CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

As at and for the years ended December 31, 2021 and 2020

(expressed in United States dollars unless otherwise noted)

QUISITIVE TECHNOLOGY SOLUTIONS, INC.

Consolidated Financial Statements
December 31, 2021 and 2020
(Expressed in thousands of United States Dollars)

KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan ON L4K 0J3
Canada
Tel 905-265-5900
Fax 905-265-6390

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Quisitive Technology Solutions, Inc.

Opinion

We have audited the consolidated financial statements of Quisitive Technology Solutions, Inc. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2021 and December 31, 2020
- the consolidated statements of comprehensive loss for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2021 and December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditors' Responsibilities for the Audit of the Financial Statements"*** section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditors' report is Kevin James Fisher.

Vaughan, Canada

April 20, 2022

QUISITIVE TECHNOLOGY SOLUTIONS, INC.
Consolidated Statements of Financial Position
As at Years Ended December 31, 2021 and December 31, 2020
(Expressed in thousands of United States Dollars)

As at	December 31, 2021	December 31, 2020
Assets current		
Cash	$ 13,516	$ 10,983
Accounts receivable and contract assets (Note 5)	23,631	9,572
Current income tax receivable	69	310
Work in progress	1,783	738
Prepaid expenses	2,600	627
	41,599	22,230
Non-current assets		
Property and equipment, net (Note 6)	6,793	1,764
Intangible Assets (Note 7)	95,816	16,045
Goodwill (Note 9)	197,309	23,983
Deposits with sponsor banks (Note 16)	350	—
Total Assets	**$341,867**	**$ 64,022**
Liabilities current		
Accounts payable and accrued liabilities	$ 16,789	$ 4,621
Current income tax payable	655	546
Current portion of deferred grant income	—	136
Current portion of Loan agreement (Note 8)	8,128	1,479
Current portion of Deferred revenue	3,925	1,903
Current portion of Lease liability (Note 12)	1,189	974
Current portion of Contingent consideration (Note 18)	15,616	3,568
Current portion of US payroll protection plan loans (Note 8)	—	346
	46,302	13,573
Non-current liabilities:		
Long term portion of deferred grant income	—	45
Loan agreement (Note 8)	70,427	13,887
Contingent consideration (Note 18)	5,788	4,631
Lease liability (Note 12)	3,806	566
Deferred tax liability (Note 10)	14,842	3,303
US payroll protection plan loans (Note 8)	—	1,156
Total Liabilities	141,165	37,161
Shareholders' equity		
Share capital (Note 13)	237,398	45,781
Warrants (Note 13)	416	2,463
Contributed surplus (Note 13)	4,319	3,300
Deficit	(40,405)	(24,090)
Accumulated other comprehensive income	(810)	(865)
Equity attributable to owners of the Corporation	200,918	26,589
Non-Controlling Interest (Note 17)	(216)	272
	200,702	26,861
Total Liabilities and Shareholders' Equity	**$341,867**	**$ 64,022**

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.
Consolidated Statements of Comprehensive Loss
Years Ended December 31, 2021 and December 31, 2020
(Expressed in thousands of United States Dollars except per share and share amounts)

	2021	2020
Revenue (Note 19)	$ 96,678	$ 49,764
Cost of Revenue	60,161	29,570
Gross Margin	36,517	20,194
Operating Expenses		
Sales and marketing expense	6,362	4,227
General and administrative	15,683	7,569
Development	614	275
Share-based compensation (Note 13)	1,247	720
Interest expense (Note 8 (v))	3,437	3,502
Grant Income	—	(91)
Amortization (Note 7)	10,881	4,098
Earn-out settlement loss (Note 18)	7,261	1,176
Acquisition Related Compensation (Note 4)	1,575	—
US payroll protection loan forgiveness (Note 8 (ii))	(1,683)	(1,247)
Depreciation (Note 6)	1,563	740
Foreign exchange loss (gain)	1,041	(507)
Acquisition-related, transaction and other expenses (Note 4)	6,178	1,328
Loss on debt extinguishment (Note 8 (i))	1,369	—
Change in fair value of derivative liability (Note 8iii)	—	8,430
Loss Before Income Taxes	(19,011)	(10,026)
Income tax expense — current (Note 10)	1,548	983
Deferred income tax expense (recovery) (Note 10)	(3,756)	(1,101)
Net Loss for the Period	**$ (16,803)**	**$ (9,908)**
Comprehensive Loss:		
Items that may be reclassified subsequently to income:		
Foreign currency translation adjustment	55	(98)
Comprehensive loss	$ (16,748)	$ (10,006)
Net Loss Attributed to:		
Non controlling interest (Note 17)	(488)	281
Owners of the Corporation	(16,315)	(10,189)
	(16,803)	(9,908)
Basic and Diluted Loss per share (Note 14)	$ (0.06)	$ (0.07)
Weighted Average Number of Common Shares Outstanding	283,293,387	150,666,920

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

QUISITIVE TECHNOLOGY SOLUTIONS, INC.
Consolidated Statements of Changes in Shareholders' Equity
Years Ended December 31, 2021 and December 31, 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**	**$ 9,793**	**$ 820**	**$ 2,736**	**$(13,901)**	**$(767)**	**$ (9)**	**$ (1,328)**
June 26, 2020 unit issuance	21,333,405	8,326		2,150				10,476
Compensation unit options issued in connection with June 26, 2020 financing	—			256				256
Warrants exercised/expired	1,270,033	504	1,777	(1,945)				336
Share based compensation			719					719
Exercise of RSU's	55,848	16	(16)					—
Shares issued in connection with Menlo acquisition (Note 4 (iv))	19,784,981	3,808						3,808
Shares issued in connection with convertible debt conversion (Note 8 iii)	33,994,449	16,101						16,101
Shares issued in settlement of contingent consideration (Note 18)	15,020,172	3,297						3,297
Shares issued to settle purchase price note (Note 8 iv)	12,071,428	3,936		(734)				3,202
Change in cumulative impact of functional currency						(98)		(98)
Net income (loss) for the period					(10,189)		281	(9,908)
Balance December 31, 2020	**193,585,013**	**$ 45,781**	**$3,300**	**$ 2,463**	**$(24,090)**	**$(865)**	**$ 272**	**$ 26,861**
Shares issued with acquisition of Bank Card USA (Note 4 (ii))	50,000,000	77,739						77,739
Shares issued with acquisition of Mazik (Note 4 (iii))	6,254,020	7,516						7,516
Bought deal and concurrent private placement	75,083,333	77,529						77,529
Private placement	16,000,000	14,836						14,836
Broker compensation units and warrants exercised	12,306,224	12,593		(2,005)				10,588
Warrants expired	—		42	(42)				—
Shares issued as payment of contingent consideration (Note 18)	1,664,539	1,360						1,360
Stock options exercised	315,000	77	(36)					41
Share based compensation			1,247					1,247
Exercise of RSU's	1,416,806	223	(223)					0
Net settlement of tax liabilities on RSU's	(310,056)	(256)	(11)					(267)
Change in cumulative impact of foreign currency						55		55
Net income (loss)					(16,315)		(488)	(16,803)
Balance December 31, 2021	356,314,879	237,398	4,319	416	(40,405)	(810)	(216)	200,702

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

QUISITIVE TECHNOLOGY SOLUTIONS, INC.
Consolidated Statements of Cash Flows
Years Ended December 31, 2021 and December 31, 2020
(Expressed in thousands of United States Dollars)

	2021	2020
Operating Activities		
Net loss for the period	$ (16,803)	$ (9,908)
Items not involving cash		
Amortization	10,881	4,098
Depreciation	1,563	740
Unrealized foreign exchange	(2,656)	(870)
Share based compensation	1,247	720
Interest expense	3,437	3,502
Grant Income	—	(91)
Acquisition related compensation	1,575	—
Earnout settlement loss	7,261	1,176
Deferred income tax recovery	(3,756)	(1,101)
Loss on extinguishment of debt	1,369	—
Change in fair value of derivative liability	—	8,430
US payroll protection loan forgiveness	(1,683)	(1,247)
	2,435	5,449
Changes in non-cash working capital		
Accounts receivables	742	(3,526)
Work in progress	(1,045)	(285)
Prepaids and expenses	(1,630)	(371)
Accounts payable and accrued liabilities	6,204	(1,417)
Income tax payable (receivable), net	315	(13)
Deferred Revenue	(724)	930
Cash Provided by Operating Activities	6,297	767
Investing Activity		
Purchase of Catapult Systems, LLC (net of cash acquired)	(50,689)	
Purchase of Mazik Global (net of cash acquired)	(7,730)	—
Purchase of Bank Card USA (net of cash acquired)	(101,530)	—
Purchase of Menlo (net of cash acquired)	—	(2,072)
Purchase of intangible assets	(2,423)	(1,010)
Purchase of property and equipment	(607)	(180)
Cash Used in Investing Activities	(162,979)	(3,262)
Financing Activities		
Proceeds from share issuance, net of issuance costs	77,529	10,732
Proceeds from private placement, net of issuance costs	14,836	—
Proceeds from exercise of warrants	10,588	336
Repayment of 2020 Loan Agreement	(16,110)	(4,123)
Interest paid	(2,439)	(2,290)
Repayment of operating line of credit	—	(1,841)
Lease payments	(1,105)	(665)
Proceeds of Loan Agreement,	65,564	15,797
Repayment of Loan Agreement	(65,564)	—
Proceeds of BMO Loan Agreement	81,275	—
Repayment of BMO Loan Agreement	(1,657)	—
Repayment of Menlo acquisition note	—	(7,211)
Repayment of purchase price note and promissory note from related party	—	(2,417)
Payment of contingent consideration	(2,060)	(796)
Financing costs incurred (Note 8(i))	(1,682)	(459)
Repayment of Note Payable	—	(5,245)
Proceeds from the exercise of stock options	40	—
Proceeds from Payroll Protection Plan Loans	—	2,929
Cash Provided by Financing Activities	159,215	4,747
Inflow of Cash	2,533	2,252
Cash and restricted cash, Beginning of year	10,983	8,731
Cash and restricted cash, End of year	13,516	$10,983

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

(Expressed in thousands of United States Dollars)

1. NATURE OF OPERATIONS

(a) Nature of operations

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.

On May 7, 2021, Quisitive purchased BankCard USA Merchant Services, Inc ("Bankcard") which is a registered and full-acquiring ISO/MSP, that is party to sponsorship agreements with several member banks ("Sponsoring Banks") to process and settle bankcard transactions for merchant customers.

Following the acquisition of Bankcard, the Corporation re-evaluated its assessment of operating segments based on information reviewed by the Chief Operating Decision Maker and determined that the operations of Bankcard and LedgerPay, Inc. represent a separate operating segment (Payment Solutions) from the Corporation's Cloud Solutions segment (Note 20). Comparative segment information has been restated to reflect the current period presentation.

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 December 31, 2021	Ownership percentage at December 31, 2020
		%	%
Bankcard USA Merchant Services, Inc	USA	100	—
Catapult Systems LLC	USA	100	—
Corporate Renaissance Group Inc,	Canada	100	100
Fusion Agiletech Partners, Inc	Canada	100	100
Ledgerpay, Inc	USA	80	84
Menlo Technologies, Inc	USA	100	100
Mazik Global Inc	USA	100	—
Menlo Software India Private Limited	India	100	100
MidTech Software Solutions, Inc	USA	100	100
Quisitive Ltd	USA	100	100
Quisitive LLC	USA	100	100
Quisitive Payment Solutions, Inc	USA	100	—
Support Solutions, Inc	USA	100	100

2. BASIS OF PRESENTATION

(a) Basis of presentation

The consolidated financial statements of the Corporation were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements were authorized for issue by the Board of Directors on April 20, 2022.

(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 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

2. BASIS OF PRESENTATION (Continued)

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) Share-based compensation is valued using the Black-Scholes Option Pricing Model at the date of grant and expensed in profit or loss over the 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. Share-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 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 and the discount rates applied.

(iv) Recoverability of the carrying value of non-financial assets requires management to use valuation methodology to determine the greater of value in use and fair value less costs at disposal. 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

2. BASIS OF PRESENTATION (Continued)

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 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.

(vi) The assessment of the corporation's operating segments.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

IFRS 15, Revenue from Contracts with Customers, 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.

Payment processing services (Global Payment Processing Solutions)

The Corporation's payment solutions merchant contracts, which are provided in exchange for consideration of completed transactions, enable its customers to accept various payment cards in person and online. The Corporation's comprehensive offerings include, but are not limited to, authorization solutions, settlement and funding solutions, customer support and help-desk functions, chargeback resolution, payment security solutions, consolidated billing and statements, and on-line reporting. In addition, the Corporation may sell point-of-sale terminals or other software and equipment to customers, and offers an age validation software service at point-of-sale.

Pursuant to IFRS 15, at contract inception, the Corporation assesses the goods and services promised in its contracts with customers and identifies a performance obligation for each promise to transfer a good or service to the customer that is distinct. For the Corporation's payment solutions specifically, the nature of its promise to the customer is that the Corporation stands-ready to process transactions on a daily

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

basis over the contract term. Since the timing and quantity of transactions to be processed by the Corporation is usage-based and undeterminable, the Corporation views payment services as an obligation to stand-ready to process as many transactions as the customer requests. Under a standready obligation, the evaluation of the nature of the Corporation's performance obligation is focused on each time increment rather than the underlying activity. Therefore, the Corporation views payment services to comprise a series of distinct transactions at specific points in time that are substantially the same and have the same pattern of transfer to the customer. Accordingly, the promise to standready is accounted for as a single-event performance obligation.

The Corporation's payment services are priced as a percentage of transaction value and/or a specified fee per transaction, depending on the payment method. The Corporation also charges other per occurrence fees based on specific services that may be unrelated to the number of transactions or transaction value. Given the nature of the promise and the underlying fees based on unknown quantities or outcomes of services to be performed over the contract term, the total consideration is determined to be variable consideration. The variable consideration for the Corporation's payment services is usage-based and, therefore, it specifically relates to the Corporation's efforts to satisfy its payment services obligation. The variability is satisfied each day the service is provided to the customer. The Corporation directly ascribes variable fees to the distinct day of service to which it relates, and the Corporation considers the services performed each day in order to ascribe the appropriate amount of total fees to that day. Therefore, the Corporation measures revenue for its payment service on a daily basis based on the services that are performed on that day.

In order to provide payment services, the Corporation routes and clears each transaction through the applicable payment network. The Corporation obtains authorization for the transaction and request funds settlement from the card issuing financial institution through the payment network. When third-parties are involved in the transfer of goods or services to the Corporation's customer, the Corporation considers the nature of each specific promised good or service and applies judgment to determine whether the Corporation controls the good or service before it is transferred to the customer or whether the Corporation is acting as an agent of the third-party. To determine whether or not the Corporation controls the good or service before it is transferred to the customer, the Corporation assesses indicators including whether it or the third-party is primarily responsible for fulfillment and which party has discretion in determining pricing for the good or service, as well as other considerations. Based on the Corporation's assessment of these indicators, the Corporation has concluded that the promise to its customer to provide payment services is distinct from the services provided by the card issuing financial institutions and payment networks in connection with payment transactions. The Corporation does not have the ability to direct the use of and obtain substantially all of the benefits of the services provided by the card issuing financial institutions and payment networks before those services are transferred to the Corporation's customer, and on that basis, the Corporation does not control those services prior to being transferred to the customer. As a result, the Corporation presents its revenue net of the interchange fees charged by the card issuing financial institutions and the fees charged by the payment networks. With regard to any sales commissions due by the Corporation, these amounts are based on usage and ultimate collections by the Corporation, and therefore variable in nature; as a result, the commissions are not a component of net processing revenue because the Corporation controls the relationship and the obligation to support each merchant account with the sole discretion to set pricing and services.

Certain of the Corporation's technology-enabled customer arrangements contain multiple promises, such as payment services, age verification services and other software-as-a-service ("SaaS"), and equipment, each of which is evaluated to determine whether it represents a separate performance obligation. SaaS arrangements are generally offered on a subscription basis with per transaction fees, providing the customers with access to the SaaS platform (such as age verification software or online payment gateway)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

along with general support and maintenance services. Because these promised services within the Corporation's SaaS arrangements are delivered concurrently over the contract term with monthly fees and no minimum commitment period and the ability to terminate at any time, the Corporation accounts for these promises as if they are a single performance obligation (usage-based) that include a series of distinct services with the same pattern of transfer to the customer.

Therefore, in accordance with IFRS 15, the amount of variable consideration received by the Corporation for merchant processing services is highly susceptible to factors outside its control, because it's directly supporting an action of a third-party customer that is engaged with the Corporation's merchants (customers). As a result, all of the Corporation's revenue is variable and recognized only when the usage occurs.

The Corporation satisfies the combined SaaS performance obligation by standing-ready to provide access to the SaaS. Consideration for SaaS arrangements may consist of fixed monthly and/or usage based transaction fees. Revenue is recognized over the period for which the services are provided or by directly ascribing any fees to the distinct day of service based on the services that are performed on that day. In the case of the Corporation's proprietary internet age verification software application, the Corporation retains control over the relationship with its customer and the stand-ready obligation to meet the daily service requirement that is usage-based.

Equipment revenue is recognized when control is transferred to the customer which is typically at the time of delivery.

Professional Services (Global Cloud Solutions)

Services revenues are derived from professional services that include developing, implementing, integrating, automating and extending business processes, technology infrastructure, and software applications. Professional services revenues are recognized over time as services are rendered. Most of our projects are performed on a time and materials basis, while a portion of our revenues is derived from projects performed on a fixed fee or fixed fee percent complete basis. For time and material projects, revenues are recognized and billed by multiplying the number of hours our professionals expend in the performance of the project by the hourly rates. For fixed fee contracts, revenues are recognized and billed by multiplying the established fixed rate per time period by the number of time periods elapsed. For fixed fee percent complete projects, revenues are generally recognized using an input method based on the ratio of hours expended to total estimated hours.

Certain costs incurred by the Corporation 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.

In conjunction with services provided, we receive referral fees under partner programs. These referral fees are recognized at a point in time when earned and recorded within services revenues on a net basis.

Maintenance, License and other revenue (Global Cloud Solutions)

License revenue includes the license component of a multiple element contract governing the licensing of Ledger Pay software to a third party. Revenue is recognized at the time the related performance obligation is satisfied by transferring the promised product or service to the customer.The license component of that

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

contract is recognized on a percentage of completion basis as the integral services related in the license transfer are completed.

Revenue from the sale of maintenance and support is deferred and recognized ratably over the terms of the related agreements based on the price charged for the same or similar support services when sold in stand- alone support renewals with customers.

License revenue is also derived from sales of third-party software resales. Revenues from sales of third-party software where we act as an agent are recorded on a net basis, while revenues where we act as principal are recorded on a gross basis.

There are no significant cancellation or termination-type provisions for our software sales. Contracts for our professional services provide for a general right, to the client or us, to cancel or terminate the contract within a given period of time (generally 30 days' notice is required). The client is responsible for any time and expenses incurred up to the date of cancellation or termination of the contract.

Deferred revenue is the amount paid in advance of services bring rendered or subscriptions consumed by a client where the revenue is not yet realizable nor recognized.

Processing Receivable and Accounts Receivable

The Corporation continuously monitors collections and payments from its Sponsoring Banks and maintains a provision for estimated credit losses based upon its historical experience. Receivables are reported net of an allowance for amounts that may become uncollectible in the future. Payment terms are typically net 30 from the date of invoice.

Credit terms are extended to customers in the normal course of business. The Corporation 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 Corporation'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 Corporation's credit terms.

Contract Costs

Under IFRS 15, the Corporation is required to amortize customer contracts and certain assets over the expected period of benefit. The Corporation is also required to capitalize certain costs, including certain commissions and related payroll taxes and other costs incurred to fulfill a contract before the performance obligation has been satisfied. Since the Corporation's customer contracts and related costs, commissions, and other costs are based on usage-based fees with monthly service charges with the ability to terminate at any time, the Corporation does not capitalize any such assets or expenses.

(b) Income taxes

Deferred tax is calculated, using the financial position method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the reporting date.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(c) Share Issue Costs

The Corporation accounts for share issue costs by deferring the costs until the shares are issued, at which time the costs are charged to share capital as share issue costs. If the share offering does not proceed, the costs are expensed.

(d) Share-based compensation

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount for equity settled awards is recorded to contributed surplus. The fair value of options is determined using the Black-Scholes option pricing model. For employee share options, the number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. The Corporation's share based plans are described in note 13.

(e) Property and equipment

Property and equipment is comprised of computers and network equipment, furniture and equipment, leasehold improvements and software, which are amortized on straight-line basis over five years. Property and equipment is measured at cost less accumulated amortization and accumulated impairment loss.

(f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

the end of each reporting period. A change in the expected useful life of the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally generated intangible arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- the intention and ability to complete the intangible asset and use or sell it
- how the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangibles is the sum of the expenditure incurred from the date when the intangibles first meets the recognition criteria listed above. Where no internally generated intangibles can be recognized, research and development expenditure are recognized in profit or loss in the period in which it is incurred.

The Corporation amortizes intangible assets with finite lives on a straight-line basis over their estimated useful lives as follows:

Website development	2 years
Software	2 – 6 years
Customer relationships	3 – 8 years
Microsoft relationship	5 years
Brand	4 – 6 years

(g) Business combinations and goodwill

Acquisitions of businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Corporation in exchange for control of the acquiree. Acquisition-related costs are recognized as an expense in the period incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRS sections. Changes in the fair value of contingent consideration initially classified as equity are not recognized.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognized at their fair value at the acquisition date.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Corporation reports provisional amounts for the items for which the

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

accounting is incomplete. Those provisional amounts are adjusted during the measurement period or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

The measurement period is the period from the date of acquisition to the date the Corporation obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum period of one year.

The Corporation measures goodwill as the fair value of the consideration transferred less the net recognized amount of the identifiable assets acquired and the liabilities assumed, all measured as of the acquisition date. Goodwill is allocated to the Corporation's CGUs that are expected to benefit from the synergies of the business combination. Goodwill is not amortized, but is tested for impairment at least annually. An impairment loss in respect of goodwill is not reversed. On the disposal or termination of a previously acquired business, any remaining balance of associated goodwill is included in the determination of the gain or loss on disposal. The Corporation performs the annual goodwill impairment tests on October 1 each year.

(h) Impairment of non-financial assets

At the end of each reporting period, the Corporation's non-financial assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. When an impairment loss subsequently reverses (except for goodwill), the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(i) Income (loss) per share

Basic income (loss) per share is calculated by dividing the income or loss for the year by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of shares outstanding used in the calculation of diluted earnings per share assumes that the deemed proceeds received from the exercise of share options, share purchase warrants and their equivalents would be used to repurchase common shares of the Corporation at the average market price during the year.

Stock options and share purchase warrants are typically dilutive when the Corporation has net income for the period and the average market price of the common shares during the period exceeds the exercise price of the stock option and/or share purchase warrant.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Foreign currency translation

The majority of our subsidiaries have a U.S. dollar functional currency, which represents the currency of the primary economic environment in which they operate. For these subsidiaries, we translate monetary assets and liabilities denominated in foreign currencies into U.S. dollars at the period-end exchange rates. We translate non-monetary assets and liabilities denominated in foreign currencies into U.S. dollars at historic rates, and we translate revenue and expenses into U.S. dollars at the average exchange rates prevailing during the month of the transaction. Exchange gains and losses also arise on the settlement of foreign- currency denominated transactions. We recognize foreign currency differences arising on translation in our consolidated statement of operations.

For our subsidiary with a non-U.S. dollar functional currency, we translate assets and liabilities into U.S. dollars using the period-end exchange rates, and we translate revenue and expenses into U.S. dollars at the average exchange rates prevailing during the month of the transaction. We defer gains and losses arising from the translation of these operations in the foreign currency translation adjustment account which are recorded in other comprehensive income (loss) (OCI).

(k) Financial Instruments

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

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

Measurement

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

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

Impairment

The Corporation assesses all information available, including on a forward-looking basis the expected credit loss associated with its assets carried at amortized cost. The impairment methodology applied

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

	IFRS 9	
	Classification	**Measurement**
Cash	FVTPL	Fair value
Accounts receivables	Amortized cost	Amortized cost
Accounts payables and accrued liabilities	Amortized cost	Amortized cost
Contingent consideration	FVTPL	Fair value
Income tax payable receivable	Amortized cost	Amortized cost
Loan agreement	Amortized cost	Amortized cost
Lease liability	Amortized cost	Amortized cost
US payroll protection plan loans	Amortized cost	Amortized cost

(l) Operating segment

Management has determined that the Corporation operates with two segments that offer different products.

(m) Leases

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

4. BUSINESS COMBINATIONS

(i.) Catapult Systems LLC

On November 22, 2021, the Corporation, through its subsidiaries purchased all of the shares of Catapult Systems, LLC ("Catapult"), an Austin, Texas based Microsoft-focused digital solutions and services provider to obtain control. The aggregate consideration paid by the Corporation to acquire Catapult is comprised of the following: (i) $51,500 paid in cash at closing; (ii) Net working capital adjustment estimated at the acquisition date of $389.

The Corporation has determined that this transaction is a business combination as the assets acquired and liabilities assumed constitute a business. The transaction was accounted for using the acquisition method of accounting whereby the assets acquired, and liabilities assumed were recorded at their estimated fair value at the acquisition date.

The fair values shown below for Catapult are preliminary, pending finalization of certain assumptions used in valuing the acquired assets and assumed liabilities.

(Expressed in thousands of United States Dollars)

4. BUSINESS COMBINATIONS (Continued)

	USD Fair value recognized on acquisition $
Cash and cash equivalents	$ 1,200
Trade receivable and other current assets	7,866
Property and equipment, net	428
Right-of-use-assets	2,320
Intangibles	15,100
Deferred tax asset	1,953
Goodwill	28,669
Accounts payable and accrued liabilities	(1,884)
Taxes payable	(35)
Lease liability	(453)
Other current liabilities	(64)
Lease liability — LT	(1,867)
Deferred revenue	(1,344)
Fair value of assets acquired and liabilities assumed	$51,889

Cash	$51,500
Working capital adjustment (estimated)	389
Total Consideration	$51,889

The Trade receivable and other current assets balance is not materially different from the fair value on acquisition.

Since the date of acquisition, Catapult contributed revenue of $5,947 and a net loss of $182 excluding the amortization of acquired intangible assets. The Corporation incurred $1,462 in acquisition costs related to the acquisition.

The goodwill recognized in connection with the acquisition of Catapult Systems LLC, a global modern digital solutions and services firm that uses technology to solve complex business challenges and deliver exceptional value to several industries, is attributable to the support and synergies gained by the support of Quisitive services. Goodwill also includes other intangibles such as an assembled workforce that do not qualify for a separate recognition under IFRS.

The goodwill is not tax deductible and has been allocated to the cloud services cash generating unit. The acquired intangible assets are being amortized over their estimated useful lives as follows:

Brand	2 years
Developed Technology	4 years
Customer Relationships	5 years

(ii.) Bankcard USA Merchant Services Inc.

On May 7, 2021, the Corporation, through its subsidiaries purchased all of the shares of Bankcard to obtain control. The aggregate consideration paid by the Corporation to acquire Bankcard is comprised

4. BUSINESS COMBINATIONS (Continued)

of the following: (i) $100,523 paid in cash at closing; (ii) 50,000,000 common shares valued at $77,739; (iii)Contingent consideration with a fair value of $9,253; and, (iv) Net working capital adjustment estimated at the acquisition date of $1,925.

Contingent consideration of up to $5,000 in cash and up to $5,000 of common shares of the Corporation ("Shares") per annum is payable at the end of each of the two twelve-month periods post acquisition (the "Earnout"). If Bankcard's year one annual revenue exceeds $38,900 the maximum cash payout is $5,000 in cash and $5,000 in Shares, and if year two annual revenue exceeds $44,700 the maximum payout is $5,000 in cash and $5,000 in Shares. The vendors of Bankcard can also achieve the Earnout opportunity if the revenue earned exceeds $83,580 over the 24-month earnout period post acquisition. The maximum aggregate Earnout payment over the two years is $10,000 in cash and $10,000 in Shares. The Corporation has estimated the contingent consideration at present value at the date of acquisition to be approximately $9,253.

The goodwill recognized in connection with the acquisition of BankCard by Quisitive is primarily attributable to the anticipated cost savings synergies expected to be realized as a result of the migration of payment processing services from third party providers to the proprietary software developed by Quisitive and the application of Quisitive's best practices to improve the operations of BankCard. Goodwill also includes other intangibles such as assembled workforce that do not qualify for separate recognition under IFRS.

The Corporation has determined that this transaction is a business combination as the assets acquired and liabilities assumed constitute a business. The transaction was accounted for using the acquisition method of accounting whereby the assets acquired, and liabilities assumed were recorded at their estimated fair value at the acquisition date.

(Expressed in thousands of United States Dollars)

4. BUSINESS COMBINATIONS (Continued)

The fair values shown below for Bankcard are preliminary, pending finalization of certain assumptions used in valuing the acquired assets, assumed liabilities and value of contingent consideration.

	USD Fair value recognized on acquisition $
Cash	$ 919
Processing and trade receivables	4,229
Property and equipment	840
Right of use asset	1,781
Indemnification asset	659
Intangibles	66,234
Other assets	393
Goodwill	135,326
Trade and other payables	(2,918)
Deferred tax liability	(15,583)
US payroll protection plan loan	(659)
Lease liability	(1,781)
Fair value of assets acquired and liabilities assumed	$189,440
Cash	$100,523
Quisitive common shares	77,739
Working capital adjustment	1,925
Contingent consideration	9,253
Total Consideration	$189,440

The gross processing and trade receivable balance is not materially different from the fair value on acquisition.

Since the date of acquisition, Bankcard contributed revenue of $26,313 and net income of $8,233 excluding the amortization of acquired intangible assets. The Corporation incurred $3,188 in acquisition costs related to the acquisition, which has been expensed as transaction-related expenses in the consolidated statement of comprehensive loss.

The goodwill is not tax deductible and has been allocated to the payment solutions cash generating unit. The acquired intangible assets are being amortized over their estimated useful lives as follows:

Brand	3 years
Developed Technology	9 years
Customer Relationships	8 years

(iii.) Mazik Global, Inc.

On April 1, 2021, the Corporation, through its subsidiaries purchased all of the shares of Mazik Global, Inc. (“Mazik”) to obtain control. The aggregate consideration paid by the Corporation to acquire

4. BUSINESS COMBINATIONS (Continued)

Mazik is comprised of the following: (i) $7,000 paid in cash at closing; (ii) 6,254,020 common shares valued at $7,516; and (iii) Net working capital adjustment estimated at the acquisition date of $1,339.

In addition, the agreement included contingent consideration per annum of $2,100, 2,000 and $1,900 for the years ended March 31, 2022, March 31, 2023 and March 31, 2024, respectively contingent on the legacy Mazik business achieving revenue targets of $15,000 from April 1, 2022 to March 31, 2022, $18,500 from April 1, 2022 to March 31, 2023 and $22,000 from April 1, 2023 to March 31, 2024. Additional growth earnouts of $650, $650 and $700 are payable contingent on achieving license revenue targets of $3,500, $5,000, and $6,500 for the years ended March 31, 2022, March 31, 2023 and March 31, 2024, respectively. The contingent consideration includes a requirement for the shareholders to remain employed with Quisitive at the applicable calculation date. As such, the earn-out payments have been accounted for as compensation for post-combination services, and not consideration in the business combination. Any amounts owing will be expensed in the applicable fiscal years as earned. For the year ended December 31, 2021, the Corporation recorded $1,575 of acquisition-related compensation expense.

The goodwill recognized in connection with the acquisition of 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 by Quisitive is primarily attributable to the support of Quisitive services. Goodwill also includes other intangibles such as assembled workforce that do not qualify for separate recognition under IFRS.

The Corporation has determined that this transaction is a business combination as the assets acquired and liabilities assumed constitute a business. The transaction was accounted for using the acquisition method of accounting whereby the assets acquired, and liabilities assumed were recorded at their estimated fair value at the acquisition date.

(Expressed in thousands of United States Dollars)

4. BUSINESS COMBINATIONS (Continued)

The fair values shown below for Mazik are preliminary, pending finalization of certain assumptions used in valuing the acquired assets and assumed liabilities.

	USD Fair value recognized on acquisition $
Cash	$ 609
Trade and other receivables	1,782
Work in Progress	1,267
Right-of-use asset	31
Indemnification asset	829
Intangibles	7,070
Goodwill	9,330
Trade and other payables	(1,120)
Deferred revenue	(1,402)
Deferred tax liability	(1,641)
US payroll protection plan loan	(869)
Lease liability	(31)
Fair value of assets acquired and liabilities assumed	$15,855
Cash	$ 7,000
Quisitive common shares	7,516
Working capital adjustment	1,339
Total Consideration	$15,855

The trade and other receivables balance is not materially different from the fair value on acquisition.

Since the date of acquisition, Mazik contributed revenue of $13,392 and net income of $3,926 excluding the amortization of acquired intangible assets. The Corporation incurred $965 in acquisition costs related to the acquisition, which has been expensed as transaction-related expenses in the consolidated statement of comprehensive loss.

The goodwill is not tax deductible and has been allocated to the cloud services cash generating unit. The acquired intangible assets are being amortized over their estimated useful lives as follows:

Brand	3 years
Developed Technology	3 years
Customer Relationships	8 years

ProForma Unaudited Results

If the acquisitions of Catapult, Bank Card and Mazik had occurred on January 1, 2021, the Corporation estimates that consolidated revenue would have been $164,876 and consolidated net loss for the year ended December 31, 2021 would have been $16,050 as compared to the amounts reported in the consolidated statement of income (loss) for the same period. In determining these amounts, the

4. BUSINESS COMBINATIONS (Continued)

Corporation has assumed that the fair values of the net assets acquired that were estimated and accounted for on the dates of acquisition would have been the same as if the acquisitions had occurred on January 1, 2021.

(iv.) Menlo Technologies, Inc.

On January 2, 2020, the Corporation, through its subsidiaries purchased all of the shares of Menlo Technologies, Inc. ("Menlo") to obtain control. The aggregate consideration paid by the Corporation to acquire Menlo is comprised of the following: (i) $3,297 paid in cash at closing; (ii) $7,349 in fair value attributable to $5,000 face value convertible notes convertible into common shares of the Corporation at $0.20 CAD per share bearing interest at 10% per annum compounded on an annual basis, payable annually for a term of 36 months.; (iii) 19,784,981 common shares valued at $3,808; (iv) Contingent consideration of $1,167 per annum payable at the end of each of the next three fiscal years ended December 31, 2020 to 2022 if Menlo's annual EBITDA as defined in the agreement exceeds $2.3 million in each year with an additional growth earnout of $500 per year if EBITDA is greater than $2.75 million and $3.25M in 2020 and 2021, respectively. The Corporation has estimated the fair value of contingent consideration at acquisition to be approximately $1,765, and; (v) Net working capital adjustment of $92. The Corporation has determined that this transaction is a business combination as the assets acquired and liabilities assumed constitute a business. The transaction was accounted for using the acquisition method of accounting whereby the assets acquired, and liabilities assumed were recorded at their estimated fair value at the acquisition date.

(Expressed in thousands of United States Dollars)

4. BUSINESS COMBINATIONS (Continued)

The fair values shown below for Menlo are final.

	USD Fair value recognized on acquisition $
Cash	$ 1,225
Trade and other receivables	2,336
Prepaid expenses and other assets	121
Property and equipment	27
Right-of-use asset	323
Intangibles	9,172
Goodwill	8,977
Trade and other payables	(1,802)
Deferred revenue	(45)
Deferred tax liability	(2,569)
Provisions — SSI Earnout	(1,102)
Borrowings	(29)
Lease liability	(323)
Fair value of assets acquired and liabilities assumed	$16,311
Cash	$ 3,297
Quisitive common shares	3,808
Convertible note (liability)	4,313
Conversion option (derivative liability)	3,036
Working capital adjustment	92
Contingent consideration	1,765
Total Consideration	$16,311

The Corporation incurred $547 in acquisition costs (incurred in 2019) related to the acquisition. The acquired intangible assets are being amortized over their estimated useful lives as follows:

Brand	6 years
Customer Relationships	8 years

(Expressed in thousands of United States Dollars)

5. ACCOUNTS RECEIVABLE AND CONTRACT ASSETS

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

	December 31, 2021	December 31, 2020
Trade receivable	$16,943	$8,175
Processing receivable	3,374	—
Allowance for doubtful accounts	(422)	(154)
Contract assets	1,499	999
Other receivables	2,237	552
Total accounts receivable and contract assets	$23,631	$9,572

For the year ended December 31, 2021, the Corporation recorded bad debt expense of $442 (December 31, 2020 — $185). Contract assets of $1,499 relate to performance under a first party license sale contract that has not been billed at December 31, 2021 (December 31, 2020 — $999).

(Expressed in thousands of United States Dollars)

6. PROPERTY AND EQUIPMENT

	Computers and Network Equipment	Furniture and Equipment	Leasehold Improvements	Software	Right of Use Asset	Total
Cost						
Balance December 31, 2019	$ 170	$413	$ 41	$ 12	$1,306	$ 1,942
Acquired from business combination — Menlo	27	—	—	—	323	350
Additions	86	94	—	—	1,081	1,261
Balance December 31, 2020	283	507	41	12	2,710	3,553
Acquired from business combination — Mazik					31	31
Acquired from business combination — Bankcard	46	146	648		1,781	2,621
Acquired from business combination — Catapult	192	100	136		2,320	2,748
Additions	545		56	6	425	1,032
Reclassification — from Intangibles				177		177
Effect of Foreign Currency Translation	1	(11)	(13)		7	(16)
Balance December 31, 2021	$1,067	$742	$868	$195	$7,274	$10,146
Accumulated Depreciation						
Balance, December 31, 2019	$ 129	$396	$ 29	$ 12	$ 476	$ 1,042
Effect of Foreign Currency Translation					7	7
Depreciation	43	15	12	—	670	740
Balance December 31, 2020	172	411	41	12	1,153	1,789
Effect of Foreign Currency Translation	3	(2)		1	(1)	1
Depreciation	145	55	100	60	1,203	1,563
Balance December 31, 2021	$ 320	$464	$141	$ 73	$2,355	$ 3,353
Carrying value						
Balance December 31, 2020	$ 111	$ 96	$ —	$ —	$1,557	$ 1,764
Balance December 31, 2021	$ 747	$278	$727	$122	$4,919	$ 6,793

(Expressed in thousands of United States Dollars)

7. INTANGIBLE ASSETS

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

	Software	Website Development	Microsoft Relationship	Customer Relationship	Brand	Total
Cost						
Balance December 31, 2019	$ 1,825	$134	$3,860	$ 6,187	$1,913	$ 13,919
Acquired from business combination — Menlo	—	—	—	8,286	886	9,172
Additions	1,010	—	—	—	—	1,010
Balance December 31, 2020	2,835	134	3,860	14,473	2,799	24,101
Acquired from business combination — Mazik	3,120	—	—	3,634	316	7,070
Acquired from business combination — Bankcard	2,097	—	—	60,760	3,377	66,234
Acquired from business combination — Catapult	900	—	—	13,700	500	15,100
Additions	2,423	—	—	—	—	2,423
Reclassification of website development costs	(186)	186	—	—	—	—
Reclassification — to Property and equipment	(177)	—	—	—	—	(177)
Balance December 31, 2021	$11,012	$320	$3,860	$92,567	$6,992	$114,751
Accumulated Amortization						
Balance December 31, 2019	$ 178	$126	$1,492	$ 1,864	$ 296	$ 3,956
Amortization	328	8	772	2,375	615	4,098
Adjustment	—	—	—	—	2	2
Balance December 31, 2020	506	134	2,264	4,239	913	8,056
Amortization	1,256	37	772	7,334	1,482	10,881
Adjustment	1			(2)	(1)	(2)
Balance December 31, 2021	$ 1,763	$171	$3,036	$11,571	$2,394	$ 18,935
Carrying value						
Balance December 31, 2020	$ 2,329	$ —	$1,596	$10,234	$1,886	$ 16,045
Balance December 31, 2021	$ 9,249	$149	$ 824	$80,996	$4,598	$ 95,816

(Expressed in thousands of United States Dollars)

8. BORROWINGS

The following table sets out the Corporation's borrowings:

	December 31, 2021	December 31, 2020
2020 Loan Agreement (i)	$ —	$15,366
BMO Loan Agreement (i)	78,555	—
US payroll protection plan loans (ii)	—	1,502
Balance — end of period	$78,555	$16,868
Current	$ 8,128	$ 1,825
Non-current	70,427	15,043
	$78,555	$16,868

(i) BMO Loan agreement and predecessor loan agreements

On August 10, 2020, the Corporation successfully completed its debt consolidation initiatives pursuant to the terms of a loan agreement entered between the Corporation, certain material subsidiaries of the Corporation, as guarantors, and a leading Canadian Schedule I Chartered Bank (the "2020 Loan Agreement"). The 2020 Loan Agreement provided for a five-year term loan of $16,133 and a revolving operating line of credit of up to $5,000.

On May 7, 2021, the Corporation closed a new credit facility pursuant to the terms of a loan agreement entered into between the Corporation, certain material subsidiaries of the Corporation, as guarantors,and a syndicate of leading Canadian Schedule I Chartered Banks (the "Loan Agreement"). The Loan Agreement replaced the 2020 Loan Agreement and provided for a five-year term loan of $65,564 and a revolving operating line of credit of up to $5,000, with all debts, liabilities, and obligations of the Corporation and guarantors under the Loan Agreement 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 3%, 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.

Total finance costs incurred in relation to the Loan Agreement of $697 were deferred and being amortized using the effective interest rate method over the life of the loan. The Operating Line is repayable with monthly interest consistent with the Term Loan rates. Interest expense during the year ended December 31, 2021, relating to the Loan Agreement was $2,379 (2020 Loan Agreement — $346).

On August 27, 2021, the Corporation entered a new credit facility with a syndicate led by Bank of Montreal ("BMO") pursuant to the terms of a loan agreement entered into between the Corporation, certain material subsidiaries of the Corporation, as guarantors, BMO, as administrative agent and the lenders party thereto (the "Lenders") (the "BMO Loan Agreement"). The proceeds from the BMO Loan Agreement were used to repay and retire the Corporation's existing Loan Agreement, with the balance expected to be used to finance future permitted acquisitions. The proceeds from the Revolving Facility are expected to be used by the Corporation to fund working capital requirements in the ordinary course. Further, prior transaction cost were extinguished in the amount of $722 for the year ended December 31, 2021.

The BMO Loan Agreement provides for a five-year term loan of US$70,000 (the "Term Loan") and a revolving loan facility of up to US$5,000 (the "Revolving Facility"), with all debts, liabilities, and

8. BORROWINGS (Continued)

obligations of the Corporation and guarantors under the Term Loan and Revolving Facility collaterally secured by a first ranking security interest in all of the present and future undertaking, property and assets of the Corporation and its material subsidiaries. The Term Loan has an accordion feature by which the Corporation may request increases in principal under the Term Loan up to a maximum amount of US$35,000.On November 18, 2021 $15,000 was drawn under the accordion to provide funds to complete the Catapult acquisition.

The Term Loan is available by way of Canadian dollar prime rate loans, U.S. dollar base rate loans, Canadian dollar CDOR loans and U.S. dollar LIBOR loans. 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 Canadian prime rate or U.S. base rate plus 0.25% to 1.50% and from the CDOR rate or LIBOR rate plus 1.75% to 3.00%. The Term Loan amortizes over 10 years and advances under the Term Loan are repayable in equal quarterly instalments over the loan term with a final payment of any amounts then outstanding due at maturity. The Loan Agreement contains standard compliance requirements as well as ongoing debt service and coverage covenants. The Corporation was in compliance with all covenants at December 31, 2021, however there can be no assurances that compliance will be achieved throughout the remaining term of the agreement. The Revolving Facility is repayable with monthly interest consistent with the Term Loan rates.

Total finance costs incurred in relation to the Term Loan agreement of $1.098 were deferred and are being amortized using the effective interest rate method over the life of the loan. The Operating Line is repayable with monthly interest consistent with the Term Loan rates. Interest expense on the BMO Loan Agreement during the year ended December 31, 2021, was $1,292 (2020 — $0).

In connection with the termination of both the 2020 Loan Agreement and the Loan Agreement, the Corporation incurred total losses on extinguishment of debt at $1,369 during the year ended December 31, 2021.

(ii) US payroll protection plan loans

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 $1,683 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. Further during FY2021 the Corporation received notice that the Bank of America loan for $1,683 had been forgiven. The $1,683 was recorded as a gain in the fiscal 2021 statement of comprehensive loss.

The Corporation assumed two PPP loans in connection with the acquisitions of Bankcard and Mazik with principal amounts of $659 and $869, respectively. The Corporation paid the Mazik and Bankcard shareholders net of the loans and established escrow accounts to cover principal repayments on these loans in the event that forgiveness is not received with the escrow funds to be released to the sellers in the event that forgiveness is received. On May 11, 2021, the entire Bankcard PPP loan was forgiven and the escrowed funds were released to the former Bankcard shareholders.and on October 5, 2021, the Mazik PPP loan was forgiven and the escrow funds were released to the former Mazik shareholders. Therefore, no gain was recorded on the forgiveness of these PPP loans.

(Expressed in thousands of United States Dollars)

8. BORROWINGS (Continued)

(iii) Menlo convertible notes

The Menlo convertible notes (Note 4 (iv)) were convertible into common shares of the Corporation at \$0.20 CAD per share. The notes bore interest at 10% per annum compounded on an annual basis, payable annually for a term of 36 months. These notes were unsecured.

The principal value of the debt of \$5,000 was recorded at its fair value of \$4,313 on acquisition, and accretion expense and interest expense of \$325 was recorded for the year ended December 31, 2020. The conversion feature was determined to be a derivative investment liability and the fair value of the derivative of \$3,036 was recorded on January 1, 2020. The change in the fair value of the conversion feature derivative liability for the year ended December 31, 2020 of \$8,430 was recorded as a charge to the income statement. During the year ended December 31, 2020, the full \$5,000 in principal amount of the convertible debentures were converted into an aggregate of \$33,994, 449 common shares of the Corporation.

(iv) Note payable to related party and Purchase price note due to a related party

Note payable to related party

In 2019, the Corporation entered into a promissory note agreement totaling \$750CAD with a related company owned by a Director/Officer of the Corporation for the purpose of providing bridge loan for working capital of CRG. The note was unsecured and interest free.

Purchase price note due to a related party

In connection with the closing of the acquisition of CRG in 2019, the Corporation issued \$4,967 (\$6,500 CAD) purchase price notes to the vendors which were held directly or indirectly by Companies affiliated with a Director of the Corporation. Interest on the notes was payable at a rate of 10% per annum compounded on an annual basis and payable semi-annually and was secured by a pledge over the shares of CRG acquired. The notes would have matured on June 1, 2021, with an option of the vendors to extend by one additional year or otherwise, subject to agreement by both parties.

On August 26, 2020, the Corporation issued 12,071,428 common shares pursuant to the exercise of warrants at \$0.35 CAD (note 13(b)) and paid \$2,417 (\$3,189 CAD) in cash to retire the purchase price note due to a related party and the note payable to related party. In addition, as part of the settlement, the remaining 7,428,572 warrants exercisable at \$0.35 CAD initially issued to vendors in the CRG acquisition were forfeited.

For the year ended December 31, 2021, the Corporation incurred \$0 in interest relating to the notes (December 31, 2020 — \$310).

(v) Finance Costs

	December 31,	
	2021	2020
The Corporation's finance costs comprise the following:		
Interest on borrowings	\$2,877	\$2,464
Amortization of debt issuance costs	139	317
Accretion expense	295	710
Net finance costs on leases	126	11
Total finance costs	\$3,437	\$3,502

(Expressed in thousands of United States Dollars)

9. GOODWILL

	December 31, 2021	December 31, 2020
Balance, January 1	$ 23,983	$15,005
Acquisitions (Note 4)	173,326	8,978
Balance, December 31	$197,309	$23,983

(i) Impairment test of goodwill

For the purposes of impairment testing, goodwill has been allocated to the Corporation's CGU's, which represent the Company's operating segments and the lowest level within the Corporation at which goodwill is monitored for internal management purposes, as defined in IAS 36. The aggregate carrying amount of goodwill allocated to each CGU prior to the recognition of any impairment charges was as follows:

	December 31, 2021	December 31, 2020
Payment processing solutions	$135,326	$ 0
Cloud solutions	61,983	23,983
	$197,309	$23,983

The Corporation performs a goodwill impairment test annually on October 1 and whenever there is an indication of impairment. The valuation techniques, significant assumptions and sensitivities applied in the goodwill impairment test are described below.

Goodwill acquired through business combinations has been tested at the cash generating unit (CGU) level, consistent with the Corporation's operating segments. The recoverable amounts were determined using a value-in-use approach. Under the value-in-use approach, the recoverable amount is calculated based on the present value of future cash flows expected to be derived from the CGU.

The calculation of recoverable amount is most sensitive to the following assumptions:

- Discount rates
- Terminal growth rates

Discount rates — Discount rates represent the current market assessment of the risks specific to the CGU. The discount rate calculation is based on the specific circumstances of the Corporation and is derived from its weighted average cost of capital ("WACC"). The WACC reflects a target debt-to equity ratio. The cost of equity is derived from the expected return on investment by the Corporation's investors. The cost of equity considers the risk-free rate, market equity risk premium, size premium and risk specific to the CGUs' underlying assets that have not been considered in the cash flow projections. The risk premiums assigned are evaluated annually based on publicly available market data. The cost of debt is based on the interest- bearing borrowings that the Corporation is obliged to service. The pre-tax discount rate applied to the cash flow projections is approximately 20.8% for payment processing solutions and 16.7% for cloud solutions.

Terminal growth rate — Growth rates are based on management's best estimates considering historical and expected operating plans, strategic plans and industry outlook. The Corporation has applied a rate of 3% growth rate to determine the terminal value for both payment processing solutions and cloud solutions.

(Expressed in thousands of United States Dollars)

9. GOODWILL (Continued)

The Corporation believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the CGU to materially exceed its recoverable amount.

10. INCOME TAXES

(a) Tax recognized in profit or loss

	2021	2020
Current income tax expense:		
Current year	1,548	983
Deferred income tax (recovery):		
Origination and reversal of temporary differences	(2,616)	(1,101)
Benefits of temporary differences not previously recognized	(1,140)	—
Income tax expense:	(2,208)	(118)

(b) Reconciliation of effective tax rate

Income tax expense differs from the amount that would be computed by applying the combined corporate income tax rate of 26.5% (2020 — 26.5%) to loss before income taxes. The reasons for the differences are as follows:

	2021	2020
Loss before income taxes	$(19,011)	$(10,026)
Statutory income tax rate	26.5%	26.5%
Expected income tax (recovery)	(5,038)	(2,657)
Permanent differences, prior period adjustments and other	1,698	1,965
Unrecognized benefit of deferred tax assets	253	1,172
Benefit of temporary differences not previously recognized	(1,140)	—
Impact of change in tax rates	33	—
State taxes	255	—
Difference in income tax rates between jurisdictions	417	(346)
Financing fees and other	1,314	(252)
Income tax expense	$ (2,208)	$ (118)

(c) Recognized deferred tax assets and liabilities

Deferred income taxes reflect the net income tax effects of temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and the amounts used for income tax purposes.

The following are the temporary differences and unused tax losses for which deferred income tax assets and (liabilities) are recognized in the consolidated financial statements:

(Expressed in thousands of United States Dollars)

10. INCOME TAXES (Continued)

	2021	2020
Non-deductible reserves and other	1,290	57
Losses	2,574	25
Property and equipment	(591)	46
Intangibles	(18,147)	(3,405)
Right of use asset	(1,061)	—
Right of use liability	1,093	—
Deferred revenue and other	—	(26)
Net deferred tax liability	(14,842)	(3,303)

Movement in recognized deferred tax liability is attributable to the following:

Balance – December 31, 2020	(3,303)
Charged to goodwill	(15,250)
Credited to earnings	3,756
Other	(45)
Closing – December 31, 2021	(14,842)

(d) Unrecognized deferred tax

The following are the deductible temporary differences and unused tax losses for which no deferred income tax assets are recognized in the consolidated financial statements:

	2021			2020		
	Canada	USA	Consolidated	Canada	USA	Consolidated
Losses carried forward	7,829	—	7,829	4,747	1,708	6,455
Property, equipment and intangible assets	—	—	—	—	3,264	3,264
State NOL's carry forward	—	—	—	—	309	309
Deferred Transaction cost	6,777	—	6,777	1,863	—	1,863
Other temporary differences	—	—	—	—	327	327
	14,606	—	14,606	6,610	5,608	12,218

As at December 31, 2021, the Corporation has unrecognized non-capital losses of approximately $7,196 (December 31, 2020 — $4,938) available that may be carried forward and applied against future income for Canadian income tax purposes and will begin to expire in 2028. The Corporation also has approximately $0 (December 31, 2020 — $1,708) of unrecognized non-capital operating losses that may be carried forward indefinitely and applied against future income for United States income tax purposes. The remaining temporary difference can be carried forward indefinitely.

In assessing deferred income tax assets, management considers whether it is probable that some portion or all of the deferred income tax assets will be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the years in which those temporary differences become deductible.

Management considers the scheduled reversals of deferred income tax liabilities, the character of the deferred income tax assets and available tax planning strategies in making this assessment.

(Expressed in thousands of United States Dollars)

10. INCOME TAXES (Continued)

Management continually evaluates the likelihood that its deferred tax assets could be realized. The Corporation recognizes tax benefits on losses or other deductible amounts generated where it is probable that sufficient taxable income will exist in the future to utilize deferred tax assets.

11. RELATED PARTY TRANSACTION AND BALANCE

(i) *Key management compensation*

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

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

	Year ended December 31, 2021	Year ended December 31, 2020
Salaries and short term benefits	$1,302	$1,295
Share Based Compensation	$ 668	$ 339

In addition, the Corporation has contingent consideration, and settled purchase price notes and a working capital loan to related parties that are described in Note 8 and 18.

(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 year ended December 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) receivable
		(all amounts in CAD)		
Software Integrators International Inc.	$(94)	$ 7	$ (14)	$(101)
Corporate Renaissance Group Solutions (PVT) Ltd	$ 44	$383	$(467)	$ (40)

12. LEASE LIABILITIES

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

	31-Dec-21
2022	$1,443
2023	1,390
2024	1,190
2025+	1,688
Total	$5,711
Discounting	(716)
	$4,995

(Expressed in thousands of United States Dollars)

12. LEASE LIABILITIES (Continued)

(ii) Property lease payments including variable lease payments for the years ended December 31, 2021 and 2020 were as follows:

Year Ended December 31 2021	2021	2020
Total Short-Term Lease Expense	$ 70	$150
Variable Lease Expense	239	187
	$310	$337

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

Opening balance January 1, 2020	$ 832
Acquired in acquisition purchases	323
Payments (net of accretion)	(665)
New leases	1,050
Opening balance January 1, 2021	1,540
Acquired in acquisition purchases.	4,132
Payments (net of accretion)	(1,103)
New leases	427
Present value of lease liability December 31, 2021	$ 4,995

13. SHARE CAPITAL

(a) Share Issuances

The Corporation is authorized to issue an unlimited number of common shares. As at December 31, 2021, 356,314,879 common shares were issued and outstanding as fully paid and non-assessable (December 31, 2020 — 193,585,013).

For the period ended December 31, 2021, the Corporation issued 1,416,804 and 315,000 shares in connection with the exercise of RSU's and stock options, respectively.

For the period ended December 31, 2021, the corporation issued 1,397,416 common shares on exercise of broker compensation options and warrants and 10,908,808 common shares on exercise of warrants for total proceeds of $10,558 (Note 13(b)).

On November 15, 2021, the Corporation announced closing a bought deal public offering of 33,340,000 common shares at a price of $1.20 CAD per offered share for net proceeds of approximately $30,297 USD with transaction costs equal to $2,696. The offering was completed in connection with the acquisition of Catapult Systems, LLC.

On June 4, 2021, the Corporation issued 1,664,539 common shares in relation to performance earn-out targets which were achieved during the year ended December 31, 2020 with the remaining balance settled in cash (Note 18).

On May 7, 2021, the Corporation issued 50,000,000 common shares to the Bankcard owners in connection with the closing of the Bankcard acquisition.

On April 1, 2021, the Corporation issued 6,254,020 shares to the Mazik Owners in connection with the acquisition of Mazik.

13. SHARE CAPITAL (Continued)

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.

On March 20, 2021, the Corporation 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 Corporation (the "Subscription Receipts") at a price of CAD$1.50 per Subscription Receipt (the "Issue Price") for aggregate gross proceeds to Quisitive of CAD$50,100 (the "Offering") plus an overallotment option of 5,010,000 subscription receipts for gross proceeds of CAD$7,515. The total gross proceeds of the Offering were CAD$57,615.

Each Subscription Receipt represented 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. The Corporation also issued 5,010,000 common shares in connection with the 5,010,000 subscription receipts from the exercised over-allotment option. The net proceeds are $47,649 net of transaction cost equal to $3,626.

On November 18, 2020, the Corporation issued 823,855 shares at a price of CAD$0.35 in connection with the exercise of 823,855 broker warrants, resulting in cash proceeds of $220.

On June 26, 2020, the Corporation issued 21,333,405 Units at a price of $0.75 CAD per unit. Each Unit consists of one common share and one-half of one common share purchase warrant. Each full warrant entitles the holder to acquire one Common Share at a price of CAD$1.10 until June 26, 2022. If the daily volume weighted average trading price of the Common Shares on the TSX Venture Exchange ("TSXV") for any 10 consecutive days exceeds CAD$1.60, the Corporation may, upon providing written notice to the holders of the Warrants within five trading days following the end of such 10 day period, accelerate the expiry date of the Warrants to the date that is 30 days following the date of such written notice. Gross proceeds of the issuance were $11,700. Transaction costs of $1,224 incurred in the transaction have been offset against share capital, of which $968 were in cash and $256 consisted of 1,145,951 compensation unit options, which were issued to the underwriters. As a result, the Corporation received net cash proceeds of $10,732. Each compensation unit option provides the holder the right to acquire one common share and one-half of one common share purchase warrant for the unit price of CAD$0.75. Both the warrants and the compensation unit options were valued using the Black-Scholes model and a total value of $2,150 was allocated to warrants and $256 to the compensation unit options. The assumptions used in the Black-Scholes model are as follows:

(Expressed in thousands of United States Dollars)

13. SHARE CAPITAL (Continued)

Risk-free interest rate	0.25%
Expected term (in years)	2
Estimated dividend yield	0%
Estimated volatility	108%

On August 26, 2020, the Corporation issued 12,071,428 common shares pursuant to the exercise of warrants at $0.35 CAD and paid $2,417 ($3,189 CAD) in cash to retire the purchase price note due to a related party and the note payable to related party of $4,779 ($6,500 CAD) and $750 CAD, respectively. Settlement of purchase price notes to related party (Note 8(iv)). On July 2, 2020, the Corporation issued 9,861,441 Common Shares to former shareholders of Quisitive, LLC, a subsidiary of the Corporation, in respect of earn-out liabilities totaling $2,500 on June 30, 2020 relating to earn-out targets which were achieved during the year ended December 31, 2019.

On July 2, 2020, the Corporation issued an aggregate of 5,158,731 Common Shares in the form of a performance earn-out as contingent consideration to the former vendors of Corporate Renaissance Group Inc. a subsidiary of the Corporation totaling $795 on June 30, 2020 for achieving earn-out targets which were achieved during the year ended December 31, 2019. The remaining balance of $795 was settled in cash (Note 18).

On May 29, 2020, the Corporation issued 445,678 common shares at a price of CAD$0.35 in connection with the exercise of 423,178 broker units and 22,500 broker warrants, resulting in cash proceeds of $116.

On January 21, 2020, the Corporation issued 1,968,649 common shares at a price of CAD$0.20 in connection with the conversion of $300 Menlo convertible notes. On July 2, 2020, the remaining $4,700 in principal amount of the convertible debentures that were issued by the Corporation as partial consideration for the acquisition of Menlo Technologies, Inc. were converted into an aggregate of 32,025,800 Common Shares.

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

(b) Warrants Issued

Pursuant to the terms of the warrant indenture between Computershare Trust Company of Canada and the Corporation dated June 26, 2020, if the volume weighted average trading price of the Corporation's common shares on the TSX Venture Exchange exceeds $1.60 for a period of 10 consecutive trading days the Corporation was entitled to accelerate the expiry date of the warrants to the date that is not less than 30 days following the date notice of such acceleration.

On May 17, 2021, the acceleration conditions were met, and the Corporation elected to accelerate the expiry date of the common share purchase warrants issued on June 26, 2020, under the warrant indenture. The new expiry date of the warrants was June 16, 2021. As a result of this and previous exercises during the year, 10,416,523 warrants were exercised for gross proceeds of CAD$11,458 and 250,180 warrants were forfeited. The warrants underlying the 1,145,921 broker compensation options issued on June 26, 2020, were also subject to the warrant indenture. Of these, a total of 985,488 options were exercised with 1,477,773 shares issued for total proceeds of CAD$1,281 on June 16, 2021. 80,216 warrants expired on June 26, 2021. 411,928 broker compensation options issued on March 29, 2018, and June 1, 2018, respectively were exercised on August 6. 411,928 shares were issued for total proceeds of CAD$145. Additionally, 7,500 warrants expired on August 6, 2021.

(Expressed in thousands of United States Dollars)

13. SHARE CAPITAL (Continued)

Issue date	Type	Number of warrants outstanding at December 31, 2020	Number of warrants outstanding at December 31, 2021	Maturity date	Exercise price (in CAD)
26-Jun-20	normal	10,666,203	—	16-Jun-22	1.10
26-Jun-20	compensation unit options	1,145,921	160,433	26-Jun-22	0.75
1-Jun-18 .	broker	411,928	—(1)	9-Aug-21	0.35
29-Mar-18	broker	7,500	—(2)	9-Aug-21	0.35

(1) These warrants were exercised on August 6, 2021.

(2) These warrants expired in 2021.

(c) Stock Options

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

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

	Number of options	Weighted average exercise price (CAD)
Outstanding at December 31, 2019	3,705,000	$0.29
Granted	200,000	.25
Forfeited/expired	(500,000)	.35
Outstanding at December 31, 2020	3,405,000	.28
Granted	325,000	1.58
Forfeited/expired	(35,000)	.24
Exercised	(315,000)	.16
Outstanding at December 31, 2021	3,380,000	$0.48

For the year ended December 31, 2021, the Corporation recognized share based compensation from stock options of $164 (December 31, 2020 — $191).

(Expressed in thousands of United States Dollars)

13. SHARE CAPITAL (Continued)

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

Grant Date	Expiry Date	Ex price (CAD)	Number of options	Exercisable
9-Apr-18	April 9, 2023	0.35	605,000	605,000
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
23-Dec-19	December 23, 2024	0.20	1,000,000	1,000,000
03-Jan-20	January 3, 2025	0.25	200,000	133,333
07-Jul-21	July 7, 2026	1.60	325,000	108,333
			3,380,000	3,096,666

The weighted average contractual life for the remaining options at December 31, 2021 is 2.45 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, 2019	4,325,301
Granted	1,996,500
Exercised	(125,000)
Opening balance December 31, 2020	6,196,801
Granted	1,998,969
Exercised	(1,416,804)
Forfeited	(76,000)
Closing balance December 31, 2021	6,702,966

During the year ended December 31, 2021, the Corporation recognized share based compensation of $1,061 (December 31, 2020 — $529).

(e) Stock appreciation rights

The Corporation granted 116,500 stock appreciation rights (SAR's) to employees in the first quarter of 2021. 25,000 SAR's were forfeited for the period ended December 31, 2021 and 91,500 remain issued and outstanding as at December 31, 2021. The SAR's vest over three years. Each SAR entitles the employee to receive the increase in the value 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 Corporation. 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%

(Expressed in thousands of United States Dollars)

13. SHARE CAPITAL (Continued)

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 $23 charged to income for the year ended December 31, 2021.

14. NET LOSS PER SHARE

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

	Year ended December	
	2021	2020
Net loss for the period	$ (16,803)	$ (9,908)
Weighted average number of shares outstanding, basic	283,293,387	150,666,920
Basic and Diluted Income (Loss) Per Share	$ (0.06)	$ (0.07)

Potentially dilutive shares relating to warrants, compensation unit options 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.

	2021	2020
Warrants	—	10,666,203
Broker compensation options	160,433	419,928
Broker warrants	—	1,718,927
Stock options	3,380,000	3,405,000
RSU's	6,702,966	6,196,801
	10,243,399	22,406,859

15. FINANCIAL INSTRUMENTS

The carrying values of the cash, restricted cash, accounts receivable, accounts payable and accrued liabilities, and operating line of credit approximate their fair values due to their short term to maturity. The carrying value of the Loan Agreement, Notes payable, Menlo acquisition loan, Purchase price notes and Bank term loan approximate fair value as they were at market rates of interest.

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

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Cash is placed with a major US and Canadian financial institutions and the Corporation's concentration of credit risk for cash and maximum exposure thereto is $13,516 (2020 — $10,983).

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 $16,521 (2020 — $8,175). Accounts receivable are shown net of provision of credit losses of $422 (2020 — $154).

(Expressed in thousands of United States Dollars)

15. FINANCIAL INSTRUMENTS (Continued)

	under 30	30-60 days	over 60 days	Total
Trade receivable ageing	$13,429	$1,330	$1,762	$16,521

The Corporation has no customers that constitute greater than 10% at December 31, 2021 (December 31, 2020 — one customer 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 December 31, 2021, the Corporation has $13,516 (2020 — $10,983) of unrestricted cash and liabilities with the following due dates at their carrying values:

	under 3 months	3 months-1 year	1-2 years	3-5 years
A/P and accrued liabilities	$12,400	4,389		
Income taxes payable		655		
Contingent consideration		15,616	5,788	
Loan agreement		8,128	8,128	62,299
Total	$12,400	$28,788	$13,916	$62,299

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 +/-$766 in interest payable over 1 year.

(e) Foreign currency risk

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

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

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

(Expressed in thousands of United States Dollars)

15. FINANCIAL INSTRUMENTS (Continued)

	2021	2020
	CAD$	CAD$
Cash	$ 336	$5,979
Accounts payable and accrued liabilities	(895)	(608)
	(559)	5,371
United States dollar equivalent	$(441)	$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.

16. BANK SPONSORING AGREEMENTS

Under VISA and MasterCard program rules, only member banks are allowed to directly process bankcard transactions through their network as the Corporation's Sponsoring Banks are member banks. The Sponsoring Bank agreements generally expire either annually or every two years and are subject to automatic renewal for one- or two-year terms, respectively, unless canceled by either party. The agreement permits the funds to be routed under the Sponsoring Bank's control and identification numbers to clear credit bank card transactions through Visa and MasterCard. The sponsorship agreement also enables the Corporation to settle funds between cardholders and merchants by delivering funding files to the Sponsoring Bank, which in turn transfers settlement funds to the merchants' bank accounts. These restrictions place the settlement assets and obligations under the control of the Sponsoring Bank.

The sponsorship agreement requires, among other things, that the Corporation abide by the by-laws and regulations of the Visa and MasterCard networks. In addition, the agreement requires the Corporation maintain a reserve account. As at December 31, 2021, the Corporation has $350 in deposits with sponsoring banks.

Under the terms of the agreement, in the event that one of the Corporation's merchant customers is unable to settle chargebacks, resulting from valid customer disputes, the Corporation is required to fulfill any remaining obligation, up to the gross amount paid by the customer. As the Corporation's customer base consists predominantly of small retail merchants that fulfill obligations at the time of payment, the Corporation's cost of fulfilling this obligation has not historically been material. The Corporation further mitigates this risk by withholding a percentage of amounts due to high risk merchants that collect significant amounts of customer funds in advance of delivery or performance. Costs of fulfilling customer chargeback obligations are accrued when such amounts become probable and estimable.

17. NON-CONTROLLING INTEREST

The Corporation owns 80% 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 vested 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

(Expressed in thousands of United States Dollars)

17. NON-CONTROLLING INTEREST (Continued)

Corporation as of the end of each such three-month period. The award is now fully vested and 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. The awards are fully vested at December 31, 2021 and this results in a dilution in the Corporation's interest in LedgerPay to 80%.

For the year ended December 31, 2021 the Corporation recorded non-controlling interest of $(488) (2020: $281).

18. CONTINGENT CONSIDERATION

Balance December 31, 2019	$ 8,337
Menlo earn-out on acquisition	2,367
Accretion	412
Revaluation of contingent consideration	1,176
Foreign exchange	2
Repayment of contingent consideration in shares and cash	(4,095)
Balance December 31, 2020	$ 8,199
Bankcard earn-out acquisition	$ 9,253
Accretion	295
Foreign Exchange	56
Revaluation of contingent consideration	7,261
Repayment of contingent consideration in shares and cash	(3,660)
Balance December 31, 2021	$21,404

(i) CRG earn-out

As part of the consideration for the CRG acquisition, the Corporation paid contingent consideration of $2,167 CAD per annum payable at the end of each of the next three fiscal years ended December 31, 2019 to 2021 if CRG's annual EBITDA exceeds $2.5 million CAD in each year with an additional growth earnout for the excess EBITDA earned over $7.5 million CAD over the three year earnout period. The balances are due to persons and companies affiliated with an officer/director of the Corporation. The Corporation initially estimated the contingent consideration at present value to be approximately $5,131. The criteria for the earn out is assessed each year, resulting in a revaluation loss of $1,252 for the year ended December 31, 2021 (2020 — $259). The 2019 earn-out of $1,590 was paid in 2020 through the issuance of shares and cash (Note 13(a)). The 2020 earn-out of $1,794 was paid in 2021 through the issuance of shares and cash.

(ii) Menlo earn-out

As part of the consideration for the Menlo acquisition, the Corporation may pay contingent consideration of $1,167 per annum payable at the end of each of the next three fiscal years ended December 31, 2020 to 2022 if Menlo's annual EBITDA as defined in the agreement exceeds $2.3 million in each year with an additional growth earnout of $500 per year if EBITDA is greater than $2.75 million

(Expressed in thousands of United States Dollars)

18. CONTINGENT CONSIDERATION (Continued)

and $3.25M in 2020 and 2021, respectively. The Corporation initially estimated the fair value of contingent consideration at acquisition to be approximately $1,765. In addition $602 of earn-out relating to a previously acquired entity was recorded as a liability. During the year ended December 31, 2021 $715 of revaluation losses were recorded (2020 — $917). The 2020 earn-out of $1,167 and $700 to the previously acquired entity was paid in 2021 through the issuance of shares and cash.

(iii) BankCard earn-out

As part of the consideration for the BankCard acquisition, the Corporation may pay contingent consideration of up to $10,000 per annum calculated on the twelve full calendar month period from acquisition for the next two years. The earnout target is based on the internally prepared financial statements of BankCard, less any payment processing costs previously deducted against gross revenues that are eliminated as a result of migration and includes revenue that has been generated in the 12-month period. The Corporation initially estimated the contingent consideration at present value to be approximately $9,253. The criteria for the earn out is assessed each year, resulting in a revaluation loss of $5,298 for the year ended December 31, 2021 (2020-nil).

19. REVENUE

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

	2021	2020
Cloud Solutions Professional Services	$50,813	$36,334
Cloud Solutions Maintenance, License and third party licenses and support	19,199	13,430
Payment Processing Solutions	26,666	—
	$96,678	$49,764

The Corporation is not exposed to concentration risk relating to one customer greater than 10% of revenue for the year ended December 31, 2021 (December 31, 2020 — one customer 16%)

(ii) The following table shows geographic area

	2021	2020
USA	$87,530	$42,943
Canada	9,148	6,821
	$96,678	$49,764

20. SEGMENT INFORMATION

The Corporation's operating business segments include strategic units that offer different products and services. The Corporation has two operating business segments: Global Cloud Solutions (Cloud Solutions) and Global Payment Processing Solutions (Payment Solutions).

The Corporation's cloud solutions segment is a full-service digital technology consulting firm whose mission is to acquire and integrate companies to become the leading provider of Microsoft professional services in North America. The Corporation is a premier, global Microsoft partner that harnesses the Microsoft platform and complementary technologies, including custom solutions and first-party offerings, to generate meaningful impact for enterprise customers. The Corporation's cloud solutions business focuses on helping enterprises move to, operate within, and innovate via modern development in the three Microsoft clouds (Azure, M365 and Dynamics 365).

(Expressed in thousands of United States Dollars)

20. SEGMENT INFORMATION (Continued)

The Corporation's Payment Solutions segment has a diverse portfolio of merchant accounts on which it provides scalable processing solutions, payment processing equipment and software corresponding to each card solution, with complimentary support services designed to best meet each new and existing merchant's specific needs and online age verification software offered through the Corporation's AgeChecker.Net platform.

The Corporation evaluates each segment's performance based on Adjusted Earnings before Interest, Taxes, Depreciation, and Amortization ("Adjusted EBITDA"). The Corporation defines Adjusted EBITDA as earnings before certain charges that management considers to be non-operating expenses and which consist of interest, taxes, depreciation, amortization, foreign exchange, share-based compensation, transaction related expenses, acquisition related compensation, settlement gains and losses on earn-out liabilities, changes in fair value of the derivative liability, loan forgiveness, grant income and non-recurring development costs associated with obtaining bank sponsorship and operational certifications required to complete Ledger Pay.

SEGMENT INFORMATION

	Twelve months ended					
	December 31, 2021			December 31, 2020		
	Global Cloud Solutions	Global Payment Processing Solutions	Consolidated	Global Cloud Solutions	Global Payment Processing Solutions	Consolidated
Revenue	$70,012	$26,666	$ 96,678	$46,265	$3,499	$49,764
Expenses	61,697	20,509	82,206	40,368	1,273	41,641
EBITDA (Adjusted)	8,315	6,157	14,472	5,897	2,226	8,123
All Other Expenses			31,275			18,031
Net Loss			$(16,803)			$ (9,908)

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