QUISITIVE™

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2023 and 2022

(expressed in United States dollars unless otherwise noted)

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

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

As at		September 30, 2023		December 31, 2022
Assets current				
Cash	$	5,612	$	9,408
Accounts receivable (Note 3)		27,838		28,039
Current income tax receivable		24		75
Work in progress		1,637		1,745
Prepaid expenses		4,385		2,460
		39,496		41,727
Non-current assets				
Property and equipment, net (Note 4)		3,578		4,768
Intangible Assets (Note 5)		76,908		83,819
Goodwill		197,271		197,271
Deposits with sponsor banks (Note 12)		550		350
Total Assets	**$**	**317,803**	**$**	**327,935**
Liabilities current				
Accounts payable and accrued liabilities	$	16,585	$	16,598
Current income tax payable		5,234		3,054
Current portion of Loan agreement (Note 6)		69,934		9,428
Current portion of Deferred revenue		4,305		5,460
Current portion of Lease liability (Note 8)		1,146		1,272
Current portion of Contingent consideration		10,000		11,124
		107,204		46,936
Non-current liabilities:				
Loan agreement (Note 6)		—		67,508
Lease liability (Note 8)		1,768		2,593
Deferred tax liability		7,194		10,488
Total Liabilities	$	116,166	$	127,525
Shareholders' equity				
Share capital (Note 9)		253,022		243,978
Contributed surplus (Note 9)		6,921		7,455
Deficit		(55,254)		(48,777)
Accumulated other comprehensive income		(1,122)		(1,124)
Equity attributable to owners of the Corporation		203,567		201,532
Non-Controlling Interest (Note 13)		(1,930)		(1,122)
		201,637		200,410
Total Liabilities and Shareholders' Equity	**$**	**317,803**	**$**	**327,935**
Subsequent Events (Note 16)				

Approved on behalf of the Board:

"Mike Reinhart"
Mike Reinhart, CEO

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

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

QUISITIVE TECHNOLOGY SOLUTIONS, INC.
Unaudited Condensed Consolidated Statements of Comprehensive Loss
Three and Nine Months Ended September 30, 2023 and 2022
(Expressed in thousands of United States Dollars, except per share amounts)

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Revenue (Note 14)	$ 44,371	$ 48,814	$ 138,004	$ 141,361
Cost of Revenue	26,039	28,486	84,774	83,803
Gross Margin	18,332	20,328	53,230	57,558
Operating Expenses				
Sales and marketing expense	3,504	3,501	10,917	10,803
General and administrative	7,822	9,217	23,941	25,916
Development	108	111	332	317
Share-based compensation (Note 9)	548	1,334	3,209	2,575
Interest expense (Note 6)	1,584	1,275	4,899	3,168
Amortization (Note 5)	4,080	4,312	12,367	12,893
Earn-out settlement loss	—	1,406	—	1,478
Acquisition related compensation	—	663	638	2,153
Depreciation (Note 4)	430	520	1,328	1,541
Foreign exchange loss (gain)	(165)	(364)	55	(255)
Acquisition-related, transaction and other expenses	1,474	164	2,896	723
Other expenses (income)	(7)	(14)	3	(14)
Loss Before Income Taxes	(1,046)	(1,797)	(7,355)	(3,740)
Income tax expense — current	1,243	1,363	3,224	3,683
Deferred income tax expense (recovery)	(1,010)	(1,019)	(3,294)	(3,252)
Net Loss for the Period	**$ (1,279)**	**$ (2,141)**	**$ (7,285)**	**$ (4,171)**
Comprehensive Loss:				
Items that may be reclassified subsequently to income:				
Foreign currency translation adjustment	(154)	66	2	(375)
Comprehensive loss	**$ (1,433)**	$ (2,075)	**$ (7,283)**	$ (4,546)
Net Loss Attributed to:				
Non controlling interest (Note 13)	(345)	(292)	(808)	(737)
Owners of the Corporation	(934)	(1,849)	(6,477)	(3,434)
	$ (1,279)	$ (2,141)	$ (7,285)	$ (4,171)
Basic and Diluted Loss per share (Note 10)	$ (0.00)	$ (0.01)	$ (0.02)	$ (0.01)
Weighted Average Number of Common Shares Outstanding	380,661,050	362,378,976	375,628,127	358,654,639

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 Nine Months Ended September 30, 2023 and 2022
(Expressed in thousands of United States Dollars, except share amounts)

	Share Capital							
	Number	Amount	Contributed Surplus	Warrants	Deficit	AOCI	Non-Controlling Interest	Total
Balance December 31, 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			2,575					2,575
Shares issued as payment of contingent consideration	10,315,042	5,573						5,573
Equity issuance costs		(152)						(152)
Change in cumulative impact of foreign currency						(375)		(375)
Net loss for the period					(3,434)		(737)	(4,171)
Balance September 30, 2022	**367,232,989**	**$242,778**	**$ 7,065**	**$ —**	**$ (43,839)**	**$(1,185)**	**$ (953)**	**$ 203,866**
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	9,972,550	3,591	(3,591)					—
Exercise of stock options	670,000	326	(152)					174
Stock based compensation			3,209					3,209
Shares issued as payment of contingent consideration	1,279,765	583						583
Bought deal (Note 9)	19,780,000	4,544						4,544
Change in cumulative impact of foreign currency						2		2
Net loss for the period					(6,477)		(808)	(7,285)
Balance September 30, 2023	**400,456,064**	**$253,022**	**$ 6,921**	**$ —**	**$ (55,254)**	**$(1,122)**	**$ (1,930)**	**$ 201,637**

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
Three and Nine Months Ended September 30, 2023 and 2022
(Expressed in thousands of United States Dollars)

	Nine Months Ended	
	September 30, 2023	September 30, 2022
Operating Activities		
Net loss for the period	$ (7,285)	$ (4,171)
Items not involving cash		
Amortization	12,367	12,893
Depreciation	1,328	1,541
Unrealized foreign exchange	55	(303)
Share based compensation	3,209	2,575
Interest expense and accretion	4,899	2,995
Acquisition related compensation	638	2,153
Earnout settlement loss	—	1,478
Deferred income tax recovery	(3,294)	(3,252)
	11,917	15,909
Changes in non-cash working capital		
Accounts receivables and contract assets	201	(5,430)
Work in progress	108	(602)
Prepaid and expenses	(1,925)	75
Accounts payable and accrued liabilities	(891)	(1,590)
Income tax payable, net	2,231	1,733
Deferred Revenue	(1,155)	587
Cash Provided by Operating Activities	10,486	10,682
Investing Activity		
Additions of intangible assets	(5,425)	(2,542)
Purchase of property and equipment	(136)	(131)
Deposits with sponsoring banks	(200)	—
Cash Used in Investing Activities	(5,761)	(2,673)
Financing Activities		
Proceeds from bought deal net of issuance costs (Note 9)	4,544	—
Repayment of Loan Agreement	(7,020)	(6,568)
Interest paid	(4,591)	(2,746)
Lease payments	(944)	(962)
Proceeds of Loan Agreement,	—	7,500
Payment of equity issuance costs,	—	(152)
Payment of debt issuance costs	(100)	—
Payment of contingent consideration	(583)	(8,853)
Net settlement of RSU's employee stock options	—	(287)
Proceeds from the exercise of stock options	173	—
Cash Used by Financing Activities	(8,521)	(12,068)
Inflow (Outflow) of Cash	(3,796)	(4,059)
Cash and restricted cash, Beginning of period	9,408	13,516
Cash and restricted cash, End of period	**$ 5,612**	**$ 9,457**

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 September 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 condensed consolidated interim 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 condensed consolidated interim 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 condensed consolidated interim financial statements should be read in conjunction with the Corporation's consolidated financial statements for the year ended December 31, 2022 and 2021.

As of September 30, 2023, in accordance with IAS 1, the Corporation reclassified its obligations under its existing credit agreement (the "BMO Loan Agreement"), with a syndicate led by Bank of Montreal ("BMO"). amounting to $69,394 to current liabilities from long-term liabilities. At September 30, 2023, the Corporation had not made the timely payment of a commitment under a separate contractual obligation. This obligation was governed by a subordination agreement with the BMO Loan Agreement. However, any default in the timing of the payment of the obligation constituted a breach under the BMO Loan Agreement due to a cross default provision in the BMO Loan Agreement. The Corporation obtained a waiver to exempt the Corporation from the breach, resulting in the violation being cured in relation to the BMO Loan Agreement. In accordance with IFRS, the Corporation does not have an unconditional right to defer its settlement of the BMO Loan Agreement for at least twelve months from September 30, 2023, without obtaining a cure or waiver to the covenant restriction. As such the Corporation has classified the BMO Loan Agreement as a current liability at September 30, 2023. As a result of the waiver, the cure of the BMO Loan Agreement breach resulted in the BMO Loan Agreement being reclassified in accordance with the original repayment terms on October 1, 2023.

These financial statements were authorized for issue by the Board of Directors on November 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.

2. BASIS OF PRESENTATION (Continued)

(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.

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:

	September 30, 2023	December 31, 2022
Trade receivable	$ 19,725	$ 21,365
Processing receivable	4,616	5,289
Allowance for doubtful accounts	(99)	(1,045)
Other receivables	3,596	2,430
Net accounts receivable	$ 27,838	$ 28,039

For the three and nine months ended September 30, 2023, the Corporation recorded bad debt expense of $26 and $35 (September 30, 2022 - $654 and $989).

(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	135	1	—	—	—	136
Dispositions	(36)	(32)	(33)	—	—	(101)
Reclassifications	—	—	—	—		—
Effect of Foreign Currency Translation		1				1
Balance at September 30, 2023	$ 1,330	$ 687	$ 863	$ 195	$ 7,051	$ 10,126
Accumulated Depreciation						
Balance, December 31, 2022	$ 595	$ 564	$ 366	$ 134	$ 3,663	$ 5,322
Depreciation	208	54	151	46	869	1,328
Dispositions	(37)	(32)	(33)	—	—	(102)
Effect of Foreign Currency Translation	1	—	—	—	(1)	—
Balance at September 30, 2023	$ 767	$ 586	$ 484	$ 180	$ 4,531	$ 6,548
Carrying amounts						
Balance December 31, 2022	$ 636	$ 153	$ 530	$ 61	$ 3,388	$ 4,768
Balance at September 30, 2023	$ 563	$ 101	$ 379	$ 15	$ 2,520	$ 3,578

5. INTANGIBLE ASSETS

Intangible assets with a finite life are amortized into operating expenses over their useful lives. Included in intangible assets as at September 30, 2023 is $9,367 (December 31, 2022 - $5,545) of software related to the PayiQ platform that has not yet commenced amortization as at September 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	5,416	—	—	—	40	5,456
Balance September 30, 2023	$ 21,520	$ 320	$ 3,860	$ 92,667	$ 7,055	$ 125,422
Accumulated Amortization						
Balance December 31, 2022	$ 3,692	$ 208	$ 3,808	$ 23,938	$ 4,501	$ 36,147
Amortization	1,582	28	52	9,291	1,414	12,367
Balance September 30, 2023	$ 5,274	$ 236	$ 3,860	$ 33,229	$ 5,915	$ 48,514
Carrying Value						
Balance December 31, 2022	$ 12,412	$ 112	$ 52	$ 68,729	$ 2,514	$ 83,819
Balance September 30, 2023	$ 16,246	$ 84	$ —	$ 59,438	$ 1,140	$ 76,908

(Expressed in thousands of United States Dollars)

6. BORROWING

The following table sets out the Corporation's borrowings:

	September 30, 2023	December 31, 2022
Loan Agreement (i) Balance - end of period	$ 69,934	$ 76,936
Current	$ 69,934	$ 9,428
Non-current	—	67,508
	$ 69,934	$ 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%.

At September 30, 2023, the Corporation was not in compliance with a provision of the BMO Loan Agreement. At the end of the reporting period, the Corporation did not have an unconditional right to defer its settlement of the BMO Loan Agreement for at least twelve months and has classified the liability as current. As a result of a waiver being subsequently attained, the acceleration of the BMO Loan Agreement was subsequently reclassified in accordance with the original repayment terms on October 1, 2023. The BMO Loan Agreement contains standard compliance requirements as well as ongoing debt service and coverage covenants.

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 September 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.

(Expressed in thousands of United States Dollars)

6. BORROWING (Continued)

Interest expense on borrowings during the three and nine months at September 30, 2023 was $1,502 and $4,595 (September 30, 2022 - $1,153 and $2,762).

(ii) Finance Costs

The Corporation's finance costs comprise the following:

	Three months ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Interest on borrowings	$ 1,502	$ 1,153	$ 4,595	$ 2,762
Amortization of debt issuance costs	35	37	118	102
Accretion expense	—	25	42	119
Net finance costs on leases	43	60	144	185
Total finance costs	$ 1,580	$ 1,275	$ 4,899	$ 3,168

7. RELATED PARTY TRANSACTION AND BALANCES

(i) Key management compensation

The Corporation's key management consist of executive officers and directors.The Corporation announced on October 12, 2023 the addition of two new directors to the board and the resignation of one director. Nick Lim and Darcy Morris were appointed as directors of the Corporation as the result of a process to refresh the Board in light of concerns raised by certain shareholders of the Corporation. Additionally, Phil Sorgen has resigned.

The compensation recorded to key management personnel during the three and nine months ended September 30, 2023 and 2022 were as follows:

	Three months ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Salaries and short term benefits	$ 223	$ 450	$ 668	$ 1,490
Share based compensation	$ 59	$ 556	$ 1,043	$ 1,020

8. LEASE LIABILITIES

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

	September 30, 2023
2023	$ 351
2024	1,196
2025	652
2026	261
2027+	771
Total	$ 3,231
Discounting	(317)
Total	$ 2,914

(Expressed in thousands of United States Dollars)

8. LEASE LIABILITIES (Continued)

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

	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Total Short-Term Lease Expense	$ 130	$ 117
Variable Lease Expense	276	259
Sublease income	(105)	(12)
	$ 301	$ 364

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

Opening balance January 1, 2023	$ 3,865
Payments (net of accretion)	(944)
Effect of foreign currency translation	(7)
Present value of lease liability September 30, 2023	$ 2,914

9. SHARE CAPITAL

(a) Share Issuances

The Corporation is authorized to issue an unlimited number of common shares. As at September 30, 2023, 400,456,064 common shares were issued and outstanding as fully paid and non-assessable (December 31, 2022 —368,753,749).

For the nine months ended September 30, 2023, the Corporation issued a net of 9,972,550 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 (September 30, 2022 - 873,740 exercise of RSU's and 0 options and PSU's with 10,315,042 shares issued as payment of contingent consideration). As at September 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 $4,544.

(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
Expired	(200,000)	0.35
Outstanding at September 30, 2023	3,595,000	$ 0.53

For the three and nine months ended Sepember 30, 2023, the Corporation recognized share based compensation from stock options of $21 and $136 (September 30, 2022 - $21 and $83).

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

Grant Date	Expiry Date	Ex price (CAD)	Number of options	Exercisable
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	325,000
02-Aug-21	August 2, 2026	1.52	100,000	100,000
01-Mar-22	February 28, 2027	0.81	100,000	33,333
26-Jul-22	July 26, 2027	0.59	1,000,000	666,667
			3,595,000	3,195,000

The weighted average contractual life for the remaining options at September 30, 2023 is 1.37 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.

(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.

(Expressed in thousands of United States Dollars)

9. SHARE CAPITAL (Continued)

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

	# of RSU's
Opening balance December 31, 2022	8,987,641
Granted	6,099,307
Exercised	(8,751,709)
Forfeited	(195,000)
Closing balance September 30, 2023	6,140,239

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 September 30, 2023 is as follows:

	# of PSU
Opening balance December 31, 2022	3,499,801
Granted	4,740,290
Exercised	(1,220,841)
Cancelled/Forfeited	(1,039,208)
Closing balance September 30, 2023	5,980,042

For the three and nine months ended September 30, 2023, the Corporation recognized share based compensation related to RSU's and PSU's of $529 and $3,090 (September 30, 2022 - $1,306 and $2,472).

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

The fair value will be recorded as a charge to expense and included in stock based compensation expense over the vesting period with a reduction to expense for the three and nine months ended September 30, 2023 of $(0) and $(17) - (September 30, 2022 - $7 and $20).

(Expressed in thousands of United States Dollars)

10. NET LOSS PER SHARE

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

	Three months ended		nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Net loss for the period attributable to Owners of the Corporation	$ (934)	$ (1,849)	$ (6,477)	$ (3,434)
Weighted average number of shares outstanding, basic	380,661,050	362,378,976	375,628,127	358,654,639
Basic and Diluted Income (Loss) Per Share	$ (0.00)	$ (0.01)	$ (0.02)	$ (0.01)

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

	September 30, 2023	September 30, 2022
RSU’s	6,140,239	9,300,084
PSU’s	5,980,042	3,580,591
Stock options	3,595,000	4,563,334
SARS	70,750	76,750
	15,786,031	17,520,759

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 September 30, 2023 is $5,612 (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 September 30, 2023 is $24,242 (December 31, 2022 — $25,609). Accounts receivable are shown net of provision of credit losses of $99 (December 31, 2022 — $1,045).

	under 30	30-60 days	over 60 days	Total
Trade and processing receivable aging	$ 17,864	$ 1,899	$ 4,479	$ 24,242

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

(Expressed in thousands of United States Dollars)

11. FINANCIAL INSTRUMENTS (Continued)

(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 September 30, 2023, the Corporation has $5,612 (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	$ 15,619	966	$ —	$ —
Income taxes payable	3,820	1,414	—	—
Contingent consideration	10,000	—	—	—
Loan agreement	69,934	—	—	—
Total	$ 99,373	$ 2,380	$ —	$ —

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 +/-$699 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 September 30, 2023 and December 31, 2022, the Corporation's net exposure to foreign currency risk on its financial instruments is as follows:

	September 30, 2023	December 31, 2022
	CAD$	CAD$
Cash	$ 978	$ 574
Accounts receivable	3,507	2,251
Accounts payable and accrued liabilities	(331)	(602)
	$ 4,154	$ 2,223
United States dollar equivalent	$ 3,072	$ 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. As at September 30, 2023, the Corporation has $550 in deposits with sponsoring banks (September 30, 2022 - $350).

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 nine months ended September 30, 2023, the Corporation recorded non-controlling interest of $(345) and $(808) (September 30, 2022 - $(292) and $(737)).

14. REVENUE

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

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Cloud Solutions Professional Services	$ 19,275	$ 24,849	$ 58,159	$ 73,028
Cloud Solutions Maintenance, License and third party licenses and support	11,404	11,174	34,567	32,008
Payment Processing Solutions	13,692	12,791	45,278	36,325
	$ 44,371	$ 48,814	$ 138,004	$ 141,361

The Corporation is not exposed to concentration risk relating to one customer greater than 10% of revenue for the three and nine months ended September 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.

	Nine Months Ended					
	September 30, 2023			September 30, 2022		
	Global Cloud Solutions	Global Payment Solutions	Consolidated	Global Cloud Solutions	Global Payment Solutions	Consolidated
Revenue	$ 92,726	$ 45,278	$ 138,004	$ 105,036	$ 36,325	$ 141,361
Expenses	80,187	39,412	119,599	92,211	28,277	120,488
EBITDA (Adjusted)	12,539	5,866	18,405	12,825	8,048	20,873
All Other Expenses			25,690			25,044
Net Loss			$ (7,285)			$ (4,171)

	Three Months Ended					
	September 30, 2023			September 30, 2022		
	Global Cloud Solutions	Global Payment Solutions	Consolidated	Global Cloud Solutions	Global Payment Solutions	Consolidated
Revenue	$ 30,679	$ 13,692	$ 44,371	$ 36,023	$ 12,791	$ 48,814
Expenses	24,949	12,413	37,362	31,247	9,969	41,216
EBITDA (Adjusted)	5,730	1,279	7,009	4,776	2,822	7,598
All Other Expenses			8,288			9,739
Net Loss			$ (1,279)			$ (2,141)

16. SUBSEQUENT EVENTS

On November 28, 2023, the Corporation entered into a definitive stock purchase agreement with Fulcrum IT Partners (“Fulcrum”) pursuant to which the Corporation agreed to sell LedgerPay, Inc. (“PayiQ”). The consideration for the sale of PayiQ will consist of the issuance of 27,000 preferred shares of a subsidiary of Fulcrum (”Fulcrum Payments”) to the Corporation. On the third anniversary of the effective date of the transaction, the consideration shares shall be automatically converted into common shares of Fulcrum Payments with a value equal to US$1,000 per share, provided that the common shares of Fulcrum are listed and posted for trading on a recognized stock exchange in Canada or the United States. If Fulcrum’s common shares are not publicly traded at such time, the Corporation shall have the right to require Fulcrum to purchase all or a portion of the consideration shares for a purchase price equal to US$1,000 per share, for aggregate consideration of up to US$27,000. The Corporation may also be entitled to additional contingent consideration in the form of performance earn-outs if PayiQ achieves certain financial thresholds during the three-year period following the closing of the transaction. The amount of the earn-out is a maximum of US$18,000 payable in cash based on PayiQ exceeding revenue growth targets.

Immediately prior to the entering into of the stock purchase agreement, former shareholders of PayiQ were issued an aggregate of 4,248,000 common shares of the Corporation in exchange for their aggregate 20% equity interests in PayiQ resulting in Fulcrum agreeing to acquire 100% of PayiQ from the Corporation.

Completion of the transaction is subject to a number of certain conditions and is expected to close before December 31, 2023.

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