tax treatments should be considered separately, (ii) assumptions for taxation authorities' examinations, (iii) determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, and tax rates, and (iv) effect of changes in facts and circumstances. The Corporation has not assessed the impact on the financial statements.

3. BUSINESS COMBINATIONS

On January 23, 2018, Fusion Holdings (now Quisitive, Ltd) purchased the equity interests in Quisitive, LLC to obtain control.

The aggregate consideration paid by the Corporation to acquire Quisitive, LLC is comprised of:

(i) $2,071,843 paid in cash at closing;
(ii) $1,228,157 issued as a short term note, which was subsequently paid on March 29, 2018;
(iii) 11,588.738 shares in Fusion Holdings, convertible on a 1:1,000 basis into shares of parent Corporation Fusion Agiletech Partner;
(iv) $700,000 paid in cash to for settlement of lawsuit by the former shareholders of Quisitive LLC; and
(v) Contingent consideration up to $2,500,000.

As part of the compensation for the Quisitive, LLC membership units, Fusion Holdings entered into an earn-out with certain former Quisitive, LLC members (the "Contingent Consideration"). The Contingent Consideration has a maximum payout of $2,500,000 which is based on a five times EBITDA exceeding $1,700,000 to a maximum of $2,200,000 eligible in either 2018 or fiscal 2019. Management has estimated the fair market value of the Contingent Consideration to be $1,125,000 by estimating the likelihood of achieving such Contingent Consideration goals and applying a present value at discount rate of 5.3% to such likely amounts. As of March 31, 2019 the present value of the contingent consideration is $1,201,880 and the company has recorded accretion of $14,902 during the quarter ended March 31, 2019 which is recorded in interest expense in the condensed consolidated interim statements of comprehensive loss. The EBITDA targets are eligible for 2019.

(Expressed in United States Dollars)

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 acquire, and liabilities assumed were recorded at their estimated fair value at the acquisition date.

The fair values shown below for Quisitive, LLC are final.

Purchase price consideration		
Cash paid	$	4,000,000
Shares issued		466,562
Fair value of contingent consideration		1,125,000
Consideration of the acquisition	$	5,591,562
Cash		95,124
Other current assets	$	1,611,070
Deposit		27,347
Property and equipment		280,433
Other intangibles		42,732
Tangible assets acquired		2,056,706
Current liabilities		(1,636,244)
Operating line of credit		(1,392,357)
Equipment lease		(194,440)
Note payable		(5,244,851)
Total liabilities	$	(8,467,892)
Net tangible liabilities assumed		(6,411,186)
Finite life intangibles asset acquired:		
Microsoft relationship		3,860,000
Customer relationship		2,390,000
Goodwill		5,752,748
	$	5,591,562

From January 23, 2018, for the year ended December 31, 2018, Quisitive, LLC contributed revenue of $12,606,724, gross profit of $4,673,424 and a net loss of $477,265. As of December 31, 2018, the Corporation expensed $163,691 in acquisition related costs to complete the transaction.

The acquired intangible assets are being amortized over their estimated useful lives as follows:

Microsoft relationship	5 years
Customer relationship	3 years

4. REVERSE ACQUISITION OF NEBO CAPITAL CORPORATION

On August 8, 2018, Nebo completed its Qualifying Transaction, which was effected pursuant to an agreement between Nebo and Fusion Canada. As part of the agreement, Nebo acquired all the issued and outstanding shares of Fusion Canada.

As part of the Qualifying Transaction, Fusion Canada amalgamated with a wholly-owned subsidiary of Nebo Capital Corp (the “Amalgamation”), pursuant to which all shares of Fusion Canada, were exchanged for shares of Nebo.

(Expressed in United States Dollars)

The Transaction proceeded by way of a three cornered amalgamation (the "Amalgamation") pursuant to which Fusion Canada amalgamated with Nebo Acquisition Corp., a wholly-owned subsidiary of Nebo ("Subco") incorporated under the laws of Ontario, and Nebo acquired all of the issued and outstanding common shares of Fusion Canada (the "Fusion Shares"), in exchange for Nebo Shares on a 1:1 basis, such that Fusion Canada became a wholly-owned subsidiary of Nebo. The Amalgamation also provided that all outstanding convertible securities to purchase Fusion Canada shares were either exchanged in accordance with their terms, on a 1:1 basis, for economically equivalent securities of Nebo or became exercisable for equivalent securities of Nebo in lieu of securities of Fusion Canada and otherwise on the same terms and conditions. In connection with the closing of the Transaction, Nebo also changed its name from "Nebo Capital Corp." to "Quisitive Technology Solutions, Inc.".

Upon completion of the Transaction, there are an aggregate of 84,831,013 Quisitive Shares issued and outstanding (non-diluted) comprised of 10,175,000 common shares issued to former holders of Nebo common shares, and 74,656,013 common shares issued to former holders of Fusion Canada common shares, of which the shareholders of Nebo hold approximately 11.99%, and the shareholders of Fusion Canada hold approximately 88.01%.

Upon closing of the Qualifying Transaction, the former shareholders of Fusion Canada owned 88.01% of the common shares of the Corporation and as a result, the transaction is considered a reverse acquisition of Nebo by Fusion Canada. For accounting purposes, Fusion Canada is considered the acquirer and Nebo the acquiree. Accordingly, the consolidated financial statements are in the name of Nebo Capital Corporation which has since changed its name to Quisitive Technology Services, Inc. however, they are a continuation of the financial statements of Fusion Canada which has a financial year end of December 31.

The results of operations of Nebo are included in the consolidated financial statements as of the date of the reverse acquisition on August 8, 2018.

The following summarizes the reverse takeover of Nebo by Fusion Canada and the net assets acquired at August 8, 2018.

Fair value of consideration paid to former Nebo holders of:		
Common shares (10,175,000 common shares at CDN$0.35)	$	2,728,509
Options (150,000 options)		23,042
Total consideration		2,751,551
Less: Net identifiable assets acquired and liabilities assumed		(569,347)
Other expenses associated with listing		388,496
Total Listing expense	$	2,570,700

The Amalgamation with Nebo allowed the former Fusion Canada, a private Corporation, to obtain a listing on the TSX-V without having to go through the initial public offering process. As the acquisition was not considered a business combination, a total of $2,570,000, being the excess of fair value of the consideration paid to obtain the listing over the net assets (liabilities) received (assumed) is expensed for the year ended December 31, 2018.

(Expressed in United States Dollars)

5. ACCOUNTS RECEIVABLE

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

		March 31 2019		December 31, 2018
Accounts receivable	$	2,109,674	$	1,558,724
Less: Allowance for doubtful accounts		(157,985)		(157,985)
Net accounts receivable	$	1,951,689	$	1,400,739

The accounts receivable balance is factored (see Note 9) and the bank has recourse on the collections.

6. PROPERTY AND EQUIPMENT

		March 31 2019		December 31, 2018
Right-of-use lease	$	1,203,998		-
Computers and network equipment		122,239	$	117,175
Furniture and equipment		399,267		399,267
Leasehold improvements		36,239		36,239
Software		12,204		12,204
Total cost		1,773,947		564,885
Less accumulated depreciation		(533,764)		(385,045)
Net property and equipment	$	1,240,183	$	179,840

Depreciation expense for the quarter ended March 31, 2019 was $148,719 which included $106,235 depreciation on the right-of-use lease. Depreciation for the quarter ended March 31, 2018 was $25,015.

(Expressed in United States Dollars)

7. INTANGIBLE ASSETS

Intangible assets related to our Quisitive, LLC acquisition were recorded at the fair value at the acquisition date. Intangible assets with a finite life are amortized into income over their useful lives.

	Software	Website Development	Microsoft Relationship	Customer Relationship	Total
COST					
Balance, December 31, 2017	-	-	-	-	-
Acquired from business combination	-	88,449	3,860,000	2,390,000	6,338,449
Additions	40,157	45,844	-	-	86,001
Balance, December 31, 2018	40,157	134,293	3,860,000	2,390,000	6,424,450
Balance, March 31, 2019	40,157	134,293	3,860,000	2,390,000	6,424,450
ACCUMULATED AMORTIZATION					
Balance, December 31, 2017	-		-	-	-
Acquired from Quisitive, LLC		13,777			13,777
Amortization	-	18,282	723,353	746,466	1,488,101
Balance, December 31, 2018	-	32,059	723,353	746,466	1,501,878
Amortization		16,787	190,356	196,438	403,581
Balance, March 31, 2019	-	48,846	913,709	942,904	1,905,459
CARRYING VALUE					
December 31, 2017	-	-	-	-	-
December 31, 2018	40,157	102,234	3,136,647	1,643,534	4,922,572
March 31, 2019	40,157	85,447	2,946,291	1,447,096	4,518,991

Amortization expense for the quarters ended March 31, 2019 and 2018 was $403,581 and $14,091 respectively.

8. GOODWILL

		March 31 2019		December 31 2018
Balance, opening balance January 1	$	5,752,748	$	-
Additions – Quisitive, LLC (Note 3)	$	-	$	5,752,748
Balance, ending balance	$	5,752,748	$	5,752,748

The Corporation tests its Cash-Generating Unit ("CGUs") with indefinite life intangibles assets and/or allocated goodwill for impairment as at December 31 of each calendar year. For the purpose of the 2018 impairment test, management has determined that the Corporation is one CGU.

(Expressed in United States Dollars)

9. OPERATING LINE OF CREDIT

On October 12, 2018 the Corporation entered into a two-year master purchase and sale agreement with a US Bank where trade receivables of the Corporation are factored for interest and fees. 85% of the face value of factored receivables are advanced upon presentation of verified invoices, with the other 15% remitted back to the Corporation, net of interest and fees upon payment by the end customer. The $2,500,000 facility bears administrative expenses and an advance fee calculated as interest upon the daily net outstanding balance at LIBOR Daily Floating Rate plus 7% and will have additional service costs of 0.4% on outstanding invoices. Other facility fees, including shortfall and chargeback fees, among other fees apply. The facility is secured by a general security agreement over all of the assets of the Corporation. All transaction costs have been expensed as they are not material. As at March 31, 2019 there was $nil available for release.

	March 31 2019		December 31 2018	
Operating line of credit	$	1,014,171	$	230,253
Interest paid for the period ended	$	46,131	$	48,690

10. NOTE PAYABLE

The Corporation has a note payable with a private lender. Unpaid principal balance bears interest at 9%, increasing 0.05% every six months not to exceed 12%, maturing on February 23, 2020, secured by a second priority security interest in the Corporation's personal property. Interest on the first six months were not payable, and have been added to the principal balance of the debt per the agreement. Interest is payable monthly, and the principal is due February 23, 2020. There is a basic fixed charge coverage ratio covenant of at least 1.20 to 1.00 that is to be calculated on a trailing 12-month basis quarterly among other non-financial covenants that the Corporation must meet.

The note payable is subject to compliance with covenants and as of March 31, 2019 the Corporation was in violation of certain covenants. The Corporation has subsequently received a waiver from the private lender on such covenants.

	March 31 2019		December 31 2018	
Note payable	$	5,244,851	$	5,244,851
Interest expense for the period ended	$	158,147	$	559,961

(Expressed in United States Dollars)

11. LEASE COMMITMENTS

Quisitive has leased its two office facilities under separate non-cancellable operating leases. One has been accounted for under IFRS16, (see Note 2 (g) ii) and the second will expire in January 2020. Rent expense for the lease was $47,706 for the quarter ended March 31, 2019 (2018 – $118,266).

Future minimum cash payments required under the lease is as follows:

		March 31, 2019
2020	$	161,439
Total	$	161,439

12. SHARE CAPITAL

(a) Share Issuances

The Corporation is authorized to issue an unlimited number of common shares. As at March 31, 2019, 84,831,013 common shares were issued and outstanding as fully paid and non-assessable (March 31, 2018 – 74,227,441).

On February 8, 2017 1,000,000 shares were issued for CAD$1.

On January 16, 2018, Fusion Canada completed a private placement raising aggregate gross proceeds of $1,111,175 (CAD$1,380,000) through the sale of 27,600,000 common shares at CAD$0.05 per share.

On January 19, 2018, Fusion Canada completed a private placement raising aggregate gross proceeds of $398,574 (CAD$495,000) through the sale of 9,900,000 common shares at CAD$0.05 per share.

On January 22, 2018, 11,588.738 shares in Fusion Holdings convertible on a 1:1,000 basis into shares of the Corporation at a value of $466,562 were issued pursuant the Agreement and Plan of Merger and Membership Interest Purchase Agreement of Quisitive, LLC and on January 23, 2018 Fusion Holdings exchanged the 11,588.738 common shares for 11,588,725 common shares of Fusion Canada.

On March 29, 2018 the Corporation issued 24,138,716 common shares for CAD$0.35 per unit for $6,552,696 (CAD$8,448,550). Each unit consisted of one share and one half of one warrant. Each whole warrant entitles the holder thereof to acquire an additional share at a price of CAD$0.50. In connection with the offering, 1,647,711 additional broker warrants were issued, each unit which entitles the holder thereof to acquire common share at a price of CAD$0.35, expiring on earlier of (i) three years following Qualifying Transaction or (ii) June 1, 2022.

On June 1, 2018, the Corporation issued 428,572 units at a price of CAD$0.35 per unit for $115,710 (CAD$150,000). Each unit consists of one common share and one half of one warrant. Each whole warrant entitles the holder thereof to acquire an additional common share at a price of CAD$0.50. As part of the share issuance 214,286 warrants were issued with a strike price of CAD$0.50 and expire on the date which is the earlier of (i) 3 years following completion of the Qualifying Transaction or (ii) June 1, 2020. In addition, 30,000 broker warrants exercisable for units as described above were issued exercisable at CAD$0.35 and expiring on earlier of (i) three years following Qualifying Transaction or (ii) June 1, 2022.

(Expressed in United States Dollars)

In connection with the various issuances, the Corporation incurred total share issuance costs of $704,732 which have been recorded as a reduction in share capital.

On August 8, 2018, the Corporation issued 10,175,000 common shares in connections with the Qualifying Transaction at a price of CAD$0.35.

(b) Warrants Issued

As part of the share issuance of 24,138,716 common shares on March 29, 2018, 12,069,358 warrants were issued with a strike price of CAD$0.50 and expire on the date which is the earlier of (i) 3 years following completion of the Qualifying Transaction (see Note 4) or (ii) March 29, 2020. In addition, 1,647,711 broker warrants were issued exercisable at CAD$0.35 and expiring on earlier of (i) three years following Qualifying Transaction or (ii) March 29, 2022. Each unit is comprised of one and one half common shares of the Corporation. Each warrant is convertible into one common share, and each broker warrant is convertible into a unit which is one and one half common shares.

As part of the share issuance of 428,572 common shares on June 1, 2018, 214,286 warrants were issued with a strike price of CAD$0.50 and expire on the date which is the earlier of (i) 3 years following completion of the Qualifying Transaction (see Note 4) or (ii) June 1, 2020. In addition, 30,000 broker warrants exercisable for units were issued exercisable at CAD$0.35 and expiring on earlier of (i) three years following Qualifying Transaction or (ii) June 1, 2022. Each unit is comprised of one and one half common shares of the Corporation. Each warrant is convertible into one common share, and each broker warrant is convertible into a unit which is one and one half common shares.

Both the warrants and the broker warrants were valued using the Black-Scholes model and a total value of $1,551,091 was recorded. The weighted average assumptions used in the Black-Scholes model are as follows:

Risk-free interest rate	1.88% - 2.00%
Expected term (in years)	2-3
Estimated dividend yield	0%
Weighted-average estimated volatility	114.2-130.2%

(c) Stock Options

	Number of Options	**Weighted Average Exercise Price (CAD)**
Outstanding, December 31, 2017	-	-
Granted	2,880,000	0.35
Re-issue to former Nebo option holders	150,000	0.20
Outstanding December 31, 2018	3,030,000	0.34
Granted	-	
Outstanding March 31, 2019	3,030,000	0.34

The Corporation issued 2,880,000 options to employees and directors during 2018 (2017 – nil). All of the strike prices are CAD$0.35 per share and the vesting schedule is 1/3 are vested on the date of issue, 1/3 on the 1st anniversary and 1/3 on the 2nd anniversary. The fair value of these options was determined using the Black-Scholes option pricing model with the following weighted average assumptions:

(Expressed in United States Dollars)

Risk-free interest rate	2.03% – 2.19%
Expected term (in years)	5
Estimated dividend yield	0%
Weighted-average estimated volatility	104.8% - 141.1%
Weighted-average fair value per option	$0.19

The Corporation issued 150,000 options to former Nebo option holders. All of the strike prices are CAD$0.20 per share and vested on issuance. The options expire August 8, 2019. The fair value of these options was determined using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	2.10%
Expected term (in years)	1
Estimated dividend yield	0%
Weighted-average estimated volatility	104.8%
Weighted-average fair value per option	$0.15

For the quarter ended March 31, 2019, the Corporation recognized share-based compensation of $45,744 (2017 - $Nil) relating to the stock options that vested during the period.

The following options were outstanding at March 31, 2019:

Grant Date	Expiry Date	Exercise Price	Number of Options	Exercisable
April 9, 2018	April 9, 2023	$ 0.35	815,000	271,666
April 30, 2018	April 30, 2023	$ 0.35	100,000	33,333
June 3, 2018	June 3, 2023	$ 0.35	750,000	250,000
August 8, 2018	August 8, 2019	$ 0.20	150,000	150,000
August 17, 2018	August 17, 2023	$ 0.35	200,000	66,666
November 20, 2018	November 20, 2023	$ 0.35	1,015,000	338,333
			3,030,000	1,109,998

The weighted average contractual life for the remaining options as at March 31, 2019 is 4.11 years (2018 – nil).

(Expressed in United States Dollars)

13. NET LOSS PER SHARE

The Computation for basic and diluted net income (loss) per share for the quarter ended March 31, 2019 and 2018 are as follows:

		March 31 2019		March 31 2018
Net loss for the period	$	(656,545)	$	(782,977)
Weighted average number of shares outstanding, basic		84,831,013		40,664,108
Basic and Diluted Income (Loss) Per Share	$	(0.01)	$	(0.02)

For the quarter ended March 31, 2019, potentially dilutive shares related to warrants, broker warrants and options totaling 12,283,644, 2,516,566 and 3,030,000 respectively, have been excluded from the calculation of diluted number of shares because the impact would be anti-dilutive. For the quarter ended March 31, 2019,

14. FINANCIAL INSTRUMENTS

The carrying values of the cash, accounts receivable, accounts payable and accrued liabilities, and operating line of credit approximate their fair values due to their short term to maturity. The carrying value of the notes payable approximates fair value as they were at market rates of interest.

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 Canadian financial institution and the Corporation's concentration of credit risk for cash and maximum exposure thereto as of March 31, 2019 is CAD$6,951 (March 31, 2018 - CAD$2,764,156).

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 maximum exposure thereto as of March 31, 2019 is $1,951,689 (March 31, 2018 - $1,996,908). Accounts receivable are shown net of provision of credit losses of $157,985 for the quarter ended March 31, 2019 and $140,000 for the quarter ended March 31, 2018.

(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 March 31, 2019, the Corporation has $66,955 (March 31, 2018 - $2,441,073) of cash to settle current liabilities with the following due dates: accounts payable and accrued liabilities of $2,071,222 (March 31, 2018 - $1,486,438) and accrued state taxes of $38,187 (March 31, 2018 - $7,800) are due within three months. The Operating line will be due in October 2020. The note payable is due February 20, 2020 and the Contingent consideration, if earned, will be satisfied through issuance of shares. The lease liability will be paid monthly over the balance of the lease of which $421,421 is due in the next twelve months and $674,516 thereafter.

(Expressed in United States Dollars)

The Corporation manages its liquidity risk by relying upon its revenues and will have to raise additional funds through equity or debt financing to fund its current liabilities and operations.

(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.

(i) Interest rate risk

The Corporation is not exposed to significant interest rate risk as its note payable has a fixed rate of interest.

(ii) 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 March 31, 2019 and 2018, the Corporation's net exposure to foreign currency risk on its financial instruments were as follows:

	2019	2018
	CAD$	CAD$
Cash	9,279	2,764,156
Accounts payable and accrued liabilities	(397,588)	(354,587)
	(388,309)	2,409,569
United States dollar equivalent	$ (290,869)	$ 1,868,752

(iii) 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.

15. CAPITAL MANAGEMENT

The Corporation considers its capital to be comprised of shareholders' equity and debt obligations. The Corporation's objectives in managing its capital are to maintain its ability to continue as a going concern, to further develop its business and ensure compliance with covenants of any applicable credit facility and other financing facilities. To effectively manage the Corporation's capital requirements, the Corporation has a planning and budgeting process in place to meet its strategic goals.

The Corporation manages the capital structure and makes adjustments to it depending on economic conditions and the rate of anticipated expenditures. The Corporation arranged credit facilities with a

Canadian financial institution to maintain operations and future acquisitions. The Corporation may issue new shares or seek debt or streaming financing to ensure that there is sufficient working capital to meet its short-term business requirements.

16. NON-CONTROLLING INTEREST

The Corporation owns 88.9% of its subsidiary LedgerPay.

On January 22, 2018, Fusion Holdings 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, Fusion Holdings 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 Fusion Holdings as of the end of each such three-month period. The award is convertible into 1,062,500 Fusion common shares at the holder's choice. Those shares are currently not converted.

In connection with the above transactions, for the quarter ended March 31, 2019, the Corporation recorded non-controlling interest of $4,973 associated with the shares in LedgerPay granted as stock-based compensation.

The summarized financial information of LedgerPay for the quarter ended March 31, 2019 is as follows: Current loss of $148,514 with non-controlling interests of $16,502.

17. SEGMENT INFORMATION

The Corporation has one operating segment. The Corporation's assets and operations are substantially located in United States.

For the quarter ended March 31, 2019, revenue from one customer represented approximately 28% of the Corporation's total revenue, and accounts receivable from this customer represents 11% of the total accounts receivable as at March 31, 2019.