# Annual and Fourth Quarter Report for Year ended December 31, 2021 and for the Three Months ended December 31, 2021

**QUISITIVE TECHNOLOGY SOLUTIONS, INC.**
**MANAGEMENT'S DISCUSSION AND ANALYSIS**
**For the years ended December 31, 2021 and December 31, 2020**
**(all amounts in thousands of USD unless otherwise stated)**

This management discussion and analysis ("MD&A") of Quisitive Technology Solutions, Inc. (the "Corporation", "Quisitive", "we" or "us") for the year ended December 31, 2021 should be read in conjunction with the Corporation's audited consolidated financial statements and the notes thereto for the years ended December 31, 2021 and December 31, 2020. We have prepared this MD&A with reference to National Instrument 51-102 "Continuous Disclosure Obligations" of the Canadian Securities Administrators. Our consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in thousands of United States dollars unless otherwise indicated.

*This MD&A is current as at April 20, 2022, and may include certain "forward-looking statements" and certain "forward-looking information" as defined under applicable Canadian securities laws. Forward-looking statements and information can generally be identified using forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "continue", "plans" or similar terminology. Forward-looking statements and information are subject to various known and unknown risks and uncertainties, many of which are beyond the ability of the Corporation to control or predict, that may cause the Corporation's actual results, performance or achievements to be materially different from those expressed or implied thereby, and are developed based on assumptions about such risks, uncertainties and other factors set out herein. These statements include, but are not limited to, statements with respect to proposed activities, consolidation strategy and future expenditures. These statements address future events and conditions and, as such, involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the statements. Such factors include, among others the limited history of operations, lack of profitability, availability of financing, the need for additional financing, the timing and amount of expenditures, ability to successfully execute on consolidation strategies, the failure to find economically viable acquisition targets, funding for internally developed technology solutions, client retention and attrition, client demands, reliance on key personnel, economic spending in the IT industry and technological changes in the IT industry. The Corporation undertakes no obligation to update forward-looking information except as required by applicable law. Such forward-looking information represents management's best judgment based on information currently available. No forward-looking statement can be guaranteed, and actual future results may vary materially. Accordingly, readers are advised not to place undue reliance on forward-looking statements or information. This MD&A also contains certain industry related non-GAAP and additional GAAP measures that management uses to evaluate performance of the Corporation. These non-GAAP and additional GAAP measures are not standardized, and the Corporation's calculation may differ from other issuers. See "Definitions — IFRS, Additional GAAP and Non-GAAP Measures".*

## OVERVIEW OF THE CORPORATION AND STRUCTURE

### Business Overview

### General

The Corporation is a premier global Microsoft partner that harnesses Microsoft cloud platforms and complementary technologies, including custom solutions and first-party offerings, to generate transformational impact for midsize and enterprise customers. As Microsoft has entered the public cloud space and expanded their market share, it has transformed the landscape for technology consulting organizations: increasingly, corporations are facing vendor fatigue and require a single technology solutions provider that can address technology needs across all cloud technologies and every segment of their business. The Corporation's Global Cloud Solutions segment has expanded to include services that help enterprises move, operate, and innovate in each of the three Microsoft clouds. Additionally, to accelerate impact for customers, Quisitive has developed first-party IP that applies established methodologies and proprietary solutions to customers' most pressing challenges. The Corporation's Global Payment Solutions segment is centered on its LedgerPay product suite and leverages the Microsoft Azure cloud to transform the payment processing industry, unlocking essential 1st party data and making it actionable to enable seamless consumer engagement and customer personalization at scale.

Even before the founding of Quisitive, Quisitive's CEO, Michael Reinhart, and the Quisitive extended leadership and management teams had over 25 years of experience in the Microsoft ecosystem. Quisitive's core foundation is the combination of the deep Microsoft technical expertise and ongoing relationship building with Microsoft as a core partner to build strong joint sales and marketing motions that enable significant lead generation. The Corporation's brand identity together with its senior executive relationships is considered a key pillar to the consolidation and scale partnership development.

To date, Quisitive has acquired five businesses in North America, four in the Global Cloud Solutions segment and one in the Global Payment Solutions segment. This has allowed the Corporation to grow sales capabilities, expand geographic presence, incorporate nearshore and offshore development centers, and facilitate expansion of product and services portfolio for its Global Cloud Solutions segment, and add over 7,000 merchants processing nearly $4 billion in annual payment processing for its Global Payment Solutions segment. These acquired businesses provide the Corporation with a complementary suite of products and services capabilities, with the ability to cross-sell and connect its global customer base with a broad set cloud services and solutions.

### *Global Cloud Solutions Segment*

The Corporation's Global Cloud Solutions segment delivers technical cloud and business solutions to help customers achieve their business goals. Through an organic and inorganic growth strategy, Quisitive cloud solutions is on a mission to become the leading provider of Microsoft professional services globally. The Corporation harnesses the Microsoft platform and complementary technologies, including custom solutions and first-party offerings, to generate meaningful impact for midsize and 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, Microsoft 365 and Dynamics 365).

The Global Cloud Solutions segment includes technology services including those addressing infrastructure, data and analytics, security, digital workplace, application development, and business applications services that apply the benefits of technology to solve business needs and help customers meet their goals. As a complement to its cloud solutions services, the Corporation also develops IP and complete first-party business applications to better serve its customers and their business goals. Additionally, the Corporate provides on-going technology service and maintenance through its managed services offerings across security, infrastructure, and Dynamics, that expand on existing customer relationships and create streams of recurring revenue.

Aligned to Microsoft's sales and marketing approach for enhanced synergies and increased demand generation, Quisitive goes to market with an industry approach that applies industry acumen with technical expertise to deliver solutions customized to address industry specific challenges.

The consulting organization that supports the Global Cloud Solutions segment is comprised of expert Microsoft technologists, business analysts, and project managers that deliver solutions aligned to business needs. Through acquisition, Quisitive has diversified its delivery model, now providing on-shore, off-shore, and near-shore delivery to combine technical expertise with varied delivery methods that fit customer needs and optimize revenue. With a long history and depth of knowledge in Microsoft products, as well as a commitment to continual learning and achievement of advanced specializations, the Corporation is positioned to provide high quality technical expertise to help achieve its customers' goals.

By committing to its strategic partnership with Microsoft, the Corporation has differentiated itself in the market. The strategic relationship with Microsoft enables aligned sales and marketing motions that drive revenue, but also has established Quisitive as a premier solution provider in the ecosystem, providing enhanced opportunities for acquisition of other Microsoft partners and a reputation as a talent destination for Microsoft technologists. These attributes combine to enable Quisitive to provide full-service technology solutions to meet enterprise customers' diverse needs as a best-in-class technology consulting organization.

***Global Payment Solutions Segment***

The Corporation's Global Payment Solutions segment is comprised of two key business units: merchant payment processing services and payments intelligence. The payment processing business unit is enabled by the LedgerPay platform, which is an innovative cloud-based payment processing and payments intelligence platform that supports solutions that optimize a merchant's payment processing and consumer engagement operations. LedgerPay is efficient and scalable, and the only payment processing platform solution leveraging the Microsoft Azure cloud to deliver a full suite of acquiring, issuing, and processing services with unmatched speed, security, and access to customer's data. Quisitive's payments solutions business provides payment processing services to merchants directly and to merchants through integrated software vendors (ISV's) and independent sales organizations (ISOs). The Corporation's flagship product platform, LedgerPay, is a cloud-based data insights and payments intelligence suite that enables its second business unit, Payments Intelligence, that turns everyday transaction data into customer loyalty for merchants.

LedgerPay expects to generate revenue through payment processing, consumer data, consumer engagement and consumer activation transaction fees. LedgerPay's payments intelligence solution captures and analyzes rich data from every card-based transaction. The capture of first party consumer information during credit and debit transactions enables LedgerPay to uniquely share anonymized information about what that card holder purchased. This insight enables the delivery of personalized promotions based on an individual's historic buying behaviors and category preferences to shoppers at the point of purchase in real-time. By seamlessly integrating payments, real time transaction data, AI-based predictive analytics, and targeted push marketing operations in a single cloud-based solution, LedgerPay's payments intelligence service will have the potential to increase a merchant's customer engagement, loyalty, and revenue.

The acquisition of Bankcard on May 7, 2021 brings an established all-in-one merchant payment services provider to the merchant services segment with over $3.78 billion of payment volume which increased 26% in 2021. BankCard has a seasoned payments industry management team, strong in-house sales team, deep risk management program and attractive recurring revenue model with card-not present volume representing approximately 70%. The acquisition of BankCard is expected to serve as a growth catalyst for Quisitive's LedgerPay payment processing with a focused strategy on migrating BankCard merchants to LedgerPay Payment Processing. See "General Development of the Business — Significant Acquisitions".

**Structure**

As at December 31, 2021, the structure of the Corporation was as follows:

| 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 Agiltech Partners, Inc. | Canada | 100 | 100 |
| Ledgerpay, Inc. | USA | 80 | 84 |
| Mazik Global, Inc | USA | 100 | — |
| Menlo Software India Private Limited | India | 100 | 100 |
| Menlo Technologies, Inc. | USA | 100 | 100 |
| MidTech Software Solutions, Inc. | USA | 100 | 100 |
| Quisitive LLC | USA | 100 | 100 |
| Quisitive Ltd. | USA | 100 | 100 |
| Quisitive Payment Solutions, Inc | USA | 100 | — |
| Support Solutions, Inc. | USA | 100 | 100 |

## OVERALL PERFORMANCE

**Quisitive 2021 business highlights:**

**Fourth Quarter 2021 and Fiscal Year 2021 Operational Highlights**

- Announced closing of Catapult Systems acquisition, a transformational milestone in Quisitive's journey to becoming the premier, global Microsoft partner
- Acquired Independent Sales Organization BankCard USA, bringing 7,000 merchants into the Quisitive Payments Solutions' portfolio
- Received patent for payments age verification solution, AgeChecker
- Completed acquisition of Microsoft healthcare cloud leader Mazik Global
- Awarded Microsoft Healthcare Partner of the Year for excellence in healthcare innovation and implementation of customer solutions based on Microsoft technology
- Closed LedgerPay U.S. bank sponsorship with the Bancorp to act as a sponsor for direct payment processing
- Achieved information security and business continuity certifications and PCI-DSS certification for LedgerPay Recognized with the prestigious Microsoft Business Applications 2021/2022 Inner Circle award
- Closed private placement with Fax Capital Investment, and two bought deal financings for cumulative gross proceeds of CAD$117,615
- Signed a long term $70 million term credit facility with syndicate led by Bank of Montreal and including Desjardins Capital Market
- Added 66 solutions to the Microsoft solution marketplace demonstrating Quisitive's commitment to Microsoft and expanding visibility and demand generation for key offerings

**Events Subsequent to Year ended December 31, 2021**

- Graduated to the OTCQX® Best Market ("QTCQX")
- Appointed Jana Schmidt to the newly created position of President of Global Payment Solutions
- Appointed Scott Meriwether as Chief Financial Officer and Corporate Secretary
- Received Mastercard certification to process credit and debit payments through its LedgerPay platform
- Executed a bank sponsorship agreement with Peoples Trust Company, which will allow LedgerPay to process payments in Canada
- Announced it has earned a spot on the Globe and Mail's 2022 Report on Business Women Lead Here list; an annual editorial benchmark that identifies best-in-class executive gender diversity in corporate Canada

**2021 Acquisitions**

*Bought Deal Offering of Common Shares and Acquisition of Catapult. LLC*

On November 15, 2021, Quisitive completed a "bought deal" offering of 33,340,000 Common Shares at a price of CAD$1.20 per Common Share for gross proceeds of approximately USD$32.3 million (the "**November 2021 Offering**"). The November 2021 Offering was conducted by syndicate of underwriters co-led by Scotiabank, Canaccord Genuity Corp., Eight Capital and including Desjardins Securities Inc., Raymond James Ltd., Echelon Wealth Partners Inc., and Beacon Securities Limited.

The November 2021 Offering was completed in connection with the acquisition by Quisitive of Catapult Systems, LLC (the "**Catapult**"), an Austin, Texas based Microsoft-focused digital solutions and services, pursuant to the terms of a definitive membership interest purchase agreement dated November 8, 2021 among Quisitive, Ltd., CSI Innovations, Inc., a subsidiary of Chinasoft International (Hong Kong) limited (the "**Catapult Purchase Agreement**"). Quisitive, Ltd. acquired all of the issued and outstanding membership interests of Catapult on November 22, 2021. The consideration for the acquired membership interests of Catapult consisted of the payment of $51,500 in cash, which was funded from: (i) approximately $30,297 from the net proceeds of the November 2021 Offering; (ii) $15 million from the accordion feature of the BMO Term Loan; and (iii) the balance with cash on hand.

*Signing of Bankcard USA definitive agreement and financing of the transaction*

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

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

Each Subscription Receipt represents the right of the holder to receive, upon satisfaction or waiver of certain release conditions (including the satisfaction of all conditions precedent to the completion of the BankCard Transaction other than the payment of the consideration price), 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 BankCard Transaction.

*Acquisition of Mazik Global Inc.*

On April 01, 2021, the Corporation announced the closing of its acquisition of Mazik Global Inc. ("Mazik"), an independent software vendor that helps companies deploy Microsoft Dynamics CRM, Cloud, and ERP solutions to the healthcare, public sector, education, and manufacturing industries.

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

The following table summarizes results for the years ended December 31, 2021 and 2020:

| | Year Ended December 31, | | Change | |
|---|---|---|---|---|
| | 2021 | 2020 | Amount | % |
| **Revenue** | $ 96,678 | $ 49,764 | $46,914 | 94% |
| **Cost of Revenue** | 60,161 | 29,570 | 30,591 | 103% |
| **Gross Margin** | 36,517 | 20,194 | 16,323 | 81% |
| **Operating Expenses** | | | | |
| Sales and marketing expense | 6,362 | 4,227 | 2,135 | 51% |
| General and administrative | 15,683 | 7,569 | 8,114 | 107% |
| Development | 614 | 275 | 339 | 123% |
| Share-based compensation | 1,247 | 720 | 527 | 73% |
| Interest expense | 3,437 | 3,502 | (65) | -2% |
| Grant Income | — | (91) | 91 | -100% |
| Amortization | 10,881 | 4,098 | 6,783 | 166% |
| Earn-out settlement loss | 7,261 | 1,176 | 6,085 | 517% |
| Acquisition Related Compensation | 1,575 | — | 1,575 | 100% |
| US payroll protection loan forgiveness | (1,683) | (1,247) | (436) | 35% |
| Depreciation | 1,563 | 740 | 823 | 111% |
| Foreign exchange loss (gain) | 1,041 | (507) | 1,548 | -305% |
| Acquisition-related, transaction and other expenses | 6,178 | 1,328 | 4,850 | 365% |
| Loss on debt extinguishment | 1,369 | — | 1,369 | 100% |
| Change in fair value of derivative liability | — | 8,430 | (8,430) | -100% |
| **Loss Before Income Taxes** | (19,011) | (10,026) | (8,985) | 90% |
| Income tax expense — current | 1,548 | 983 | 565 | 57% |
| Deferred income tax expense (recovery) | (3,756) | (1,101) | (2,655) | 241% |
| **Net Loss for the Period** | **$(16,803)** | **$ (9,908)** | **$ (6,895)** | **70%** |

The following table summarizes results for the years ended December 31, 2021 and 2020 on a segmented basis:

| | Year ended | | | | | |
|---|---|---|---|---|---|---|
| | December 31, 2021 | | | December 31, 2020 | | |
| | Global Cloud Solutions | Global Payment Solutions | Consolidated | Global Cloud Solutions | Global Payment 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) |

**Revenue** increased $46,914, or 94%, to $96,678 for the year ended December 31, 2021 from $49,764 for the year ended December 31, 2020. The growth in the Corporation's revenues is due to both revenue from acquisitions and organic revenue growth within the Global Cloud Solutions segment. 2021 revenue includes additions from the 2021 fiscal year acquisitions of Mazik, BankCard and Catapult.

Revenue within the Global Cloud Solutions segment increased $23,747, or 51%, to $70,012 for the year ended December 31, 2021 from $46,265 for the year ended December 31, 2020. The increase was driven by revenue from the acquisitions of Mazik and Catapult, completed in the 2021 fiscal year and organic growth of the segment from increased knowledge of client's business and through cross-selling across the Company.

Revenue within the Global Payment Solutions segment increased significantly to $26,666 for the year ended December 31, 2021 from $3,499 for the year ended December 31, 2020. Substantially all of the increase in revenue in this segment was driven by the acquisition of BankCard, which contributed revenue beginning on May 8, 2021.

**Cost of revenue** is comprised of salaries and other personnel related costs, direct subcontractor and other costs associated with delivering the services in the Global Cloud Solutions segment. Cost of revenue in the Global Payment Solutions segment is primarily comprised of residuals payments to sales staff and independent sales agents of the business. Cost of revenue increased $30,591, or 103%, to $60,161 for the year ended December 31, 2021 compared to $29,570 for the year ended December 31, 2020. The increase in cost of revenue is driven by the acquisition of Mazik and Catapult for cloud solutions and the BankCard related residuals payments of payment processing services. Gross margin as a percentage of revenue decreased to 38% for the year ended December 31, 2021 compared to 41% for the year ended December 31, 2020.

In 2021, there were declines in margins in Global Cloud Solutions due to the growth of Cloud Solution Provider ("CSP") recurring revenues, which have lower gross profit margins but require minimal selling and general administration expenses to deliver. With regard to the Global Payment Solutions reporting segment, the Corporation invested in additional salespeople as it prepares for organic growth in 2022 and beyond. Sales resources associated with the Corporation's merchant services is recorded as a cost of revenue expense. In 2020, the Global Cloud Solutions segment experienced greater gross margins as utilization was higher than the Corporation's historical trends, as a result of COVID-19 pandemic travel restrictions resulting in significantly less consultant vacation time. Utilization trends returned to historical levels throughout 2021 as a result of recovery from the COVID-19 pandemic.

**Operating expense** is comprised of salaries, commissions, other personnel related costs, facilities, bad debt expenses, travel expenses, advertising programs, investor relations and other promotional activities associated with administrating the Corporation and selling and marketing its services. The Corporation has allocated operating expenses to the Global Cloud Solutions segment and the Global Payment Solutions segment on a proportionate basis to revenue recognized for the respective segments.

The following table summarizes sales and marketing expenses in the year ended December 31, 2021 and 2020:

| | For the year ended December 31, | |
|---|---|---|
| | **2021** | **2020** |
| Sales and marketing expenses | $6,362 | $4,227 |
| As a percentage of revenue | 7% | 8% |

Sales and marketing expense consist primarily of salary and personnel related costs including commissions. Additional expenses include digital marketing campaigns, marketing events, travel and efforts on proof of concept. Sales and marketing expense have increased in 2021 compared to 2020 primarily due to the additions of Mazikd and Catapult sales and marketing expenses and the marketing expenses of BankCard.

The following table summarizes General and administrative expense incurred during the year ended December 31, 2021 and 2020:

| | For the year ended December 31, | |
|---|---|---|
| | **2021** | **2020** |
| General and administrative expense | $15,683 | $7,569 |
| As a percentage of revenue | 16% | 15% |

General and administrative expense consist primarily of salary and personnel related costs. Additional expenses include costs of maintaining a public listing, professional fees, insurance, bad debt, occupancy costs, travel and other office related expenses. The increase in 2021 over the prior year is primarily due to the additions of Mazik, BankCard and Catapult general and administrative expense. The remainder of the increase was driven by the addition of of administrative employee burden to manage the increased headcount in the Corporation and increased insurance and professional fees associated with the growth of the Corporation.

Amortization is attributable to intangible assets, including the Microsoft relationship, customer agreements and relationships, brand and software acquired in the Quisitive LLC, CRG, Menlo, Mazik, BankCard and Catapult transactions as well as website and capitalized software development costs. Intangibles assets with a finite life are amortized to income over their useful life. Amortization has increased significantly in 2021 to $10,881 for the year ended December 31, 2020 compared to $4,098 year ended December 31, 2020 due to the additional amortization associated with the intangible assets recognized via the Mazik, Bankcard and Catapult acquisitions.

Interest expense for the year ended December 31, 2021 was $3,437 compared with $3,502 for the year ended December 31, 2020. Interest expense in 2021 is primarily comprised of interest expense related to the consolidated loan agreement and BMO loan agreement that replaced several higher rate debt arrangements outstanding in 2020. Interest expense remained relatively consistent as increased outstanding borrowings related to acquisition financing were offset by lower weighted average cost of debt.

Share-based compensation is the value ascribed to the granting of stock incentives to employees and directors of the Corporation. Share-based compensation for the year ended December 31, 2021 was $1,247 compared with $720 for the year ended December 31, 2020.

Depreciation expense for the year ended December 31, 2021 was $1,563 compared with $740 for the year ended December 31, 2020. The increase in 2021 is primarily due to additional depreciation on property and equipment added through the the afrementioned acquisitions and also increased office lease right of use expense for new and acquired office locations.

Acquisition-related, transaction and other expenses include all one-off expenses associated with ongoing transaction and acquisition activity. They are comprised of legal, accounting, valuation, taxation and other consulting expenses incurred directly related to corporate transactions including acquisitions. Transaction related expenses for the year ended December 31, 2021 were $6,178, an increase from $1,328 for the year ended December 31, 2020. Acquisition and transaction costs in 2021 included costs incurred during the Mazik, BankCard and Catapult acquisitions. Much of the transaction costs associated with the CRG and Menlo acquisition that closed in 2020 were incurred in 2019. The Corporation continues to pursue its acquisition strategy and will continue to incur acquisition-related transaction costs.

Earnout settlement losses for the year ended December 31, 2021 of $7,261 (December 31, 2020 $1,176) were incurred in relation to the revaluation of contingent consideration to reflect current expectations.

Acquisition-related compensation of $1,575 was incurred in the year ended December 31, 2021 to reflect the current expectation of earn-out obligations classified as compensation rather than purchase consideration.

The Corporation issued convertible debt as part of the consideration in the acquisition of Menlo on January 2, 2020. During the year, the entire $5,000 in principal amount of the convertible debentures that were issued by the Corporation as partial consideration for the acquisition of Menlo Technologies, Inc. were converted into an aggregate of 33,994,449 common shares of the Corporation. Prior to the convertible debt being converted, the instrument was bifurcated on the balance sheet between debt and the conversion option embedded in the instrument and the conversion option required revaluation at each accounting period end. For the year ended December 31, 2020, the Corporation recorded a charge of $8,430 upon marking the derivative liability to fair value prior to the exercise of the conversion option. The $8,430 expense was a result of the increase in the share price of the Corporation between the time of closing of the acquisition and the respective date of the exercise of the conversion option.

The Corporation incurred a $1,369 loss on the extinguishment of debt when it wrote off the debt issuance costs associated with the 2020 Loan Agreement in May 2021 and the 2021 Loan Agreement in August 2021, that were ultimately refinanced by the BMO Loan Agreement.

During the second quarter of 2020, Quisitive LLC and Menlo Technologies, Inc. entered into two separate loan arrangements with Bank of America and Cross River Bank, respectively, to obtain unsecured loans for $1,683 and $1,247, respectively totaling $2,929 made under the United States Paycheck Protection Program. 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 2020. Further, during FY2021, the Corporation received notice that the Bank of America loan for $1,683 had been forgiven.

**Adjusted EBITDA**

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

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

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

**December 31, 2021 and 2020 Adjusted EBITDA reconciliation**

| | Year Ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Net loss | (16,803) | (9,908) |
| Income tax recovery | (2,208) | (118) |
| Acquisition-related, transaction and other expenses | 6,178 | 1,328 |
| Foreign exchange loss (gain) | 1,041 | (507) |
| Depreciation | 1,563 | 740 |
| Acquisition-related compensation | 1,575 | — |
| Amortization | 10,881 | 4,098 |
| Grant income | — | (91) |
| Interest | 3,437 | 3,502 |
| Share-based compensation | 1,247 | 720 |
| Development | 614 | — |
| Earn-out settlement loss | 7,261 | 1,176 |
| US payroll protection loan forgiveness | (1,683) | (1,247) |
| Loss on debt extinguishment | 1,369 | — |
| Change in fair value of derivative liability | — | 8,430 |
| Adjusted EBITDA | 14,472 | 8,123 |
| Adjusted EBITDA as a percentage of revenue | 15% | 16% |

**Adjusted EBITDA** for the year ended December 31, 2021 was $14,472, or 15% of revenue, compared with the year ended December 31, 2020 where adjusted EBITDA was $8,123, or 16% of revenue. The increases in Adjusted EBITDA reflects the ability to execute on the Corporation's growth through acquisition strategy and demonstrates the results of a continued focus on investing in the sales and marketing organization, the consulting practice and emerging technologies.

**Fourth quarter results**

The following table summarizes condensed results for the three months ending December 31, 2021 and 2020:

| | Three Months Ended December 31, | | Change | |
|---|---|---|---|---|
| | 2021 | 2020 | Amount | % |
| **Revenue** | $ 33,295 | $13,073 | $ 20,222 | 155% |
| **Cost of Revenue** | 20,221 | 7,649 | 12,572 | 164% |
| **Gross Margin** | 13,074 | 5,424 | 7,650 | 141% |
| **Operating Expenses** | | | | |
| Sales and marketing expense | 2,209 | 942 | 1,267 | 135% |
| General and administrative | 6,344 | 2,182 | 4,162 | 191% |
| Development | 96 | 97 | (1) | -1% |
| Share-based compensation | 596 | 173 | 423 | 245% |
| Interest expense | 142 | 442 | (300) | -68% |
| Grant Income | — | (34) | 34 | -100% |
| Amortization | 3,750 | 1,022 | 2,728 | 267% |
| Earn-out settlement loss | 6,180 | 736 | 5,444 | 740% |
| Acquisition Related Compensation | 1,069 | — | 1,069 | 100% |
| US payroll protection loan forgiveness | — | (1,247) | 1,247 | -100% |
| Depreciation | 522 | 178 | 344 | 193% |
| Foreign exchange loss (gain) | 754 | (1,056) | 1,810 | -171% |
| Acquisition-related, transaction and other expenses | 1,085 | 348 | 737 | 212% |
| Loss on debt extinguishment | 1,369 | — | 1,369 | 100% |
| **Loss Before Income Taxes** | (11,042) | 1,641 | (12,683) | -773% |
| Income tax expense — current | 118 | 211 | (93) | -44% |
| Deferred income tax expense (recovery) | (2,271) | (567) | (1,704) | 301% |
| **Net Loss for the Period** | **$ (8,889)** | **$ 1,997** | **$(10,886)** | **-545%** |

The following table summarizes results for the three months ended December 31, 2021 and 2020 on a segmented basis:

| | Three months ended | | | | | |
|---|---|---|---|---|---|---|
| | December 31, 2021 | | | December 31, 2020 | | |
| | Global Cloud Solutions | Global Payment Solutions | Consolidated | Global Cloud Solutions | Global Payment Solutions | Consolidated |
| **Revenue** | $23,029 | $10,266 | $33,295 | $11,893 | $1,180 | $13,073 |
| **Expenses** | 20,479 | 8,295 | 28,774 | 10,446 | 425 | 10,871 |
| **EBITDA (Adjusted)** | 2,550 | 1,971 | 4,521 | 1,447 | 755 | 2,202 |
| **All Other Expenses** | | | 13,410 | | | 205 |
| **Net loss** | | | $ (8,889) | | | $ 1,997 |

**Revenue** increased $20,222, or 155%, to $33,295 for the three months ended December 31, 2021 from $13,073 for the three months ended December 31, 2020. The growth in the Corporation's revenues is due to both revenue from acquisitions and organic revenue growth within the Global Cloud Solutions segment. Revenue

for the three months ended December 31, 2021 includes additions fom the 2021 fiscal year acquisitions of Mazik, BankCard and Catapult.

Revenue within the Global Cloud Solutions segment increased $11,136, or 94%, to $23,029 for the three months ended December 31, 2021 from $11,893 for the three months ended December 31, 2020. The increase was driven by the acquisitions of Mazik and Catapult, completed in the 2021 fiscal year and to the organic growth of the segment from increased knowledge of client's business and through cross-selling across the Company.

Revenue within the Global Payment Solutions segment increased significantly to $10,266 for the year ended December 31, 2021 from $1,180 for the year ended December 31, 2020. Substantially all of the increase in revenue in this segment was driven by the acquisition of BankCard.

**Cost of revenue** is comprised of salaries and other personnel related costs, direct subcontractor and other costs associated with delivering the services in the Global Cloud Solutions segment. Cost of revenue in the Global Payment Solutions segment is primarily comprised of residuals payments to sales staff and independent sales agents of the business. Cost of revenue increased $12,572, or 164%, to $20,221 for the three months ended December 31, 2021 compared to $7,649 for the three months ended December 31, 2020. The increase in cost of revenue is driven by the acquisition of Mazik and Catapult for cloud solutions and the BankCard related residuals payments of payment processing services. Gross margin as a percentage of revenue decreased to 39% for the three months ended December 31, 2021 from 41% for the three months ended December 31, 2020.

There were declines in margins in Global Cloud Solutions in the fourth quarter of 2021 compared to the fouth quarter of 2020 due to the growth of Cloud Solution Provider ("CSP") recurring revenues, which have lower gross profit margins but require minimal selling and general administration expenses to deliver. With regard to the Global Payment Solutions reporting segment, the Corporation invested in additional salespeople as it prepares for organic growth in 2022 and beyond. Sales resources associated with the Corporation's merchant services is recorded as a cost of revenue expense. In 2020, the Global Cloud Solutions segment experienced greater gross margins as utilization was higher than the Corporation's historical trends, as a result of COVID-19 pandemic travel restrictions resulting in significantly less consultant vacation time. Utilization trends returned to historical levels throughout 2021 as a result of recovery from the COVID-19 pandemic.

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

Sales and marketing expense

The following table summarizes sales and marketing expenses for the quarters ended December 31, 2021 and 2020:

| | Three Months Ended December 31, | |
|---|---|---|
| | **2021** | **2020** |
| Sales and marketing expense | $2,209 | $942 |
| As a percentage of revenue | 7% | 7% |

Sales and marketing expense consist primarily of salary and personnel related costs including commissions. Additional expenses include digital marketing campaigns, marketing events, travel and efforts on proof of concept. Sales and marketing expense in the fourth quarter of 2021 versus the fourth quarter of 2020 remained consistent as a percentage of revenues. The overall increase in sales and marketing expense in 2021 compared to 2020 is primarily due to the additions of Mazik, and Catapult sales and marketing expenses and the marketing expenses of BankCard.

General and administrative expense

The following table summarizes General and administrative expense for the quarter ended December 31, 2021 and 2020:

| | Three Months Ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| General and administrative expense | $6,344 | $2,182 |
| As a percentage of revenue | 19% | 17% |

General and administrative expense consist primarily of salary and personnel related costs. Additional expenses include professional fees, insurance, bad debt, occupancy costs and other office related expenses. General and administrative costs were $6,344 in the fourth quarter of 2021 compared to $2,182 in the fourth quarter of 2020. The increase in 2021 over the prior year is primarily due to the additions of Mazik, BankCard and Catapult general and administrative expense. The remainder of the increase was driven by the addition of of administrative employee burden to manage the increased headcount in the Corporation and increased insurance and professional fees associated with the growth of the Corporation.

Amortization is attributable to intangible assets, including Microsoft relationship, customer agreements and relationships, brand and software acquired in the Quisitive LLC, CRG, Menlo, Mazik, BankCard and Catapult transactions as well as website and capitalized software development costs. Intangibles assets with a finite life are amortized to income over their useful life. Amortization has increased significantly in 2021 to $3,750 for the quarter ended December 31, 2021 compared to $1,022 for the quarter ended December 31, 2020 due to the additional amortization associated with the intangible assets recognized in the Mazik, BankCard and Catapult acquisitions.

Interest expense for the three months ended December 31, 2021 was $142 compared to $442 for the three months ended December 31, 2020. Interest expense for the three months ended December 31, 2021 included a reduction of $647 related to a wrtieoff of debt issuance costs that was classified as interest expense in a prior period. Absent the reclass, the Corporation incurred $789 of interest expense, reflecting the impact of greater outstanding borrowings related to acquisition financing. Interest for the three months ended December 31, 2021 was incurred on the BMO Loan Agreement while interest incurred for the three months ended December 31, 2020 was incurred on a variety of debt instruments that were extinguished with debt restructuring activities in 2021.

Share-based compensation is the value ascribed to the granting of stock incentives to employees and directors of the Corporation. Share-based compensation for the three months ended December 31, 2021 was $596 compared with $173 for the three months ended December 31, 2020.

Depreciation expense for the three months ended December 31, 2021 was $522 compared to $178 for the three months ended December 31, 2020. The increase in 2021 is primarily due to additional depreciation on property and equipment added through the the aforementioned acquisitions and also increased office lease right of use expense for new an acquired office locations.

Acquisition-related, transaction and other expenses include all one-off expenses associated with ongoing transaction and acquisition activity. They are comprised of legal, accounting, valuation, taxation and other consulting expenses incurred directly related to corporate transactions including acquisitions. Transaction related expenses for the three months ended December 31, 2021 were $1,085, an increase from $348 for the year ended December 31, 2020. Acquisition and transaction costs in 2021 included costs incurred during the Catapult acquisition. The Corporation continues to pursue its acquisition strategy and will continue to incur acquisition-related transaction costs.

Earnout settlement losses for the three months ended December 31, 2021 of $6,180 (December 31, 2020 $736) were incurred in relation to the revaluation of contingent consideration to reflect current expectations.

Acquisition-related compensation of $1,069 was incurred in the three months ended December 31, 2021 to reflect the current expectation of earn-out obligations classified as compensation rather than purchase consideration.

The Corporation incurred a $1,369 loss on the extinguishment of debt when it wrote off the debt issuance costs associated with the 2020 Loan Agreement in May, 2021 and the 2021 Loan Agreement in August 2021, that were ultimately refinanced by the BMO Loan Agreement.

During the second quarter of 2020, Quisitive LLC and Menlo Technologies, Inc. entered into two separate loan arrangements with Bank of America and Cross River Bank, respectively, to obtain unsecured loans for $1,683 and $1,247, respectively totaling $2,929 made under the United States Paycheck Protection Program. 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 three months ended December 31, 2020.

**Q4 Adjusted EBITDA reconciliation**

| | Three Months Ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Net loss | (8,889) | 1,997 |
| Income tax recovery | (2,153) | (356) |
| Acquisition-related, transaction and other expenses | 1,085 | 348 |
| Foreign exchange loss (gain) | 754 | (1,056) |
| Depreciation | 522 | 178 |
| Acquisition-related compensation | 1,069 | — |
| Amortization | 3,750 | 1,022 |
| Grant income | — | (34) |
| Interest | 142 | 442 |
| Share-based compensation | 596 | 173 |
| Development | 96 | — |
| Earn-out settlement loss | 6,180 | 736 |
| US payroll protection loan forgiveness | — | (1,247) |
| Loss on debt extinguishment | 1,369 | — |
| Adjusted EBITDA | 4,521 | 2,203 |
| Adjusted EBITDA as a percentage of revenue | 14% | 17% |

**Adjusted EBITDA** for the three months ended December 31, 2021 was $4,521, or 14% of revenue, compared to $2,203, or 17% of revenue, for the three months ended December 31, 2020. The increase reflects the ability to execute on the Corporation's growth through acquisition strategy and shows the results of a continued focus on investing in the sales and marketing organization, the consulting practice and emerging technologies. The Global Cloud Solutions segment contributed $2,550 of Adjusted EBITDA for the three months ended December 31, 2021 while the Global Payment Solutions segment delivered $1,971 of Adjusted EBITDA for the three months ended December 31, 2021. In 2021, the Corporation continues to incur selling, general and administrative costs related to the LedgerPay entity which is pre-production and the Corporation expects to begin payment processing activities for clients in 2022. The Corporation increased its sales team investment in

the Global Payments Solutions business as it prepares for organic growth in the 2022 and beyond. Adjusted EBITDA for the three months ended December 31, 2021 includes a partial quarter of results for the Catapult acquisition.

**Quarterly Operating Results**

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

| | Quarter ended | Revenue ($) | Gross Margin ($) | Net income (loss) ($) | Income (Loss) per share ($) | Income (Loss) per fully diluted share ($) | Adjusted EBITDA ($) |
|---|---|---|---|---|---|---|---|
| Q4 2021 | 31-Dec-21 | 33,295 | 13,074 | (8,889) | (0.03) | (0.03) | 4,521 |
| Q3 2021 | 30-Sep-21 | 27,761 | 10,854 | (3,032) | (0.01) | (0.01) | 5,166 |
| Q2 2021 | 30-Jun-21 | 22,994 | 8,299 | (2,933) | (0.01) | (0.01) | 3,619 |
| Q1 2021 | 31-Mar-21 | 12,628 | 4,290 | (1,949) | (0.01) | (0.01) | 1,166 |
| Q4 2020 | 31-Dec-20 | 13,073 | 5,424 | 1,998 | 0.01 | 0.01 | 2,203 |
| Q3 2020 | 30-Sep-20 | 12,680 | 5,092 | (1,843) | (0.01) | (0.01) | 2,049 |
| Q2 2020 | 30-Jun-20 | 13,125 | 5,641 | (5,753) | (0.05) | (0.05) | 2,768 |
| Q1 2020 | 31-Mar-20 | 10,886 | 4,037 | (4,310) | (0.04) | (0.04) | 1,103 |

## LIQUIDITY AND CAPITAL RESOURCES

Selected financial information from the condensed consolidated interim statements of financial position as at December 31, 2021 and December 31, 2020 are as follows:

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Working capital surplus (deficit) | ($4,703) | $8,657 |

The Corporation had a working capital deficit at December 31, 2021 of $4,703 which reflects the increased current portion of long term debt related to the BMO Loan agreement, an increase in the earn-out payments expected to be paid in 2021 and an increase in deferred revenue. The Corporation has the contractual right, and in some cases a contractual obligation, to settle approximately half of the earn-out payments with shares of the Corporation rather than cash.

**(i) BMO Loan agreement and repayment of previous loan facilities**

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 costs 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 $70,000 (the "Term Loan") and a revolving loan facility of up to $5,000 (the "Revolving Facility"), with all debts, liabilities, and 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 $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 installments 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 of $1,369 during the year ended December 31, 2021.

**(ii) Subscription receipts and private placement financings**

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, purchased on a "bought deal" basis 33,400,000 subscription receipts of the Corporation 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 over-allotment 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 with the closing of the BankCard acquisition 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 were $47,649, net of transaction costs of $3,626.

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

**(iii) Settlement of contingent consideration**

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.

**(iv) Broker Compensation unit and warrant exercises**

During the year ended December 31, 2021, the corporation issued 1,397,416 common shares on exercise of broker compensation units and 10,908,808 common shares on exercise of warrants for total proceeds of $10,588.

**Sources and Uses of Cash**

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| Cash provided by operating activities | $ 6,297 | $ 767 |
| Cash used in investing activities | (162,979) | (3,262) |
| Cash provided by financing activities | $ 159,215 | 4,747 |
| Net increase in cash | $ 2,533 | $ 2,252 |

The net increase in cash in 2021 is primarily attributable to $6,297 in cash from the operating performance of the Corporation as the Corporation's scale increased significantly through acquisitions completed in 2020 and 2021. There were significant proceeds from financing activities of $159,215 from share issuances and additional debt funding. This was offset by significant investing outflows of $162,979 of which the significant majority was funding the acquisitions of Mazik, BankCard and Catapult.

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

## TRANSACTIONS WITH RELATED PARTIES

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

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

In connection with the closing of the acquisition of CRG, the Corporation issued $4,967 ($6,500 CAD) purchase price notes to the vendors which 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 semiannually 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 an 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 and paid $2,417 ($3,189 CAD) in cash to retire the purchase price notes due to related parties and the note payable to related party. In addition, as part of the settlement, the remaining 7,428,572 warrants exercisable at $0.35 CAD initially issued to vendors in the CRG acquisition were forfeited.

*(ii) Key management compensation*

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

The compensation recorded to key management personnel during the 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 |

*(iii)* During the year, 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, 2020 are set out in the table below.

| | 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) |

## COMMITMENTS AND CONTRACTUAL OBLIGATIONS

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

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

| | |
|---|---|
| 2022 | $1,443 |
| 2023 | 1,390 |
| 2024 | 1,190 |
| 2025+ | 1,680 |
| Subtotal | 5,711 |
| Discounting | (716) |
| Total Liability at December 31, 2021 | $4,995 |

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

| | under 3 months | 3 months-1 year | 1-2 years | 3-5 years |
|---|---|---|---|---|
| A/P and accrued liabilities | $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 |

## OUTSTANDING SHARE CAPITAL

At December 31, 2021, there were 356,314,879 Common Shares issued and outstanding, 160,433 common shares issuable pursuant to broker compensation units, 6,702,966 restricted stock units and 3,380,000 stock options outstanding.

## OFF BALANCE SHEET ARRANGEMENTS

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

## FINANCIAL INSTRUMENTS

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

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).

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

The Corporation has no customers that constitute greater than 10% of trade accounts receivable as at December 31, 2021 (December 31, 2020 — 12%).

(b) Liquidity risk

Liquidity risk is the risk that the Corporation will be unable to meet its financial obligations as they fall due. The Corporation's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation. At December 31, 2021, the Corporation has $13,516 (2020 — $10,983) of unrestricted cash and liabilities with the following due dates:

| | under 3 months | 3 months-1 year | 1-2 years | 3-5 years |
|---|---|---|---|---|
| Accounts Payable 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 Company to varying degrees as the discrete effects of COVID19 across companies and industries evolves. This could potentially impact its financing efforts, ability to operate, customer demand and the liquidity its 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 calculated on a trailing twelve-month basis. A 1% change in Bankers Acceptance rate would lead to +/ $796 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:

| | 2021 | 2020 |
|---|---|---|
| | CAD$ | CAD$ |
| Cash | $ 336 | $5,979 |
| Accounts payable and accrued liabilities | (895) | (608) |
| | (559) | 5,371 |
| United States dollar equivalent | $(411) | $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.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of consolidated annual financial statements and application of IFRS often involve management's judgment and the use of estimates and assumptions deemed to be reasonable at the time they are made. The Corporation reviews estimates and underlying assumptions on an ongoing basis. Revisions are recognized in the period in which estimates are revised and may impact future periods as well. Other results may be derived with different judgments or using different assumptions or estimates and events may occur that could require a material adjustment. Significant accounting policies and estimates under IFRS are found in Note 2 of the Corporation's consolidated annual financial statements and the notes thereto for the years ended December 31, 2021 and 2020.

## 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 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 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) 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 the Corporation's projects are performed on a time and materials basis, while a portion of its 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 its 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 labor 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, the Corporation receives 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 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 the Corporation acts as an agent are recorded on a net basis, while revenues where the Corporation acts as principal are recorded on a gross basis.

There are no significant cancellation or termination-type provisions for the Corporation's software sales. Contracts for its professional services provide for a general right, to the client or the Corporation, 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 being 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 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) Stock-based compensation*

Stock-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Stock-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 the Corporation's consolidated annual financial statements and the notes thereto for the years ended December 31, 2021 and 2020.

### *(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 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 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.

***(j) Foreign currency translation***

The majority of the Corporation's subsidiaries have a U.S. dollar functional currency, which represents the currency of the primary economic environment in which they operate. For these subsidiaries, the Corporation translates monetary assets and liabilities denominated in foreign currencies into U.S. dollars at the period-end exchange rates. The Corporation translates non-monetary assets and liabilities denominated in foreign currencies into U.S. dollars at historic rates, and it translates 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. The Corporation recognizes foreign currency differences arising on translation in its consolidated statement of operations.

For its subsidiary with a non-U.S. dollar functional currency, the Corporation translates assets and liabilities into U.S. dollars using the period-end exchange rates, and it translates revenue and expenses into U.S. dollars at the average exchange rates prevailing during the month of the transaction. The Corporation defers 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 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 and restricted 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 |
| Bank term loan | 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.

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 method to account for leases for which the lease term ends within 12 months of the date of initial application.

**RISK FACTORS**

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

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

**Profitability**

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

**COVID-19 Pandemic**

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

**Availability of Financing**

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

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

**Changes in the IT Industry**

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

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

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

**Client Retention / Attrition**

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

**Information Systems**

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

**Client Demand**

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

**Attracting and Retaining Clients**

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

**Economic Conditions**

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

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

**Ability to Successfully Execute Strategies**

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

**Acquisitions**

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

**Seasonality of the Business**

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

**Sale Cycle**

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

**Reliance on Key Personnel**

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

**Management of Growth**

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

**Regulatory Risks**

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

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

**Changes in Laws, Regulations and Guidelines**

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

**Reliance on Computer Systems**

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

**Employee Regulations**

Quisitive is exposed to the risk of employee fraud and other misconduct. Employee fraud includes intentional failure to comply with regulations, intentional failure to provide accurate information to regulatory authorities and intentional failure to comply with industry standards. Other misconduct includes failure to report financial

information accurately, failure to disclose unauthorized activities to Quisitive, and the improper use of information obtained in the course of employment. Employee misconduct resulting in legal action, significant fines or other sanctions could result in a material adverse effect to Quisitive's consolidated business, results of operations or financial condition.

**Foreign Currency Risk**

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

**Competition**

***Global Cloud Solutions***

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

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

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

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

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

***Global Payment Solutions***

In the payment processing arena Quisitive competes with a range of providers, each of whom may provide a component of the Corporation's offering, but may not provide an integrated offering capable of solving complex business challenges for software partners and merchants. For certain services and solutions, including

end-to-end payments, we compete with third-party payment processors (such as Chase Paymentech, Elavon, FIS, Fiserv and Global Payments) and integrated payment providers (such as Adyen, Lightspeed POS, Shopify, Square and Toast).

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

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

**Litigation**

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

**Protection of Intellectual Property Rights**

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

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

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

**Dividends**

Any decision to declare and pay dividends in the future will be made at the discretion of Quisitive's Board and will depend on, among other things, financial results, cash requirements, contractual restrictions and other factors that the Board may deem relevant. As a result, investors may not receive any return on an investment in the common shares unless they sell their shares of Quisitive for a price greater than that which such investors

paid for them. Quisitive has no earnings or dividend record and may not pay any dividends on its common shares in the foreseeable future. Dividends paid by Quisitive could be subject to tax and, potentially, withholdings.

**Disclosure of Internal Controls**

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

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

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

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

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