CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the three and six months ended June 30, 2023 and 2022

(expressed in United States dollars unless otherwise noted)

QUISITIVE TECHNOLOGY SOLUTIONS, INC.
Unaudited Condensed Consolidated Interim Financial Statements
June 30, 2023 and 2022
(Expressed in thousands of United States Dollars)

QUISITIVE TECHNOLOGY SOLUTIONS, INC.
Unaudited Condensed Consolidated Interim Statements of Financial Position
June 30, 2023 and December 31, 2022
(Expressed in thousands of United States Dollars)

As at	June 30, 2023	December 31, 2022
Assets current		
Cash	$ 6,694	$ 9,408
Accounts receivable (Note 3)	30,218	28,039
Current income tax receivable	83	75
Work in progress	1,447	1,745
Prepaid expenses	3,231	2,460
	41,673	41,727
Non-current assets		
Property and equipment, net (Note 4)	3,999	4,768
Intangible Assets (Note 5)	79,139	83,819
Goodwill	197,271	197,271
Deposits with sponsor banks (Note 12)	350	350
Total Assets	**$ 322,432**	**$ 327,935**
Liabilities current		
Accounts payable and accrued liabilities	$ 18,080	$ 16,598
Current income tax payable	4,161	3,054
Current portion of Loan agreement (Note 6)	9,628	9,428
Current portion of Deferred revenue	3,921	5,460
Current portion of Lease liability (Note 8)	1,190	1,272
Current portion of Contingent consideration	10,000	11,124
	46,980	46,936
Non-current liabilities:		
Loan agreement (Note 6)	62,678	67,508
Lease liability (Note 8)	2,051	2,593
Deferred tax liability	8,203	10,488
Total Liabilities	$ 119,912	$ 127,525
Shareholders' equity		
Share capital (Note 9)	252,878	243,978
Contributed surplus (Note 9)	6,515	7,455
Deficit	(54,320)	(48,777)
Accumulated other comprehensive income	(968)	(1,124)
Equity attributable to owners of the Corporation	204,105	201,532
Non-Controlling Interest (Note 13)	(1,585)	(1,122)
	202,520	200,410
Total Liabilities and Shareholders' Equity	**$ 322,432**	**$ 327,935**

Approved on behalf of the Board:

"Mike Reinhart"
Mike Reinhart, CEO

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

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

QUISITIVE TECHNOLOGY SOLUTIONS, INC.
Unaudited Consolidated Interim Consolidated Statements of Comprehensive Loss
Three and six months ended June 30, 2023 and 2022
(Expressed in thousands of United States Dollars)

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Revenue (Note 14)	$ 45,322	$ 47,619	$ 93,633	$ 92,547
Cost of Revenue	28,592	28,297	58,735	55,317
Gross Margin	16,730	19,322	34,898	37,230
Operating Expenses				
Sales and marketing expense	3,564	3,789	7,413	7,302
General and administrative	8,836	8,686	16,119	16,699
Development	110	106	224	206
Share-based compensation (Note 9)	710	819	2,661	1,241
Interest expense (Note 6)	1,676	930	3,315	1,893
Amortization (Note 5)	4,108	4,311	8,287	8,581
Earn-out settlement loss	—	—	—	72
Acquisition Related Compensation	29	725	638	1,490
Depreciation (Note 4)	429	509	898	1,021
Foreign exchange loss	202	(201)	220	109
Acquisition-related, transaction and other expenses	894	197	1,422	559
Other Income	29	—	10	—
Loss Before Income Taxes	(3,857)	(549)	(6,309)	(1,943)
Income tax expense — current	621	1,083	1,981	2,320
Deferred income tax expense (recovery)	(1,059)	(1,052)	(2,284)	(2,233)
Net Loss for the Period	**$ (3,419)**	**$ (580)**	**$ (6,006)**	**$ (2,030)**
Comprehensive Loss:				
Items that may be reclassified subsequently to income:				
Foreign currency translation adjustment	150	(124)	156	(66)
Comprehensive loss	**$ (3,269)**	$ (704)	**$ (5,850)**	$ (2,096)
Net Loss Attributed to:				
Non controlling interest (Note 13)	(200)	(249)	(463)	(444)
Owners of the Corporation	(3,219)	(331)	(5,543)	(1,586)
	$ (3,419)	$ (580)	$ (6,006)	$ (2,030)
Basic and Diluted Loss per share (Note 10)	$ (0.01)	$ (0.00)	$ (0.01)	$ (0.00)
Weighted Average Number of Common Shares Outstanding	377,771,590	357,204,982	373,287,581	356,964,576

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

QUISITIVE TECHNOLOGY SOLUTIONS, INC
Unaudited Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
For the six months ended June 30, 2023 and 2022
(Expressed in thousands of United States Dollars)

	Share Capital		Contributed Surplus	Warrants	Deficit	AOCI	Non-Controlling Interest	Total
	Number	Amount						
Balance December 31, 2021	**356,314,879**	**$237,398**	**$ 4,319**	**$ 416**	**$ (40,405)**	**$ (810)**	**$ (216)**	**$ 200,702**
Exercise of RSU’s	873,740	245	(245)					—
Net settlement of tax liabilities on RSU’s	(270,672)	(286)						(286)
Expiration of warrants			416	(416)				—
Stock based compensation			1,241					1,241
Shares issued as payment of contingent consideration	664,504	552						552
Change in cumulative impact of foreign currency						(66)		(66)
Net loss for the period					(1,586)		(444)	(2,030)
Balance June 30, 2022	**357,582,451**	**$237,909**	**$ 5,731**	**$ —**	**$ (41,991)**	**$ (876)**	**$ (660)**	**$ 200,113**
Balance December 31, 2022	**368,753,749**	**$243,978**	**$ 7,455**	**$ —**	**$ (48,777)**	**$(1,124)**	**$ (1,122)**	**$ 200,410**
Exercise of RSU’s and PSU's	9,407,550	3,448	(3,448)					—
Exercise of stock options	670,000	326	(153)					173
Stock based compensation			2,661					2,661
Shares issued as payment of contingent consideration	1,279,765	583						583
Bought deal	19,780,000	4,543						4,543
Change in cumulative impact of foreign currency						156		156
Net loss for the period					(5,543)		(463)	(6,006)
Balance June 30, 2023	**399,891,064**	**$252,878**	**$ 6,515**	**$ —**	**$ (54,320)**	**$ (968)**	**$ (1,585)**	**$ 202,520**

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

QUISITIVE TECHNOLOGY SOLUTIONS, INC.
Unaudited Condensed Consolidated Interim Statements of Cash Flow
For the six months ended June 30, 2023 and 2022
(Expressed in thousands of United States Dollars)

	Six Months Ended	
	June 30, 2023	June 30, 2022
Operating Activities		
Net loss for the period	$ (6,006)	$ (2,030)
Items not involving cash		
Amortization	8,287	8,581
Depreciation	898	1,021
Unrealized foreign exchange	220	(47)
Share based compensation	2,661	1,241
Interest expense and accretion	3,315	1,893
Disposals of equipment	—	116
Acquisition related compensation	638	1,490
Earnout settlement loss	—	72
Deferred income tax recovery	(2,284)	(2,233)
	7,729	10,104
Changes in non-cash working capital		
Accounts receivables and contract assets	(2,179)	(5,948)
Work in progress	298	255
Prepaid and expenses	(771)	(301)
Accounts payable and accrued liabilities	679	(835)
Income tax payable, net	1,098	1,089
Deferred Revenue	(1,539)	422
Cash Provided by Operating Activities	5,315	4,786
Investing Activity		
Purchase of intangible assets	(3,607)	(1,689)
Purchase of property and equipment	(122)	(263)
Cash Used in Investing Activities	(3,729)	(1,952)
Financing Activities		
Proceeds from bought deal net of issuance costs	4,543	—
Repayment of Loan Agreement	(4,613)	(4,064)
Interest paid	(3,088)	(1,609)
Lease payments	(631)	(638)
Payment of debt issuance costs	(100)	—
Payment of contingent consideration	(584)	(552)
Net settlement of RSU's employee stock options	—	(285)
Proceeds from the exercise of stock options	173	—
Cash Used by Financing Activities	(4,300)	(7,148)
Inflow (Outflow) of Cash	(2,714)	(4,314)
Cash and restricted cash, Beginning of period	9,408	13,516
Cash and restricted cash, End of period	**$ 6,694**	**$ 9,202**

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

(Expressed in thousands of United States Dollars)

1. NATURE OF OPERATIONS

(a) Nature of operations

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

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

The Corporation has determined it consists of two operating and reporting segments based on the information reviewed by the Chief Operating Decision Maker and determined that the operations of BankCard and LedgerPay rebranded as PayiQ, represent a separate operating segment (Payment Solutions) from the Corporation's Cloud Solutions segment (Note 15).

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

(b) Structure of Business

The Corporation has the following subsidiaries:

Entity name	Country	Ownership percentage at June 30, 2023	Ownership percentage at December 31, 2022
		%	%
Bankcard USA Merchant Services, Inc	USA	100	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
Quisitive Ltd	USA	100	100
Quisitive LLC	USA	100	100
Quisitive Payment Solutions, Inc	USA	100	100

2. BASIS OF PRESENTATION

(a) Basis of presentation

These unaudited interim condensed consolidated financial statements ("financial statements") were prepared using the same accounting policies and methods as those used in the Corporation's consolidated financial statements for the year ended December 31, 2022. These interim condensed consolidated financial statements have been prepared in compliance with IAS 34 - Interim Financial Reporting. Accordingly, certain disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") have been omitted or condensed. These interim condensed consolidated financial statements should be read in conjunction with the Corporation's consolidated financial statements for the year ended December 31, 2022 and 2021.

These financial statements were authorized for issue by the Board of Directors on August 29, 2023.

(b) Basis of measurement

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

(c) Functional and reporting currency

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

(d) Basis of consolidation

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

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

(e) Use of Estimates

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

2. BASIS OF PRESENTATION (Continued)

Significant areas requiring the use of management estimates include:

(i) Share-based compensation is valued using the Black-Scholes Option Pricing Model at the date of grant and expensed in profit or loss over the vesting period of each award. The Black-Scholes Option Pricing Model utilizes subjective assumptions such as expected price volatility and expected life of the option. Share-based compensation expense also utilizes subjective assumptions on forfeiture rate. Changes in these input assumptions can significantly affect the fair value estimate. In addition, additional estimates relating to the number of awards expected to be vested are based on performance conditions for performance based awards.

(ii) Useful lives of intangible assets — Following initial recognition, the Corporation carries the intangible assets at cost less accumulated amortization and any accumulated impairment losses. Amortization is recorded on the straight-line basis based upon management's estimate of the useful life and residual value. The estimates are reviewed at least annually and are updated if expectations change as a result of the technical obsolescence or legal and other limits to use. A change in the useful life or residual value will impact the reported carrying value of the intangible assets resulting in a change in related amortization expense.

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

(iv) Recoverability of the carrying value of non-financial assets requires management to use valuation methodologies to determine the greater of value in use and fair value less costs at disposal. Management must make certain estimates and assumptions about future events or circumstances including, but not limited to, estimated future cash flows, terminal growth rates and discount rates.

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

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

Significant areas requiring the use of judgments include:

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

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

(Expressed in thousands of United States Dollars)

2. BASIS OF PRESENTATION (Continued)

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

(iv) Contingencies are subject to measurement uncertainty as the financial impact will only be confirmed by the outcome of a future event. The assessment of contingencies involves a significant amount of judgement, including assessing whether a present obligation exists, assessing factors that may mitigate or reduce the obligation, and determining a reliable estimate of the amount of cash outflow required to settle the obligation. The Corporation is required to both determine whether loss is probable and whether the loss can be reasonably estimated. The uncertainty involved with the time and amount at which a contingency may be settled may have a material impact on the consolidated financial statements of future periods to the extent that the amount provided for differs from the actual outcome.

(v) The determination of whether development costs meet the criteria for capitalization requires judgement related to assessing the technical feasibility of completing the asset so that it will be available for use or sale; the intention to complete the asset and use or sell it; the ability to use or sell the asset; the asset will generate probable future economic benefits and demonstrate the existence of a market or the usefulness of the asset if it is to be used internally; the availability of adequate technical, financial and other resources to complete the development and to use or sell it; and the ability to measure reliably the expenditure attributable to the intangible asset.

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

(vii) The assessment of the Corporation's operating segments.

3. ACCOUNTS RECEIVABLE

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

	June 30, 2023	December 31, 2022
Trade receivable	$ 21,705	$ 21,365
Processing receivable	6,276	5,289
Allowance for doubtful accounts	(713)	(1,045)
Other receivables	2,950	2,430
Net accounts receivable	$ 30,218	$ 28,039

For the three and six months ended June 30, 2023, the Corporation recorded bad debt expense of $68 and $9 (June 30, 2022 - $284 and $335).

(Expressed in thousands of United States Dollars)

4. PROPERTY AND EQUIPMENT

	Computers and Network Equipment	Furniture and Equipment	Leasehold Improvements	Software	Right of Use Asset	Total
Cost						
Balance December 31, 2022	$ 1,231	$ 717	$ 896	$ 195	$ 7,051	$ 10,090
Additions	122	—	—	—	—	122
Dispositions		(1)	(33)	—	—	(34)
Reclassifications	—	—	—	—		—
Effect of Foreign Currency Translation	6	3	1	—	5	15
Balance at June 30, 2023	$ 1,359	$ 719	$ 864	$ 195	$ 7,056	$ 10,193
Accumulated Depreciation						
Balance, December 31, 2022	$ 595	$ 564	$ 366	$ 134	$ 3,663	$ 5,322
Depreciation	137	45	102	31	583	898
Dispositions		(1)	(33)	—	—	(34)
Effect of Foreign Currency Translation	6	1	1	—	—	8
Balance at June 30, 2023	$ 738	$ 609	$ 436	$ 165	$ 4,246	$ 6,194
Carrying amounts						
Balance December 31, 2022	$ 636	$ 153	$ 530	$ 61	$ 3,388	$ 4,768
Balance at June 30, 2023	$ 621	$ 110	$ 428	$ 30	$ 2,810	$ 3,999

5. INTANGIBLE ASSETS

Intangible assets with a finite life are amortized into operating expenses over their useful lives. Included in intangible assets as at June 30, 2023 is $7,896 (December 31, 2022 - $5,545) of software related to the PayiQ platform that has not yet commenced amortization as at June 30, 2023.

	Software	Website Development	Microsoft Relationship	Customer Relationship	Brand	Total
Cost						
Balance December 31, 2022	$ 16,104	$ 320	$ 3,860	$ 92,667	$ 7,015	$ 119,966
Additions	3,583	—	—	—	24	3,607
Balance June 30, 2023	$ 19,687	$ 320	$ 3,860	$ 92,667	$ 7,039	$ 123,573
Accumulated Amortization						
Balance December 31, 2022	$ 3,692	$ 208	$ 3,808	$ 23,938	$ 4,501	$ 36,147
Amortization	1,017	19	52	6,193	1,006	8,287
Balance June 30, 2023	$ 4,709	$ 227	$ 3,860	$ 30,131	$ 5,507	$ 44,434
Carrying Value						
Balance December 31, 2022	$ 12,412	$ 112	$ 52	$ 68,729	$ 2,514	$ 83,819
Balance June 30, 2023	$ 14,978	$ 93	$ —	$ 62,536	$ 1,532	$ 79,139

(Expressed in thousands of United States Dollars)

6. BORROWING

The following table sets out the Corporation's borrowings:

	June 30, 2023	December 31, 2022
Loan Agreement (i) Balance - end of period	$ 72,306	$ 76,936
Current	$ 9,628	$ 9,428
Non-current	62,678	67,508
	$ 72,306	$ 76,936

(i) BMO Loan agreement and predecessor loan agreements

On August 3, 2022, the Corporation amended and restated its existing 2021 BMO Loan Agreement (defined below) with a new credit agreement (the "BMO Loan Agreement"), with a syndicate led by Bank of Montreal ("BMO"). The Corporation concluded that the amendment of the 2021 BMO Loan Agreement should be accounted for as a debt modification based on the guidance in IFRS 9. The BMO Loan Agreement provides for a term loan of $75,554 (the "Term Loan"), an additional term loan of $9,500 (the "Earn-Out Loan") and a revolving loan facility of up to $5,000 (the "Revolving Facility"). The Corporation ultimately borrowed $7,500 of the Earn-Out Loan. All debts, liabilities, and obligations of the Corporation and guarantors under the BMO Loan Agreement are 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 proceeds from the Revolving Facility are expected to be used by the Corporation to fund working capital requirements in the ordinary course. The Term Loan, Earn-Out Loan and Revolving Facility are available by way of Canadian dollar prime rate loans, U.S. dollar base rate loans, Canadian dollar CDOR loans and SOFR loans in either US or Canadian dollars. The BMO Loan Agreement has an accordion feature by which the Corporation may request increases in principal under the Term Loan up to a maximum amount of $10,500. The maturity date of the facility is August 27, 2026.

Interest on the Term Loan, the Earn-Out Loan and the Revolving Facility is payable based on a price grid which ranges, depending on the Corporation's total senior debt to EBITDA ratio. The rates range on Canadian prime rate advances or U.S. base rate advances from .25% to 2.50%, CDOR advances or SOFR advances from 1.75% to 4.0% and a standby fee ranging from .35% to .60%.

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. As part of the amendment, additional financing costs were capitalized and will be expensed over the life of the loan.

The total of capitalized financing costs equals $1,387 at June 30, 2023, (December 31, 2022 - $1,287). The Term Loan amortizes over ten years and advances under the Term Loan are repayable currently in equal quarterly installments over the loan term with a final payment of any amounts then outstanding due at maturity. The Earn-Out Loan amortizes over five years and advances under the Earn-Out Loan are repayable currently in equal quarterly installments over the loan term with a final payment of any amounts then outstanding due at maturity.

The BMO Loan Agreement contains standard compliance requirements as well as ongoing debt service and coverage covenants. The Corporation was in compliance with all covenants on June 30, 2023, however there can be no assurances that compliance will be achieved throughout the remaining term of the agreement.

Interest expense on borrowings during the three and six months at June 30, 2023 was $1,558 and $3,088 (June 30, 2022 - $799 and $1,609).

(Expressed in thousands of United States Dollars)

6. BORROWING (Continued)

(ii) Finance Costs

The Corporation's finance costs comprise the following:

	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Interest on borrowings	$ 1,558	$ 799	$ 3,088	$ 1,609
Amortization of debt issuance costs	51	27	83	65
Accretion expense	17	43	42	94
Net finance costs on leases	50	61	102	125
Total finance costs	$ 1,676	$ 930	$ 3,315	$ 1,893

7. 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 three and six months ended June 30, 2023 and 2022 were as follows:

	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Salaries and short term benefits	$ 355	$ 551	$ 660	$ 829
Share based compensation	$ 191	$ 674	$ 984	$ 756

8. LEASE LIABILITIES

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

	June 30, 2023
2023	$ 718
2024	1,199
2025	654
2026	261
2027+	770
Total	$ 3,602
Discounting	(361)
Total	$ 3,241

(Expressed in thousands of United States Dollars)

8. LEASE LIABILITIES (Continued)

(ii) Property lease payments including variable lease payments for the six months ended June 30, 2023 and 2022 were as follows:

	Six months ended June 30, 2023	Six months ended June 30, 2022
Total Short-Term Lease Expense	$ 97	$ 95
Variable Lease Expense	168	160
Sublease income	(69)	—
	$ 196	$ 255

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

Opening balance January 1, 2023	$ 3,865
Payments (net of accretion)	(631)
Effect of foreign currency translation	7
Present value of lease liability June 30, 2023	$ 3,241

9. SHARE CAPITAL

(a) Share Issuances

The Corporation is authorized to issue an unlimited number of common shares. As at June 30, 2023, 399,891,064 common shares were issued and outstanding as fully paid and non-assessable (December 31, 2022 —368,753,749).

For the six months ended June 30, 2023, the Corporation issued a net of 9,407,550 shares related to the vesting of RSU's and PSU's, 670,000 shares in connection with the exercise of stock options, 1,279,765 shares issued as payment of contingent consideration and 19,780,000 in relation to a bought deal (June 30, 2022 - 873,740 exercise of RSU's and 0 options with 664,504 shares issued as payment of contingent consideration). As at June 30, 2023, the corporation had no outstanding warrants.

On June 30, 2023, the Corporation closed a bought deal offering, including the exercise of an over-allotment option, of an aggregate 19,780,000 common shares for aggregate gross proceeds of $5,229 ($6,923CAD). After consideration of underwriter and other expenses, the net proceeds were $4,543.

(b) Stock Options

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

The plan sets out the framework for determining eligibility as well as the terms of any stock based compensation granted. In 2019, the Corporation adopted an Omnibus plan which includes the full scope of governance on stock options, RSU's, PSU's, stock appreciation rights, and incentive stock options. On June 29, 2022, the Corporation made an amendment to the Omnibus plan moving from a fixed plan to a 10% rolling plan.

(Expressed in thousands of United States Dollars)

9. SHARE CAPITAL (Continued)

The Black-Scholes model is utilized to value options and the key variables are per share market price of the underlying stock, exercise price of the option, expected term of the option, risk-free interest rate for the duration of the option's expected term, expected annual dividend yield on the underlying stock and expected stock price volatility over the option's expected term. The convention utilized for quoted market price is close price on the grant date. The exercise price is generally defined by the terms of the award and the remaining valuation model inputs require judgement.

	Number of options	Weighted average exercise price (CAD)
Outstanding at December 31, 2022	4,465,000	$ 0.49
Exercised/Released	(670,000)	$ 0.35
Outstanding at June 30, 2023	3,795,000	$ 0.52

For the three and six months ended June 30, 2023, the Corporation recognized share based compensation from stock options of $58 and $115 (June 30, 2022 - $26 and $61).

The following options were issued and outstanding as at June 30, 2023:

Grant Date	Expiry Date	Ex price (CAD)	Number of options	Exercisable
26-Aug-18	August 26, 2023	0.35	100,000	100,000
30-Aug-18	August 31, 2023	0.35	100,000	100,000
20-Nov-18	November 19, 2023	0.35	920,000	920,000
24-Dec-19	December 23, 2024	0.20	950,000	950,000
03-Jan-20	January 2, 2025	0.25	200,000	200,000
07-Jul-21	July 7, 2026	1.60	325,000	216,666
02-Aug-21	August 2, 2026	1.52	100,000	66,667
01-Mar-22	February 28, 2027	0.81	100,000	33,333
26-Jul-22	July 26, 2027	0.59	1,000,000	—
			3,795,000	2,586,666

The weighted average contractual life for the remaining options at June 30, 2023 is 1.38 years. Options expected life ranges from two to five years. Valuation of the options utilizes the Black Scholes model on a graded method along with fair value per share. Amortization of expense initiates at the grant date and is spread over the grant period.

(Expressed in thousands of United States Dollars)

9. SHARE CAPITAL (Continued)

(c) Restricted Stock Units

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

Restricted stock activity during the period ending June 30, 2023 is as follows:

	# of RSU's
Opening balance December 31, 2022	8,987,641
Granted	5,949,307
Exercised	(8,186,709)
Forfeited	(10,000)
Closing balance June 30, 2023	6,740,239

ii. The Corporation grants performance based restricted stock units (PSU's) to employees. The PSU's are contingent on the achievement of preestablished performance metrics. The PSU's vest on an annual basis and are amortized over the performance period. Each PSU entitles the employee to either one share of the Corporation or the cash equivalent of one share of the Corporation at the option of the Corporation at the exercise date. The fair value of performance based restricted stock awards is estimated using the market price of the Corporation's common stock at the date of grant. Performance based restricted stock activity during the period ending June 30, 2023 is as follows:

	# of PSU
Opening balance December 31, 2022	3,499,801
Granted	4,740,290
Exercised	(1,220,841)
Forfeited	(886,124)
Closing balance June 30, 2023	6,133,126

For the three and six months ended June 30, 2023, the Corporation recognized share based compensation related to RSU's and PSU's of $673 and $2,561 (June 30, 2022 - $786 and $1,167).

d. Stock appreciation rights

The Corporation granted 116,500 stock appreciation rights (SAR's) to employees in the first quarter of 2021. The SAR's vest over three years. Each SAR entitles the employee to receive the increase in the value between the exercise price of $1.27 and the market price of one common share on the vesting date. The payment upon exercise of a SAR will be in cash or common shares at the option of the Corporation.

The grant date fair value of the SAR's of $97 was estimated using the Black Scholes option pricing model with the following assumptions:

a. Annualized volatility 99.15%

b. Risk free interest rate 2%

c. Expected life 3 years

(Expressed in thousands of United States Dollars)

9. SHARE CAPITAL (Continued)

The fair value will be recorded as a charge to expense and included in stock based compensation expense over the vesting period with $(21) and $(15) with a reduction to expense for the three and six months ended June 30, 2023 (June 30, 2022 - $7 and $13).

10. NET LOSS PER SHARE

The computation for basic and diluted net income (loss) per share for the three and six months ended June 30, 2023 and 2022 are as follows:

	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Net loss for the period attributable to Owners of the Corporation	$ (3,219)	$ (331)	$ (5,543)	$ (1,586)
Weighted average number of shares outstanding, basic	377,771,590	357,204,982	373,287,581	356,964,576
Basic and Diluted Income (Loss) Per Share	$ (0.01)	$ (0.00)	$ (0.01)	$ (0.00)

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

	June 30, 2023	June 30, 2022
Stock options	3,795,000	3,563,334
RSU’s and PSU's	12,873,365	11,753,950
	16,668,365	15,317,284

11. FINANCIAL INSTRUMENTS

The carrying values of the cash, accounts receivable, accounts payable and accrued liabilities, and income tax receivable (payable) approximate their fair values due to their short term to maturity. The carrying value of the Loan Agreements 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 June 30, 2023 is $6,694 (December 31, 2022 — $9,408).

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 at June 30, 2023 is $27,268 (December 31, 2022 — $25,609). Accounts receivable are shown net of provision of credit losses of $713 (December 31, 2022 — $1,045).

	under 30	30-60 days	over 60 days	Total
Trade receivable aging	$ 22,335	$ 1,543	$ 3,390	$ 27,268

(Expressed in thousands of United States Dollars)

11. FINANCIAL INSTRUMENTS (Continued)

The Corporation has no customers that constitute greater than 10% of accounts receivable at June 30, 2023 and December 31, 2022.

(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 June 30, 2023, the Corporation has $6,694 (December 31, 2022 — $9,408) of unrestricted cash and liabilities with the following due dates at their carrying values:

	under 3 months	3 months-1 year	1-2 years	3-5 years
A/P and accrued liabilities	$ 15,767	2,313	$ —	$ —
Income taxes payable	—	4,161	—	—
Contingent consideration	—	10,000	—	—
Loan agreement	—	9,628	20,755	41,923
Total	$ 15,767	$ 26,102	$ 20,755	$ 41,923

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.

(d) Interest rate risk

The Corporation is exposed to interest rate risk through the Term Loan. Quarterly interest payments are based on a price grid which ranges, depending on the Corporation's total senior debt to EBITDA ratio. The rates range on Canadian prime rate advance or U.S. Base Rate advance from .25% to 2.5%; CDOR advance, SOFR advance from 1.75% to 4.0% and a standby fee ranging from .35% to .60%. A 1% change in the interest rate would lead to +/-$723 change in interest 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.

(Expressed in thousands of United States Dollars)

11. FINANCIAL INSTRUMENTS (Continued)

As at June 30, 2023 and December 31, 2022, the Corporation's net exposure to foreign currency risk on its financial instruments is as follows:

	June 30, 2023	December 31, 2022
	CAD$	CAD$
Cash	$ 3,667	$ 574
Accounts receivable	2,842	2,251
Accounts payable and accrued liabilities	(334)	(602)
	$ 6,174	$ 2,223
United States dollar equivalent	$ 4,663	$ 1,641

(f) Other price risk

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

12. BANK SPONSORING AGREEMENTS

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

The sponsorship agreement requires, among other things, that the Corporation abide by the by-laws and regulations of the Visa and MasterCard networks. In addition, the agreement requires the Corporation maintain a reserve account. For the quarter ended June 30, 2023, the Corporation has $350 in deposits with sponsoring banks.

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

(Expressed in thousands of United States Dollars)

13. NON-CONTROLLING INTEREST

The Corporation owns 80% of its subsidiary LedgerPay rebranded as PayiQ.

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

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

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

For the three and six months ended June 30, 2023, the Corporation recorded non-controlling interest of $(200) and $(463) (June 30, 2022 - $(249) and $(444)).

14. REVENUE

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

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Cloud Solutions Professional Services	$ 19,081	$ 24,572	$ 38,884	$ 48,181
Cloud Solutions Maintenance, License and third party licenses and support	11,151	10,690	23,163	20,832
Payment Processing Solutions	15,090	12,357	31,586	23,534
	$ 45,322	$ 47,619	$ 93,633	$ 92,547

The Corporation is not exposed to concentration risk relating to one customer greater than 10% of revenue for the three and six months ended June 30, 2023 or 2022.

15. SEGMENT INFORMATION

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

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

(Expressed in thousands of United States Dollars)

15. SEGMENT INFORMATION (Continued)

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

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

	Six months ended					
	June 30, 2023			June 30, 2022		
	Global Cloud Solutions	Global Payment Solutions	Consolidated	Global Cloud Solutions	Global Payment Solutions	Consolidated
Revenue	$ 62,047	$ 31,586	$ 93,633	$ 69,013	$ 23,534	$ 92,547
Expenses	55,238	26,999	82,237	60,964	18,308	79,272
EBITDA (Adjusted)	6,809	4,587	11,396	8,049	5,226	13,275
All Other Expenses			17,402			15,305
Net Loss			$ (6,006)			$ (2,030)

	Three months ended					
	June 30, 2023			June 30, 2022		
	Global Cloud Solutions	Global Payment Solutions	Consolidated	Global Cloud Solutions	Global Payment Solutions	Consolidated
Revenue	$ 30,232	$ 15,090	$ 45,322	$ 35,292	$ 12,357	$ 47,649
Expenses	27,331	13,641	40,972	31,444	9,340	40,784
EBITDA (Adjusted)	2,901	1,449	4,350	3,848	3,017	6,865
All Other Expenses			7,769			7,445
Net Loss			$ (3,419)			$ (580)

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