QUISITIVE™

Third Quarter Report September 30, 2020

QUISITIVE TECHNOLOGY SOLUTIONS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three and nine months ended September 30, 2020 (all amounts in thousands of USD unless otherwise stated)

This management discussion and analysis ("MD&A") of Quisitive Technology Solutions, Inc. (the "Corporation", "Quisitive", "we" or "us") for the quarter ended September 30, 2020 should be read in conjunction with the Corporation's unaudited condensed consolidated interim financial statements and the notes thereto for the quarter ended September 30, 2020 and the audited consolidated financial statements and the notes thereto for the years ended December 31, 2019 and 2018. We have prepared this MD&A with reference to National Instrument 51-102 "Continuous Disclosure Obligations" of the Canadian Securities Administrators. Our consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in thousands of United States dollars unless otherwise indicated.

This MD&A is current as at November 23, 2020, and may include certain "forward-looking statements" and certain "forward-looking information" as defined under applicable Canadian securities laws. Forward-looking statements and information can generally be identified using forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "continue", "plans" or similar terminology. Forward-looking statements and information are subject to various known and unknown risks and uncertainties, many of which are beyond the ability of the Corporation to control or predict, that may cause the Corporation's actual results, performance or achievements to be materially different from those expressed or implied thereby, and are developed based on assumptions about such risks, uncertainties and other factors set out herein. These statements include, but are not limited to, statements with respect to proposed activities, consolidation strategy and future expenditures. These statements address future events and conditions and, as such, involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the statements. Such factors include, among others the limited history of operations, lack of profitability, availability of financing, the need for additional financing, the timing and amount of expenditures, ability to successfully execute on consolidation strategies, the failure to find economically viable acquisition targets, funding for internally developed technology solutions, client retention and attrition, client demands, reliance on key personnel, economic spending in the IT industry and technological changes in the IT industry. The Corporation undertakes no obligation to update forward-looking information except as required by applicable law. Such forward-looking information represents management's best judgment based on information currently available. No forward-looking statement can be guaranteed, and actual future results may vary materially. Accordingly, readers are advised not to place undue reliance on forward-looking statements or information. This MD&A also contains certain industry related non-GAAP and additional GAAP measures that management uses to evaluate performance of the Corporation. These non-GAAP and additional GAAP measures are not standardized, and the Corporation's calculation may differ from other issuers. See "Definitions — IFRS, Additional GAAP and Non-GAAP Measures".

OVERVIEW OF THE CORPORATION AND STRUCTURE

Business Overview

The Corporation was established as a strategic Microsoft National Solution Provider and has strong brand identity within Microsoft and its partner ecosystem. In addition, Quisitive's CEO, Michael Reinhart, and Quisitive's leadership team have strong executive Microsoft relationships as well as acquisition target executive relationships. The Corporation's brand identity along with these senior executive relationships is considered a key pillar to the consolidation and scale partnership development.

The Corporation is a full-service digital technology consulting firm whose mission is to acquire and integrate companies to become the leading provider of Microsoft professional services in North America. Microsoft has more than 64,000 cloud partners with over 30 percent of Microsoft's partners joining the network in the past year, and over 6,000 partners added each month. With Microsoft generating more than 95% of its business through its partner ecosystem, Microsoft is looking to make focused investments in a limited number of "scale partners". The Corporation is one of 35 companies that have earned the designation of National Solution Provider. Most National Solutions Providers are regionally based and have limited ability to expand services to scale to Microsoft's addressable market. The Corporation plans to create its own tier within the NSP designation as the premier Microsoft Solution Provider in North America, providing scale through acquisition to address the growing demand for Microsoft Azure based services.

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

Quisitive's mission is to build the premiere Microsoft partner in North America for Microsoft business solutions and cloud innovations. To accomplish this, the Corporation's strategy is focused on four primary activities:

1. Build the Microsoft Partner of the Future
2. Help enterprise customers move and innovate in the Microsoft cloud
3. Develop 1st party cloud-based SaaS (software as a solution) solutions and products
4. Leverage existing first party business solutions including CRG emPerform™, FlexBM and complimentary solutions in planning, budgeting and analytics to assist the C-Suite to establish a platform for operational excellence.

Quisitive is uniquely comprised of experienced Microsoft partner leaders and technologists who share a deep understanding of market needs and the appropriate application of Microsoft cloud technology. The Corporation's expertise with Microsoft Azure, Microsoft 365 and Microsoft Dynamics™ platforms, which include Enterprise Resource Planning, is helping industries such as financial services, manufacturing, oil and gas, and retail, drive innovation and solve complex business challenges.

In addition to organic growth, Quisitive has a focused M&A strategy that targets acquisition candidates focused on several areas. First, geographic expansion in both the U.S. and Canada. The Corporation believes this is critical to the ability to engage with Microsoft at a field sales execution level and expand touch and reach with large national customers. Second, diversification of Microsoft service capabilities. Quisitive's vision is to bring value to its customers through a full complement of Microsoft service capabilities across Microsoft cloud workloads. Third, skilled consultants that embrace Quisitive's culture and want to make an impact at our customers. Additionally, Quisitive's acquisition targets will have developed a business model where they are servicing their customers on a monthly model, including managed services, licensing and other IP. This consolidation strategy will allow the corporation to quickly create scale to help Microsoft meet its customer demand for cloud expertise. Quisitive has a strong pipeline of acquisition targets and is in active dialogue with several companies.

Quisitive's second strategy is to leverage developed proprietary tools to accelerate and optimize the customer's journey to the Microsoft cloud. This repeatable IP methodology was developed to educate and engage customers on the advantages and process of moving to the Microsoft cloud (Microsoft Azure, Microsoft 365 and Microsoft Dynamics). This strategy includes: (i) establishing a roadmap outlining the steps to achieve their outcome within key Microsoft cloud workloads; (ii) a comprehensive return-on-investment of what it will cost them to move and operate within the cloud; and (iii) a detailed migration plan that outlines the steps Quisitive will take to accomplish that and expedite their journey.

Quisitive's third strategy is the investment in product innovation and SaaS-based solutions. The Corporation has formed a team that is focused on the development of industry solutions leveraging the Microsoft cloud and emerging technologies, such as, big data, artificial intelligence, machine learning and Internet of Things (IoT). With products like LedgerPay and CRG emPerform™, Quisitive is bringing the power and scale of the cloud to consumers and commercial customers in the retail and consumer goods space and first-party IP solutions to enterprise customers. These IP solutions compliment the strategic technology and business consulting expertise and further establish Quisitive as the Microsoft partner of the future.

Quisitive's fourth strategy is to leverage its existing first party business solutions including CRG emPerform™, FlexBM and complimentary solutions in planning, budgeting and analytics to assist the C-Suite of its customers. Quisitive, via CRG's extensive vertical experience across customer relationship management, marketing, human resources, enterprise resource planning, and corporate performance management, brings the necessary business and technical capability to lead a company's digital transformation and establish operational excellence for the business.

In June 2019 Quisitive expanded its Canadian business with the acquisition of Corporate Renaissance Group ("CRG") which was an important milestone for Quisitive in its overall strategy and vision. CRG's established Canadian and international customer base of over 4,000 companies helped Quisitive further establish its North American presence. Additionally, CRG's deep expertise in Microsoft Dynamics gave Quisitive full Microsoft cloud capability across all three Microsoft cloud platforms. Lastly, CRG also has expertise in talent and performance management for companies who consider people as their most important assets. CRG emPerform™ is CRG's proprietary performance management subscription software solution, being used by thousands of users across North America, the Caribbean and the U.K. The emPerform™ product along with the new Microsoft offering, Dynamics 365 for Talent, will allow Quisitive to provide a total solution to the Human Resources function of customers, empower the people asset in their business and grow recurring revenue for Quisitive.

On January 2, 2020 Quisitive completed the acquisition of Menlo Technologies, Inc. ("Menlo"). Menlo has depth across Microsoft's entire cloud platform including Microsoft Azure, Microsoft 365 and Microsoft Dynamics, as well as offshore capability. Based in Los Altos, California, the Menlo acquisition is a strong complement to the Company's acquisition of CRG. Quisitive has grown both organically and through acquisitions and now has eight regional locations in North America, an offshore development center in Hyderabad, India and over 300 employees.

Folding the CRG and Menlo expertise and experience into the brand now give Quisitive the ability to service the C-Suite across both IT and Business leaders, positioning the company as the strategic Microsoft partner for the C-suite. Per Gartner™ (*Helen Huntley, The IT Services Scenario — It's a Changing World, presented at Gartner Tech Growth & Innovation Conference June 2019*), only 5% of Microsoft partners have this combined IT plus Business capability.

More recently, on March 24, 2020, Quisitive launched LedgerPay, a secure, Microsoft cloud-based payment processing and data insights product platform. Incubated under Quisitive, LedgerPay is a strong addition to Quisitive's growing product portfolio. LedgerPay extends traditional payments capabilities by leveraging data science, in partnership with the world's top consumer insights firms, to help merchants use their transaction data to provide a much richer and more relevant consumer shopping experience. Quickly following the launch, LedgerPay announced its first software licensing agreement with Rev19, a merchant services and financial technology company.

Structure

On January 2, 2020, the Corporation completed the acquisition of Menlo Technologies Inc. Operations of Menlo Technologies Inc. and its subsidiaries since the acquisition date have been reflected in the consolidated financial statements.

For the three and nine months ended September 30, 2020 (all amounts in thousands of USD unless otherwise stated)

As at September 30, 2020, the Corporate structure of the Corporation was as follows:

Entity name	Country	Ownership percentage at September 30, 2020	Ownership percentage at December 31, 2019
		%	%
Fusion Agiltech Partners, Inc.	Canada	100	100
Corporate Reneassance Group	Canada	100	100
Quisitive Ltd.	USA	100	100
Quisitive LLC	USA	100	100
Ledgerpay, Inc.	USA	85	89.5
Menlo Technologies, Inc.	USA	100	0
MidTech Software Solutions, Inc.	USA	100	0
Support Solutions, Inc.	USA	100	0
Menlo Software India Private Limited	India	100	0

OVERALL PERFORMANCE

Quisitive Q3 2020 business highlights:

- Completed a balance sheet restructuring by refinancing $16.1 million in high interest debt and repaying an additional $10.5 million in debt through a combination of cash and share issuances
- Selected as Grant Thornton's strategic application development partner to accelerate and automate a unique and industry-differentiated platform for SOC (System and Organization Controls) reporting, by tapping into the power of the Microsoft cloud.
- Partnered with Essilor, the world's leading ophthalmic lens manufacturer, to rollout a virtual appointment application system to help eye care offices safely reopen around the globe.
- Appointed Sue Darrow as Senior Vice President, Human Resources & Culture to spearhead Quisitive's initiative of engaging new talent and creating a profound workplace culture.

For the three and nine months ended September 30, 2020 (all amounts in thousands of USD unless otherwise stated)

The following table summarizes quarterly results for the three and nine months ended September 30, 2020 and 2019:

	Three months ended		Nine months ended	
	9/30/2020	9/30/2019	9/30/2020	9/30/2019
Revenue	12,680	5,032	36,691	13,120
Cost of Revenue	7,588	2,761	21,921	7,500
Gross Margin	5,092	2,271	14,770	5,620
Margin %	40%	45%	40%	43%
Operating expenses				
Sales and marketing	1,082	890	3,285	2,349
General and administrative	1,891	772	5,387	2,251
Development	70	58	178	74
Share based compensation	162	33	547	128
Deferred grant income	(34)	—	(57)	—
Interest expense	1,099	492	3,060	970
Amortization	1,007	629	3,076	1,512
Depreciation	190	181	562	489
Foreign exchange	317	(187)	549	345
Earn-out settlement loss	440	—	440	—
Acquisition and transaction costs	696	140	980	660
Change in fair value of derivative liability	(25)	—	8,430	—
Loss Before Income Taxes	(1,803)	(737)	(11,667)	(3,158)
Income tax Expense — Current	213	130	772	201
Deferred income tax expense	(173)	(55)	(534)	(55)
Net Loss for the year	(1,843)	(812)	(11,905)	(3,304)

Revenues for the three and nine months ended September 30, 2020 were $12,680 and 36,691 compared with $5,032 and $13,120 in 2019 which represents 152% and 180% year over year growth. The growth in the Corporation's revenues is due to the addition of CRG and Menlo revenues in 2020 as well as additional revenues from LedgerPay and organic growth within the Quisitive customer base.

Cost of revenue is comprised of salaries and other personnel related costs, direct subcontractor and other costs associated with delivering the services. Cost of revenue for the three and nine months ended September 30, 2020 was $7,588 and $21,921 with gross margin of 40% and 40% of revenue compared to gross margin of 45% and 43% for the same periods in 2019. The decrease in gross margin is driven by increases in the Corporation's Cloud Solutions Provider (CSP) revenues in 2020 which provide recurring revenues based on a mark-up of the cloud service consumption of customers and lower margins on one significant client acquired in the Menlo acquisition where the Corporation provides expert staff augmentation services. CSP revenues have lower gross profit margins with minimal selling and general administration expenses to deliver.

Operating expense is comprised of salaries, commissions, other personnel related costs, facilities, bad debt expenses, travel expenses, advertising programs, investor relations and other promotional activities associated with administrating the Corporation and selling and marketing our services.

For the three and nine months ended September 30, 2020 (all amounts in thousands of USD unless otherwise stated)

The following table summarizes sales and marketing expenses in the three and nine months ended September 30, 2020 and 2019:

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
Sales and marketing expenses	$1,082	$890	$3,285	$2,349
As a percentage of revenue	8%	17%	9%	18%

Sales and marketing expense consist primarily of salary and personnel related costs including commissions. Additional expenses include digital marketing campaigns, marketing events, travel and efforts on proof of concept. Sales and marketing expense have increased in 2020 versus 2019 due to increased investment in expanding the Corporation's outreach on emerging technology projects, specifically Ledger Pay and other service offerings as well as increasing our headcount to address the current available market and the addition of Menlo and CRG marketing expenses. Sales and marketing expenses have declined significantly as a percentage of revenues due to the scale of investment over a broader customer base.

The following table summarizes General and administrative expense incurred during the three and nine months ended September 30, 2020 and 2019:

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
General and administrative expense	$1,891	$772	$5,387	$2,251
As a percentage of revenue	15%	15%	15%	17%

General and administrative expense consist primarily of salary and personnel related costs. Additional expenses include costs of maintaining a public listing, professional fees, insurance, bad debt, occupancy costs, travel and other office related expenses. The increase in 2020 is related to the addition of the Menlo and CRG employee burden and office expenses as well as higher legal and professional fees associated with the growth of the Corporation.

Amortization is attributable to intangible assets, including Microsoft relationship, customer agreements and relationships, brand and software acquired in the Quisitive LLC, CRG and Menlo transactions as well as intellectual capital costs. Intangibles assets with a finite life are amortized to income over their useful life. Amortization has increased significantly in 2020 from $1,007 and $3,076 for the three and nine months ended September 30, 2020 compared to $629 and $1,512 for the comparative periods in 2019 due to the additional amortization associated with the intangible assets recognized via the CRG and Menlo acquisitions.

Interest expense for the three and nine months ended September 30, 2020 was $1,099 and $3,060 compared with $492 and $970 for the comparative periods in 2019. Interest expense is primarily comprised of interest expense on the amounts borrowed and outstanding on the note payable, the bank term loan, the purchase price note, the Menlo acquisition loan, the operating line of credit, convertible debt and factoring facility. The period over period increase is due to the bank term loan obtained and purchase price notes issued in connection with the acquisition of CRG and the Menlo acquisition loan and the convertible debt issued in connection with the acquisition of Menlo. The decrease in interest expense for the three months ended September 30, 2020 from an average of $981 for the first two quarters of 2020 is due to the balance sheet restructuring resulting in refinancing $16.1 million in high interest debt and repayment of an additional $10.5 million in debt through a combination of cash and share issuances during the quarter. The debt consolidation that was completed in August of 2020 is expected to reduce interest expense by over $1 million dollars annually on a pro forma basis.

Share based compensation is the value ascribed to the granting of stock incentives to employees and directors of the Corporation. Stock based compensation for the three and nine months ended September 30, 2020 was $162 and $547 compared with $33 and $128 for the three and nine months ended September 30, 2019. The reason for the increase is primarily the issuance of RSU's in the first quarter of 2020 whereas there were minimal RSU's issued in the 2019 comparative periods.

Transaction costs include all one off expenses associated with ongoing transaction and acquisition activity. They are comprised of legal, accounting, valuation, taxation and other consulting expenses incurred directly related to corporate transactions including acquisitions. Transaction related expenses for the three and nine months ended September 30, 2020 were $696 and $980 an increase from $140 and $660 for the three and nine months ended September 30, 2019. Acquisition and transaction costs were higher for three and nine months ended September 30, 2019 as the Corporation incurred most of the costs relating acquisition of CRG comprised of legal and accounting fees as well the completion of the due diligence process. The Corporation continues to explore target acquisitions to execute on its consolidation strategy of building the North America's premier Partner of the Future for Microsoft.

Earn-out settlement losses for the three and nine months ended September 30, 2020 of $440 and $440 (September 30, 2019 nil and nil) were incurred in relation to the revaluation of contingent consideration consideration to reflect current expectations as well as to account for the fair value decrement in the working capital loan to a related party that was settled in the third quarter of 2020 which was recorded as a low interest loan and discounted to fair value.

The Corporation issued convertible debt as part of the consideration in the acquisition of Menlo on January 2, 2020. During the year, the entire $5,000 in principal amount of the convertible debentures that were issued by the Corporation as partial consideration for the acquisition of Menlo Technologies, Inc. were converted into an aggregate of 33,994,449 common shares of the Corporation. Prior to the convertible debt being converted, the instrument was bifurcated on the balance sheet between debt and the conversion option embedded in the instrument and the conversion option requires revaluation at each accounting period end. For the three and nine months ended September 30, 2020, the Corporation recorded a gain of $25 and a charge of $8,430 upon marking the derivative liability to fair value given the increase in the share price of the Corporation between the time of closing of the acquisition and the respective quarter ends.

Depreciation expense for the three and nine months ended September 30, 2020 was $190 and $562 compared with $181 and $489 in 2019. The increase in 2020 is related to the additional depreciation related to property and equipment added through the Menlo and CRG acquisitions.

Adjusted EBITDA

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

The term "Adjusted EBITDA" refers to a financial measure that we define as earnings before certain charges that management considers to be nonoperating expenses and which consist of interest, taxes, depreciation, amortization, foreign exchange, stock based compensation, acquisition related expense, settlement gains and losses on earn-out liabilities, changes in fair value of the derivative liability, grant income and listing expense. Adjusted EBITDA as a percentage of revenues divides Adjusted EBITDA for a period by the revenues for the corresponding period and expresses the quotient as a percentage.

For the three and nine months ended September 30, 2020 (all amounts in thousands of USD unless otherwise stated)

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

Quarterly Adjusted EBITDA reconciliation

	Three months ended		Nine months ended	
	9/30/2020	9/30/2019	9/30/2020	9/30/2019
Net loss	(1,843)	(812)	(11,905)	(3,304)
Income Tax Expense	41	75	239	146
Interest Expense	1,099	492	3,060	970
Depreciation	190	181	562	489
Amortization	1,006	629	3,076	1,512
Foreign Exchange	317	(187)	549	345
Share-based Compensation	162	33	547	128
Transaction and acquisition related expenses	696	140	980	660
Grant income	(34)	—	(57)	—
Earn-out settlement loss	440		440	
Change in fair value of derivative liability	(25)	—	8,430	—
Adjusted EBITDA	2,049	551	5,921	946
Adjusted EBITDA as a percentage of revenue	16%	11%	16%	7%

Adjusted EBITDA for the three and nine months ended September 30, 2020 was $2,049 and $5,921 or 16% and 16% of revenue compared with the the three and nine months ended September 30, 2019 where adjusted EBITDA was $551 and $946 or 11% and 7% of revenue. The increases reflects significant improvement in operational performance of the Corporation and the additional revenues and EBITDA margins of Menlo and CRG and Ledger Pay product development. The Corporation is continuing to invest in its sales and marketing organization, consulting practice, emerging technologies, investor relations functions and acquisition strategy to drive future improvements.

For the three and nine months ended September 30, 2020 (all amounts in thousands of USD unless otherwise stated)

Quarterly Operating Results

Selected financial information for each of the most recently completed quarters of Quisitive are as follows:

	Quarter ended	Revenue ($)	Gross Margin ($)	Net loss ($)	Loss per share ($)	Loss per fully diluted share ($)	Adjusted EBITDA ($)
Q3 2020	30-Sep-20	12,680	5,092	(1,843)	(0.01)	(0.01)	2,049
Q2 2020	30-Jun-20	13,125	5,641	(5,753)	(0.05)	(0.05)	2,768
Q1 2020	31-Mar-20	10,886	4,037	(4,310)	(0.04)	(0.04)	1,103
Q4 2019	31-Dec-19	5,405	2,317	(3,285)	(0.03)	(0.03)	324
Q3 2019	30-Sep-19	5,032	2,271	(812)	(0.01)	(0.01)	551
Q2 2019	30-Jun-19	4,080	1,745	(1,836)	(0.02)	(0.02)	157
Q1 2019	31-Mar-19	4,009	1,605	(657)	(0.01)	(0.01)	223
Q4 2018	31-Dec-18	3,903	1,584	(1,665)	(0.02)	(0.02)	(730)

In connection with the completion of the annual consolidated financial statements for the year ended December 31, 2019, the Corporation identified certain immaterial errors in reported revenues and expenses for the three months ended March 31, 2019, the three and nine months ended September 30, 2019, and the three and nine months ended September 30, 2019 as compared to the amounts previously reported. These differences, which are immaterial to each period, have been reflected in the underlying quarterly financial information in the applicable quarters in 2019.

LIQUIDITY AND CAPITAL RESOURCES

Selected financial information from the condensed consolidated interim statements of financial position as at September 30, 2020 and December 31, 2019 are as follows:

	September 30, 2020	December 31, 2019
Working capital	$9,127	$(11,802)

The Corporation has working capital as at September 30, 2020 of $9,127 which reflects the balance sheet restructuring and refinancing of $16.1 million in high interest debt, repayment of debt instrument, conversion of convertible debentures and settlement of contingent consideration through a combination of cash and share issuances during the quarter. The following actions were taken during the third quarter to 2020 to restructure the Corporations balance sheet.

(i) Settlement of convertible debentures

July 2, 2020, On July 2, 2020, the remaining $4,700 in principal amount of the convertible debentures that were issued by the Corporation as partial consideration for the acquisition of Menlo Technologies, Inc. on January 2, 2020 were converted into an aggregate of 32,025,800 Common Shares.

(ii) Settlement of contingent consideration

On July 2, 2020, the Corporation issued 9,861,441 Common Shares to former shareholders and key employees of Quisitive, LLC, a subsidiary of the Corporation, in respect of earn-out liabilities totalling $2,500 on September 30, 2020 relating to earn-out targets which were achieved during the year ended December 31, 2019.

For the three and nine months ended September 30, 2020 (all amounts in thousands of USD unless otherwise stated)

On July 2, 2020, the Corporation issued an aggregate of 5,158,731 Common Shares in the form of a performance earn-out as contingent consideration to the former vendors of Corporate Renaissance Group Inc. a subsidiary of the Corporation totalling $795 on September 30, 2020 for achieving earn-out targets which were achieved during the year ended December 31, 2019. The remaining balance of $795 was settled in cash.

(iv) Debt consolidation and balance sheet restructuring

On August 10, 2020, the Corporation successfully completed its debt consolidation initiatives pursuant to the terms of a loan agreement entered into between the Corporation, certain material subsidiaries of the Corporation, as guarantors, and a leading Canadian Schedule I Chartered Bank (the "Loan Agreement"). The Loan Agreement provides for a five-year term loan of US$16,133,000 (the "Term Loan") and a revolving operating line of credit of up to US$5,000,000 (the "Operating Line"), with all debts, liabilities, and obligations of the Corporation and guarantors under the Term Loan and Operating Line collaterally secured by a first-ranking security interest in all of the present and future undertaking, property and assets of the Corporation and its material subsidiaries. The proceeds from the Term Loan were used to refinance and retire the existing debt obligations under the Note payable, existing Bank term loan and the Menlo acquisition note. Interest on the Term Loan is payable on a monthly basis, based on a price grid which ranges, depending on the Corporation's total senior debt to EBITDA ratio, from the Bank's prime rate plus 1.5%, to the Bank's prime rate plus 2.25%, with advances repayable in monthly instalments of principal plus interest with a final payment of any amounts then outstanding due at maturity. The Operating Line is repayable with monthly interest consistent with the Term Loan rates.

(v) Settlement of purchase price note and note payable to a related party

On August 25, 2020, the Corporation issued 12,071,428 common shares pursuant to the exercise of warrants at $0.35 CAD and paid $3,189 CAD in cash to retire the purchase price note due to a related party and the note payable to related party of $4,779 ($6,500 CAD) and $759 CAD, respectively. In addition, as part of the settlement, the remaining 7,428,572 warrants exercisable at $0.35 CAD initially issued to vendors in the CRG acquisition were forfeited.

Sources and Uses of Cash

	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Cash provided by (used in) operating activities	$ 1,151	$ (692)
Cash used in investing activities	(2,680)	(3,257)
Cash provided by (used in) financing activities	5,093	4,674
Net increase (decrease) in cash	$ 3,564	$ 725

The net increase in cash in 2020 is primarily attributable to proceeds of the unit issuance of $10,732 and US payroll protection plan loan funding totalling $2,929 offset by cash used in the payment of contingent consideration, debt settlements the repayment of the Corporations operating line of credit, debt service costs and $2,072 of cash used in the Menlo acquisition through the year. The Corporation has continued the trend of strong operating results with cash flows from operations totalling $3,343 before changes in non cash working capital for the nine months ended September 30, 2020 reflecting the addition of new licensing revenues as well as strong operating cash flows from the consulting practice. These were offset by the repayment of the Corporations operating line of credit, debt service costs and $2,072 of cash used in the Menlo acquisition.

For the three and nine months ended September 30, 2020 (all amounts in thousands of USD unless otherwise stated)

For the nine months ended September 30, 2019, cashflows included only the business of Quisitive LLC and five months of CRG with operating cashflows resulting in a use of $281 in cash from operations during the quarter and $3,181 used in the acquisition of CRG offset by financing cash inflows of $4,012 which included $4,804 via the bank term loan and draws from the operating line of credit.

All cash is held in interest bearing bank accounts with major US or Canadian financial institutions.

TRANSACTIONS WITH RELATED PARTIES

(i) Note payable to related party and Purchase Price note

The Corporation 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.

In connection with the closing of the acquisition of CRG, the Corporation issued $4,967 ($6,500 CAD) 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 and nine months ended September 30, 2020, the Corporation incurred $72 and $310 in interest relating to the notes (September 30, 2019 — $123 and $164). 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.

On August 25, 2020, the Corporation issued 12,071,428 common shares pursuant to the exercise of warrants at $0.35 CAD and paid $2,417 ($3,189 CAD) in cash to retire the purchase price notes due to related parties and the note payable to related party of $4,779 ($6,500 CAD) and $750 CAD, respectively. In addition, as part of the settlement, the remaining 7,428,572 warrants exercisable at $0.35 CAD initially issued to vendors in the CRG acquisition were forfeited.

(ii) Key management compensation

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

The compensation recorded to key management personnel during the three and nine months ended September 30, 2020 and 2019 were as follows:

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Salaries and short term benefits	$354	$267	$754	$631
Share Based Compensation	$ 91	$ 8	$272	$ 8

(iii) Transactions with related entities

During the quarter, the Corporation had transactions with Software Integrators International, Inc. and Corporate Renaissance Group Solutions (PVT) Ltd. which are controlled by a Director/Officer of the

For the three and nine months ended September 30, 2020 (all amounts in thousands of USD unless otherwise stated)

Corporation. The transactions and balances for the nine months ended September 30, 2020 are set out in the table below.

	Opening receivable (payable)	Net repayment / (Payments Received)	Sales provided (Services Received)	Closing payable
		(all amounts in CAD)		
Software Integrators International Inc.	$ 92	$(27)	$ 28	$(93)
Corporate Renaissance Group Solutions (PVT) Ltd.	$(37)	$249	$(237)	$(25)

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

Quisitive has leased several office facilities under separate noncancelable operating leases which are capitalized under IFRS16.

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

	As at	
	September 30, 2020	December 31, 2019
12 Months	$ 730	$603
1-2 years	528	378
Total	$1,258	$981

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

	under 3 months	3 months-1 year	1-2 years	3-5 years
A/P and accrued liabilities	$5,860	$ —	$ —	$ —
Contingent consideration	2,808	—	4,202	—
US payroll protection loans	—	—	2,929	—
Loan Agreement	202	1,344	2,420	12,100
Total	$8,870	$1,344	$8,551	$12,100

OUTSTANDING SHARE CAPITAL

As at the date of this MD&A there were 193,585,013 Common Shares issued and outstanding, 3,405,000 stock options, 10,666,703 common share purchase warrants, 1,565,379 common shares issuable pursuant to broker compensation units, 6,196,801 restricted stock units and 3,405,000 stock options outstanding.

OFF BALANCE SHEET ARRANGEMENTS

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

For the three and nine months ended September 30, 2020 (all amounts in thousands of USD unless otherwise stated)

FINANCIAL INSTRUMENTS

The carrying values of the cash, restricted 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, Menlo acquisition loan, purchase price notes and bank term loan approximate fair value as they were at market rates of interest.

(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 September 30, 2020 is $12,295 (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 $8,015 (December 31, 2019 — $4,171). Accounts receivable are shown net of provision of credit losses of $47 (December 31, 2019 — $206).

	under 30	30-60 days	over 60 days	Total
Trade Accounts receivable ageing	$6,620	$210	$1,185	$8,015

The Corporation is exposed to concentration of credit risk relating to one customer account that represents 16% of trade accounts receivable as at September 30, 2020 (December 31, 2019 — nil). The corporation recognized $2,091 and $6,041 of revenues for the three and nine months ended September 30, 2020 relating to this customer.

(b) Liquidity risk

Liquidity risk is the risk that the Corporation will be unable to meet its financial obligations as they fall due. The Corporation's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation. At September 30, 2020, the Corporation has $12,295 (December 31, 2019 — $1,420) of unrestricted cash and liabilities with the following due dates:

	under 3 months	3 months-1 year	1-2 years	3-5 years
A/P and accrued liabilities	$5,894	$ —	$ —	$ —
Contingent consideration	2,808	—	4,202	—
US payroll protection loans	—	—	2,929	—
Loan Agreement	202	1,344	2,420	12,100
Total	$8,904	$1,344	$8,551	$12,100

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

For the three and nine months ended September 30, 2020 (all amounts in thousands of USD unless otherwise stated)

(c) Market risk

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

(d) Interest rate risk

The Corporation is exposed to interest rate risk through the Loan Agreement which bears interest based on a price grid which ranges, depending on the corporation's total senior debt to EBITDA ratio, from the Bank's prime rate plus 1.5%, to the Bank's prime rate plus 2.5%.

(e) Foreign currency risk

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

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

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

	September 30, 2020	December 31, 2019
	CAD$	CAD$
Cash	$7,775	$1,819
Accounts payable and accrued liabilities	(669)	(750)
	7,106	1,069
United States dollar equivalent	$5,328	$ 819

(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.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

ACCOUNTING STANDARDS ISSUED ADOPTED DURING THE PERIOD

For the preparation of these condensed consolidated interim financial statements, there were no new standards or amendments to standards adopted in 2020.

RISK FACTORS

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

The following risk factors should not be exhaustive and may not be all the risks that Quisitive may face. Management of the Corporation believes that these factors set out below could cause actual results to be different from expected and historical results. In addition to the risks noted below, risks related to Financial Instruments as set forth in this MD&A, and those risk factors described in Quisitive's annual information form dated May 15, 2020 which is available on SEDAR, special consideration should be given when evaluating trends, risk and uncertainties relating to Quisitive's business.

Profitability

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

COVID-19 Pandemic

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

Availability of Financing

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

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

Changes in the IT Industry

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

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

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

Client Retention / Attrition

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

Information Systems

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

Client Demand

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

Attracting and Retaining Clients

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

Economic Conditions

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

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

Ability to Successfully Execute Strategies

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

Acquisitions

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

Quisitive to successfully manage this strategy could have a material adverse effect on Quisitive's business, results of operations and financial condition.

Seasonality of the Business

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

Sale Cycle

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

Reliance on Key Personnel

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

Management of Growth

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

Regulatory Risks

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

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

Changes in Laws, Regulations and Guidelines

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

Reliance on Computer Systems

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

Employee Regulations

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

Foreign Currency Risk

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

Competition

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

Quisitive faces substantial competition from other national, multiregional, regional and local value added resellers and IT service providers, some of which may have greater financial and other resources than that of Quisitive or that may have more fully developed business relationships with clients or prospective clients than Quisitive. Many of Quisitive's competitors compete principally on the basis of price and may have lower costs or accept lower selling prices and, therefore, Quisitive may need to reduce its prices.

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

- clients' perceptions of Quisitive's ability to add value through its services;

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

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

Litigation

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

Protection of Intellectual Property Rights

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

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

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

Dividends

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

Disclosure of Internal Controls

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

In contrast to the certificate required for non venture issuers under National Instrument 52109 Certification of Disclosure in issuers' Annual and Interim filings ("NI 52109"), the Venture Issuer Basic Certificate filed by the Corporation does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52109. In particular, the certifying officers filling such certificate are not making any representations relating to the establishment and maintenance of:

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

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

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