Quisitive Technology Solutions, Inc.
Annual and Fourth Quarter Report for Year ended December 31, 2022 and for the Three Months ended December 31, 2022

QUISITIVE TECHNOLOGY SOLUTIONS, INC.

For the years ended December 31, 2022 and 2021
(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 three months and year ended December 31, 2022, should be read in conjunction with the Corporation's audited consolidated financial statements and the notes thereto for the years ended December 31, 2022 and 2021. 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 3, 2023, 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 PayiQ 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 $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 Corporation 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.

Global Cloud Solutions Segment (Continued)

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 PayiQ 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. PayiQ 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, PayiQ, is a cloud-based data insights and payments intelligence suite that enables its second business unit, Payments Intelligence, to turn everyday transaction data into customer loyalty for merchants. As the PayiQ platform progresses towards full commercialization, the platform was recently rebranded from its prior brand identity of LedgerPay.

PayiQ expects to generate revenue through payment processing, consumer data, consumer engagement and consumer activation transaction fees. PayiQ'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 PayiQ 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, PayiQ'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 brought an established all-in-one merchant payment services provider to the payments solutions segment with volume for the year ended December 31, 2022 at $4.02 billion. 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 71%. The acquisition of BankCard is expected to serve as a growth catalyst for Quisitive's PayiQ payment processing

(all amounts in thousands of USD unless otherwise stated)

Global Payment Solutions Segment (Continued)

with a focused strategy on migrating BankCard merchants to PayiQ payment processing. See "General Development of the Business — Significant Acquisitions".

Structure

On December 31, 2022, the Corporation effected an internal reorganization through the merger of certain non-material subsidiaries that resulted in a more simplified organizational structure. Following the internal reorganization, the Company's subsidiaries are:

Entity name	Country	Ownership percentage at December 31, 2022	Ownership percentage at December 31, 2021
		%	%
BankCard USA Merchant Services, Inc	USA	100	100
Catapult Systems, LLC	USA	Quisitive, LLC	100
Corporate Renaissance Group Inc	Canada	100	100
LedgerPay, Inc. rebranded as PayiQ	USA	80	80
Mazik Global, Inc	USA	100	100
Menlo Software India Private Limited	India	100	100
Menlo Technologies, Inc	USA	Quisitive, LLC	100
MidTech Software Solutions, Inc	USA	Quisitive, LLC	100
Quisitive LLC	USA	100	100
Quisitive Ltd	USA	100	100
Quisitive Payment Solutions, Inc	USA	100	100
Support Solutions, Inc	USA	Quisitive, LLC	100

(all amounts in thousands of USD unless otherwise stated)

The following table summarizes results for the years ended December 31, 2022 and 2021:

	Year Ended December 31,		Change	
	2022	2021	Amount	%
Revenue	$ 187,262	$ 96,678	$ 90,584	94 %
Cost of Revenue	110,706	60,161	50,545	84 %
Gross Margin	76,556	36,517	40,039	110 %
Operating Expenses				
Sales and marketing expense	14,300	6,362	7,938	125 %
General and administrative	35,218	15,683	19,535	125 %
Development	434	614	(180)	(29)%
Share-based compensation	3,325	1,247	2,078	167 %
Interest expense	4,709	3,437	1,272	37 %
Amortization	17,212	10,881	6,331	58 %
Earn-out settlement loss	5,228	7,261	(2,033)	(28)%
Acquisition related compensation	2,772	1,575	1,197	76 %
Depreciation	2,029	1,563	466	30 %
Foreign exchange loss (gain)	(219)	1,041	(1,260)	(121)%
Acquisition-related, transaction and other expenses	935	6,178	(5,243)	(85)%
US Payroll Protection Plan Forgiveness	—	(1,683)	1,683	(100)%
Other Income	(241)	—	(241)	100 %
Loss on debt extinguishment	—	1,369	(1,369)	(100)%
Loss Before Income Taxes	(9,146)	(19,011)	9,865	(52)%
Income tax expense — current	4,495	1,548	2,947	190 %
Deferred income tax expense (recovery)	(4,363)	(3,756)	(607)	16 %
Net Loss for the Period	$ (9,278)	$ (16,803)	$ 7,525	(45)%

Revenue increased $90,584 or 94%, to $187,262 for the year ended December 31, 2022. This increase was driven by organic growth and acquisition of Mazik in May of 2021, BankCard in June of 2021 and Catapult in November of 2021. Mazik and Catapult contributed $12,990 and $48,460 more revenue, respectively, in the year ended December 31, 2022 than the year ended December 31, 2021. Similarly, BankCard contributed $23,312 more in 2022 than 2021. The remainder of the increase was due to organic growth from an increase in professional service billing and software sales to new and existing customers within the Global Cloud Solutions segment. The growth in the Global Payment Solution segment was due primarily to increased processing revenue from merchants driven by increased charge volume within the Bankcard portfolio.

(all amounts in thousands of USD unless otherwise stated)

The following table summarizes results for the years ended December 31, 2022 and 2021 on a segmented basis:

Segment	Year ended December 31, 2022			Year ended December 31, 2021		
	Global Cloud Solutions	Global Payment Solutions	Consolidated	Global Cloud Solutions	Global Payment Solutions	Consolidated
Revenue	$137,337	$ 49,925	$ 187,262	$ 70,012	$ 26,666	$ 96,678
Expenses	120,840	37,476	158,317	61,697	20,509	82,206
EBITDA (Adjusted)	16,497	12,447	28,944	8,315	6,157	14,472
All Other Expenses			38,222			31,275
Net Loss			$ (9,278)			$ (16,803)

Revenue within the Global Cloud Solutions segment increased $67,325 or 96% to $137,337 for the year ended December 31, 2022 from $70,012 for the year ended December 31, 2021. This increase was principally driven by incremental revenue from the acquisitions of Mazik and Catapult followed by organic growth of the segment from synergies thru cross-selling of the Corporation's proprietary products and increased professional services revenue from an increase in customer engagements as the Corporation's increased scale secured more engagement opportunities.

Revenue within the Global Payment Solutions segment increased $23,259 or 87% to $49,925 for the year ended December 31, 2022 from $26,666 for the year ended December 31, 2021. The increase was due both to a full year of results from the Bankcard acquisition in 2022 compared to a partial year in 2021 and also continued revenue growth within the Bankcard merchant portfolio.

Overall Revenue increased $90,584, or 94%, to $187,262 for the year ended December 31, 2022 from $96,678 for the year ended December 31, 2021. The growth in the Corporation's revenues is due to both revenue from 2021 acquisitions and organic revenue growth within both the Global Cloud Solutions segment and the Global Payments Solutions segment. Revenue for the year ended December 31, 2022 includes full-year results from the 2021 fiscal year acquisitions of Mazik, BankCard and Catapult.

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 $50,545, or 84%, to $110,706 for the year ended December 31, 2022 compared to $60,161 for the year ended December 31, 2021. The increase in cost of revenue is driven by the acquisition of Mazik and Catapult within Global Cloud Solutions and BankCard related residuals payments for payment processing services. Gross margin as a percentage of revenue is 41% for the year ended December 31, 2022 and 38% for the year ended December 31, 2021. The increase in gross margin as a percentage of revenue is related to the BankCard acquisition within Global Payment Solutions, which contributed a full period of results in 2022 for the year ended December 31, 2022 as compared to a partial period in 2021. BankCard typically experiences higher gross margin as a percentage of revenue when compared to the Global Cloud Solutions segment.

(all amounts in thousands of USD unless otherwise stated)

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 years ended December 31, 2022 and 2021:

	Year ended December 31,	
	2022	2021
Sales and marketing expense	$14,300	$6,362
As a percentage of revenue	8 %	7 %

Sales and marketing expense consists 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 for the year ended December 31, 2022 increased as a percentage of revenues with the prior year. The overall increase in sales and marketing expense in 2022 compared to 2021 is primarily due to the additions of Mazik and Catapult sales and marketing expenses and the marketing expenses of PayiQ.

General and administrative expense

The following table summarizes General and administrative expense for the years ended December 31, 2022 and 2021:

	Year ended December 31,	
	2022	2021
General and administrative	$35,218	$15,683
As a percentage of revenue	19%	16%

General and administrative expense consists 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 expense for the year ended December 31, 2022 versus the year ended December 31, 2021 increased as a percentage of revenues. The overall increase in 2022 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 additional 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 increased in 2022 to $17,212 for the year ended December 31, 2022 compared to $10,881 for the year ended December 31, 2021 due to the additional amortization associated with the intangible assets recognized in the Mazik, BankCard and Catapult acquisitions.

Interest expense on borrowings during the year ended December 31, 2022, was $4,150 . Overall interest expense during the year ended December 31, 2022 was $4,709 and for December 31, 2021 was $3,437.

Share-based compensation is the value ascribed to the granting of stock incentives to employees and directors of the Corporation. Share-based compensation can encompass stock options, restricted stock units, performance based stock units and stock appreciation rights. For the year ended December 31, 2022, the Corporation recognized share based compensation of $3,325 (December 31, 2021 — $1,247).

Depreciation expense for the year ended December 31, 2022 was $2,029 compared to $1,563 for the year ended December 31, 2021. The increase in 2022 is primarily related to office lease right of use expense for acquired office locations and additional depreciation on property and equipment added through the the aforementioned acquisitions.

Acquisition-related, transaction and other expenses include all direct and incremental 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, 2022 were $935 (December 2021 - $6,178). Acquisition and transaction costs in 2021 included costs incurred during the Bankcard, Mazik and Catapult acquisitions. Some acquisition and transaction costs related to the Catapult acquisition were incurred in 2022. The Corporation continues to pursue its acquisition strategy and will continue to incur acquisition-related transaction costs in the future.

Earnout settlement losses for the year ended December 31, 2022 were $5,228 (December 31, 2021 - $7,261). These costs were incurred in relation to the revaluation of contingent consideration to reflect current expectations, primarily related to the Bankcard acquisition.

Acquisition-related compensation of $2,772 (December 31, 2021, $1,575) was incurred for the year ended December 31, 2022 to reflect the current expectation of earn-out obligations classified as compensation rather than purchase consideration.

(all amounts in thousands of USD unless otherwise stated)

Years ended December 31, 2022 and 2021 Adjusted EBITDA reconciliation

	Year Ended December 31,	
	2022	2021
Net loss	$ (9,278)	$ (16,803)
Income tax	132	(2,208)
Acquisition-related, transaction and other expenses	935	6,178
Foreign exchange loss (gain)	(219)	1,041
Depreciation	2,029	1,563
Acquisition-related compensation	2,772	1,575
Amortization	17,212	10,881
Interest	4,709	3,437
Share-based compensation	3,325	1,247
Development	434	614
Earn-out settlement loss	5,228	7,261
US Payroll Protection Plan	—	(1,683)
Gain on sale of asset	(9)	—
Other	1,674	—
Loss on debt extinguishment	—	1,369
Adjusted EBITDA	$ 28,944	$ 14,472
Adjusted EBITDA as a percentage of revenue	15 %	15 %

Adjusted EBITDA for the year ended December 31, 2022 was $28,944, or 15% of revenue, compared to $14,472, or 15% of revenue, for the year ended December 31, 2021. The change continues to reflect 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 $16,497 of Adjusted EBITDA for the year ended December 31, 2022 while the Global Payment Solutions segment delivered $12,447 of Adjusted EBITDA for the year ended December 31, 2022. In 2022, the Corporation continues to incur selling, general and administrative costs related to the PayiQ entity which is pre-production and the Corporation expects to begin payment processing activities for clients in spring of 2023. The Corporation increased its sales team and product investment in the Global Payments Solutions business as it prepares for organic growth in 2023 and beyond. Other expense for the twelve months ended December 31, 2022 includes a one-time writedown of a contract receivable for $1,499 related to PayiQ along with various other one-time costs.

(all amounts in thousands of USD unless otherwise stated)

The following table summarizes results for the three months ended December 31, 2022 and 2021:

	Three Months Ended		Change	
	December 31, 2022	December 31, 2021	Amount	%
Revenue	$ 45,901	$ 33,295	$ 12,606	38 %
Cost of Revenue	26,903	20,221	6,682	33 %
Gross Margin	18,998	13,074	5,924	45 %
Operating Expenses				
Sales and marketing expense	3,497	2,209	1,288	58 %
General and administrative	9,302	6,344	2,958	47 %
Development	117	96	21	22 %
Share-based compensation	750	596	154	26 %
Interest expense	1,541	142	1,399	985 %
Amortization	4,319	3,750	569	15 %
Earn-out settlement loss	3,750	6,180	(2,430)	100 %
Acquisition Related Compensation	619	1,069	(450)	(42)%
Depreciation	488	522	(34)	(7)%
Foreign exchange loss (gain)	36	754	(718)	(95)%
Acquisition-related, transaction and other expenses	212	1,085	(873)	(80)%
Loss on debt extinguishment	—	1,369	(1,369)	(100)%
Other Income	(227)	—	(227)	(100)%
Loss Before Income Taxes	(5,406)	(11,042)	4,040	(51)%
Income tax expense — current	812	118	694	588 %
Deferred income tax expense (recovery)	(1,111)	(2,271)	1,160	(51)%
Net Loss for the Period	$ (5,107)	$ (8,889)	$ 2,186	(43)%

Revenue increased $12,606 or 38%, to $45,901 for the three months December 31, 2022. This increase was partially driven by incremental revenue of $7,876 from the acquisition of Catapult. Catapult contributed a partial quarter of revenue for the three months ended December 31, 2021 and a full quarter of revenue for the three months ended December 31, 2022. The remainder of the increase was due to organic growth from a $1,396 increase in professional service billing and software sales within our Global Cloud Solutions segment and also a $3,334 increase merchant processing revenue driven by increased charge volume within our Global Payments Solutions segment.

(all amounts in thousands of USD unless otherwise stated)

The following table summarizes results for the three months ended December 31, 2022 and 2021 on a segmented basis:

Segment	Three months ended					
	December 31, 2022			December 31, 2021		
	Global Cloud Solutions	Global Payment Solutions	Consolidated	Global Cloud Solutions	Global Payment Solutions	Consolidated
Revenue	$ 32,301	$ 13,600	$ 45,901	$ 23,029	$ 10,266	$ 33,295
Expenses	28,630	9,200	37,830	20,479	8,295	28,774
EBITDA (Adjusted)	3,671	4,400	8,071	2,550	1,971	4,521
All Other Expenses			13,178			13,410
Net Loss			$ (5,107)			$ (8,889)

Revenue within the Global Cloud Solutions segment increased $9,272 or 40% to $32,301 for the three months ended December 31, 2022 from $23,029 for the three months ended December 31, 2021. This increase was principally driven by incremental revenue from the acquisition of Catapult and organic growth of the segment from cross-selling of the Corporation's proprietary products and increased professional services revenue from an increase in customer engagements as the Corporation's increased scale secured more engagement opportunities.

Revenue within the Global Payment Solutions segment increased $3,334 or 32% to $13,600 for the three months ended December 31, 2022 from $10,266 for the three months ended December 31, 2021. This increase was due to increased transactions from organic growth.

Overall 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. Overall cost of revenue increased $9,056, or 31%, to ### for the three months ended December 31, 2022 compared to $28,774 for the three months ended December 31, 2021. The increase in cost of revenue is driven by the acquisition of Catapult within Global Cloud Solutions. The overall increase in gross margin as a percentage of revenue is related to the Catapult acquisition and growth within the segments.

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 three months ended December 31, 2022 and 2021:

	Three months ended December 31	
	2022	2021
Sales and marketing expense	$3,497	$2,209
As a percentage of revenue	8 %	7 %

(all amounts in thousands of USD unless otherwise stated)

Sales and marketing expense consists 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 for the three months of 2022 versus the three months of 2021 remained incrased as a percentage of revenues. The increase in sales and marketing expense in 2022 compared to 2021, both as a percentage of sales and also in overall expense, is primarily due to the addition of Catapult sales and marketing expenses for a full quarter in 2022 as compared to a partial quarter in 2021.

General and administrative expense

The following table summarizes General and administrative expense for the three months ended December 31, 2022 and 2021:

	Three months ended December 31,	
	2022	2021
General and administrative	$9,302	$6,344
As a percentage of revenue	20 %	19 %

General and administrative expense consists 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 expense for the three months of 2022 versus the three months of 2021 had a slight decrease as a percentage of revenues. The overall increase in 2022 over the prior year is primarily due to the full quarter of Catapult general and administrative expense for the three months ended December 31, 2022 compared to the three months ended December 31, 2021. General and administrative costs for the three months ended December 31, 2022 include $1,499 related to the write-off of contract receivables from prior years' activity at LedgerPay (now PayiQ). The remainder of the increase was driven by the additional 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 increased in 2022 to $4,319 for the three months ended December 31, 2022 compared to $3,750 for the three months ended December 31, 2021 as a full quarter of amortization expense associated with the intangible assets recognized in the Catapult acquisition was recognized for the three months ended December 31, 2022 as compared to a partial quarter of recognition for the three months ended December 31, 2021

Interest expense on the BMO Loan Agreement during the three months ended December 31, 2022, was $1,406. Overall interest expense during the three months ended December 31, 2022, was $1,541 and for December 31, 2021, was $142.

Share-based compensation is the value ascribed to the granting of stock incentives to employees and directors of the Corporation. Share-based compensation can encompass stock options, restricted stock units, performance based stock units and stock appreciation rights. For the three months ended December 31, 2022, the Corporation recognized share based compensation of $750 (December 31, 2021 — $596).

Depreciation expense for the three months ended December 31, 2022 was $488 compared to $522 for the three months ended December 31, 2021. The decrease in 2022 is primarily related to the expiration of office lease right of use expense at former office locations.

(all amounts in thousands of USD unless otherwise stated)

Acquisition-related, transaction and other expenses include all direct and incremental 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, 2022 were $212 (December 2021 - $1,085). 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, 2022 were $3,750 (December 31, 2021, $6,180). These costs were incurred in relation to the revaluation of contingent consideration to reflect current expectations, primarily for the Bankcard acquisition.

Acquisition-related compensation of $619 (December 31, 2021, $1,069) was incurred in the three months ended December 31, 2022 to reflect the current expectation of earn-out obligations classified as compensation rather than purchase consideration.

Three months ended December 31, 2022 and 2021 Adjusted EBITDA reconciliation

	Three Months Ended December 31,	
	2022	2021
Net loss	$ (5,107)	$ (8,889)
Income tax	(299)	(2,153)
Acquisition-related, transaction and other expenses	583	1,085
Foreign exchange loss (gain)	36	754
Depreciation	488	522
Acquisition-related compensation	619	1,069
Amortization	4,319	3,750
Interest	1,541	142
Share-based compensation	750	596
Development	117	96
Earn-out settlement loss	3,750	6,180
Other	1,274	—
Loss on debt extinguishment	—	1,369
Adjusted EBITDA	$ 8,071	$ 4,521
Adjusted EBITDA as a percentage of revenue	18 %	14 %

Adjusted EBITDA for the three months ended December 31, 2022 was $8,071, or 18% of revenue, compared to $4,521, or 14% of revenue, for the three months ended December 31, 2021. The change 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 $3,672 of Adjusted EBITDA for the three months ended December 31, 2022 while the Global Payment Solutions segment delivered $4,400 of Adjusted EBITDA for the three months ended December 31, 2022. In 2022, the Corporation continues to incur selling, general and administrative costs related to the PayiQ entity which is pre-production and the Corporation expects to begin payment processing activities for clients in spring of 2023. The Corporation continues to increase organic growth as it continues to evaluate future acquisitions in 2023 and beyond. Other expense for the three months ended December 31, 2022 includes a one-time writedown of a contract receivable for $1,499 related to PayiQ offset by various other one-time costs.

(all amounts in thousands of USD unless otherwise stated)

Quarterly Operating Results

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

	Quarter ended	Revenue ($)	Gross Margin ($)	Net income (loss) ($)	Income (Loss) per share ($)	Income (Loss) per fully diluted share ($)	Adjusted EBITDA ($)
Q4 2022	31-Dec-22	45,901	18,998	(5,107)	(0.01)	(0.01)	8,071
Q3 2022	30-Sep-22	48,814	20,238	(2,141)	(0.01)	(0.01)	7,597
Q2 2022	30-Jun-22	47,619	19,322	(580)	(0.00)	(0.00)	6,854
Q1 2022	31-Mar-22	44,928	17,908	(1,450)	(0.00)	(0.00)	6,421
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)	3,600
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

Global Cloud Solutions Segment	Three months ended Q1 2022	Q2 2022	Q3 2022	Q4 2022	Year ended December 31, 2022
Revenue	$ 33,721	$ 35,292	$ 36,023	$ 32,301	$ 137,337
Expenses	29,520	31,444	31,247	28,629	120,840
EBITDA (Adjusted)	$ 4,201	$ 3,848	$ 4,776	$ 3,672	$ 16,497

Global Payment Solutions Segment	Three months ended Q1 2022	Q2 2022	Q3 2022	Q4 2022	Year ended December 31, 2022
Revenue	$ 11,177	$ 12,357	$ 12,791	$ 13,600	$ 49,925
Expenses	8,968	9,340	9,969	9,200	37,477
EBITDA (Adjusted)	$ 2,209	$ 3,017	$ 2,822	$ 4,400	$ 12,447

Consolidated	Three months ended Q1 2022	Q2 2022	Q3 2022	Q4 2022	Year ended December 31, 2022
Revenue	$ 44,898	$ 47,649	$ 48,814	$ 45,901	$ 187,262
Expenses	38,488	40,784	41,216	37,830	158,318
EBITDA (Adjusted)	6,410	6,865	7,598	8,071	28,944
All Other Expenses					38,222
Net Loss					$ (9,278)

(all amounts in thousands of USD unless otherwise stated)

LIQUIDITY AND CAPITAL RESOURCES

Selected financial information from the condensed unaudited consolidated interim statements of financial position as at December 31, 2022 and December 31, 2021 are as follows:

	December 31, 2022	December 31, 2021
Working capital deficit	$ (5,208)	$ (4,703)

The Corporation had a working capital deficit at December 31, 2022 of $(5,208) compared to $(4,703) at December 31, 2021, which reflects a decrease in accrued contingent consideration from acquisitions due to payments made, an increase in accounts receivable with customers, an increase in income taxes payable due to the overall growth of taxable income, an increase in deferred revenue from increased software and contract sales, an increase in the current portion of the BMO Loan Agreement from the recent amendment and subsequent borrowing and a decrease in cash on hand. 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 3, 2022, the Corporation amended the BMO Loan Agreement that provides for, among other things, a new US$9.5 million non-revolving five year term loan of which $7.5million was drawn down. The proceeds from the new loan were used to fund earn-out obligations on previously completed acquisitions and for general corporate purposes. As part of the amendment, the Corporation's total senior debt to EBITDA ratio was increased to 3.25:1.00 through December 31, 2022, and the Corporation also transitioned its interest rate benchmark from the London Interbank Offered Rate (LIBOR) to the Secured Overnight Financing Rate (SOFR).

On August 27, 2021, the Corporation entered a 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.

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, 2022; 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.

(all amounts in thousands of USD unless otherwise stated)

Total finance costs incurred in relation to the Term Loan agreement of $1,287 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, 2022 was $4,150 (December 2021 - $1,292).

(ii) Broker Compensation unit and warrant exercises

During the quarter ended December 31, 2022, the corporation had no activity related to exercise of broker compensation units.

(iii) Subsequent Event

On March 31, 2023, the Corporation amended the BMO Loan Agreement to reduce the minimum fixed charge coverage ratio covenant, as defined therein, from 1.25:1.00 to 1.10:1.00 through December 31, 2023. The minimum fixed charge coverage ratio will return to 1.25:1.00 for the quarter ending March 31, 2024.

SOURCES AND USES OF CASH

	Year ended December 31,	
	2022	2021
Cash provided by operating activities	$ 18,272	$ 6,297
Cash used in investing activities	(5,378)	(162,979)
Cash (used by) provided by financing activities	(17,002)	159,215
Net (decrease) / increase in cash	$ (4,108)	$ 2,533

The net decrease in cash as of December 31, 2022 is primarily attributable to repayments on the BMO Loan Agreement, payments of contingent consideration or earn-outs, and increased interest payments resulting from increased debt incurred to finance the Corporation's acquisitions, partially offset by proceeds of the loan agreement. The Corporation also increased investments in software development. These uses of cash were partially offset by increased cash provided by operating activities. As of December 31, 2021, the increase in cash was due to proceeds from share issuance, private placement and exercise of warrants.

RELATED PARTY TRANSACTION AND BALANCE

(i) Key management compensation

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

The compensation recorded to key management personnel during the year ended December 31, 2022 and 2021 were as follows:

	Year ended December 31,	
	July 14, 1905	July 13, 1905
Salaries and short term benefits	$ 1,363	$ 1,302
Share Based Compensation	$ 2,155	$ 668

In addition, the Corporation has contingent consideration to related parties through acquisition purchases. As of June 28, 2022, one of the Corporation's historical Board members did not stand for reappointment. Consequently, transactions with certain entities affiliated with that Director ceased to be related party transactions.

(all amounts in thousands of USD unless otherwise stated)

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

Quisitive has leased several office facilities under separate non-cancelable operating leases which are capitalized under IFRS16.

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

	December 31, 2022
2023	$ 1,448
2024	1,196
2025	652
2026	261
2027+	771
Subtotal	$ 4,328
Discounting	(463)
Total	$ 3,865

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
Accounts payable and accrued liabilities	$ 15,318	$ 1,280	$ —	$ —
Income taxes payable	—	3,054	—	—
Contingent consideration	—	11,124	—	—
Loan agreement	—	9,428	19,255	48,253
Total	$ 15,318	$ 24,886	$ 19,255	$ 48,253

OUTSTANDING SHARE CAPITAL

At December 31, 2022, there were 368,753,749 Common Shares issued and 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.

(all amounts in thousands of USD unless otherwise stated)

FINANCIAL INSTRUMENTS

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

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 at December 31, 2022 is $9,408 (December 31, 2021 — $13,516).

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 processing receivable and maximum exposure thereto is $25,609 (December 31, 2021 — $16,251). Accounts receivable are shown net of provision of credit losses of $1,045 (December 31, 2021 — $422).

	under 30	30-60 days	over 60 days	Total
Trade receivable and processing receivable aging	$ 16,490	$ 4,561	$ 5,603	$ 26,654

The Corporation has no customers that constitute greater than 10% at December 31, 2022 or December 31, 2021.

(a) 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, 2022, the Corporation had $9,408 (December 31, 2021 — $13,516) of unrestricted cash and liabilities with the following due dates at their carrying values:

	under 3 months	3 months-1 year	1-2 years	3-5 years
Accounts payable and accrued liabilities	$ 15,318	$ 1,280	$ —	$ —
Income taxes payable	—	3,054	—	—
Contingent consideration	—	11,124	—	—
Loan agreement	—	9,428	19,255	48,253
Total	$ 15,318	$ 24,886	$ 19,255	$ 48,253

The Corporation manages its liquidity risk by relying upon its revenues.

(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.

(all amounts in thousands of USD unless otherwise stated)

(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 +/$684 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.

(a) Foreign currency risk(continued)

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, 2022 and December 31, 2021, the Corporation's net exposure to foreign currency risk on its financial instruments is as follows:

	December 31, 2022	December 31, 2021
	CAD$	CAD$
Cash	$ 574	$ 336
Accounts receivable	2,251	2,504
Accounts payable and accrued liabilities	(602)	(895)
	2,223	1,945
United States dollar equivalent	$ 1,641	$ 1,534

(b) 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, 2022 and 2021.

ACCOUNTING STANDARDS ISSUED ADOPTED DURING THE PERIOD

For the preparation of these financial statements, there were no new standards or amendments to standards adopted in 2022.

RISK FACTORS

The following discussion summarizes the principal risk factors that apply to the Corporation's business and that may have a material adverse effect on the Corporation's business, financial condition and results of operations, or the trading price of the Common Shares. Some of the following factors are interrelated and, consequently, readers should treat such risk factors as a whole. These risks and uncertainties are not the only ones that could affect the Corporation, or the Common Shares and additional risks and uncertainties not currently known to the Corporation, or that it currently deems to be immaterial, may also impair the business, financial condition and results of operations of the Corporation and/or the value of the Common Shares. If any of the following risks or other risks occur, they could have a material adverse effect on the Corporation's business, financial condition and results of operations and/or the value of the Common Shares. There is no assurance that any risk management steps taken by the Corporation will avoid future loss due to the occurrence of the risks described below or other unforeseen risks.

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 June 23, 2022 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.

Since inception, the Corporation has been engaged in growth activities and has made a significant number of acquisitions that have grown the business. This acquisition activity requires substantial capital and other expenditures. As a result, the Corporation incurred net losses in the years ended December 31, 2021, 2020 and 2019, and may incur losses again in the future. A substantial portion of the Corporation's historical revenue growth has resulted from acquisitions. Cash needs are expected to increase significantly for the next several years as the Corporation:

a. makes additional acquisitions;

b. markets its products and services;

c. Expands its client support and service operations;

d. hires additional marketing, client support and administrative personnel; and

e. implements new and upgraded operational and financial systems, procedures and controls

As a result of these continuing costs and expenses, the Corporation needs to generate significant revenues to attain and maintain profitability and positive cash flow. To date, the Corporation's operations have been supported by equity and debt financings. If the Corporation does not continue to increase its revenues, its business, results of operations and financial condition could be materially and adversely affected.

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 the United States, 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 favorable 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

To manage its growth effectively, the Corporation must continue to strengthen its existing infrastructure, develop and improve its processes and internal controls, create and improve its reporting systems, and timely address issues as they arise. As the Corporation continues to strengthen its existing infrastructure and systems, it will also be required to hire additional personnel. These efforts may require substantial financial expenditures, commitments of resources, developments of its processes, and other investments and innovations. Furthermore, the Corporation encourages employees to quickly develop and launch new features for its products and services. As the Corporation grows, it may not be able to execute as quickly as smaller, more efficient organizations. In addition, as the Corporation grows, it may not be able to maintain its entrepreneurial company culture, which fosters innovation and talent. If the Corporation does not successfully manage its growth, its business may be adversely affected.

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 favorable 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 favorable 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 rebranded as PayiQ 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 PayiQ 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 PayiQ, 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 withholding.

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.