



**UNAUDITED CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS**

**For the three months ended March 31, 2020 and March 31, 2019**  
(expressed in thousands of United States dollars unless otherwise noted)

**QUISITIVE TECHNOLOGY SOLUTIONS, INC.**  
**Unaudited Condensed Consolidated Interim Financial Statements**  
**For the three months ended March 31, 2020 and 2019**  
**(Expressed in thousands of United States Dollars)**

<u>Index</u>	<u>Page</u>
Unaudited Condensed Consolidated Interim Financial Statements	
Unaudited Condensed Consolidated Interim Statements of Financial Position . . . . .	3
Unaudited Condensed Consolidated Interim Statements of Comprehensive Loss . . . . .	4
Unaudited Condensed Consolidated Interim Statements of Changes in Shareholders' Equity . . . . .	5
Unaudited Condensed Consolidated Interim Statements of Cash Flows . . . . .	6
Notes to the Unaudited Condensed Consolidated Interim Statements . . . . .	7

**QUISITIVE TECHNOLOGY SOLUTIONS, INC.**  
**Unaudited Condensed Consolidated Interim Statements of Financial Position**  
**March 31, 2020 and December 31, 2019**  
**(Expressed in thousands of United States Dollars)**

<u>As at</u>	<u>March 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
<b>Assets</b>		
<b>Current</b>		
Cash . . . . .	\$ 5,594	\$ 1,420
Restricted cash . . . . .	—	7,311
Accounts receivable (Note 4) . . . . .	7,215	3,965
Current income tax receivable . . . . .	69	331
Work in progress . . . . .	708	197
Prepaid expenses . . . . .	405	206
	<u>13,991</u>	<u>13,430</u>
Property and equipment, net (Note 5) . . . . .	1,095	900
Intangibles (Note 6) . . . . .	18,104	9,963
Goodwill . . . . .	22,507	15,006
<b>Total Assets</b> . . . . .	<b><u>\$ 55,697</u></b>	<b><u>\$ 39,299</u></b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities . . . . .	\$ 4,390	\$ 4,237
Current income tax payable . . . . .	—	159
Operating line of credit (Note 7) . . . . .	739	1,841
Note payable (Note 7) . . . . .	5,245	5,245
Menlo acquisition note (Note 7) . . . . .	7,273	7,211
Current portion of Bank term loan (Note 7) . . . . .	492	715
Current portion of Deferred revenue . . . . .	3,907	1,242
Current portion of Lease liability (Note 8) . . . . .	608	413
Current portion of Contingent consideration . . . . .	4,148	4,168
	<u>26,802</u>	<u>25,231</u>
<b>Non-current liabilities:</b>		
Purchase price note due to related party (Note 7) . . . . .	4,581	4,967
Note payable due to related party (Note 7) . . . . .	426	463
Derivative liability (Note 7vii) . . . . .	5,997	—
Bank term loan (Note 7) . . . . .	3,123	3,408
Contingent consideration . . . . .	6,718	4,169
Lease liability (Note 8) . . . . .	372	419
Deferred tax liability . . . . .	4,256	1,846
Deferred revenue . . . . .	—	124
Convertible notes (Note 7) . . . . .	4,133	—
<b>Total Liabilities</b> . . . . .	<b><u>56,408</u></b>	<b><u>40,627</u></b>
<b>Shareholders' equity</b>		
Share capital (Note 9) . . . . .	14,116	9,794
Warrants (Note 9) . . . . .	1,542	2,736
Contributed surplus (Note 9) . . . . .	2,220	820
Deficit . . . . .	(18,166)	(13,901)
Foreign currency translation adjustment . . . . .	(368)	(767)
<b>Equity attributable to owners of the Corporation</b> . . . . .	<b>(656)</b>	<b>(1,318)</b>
<b>Non-Controlling Interest (Note 12)</b> . . . . .	<b>(55)</b>	<b>(10)</b>
	<u>(711)</u>	<u>(1,328)</u>
<b>Total Liabilities and Shareholders' Equity</b> . . . . .	<b><u>\$ 55,697</u></b>	<b><u>\$ 39,299</u></b>
Going Concern (Note 2A)		
Subsequent Events (Note 16)		

*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 months ended March 31, 2020 and 2019**  
**(Expressed in thousands of United States Dollars, except per share amounts)**

	Three months ended	
	March 31, 2020	March 31, 2019
<b>Revenue</b> (Note 14) . . . . .	\$ 10,886	\$ 4,009
<b>Cost of Revenue</b> . . . . .	6,849	2,404
<b>Gross Margin</b> . . . . .	<u>4,037</u>	<u>1,605</u>
<b>Operating Expenses</b>		
Sales and marketing expense . . . . .	1,037	659
General and administrative . . . . .	1,830	723
Development . . . . .	67	—
Share-based compensation (Note 9) . . . . .	206	46
Interest expense . . . . .	990	227
Amortization (Note 6) . . . . .	1,031	404
Depreciation (Note 5) . . . . .	179	149
Foreign exchange loss (gain) . . . . .	(333)	—
Acquisition related expenses . . . . .	134	54
Change in fair value of derivative liability (Note 7vii) . . . . .	3,142	—
<b>Loss Before Income Taxes</b> . . . . .	(4,246)	(657)
Income tax expense — current . . . . .	261	—
Deferred income tax recovery . . . . .	(197)	—
<b>Net Loss for the Period</b> . . . . .	<u>\$ (4,310)</u>	<u>\$ (657)</u>
<b>Comprehensive Loss:</b>		
Items that may be reclassified subsequently to income:		
Foreign currency translation adjustment . . . . .	399	—
Comprehensive loss . . . . .	<u>\$ (3,911)</u>	<u>\$ (657)</u>
<b>Net Loss Attributed to:</b>		
Owners of the Corporation . . . . .	\$ (4,265)	\$ (640)
Non-controlling interest (Note 12) . . . . .	(45)	(17)
	<u>(4,310)</u>	<u>(657)</u>
Basic and Diluted Loss per share (Note 10) . . . . .	(0.04)	(0.01)
<b>Weighted Average Number of Common Shares Outstanding</b> . . . . .	<u>110,920,270</u>	<u>84,831,013</u>

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

**QUISITIVE TECHNOLOGY SOLUTIONS, INC.**  
**Unaudited Condensed Consolidated Interim Statements of Changes in Shareholders' Equity**  
**For the three months ended March 31, 2020 and 2019**  
**(Expressed in thousands of United States Dollars, except per share amounts)**

	Share Capital		Contributed Surplus	Warrants	Deficit	AOCI	Non-Controlling Interest	Total
	Number	Amount						
		\$	\$	\$	\$	\$	\$	\$
<b>Balance December 31, 2018</b>	<b>84,831,013</b>	<b>9,117</b>	<b>374</b>	<b>1,551</b>	<b>(6,594)</b>	<b>—</b>	<b>40</b>	<b>4,488</b>
Stock based compensation	—	—	41	—	—	—	5	46
Net income (loss) for the period	—	—	—	—	(640)	—	(17)	(657)
<b>Balance March 31, 2019</b>	<b>84,831,013</b>	<b>9,117</b>	<b>415</b>	<b>1,551</b>	<b>(7,234)</b>	<b>—</b>	<b>28</b>	<b>(3,877)</b>
<b>Balance December 31, 2019</b>	<b>90,054,697</b>	<b>9,794</b>	<b>820</b>	<b>2,736</b>	<b>(13,901)</b>	<b>(767)</b>	<b>(10)</b>	<b>(1,329)</b>
Warrants expired	—	—	1,194	(1,194)	—	—	—	—
Stock based compensation	—	—	206	—	—	—	—	206
Shares issued in connection with Menlo acquisition	19,784,981	3,808	—	—	—	—	—	3,808
Shares issued in connection with convertible debt conversion	1,968,649	514	—	—	—	—	—	514
Change in cumulative impact of functional currency	—	—	—	—	—	399	—	399
Net income (loss) for the period	—	—	—	—	(4,265)	—	(45)	(4,310)
<b>Balance March 31, 2020</b>	<b>111,808,327</b>	<b>14,116</b>	<b>2,220</b>	<b>1,542</b>	<b>(18,166)</b>	<b>(368)</b>	<b>(55)</b>	<b>(711)</b>

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

**QUISITIVE TECHNOLOGY SOLUTIONS, INC.**  
**Unaudited Condensed Consolidated Interim Statements of Cash Flows**  
**For the three months ended March 31, 2020 and 2019**  
**(Expressed in thousands of United States Dollars)**

	<u>Three months ended</u>	
	<u>March 31,</u>	<u>March 31,</u>
	<u>2020</u>	<u>2019</u>
<b>Operating Activities</b>		
Net loss for the period . . . . .	\$(4,310)	\$ (657)
Items not involving cash		
Amortization . . . . .	1,031	404
Depreciation . . . . .	179	149
Unrealized foreign exchange . . . . .	(710)	—
Stock based compensation . . . . .	206	46
Interest . . . . .	990	227
Deferred income tax . . . . .	(197)	—
Change in fair value of derivative liability . . . . .	3,142	—
	<u>331</u>	<u>169</u>
<i>Changes in non-cash working capital</i>		
Receivables . . . . .	(1,170)	(551)
Work in progress . . . . .	(255)	49
Prepays and deposits . . . . .	(149)	(86)
Accounts payable and accrued liabilities . . . . .	(889)	(248)
Deferred revenue . . . . .	2,934	—
Income tax payable . . . . .	147	—
	<u>949</u>	<u>(667)</u>
<b>Cash Provided by (Used in) Operating Activities . . . . .</b>	<b>949</b>	<b>(667)</b>
<b>Investing Activity</b>		
Purchase of property and equipment . . . . .	(36)	(5)
Purchase of Menlo Technologies (net of cash acquired) . . . . .	(2,072)	—
	<u>(2,108)</u>	<u>(5)</u>
<b>Cash Used in Investing Activities . . . . .</b>	<b>(2,108)</b>	<b>(5)</b>
<b>Financing Activities</b>		
Repayment of bank term loan . . . . .	(164)	—
Interest paid . . . . .	(538)	(211)
Operating line of credit . . . . .	(1,101)	784
Lease payments . . . . .	(175)	(108)
	<u>(1,978)</u>	<u>465</u>
<b>Cash Provided by (Used in) Financing Activities . . . . .</b>	<b>(1,978)</b>	<b>465</b>
<b>Inflow (Outflow) of Cash . . . . .</b>	<b>(3,137)</b>	<b>(207)</b>
<b>Cash, Beginning of Period . . . . .</b>	<b>8,731</b>	<b>273</b>
<b>Cash and restricted cash, End of period . . . . .</b>	<b>\$ 5,594</b>	<b>\$ 66</b>

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

**QUISITIVE TECHNOLOGY SOLUTIONS, INC.**  
**Notes to the Unaudited Condensed Consolidated Interim Financial Statements**  
**Three months ended March 31, 2020 and 2019**  
**(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.

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:

<u>Entity name</u>	<u>Country</u>	<u>Ownership percentage at March 31, 2020</u>	<u>Ownership percentage at December 31, 2019</u>
		%	%
Fusion Agiltech Partners, Inc. . . . .	Canada	100	100
Corporate Renaissance Group . . . . .	Canada	100	100
Quisitive Ltd. . . . .	USA	100	100
Quisitive LLC . . . . .	USA	100	100
Ledgerpay, Inc. . . . .	USA	89	89.5
Menlo Technologies, Inc. . . . .	USA	100	—
MidTech Software Solutions, Inc. . . . .	USA	100	—
Support Solutions, Inc. . . . .	USA	100	—
Menlo Software India Private Limited . . . . .	India	100	—

**2. SIGNIFICANT ACCOUNTING POLICIES**

*(A) GOING CONCERN:*

These unaudited interim condensed consolidated financial statements have been prepared in accordance with 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, has a working capital deficiency and significant current debt obligations. The Corporation is addressing these circumstances by growing the business to provide funds to ensure working capital needs are met, seeking additional financing and pursuing a debt consolidation strategy to lower capital costs and retire short term debt obligations. Additional financing will be required to support operating and investing activities and refinance debt obligations. There is no certainty that growth, additional financing, or debt consolidation alternatives will be available or that they will be available on attractive terms.

**QUISITIVE TECHNOLOGY SOLUTIONS, INC.**  
**Notes to the Unaudited Condensed Consolidated Interim Financial Statements (Continued)**  
**Three months ended March 31, 2020 and 2019**  
**(Expressed in thousands of United States Dollars)**

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The above conditions indicate the existence of a material uncertainty that may cast significant doubt as to the Corporation's ability to continue as a going concern. In addition, varying and discrete effects of COVID-19 across companies and industries could potentially impact our financing efforts, ability to operate, ability of our clients to commit to contracts, liquidity and ability to continue as a going concern. The unaudited interim condensed 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 unaudited interim condensed 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 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 financial statements for the year ended December 31, 2019. 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, 2019. These financial statements were approved and authorized for issuance by the Board of Directors of the Company on May 28 2020.

The uncertainties around the outbreak of the novel coronavirus ("COVID-19") pandemic required the use of judgments and estimates which resulted in no material impacts for the period ended March 31, 2020. The future impact of COVID-19 uncertainties could generate, in future reporting periods, a significant risk of material adjustment to the reported amounts of assets, liabilities, revenue and expenses in the consolidated financial statements. Examples of accounting estimates and judgments that may be impacted by the pandemic include: revenue recognition, impairment of goodwill and intangible assets, allowance for expected credit losses, corporate income taxes, provisions and contingent consideration related to acquisitions.

Beginning with these unaudited interim condensed consolidated financial statements, all dollar values of current and comparative figures in the financial statements and accompanying tables have been rounded to the nearest thousand (\$000), except when otherwise indicated.

*(C) FUNCTIONAL AND REPORTING CURRENCY*

These 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.

*(D) BASIS OF CONSOLIDATION*

The 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.



**QUISITIVE TECHNOLOGY SOLUTIONS, INC.**  
**Notes to the Unaudited Condensed Consolidated Interim Financial Statements (Continued)**  
**Three months ended March 31, 2020 and 2019**  
**(Expressed in thousands of United States Dollars)**

**3. BUSINESS COMBINATIONS**

**Menlo Technologies, Inc.**

On January 2, 2020, the Corporation, through its subsidiaries purchased all of the shares of Menlo Technologies, Inc. (“Menlo”) to obtain control. The aggregate consideration paid by the Corporation to acquire Menlo is comprised of the following: (i) \$3,296 paid in cash at closing; (ii) \$7,344 in fair value attributable to \$5,000 face value convertible notes convertible into common shares of the Corporation at \$0.20 CAD per share bearing interest at 10% per annum compounded on an annual basis, payable annually for a term of 36 months.; (iii) 19,784,981 common shares valued at \$3,808; (iv) Contingent consideration of \$1,167 per annum payable at the end of each of the next three fiscal years ended December 31, 2020 to 2022 if Menlo’s annual EBITDA exceeds \$2.3 million in each year with an additional growth earnout of \$500 per year if EBITDA is greater than \$2.75 million and \$3.25M in 2020 and 2021, respectively. The Corporation has estimated the full contingent consideration at present value to be approximately \$1,765, and; (v) Price reduction due to estimated net working capital deficit estimated at the acquisition date of \$647, which has been recorded as an other receivable (Note 4). 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 Menlo are preliminary, subject to additional information being obtained.

	<b>USD Fair value recognized on acquisition \$</b>
Cash . . . . .	\$ 1,225
Trade and other receivables . . . . .	2,336
Prepaid expenses and other assets . . . . .	121
Property and equipment . . . . .	27
Right-of-use asset . . . . .	323
Intangibles . . . . .	9,172
Goodwill . . . . .	7,502
Trade and other payables . . . . .	(1,072)
Deferred revenue . . . . .	(45)
Deferred tax liability . . . . .	(2,569)
Provisions — SSI Earnout . . . . .	(1,102)
Borrowings . . . . .	(29)
Lease liability . . . . .	<u>(323)</u>
Preliminary fair value of assets acquired and liabilities assumed . . . . .	\$15,566
Cash . . . . .	\$ 3,296
Quisitive common shares . . . . .	3,808
Convertible note (liability) . . . . .	4,308
Conversion option (derivative liability) . . . . .	3,036
Working capital adjustment (estimated) . . . . .	(647)
Contingent consideration . . . . .	<u>1,765</u>
	\$15,566

**QUISITIVE TECHNOLOGY SOLUTIONS, INC.**  
**Notes to the Unaudited Condensed Consolidated Interim Financial Statements (Continued)**  
**Three months ended March 31, 2020 and 2019**  
**(Expressed in thousands of United States Dollars)**

**3. BUSINESS COMBINATIONS (Continued)**

Since the date of acquisition, Menlo contributed revenue of \$4,771 and net income of \$495. The Company incurred \$547 in acquisition costs (incurred in 2019) related to the acquisition. The acquired intangible assets are being amortized over their estimated useful lives as follows:

Brand . . . . .	6 years
Customer Relationships . . . . .	8 years

**4. ACCOUNTS RECEIVABLE**

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

	<u>March 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Accounts receivable . . . . .	\$6,673	\$4,171
Less: Allowance for doubtful accounts . . . . .	204	(206)
Other receivables . . . . .	746	—
Net accounts receivable . . . . .	<u>\$7,215</u>	<u>\$3,965</u>

For the quarter ended March 31, 2020, the Corporation recorded bad debt expense of \$5 (March 31, 2019 — \$0). The Quisitive LLC accounts receivable balance of \$2,088 at March 31, 2020 is factored (see Note 7i) but there is recourse on the collection. Other receivables include \$647 in vendor receivables relating to the working capital adjustment on the Menlo acquisition (Note 3).

**QUISITIVE TECHNOLOGY SOLUTIONS, INC.**  
**Notes to the Unaudited Condensed Consolidated Interim Financial Statements (Continued)**  
**Three months ended March 31, 2020 and 2019**  
**(Expressed in thousands of United States Dollars)**

**5. PROPERTY AND EQUIPMENT**

	<u>Computers and Network Equipment</u>	<u>Furniture and Equipment</u>	<u>Leasehold Improvements</u>	<u>Software</u>	<u>Right of Use Asset</u>	<u>Total</u>
<b>Cost</b>						
Balance December 31, 2018 . . . . .	\$ 117	\$ 400	\$ 36	\$ 12	\$ —	\$ 565
Additions . . . . .	\$ 41	\$ —	\$ —	\$ —	\$1,204	\$1,245
Acquired from business combination — CRG . . . . .	12	13	5	—	102	132
Balance December 31, 2019 . . . . .	170	413	41	12	1,306	1,942
Additions . . . . .	36	—	—	—	—	36
Acquired from business combination — Menlo . . . . .	27	—	—	—	323	350
Balance March 31, 2020 . . . . .	<u>\$ 233</u>	<u>\$ 413</u>	<u>\$ 41</u>	<u>\$ 12</u>	<u>\$1,629</u>	<u>\$2,328</u>
<b>Accumulated Amortization</b>						
Balance, December 31, 2018 . . . . .	\$ 85	\$ 267	\$ 22	\$ 11	\$ —	\$ 385
Effect of Foreign Currency Translation . . . . .					(7)	(7)
Depreciation . . . . .	44	129	7	1	483	664
Balance, December 31, 2019 . . . . .	129	396	29	12	476	1,042
Effect of Foreign Currency Translation . . . . .					12	12
Depreciation . . . . .	15	5	2	—	157	179
Balance March 31, 2020 . . . . .	<u>\$ 144</u>	<u>\$ 401</u>	<u>\$ 31</u>	<u>\$ 12</u>	<u>\$ 645</u>	<u>\$1,233</u>
<b>Carrying value</b>						
Balance December 31, 2019 . . . . .	\$ 41	\$ 17	\$ 12	\$ —	\$ 830	\$ 900
Balance March 31, 2020 . . . . .	\$ 89	\$ 12	\$ 10	\$ —	\$ 984	\$1,095

**QUISITIVE TECHNOLOGY SOLUTIONS, INC.**  
**Notes to the Unaudited Condensed Consolidated Interim Financial Statements (Continued)**  
**Three months ended March 31, 2020 and 2019**  
**(Expressed in thousands of United States Dollars)**

**6. 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.

	<u>Software</u>	<u>Website Development</u>	<u>Microsoft Relationship</u>	<u>Customer Relationship</u>	<u>Brand</u>	<u>Total</u>
<b>Cost</b>						
Balance December 31, 2018 . . . . .	\$ 40	\$134	\$3,860	\$ 2,390	\$ —	\$ 6,424
Acquired from business combination —						
CRG . . . . .	<u>1,785</u>	<u>—</u>	<u>—</u>	<u>3,797</u>	<u>1,913</u>	<u>7,494</u>
Balance December 31, 2019 . . . . .	1,825	134	3,860	6,187	1,913	13,918
Acquired from business combination —						
Menlo . . . . .	<u>—</u>	<u>—</u>	<u>—</u>	<u>8,286</u>	<u>886</u>	<u>9,172</u>
Balance March 31, 2020 . . . . .	<u>\$1,825</u>	<u>\$134</u>	<u>\$3,860</u>	<u>\$14,473</u>	<u>\$2,799</u>	<u>\$23,090</u>
<b>Accumulated Amortization</b>						
Balance December 31, 2018 . . . . .	\$ —	\$ 32	\$ 723	\$ 746	\$ —	1,501
Amortization . . . . .	178	64	769	1,117	296	2,424
Adjustment . . . . .	<u>—</u>	<u>30</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>30</u>
Balance December 31, 2019 . . . . .	178	126	1,492	1,864	296	3,955
Amortization . . . . .	<u>79</u>	<u>8</u>	<u>193</u>	<u>595</u>	<u>156</u>	<u>1,031</u>
Balance March 31, 2020 . . . . .	<u>\$ 257</u>	<u>\$134</u>	<u>\$1,685</u>	<u>\$ 2,459</u>	<u>\$ 452</u>	<u>\$ 4,986</u>
<b>Carrying value</b>						
Balance December 31, 2019 . . . . .	\$1,647	\$ 8	\$2,368	\$ 4,323	\$1,617	\$ 9,963
Balance March 31, 2020 . . . . .	\$1,568	\$ —	\$2,175	\$12,014	\$2,347	\$18,104

**7. BORROWINGS**

The following table sets out the Corporation's borrowings:

	<u>31-March-2020</u>	<u>31-Dec-19</u>
Operating line of credit (i) . . . . .	\$ 739	\$ 1,841
Menlo acquisition loan (ii) . . . . .	7,273	7,211
Note payable (iii) . . . . .	5,245	5,245
Bank term loan (iv) . . . . .	3,615	4,123
Note payable to related party (v) . . . . .	426	463
Purchase price note due to a related party (vi) . . . . .	4,581	4,967
Menlo convertible note (vii) . . . . .	<u>4,133</u>	<u>—</u>
Balance — end of period . . . . .	<u>\$26,012</u>	<u>\$23,850</u>
Current . . . . .	\$13,749	\$15,012
Non-current . . . . .	<u>\$12,263</u>	<u>\$ 8,838</u>
	<u>\$26,012</u>	<u>\$23,850</u>

**QUISITIVE TECHNOLOGY SOLUTIONS, INC.**  
**Notes to the Unaudited Condensed Consolidated Interim Financial Statements (Continued)**  
**Three months ended March 31, 2020 and 2019**  
**(Expressed in thousands of United States Dollars)**

**7. BORROWINGS (Continued)**

(i) Operating line of credit

On October 12, 2018 Quisitive LLC entered into a two-year master purchase and sale agreement with a US Bank where trade receivables of Quisitive LLC 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 Quisitive LLC, net of interest and fees upon payment by the end customer. The \$2,500 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 Quisitive LLC. All transaction costs have been expensed as they are not material. As at March 31, 2020 there was \$1,761 available for release that was not borrowed against (December 31, 2019 — \$659). Interest expense for the three months ended March 31, 2020 was \$63 (March 31, 2019 — \$46).

(ii) Menlo acquisition loan

On December 31, 2019 the Corporation entered into a one year loan for \$7.5 million maturing on December 31, 2020. The loan bears interest at prime plus 8.05% payable monthly in arrears and is secured by priority interest over Menlo Technologies Inc. and its subsidiaries which were acquired on January 2, 2020. Loan arrangement costs of \$289 were capitalized and offset against the loan balance and \$62 are amortized during the quarter.

The loan contains standard compliance covenants. At December 31, 2019, the proceeds of \$7,311 were held in trust and were restricted for use in the closing of the acquisition of Menlo Technologies, Inc. The acquisition was completed in the current quarter and, as at January 2, 2020 the funds were removed from trust and the restriction on use of funds has been removed. For the three months ended March 31, 2020, interest expense was \$219 (March 31, 2019 — \$0).

(iii) Note payable

Quisitive LLC 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 September 25, 2020, secured by a second priority security interest in Quisitive LLC's personal property. Interest on the first six months was not payable, and has been added to the principal balance of the debt per the agreement. Interest is payable monthly, and the principal is due September 25, 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 Quisitive LLC must meet. Interest expense for the three months ended March 31, 2020 was \$164 (March 31, 2019 — \$0).

(iv) Bank term loan

In conjunction with the acquisition of CRG, the Corporation entered into a commercial agreement with a major Canadian financial institution to provide a term facility of \$4,606 (\$6,000CAD). Term of the facility is 5 years, with a fixed payment of \$77CAD per month and a balloon payment of \$1,435CAD at the end of the term. The note also contains a cash sweep mechanism which could accelerate principal payments by up to \$343CAD per annum based on a prescribed formula in the agreement. Interest is at Canadian Variable Rate plus 6.5% per annum. The security on the term loan is a general security agreement creating a first ranking security interest in all the present and future tangible and intangible personal property of CRG, including a second ranking share pledge agreement in which the Corporation has pledged 100% of its

**QUISITIVE TECHNOLOGY SOLUTIONS, INC.**  
**Notes to the Unaudited Condensed Consolidated Interim Financial Statements (Continued)**  
**Three months ended March 31, 2020 and 2019**  
**(Expressed in thousands of United States Dollars)**

**7. BORROWINGS (Continued)**

shares in CRG. The loan contains standard compliance and ongoing coverage covenants. Interest for the three months ended March 31, 2020 was \$91 (March 31, 2019 — \$0).

*(v) Note payable to related party*

The Company entered into a promissory note agreement totaling \$750CAD with a related company owned by a Director/Officer of the Corporation for the purpose of providing bridge loan for working capital of CRG. The note is unsecured and is positioned behind the bank term loan. It is interest free and can only be repaid once the bank term loan has been repaid in full.

*(vi) Purchase price note*

In connection with the closing of the acquisition of CRG, the Corporation issued \$4,967 (\$6,500CAD) purchase price notes to the vendors which are held directly or indirectly by Companies affiliated with a Director of the Corporation. Interest on the notes is payable at a rate of 10% per annum compounded on an annual basis and payable semi-annually and is secured by a pledge over the shares of CRG acquired. For the three months ended March 31, 2020, the Company has accrued \$121 in interest relating to the notes (March 31, 2019 — nil). The notes mature on June 1, 2021 with an option of the vendors to extend by one additional year or otherwise, subject to agreement by both parties.

*(vii) Menlo convertible note:*

In connection with the acquisition of Menlo, the Corporation entered into a convertible note agreement totaling \$5,000 in principal and recorded at the cumulative fair value of the debt and conversion option components of the note totalling \$7,344 with the former owners of Menlo. The notes are unsecured and are convertible into common shares of the Corporation at \$0.20 CAD per share. The notes bear interest at 10% per annum compounded on an annual basis, payable annually for a term of 36 months.

The principal value of the debt of \$5,000 was recorded at fair value of \$4,308 on acquisition, and accretion expense and interest expense of \$160 was recorded for three months ended March 31, 2020 (March 31, 2019 — nil). The conversion feature was determined to be a derivative investment liability and the fair value of the derivative of \$3,036 was recorded on January 1, 2020. The fair value of this liability at March 31, 2020 was \$5,997 and the change in fair value was recorded as a charge to the income statement. Fair value of the liability is estimated at each period end using the Black Scholes option pricing model. During the three months ended March 31, 2020, \$300 face value of notes was converted to common shares, resulting in the issuance of 1,968,649 common shares. Conversion of these notes is at the option of the holder unless the Corporation's volume weighted average share price exceeds \$0.40 CAD for 20 consecutive trading days.

**QUISITIVE TECHNOLOGY SOLUTIONS, INC.**  
**Notes to the Unaudited Condensed Consolidated Interim Financial Statements (Continued)**  
**Three months ended March 31, 2020 and 2019**  
**(Expressed in thousands of United States Dollars)**

**8. LEASE LIABILITIES**

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

	As at	
	March 31, 2020	December 31, 2019
12 Months . . . . .	\$ 652	\$603
1-2 years . . . . .	419	378
Total . . . . .	<u>\$1,071</u>	<u>\$981</u>

- (ii) Property lease payments including variable lease payments including property taxes. For the years ended March 31, 2020 and 2019 were as follows:

	Period Ended March 31,	
	2020	2019
Total Short-Term Lease Expense . . . . .	\$16	\$48
Variable Lease Expense . . . . .	54	24
	<u>\$70</u>	<u>\$72</u>

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

Opening balance January 1, 2020 . . . . .	\$ 832
Acquired in Menlo purchase . . . . .	323
Payments (net of accretion) . . . . .	(174)
Present value of lease liability, March 31, 2020 . . . . .	<u>\$ 981</u>

**9. SHARE CAPITAL**

**(a) Share Issuances**

On January 2, 2020, the Corporation issued 19,784,981 common shares at a price of CAD\$0.25 as part of the purchase consideration in the acquisition of Menlo.

On January 21, 2020, the Corporation issued 1,968,649 common shares at a price of CAD\$0.20 in connection with the conversion of \$300 convertible notes.

**(b) Warrants Issued**

<u>Issue date</u>	<u>Type</u>	<u>Number of warrants</u>	<u>Maturity date</u>	<u>Exercise price (in CAD)</u>
29-Mar-18 . . . . .	broker	1,647,711	9-Aug-21	0.35
1-Jun-18 . . . . .	normal	214,286	1-Jun-20	0.50
1-Jun-18 . . . . .	broker	30,000	9-Aug-21	0.35
1-Jun-19 . . . . .	normal	19,500,000	1-Jun-21	0.35

**QUISITIVE TECHNOLOGY SOLUTIONS, INC.**  
**Notes to the Unaudited Condensed Consolidated Interim Financial Statements (Continued)**  
**Three months ended March 31, 2020 and 2019**  
**(Expressed in thousands of United States Dollars)**

**9. SHARE CAPITAL (Continued)**

During the three months ended March 31, 2020, 12,069,358 warrants with an exercise price of \$0.50 expired unexercised and \$1,194 was reclassified from warrants to contributed surplus within equity.

*(c) Stock Options*

The Corporation has a stock and incentive plan in place to 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.

	Number of options	Weighted average exercise price (CAD)
Outstanding December 31, 2018 . . . . .	3,030,000	\$0.34
Granted . . . . .	1,325,000	0.19
Forfeited/expired . . . . .	<u>(650,000)</u>	0.29
Outstanding at December 31, 2019 . . . . .	<u>3,705,000</u>	\$0.29
Granted . . . . .	200,000	0.25
Forfeited/expired . . . . .	<u>(500,000)</u>	0.35
Outstanding at March 31, 2020 . . . . .	<u><u>3,405,000</u></u>	\$0.28

The Corporation issued 200,000 stock options at an exercise price of CAD\$0.25 during the three months ended March 31, 2020 vesting 1/3 on issue, 1/3 on the first anniversary of the grant and 1/3 on the second anniversary of the grant date. The fair value of these options was estimated using the Black Scholes option pricing model with the following assumptions:

Risk-free interest rate . . . . .	1.34%
Expected term (in years) . . . . .	5
Estimated Dividend yield . . . . .	0
Weighted-average estimated volatility . . . . .	103.65%
Weighted-average fair value per option . . . . .	\$ 0.19

For the quarter ended March 31, 2020, the Corporation recognized share based compensation from stock options of \$63 (March 31, 2019 – \$46).



**QUISITIVE TECHNOLOGY SOLUTIONS, INC.**  
**Notes to the Unaudited Condensed Consolidated Interim Financial Statements (Continued)**  
**Three months ended March 31, 2020 and 2019**  
**(Expressed in thousands of United States Dollars)**

**9. SHARE CAPITAL (Continued)**

The following options were issued and outstanding as at March 31, 2020:

<u>Grant Date</u>	<u>Expiry Date</u>	<u>Ex price</u>	<u>Number of options</u>	<u>Exercisable</u>
9-Apr-18 . . . . .	April 9, 2023	0.35	615,000	410,000
30-Apr-18 . . . . .	April 30, 2023	0.35	100,000	66,667
17-Aug-18 . . . . .	August 17, 2023	0.35	200,000	133,333
20-Nov-18 . . . . .	November 20, 2023	0.35	965,000	643,333
29-Aug-19 . . . . .	August 29, 2024	0.15	300,000	100,000
23-Dec-19 . . . . .	December 23, 2024	0.20	1,025,000	341,666
03-Jan-20 . . . . .	January 3, 2025	0.25	200,000	66,666
			<u>3,405,000</u>	<u>1,761,665</u>

The weighted average contractual life for the remaining options as at March 31, 2020 is 3.87 years.

**(d) Restricted Stock Units**

During the three months ended March 31, 2020, the Corporation granted 1,796,500 restricted stock units (RSU's) to employees. The RSU's vest over 1-3 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:

	<u># of RSU's</u>
Opening balance December 31, 2019 . . . . .	4,325,301
Granted . . . . .	1,796,500
Closing balance March 31, 2020 . . . . .	<u>6,121,801</u>

For the quarter ended March 31, 2020, the Corporation recognized share based compensation related to RSU's of \$143 (March 31, 2019 — \$0).

**10. NET LOSS PER SHARE**

The computation for basic and diluted net income (loss) per share for the quarters ended March 31, 2020 and 2019 are as follows:

	<u>Three months ended</u>	
	<u>2020</u>	<u>2019</u>
Net loss for the period . . . . .	\$ 4,310	\$ 657
Weighted average number of shares outstanding, basic . . . . .	110,920,270	84,831,013
Basic and Diluted Income (Loss) Per Share . . . . .	\$ (0.04)	\$ (0.01)

**QUISITIVE TECHNOLOGY SOLUTIONS, INC.**  
**Notes to the Unaudited Condensed Consolidated Interim Financial Statements (Continued)**  
**Three months ended March 31, 2020 and 2019**  
**(Expressed in thousands of United States Dollars)**

**10. NET LOSS PER SHARE (Continued)**

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.

	<u>March 31, 2020</u>	<u>December 31, 2019</u>
Convertible debentures . . . . .	33,135,000	—
Warrants . . . . .	214,286	12,283,644
Broker warrants . . . . .	2,471,566	2,471,566
CRG warrants . . . . .	19,500,000	19,500,000
Stock options (Note 9c) . . . . .	3,405,000	3,705,000
RSU's (Note 9d) . . . . .	6,121,801	4,325,301
	<u>64,847,653</u>	<u>42,285,511</u>

**11. 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 at March 31, 2020 is \$5,594 (December 31, 2019 — \$8,731).

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 is \$6,673 (December 31, 2019 — \$4,171). Accounts receivable are shown net of provision of credit losses of \$204 (December 31, 2019 — \$206).

	<u>under 30</u>	<u>30-60 days</u>	<u>over 60 days</u>	<u>Total</u>
Trade Accounts receivable ageing . . . . .	\$5,356	\$635	\$478	\$6,469

The Corporation has one customer that represents 18% of sales for the three months ended March 31, 2020 and is exposed to concentration of credit risk relating to that vendor account.

(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, 2020, the

**QUISITIVE TECHNOLOGY SOLUTIONS, INC.**  
**Notes to the Unaudited Condensed Consolidated Interim Financial Statements (Continued)**  
**Three months ended March 31, 2020 and 2019**  
**(Expressed in thousands of United States Dollars)**

**11. FINANCIAL INSTRUMENTS (Continued)**

Corporation has \$5,594 (December 31, 2019 — \$1,420) of unrestricted cash and liabilities with the following due dates:

	<u>under 3 months</u>	<u>3 months-1 year</u>	<u>1-2 years</u>	<u>3-5 years</u>
A/P and accrued liabilities . . . . .	\$4,389	\$ —	\$ —	\$ —
Operating line of credit . . . . .	739	—		
Note payable . . . . .	—	5,245		
Menlo acquisition loan . . . . .	—	7,273		
Purchase price note . . . . .	—	—	4,581	
Note payable to related party . . . . .	—	—		426
Contingent consideration <sup>(1)</sup> . . . . .	4,148	—	6,718	
Bank term Loan . . . . .	—	492	654	2,469
Convertible notes . . . . .	—	—	4,133	—
Total . . . . .	<u>\$9,276</u>	<u>\$13,010</u>	<u>\$16,086</u>	<u>\$2,895</u>

(1) \$2,500 of this will be satisfied through the issuance of common shares of the Corporation.

The Corporation manages its liquidity risk by relying upon its revenues. In addition, recent events will impact the Company 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, the liquidity our clients, overall liquidity and ability to continue as a going concern.

(c) Market risk

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

(d) Interest rate risk

The Corporation is exposed to interest rate risk through the Menlo acquisition loan, the operating line of credit and the bank term loan which bears interest at prime plus 6.5-8.05% and LIBOR + 7%. A 1% change in prime lending rate would lead to +/- \$75,000 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.

**QUISITIVE TECHNOLOGY SOLUTIONS, INC.**  
**Notes to the Unaudited Condensed Consolidated Interim Financial Statements (Continued)**  
**Three months ended March 31, 2020 and 2019**  
**(Expressed in thousands of United States Dollars)**

**11. FINANCIAL INSTRUMENTS (Continued)**

As at March 31, 2020 and December 31, 2019, the Corporation's net exposure to foreign currency risk on its financial instruments is as follows:

	<b>March 31, 2020</b>	<b>December 31, 2019</b>
	CAD\$	CAD\$
Cash . . . . .	\$1,568	\$ 1,819
Accounts payable and accrued liabilities . . . . .	(500)	(750)
	<u>1,069</u>	<u>1,069</u>
United States dollar equivalent . . . . .	<u>\$ 760</u>	<u>\$ 819</u>

(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 derivative liability related to the option value of the convertible loan is marked to market at each reporting period end based on a number of inputs including the Corporation's share price and price changes create income statement changes/recoveries as they occur.

**12. NON-CONTROLLING INTEREST**

The Corporation owns 89% 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.

For the period ended March 31, 2020 the Corporation recorded non-controlling interest of \$(45) (March 31, 2019: (\$17)).

**QUISITIVE TECHNOLOGY SOLUTIONS, INC.**  
**Notes to the Unaudited Condensed Consolidated Interim Financial Statements (Continued)**  
**Three months ended March 31, 2020 and 2019**  
**(Expressed in thousands of United States Dollars)**

**13. RELATED PARTY TRANSACTION AND BALANCE**

(i) *Key management compensation*

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

The compensation recorded to key management personnel during the quarters ended March 31, 2020 and 2019 were as follows:

	<b>Three months ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
Salaries and short-term employee benefits . . . . .	\$323	\$161
Share-based compensation . . . . .	\$ 90	\$ —

In addition, the Corporation has contingent consideration, as well as purchase price notes and a working capital loan to related parties that are described in notes 3 and 7.

(ii) During the quarter, the Company 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 three months ended March 31, 2020 are set out in the table below.

	<b>Opening receivable (payable)</b>	<b>Net repayment / (Payments Received)</b>	<b>Sales provided</b>	<b>Closing payable</b>
		(all amounts in CAD)		
Software Integrators International Inc. . . . .	\$(92)	\$ (6)	\$ 6	\$(92)
Corporate Renaissance Group Solutions (PVT) Ltd. . .	\$(37)	\$87	\$(90)	\$(40)

**14. REVENUE**

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

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Professional Services . . . . .	\$ 8,650	\$4,009
Maintenance, License and other . . . . .	2,236	—
	\$10,886	\$4,009

(ii) The following table shows geographic area

	<b>2020</b>	<b>2019</b>
USA . . . . .	\$ 9,185	\$4,009
Canada . . . . .	1,701	—
	\$10,886	\$4,009

**QUISITIVE TECHNOLOGY SOLUTIONS, INC.**  
**Notes to the Unaudited Condensed Consolidated Interim Financial Statements (Continued)**  
**Three months ended March 31, 2020 and 2019**  
**(Expressed in thousands of United States Dollars)**

**15. SEGMENT INFORMATION**

The Corporation has one operating segment. The Corporation's assets and operations are located in North America.

**16. SUBSEQUENT EVENTS**

On May 1, 2020, Quisitive LLC and Menlo Technologies, Inc. entered into two separate note arrangements with Bank of America and Cross River Bank (the "Lenders"), 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"). The Loans bear interest at a fixed rate of 1.0% per annum with a maturity date of two years from the date of the Loans. Interest payments are deferred for the first six months, and 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 the eight-week period following the Loan origination dates.

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

**QUISITIVE™**