QUISITIVE™

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2021 and 2020

(expressed in Thousands of United States dollars unless otherwise noted)

QUISITIVE TECHNOLOGY SOLUTIONS, INC.

Unaudited Condensed Consolidated Interim Financial Statements
March 31, 2021 and 2020
(Expressed in thousands of United States Dollars)

QUISITIVE TECHNOLOGY SOLUTIONS, INC.
Unaudited Condensed Consolidated Interim Statements of Financial Position
March 31, 2021 and December 31, 2020
(Expressed in thousands of United States Dollars)

As at	March 31, 2021	December 31, 2020
Assets		
Current		
Cash	$ 23,808	$ 10,983
Accounts receivable and contract assets (Note 3)	10,702	9,572
Current income tax receivable	167	310
Work in progress	598	738
Prepaid expenses	701	627
	35,976	22,230
Property and equipment, net (Note 4)	1,729	1,764
Intangibles (Note 5)	15,182	16,045
Goodwill	23,983	23,983
Total Assets	**$ 76,870**	**$ 64,022**
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 4,660	$ 4,621
Current income tax payable	724	546
Current portion of deferred grant income	78	136
Current portion of Loan agreement (Note 6)	1,882	1,479
Current portion of Deferred revenue	2,181	1,903
Current portion of Lease liability (Note 8)	658	974
Current portion of Contingent consideration	2,949	3,568
Current portion of US payroll protection plan loans (Note 6)	346	346
	13,478	13,573
Non-current liabilities:		
Loan agreement (Note 6)	13,303	13,887
Long term portion of deferred grant income (Note 6)	7	45
Contingent consideration	4,631	4,631
Lease liability (Note 8)	675	566
Deferred tax liability	3,136	3,303
US payroll protection plan loans (Note 6)	1,253	1,156
Total Liabilities	36,483	37,161
Shareholders' equity		
Share capital (Note 9)	61,034	45,781
Warrants (Note 9)	2,348	2,463
Contributed surplus (Note 9)	3,540	3,300
Deficit	(25,986)	(24,090)
Accumulated other comprehensive income	(768)	(865)
Equity attributable to owners of the Corporation	40,168	26,589
Non-Controlling Interest (Note 12)	219	272
	40,387	26,861
Total Liabilities and Shareholders' Equity	**$ 76,870**	**$ 64,022**

Subsequent events (Note 15)

Approved on behalf of the Board:

"Mike Reinhart" — Mike Reinhart, CEO

"David Guebert" — David Guebert, Director and Chair of Audit Committee

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

QUISITIVE TECHNOLOGY SOLUTIONS, INC.
Unaudited Condensed Consolidated Interim Statements of Comprehensive Loss
For the three months ended March 31, 2021 and 2020
(Expressed in thousands of United States Dollars except per share and share amounts)

	March 31, 2021	March 31, 2020
Revenue (Note 13)	$ 12,628	$ 10,886
Cost of Revenue	8,338	6,849
Gross Margin	4,290	4,037
Operating Expenses		
Sales and marketing expense	1,028	1,037
General and administrative	2,077	1,830
Development	313	67
Share-based compensation (Note 9)	389	206
Interest expense	279	990
Deferred Grant Income	19	—
Amortization (Note 5)	878	1,031
Depreciation (Note 4)	253	179
Foreign exchange loss (gain)	278	(333)
Transaction related expenses	456	134
Change in fair value of derivative liability	—	3,142
Loss Before Income Taxes	(1,680)	(4,246)
Income tax expense — current	430	261
Deferred income tax recovery	(161)	(197)
Net Loss for the Period	$ (1,949)	$ (4,310)
Net Loss Attributed to:		
Owners of the Corporation	(1,896)	(4,265)
Non-controlling interest (Note 12)	(53)	(45)
Comprehensive Loss:		
Items that may be reclassified subsequently to income:		
Foreign currency translation adjustment	97	399
Comprehensive loss	$ (1,852)	$ (3,911)
Basic and Diluted Loss per share (Note 10)	$ (0.01)	$ (0.04)
Weighted Average Number of Common Shares Outstanding	197,851,522	110,920,270

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

QUISITIVE TECHNOLOGY SOLUTIONS, INC.
Unaudited Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
For the three months ended March 31, 2021 and 2020
(Expressed in thousands of United States Dollars except share amounts)

	Share Capital							
	Number	Amount	Contributed Surplus	Warrants	Deficit	AOCI	Non-Controlling Interest	Total
Balance December 31, 2019	**90,054,697**	**$ 9,794**	**$ 820**	**$ 2,736**	**$(13,901)**	**$(767)**	**$ (10)**	**$ (1,328)**
Warrants expired		—	1,194	(1,194)	—	—	—	
Stock based compensation			206					206
Shares issued in connection with Menlo acquisition	19,784,981	3,808						3,808
Shares issued in connection with convertible debt conversion	1,968,649	514						514
Change in cumulative impact of foreign currency						399		399
Net income (loss) for the period					(4,265)		(45)	(4,310)
Balance March 31, 2020	**111,808,327**	**$14,116**	**$2,220**	**$ 1,542**	**$(18,166)**	**$(368)**	**$ (55)**	**$ (711)**
Balance December 31, 2020	193,585,013	**$45,781**	**$3,300**	**$ 2,463**	**$(24,090)**	**$(865)**	**$272**	**$26,861**
Private Placement	16,000,000	14,836						14,836
Warrants exercised	160,000	266		(115)				151
Exercise of stock options	15,000	16	(14)					2
Stock based compensation			389					389
Exercise of RSU's	668,805	135	(135)					—
Change in cumulative impact of foreign currency						97		97
Net income (loss) for the period					(1,896)		(53)	(1,949)
Balance March 31, 2021	210,428,818	**$61,034**	**$3,540**	**$ 2,348**	**$(25,986)**	**$(768)**	**$219**	**$40,387**

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

QUISITIVE TECHNOLOGY SOLUTIONS, INC.
Unaudited Condensed Consolidated Interim Statements of Cash Flows
For the three months ended March 31, 2021 and 2020
(Expressed in thousands of United States Dollars)

	March 31, 2021	March 31, 2020
Operating Activities		
Net loss for the period	$ (1,949)	$(4,310)
Items not involving cash		—
Amortization	878	1,031
Depreciation	253	179
Unrealized foreign exchange	132	(710)
Stock based compensation	389	206
Interest	279	990
Deferred Grant Income	19	—
Deferred income tax	(161)	(197)
Change in fair value of derivative liability	—	3,142
	(160)	331
Changes in non-cash working capital		
Accounts Receivable and contract assets	(1,130)	(1,170)
Work in progress	140	(255)
Prepaids and deposits	(74)	(149)
Accounts payable and accrued liabilities	39	(889)
Income tax payable (receivable), net	322	147
Deferred Revenue	278	2,934
Cash Provided by Operating Activities	(585)	949
Investing Activity		
Purchase of intangible assets	(191)	—
Purchase of property and equipment	(36)	(36)
Purchase of Menlo Technologies (net of cash acquired)	—	(2,072)
Cash Used in Investing Activities	(227)	**(2,108)**
Financing Activities		
Proceeds from share issuance, net of issuance costs	14,836	—
Proceeds from exercise of warrants	151	—
Repayment of bank term loan	(202)	(164)
Interest paid	(245)	(538)
Repayment of operating line of credit	—	(1,101)
Lease payments	(207)	(175)
Payment of contingent consideration	(700)	—
Proceeds from the exercise of stock options	4	—
Cash Provided by Financing Activities	13,637	**(1,978)**
Inflow (Outflow) of Cash	12,825	(3,137)
Cash and restricted cash, Beginning of Period	10,983	8,731
Cash and restricted cash, End of Period	**$23,808**	**$ 5,594**

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

(Expressed in thousands of United States Dollars)

1. NATURE OF OPERATIONS

(a)

Quisitive Technology Solutions, Inc. (the "Corporation") is a premier Microsoft solutions provider that helps enterprise organizations move, operate and innovate in the Microsoft cloud: Quisitive provides Microsoft Azure, Microsoft Dynamics business applications and Microsoft O365 as well as proprietary Software as a Service ("SaaS") solutions such as CRG emPerform™, LedgerPay, and business solutions from other technology partners that complement the Microsoft platform.

With a legacy of deep technical and business expertise, Quisitive is empowering the enterprise to navigate the ever-changing technology climate their business relies upon. Quisitive helps customers harness the power of the Microsoft cloud and innovative technologies such as, artificial intelligence, machine learning, the Internet of Things (IoT) and blockchain through customized solutions.

(b) Structure of Business

The Corporation has the following subsidiaries:

Entity name	Country	Ownership percentage at March 31, 2021	Ownership percentage at December 31, 2020
		%	%
Fusion Agiletech Partners, Inc.	Canada	100	100
Corporate Renaissance Group Inc,	Canada	100	100
Quisitive Ltd.	USA	100	100
Quisitive LLC	USA	100	100
Ledgerpay, Inc.	USA	84	84
Menlo Technologies, Inc.	USA	100	100
MidTech Software Solutions, Inc.	USA	100	100
Support Solutions, Inc.	USA	100	100
Menlo Software India Private Limited	India	100	100

2. BASIS OF PRESENTATION

(a) Basis of presentation

These unaudited interim condensed consolidated financial statements (''financial statements'') were prepared using the same accounting policies and methods as those used in the Company's consolidated financial statements for the year ended December 31, 2020. These interim condensed consolidated financial statements have been prepared in compliance with IAS 34 — Interim Financial Reporting. Accordingly, certain disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (''IFRS'') have been omitted or condensed. These interim condensed consolidated financial statements should be read inconjunction with the Company's consolidated financial statements for the year ended December 31, 2020.

These financial statements were authorized for issue by the Board of Directors on May 25, 2021.

(b) COVID-19

The outbreak of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include

2. BASIS OF PRESENTATION (Continued)

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 extent to which COVID-19 and any other pandemic or public health crisis impacts the Corporation's business, affairs, operations, financial condition, liquidity, availability of credit and results of operations will depend on future developments that are highly uncertain and cannot be predicted with any meaningful precision, including new information which may emerge concerning the severity of the COVID-19 virus and the actions required to contain the COVID-19 virus or remedy its impact, among others. The duration and impact of the COVID-19 outbreak 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.

(c) Basis of measurement

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

(d) Functional and reporting currency

These consolidated financial statements are presented in US$. The functional currency of the Corporation and each of the Corporations' controlled subsidiaries is US$ with the exception of Corporate Renaissance Group, Inc. which uses Canadian dollars as its functional currency.

(e) Basis of consolidation

The consolidated financial statements include the Corporation and its subsidiaries. Subsidiaries are entities that the Corporation has control and are fully consolidated from the date that control commences until the date that control ceases.

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

(f) Use of Estimates

The preparation of these consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Significant areas requiring the use of management estimates include:

(i) Stock-based compensation is valued using the Black-Scholes Option Pricing Model at the date of grant and expensed in profit or loss over vesting period of each award. The Black-Scholes Option Pricing Model utilizes subjective assumptions such as expected price volatility and expected life of the option. Stock-based compensation expense also utilizes subjective assumptions on forfeiture rate. Changes in these input assumptions can significantly affect the fair value estimate.

(ii) Useful lives of intangible assets — Following initial recognition, the Corporation carries the intangible assets at cost less accumulated amortization and any accumulated impairment losses. Amortization is

2. BASIS OF PRESENTATION (Continued)

recorded on the straight-line basis based upon management's estimate of the useful life and residual value. The estimates are reviewed at least annually and are updated if expectations change as a result of the technical obsolescence or legal and other limits to use. A change in the useful life or residual value will impact the reported carrying value of the intangible assets resulting in a change in related amortization expense.

(iii) The amount of goodwill initially recognized as a result of a business combination, the fair value estimate of any contingent consideration and the determination of the fair value of the identifiable assets acquired and liabilities assumed is based, to a considerable extent, on management's estimate of future cash flows expected to be derived from the assets acquired.

(iv) Recoverability of the carrying value of non-financial assets requires management to determine whether future economic benefits from sale or otherwise are likely. Evaluation may be more complex where activities have not reached a stage that permits a reasonable assessment of the viability of the asset. Management must make certain estimates and assumptions about future events or circumstances including, but not limited to, estimated future cash flows, terminal growth rates and discount rates.

(v) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts and therefore do not necessarily provide certainty as to their recorded values.

(vi) The Corporation records an allowance for doubtful accounts related to accounts receivable that are considered to be uncollectable. The allowance is based on the Corporation's knowledge of the financial condition of its customers, the aging of the receivables, the current business environment and historical experience. A change to those factors could impact the estimated allowance and the provision for bad debts.

Significant areas requiring the use of judgments include:

(i) The determination of cash generating units ("CGU") and the allocation of goodwill for the purpose of impairment testing.

(ii) The determination of the functional currency for the Corporation and each of its subsidiaries is based on management's judgment of the underlying transactions, events and conditions relevant to each entity.

(iii) Deferred income tax assets and liabilities result from timing differences between the financial reporting and tax bases of assets and liabilities. Loss carry forwards also comprise a portion of the temporary differences and result in a deferred income tax asset. Deferred income tax assets are only recognized to the extent that management considers it probable that a deferred income tax asset will be realized. The assessment for the recognition of a deferred tax asset requires significant judgement. The factors used to assess the likelihood of realization are the Corporation's forecast of future taxable income and available tax planning strategies that could be implemented to realize the deferred tax assets. The Corporation has and continues to use tax planning strategies to realize deferred tax assets in order to avoid the potential loss of benefits. Unknown future events and circumstances, such as changes in tax rates and laws, may materially affect the assumptions and estimates made from one period to the next. Any significant change in events, tax laws, and tax rates beyond the control of the Corporation may materially affect the consolidated financial statements.

(iv) Contingencies are subject to measurement uncertainty as the financial impact will only be confirmed by the outcome of a future event. The assessment of contingencies involves a significant amount of judgement, including assessing whether a present obligation exists, assessing factors that may mitigate or

(Expressed in thousands of United States Dollars)

2. BASIS OF PRESENTATION (Continued)

reduce the obligation, and determining a reliable estimate of the amount of cash outflow required to settle the obligation. The Corporation is required to both determine whether loss is probable and whether the loss can be reasonably estimated. The uncertainty involved with the time and amount at which a contingency may be settled may have a material impact on the consolidated financial statements of future periods to the extent that the amount provided for differs from the actual outcome.

(v) Contingent consideration and the allocation of fair value of assets acquired. Management has applied judgment with respect to the probability of the contingent consideration being earned and the discount rate. The determination of fair value of assets acquired requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of the assets acquired require the most judgment and include estimates of future cash flows.

3. ACCOUNTS RECEIVABLE AND CONTRACT ASSETS

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

	March 31, 2021	December 31, 2020
Accounts receivable	$ 8,928	$8,175
Allowance for doubtful accounts	(135)	(154)
Other Receivables	528	552
Contract Assets	1,381	999
Net accounts receivable	$10,702	$9,572

For the quarter ended March 31, 2021, the Corporation recorded bad debt expense of $1 (March 31, 2020 — $5). Contract assets of $1,381 (December 31, 2020 — $999) relate to performance under a first party license sale contract that has not been billed at March 31, 2021.

4. PROPERTY AND EQUIPMENT

	Computers and Network Equipment	Furniture and Equipment	Leasehold Improvements	Software	Right of Use Asset	Total
Cost						
Balance December 31, 2020	283	507	41	12	2,710	3,553
Additions	36	—	—	—	—	36
Reclassification from intangible assets				177	—	177
Balance at March 31, 2021	$319	$507	$41	189	$2,710	$3,766
Accumulated Depreciation						
Balance, December 31, 2020	172	411	41	12	1,153	1,789
Effect of Foreign Currency Translation	(2)	(3)	—	1	(1)	(5)
Depreciation	15	5	—	15	218	253
Balance at March 31, 2021	$185	$413	$41	$ 28	$1,370	$2,037
Carrying amounts						
Balance December 31, 2020	$111	$ 96	$ 0	—	$1,557	$1,764
Balance March 31, 2021	$134	$ 94	$ 0	$161	$1,340	$1,729

(Expressed in thousands of United States Dollars)

5. INTANGIBLE ASSETS

Intangible assets with a finite life are amortized into operating expenses over their useful lives.

	Software	Website Development	Microsoft Relationship	Customer Relationships	Brand	Total
Cost						
Balance December 31, 2020	$2,835	$134	$3,860	$14,473	$2,799	$24,101
Additions	191	—	—	—	—	191
Reclassification of website development costs	(186)	186				
Reclassification — to Property and equipment	(177)					(177)
Balance March 31, 2021	$2,663	$320	$3,860	$14,473	$2,799	$24,115
Accumulated Amortization						
Balance December 31, 2020	$ 506	$134	$2,264	$ 4,239	$ 913	$ 8,056
Amortization	74	—	193	445	166	878
Adjustment	—	—	—	—	(1)	(1)
Balance March 31, 2021	$ 580	$134	$2,457	$ 4,684	$1,078	$ 8,933
Carrying amounts						
Balance December 31, 2020	$2,329	$ —	$1,596	$10,234	$1,886	$16,045
Balance March 31, 2021	$2,083	$186	$1,403	$ 9,789	$1,721	$15,182

6. BORROWINGS

The following table sets out the Corporation's borrowings:

	March 31, 2021	December 31, 2020
Loan Agreement (i)	$15,185	$15,366
US payroll protection plan loan (ii)	1,599	1,502
Balance — end of period	$16,784	$16,868
Current	$ 2,228	$ 1,825
Non-current	14,556	15,043
	$16,784	$16,868

6. BORROWINGS (Continued)

(i) Loan Agreement

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 $16,133 (the "Term Loan") and a revolving operating line of credit of up to $5,000 (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. 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 loan contains standard compliance and ongoing debt service and coverage covenants. Loan arrangement costs of $459 were capitalized and offset against the loan balance in 2020 and $21 were amortized into interest expense during the quarter ended March 31, 2021 (March 31, 2020 — $0). The Operating Line is repayable with monthly interest consistent with the Term Loan rates. Interest expense during the quarter ended March 31, 2021 was $224 (March 31, 2020 — $0).

(ii) US payroll protection plan loan

On May 1, 2020, Quisitive LLC and Menlo Technologies, Inc. entered into two separate loan arrangements with Bank of America and Cross River Bank (the "Lenders"), respectively, to obtain unsecured loans for $1,682 and $1,247, respectively totaling $2,929 (the "Loans") made under the United States Paycheck Protection Program (the "PPP"). The PPP is a program organized by the U.S. Small Business Administration established under the recently-enacted Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act").

On April 5, 2021, the Corporation received notice that the Cross River loan for $1,247 had been forgiven. The $1,247 was recorded as a gain in the fiscal 2020 statement of comprehensive loss.

The remaining loan with Bank of America matures on April 30, 2022 and bears interest at a fixed rate of 1.0% per annum. Interest payments are deferred pending the decision by the US Small Business Administration on the Corporation's application for forgiveness.

The effective interest rate used to measure the fair value of the loan is 5% and the benefit of the interest rate concession is accounted for as a grant as it provides economic benefits to the Corporation over the term of the loan. The difference between the face value of the remaining loan of $1,682 and the discounted value of $1,526 has been bifurcated from the loan and is recorded as deferred grant income. For the quarter ended March 31, 2021, $20 of grant income has been recognized and $20 of accretion has been recorded in interest expense relating to the liability.

The loan contains a forgiveness mechanism that provides that the loan will be forgiven in its entirety provided that the proceeds from the Loan are used by the Corporation to cover payroll costs, rent and utilities during the eight-week period following the Loan origination date.

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

7. RELATED PARTY TRANSACTION AND BALANCE

(i) *Key management compensation*

(Expressed in thousands of United States Dollars)

7. RELATED PARTY TRANSACTION AND BALANCE (Continued)

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

The compensation recorded to key management personnel during the quarters ended March 31, 2021 and 2020 were as follows:

	Period ended March 31, 2021	Period ended March 31, 2020
Salaries and short term benefits	$210	$323
Share Based Compensation	$309	$ 90

In addition, the Corporation has contingent consideration in the form of earn-out liabilities payable to related parties.

(ii) 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 Corporation. The transactions and balances for the three months ended March 31, 2021 are set out in the table below and the ending balance is included in accounts payable and accrued liabilities.

	Opening receivable (payable)	Net repayment / (Payments Received)	Sales provided (Services Received)	Closing payable
		(all amounts in CAD)		
Software Integrators International Inc.	$(94)	$ (6)	$ 9	$(91)
Corporate Renaissance Group Solutions (PVT) Ltd.	$ 44	$30	$(114)	$(40)

8. LEASE LIABILITIES

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

	As of March 31, 2021	
	Undiscounted	Discounted
2021	$ 648	$ 586
2022	317	292
2023+	513	455
Total	$1,478	$1,333

(ii) Property lease payments including variable lease payments including property taxes. For the period ended March 31, 2021 and 2020 were as follows:

Period ending	March 31, 2021	March 31, 2020
Total Short-Term Lease Expense	$ 7	$16
Variable Lease Expense	46	54
	$53	$70

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

(Expressed in thousands of United States Dollars)

8. LEASE LIABILITIES (Continued)

Opening balance January 1, 2021	$1,540
Payments (net of accretion)	(207)
New leases	
Present value of lease liability March 31, 2021	$1,333

9. SHARE CAPITAL

(a) Share Issuances

The Corporation is authorized to issue an unlimited number of common shares. As at March 31,2021, 210,428,818 common shares were issued and outstanding as fully paid and non-assessable (December 31, 2020 — 193,585,013).

On January 7, 2021, the Corporation issued 668,805 and 15,000 shares in connection with the exercise of RSU's and stock options, respectively.

During the quarter ended March 31, 2021, 160,000 common shares were issued pursuant to the exercise of common share purchase warrants issued on June 26, 2020 for proceeds of $151.

On March 22, 2021, the Corporation announced the completion of a non-brokered private placement with FAX Capital Corp. pursuant to which FAX purchased 16,000,000 common shares from treasury at a price of $1.25 CAD per common share for gross proceeds of $15,970. Share issuance costs of $1,134 in connection with this placement were incurred.

(b) Warrants Issued

Issue date	Type	Number of warrants outstanding at Mar. 31, 2021	Maturity date	Exercise price (in CAD)
26-Jun-20(1)	normal	10,506,203	26-Jun-22	1.10
26-Jun-20	compensation unit options	1,145,921	26-Jun-22	0.75
1-Jun-18	broker	411,928	9-Aug-21	0.35
29-Mar-18	broker	7,500	9-Aug-21	0.35

(1) 160,000 of these warrants were exercised during the quarter ended March 31, 2021.

(c) Stock Options

The Corporation has a stock and incentive plan in place to to promote the interests of the Corporation and its shareholders by aiding the Corporation in attracting and retaining employees, officers, consultants, advisors and directors capable of assuring the future success of the Corporation, to offer such persons incentives to put forth maximum efforts for the success of the Corporation's business and to compensate such persons through various stock and cash-based arrangements and provide them with opportunities for stock ownership in the Corporation, thereby aligning the interests of such persons with the Corporation's shareholders.

The plan sets out the framework for determining eligibility as well as the terms of any stock based compensation granted. In 2019, the Corporation adopted an Omnibus plan which includes the full scope of governance on stock options, RSU's, stock appreciation rights, and incentive stock options.

(Expressed in thousands of United States Dollars)

9. SHARE CAPITAL (Continued)

	Number of options	Weighted average exercise price (CAD)
Outstanding at December 31, 2020	3,405,000	$0.28
Granted	—	—
Exercised	(15,000)	0.35
Outstanding at March 31, 2021	3,390,000	$0.28

For the quarter ended March 31, 2021, the Corporation recognized share based compensation from stock options of $12 (March 31, 2020 — $63).

The following options were issued and outstanding as at March 31, 2021:

Grant Date	Expiry Date	Ex price (CAD)	Number of options	Exercisable
9-Apr-18	April 9, 2023	0.35	615,000	615,000
30-Apr-18	April 30, 2023	0.35	100,000	100,000
17-Aug-18	August 17, 2023	0.35	200,000	200,000
20-Nov-18	November 20, 2023	0.35	950,000	950,000
29-Aug-19	August 29, 2024	0.15	300,000	200,000
23-Dec-19	December 23, 2024	0.20	1,025,000	683,333
03-Jan-20	January 3, 2025	0.25	200,000	133,333
			3,390,000	2,881,666

The weighted average contractual life for the remaining options as at March 31, 2021 is 2.77 years.

(d) Restricted Stock Units

The Corporation granted restricted stock units (RSU's) to employees. The RSU's vest over 0-3 years. Each RSU entitles the employee to either one share of the Corporation or the cash equivalent of one share of the Corporation at the option of the Corporation at the exercise date. The fair value of restricted stock awards is estimated using the market price of the Corporation's common stock at the date of grant. Restricted stock activity during the year is as follows:

	# of RSU's
Opening balance December 31, 2020	6,196,801
Granted	318,430
Exercised	913,168
Closing balance March 31, 2021	5,602,063

For the year ended March 31, 2021, the Corporation recognized share based compensation related to RSU's of $377 (March 31, 2020 — $143).

(e) Stock appreciation rights

The Corporation granted 116,500 stock appreciation rights (SAR's) to employees in the first quarter of 2021. The SAR's vest over three years. Each SAR entitles the employee to receive the increase in the value

(Expressed in thousands of United States Dollars)

9. SHARE CAPITAL (Continued)

between the exercise price of $1.27 and the market price of one common share on the vesting date. The payment upon exercise of a SAR will be in cash or common shares at the option of the Company. The grant date fair value of the SAR's of $97 was estimated using the Black Scholes option pricing model with the following assumptions:

Annualized volatility 99.15%

Risk free interest rate 2%

Expected life 3 years

The fair value will be recorded as a charge to income and included in stock based compensation expense over the vesting period with $5 charged for the period ending March 31, 2021.

10. NET LOSS PER SHARE

The computation for basic and diluted net income (loss) per share for the period ended March 31, 2021 and 2020 are as follows:

	March 31, 2021	March 31, 2020
Net loss for the period	$ (1,949)	$ (4,310)
Weighted average number of shares outstanding, basic	197,851,522	110,920,270
Basic and Diluted Income (Loss) Per Share	$ (0.01)	$ (0.04)

Potentially dilutive shares relating to warrants, broker warrants, stock options and RSU's as set-out below have been excluded from the calculation of the diluted number of shares as the impact would be anti-dilutive.

	March 31, 2021	March 31, 2020
Warrants	10,506,203	214,286
Convertible debentures	—	33,135,000
Broker Compensation Options	1,718,927	—
Broker warrants	419,428	2,471,566
CRG warrants	—	19,500,000
Stock options	3,390,000	3,405,000
RSU's	5,602,063	6,121,801
	21,636,621	64,847,653

11. FINANCIAL INSTRUMENTS

The carrying values of the cash, accounts receivable, accounts payable and accrued liabilities approximate their fair values due to their short term to maturity. The carrying value of the Loan Agreement approximates fair value as it was issued at market rates of interest and the PPP loan carrying value approximates fair value as it has been discounted at market rates.

The Corporation has exposure to the following risks from its use of financial instruments:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Cash is placed with a major US and Canadian financial institutions and the Corporation's concentration of credit risk for cash and maximum exposure thereto is $ 23,808 (December 31, 2020 — $10,983).

(Expressed in thousands of United States Dollars)

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 $8,928 (December 31, 2020 — $8,175). Accounts receivable are shown net of provision of credit losses of $135 (December 31, 2020 — $154).

	under 30	30-60 days	over 60 days	Total
Accounts receivable aging	$4,404	$3,099	$1,425	$8,928

The Corporation is exposed to concentration of credit risk relating to one customer that represents 14% of trade accounts receivable as at March 31, 2021 (December 31, 2020 — 12%).

(b) Liquidity risk

Liquidity risk is the risk that the Corporation will be unable to meet its financial obligations as they fall due. The Corporation's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation. At March 31, 2021, the Corporation has $23,808 (December 31, 2020 — $10,983) 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	4,660	—	—	—
Income taxes payable	724	—	—	—
US payroll protection plan loans	—	346	1,253	—
Contingent consideration	—	2,949	4,631	—
Loan agreement	202	1,680	2,420	10,883
Total	$5,586	$4,975	$8,304	$10.883

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 and the liquidity our clients and the Corporations liquidity.

(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 loan which bears interest at Bankers Acceptance plus a percentage determined by the results of the corporation collocated on a hailing twelve month basis. A 1% change in Bankers Acceptance rate would lead to +/− $153 in interest payable over 1 year.

(e) Foreign currency risk

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

(Expressed in thousands of United States Dollars)

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

As at March 31, 2021 and December 31, 2020, the Corporation's net exposure to foreign currency risk on its financial instruments is as follows:

	March 31, 2021	December 31, 2020
	CAD$	CAD$
Cash	$24,031	$5,979
Accounts payable and accrued liabilities	(2,826)	(608)
	21,205	5,371
United States dollar equivalent	$16,879	$4,222

(f) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Corporation is not exposed to other price risk.

12. NON-CONTROLLING INTEREST

The Corporation owns 84% of its subsidiary LedgerPay.

On January 22, 2018, the Corporation, through its subsidiaries, executed an employment agreement with an executive, and issued 5% or 500,000 shares of LedgerPay to him that are convertible to 1,062,500 shares in the Corporation, at the holder's option. Those shares are not currently converted.

On March 5, 2018, the Corporation, through its subsidiaries, executed an employment agreement with an executive and granted an award of restricted stock equal to five percent (5%) or 500,000 of the issued and outstanding voting stock of LedgerPay. The award shall vest over the initial term at a rate of 12.5% every three-month period following the effective date provided the executive remains employed by the Corporation as of the end of each such three-month period. The award is convertible into 1,062,500 the Corporation common shares at the holder's choice. Those shares are currently not converted.

In 2019, the Corporation entered into two employment agreements that granted an award of restricted stock equal to five percent or 1,000,000 of the issued and outstanding voting stock of LedgerPay. The shares of LedgerPay are convertible into Common Shares of the Corporation based on the ratio of 1:2.124 per share. Upon fully vesting, the issuance will result in a dilution in the Corporation's interest in LedgerPay to 80%.

For the period ended March 31, 2021 the Corporation recorded non-controlling interest of $(53) (March 31, 2020: ($45)).

13. REVENUE

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

	March 31, 2021	March 31, 2020
Professional Services	$ 9,341	$ 8,650
Maintenance, License and third party licenses and support	3,287	2,236
	$12,628	$10,886

(Expressed in thousands of United States Dollars)

13. REVENUE (Continued)

(ii) The following table shows geographic area

	March 31, 2021	March 31, 2020
USA	$10,132	$ 9,185
Canada	2,496	1,701
	$12,628	$10,886

14. SEGMENT INFORMATION

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

15. SUBSEQUENT EVENTS

Acquisition of Bankcard USA and financing of the transaction

On May 7, 2021 Quisitive closed the acquisition of BankCard USA Merchant Services, Inc. ("BankCard") on terms set out in the stock purchase agreement dated March 29, 2021 (the "Agreement") for US$100 million in cash and the issuance of 50,000,000 common shares in the capital of Quisitive (the "Transaction"). The shareholders may also be entitled to additional contingent consideration in the form of a performance earn-out if BankCard achieves certain financial thresholds during the two-year period following the closing of the Transaction. The amount of the earn-out is a maximum of US$20 million payable in a combination of cash and Common Shares.

The Transaction was financed through a combination of new bank debt and equity. Concurrent with the closing, Quisitive secured a committed debt financing from a syndicate of Canadian banks pursuant to an amendment to the terms of the Loan Agreement to increase the maximum commitment under the existing term loan by US$50 million which was used to fund a portion of the Transaction. Quisitive has also entered into an agreement pursuant to which Scotiabank, Eight Capital and Canaccord Genuity, as joint bookrunners, together with a syndicate of underwriters (collectively, the "Underwriters"), purchased on a "bought deal" basis 33,400,000 subscription receipts of the Company (the "Subscription Receipts") at a price of $1.50 per Subscription Receipt (the "Issue Price") for aggregate gross proceeds to Quisitive of CAD$50,100 (the "Offering") plus an over-allotment option of CAD$7,515. The total gross proceeds of the Offering were $57,615.

Each Subscription Receipt represents the right of the holder to receive, upon satisfaction or waiver of certain release conditions (including the satisfaction of all conditions precedent to the completion of the Transaction other than the payment of the consideration price) (the "Escrow Release Conditions"), without payment of additional consideration, one Common Share, subject to adjustments and in accordance with a subscription receipt agreement to be entered into upon closing of the Offering (the "Subscription Receipt Agreement").

In addition, in a concurrent private placement pursuant to existing contractual rights, FAX Capital Corp. agreed to purchase 3,333,333 Subscription Receipts at the Issue Price for gross proceeds of CAD$5,000 (the "Concurrent Private Placement"). The Concurrent Private Placement closed concurrently with the Offering and the proceeds of the Concurrent Private Placement were used to partially fund the cash consideration portion of the Transaction.

The Escrow Release Conditions were achieved on May 7, 2021 and the Corporation issued 36,733,333 common shares in connection with the 33,400,000 subscription receipts under the Subscription Receipt Agreement and the 3,333,333 subscription receipts under the Concurrent Private Placement

15. SUBSEQUENT EVENTS (Continued)

Acquisition of Mazik Global Inc.

On April 1, 2021 the Corporation closed the acquisition of Mazik Global Inc. ("Mazik"), an independent software vendor that helps companies deploy Microsoft Dynamics CRM, Cloud, and ERP solutions to the healthcare, public sector, education, and manufacturing industries.

The consideration for the acquisition of all of the shares of Mazik consisted of the following: (i) US$7,000 in cash, payable to the Vendors; and (ii) the issuance to the vendors of 6,254,020 common shares in the capital of Quisitive. The vendors may also be entitled to additional contingent consideration in the form of a performance earn-out if Mazik achieves certain financial thresholds during the three (3) year period following the closing of the Transaction. The amount of the earn-out is a base maximum of US$6,000 payable in cash, plus an additional incentive amount of US$2,000 based on exceeding recurring revenue growth targets, payable in cash or Quisitive shares at the option of the Corporation.

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