QUISITIVE™

CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended December 31, 2023 and 2022

(expressed in United States dollars unless otherwise noted)

QUISITIVE TECHNOLOGY SOLUTIONS, INC.
Consolidated Financial Statements
December 31, 2023 and 2022
(Expressed in thousands of United States Dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Quisitive Technology Solutions, Inc.

Opinion

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

- the consolidated statements of financial position as at December 31, 2023 and December 31, 2022
- the consolidated statements of comprehensive loss for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2023 and December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

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

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Evaluation of goodwill impairment analysis for the Cloud solutions and Payment solutions cash generating units

Description of the matter:

We draw attention to Notes 3(h) and 9 to the financial statements. The Entity performs impairment testing of its non-financial assets annually, or more frequently if events or circumstances indicate the carrying value of the Entity's cash generating units ("CGU") might exceed their recoverable amount. For the purposes of impairment testing, goodwill has been allocated to the Entity's CGUs. The recoverable amount is the higher of fair value less costs of disposal and value-in-use. The recoverable amount of the Cloud solutions CGU was determined based on its value-in-use and no impairment was recorded. Under the value-in-use approach, the recoverable amount is calculated based on the present value of future cash flows expected to be derived from the CGU. The calculation of the recoverable amount is most sensitive to the following significant assumptions: future cash flows, discount rate and terminal growth rate. The recoverable amount for the Payments solutions CGU was based on fair value less costs of disposal, estimated using the proceeds of the Payments solutions CGU, and an impairment loss of $78,217 was recognized.

Why the matter is a key audit matter:

We identified the evaluation of goodwill impairment analysis for the Cloud solutions and Payment solutions CGUs as a key audit matter. This matter represented a significant risk of material misstatement given the magnitude of the asset values and the high degree of estimation uncertainty in assessing the Entity's significant assumptions. The involvement of professionals with specialized skills and knowledge was required to evaluate the Entity's significant assumptions in assessing the recoverable amount of the Cloud solutions CGU.

How the matter was addressed in the audit:

The primary procedures we performed to address this key audit matter included the following:

For the Cloud solutions CGU:

We evaluated the future cash flows in comparison to the actual historical cash flows to assess the Entity's ability to accurately predict cash flows. We considered changes in conditions and events to assess the assumptions made in arriving at the future cash flow estimates.

We evaluated the terminal growth rate by comparing to published reports of industry analysts

We involved valuation professionals with specialized skills and knowledge who assisted in evaluating the appropriateness of the discount rate by comparing to a discount rate range that was independently developed using publicly available market data for comparable entities.

For the Payment solutions CGU:

We evaluated the appropriateness of the proceeds of the Payments solutions CGU by comparing to the final purchase agreements for the divestitures of LedgerPay, Inc. (Pay IQ) and Bankcard USA Merchant Services, Inc. that were closed subsequent to December 31, 2023.

Assessment of Held for Sale and Classification of Discontinued Operations for the disposals of Ledgerpay, Inc ("PayIQ") and Bankcard USA Merchant Services, Inc ("Bankcard") (collectively, the Payment solutions segment)

Description of the matter:

We draw attention to Notes 3(n), 3(o),19 and 20 to the financial statements. On October 30, 2023, the Entity decided to focus its efforts and resources on the Cloud Solutions segment and initiated the process to exit the Payment solutions segment. On October 30, 2023, management committed to a plan to sell PayIQ, and on December 22, 2023, management committed to a plan to sell Bankcard. The Entity has classified $116,536 and $13,812 as assets held for sale and liabilities directly associated with assets held for sale, respectively. Given the disposal group represents a separate major line of business that has been held for sale, it has been presented as discontinued operations in the current and comparative periods in the statements of comprehensive loss.

Why the matter is a key audit matter:

We identified the assessment of held for sale and classification of discontinued operations for the disposal of the Payment solutions segment as a key audit matter. This matter was a significant transaction due to the importance of the matter to the users' understanding of the financial statements, in particular its magnitude.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

- Assessing the Entity's judgments in determining whether each transaction met the held for sale and discontinued operations criteria by reading minutes from meetings of the Board of Directors and related committees, and obtaining signed share purchase agreements or letters of intent.
- Comparing the relevant accounting guidance against the Entity's conclusions.

Other Information

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

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

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

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

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

We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

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

Vaughan, Canada

April 29, 2024

QUISITIVE TECHNOLOGY SOLUTIONS, INC
Consolidated Statements of Financial Position
As at December 31, 2023 and 2022
(Expressed in thousands of United States Dollars)

As at	December 31, 2023	December 31, 2022
Assets current		
Cash	$ 7,015	$ 9,408
Accounts receivable (Note 4)	21,390	28,039
Current income tax receivable	—	75
Work in progress	1,753	1,745
Prepaid expenses	1,990	2,460
Assets held for sale (Note 19)	116,536	—
	148,684	41,727
Non-current assets		
Property and equipment, net (Note 5)	2,594	4,768
Intangible assets (Note 6)	21,366	83,819
Goodwill (Note 9)	61,945	197,271
Deposits with sponsor banks	—	350
Deferred tax asset (Note10)	5	$ —
Total Assets	**$ 234,594**	**$ 327,935**
Liabilities current		
Accounts payable and accrued liabilities	$ 14,187	$ 16,598
Current income tax payable	3,853	3,054
Current portion of loan agreement (Note 7)	67,512	9,428
Current portion of deferred revenue	5,015	5,460
Current portion of lease liability (Note 11)	775	1,272
Liabilities directly associated with the assets held for sale (Note 19)	13,812	—
Current portion of contingent consideration (Note 16)	10,333	11,124
	115,487	46,936
Non-current liabilities:		
Loan agreement (Note 7)	—	67,508
Lease liability (Note 11)	1,593	2,593
Deferred tax liability (Note 10)	—	10,488
Total Liabilities	$ 117,080	$ 127,525
Shareholders' equity		
Share capital (Note 12)	254,403	243,978
Contributed surplus (Note 13)	4,012	7,455
Deficit	(139,979)	(48,777)
Accumulated other comprehensive income	(922)	(1,124)
Equity attributable to owners of the corporation	117,514	201,532
Non-controlling interest (Note 15)	—	(1,122)
	117,514	200,410
Total Liabilities and Shareholders' Equity	**$ 234,594**	**$ 327,935**

Subsequent Events (Note 21)

Approved on behalf of the Board: "Mike Reinhart" "David Guebert"

Mike Reinhart, CEO — David Guebert, Director and Chair of Audit Committee

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

QUISITIVE TECHNOLOGY SOLUTIONS, INC
Consolidated Statements of Comprehensive Loss
Year Ended December 31, 2023 and 2022
(Expressed in thousands of United States Dollars, except share amounts)

	2023	2022*
Revenue from continuing operations (Note 17)	$ 121,224	$ 137,764
Cost of Revenue	72,435	82,966
Gross Margin	48,789	54,798
Operating Expenses		
Sales and marketing expense	12,576	11,805
General and administrative	23,829	27,511
Development	435	434
Share-based compensation (Note 12)	3,904	3,325
Interest expense (Note 7)	6,759	4,620
Amortization (Note 6)	7,767	8,258
Earn-out settlement loss (Note 16)	—	5,228
Acquisition related compensation	638	2,772
Depreciation (Note 5)	1,076	1,287
Foreign exchange loss (gain)	255	(219)
Acquisition-related, transaction and other expenses	3,171	688
Other Income	(24)	(241)
Loss from continuing operations before income taxes	(11,597)	(10,670)
Income tax expense — current (Note 10)	1,202	2,132
Deferred income tax expense (recovery) (Note 10)	2	(1,928)
Loss from continuing operations	**$ (12,801)**	**$ (10,874)**
Discontinued Operations		
Income (loss) from discontinued operations, net of tax (Note 20)*	$ (79,485)	$ 1,596
Loss for the Period	**$ (92,286)**	**$ (9,278)**
Comprehensive Loss:		
Items that may be reclassified subsequently to income		
Foreign currency translation adjustment	202	(314)
Comprehensive loss	$ (92,084)	$ (9,592)
Net Loss Attributed to:		
Non controlling interest (Note 15)	(1,084)	(906)
Owners of the corporation	(91,202)	(8,372)
	(92,286)	(9,278)
Basic and Diluted Loss per share from continuing operations (Note 13)	(0.03)	(0.03)
Basic and Diluted Loss per share from discontinuing operations (Note 13)	(0.21)	0.00
Weighted Average Number of Common Shares Outstanding	377,295,965	361,002,113

***Comparative information has been re-presented due to a discontinued operation and a change in classification. See Note 20**

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

QUISITIVE TECHNOLOGY SOLUTIONS, INC
Consolidated Statements of Changes in Shareholders' Equity
Year Ended December 31, 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	1,179,460	600	(600)					—
Net settlement of tax liabilities on RSU's	(310,558)	(286)						(286)
Expiration of warrants			416	(416)				—
Exercise of stock options	15,000	5	(5)					—
Stock based compensation			3,325					3,325
Shares issued as payment of contingent consideration	11,554,968	6,413						6,413
Equity issuance costs		(152)						(152)
Change in cumulative impact of foreign currency						(314)		(314)
Net loss for the period					(8,372)		(906)	(9,278)
Balance December 31, 2022	**368,753,749**	**$243,978**	**$ 7,455**	**$ —**	**$ (48,777)**	**$(1,124)**	**$ (1,122)**	**$ 200,410**
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	695,000	335	(158)					177
Stock based compensation			3,904					3,904
Shares issued as payment of contingent consideration (Note 16)	1,279,765	583						583
Bought deal (Note 12)	19,780,000	4,544						4,544
Cost of capital		(20)						(20)
Shares issued as repurchase of minority interest(Note 12)	4,248,000	1,392	(3,598)				2,206	—
Change in cumulative impact of foreign currency						202		202
Net loss for the period					(91,202)		(1,084)	(92,286)
Balance December 31, 2023	**404,729,064**	**$254,403**	**$ 4,012**	**$ —**	**$(139,979)**	**$ (922)**	**$ —**	**$ 117,514**

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

QUISITIVE TECHNOLOGY SOLUTIONS, INC.
Consolidated Statements of Cash Flow
Years Ended December 31, 2023 and 2022
(Expressed in thousands of United States Dollars)

	Year ended	
	December 31, 2023	December 31, 2022
Operating Activities		
Net loss for the period	$ (92,286)	$ (9,278)
Items not involving cash		
Amortization	16,721	17,212
Depreciation	1,751	2,029
Unrealized foreign exchange	195	(219)
Share-based compensation	3,904	3,325
Interest expense and accretion	6,822	4,709
Impairment of goodwill	78,217	—
Acquisition related compensation	638	2,772
Earnout settlement loss	—	5,228
Deferred tax liability	(5)	—
Deferred income tax recovery	(810)	(4,363)
	15,147	21,415
Changes in non-cash working capital		
Accounts receivables and contract assets	2,865	(4,408)
Income tax receivable	(1,251)	—
Work in progress	(8)	38
Prepaid and expenses	(401)	140
Accounts payable and accrued liabilities	666	(2,838)
Income tax payable, net	2,121	2,390
Deferred revenue	(255)	1,535
Cash Provided by Operating Activities	18,884	18,272
Investing Activity		
Additions of intangible assets	(6,957)	(5,055)
Purchase of property and equipment	(171)	(323)
Deposits with sponsoring banks	(200)	—
Cash Used in Investing Activities	(7,328)	(5,378)
Financing Activities		
Proceeds from bought deal net of issuance costs (Note 12)	4,544	—
Repayment of loan agreement	(9,428)	(9,077)
Interest paid	(6,818)	(4,135)
Lease payments	(1,266)	(811)
Proceeds of loan agreement	—	7,500
Payment of equity issuance costs,	—	(152)
Payment of debt issuance costs	(164)	—
Payment of contingent consideration	(584)	(10,041)
Net settlement of RSU's employee stock options	—	(286)
Proceeds from the exercise of stock options	177	—
Cash Used by Financing Activities	(13,539)	(17,002)
Net Decrease in Cash throughout period	(1,983)	(4,108)
Net Cash classified within assets held for sale	(410)	—
Cash and restricted cash, beginning of period	9,408	13,516
Cash and restricted cash, end of period	**$ 7,015**	**$ 9,408**

The Corporation has elected to present a statement of cash flows that includes an analysis of all cash flows in total - i.e. including both continuing and discontinued operations; amounts related to discontinued operations by operating, investing and financing activities are disclosed in Note 20.

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

(Expressed in thousands of United States Dollars)

1. NATURE OF OPERATIONS

(a) Nature of operations

Quisitive Technology Solutions, Inc. (the "Corporation") is a premier Microsoft solutions provider that leverages the power of the Microsoft cloud and artificial intelligence, alongside custom and proprietary technologies, to drive business outcomes for its customer.

Based on the information reviewed by the chief operating decision maker, and following the decision to dispose of the operations previously consisting of the Payment Solutions segment (Notes 19, 20, 21), the Corporation consists of a sole operating and reporting segment, Cloud Solutions.

Quisitive focuses on helping enterprises across industries leverage the Microsoft platform to adopt, innovate, and thrive in the era of AI. With a legacy of deep technical and business expertise across the entire Microsoft cloud platform, Quisitive maintains capabilities in Microsoft Azure, Microsoft Dynamics, Microsoft 365, artificial intelligence, security, custom application development, managed services, and more.

(b) Structure of Business

The Corporation has the following subsidiaries:

Entity name	Country	Ownership percentage at December 31, 2023	Ownership percentage at December 31, 2022
		%	%
Bankcard USA Merchant Services, Inc. (Held for Sale)	USA	100	100
Corporate Renaissance Group Inc,	Canada	100	100
Ledgerpay, Inc rebranded as PayiQ (Held for Sale)	USA	100	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

The consolidated financial statements ("financial statements') of the Corporation have been prepared in compliance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements were authorized for issue by the Board of Directors on April 29, 2024.

(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.

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.

2. BASIS OF PRESENTATION (Continued)

(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.

(vii) For assets held for sale, management must use estimates, assumptions and valuation methodologies when determining the fair value less costs to sell of the disposal group to assess if the carrying value of the disposal group is greater than its recoverable amount. Changes in these inputs could materially affect the recorded amounts.

Significant areas requiring the use of judgments include:

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

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

(iii) Deferred income tax assets and liabilities result from timing differences between the financial reporting and tax 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.

2. BASIS OF PRESENTATION (Continued)

(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.

(viii) The determination as to whether a disposal group meets the criteria to be classified as held for sale, and the assets and liabilities included within that disposal group, requires management to exercise judgment. Management must also exercise judgment when determining at which date all of the criteria are satisfied for the disposal group to be classified as held for sale.

3. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Revenue recognition

IFRS 15, Revenue from Contracts with Customers, applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRS. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps: i) identify the contract with a customer; ii) identify the performance obligations in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligations in the contract; and v) recognize revenue when (or as) the entity satisfies a performance obligation.

Payment processing services (Payment Solutions)

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

Pursuant to IFRS 15, at contract inception, the Corporation assesses the goods and services promised in its contracts with customers and identifies a performance obligation for each promise to transfer a good or service to the customer that is distinct. For the Corporation's payment solutions specifically, the nature of its promise to the customer is that the Corporation stands-ready to process transactions on a daily basis over the contract term. Since the timing and quantity of transactions to be processed by the Corporation is usage-based and indeterminable, the Corporation views payment services as an obligation to stand-ready to process as many transactions as the customer requests. Under a stand ready obligation, the evaluation of the nature of the

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Corporation's performance obligation is focused on each time increment rather than the underlying activity. Therefore, the Corporation views payment services to comprise a series of distinct transactions at specific points in time that are substantially the same and have the same pattern of transfer to the customer. Accordingly, the promise to stand ready is accounted for as a single-event performance obligation.

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

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

Certain of the Corporation's technology-enabled customer arrangements contain multiple promises, such as payment services, age verification services and other software-as-a-service ("SaaS"), and equipment, each of which is evaluated to determine whether it represents a separate performance obligation. SaaS arrangements are generally offered on a subscription basis with per transaction fees, providing the customers with access to the SaaS platform (such as age verification software or online payment gateway along with general support and maintenance services. Because these promised services within the Corporation's SaaS arrangements are delivered concurrently over the contract term with monthly fees and no minimum commitment period and the ability to terminate at any time, the Corporation accounts for these promises as if they are a single performance obligation (usage-based) that include a series of distinct services with the same pattern of transfer to the customer.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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

The Corporation satisfies the combined SaaS performance obligation by standing-ready to provide access to the SaaS. Consideration for SaaS arrangements may consist of fixed monthly and/or usage base transaction fees.

Revenue is recognized over the period for which the services are provided or by directly ascribing any fees to the distinct day of service based on the services that are performed on that day. In the case of the Corporation's proprietary internet age verification software application, the Corporation retains control over the relationship with its customer and the stand-ready obligation to meet the daily service requirement that is usage-based.

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

Professional Services (Cloud Solutions)

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

Certain costs incurred by the Corporation for subcontractors and other expenses that are recoverable directly from clients are billed to the clients and therefore included in revenue.

Project costs include all direct labor and subcontract costs and those indirect costs related to contract performance such as benefits, travel expenses and hardware and software reimbursements. Selling, general and administrative costs are charged to expenses as incurred.

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

Maintenance, License and other revenue (Cloud Solutions)

Revenue is recognized at the time the related performance obligation is satisfied by transferring the promised product or service to the customer. The license component of that contract is recognized on a percentage of completion basis as the integral services related in the license transfer are completed.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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

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

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

Processing Receivable and Accounts Receivable

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

Credit terms are extended to customers in the normal course of business. The Corporation performs ongoing credit evaluations of its customers based on payment history and willingness to pay and, generally, requires no collateral.

Accounts receivable are recorded at their estimated net realizable value, net of an expected credit loss. The Corporation's estimate of expected credit loss is based upon historical experience, its evaluation of the current status of receivables, and unusual circumstances, if any. Accounts are considered past due if payment is not made on a timely basis in accordance with the Corporation's credit terms.

Contract Costs

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

(b) Income Taxes

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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

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

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

(c) Share Issue Costs

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

(d) Share-based compensation

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount for equity settled awards is recorded to contributed surplus. The fair value of options is determined using the Black-Scholes option pricing model. Share-based payments with service and non-market performance conditions attached to the instruments were not taken into account in measuring fair value. For employee share options, the number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. The Corporation's share-based plans are described in Note 12.

(e) Property and equipment

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

(f) Intangible assets

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

Intangible assets with finite lives are amortized over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. A change in the expected useful life of the expected pattern of consumption of future

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

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

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

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

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

Website Development	2 Years
Software	2-6 Years
Customer Relationships	3-8 Years
Microsoft Relationships	5 Years
Brand	2-6 Years

(g) Goodwill

Goodwill is allocated to the Corporation’s CGUs that are expected to benefit from the synergies of the business combination. Goodwill is not amortized, but is tested for impairment at least annually. An impairment loss in respect of goodwill is not reversed. On the disposal or termination of a previously acquired business, any remaining balance of associated goodwill is included in the determination of the gain or loss on disposal. The Corporation performs the annual goodwill impairment tests by December 31 each year.

(h) Impairment of non-financial assets

The Corporation performs impairment testing of its non-financial assets annually, or more frequently if events or circumstances indicate the carrying value of the Corporation's cash generating units ("CGU") might exceed their recoverable amount. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit
to which the asset belongs. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. When an impairment loss subsequently reverses (except for goodwill), the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(i) Income (loss) per share

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

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

(j) Foreign currency translation

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

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

(k) Financial Instruments

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

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

Measurement

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

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

Impairment

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

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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

	IFRS 9	
	Classification	**Measurement**
Cash	FVTPL	Fair Value
Accounts receivables	Amortized Cost	Amortized Cost
Accounts payables and accrued liabilities	Amortized Cost	Amortized Cost
Contingent consideration	FVTPL	Fair Value
Income tax payable/receivable	Amortized Cost	Amortized Cost
Loan agreement	Amortized Cost	Amortized Cost
Lease liability	Amortized Cost	Amortized Cost

(l) ***Operating Segment***

Following the decision to dispose of the operations previously consisting of the Payment Solutions segment (Notes 19, 20 and 21), management has determined that the continuing operations of the Corporation operates with one segment.

(m) Leases

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

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

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

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

(Expressed in thousands of United States Dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(n) Assets Held for Sale

When a disposal group is classified as held for sale, assets and liabilities are aggregated and presented as separate line items, respectively, on the consolidated statement of financial position. Comparative periods are not restated on the consolidated statement of financial position. Assets held for sale are not depreciated and are measured at the lower of carrying value and fair value less costs to sell. The determination as to whether a disposal group meets the requirements to be classified as held for sale and the asset and liabilities to be included within the disposal group, requires management to exercise judgement when making these determinations. Management must also exercise judgement when determining at which date all of the criteria are satisfied to be classified as held for sale. Management must also use estimates when determining the fair value less costs to sell of the disposal group to assess if the carrying value of the disposal group is greater than its recoverable amount.

(o) Discontinued Operations

Discontinued operations are reported when a component of the Company, representing a separate major line of business or area of operations with clearly distinguishable cash flows, has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. Discontinued operations are reported as a separate element of net income or loss on the consolidated statement of net and comprehensive loss for both the current and comparative periods.

4. ACCOUNTS RECEIVABLE

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

	December 31, 2023	December 31, 2022
Trade receivable	$ 19,304	$ 21,365
Processing Receivable	—	5,289
Allowance for doubtful accounts	(577)	(1,045)
Other receivables	2,663	2,430
Net accounts receivable	$ 21,390	$ 28,039

For the year ended December 31, 2023, the Corporation recorded bad debt expense of $514 (December 31, 2022 - $908).

(Expressed in thousands of United States Dollars)

5. PROPERTY AND EQUIPMENT

	Computers and Network Equipment	Furniture and Equipment	Leasehold Improvements	Software	Right of Use Asset	Total
Cost						
Balance December 31, 2021	$ 1,067	$ 742	$ 868	$ 195	$ 7,274	$ 10,146
Additions	188	42	92	—	163	485
Dispositions	(9)	(102)	(15)	—	(390)	(516)
Reclassifications	—	42	(42)	—	—	—
Effect of foreign currency translation	(15)	(7)	(7)	—	4	(25)
Balance December 31, 2022	$ 1,231	$ 717	$ 896	$ 195	$ 7,051	$ 10,090
Additions	159	1	11	—	525	696
Dispositions	(36)	(32)	(33)	—	—	(101)
Reclassifications to assets held for sale (Note 19)	(461)	(147)	(648)	—	(1,781)	(3,037)
Effect of foreign currency translation	4	4			6	14
Balance at December 31, 2023	$ 897	$ 543	$ 226	$ 195	$ 5,801	$ 7,662
Accumulated Depreciation						
Balance, December 31, 2021	$ 320	$ 464	$ 141	$ 73	$ 2,355	$ 3,353
Depreciation	$ 291	$ 102	$ 232	$ 61	$ 1,343	$ 2,029
Dispositions	$ (3)		$ (15)		$ (34)	$ (52)
Effect of foreign currency translation	$ (13)	$ (2)	$ 8	$ —	$ (1)	$ (8)
Balance, December 31, 2022	$ 595	$ 564	$ 366	$ 134	$ 3,663	$ 5,322
Depreciation	271	63	202	59	1156	1,751
Dispositions	(36)	(32)	(33)	—	—	(101)
Reclassifications to assets held for sale (Note 19)	(243)	(146)	(406)	—	(1,119)	(1,914)
Effect of foreign currency translation	6	2	—	1	1	10
Balance at December 31, 2023	$ 593	$ 451	$ 129	$ 194	$ 3,701	$ 5,068
Carrying Value						
Balance December 31, 2022	$ 636	$ 153	$ 530	$ 61	$ 3,388	$ 4,768
Balance at December 31, 2023	$ 304	$ 92	$ 97	$ 1	$ 2,100	$ 2,594

For the years ended December 31, 2023 and 2022 depreciation consists of:

	Year ended December 31, 2023	Year ended December 31, 2022
Continuing operations	1,076	1,287
Discontinued operations	675	742
	$ 1,751	**$ 2,029**

(Expressed in thousands of United States Dollars)

6. INTANGIBLE ASSETS

Intangible assets with a finite life are amortized into operating expenses over their useful lives. Included in intangible assets as at December 31, 2023 is $0 (December 31, 2022 - $5,545) of software related to the PayiQ platform that has not yet commenced amortization as at December 31, 2023.

	Software	Website Development	Microsoft Relationship	Customer Relationship	Brand	Total
Cost						
Balance December 31, 2021	$ 11,012	$ 320	$ 3,860	$ 92,567	$ 6,992	$ 114,751
Additions	5,142	—	—	—	23	$ 5,165
Catapult acquisition valuation adjustments	(50)	—	—	100	—	50
Balance December 31, 2022	16,104	320	3,860	92,667	7,015	119,966
Additions	6,811	179	—	—	49	7,039
Dispositions	—	(186)	—	—	—	(186)
Reclassification to assets held for sale (Note 19)	(12,370)	(13)		(60,760)	(3,422)	(76,565)
Balance December 31, 2023	$ 10,545	$ 300	$ 3,860	$ 31,907	$ 3,642	$ 50,254
Accumulated Amortization						
Balance December 31, 2021	$ 1,763	$ 171	$ 3,036	$ 11,571	$ 2,394	$ 18,935
Amortization	1,929	37	772	12,367	2,107	17,212
Balance December 31, 2022	3,692	208	3,808	23,938	4,501	36,147
Amortization	2,447	41	52	12,388	1,794	16,722
Disposals	—	(105)	—	—	—	(105)
Reclassification to assets held for sale (Note 19)	$ (621)			$ (20,253)	$ (3,002)	$ (23,876)
Balance December 31, 2023	$ 5,518	$ 144	$ 3,860	$ 16,073	$ 3,293	$ 28,888
Carrying Value						
Balance December 31, 2022	$ 12,412	$ 112	$ 52	$ 68,729	$ 2,514	$ 83,819
Balance December 31, 2023	$ 5,027	$ 156	$ —	$ 15,834	$ 349	$ 21,366

For the years ended December 31, 2023 and 2022 amortization consists of:

	Year ended December 31, 2023	Year ended December 31, 2022
Continuing operations	7,767	8,258
Discontinued operations	8,955	8,954
	$ 16,722	**$ 17,212**

(Expressed in thousands of United States Dollars)

7. BORROWING

The following table sets out the Corporation's borrowings:

	December 31, 2023	December 31, 2022
Loan Agreement (i) Balance - end of period	$ 67,512	$ 76,936
Current	$ 67,512	$ 9,428
Non-current	—	67,508
	$ 67,512	$ 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 provided 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 0.25% 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 $1,451 at December 31, 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.

At September 30, 2023, the Corporation was not in compliance with a provision of the BMO Loan Agreement. 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.

(Expressed in thousands of United States Dollars)

7. BORROWING (Continued)

At December 31, 2023, the Corporation was not in compliance with the financial covenants 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 an amendment and restatement of the BMO Loan Agreement.on April 4, 2024, the BMO Loan Agreement was subsequently reclassified in accordance with the repayment terms (Note 21). The BMO Loan Agreement contains standard compliance requirements as well as ongoing debt service and coverage covenants.

Interest expense on borrowings during the year ended December 31, 2023 was $5,930 (December 31, 2022 - $4,061).

(ii) Finance Costs

The Corporation's finance costs comprise the following:

	December 31, 2023	December 31, 2022
Interest on borrowings	$ 5,930	$ 4,061
Interest on contingent consideration	333	—
Amortization of debt issuance costs	168	147
Accretion expense	142	172
Net finance costs on leases	186	240
Total finance costs continuing operations	6,759	4,620
Reclassification to discontinued operations	63	89
Total finance costs	$ 6,822	$ 4,709

8. RELATED PARTY TRANSACTION AND BALANCES

(i) Key management compensation

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

The compensation recorded in the financials to key management personnel during the year ended December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
Salaries and short term benefits	$ 1,070	$ 1,363
Share-based compensation	$ 1,611	$ 2,155

(Expressed in thousands of United States Dollars)

9. GOODWILL

	December 31, 2023	December 31, 2022
Balance, January 1	$ 197,271	$ 197,309
Acquisitions adjustment	—	(38)
Impairment	(78,217)	—
Reclassifications to assets held for sale (Note 19)	(57,109)	—
Balance, December 31	$ 61,945	$ 197,271

Cloud solutions

The Corporation performs a goodwill impairment test annually on October 1 and whenever there is an indication of impairment. The Corporation determined the recoverable amount of the Cloud Solutions CGU based on its value-in-use. The comparison shows no impairment based on comparing the carrying amount to the recoverable amount. The valuation techniques, significant assumptions and sensitivities applied in the goodwill impairment test are described below.

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

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

1. Discount rates
2. Terminal growth rates
3. Future cash flows

Discount rates – Discount rates represent the current market assessment of the risks specific to the Cloud Solutions CGU. The discount rate calculation is based on the specific circumstances of the Corporation and is derived from its weighted average cost of capital ("WACC"). The WACC reflects a target debt-to-equity ratio. The cost of equity is derived from the expected return on investment by the Corporation's investors. The cost of equity considers the risk-free rate, market equity risk premium, size premium and risk specific to the Cloud Solutions CGU's underlying assets that have not been considered in the cash flow projections. The risk premiums assigned are evaluated annually based on publicly available market data. The cost of debt is based on the interest-bearing borrowings that the Corporation is obliged to service. The pre-tax discount rate applied to the cash flow projections is approximately 16.9%.

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

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

Payment solutions

For the Payments CGU, the Corporation has performed a goodwill impairment test on December 31, 2023. The Corporation determined the recoverable amount of the Payment Solutions CGU based on fair value less costs of disposal, estimated using the proceeds of the Payment Solutions CGU (Note 21). The fair value measurement was categorized as a Level 3 fair value based on the inputs for the valuation techniques used.

(Expressed in thousands of United States Dollars)

9. GOODWILL (Continued)

The recoverable amount was determined based on the consideration to be received from the divestitures of LedgerPay, Inc and Bankcard, consisting of cash consideration, share consideration, contingent consideration, and forgiveness of debt.

The carrying amount of the Payment Solutions CGU was determined to be higher than its recoverable amount of $105,247 and an impairment charge of $78,217 was recognized. The impairment loss was fully allocated to goodwill and included in the loss from discontinued operations in the consolidated statement of comprehensive loss for the year ended December 31, 2023. (Note 20)

The remaining goodwill in the Payment Solutions CGU was reclassified to assets held for sale at December 31, 2023 (Note 19)

10. INCOME TAXES

(a) Tax recognized in profit or loss from continuing operations

	December 31, 2023	December 31, 2022
Current income tax expense:		
Current period	$ 1,202	$ 2,132
Deferred income tax expense (recovery)	2	(1,928)
Income tax expense from continuing operations	$ 1,204	$ 204

(b) Reconciliation of effective tax rate - continuing operations

Income tax expense differs from the amount that would be computed by applying the combined corporate income tax rate of 26.5% (2022 — 26.5%) to loss before income taxes. The reasons for the differences are as follows:

	2023	2022
Loss before income taxes from continuing operations	$ (11,597)	$ (10,670)
Statutory income tax rate	26.5 %	26.5 %
Expected income tax expense	(3,073)	(2,828)
Permanent differences, prior period adjustments and other	1,366	1,949
Unrecognized benefit of deferred tax assets	2,483	487
Benefit of temporary differences not previously recognized	(277)	—
Impact of change in tax rates	—	(270)
State taxes	159	397
Difference in income tax rates between jurisdictions	491	398
Financing fees and other	55	71
Income tax expense from continuing operations	$ 1,204	$ 204

(c) Recognized deferred tax assets and liabilities

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

(Expressed in thousands of United States Dollars)

10. INCOME TAXES (Continued)

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

	2023	2022
Non-deductible reserves and other	$ 708	$ 2,442
Losses	643	1,829
Property and equipment	(94)	(276)
Intangibles	(1,319)	(14,592)
Right of use asset	(394)	(761)
Right of use liability	461	870
Net deferred tax asset(liability)	$ 5	$ (10,488)

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

Balance - December 31, 2021	$ (14,842)
Credited to earnings	4,363
Other	(9)
Balance – December 31, 2022	$ (10,488)
Reclassified to liabilities directly associated with assets held for sale (Note19)	9,668
Credited to earnings	810
Other	15
Closing – December 31, 2023	$ 5

(d) Unrecognized deferred tax

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

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

	2023			2022		
	Canada	USA	Consolidated	Canada	USA	Consolidated
Losses carried forward	$10,229	$5,403	$ 15,632	$9,425	$ —	$ 9,425
Unrealized/realized capital losses	283	—	283	283	—	283
Deferred transaction cost	3,529	—	3,529	5,378	—	5,378
Other temporary differences	—	6,352	6,352	—	—	—
	$14,041	$11,755	$ 25,796	$15,086	$ —	$ 15,086

As at December 31, 2023, the Corporation has non-capital losses of approximately $18,264 (December 31, 2022 — $18,132) available that may be carried forward and applied against future income for income tax purposes and will begin to expire in 2028. The remaining temporary difference can be carried forward indefinitely.

In assessing deferred income tax assets, management considers whether it is probable that some portion or all of the deferred income tax assets will be realized. The ultimate realization of deferred income tax assets

(Expressed in thousands of United States Dollars)

10. INCOME TAXES (continued)

is dependent upon the generation of future taxable income during the years in which those temporary differences become deductible.

Management considers the scheduled reversals of deferred income tax liabilities, the character of the deferred income tax assets and available tax planning strategies in making this assessment. Management continually evaluates the likelihood that its deferred tax assets could be realized. The Corporation recognizes tax benefits on losses or other deductible amounts generated where it is probable that sufficient taxable income will exist in the future to utilize deferred tax assets.

11. LEASE LIABILITIES

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

	December 31, 2023
2024	$ 892
2025	556
2026	450
2027	269
2028+	502
Total	$ 2,669
Discounting	(301)
Total	$ 2,368

(ii) Property lease payments including variable lease payments for the twelve months ended December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022 (Restated)
Total short-term lease expense	$ 166	$ 323
Variable lease expense	357	410
Sublease income	(160)	(13)
	$ 363	$ 720

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

Opening balance January 1, 2022	$ 4,995
Payments (net of accretion)	$ (1,293)
New leases	$ 163
Opening balance January 1, 2023	$ 3,865
Payments (net of accretion)	(1,265)
New leases	525
Effect of foreign currency translation	(6)
Reclassification to liabilities directly associated with assets held for sale (Note 19)	(751)
Present value of lease liability December 31, 2023	$ 2,368

12. SHARE CAPITAL

(a) Share Issuances

The Corporation is authorized to issue an unlimited number of common shares. As at December 31, 2023, 404,729,064 common shares were issued and outstanding as fully paid and non-assessable (December 31, 2022 —368,753,749).

For the year ended December 31, 2023, the Corporation issued a net of 9,972,550 shares related to the vesting of RSU's and PSU's, 695,000 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 an equity offering (December 31, 2022 - 868,902 net exercise of RSU's and PSU's, and 15,000 options with 11,554,968 shares issued as payment of contingent consideration).

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.

On November 27, 2023, a corporate action took place involving LedgerPay, Inc., where a total of 4,248,000 shares were issued in relation to put notices within employment agreements to convert shares of LedgerPay, Inc into shares of the Corporation. This dissolved the existing 20% minority interest, resulting in the Corporation obtaining the remaining 20% non-controlling interest in LedgerPay, Inc. (Note 15). This development is part of a broader narrative where Quisitive Technology Solutions Inc. entered into a definitive stock purchase agreement with Fulcrum IT Partners to sell its LedgerPay subsidiary, which includes the LedgerPay (PayiQ) cloud-enabled payment processing platform.

(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.

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.

(Expressed in thousands of United States Dollars)

12. SHARE CAPITAL (Continued)

	Number of options	Weighted average exercise price (CAD)
Outstanding at December 31, 2021	3,480,000	$ 0.48
Granted	1,100,000	0.61
Exercised	(15,000)	0.35
Cancelled/forfeited	(100,000)	0.28
Outstanding at December 31, 2022	4,465,000	0.49
Granted	1,170,000	0.26
Exercised/released	(695,000)	0.34
Cancelled/forfeited	(200,000)	0.66
Expired	(1,120,000)	0.35
Outstanding at December 31, 2023	3,620,000	$ 0.48

For the year ended December 31, 2023, the Corporation recognized share-based compensation from stock options of $223 (December 31, 2022 - $185).

The following options were issued and outstanding as at December 31, 2023:

Grant Date	Expiry Date	Ex price (CAD)	Number of options	Exercisable
24-Dec-19	December 23, 2024	0.20	925,000	925,000
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	33,333	33,333
26-Jul-22	July 26, 2027	0.59	866,667	666,667
12-Oct-23	December 10, 2028	0.32	250,000	—
19-Dec-23	December 19, 2028	0.25	920,000	920,000
			3,620,000	3,170,000

The weighted average contractual life for the remaining options at December 31, 2023 is .98 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 option. Amortization of expense initiates at the grant date and is spread over the grant period.

(Expressed in thousands of United States Dollars)

12. 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 December 31, 2023 is as follows:

	# of RSU's
Opening balance December 31, 2021	6,702,991
Granted	3,702,500
Exercised	(1,179,460)
Forfeited	(238,390)
Opening balance December 31, 2022	8,987,641
Granted	7,572,369
Exercised	(8,751,709)
Forfeited	(545,000)
Closing balance December 31, 2023	7,263,301

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 December 31, 2023 is as follows:

	# of PSU
Opening balance December 31, 2021	—
Granted	3,721,090
Exercised	—
Forfeited	(221,289)
Opening balance December 31, 2022	3,499,801
Granted	4,740,290
Exercised	(1,220,841)
Cancelled/forfeited	(3,225,764)
Closing balance December 31, 2023	3,793,486

For the year ended December 31, 2023, the Corporation recognized share-based compensation related to RSU's and PSU's of $3,178 and $514 (December 31, 2022 - $1,448 and $1,664).

(Expressed in thousands of United States Dollars)

12. SHARE CAPITAL (Continued)

d. Stock appreciation rights

The Corporation granted 116,500 stock appreciation rights (SARs) 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 93.492%

b. Risk free interest rate .90%

c. Expected life 3 years and expiration date of February 11, 2024

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 year ended December 31, 2023 of $(12) - (December 31, 2023 - $29).

13. NET LOSS PER SHARE

The computation for basic and diluted net income (loss) per share for the twelve months ended December 31, 2023 and December 31, 2022 are as follows:

	Year ended	
	December 31, 2023	December 31, 2022
Loss from continuing operations for the period	$ (12,801)	$ (10,874)
Income (loss) from discontinued operations for the period	$ (79,485)	$ 1,596
Weighted average number of shares outstanding, basic	377,295,965	361,002,113
Basic and diluted loss per share from continuing operations	(0.03)	(0.03)
Basic and diluted (loss) income per share from discontinued operations	(0.21)	0.00

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.

	December 31, 2023	December 31, 2022
RSU's	7,263,301	8,987,641
PSU's	3,793,486	3,499,801
Stock options	3,620,000	4,465,000
SARS	70,750	72,500
	14,747,537	17,024,942

(Expressed in thousands of United States Dollars)

14. 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 December 31, 2023 is $7,015 (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 December 31, 2023 is $18,727 (December 31, 2022 — $25,609). Accounts receivable are shown net of provision of credit losses of $577 (December 31, 2022 — $1,045).

	under 30	30-60 days	over 60 days	Total
Trade receivables	$ 10,054	$ 3,952	$ 5,298	$ 19,304

The Corporation has no customer that constitutes greater than 10% of accounts receivable at December 31, 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 December 31, 2023, the Corporation has $7,015 (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	$ 14,187	—	$ —	$ —
Income taxes payable	3,853	—	—	—
Contingent consideration	10,333	—	—	—
Loan agreement	67,512	—	—	—
Total	$ 95,885	$ —	$ —	$ —

The Corporation manages its liquidity risk by relying upon its revenues. Liquidity risks to repay the full balance of the Loan agreement on demand due to the breach of a covenant at December 31, 2023 (Note 7) were cured by amending and restating the BMO Loan Agreement, as further described in Note 21.

(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.

(Expressed in thousands of United States Dollars)

14. FINANCIAL INSTRUMENTS (Continued)

(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 +/-$675 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.

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

	December 31, 2023	December 31, 2022
	CAD$	CAD$
Cash	$ 6,541	$ 574
Accounts receivable	2,536	2,251
Accounts payable and accrued liabilities	(4,099)	(602)
	$ 4,978	$ 2,223
United States dollar equivalent	$ 3,764	$ 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.

15. NON-CONTROLLING INTEREST

Prior to November 27, 2023, the Corporation owns 80% of its subsidiary LedgerPay rebranded as PayiQ. As of December 31, 2023, the Corporation owns 100% of this subsidiary.

The shares of LedgerPay rebranded as PayiQ were convertible into Common Shares of the Corporation based on the ratio of 1:2.124 per share.

On November 27, 2023, the four individuals, including one current executive, holding 20% of LedgerPay exercised their put right to convert their LedgerPay stock to shares of the Corporation stock. (Note 12)

For the twelve months ended December 31, 2023, the Corporation recorded non-controlling interest of $(1,084) (December 31, 2022 - $(906)).

(Expressed in thousands of United States Dollars)

16. CONTINGENT CONSIDERATION

Balance December 31, 2021	$	21,404
Accretion		168
Revaluation of contingent consideration		5,228
Repayment of contingent consideration in shares and cash		(15,676)
Balance December 31, 2022	$	11,124
Accretion		43
Interest		333
Repayment of contingent consideration in shares and cash		(1,167)
Balance December 31, 2023	$	10,333

Menlo earn-out

As part of the consideration for the Menlo acquisition, the Corporation may pay contingent consideration of $1,167 per annum payable at the end of each of the next three fiscal years ended December 31, 2020 to 2022 if Menlo's annual EBITDA as defined in the agreement exceeds $2,300 in each year with an additional growth earnout of $500 per year if EBITDA is greater than $2,750 and $3,250 in 2020 and 2021, respectively. The Corporation initially estimated the fair value of contingent consideration at acquisition to be approximately $1,765. In addition $602 of earn-out relating to a previously acquired entity was recorded as a liability. During the year ended December 31, 2023 $0 of revaluation losses were recorded (2022 — $72). During the year ended December 31, 2023, $1,167 was paid through the issuance of shares and cash, (2022 - $1,167).

(ii) BankCard earn-out

As part of the consideration for the BankCard acquisition, the Corporation may pay contingent consideration of up to $10,000 per annum calculated on the twelve full calendar month period from acquisition for the following two years. If the contingent consideration is not paid by the first or second closing date, then interest shall accrue on the amount of the unpaid amount by 8% per annum accruing daily. The earnout target is based on financial information of BankCard, less any payment processing costs previously deducted against gross revenues that are eliminated as a result of migration and includes revenue that has been generated in the 12-month period. The Corporation initially estimated the contingent consideration at present value to be approximately $9,253. The criteria for the earn out is assessed each year, resulting in a revaluation of $0 for the year ended December 31, 2023 (2022 - $5,156). The Company accrued $333 for interest for the year ended December 31, 2023 (2022 - $0).

(Expressed in thousands of United States Dollars)

17. REVENUE

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

	Continuing Operations		Discontinued Operations	
	December 31,		December 31,	
	2023	2022	2023	2022
Cloud solutions professional services	$ 75,044	$ 94,990	$ —	$ —
Cloud solutions maintenance, license and third party licenses and support	46,180	42,774	—	—
Payment processing solutions	—	—	56,247	49,498
	$ 121,224	$ 137,764	$ 56,247	$ 49,498

The Corporation is not exposed to concentration risk relating to any one customer representing greater than 10% of revenue for the year ended December 31, 2023 or 2022.

18. SEGMENT INFORMATION

The Corporation has one operating segment. The Corporation's assets and operations are located in North America and South Asia.

Segment	Year ended					
	December 31, 2023			December 31, 2022		
	Global Cloud Solutions	Global Payment Solutions (Discontinued Segment)	Consolidated	Global Cloud Solutions	Global Payment Solutions (Discontinued Segment)	Consolidated
Revenue	$ 121,224	$ 56,247	$ 177,471	$ 137,764	$ 49,498	$ 187,262
Expenses	108,253	46,083	154,336	122,247	36,071	158,318
Adjusted EBITDA	12,971	10,164	23,135	15,517	13,427	28,944
All other expenses			37,204			38,222
Impairment loss			78,217			—
Net Loss			$ (92,286)			$ (9,278)

19. DISPOSAL GROUP HELD FOR SALE

On October 30, 2023, the Company decided to focus its efforts and resources on the Cloud Solutions segment and initiated the process to exit the Payment Solutions segment, which was comprised of PayiQ and Bankcard. Accordingly, both PayiQ and Bankcard are presented as disposal groups held for sale.

Sale of PayiQ

On October 30, 2023, management committed to a plan to sell PayiQ. Accordingly, the assets and liabilities sold are presented as a disposal group held for sale. On November 28, 2023, the Company entered into a definitive stock purchase agreement with Fulcrum Payment Solutions, Inc. ("Fulcrum") pursuant to which the Company agreed to sell 100% of the shares of PayiQ. The consideration for the sale of PayiQ will consist of the issuance of 27,000 preferred shares of Fulcrum with a deemed value of $1,000 per share (the "Consideration Shares"), and contingent consideration.

On the third anniversary of the effective date of the transaction, the Consideration Shares shall be automatically converted into the number of Fulcrum shares with a value equal to $27,000, 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 Company shall have the right to require Fulcrum to purchase all or a portion of the Consideration Shares for a purchase price equal to $1,000 per share, for aggregate consideration of up to $27,000. The Consideration Shares give the Company the right to a dividend of 4.0% on an annual basis, to be paid-in-kind.

The Company may also be entitled to additional contingent consideration in the form of performance earn-outs if PayiQ achieves certain revenue thresholds for years ended December 31, 2024, 2025, and 2026. The maximum amount of the earn-out is $18,000, payable in cash.

The transaction was completed on January 26, 2024. (Note 21)

Sale of Bankcard

On December 22, 2023, management committed to a plan to sell Bankcard. Accordingly, the assets and liabilities sold are presented as a disposal group held for sale. On March 27, 2024, the Company entered into a definitive stock purchase agreement with the original shareholders of Bankcard, BUSA Acquisition Co. ("BUSA"), pursuant to which the Company agreed to sell 100% of the shares of Bankcard. The consideration for the sale of Bankcard will consist of cash consideration of $40,000, the return of 133,095,158 common shares of Quisitive (the "Quisitive Shares"), and the forgiveness of contingent consideration payable to the selling shareholders of Bankcard (Note 21).

The transaction was completed on April 4, 2024 (Note 21).

(Expressed in thousands of United States Dollars)

19. DISPOSAL GROUP HELD FOR SALE (Continued)

Assets held for sale and liabilities directly associated with assets held for sale

	December 31, 2023
Assets	
Cash	410
Trade and other receivables	3,784
Prepaid expenses	871
Property and equipment, net (Note 5)	1,123
Intangible assets (Note 6)	52,689
Goodwill	57,109
Deposits with sponsoring banks	550
Assets held for sale	$ 116,536
Liabilities	
Trade and other payables	3,203
Deferred revenue	190
Current portion of lease liability (Note 11)	461
Lease liability (Note 11)	290
Deferred tax liability (Note 10)	9,668
Liabilities directly associated with assets held for sale	$ 13,812

Assets and liabilities of the disposal groups are stated at fair value less costs to sell.

20. DISCONTINUED OPERATION

On October 30, 2023, the Company decided to focus its efforts and resources on the Cloud business and initiated the process to exit the Payment Solutions segment, which was comprised of PayiQ and Bankcard. Accordingly, both PayiQ and Bankcard are presented as disposal groups held for sale (Note 19), and given the disposal group represents a separate major line of business, has been presented as discontinued operations in the current and comparative periods on the consolidated statements of comprehensive loss.

The results for discontinued operations for the years ended December 31, 2023 and 2022 were as follows:

	Year ended	
	December 31, 2023	**December 31, 2022**
Revenue (Note 17)	56,247	49,498
Cost of revenue	34,780	27,741
Gross Margin	$ 21,467	$ 21,757
Expenses	22,984	20,234
Loss from impairment of disposal groups	78,217	—
Income tax expense - current (Note 10)	563	2,363
Deferred income tax recovery (Note 10)	(812)	(2,436)
Net income (loss) from discontinued operations, net of tax	$ (79,485)	$ 1,596

(Expressed in thousands of United States Dollars)

20. DISCONTINUED OPERATION (Continued)

Cash flows from discontinued operations for the years ended December 31, 2023 and 2022 are comprised of the following:

	Year ended			
	December 31, 2023		December 31, 2022	
Cash flows generated from discontinued operating activities	$	11,600	$	13,268
Cash flows used in discontinued investing activities	$	(5,003)	$	(3,301)
Cash flows used in discontinued financing activities	$	(418)	$	(5,289)

21. SUBSEQUENT EVENTS

Sale of PayiQ

On November 28, 2023, Quisitive entered into a definitive stock purchase agreement dated November 28, 2023 (the "PayiQ Agreement") with Fulcrum IT Partners ("Fulcrum") pursuant to which Quisitive agreed to sell its LedgerPay, Inc. ("PayiQ") subsidiary which includes the PayiQ cloud-enabled payment processing platform, operations and team (the "PayiQ Sale"). The PayiQ Sale was completed on January 29, 2024. Pursuant to the terms of the PayiQ Agreement, Quisitive is entitled to aggregate consideration of up to $45,000 comprised of $27,000 of Fulcrum Shares (as defined below) and earn-out payments in cash of up to $18,000 based on PayiQ exceeding revenue growth. On completion of the PayiQ sale, Quisitive received 27,000 preferred shares of Fulcrum Payments (the "Consideration Shares"). The Consideration Shares have a right to receive a dividend on an annual basis equal to 4.0% of the value of the Consideration Shares, to be paid in kind. On January 29, 2027, the Consideration Shares will be automatically converted into common shares of Fulcrum Payments (the "Fulcrum Shares") with a value equal to one thousand dollars per Consideration Share, provided that the Fulcrum Shares are listed and posted for trading on a recognized stock exchange in Canada or in the United States. If the Fulcrum Shares are not publicly traded at such time, Quisitive shall have the right to require Fulcrum to purchase all or a portion of the Consideration Shares for a purchase price equal to one thousand dollars per Consideration Share, for aggregate consideration of up to $27,000. Quisitive 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 PayiQ Sale Transaction. The amount of the earn-out is a maximum of $18,000 payable in cash based on PayiQ exceeding revenue growth targets.

Sale of BankCard and Amended and Restated BMO Facility

On March 27, 2024, Quisitive entered into a definitive stock purchase agreement dated March 27, 2024 (the "BUSA Agreement") pursuant to which Quisitive agreed to sell its BankCard USA Merchant Services, Inc. ("BankCard") business unit (the "BUSA Transaction") to BUSA Acquisition Co. (the "Acquiror"), a Nevada incorporated entity owned by a consortium of current employees of BankCard, including Shawn Skelton, Scott Hardy and Jason Hardy, as well as other arm's length third parties. The BUSA Transaction was completed on April 4, 2024. Pursuant to the terms of the BUSA Agreement, the consideration received by Quisitive for the sale of BankCard consisted of: (i) $40,000 in cash; (ii) the return by the Acquiror of 133,095,158 common shares of Quisitive (the "Quisitive Shares") to a wholly-owned subsidiary of Quisitive; and (iii) delivery by the former vendors of BankCard of a settlement agreement releasing Quisitive (and certain of its subsidiaries) of any and all obligations to pay a $10,000 earnout payment (plus accrued interest) as provided pursuant to the terms of a stock purchase agreement between Quisitive, a wholly-owned subsidiary of Quisitive, and the former vendors of BankCard dated March 29, 2021. The parties to the BUSA Transaction also agreed to full and final customary mutual releases. Concurrent with the completion of the BUSA Transaction, Quisitive entered into a second amendment and restatement to its existing credit facility (the "Quisitive Credit Facility") with a

21. SUBSEQUENT EVENTS (continued)

syndicate of institutions led by Bank of Montreal and including Desjardins Capital Markets that, among other things, provided for a reduction of Quisitive's: (i) term loan credit facility from approximately $68,617 to $34,000; and (ii) revolving loan credit facility from $5,000 to $3,500. The amendment to the Quisitive Credit Facility resulted in a significant reduction of interest payments owed by Quisitive. A portion of the cash proceeds received from the sale of BankCard were used to partially repay the existing Quisitive Credit Facility.

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