# QUISITIVE TECHNOLOGY SOLUTIONS, INC.

**Condensed Consolidated Interim Financial Statements**
**For the Three and Nine Months ended September 30, 2018 and 2017**
**(Unaudited)**
**(Expressed in United States Dollars)**

## Notice of No Auditor Review of Interim Financial Statements

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

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

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

| | September 30, 2018 | December 31, 2017 |
|---|---|---|
| **Assets** | | |
| Current | | |
| Cash | $ 1,117,081 | $ 1 |
| Accounts receivable | 2,362,066 | - |
| Work in progress | 108,035 | - |
| Prepaid | 193,231 | - |
| | 3,780,413 | 1 |
| Deposits | 43,241 | - |
| Property and equipment, net (note 5) | 183,561 | - |
| Intangibles (note 6) | 268,105 | - |
| Goodwill (note 4) | 11,981,880 | - |
| | $ 16,257,200 | $ 1 |
| **Liabilities** | | |
| Current | | |
| Accounts payable and accrued liabilities | $ 2,157,853 | $ - |
| Equipment leases | 143,713 | - |
| Operating line of credit (note 7) | 786,006 | - |
| Note payable – related party (note 8) | 300,000 | |
| Accrued income taxes | 7,800 | - |
| | 3,395,372 | - |
| Long term debt (note 11) | 5,244,851 | - |
| Deferred tax liability (note 10) | 439,100 | - |
| Earn-out liability (note 4) | 1,202,000 | - |
| | 10,281,323 | - |
| **Shareholders' Equity (Deficiency)** | | |
| Share capital | 9,264,295 | 1 |
| Warrants (note 13) | 1,455,436 | - |
| Contributed surplus (note 13) | 221,440 | - |
| Deficit | (4,961,489) | - |
| Equity Attributable to Owners of the Company | 5,979,682 | 1 |
| Non-Controlling Interest | (3,805) | - |
| | 5,975,877 | 1 |
| Going Concern (note 2(a)) | | |
| Subsequent Event (note 16) | | |
| | $ 16,257,200 | $ 1 |

Approved on behalf of the Board:

*"Michael Reinhart"* ……………………………………………… Michael Reinhart, CEO and Director

*" Dave Guebert"* ……………………………………………………………… Dave Guebert, Director and Chair of Audit Committee

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

## QUISITIVE TECHNOLOGY SOLUTIONS, INC.
**Condensed Consolidated Interim Statements of Comprehensive Loss**
**(Unaudited)**
**(Expressed in United States Dollars)**
**For the three and nine months ended**

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | **September 30, 2018** | **September 30, 2017** | **September 30, 2018** | **September 30, 2017** |
| **Revenue** | $ 3,234,208 | $ - | $ 7,586,189 | - |
| **Cost of Revenue** | 2,155,788 | - | 5,034,385 | - |
| | 1,078,420 | - | 2,551,804 | - |
| **Operating Expenses** | | | | |
| Sales and marketing expense | 619,629 | - | 1,017,928 | - |
| General and administrative | 1,107,902 | - | 2,376,058 | - |
| | 1,727,531 | - | 3,393,986 | - |
| **Operating Loss** | (649,111) | - | (842,182) | - |
| Share-based compensation (note 13) | 58,526 | | 200,031 | |
| Interest expense | 175,101 | | 316,290 | |
| Amortization | 9,219 | | 33,967 | |
| Depreciation | 33,996 | | 78,577 | |
| Listing expense (note 3) | 2,780,736 | | 2,780,736 | |
| Acquisition related expenses | 42,920 | - | 266,611 | - |
| **Net Operating Loss for the Period** | $ (3,749,609) | $ - | $ (4,518,394) | $ - |
| Income tax expense – current (note 4) | - | - | 7,800 | - |
| Deferred income tax expense (note 4) | - | - | 439,100 | - |
| **Net Loss for the Period** | (3,749,609) | - | (4,965,294) | - |
| **Net Loss attributed to:** | | | | |
| Owners of the Company | $ (3,748,455) | $ - | $ (4,961,489) | $ - |
| Non-controlling interest | (1,154) | - | (3,805) | - |
| **Loss Per Share, Basic and Diluted** | $ (0.05) | $ | $ (0.08) | $ - |
| **Weighted Average Number of Common Shares Outstanding** | 79,065,181 | | 66,042,681 | |

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

## QUISITIVE TECHNOLOGY SOLUTIONS, INC.
**Condensed Consolidated Interim Statements of Changes in Shareholders' Deficiency**
**(Unaudited)**
**(Expressed in United States Dollars)**

| | Share Capital | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Number** | **Amount** | **Contributed Surplus** | **Warrants** | **Deficit** | **Non-Controlling Interest** | **Total** |
| | | $ | $ | $ | $ | $ | $ |
| **Balance, December 31, 2017** | **1,000,000** | **1** | **-** | **-** | **-** | **-** | **1** |
| Shares issued from private placement | 37,500,000 | 1,509,750 | - | - | - | - | 1,509,750 |
| Shares issued in connection with Quisitive acquisition | 11,588,725 | 466,562 | - | - | - | - | 466,562 |
| Share issued from private placement | 24,138,716 | 6,552,696 | - | - | - | - | 6,552,696 |
| Share issuance costs | - | (645,397) | - | - | - | - | (645,397) |
| Warrants | - | (1,294,258) | - | 1,294,258 | - | - | - |
| Broker Warrants | - | (135,894) | - | 135,894 | - | - | - |
| Shares issued from 2nd private placement | 428,572 | 115,710 | - | - | - | - | 115,710 |
| Shares issuance costs 2nd private placement | - | (8,100) | - | - | - | - | (8,100) |
| Warrants from 2nd private placement | - | (22,810) | - | 22,810 | - | - | - |
| Broker Warrants from 2nd private placement | - | (2,474) | - | 2,474 | - | - | - |
| Shares issued pursuant to RTO | 10,175,000 | 2,728,509 | - | - | - | - | 2,728,509 |
| Share-based compensation - RTO | - | - | 22,617 | - | - | - | 22,617 |
| Share-based compensation | - | - | 198,823 | - | - | - | 198,823 |
| Net income (loss) for the period | - | - | - | - | (4,961,489) | (3,805) | (4,965,294) |
| **Balance, September 30, 2018** | 84,831,013 | 9,264,295 | 221,440 | 1,455,436 | (4,961,489) | (3,805) | 5,975,877 |

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

## QUISITIVE TECHNOLOGY SOLUTIONS, INC.
**Condensed Consolidated Interim Statements of Cash Flows**
**(Unaudited)**
**(Expressed in United States Dollars)**

| | Nine Months Ended | |
|---|---|---|
| | **September 30, 2018** | **September 30, 2017** |
| **Operating Activities** | | |
| Net loss for the period | $ (4,965,294) | $ - |
| Items not involving cash | | |
| Amortization | 33,967 | - |
| Depreciation | 78,577 | - |
| Share-based compensation | 221,441 | - |
| Reverse takeover consideration included in listing expense (note 3) | 2,728,509 | - |
| Accrued Interest | 57,341 | - |
| Deferred income tax | 439,100 | - |
| | (1,406,359) | - |
| *Changes in non-cash working capital* | | |
| Receivables | (923,857) | - |
| Work in progress | (62,974) | - |
| Prepaid expense | (23,370) | - |
| Accounts payable and accrued liabilities | 917,321 | - |
| Accrued income taxes | 7,800 | - |
| **Cash Provided by (Used in) Operating Activities** | (1,491,439) | - |
| **Investing Activity** | | |
| Purchase of property and equipment | (21,423) | - |
| Capitalization of intangibles | (145,818) | - |
| Investment in Quisitive, LLC | (4,081,939) | - |
| **Cash Used in Investing Activity** | (4,249,180) | - |
| **Financing Activities** | | |
| Proceeds from share issuance, net of issuance costs | 7,524,658 | 1 |
| Interest paid on long term debt | (261,450) | - |
| Repayment of line of credit | (661,056) | - |
| Promissory Note from related party (note X) | 300,000 | - |
| Payment of equipment leases | (44,452) | - |
| **Cash Provided by (Used in) Financing Activities** | 6,857,700 | 1 |
| **Foreign Exchange Effect on Cash** | - | - |
| **Inflow (Outflow) of Cash** | **1,117,081** | **1** |
| **Cash, Beginning of Period** | **0** | - |
| **Cash, End of Period** | **$ 1,117,081** | $ **1** |

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

## 1. GENERAL INFORMATION

### *(a) Nature of Business*

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

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

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

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

Quisitive Ltd. (formerly Fusion Agiletech Holdings Ltd. or ("Fusion Holdings")) was incorporated on December 22nd, 2017 under the General Corporate Law of the State of Delaware. On January 10, 2018, Fusion Holdings became a wholly owned subsidiary of the Company, which is a holding company that was incorporated to acquire IT service companies in the United States and Canada. The address of Fusion Holding's registered office is 919 North Market Street, Suite 950, Wilmington, Delaware, 19801.

On January 22, 2018, Fusion Holdings entered into a definitive agreement to acquire the shares of MRA Digital Consulting Inc., the shares of Quisitive LLC ("Quisitive USA") and the shares of LedgerPay Inc. ("LedgerPay"). The transactions closed on February 20, 2018 (see Note 4) and the operations of LedgerPay and Quisitive USA since February 21, 2018 have been reflected in the condensed consolidated interim financial statements.

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

LedgerPay was incorporated on December 26th, 2017 under the General Corporate Law of the State of Delaware. LedgerPay's principal activity is to develop, promote and sustain blockchain-enabled payments-related software products. Fusion Holdings owns 88.9% of LedgerPay. The address of the LedgerPay's registered office is 919 North Market Street, Suite 950, Wilmington, Delaware, 19801.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*(A) GOING CONCERN:*

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and the basis of presentation outlined in note 2(B)) on the assumption that the Company 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. Hence, it is assumed that the Company has neither the intention nor the need to liquidate and is able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company has experienced losses since inception and has a shareholders' deficiency. Additional financing will be required to support operating and investing activities, as the Company continues to expand its operations in the foreseeable future. There is no certainty that additional financing will be available of that it will be available on attractive terms.

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

*(B) BASIS OF PREPARATION*

These condensed consolidated interim financial statements for the three and nine months ended September 30, 2018 of the Company were prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ["IAS 34"] as issued by the International Accounting Standards Board ["IASB"]

The same accounting policies and methods of computation were followed in the preparation of these condensed consolidated interim financial statements as were followed in the preparation of the annual financial statements of the Company for the year ended December 31, 2017 prepared in accordance with International Financial Reporting Standards ["IFRS"] as issued by the IASB, with the exception of new accounting policies adopted per (c) below.

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements. Accordingly, these condensed consolidated interim financial statements for the three and nine months ended September 30, 2018 should be read together with the annual consolidated financial statements of the Company for the year ended December 31, 2017 and Nebo Capital Corporation Filing Statement dated July 27, 2018 as filed on www.sedar.ca.

The preparation of condensed consolidated interim financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are consistent with those disclosed in the notes to the annual consolidated financial statements for the year ended December 31, 2017.

During the preparation of the interim condensed consolidated financial statements for the three and nine-months ended September 30, 2018, the Company identified certain immaterial errors in previously reported financial information for the three months ended June 30, 2018. As a result, the comparative amounts for the three months ended June 30, 2018 have been recast to reflect a reduction in revenue of $150,850, a reduction in gross profit of $127,694, a reduction in intangible assets of $98,101, an increase in net loss of $39,865. There was no impact on previously reported loss per share..

These financial statements were authorized for issue by the Audit Committee and Board of Directors on November 26, 2018.

***(a) Measurement Bases***

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

All financial information is stated in United States of America Dollars ("USD"), except where otherwise noted. USD is the operational currency used by all entities.

***(b) Basis of consolidation***

The consolidated financial statements include the Company and its wholly-owned subsidiaries Fusion Agiletech Partners, Inc., Quisitive Ltd. and Quisitive Inc., as well as LedgerPay, which the Company owns a 93% interest.

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

***(c) Use of Estimates***

In preparing financial statements in conformity with international financial reporting standards, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reported period. Actual results could differ from these estimates.

***(d) Adoption of New Accounting Standards***

For the preparation of these condensed consolidated interim financial statements, the following new and amendments to Standards were adopted on January 1, 2018.

**IFRS 9 - Financial instruments**

Effective January 1, 2018, the Company adopted IFRS 9.

IFRS 9 introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. IFRS 9 also amends the requirements around hedge accounting, and introduces a single, forward-looking expected loss impairment model.

The adoption of IFRS 9 had no impact on the Company's condensed consolidated interim financial statements on the date of initial application. There was no change in the carrying amounts on the basis of allocation from original measurement categories under IAS 39 Financial Instruments: Recognition and Measurement to the new measurement categories under IFRS 9.

***Classification***

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

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

***Measurement***

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

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

***Impairment***

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

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

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

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

***Summary of the Company’s Classification and Measurements of Financial Assets and Liabilities***

| | IFRS 9 | | IAS 39 | |
|---|---|---|---|---|
| | **Classification** | **Measurement** | **Classification** | **Measurement** |
| Cash and cash equivalents | FVTPL | Fair value | Loans and receivables | Fair Value |
| Accounts receivables | Amortized cost | Amortized cost | Loans and receivables | Amortized cost |
| Trade payables and accrued liabilities | Amortized cost | Amortized cost | Other liabilities | Amortized cost |
| Line of credit | Amortized cost | Amortized cost | Other liabilities | Amortized cost |
| Long-term debt | Amortized cost | Amortized cost | Other liabilities | Amortized cost |

**Adoption of IFRS 15 – Revenue from Contracts with Customers**

The Company has adopted IFRS 15 – Revenue from Contracts with Customers. There were no material changes with the adoption of IFRS 15 on these condensed consolidated interim financial statements.

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

The Company's policies for the recognition of revenue under IFRS 15 are as follows:

Time and material engagements is recognized at the contractual rates as labour hours are delivered and direct expenses are incurred.

Certain costs incurred by the Company for subcontractors and other expenses that are recoverable directly from clients are billed to the clients and therefore included in revenue.

Project costs include all direct labour and subcontract costs and those indirect costs related to contract performance such as benefits, travel expenses and hardware and software reimbursements. Selling, general and administrative costs are charged to expenses as incurred.

Deferred revenue is the amount paid over the current billing to the client project and the revenue is not yet realizable nor recognized.

Credit terms are extended to customers in the normal course of business. The Company performs ongoing credit evaluations of its customers based on payment history and willingness to pay and, generally, requires no collateral.

Accounts receivable are recorded at their estimated net realizable value, net of an allowance for doubtful accounts. The Company's estimate of the allowance for doubtful accounts is based upon historical experience, its evaluation of the current status of receivables, and unusual circumstances, if any. Accounts are considered past due if payment is not made on a timely basis in accordance with the Company's credit terms.

***(e) Upcoming Accounting Pronouncements***

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

***IFRS 16 Leases (issued in January 2016)*** - The Standard, effective for annual periods beginning on or after January 1, 2019 (earlier application permitted only if IFRS 15 also applied), replaces IAS 17 and its Interpretations. The biggest change introduced is that almost all leases will be brought onto lessees' balance sheets under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

## 3. REVERSE ACQUISITION OF NEBO CAPITAL CORPORATION

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

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

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

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

**(Expressed in United States Dollars)**

In addition, immediately following the Transaction:

12,283,644 Quisitive Shares are reserved for issuance upon exercise of all outstanding Fusion share purchase warrants issued in connection with the brokered private placement completed on March 29, 2018 and June 1, 2018 (the "Private Placement"); 2,516,566 Quisitive Shares are reserved for issuance upon exercise of the compensation options issued to Clarus Securities Inc., PowerOne Capital Markets Limited and Primary Capital Inc., who acted as agents in connection with the Private Placement; Quisitive, under the membership interest purchase agreement may be required to pay an additional amount of up to USD$2,500,000 as earn-out to former membership interest holders of Quisitive, LLC ("Quisitive USA"), a subsidiary of Fusion Agiletech Holdings Ltd. ("Fusion Holdings"), which in turn is a subsidiary of Fusion Canada, and which amount shall be payable in Nebo Shares at a deemed price of $0.35 per share; Nebo will be required to issue 2,125,000 Nebo Shares as employment incentives to certain employees of LedgerPay Inc., a subsidiary of Fusion Holdings; and 1,865,000 Nebo Shares are reserved for issuance upon the exercise of all previously existing stock options of Fusion Canada and Nebo.

Upon closing of the Qualifying Transaction, the shareholders of Fusion Canada owned 88.01% of the common shares of the Company and as a result, the transaction is considered a reverse acquisition of Nebo by Fusion Canada. For accounting purposes, Fusion Canada is considered the acquirer and Nebo the acquiree. Accordingly, the consolidated financial statements are in the name of Nebo Capital Corporation which has since changed its name to Quisitive Technology Services, Inc. however, they are a continuation of the financial statements of Fusion Canada which has a financial year end of December 31, 2018.

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

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

| | | |
|---|---|---|
| Fair value of consideration paid to former Nebo holders of: | | |
| Common shares (10,175,000 common shares at CDN$0.35) | $ | 2,728,509 |
| Options (150,000 options) | | 22,617 |
| Total consideration | | 2,751,126 |
| | | |
| Net identifiable assets acquired and liabilities assumed | | 569,347 |
| Other expenses associated with listing | | 598,957 |
| Total Listing expense | $ | 2,780,736 |

**(Expressed in United States Dollars)**

The Amalgamation with Nebo allowed the former Fusion Canada, a private company, to obtain a listing on the TSX-V without having to go through the initial public offering process. As the acquisition was not considered a business combination, a total of $2,780,736, being the excess of fair value of the consideration paid to obtain the listing over the net assets (liabilities) received (assumed) is expensed for the three and nine months ended September 30, 2018.

## 4. BUSINESS COMBINATIONS

On February 20, 2018, Fusion Holdings purchased all outstanding member units of Quisitive USA to obtain control. Since February 20, 2018, the subsidiary contributed revenue of $7,586,189 and $3,234,208 for the nine and three months ending September 30, 2018 respectively and $ $2,551,805 and $1,078,420 in gross profit for the nine and three months ending September 30, 2018 respectively and net loss of $300,852 and $226,116 for the nine and three months ending September 30, 2018 respectively. As part of the purchase of Quisitive USA, there is an unallocated purchase price premium which management has yet to allocate given valuation of intangibles is currently underway and anticipated to be complete by December 31, 2018. Management has one year to determine the purchase price allocation.

As part of the compensation for the Quisitive USA membership units, Fusion Holdings entered into an earn-out with certain former Quisitive USA members (the “Earn-Out”). The Earn-Out has a maximum payout of $2,500,000 based on a five times EBITDA exceeding $1,700,000 to a maximum of $2,200,000 eligible in either 2018 or calendar 2019. Management has estimated the fair market value of the Earn-Out to be $1,202,000 by estimating the likelihood of achieving such Earn-Out goals and applying a present value to such likely amounts. As of September 30, 2018 the Company has incurred $150,507 in acquisition related costs to complete the transaction

The fair values shown below for Quisitive USA are provisional as the allowed hindsight period has not yet expired. A detailed expert report on the fair value is expected to be available in time for the next set of annual financial statements.

| | | Provisional fair value |
|---|---|---|
| Current assets | $ | 1,665,904 |
| Property and equipment | | 280,502 |
| Other assets | | 43,241 |
| Total Assets | | 1,989,647 |
| Current liabilities | | (1,394,804) |
| Operating line of credit | | (1,581,371) |
| Long-term debt | | (5,244,851) |
| Total Liabilities | $ | (8,221,026) |
| Net liabilities assumed | | (6,231,379) |
| Consideration of the acquisition | | 5,750,501 |
| Unallocated Purchase Price Premium, preliminarily recorded as Goodwill | $ | 11,981,880 |

**(Expressed in United States Dollars)**

| | | |
|---|---|---|
| Satisfied by: | | |
| Shares issued | | 466,562 |
| Cash paid | | 4,081,939 |
| Fair value of contingent consideration | | 1,202,000 |
| Consideration of the acquisition | $ | 5,750,501 |

## 5. PROPERTY AND EQUIPMENT

| | | September 30 2018 | | December 31, 2017 |
|---|---|---|---|---|
| Computers and network equipment | $ | 118,571 | $ | - |
| Furniture and equipment | | 399,267 | | - |
| Leasehold improvements | | 36,239 | | - |
| Software | | 12,205 | | - |
| Total Cost | | 566,282 | | - |
| Less Accumulated Depreciation | | (382,721) | | - |
| Net property and equipment | $ | 183,561 | $ | - |

Depreciation expense for the quarter ending September 30, 2018 and 2017 was $33,996 and $nil respectively, and $78,577 and $nil for the nine months ending September 30, 2018 and 2017 respectively.

## 6. INTANGIBLES

Intangible software includes internally developed software relating to the following:

**a.** **Data Link** is a cloud based data ingestion software service that loads data to Microsoft's Azure Datalink environment.
**b.** **LedgerPay Product Family** is focused on loyalty, payments and compliance for retail and banks.
  - **i.** This includes software development work
  - **ii.** Business planning and product roadmap development

**c.** **Blockchain Oil Pipeline solution –** software development services as well as sales and marketing asset development
**d.** **Blockchain methodology**, services, a programmatic practice development

As of September 30, 2018 the Company has capitalized $331,768 and amortized $63,663 for a net of $268,105. Amortization expense for the quarter ending September 30, 2018 and 2017 was $9,219 and $nil respectively and $33,967 and $nil for the nine months ending September 30, 2018 and 2017 respectively.

## 7. OPERATING LINE OF CREDIT

**(Expressed in United States Dollars)**

As of September 30, 2018 Quisitive USA had a $1,500,000 operating line of credit with a financial institution, guaranteed by the Company. The note is secured by the general assets of Quisitive USA and accrues interest at 3.25% above LIBOR Daily Float Rate (LIBOR Daily Floating Rate at September 30, 2018 was 2.17%). Interest is payable monthly and borrowings are subject to a monthly borrowing base calculation. 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. Beginning June 30, 2017, Quisitive failed the covenant but as of December 31, 2017, the covenant was waived. As of September 30, 2018 Quisitive USA is in compliance with the financial covenants however the financial institution has called the operating line of credit and the equipment leases due to issues in 2017 and effective October 18, 2018 the line and the equipment leases were repaid in full with proceeds received from a factoring agreement entered into subsequent to period-end (note 16).

| | September 30, 2018 | September 30, 2017 |
|---|---|---|
| Operating line of credit | $ 786,006 | $ - |
| Interest paid for the quarter ending September 30 | $ 22,871 | $ - |
| Interest paid for the nine months ending September 30 | $ 45,860 | $ - |

## 8. RELATED PARTY TRANSACTION AND BALANCE

The Company entered into a promissory note agreement totaling $300,000 with a shareholder and officer of the Company. The note is unsecured, and accrues interest at 3.25% above LIBOR. This note was to bridge the financing received on factoring the receivables. The note payable was repaid in full during October 2018 with proceeds received from a factoring agreement entered into subsequent to period-end (note 16).

| | September 30, 2018 | September 30, 2017 |
|---|---|---|
| Note payable – related party | $ 300,000 | $ - |
| Interest paid for the quarter ending September 30 | $ 227 | $ - |
| Interest paid for the nine months ending September 30 | $ 227 | $ - |

## 9. SEGMENT INFORMATION

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

**(Expressed in United States Dollars)**

## 10. INCOME TAXES

| | September 30, 2018 | December 31, 2017 |
|---|---|---|
| Current taxes | $ 7,800 | $ - |
| Deferred taxes | 439,100 | - |
| Total income tax expense | $ 446,900 | $ - |

Income tax expense exceeds the statutory rate as a result of the initial year accrual to cash for Quisitive USA.

The tax effects of temporary differences that give rise to the Company's deferred income tax assets and liabilities consist of the following:

| | September 30, 2018 |
|---|---|
| Deferred tax assets | |
| Net operating loss carryforward | $ 152,000 |
| Total deferred tax assets | 152,000 |
| Deferred tax liabilities | |
| Accrual to cash conversion | $ 266,100 |
| Accelerated depreciation and amortization for tax | 325,000 |
| Total deferred tax liability | $ 591,000 |
| Net deferred tax asset (liability) | $ (439,100) |

(Expressed in United States Dollars)

## 11. LONG-TERM DEBT

Quisitive has a long term debt with a private lender. Unpaid principal balance bears interest at interest at 9%, increasing 0.05% every six months not to exceed 12%, maturing on February 23, 2020, secured by a second priority security interest in the Company's personal property. Interest on the first six months were not payable, and have been added to the principal balance of the debt per the agreement. Interest is being paid monthly, and the full amount of principal is due February 23, 2020.

| | September 30, | |
|---|---|---|
| | **2018** | **2017** |
| Long term debt | $ 5,244,851 | $ - |
| | | |
| Interest paid for the quarter ending September 30 | $ 154,504 | $ - |
| Interest paid for the nine months ending September 30 | $ 367,807 | $ - |

## 12. LEASE COMMITMENTS

Quisitive has leased its two office facilities under separate non-cancellable operating leases. Total monthly rent for the two leases is $52,081 plus operating costs. Rent expense for these leases was $175,632 for the third quarter of 2018 and $534,150 for the nine months ending September 30, 2018.

Future minimum cash payments required under these two leases are as follows:

| | 12 months ending, September 30, | |
|---|---|---|
| | **2018** | **2017** |
| 2019 | $ 629,475 | $ - |
| 2020 | 446,349 | - |
| 2021 | 378,969 | - |
| Total | $ 1,454,793 | $ - |

## 13. SHARE CAPITAL

### *(a) Share Issuances*

The Company is authorized to issue an unlimited number of Quisitive shares. As at September 30, 2018, 84,831,013 Quisitive shares were issued and outstanding as fully paid and non-assessable.

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

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

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

On January 22, 2018, 11,588.738 shares in Fusion Holdings convertible on a 1:1,000 basis into shares of the Company at a value of $456,562 were issued pursuant the Agreement and Plan of Merger and Membership Interest Purchase Agreement of Quisitive USA and on January 23, 2018 Fusion Holdings exchanged Michael Reinhart's and John Jacobus' 11,588.738 common shares for 11,588,725 Class "A" common shares of Fusion Canada.

On January 22, 2018, Fusion Holdings executed an employment agreement with Michael Reinhart, authorizing the issue of 5% or 500,000 shares of LedgerPay to him that are convertible to 1,062,500 shares in the Company, at the holder's option.

On March 5, 2018, Fusion Holdings executed an employment agreement with Richard Scott Perkins 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 Richard Scott Perkins remains employed by Fusion Holdings as of the end of each such three-month period. The award is convertible into 1,062,500 Fusion Class A common shares at the holder's choice.

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

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

On August 8, 2018, the Company re-issued 10,175,000 Nebo common shares in connections with the RTO at a price of CAD$0.35.

### *(b) Warrants Issued*

As part of the share issuance on March 29, 2018, 12,069,358 warrants were issued with a strike price of CAD$0.50 and expire on the date which is the earlier of (i) 3 years following completion of the RTO (as defined below) or (ii) March 29, 2020. In addition, 1,647,711 broker warrants exercisable were issued exercisable at CAD$0.35 and expiring on earlier of (i) three years following RTO or (ii) March 29, 2022. Each unit is comprised of one and one half common shares of the Company.

As part of the share issuance on June 1, 2018, 214,286 warrants were issued with a strike price of CAD$0.50 and expire on the date which is the earlier of (i) 3 years following completion of the RTO (as defined below) or (ii) June 1, 2020. In addition, 30,000 broker warrants exercisable for units were issued exercisable at CAD$0.35 and expiring on earlier of (i) three years following RTO or (ii) June 1, 2022. Each unit is comprised of one and one half common shares of the Company.

**(Expressed in United States Dollars)**

Both the warrants and the broker warrants were valued using Black-Scholes model and a total value of $1,455,436 was recorded. The weighted average assumptions used in the Black-Scholes model are as follows:

| | |
|---|---|
| Risk-free interest rate | 2.97% |
| Expected term (in years) | 3 |
| Estimated dividend yield | 0% |
| Weighted-average estimated volatility | 100% |

***(c) Stock Options***

| | Number of Options | Weighted Average Exercise Price (CAD) |
|---|---|---|
| Outstanding, December 31, 2017 | - | - |
| Granted | 1,865,000 | 0.35 |
| Re-issue to former Nebo option holders | 150,000 | 0.20 |
| Outstanding, September 30, 2018 | 2,015,000 | 0.34 |

The Company issued 1,865,000 options to employees and directors. All of the strike prices are CAD$0.35 per share and the vesting is schedule is 1/3 are vested on the date of issue, 1/3 on the 1st anniversary and 1//3 on the 2nd anniversary. The fair value of these options was determined using the Black-Scholes option pricing model with the following weighted average assumptions:

| | |
|---|---|
| Risk-free interest rate | 2.03% |
| Expected term (in years) | 5 |
| Estimated dividend yield | 0% |
| Weighted-average estimated volatility | 100% |

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

| | |
|---|---|
| Risk-free interest rate | 2.10% |
| Expected term (in years) | 1 |
| Estimated dividend yield | 0% |
| Weighted-average estimated volatility | 100% |

For the nine months ended September 30, 2018, the Company recognized share-based compensation of $200,031 (2017 - $Nil) relating to the stock options that vested during the period and recorded $58,526 in the quarter ended September 30, 2018 (2017-$Nil)

**(Expressed in United States Dollars)**

## 14. NET INCOME (LOSS) PER SHARE

The Computation for basic and diluted net income (loss) per share for the three and nine months ended September 30, 2018 and 2017 are as follows:

| | Three months ended September 30, 2018 | 2017 |
|---|---|---|
| Net income (loss) for the period | $ (3,749,609) | $ - |
| Weighted average number of shares outstanding, basic | 79,065,181 | - |
| Net income (loss) per share, diluted and diluted | $ (0.05) | $ - |

| | Nine months ended September 30, 2018 | 2017 |
|---|---|---|
| Net income (loss) for the period | $ (4,965,294) | $ - |
| Weighted average number of shares outstanding, basic | 66,042,681 | - |
| Net income (loss) per share, diluted and diluted | $ (0.08) | $ - |

For the three and nine months ended September 30, 2018, potentially dilutive shares related to warrants, broker warrants and options totaling 12,283,644, 2,516,566 and 2,015,000 respectively, have been excluded from the calculation of diluted number of shares because the impact would be anti-dilutive.

## 15. SUBSEQUENT EVENT

In October, the Company entered into a two-year master purchase and sale agreement with a US Bank where trade receivables of the Company are factored for interest and fees. 85% of the face value of factored receivables are advanced upon presentation of verified invoices, with the other 15% remitted back to the Company, net of interest and fees upon payment by the end customer. The $2,500,000 facility bears administrative expenses and an advance fee calculated as interest upon the daily net outstanding balance at LIBOR Daily Floating Rate plus 7%. Other facility fees, including shortfall and chargeback fees, among other fees apply. The facility is secured by a general security agreement over all of the assets of the Company.

Subsequent to September 30, 2018, the Company borrowed $1,229,719 from this agreement, the proceeds of which were used to repay the operating line of credit, finance leases and promissory note from related party.