# Quisitive Technology Solutions, Inc.
# Annual and Fourth Quarter Report December 31, 2023
# and for the Three Months ended December 31, 2023

**QUISITIVE TECHNOLOGY SOLUTIONS, INC.**
**MANAGEMENT'S DISCUSSION AND ANALYSIS**
**For the years ended December 31, 2023 and 2022**
**(all amounts in thousands of USD unless otherwise stated)**

This management discussion and analysis ("MD&A") of Quisitive Technology Solutions, Inc. (the "Corporation", "Quisitive", "we" or "us") for the three months and year ended December 31, 2023, should be read in conjunction with the Corporation's audited consolidated financial statements and the notes thereto for the years ended December 31, 2023 and 2022. We have prepared this MD&A with reference to National Instrument 51-102 "Continuous Disclosure Obligations" of the Canadian Securities Administrators. Our consolidated annual financial statements are prepared in accordance with IFRS Accounting Standards ("IFRS"). All amounts are expressed in thousands of United States dollars unless otherwise indicated.

*This MD&A is current as at April 29, 2024, and may include certain "forward-looking statements" and certain "forward-looking information" as defined under applicable Canadian securities laws. Forward-looking statements and information can generally be identified using forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "continue", "plans" or similar terminology. Forward-looking statements and information are subject to various known and unknown risks and uncertainties, many of which are beyond the ability of the Corporation to control or predict, that may cause the Corporation's actual results, performance or achievements to be materially different from those expressed or implied thereby, and are developed based on assumptions about such risks, uncertainties and other factors set out herein. These statements include, but are not limited to, statements with respect to proposed activities, consolidation strategy and future expenditures. These statements address future events and conditions and, as such, involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the statements. Such factors include, among others the limited history of operations, lack of profitability, availability of financing, the need for additional financing, the timing and amount of expenditures, ability to successfully execute on consolidation strategies, the failure to find economically viable acquisition targets, funding for internally developed technology solutions, client retention and attrition, client demands, reliance on key personnel, economic spending in the IT industry and technological changes in the IT industry. The Corporation undertakes no obligation to update forward-looking information except as required by applicable law. Such forward-looking information represents management's best judgment based on information currently available. No forward-looking statement can be guaranteed, and actual future results may vary materially. Accordingly, readers are advised not to place undue reliance on forward-looking statements or information.*

*This MD&A also contains certain measures that do not have a standardized meaning under generally accepted accounting principles (GAAP) and therefore may not be comparable to similarly titled measures and metrics presented by other publicly traded companies. The Corporation includes these measures because it believes certain investors use these measures and metrics as a means of assessing financial performance. EBITDA (earnings before interest, taxes, depreciation and amortization is calculated as net earnings before finance costs (net of finance income), income tax expense, and depreciation and amortization of intangibles) is a non-GAAP financial measure that does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. We prepare and release quarterly unaudited and annual audited financial statements prepared in accordance with IFRS. The Corporation also discloses and discusses certain non-GAAP financial information, used to evaluate our performance, in this MD&A as a complement to results provided in accordance with IFRS. We believe that current shareholders and potential investors in the Corporation use non-GAAP financial measures, such as Adjusted EBITDA, in making investment decisions about the Corporation and measuring our operational results. The term "Adjusted EBITDA" refers to a financial measure that we define as earnings before certain charges that management considers to be non-operating expenses and which consist of interest, taxes, depreciation, amortization, stock-based compensation (for which we include related fees and taxes), changes in fair value of derivatives, transaction and acquisition-related expenses, US payroll protection plan loan forgiveness, and earn-out settlement losses.*

## OVERVIEW OF THE CORPORATION AND STRUCTURE

### Business Overview General

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 divestitures of PayiQ and Bankcard subsequent to year-end, 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.

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

To date, Quisitive has acquired four Cloud Solutions businesses in North America. This has allowed the Corporation to grow sales capabilities, expand geographic presence, incorporate nearshore and offshore development centers, and facilitate expansion of its product and services. These acquired businesses provide the Corporation with a complementary suite of products and services capabilities and the ability to cross-sell and connect its global customer base with a broad set cloud services and solutions.

***Global Cloud Solutions***

The Corporation's Global Cloud Solutions delivers technical cloud and business solutions to help customers achieve their business goals. Through an organic and inorganic growth strategy, Quisitive Cloud Solutions is on a mission to become the leading provider of Microsoft professional services globally. The Corporation harnesses the Microsoft platform and complementary technologies, including custom solutions and first-party offerings, to generate meaningful impact for midsize and enterprise customers. The Corporation's Cloud Solutions business focuses on helping enterprises move to, operate within, and innovate via modern development in the three Microsoft clouds (Azure, Microsoft 365 and Dynamics 365) in the era of AI.

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

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

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

(all amounts in thousands of USD unless otherwise stated)**

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

### Structure

As at December 31, 2023, the structure of the Corporation was as follows:

| 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 |

(all amounts in thousands of USD unless otherwise stated)

The following table summarizes results for the years ended December 31, 2023 and 2022:

| | Year Ended December 31, | | Change | |
|---|---|---|---|---|
| | 2023 | 2022* | Amount | % |
| **Revenue from continuing operations** | $ 121,224 | $ 137,764 | $ (16,540) | (12) % |
| **Cost of Revenue** | 72,435 | 82,966 | (10,531) | (13) % |
| **Gross Margin** | 48,789 | 54,798 | (6,009) | (11) % |
| **Operating Expenses** | | | | |
| Sales and marketing expense | 12,576 | 11,805 | 771 | 7 % |
| General and administrative | 23,829 | 27,511 | (3,682) | (13) % |
| Development | 435 | 434 | 1 | — % |
| Share-based compensation (Note 12) | 3,904 | 3,325 | 579 | 17 % |
| Interest expense (Note 7) | 6,759 | 4,620 | 2,139 | 46 % |
| Amortization (Note 6) | 7,767 | 8,258 | (491) | (6) % |
| Earn-out settlement loss (Note 16) | — | 5,228 | (5,228) | (100) % |
| Acquisition related compensation | 638 | 2,772 | (2,134) | (77) % |
| Depreciation (Note 5) | 1,076 | 1,287 | (211) | (16) % |
| Foreign exchange loss (gain) | 255 | (219) | 474 | (216) % |
| Acquisition-related, transaction and other expenses | 3,171 | 688 | 2,483 | 361 % |
| Other Income | (24) | (241) | 217 | (90) % |
| **Loss from continuing operations before income taxes** | **(11,597)** | **(10,670)** | **(927)** | **9 %** |
| Income tax expense — current (Note 10) | 1,202 | 2,132 | (930) | (44) % |
| Deferred income tax expense (recovery) (Note 10) | 2 | (1,928) | 1,930 | (100) % |
| **Loss from continuing operations** | **$ (12,801)** | **$ (10,874)** | **$ (1,927)** | **18 %** |
| **Discontinued Operations** | | | | |
| Income (loss) from discontinued operations, net of tax (Note 20)* | (79,485) | 1,596 | (81,081) | (5080) % |
| **Loss for the Period** | **$ (92,286)** | **$ (9,278)** | **$ (83,008)** | **895 %** |

***Comparative information has been represented due to a discontinued operation and a change in classification. See Note 20 and Note 21 in the audited financial statements for year ended December 31, 2023.**

**Revenue** decreased $(16,540) or (12)%, to $121,224 for the year ended December 31, 2023. This decrease was driven by reduced market demand within professional services revenue and the Corporation's corresponding reduction in revenue-generating headcount.

(all amounts in thousands of USD unless otherwise stated)**

The following table summarizes results for the years ended December 31, 2023 and 2022 on a segmented basis:

| | 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) |

Revenue within the Global Cloud Solutions segment decreased $(16,540) or (12)% to $121,224 for the year ended December 31, 2023 from $137,764 for the year ended December 31, 2022. This decrease was primarily due to reduced market demand for professional services and a corresponding decrease by the Corporation in its revenue-generating headcount. The decrease in professional services revenue was slightly offset by an increase in the Corporation's recurring revenue from maintenance, license and support services, as it increased from $42,774 for the year ended December 31, 2022 to $46,180 for the year ended December 31, 2023.

Revenue within discontinued segment Global Payment Solutions increased $6,749 or 14% to $56,247 for the year ended December 31, 2023 from $49,498 for the year ended December 31, 2022.

Overall Revenue decreased $(9,791), or (5)%, to $177,471 for the year ended December 31, 2023 from $187,262 for the year ended December 31, 2022.

**Cost of revenue** is comprised of salaries and other personnel related costs, direct subcontractor and other costs associated with delivering the services in the Global Cloud Solutions segment. Cost of revenue decreased $(10,531), or (13)%, to $72,435 for the year ended December 31, 2023 compared to $82,966 for the year ended December 31, 2022. The decrease in cost of revenue is due to the Corporation's reductions in headcount to align with market demand.

Gross margin as a percentage of revenue was reported as 40% for the years ended December 31, 2023 and 2022. The gross margin weakened to 38% for the first half of 2023 due to market demand and decreased staff utilization. After various cost reductions, including headcount, the gross margin strengthened to 43% for the second half of 2023. The headcount reductions were made throughout 2023. Had all of these staffing reductions been made as of January 1, 2023, total expenses, including salaries and benefits would have been $4,180 less than the expenses reported during the year ended December 31, 2023. These reduced expenses would have been categorized between cost of revenue and general and administrative expense and not all would have impacted gross margin.

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

(all amounts in thousands of USD unless otherwise stated)

Sales and marketing expense

The following table summarizes sales and marketing expenses for the years ended December 31, 2023 and 2022:

| | Year ended December 31, | |
|---|---|---|
| | 2023 | 2022* |
| Sales and marketing expense | $12,576 | $11,805 |
| As a percentage of revenue | 10 % | 9 % |

Sales and marketing expense consists primarily of salary and personnel related costs including commissions. Additional expenses include digital marketing campaigns, marketing events, travel and efforts on proof of concept. Sales and marketing expense for the year ended December 31, 2023, increased as a percentage of revenues with the prior year. The overall increase in sales and marketing expense for the year ended December 31, 2023 compared to the year ended December 31, 2022 is primarily due to increased headcount within the sales, presales and marketing teams.

General and administrative expense

The following table summarizes General and administrative expense for the years ended December 31, 2023 and 2022:

| | Year ended December 31, | |
|---|---|---|
| | 2023 | 2022* |
| General and administrative | $23,829 | $27,511 |
| As a percentage of revenue | 20% | 20% |

General and administrative expense consists primarily of salary and personnel related costs. Additional expenses include professional fees, insurance, bad debt, occupancy costs and other office related expenses. General and administrative expense for the year ended December 31, 2023 versus the year ended December 31, 2022 decreased 13%, or $3,682. The decrease in 2023 is related to reduced variable and incentive compensation, reduced headcount corresponding to the headcount reductions within cost of revenue, and management focus on various cost reductions due to decreased revenue. General and administrative costs were consistent as a percentage of revenue, at 20% in both 2022 and 2023.

Amortization is attributable to intangible assets, including Microsoft relationship, customer agreements and relationships, brand and software acquired in prior acquisitions, as well as website and capitalized software development costs from current development activities. Intangibles assets with a finite life are amortized to income over their useful life. Amortization decreased in 2023 to $7,767 for the year ended December 31, 2023 compared to $8,258 for the year ended December 31, 2022.

Interest expense on borrowings during the year ended December 31, 2023, was $6,088. Overall interest expense during the year ended December 31, 2023 was $6,759 and for December 31, 2022 was $4,620. The overall increase was caused by higher average interest rates in 2023 than 2022.

Share-based compensation is the value ascribed to the granting of stock incentives to employees and directors of the Corporation. Share-based compensation can encompass stock options, restricted stock units, performance based stock units and stock appreciation rights. For the year ended December 31, 2023, the Corporation recognized share-based compensation of $3,904 (December 31, 2022 — $3,325).

(all amounts in thousands of USD unless otherwise stated)

Depreciation expense for the year ended December 31, 2023 was $1,076 compared to $1,287 for the year ended December 31, 2022. The decrease in 2023 is primarily related to reductions in office lease right of use expense for office locations.

Acquisition-related, transaction and other expenses include all direct and incremental expenses associated with ongoing transactions related to acquisition activity. They are comprised of legal, accounting, valuation, taxation and other consulting expenses incurred directly related to corporate transactions including acquisitions and divestitures. Transaction related expenses for the year ended December 31, 2023 were $3,171 (December 2022 - 688). The Corporation notes the divestitures of edgerPay, Inc. ("PayiQ") and BankCard USA Merchant Services, Inc. ("Bankcard") completed subsequent to December 31, 2023 and further described herein.

For the year ended December 31, 2023, there were no losses incurred from Earnout settlements (December 31, 2022 - $5,228). After the sale of Bankcard subsequent to December 31, 2023, the Corporation has no outstanding earnout agreements.

Acquisition-related compensation of $638 (December 31, 2022, $2,772) was incurred for the year ended December 31, 2023 to reflect the current expectation of earn-out obligations classified as compensation rather than purchase consideration.

**Years ended December 31, 2023 and 2022 Adjusted EBITDA reconciliation**

| | Year Ended December 31, | |
|---|---|---|
| | 2023 | 2022* |
| Net loss for the period | $ (92,286) | $ (9,278) |
| Loss (income) from discontinued operations, net of tax | 79,485 | (1,596) |
| Net loss from continued operations | (12,801) | (10,874) |
| Income tax expense | 1,204 | 204 |
| Transaction related expenses | 3,172 | 687 |
| Foreign exchange | 255 | (219) |
| Depreciation | 1,076 | 1,287 |
| Amortization | 7,767 | 8,258 |
| Interest | 6,759 | 4,620 |
| Share-based compensation | 3,904 | 3,325 |
| Acquisition related compensation | 638 | 2,772 |
| Earn out settlement loss | — | 5,228 |
| Gain/loss on asset sale | 48 | (9) |
| Other | 514 | (196) |
| Development | 435 | 434 |
| **Adjusted EBITDA** | $ 12,971 | $ 15,517 |
| Adjusted EBITDA as a percentage of revenue | 11 % | 11 % |
| Revenue | $ 121,224 | $ 137,764 |

**Adjusted EBITDA** for the year ended December 31, 2023 was $12,971, or 11% of revenue, compared to $15,517, or 11% of revenue, for the year ended December 31, 2022. The decrease in Adjusted EBITDA was due to reduced market demand for professional services. The Corporation responded to the market changes and adjusted its cost model throughout the year. As a result, Adjusted EBITDA for the first half of 2023 was $5,248, or 8% of revenue. For the second half of 2023, Adjusted EBITDA was $7,723, or 13% of revenue.

(all amounts in thousands of USD unless otherwise stated)

**Pro Forma Adjusted EBITDA** further adjusts Adjusted EBITDA for the impact of (i) certain cost savings realized by the continuing operation following the divestitures of PayiQ and Bankcard, and (ii) headcount reductions made in response to market demand during the year ended December 31, 2023 as if the savings from those reductions had been realized as of January 1, 2023, offset by the removal of the benefit of variable compensation recognized during the year. Given the significant cost reductions made within the continuing operations during 2023 along with the impact of the Bankcard and PayiQ divestitures, the Corporation believes Pro Forma Adjusted EBITDA is a helpful measure to understand its run-rate performance for 2023 and as a comparison measure for future periods.

| | | Year ended December 31, 2023 |
|---|---|---|
| **Adjusted EBITDA** | **$** | **12,971** |
| Reductions in headcount within continued operations, inclusive of wages and benefits | | 4,180 |
| Remove benefit to variable and incentive compensation recognized during year | | (1,166) |
| Specific impacts from divestiture of Payments Solutions segment - reduced corporate insurance and increased licensing | | 436 |
| **Pro Forma Adjusted EBITDA** | **$** | **16,421** |
| Pro Forma Adjusted EBITDA as a percentage of revenue | | 14 % |

The discontinued Global Payment Solutions segment delivered $10,164 of Adjusted EBITDA for the year ended December 31, 2023. Total Adjusted EBITDA for the year ended December 31, 2023 would have reflected $23,135 before the impact of discontinued operations presentation.

(all amounts in thousands of USD unless otherwise stated)

The following table summarizes results for the three months ended December 31, 2023 and 2022:

| | Three Months Ended | | Change | |
|---|---|---|---|---|
| | December 31, 2023 | December 31, 2022 | Amount | % |
| **Revenue from continuing operations** | $ 28,410 | $ 32,420 | $ (4,010) | (12)% |
| **Cost of Revenue** | 16,340 | 19,662 | (3,322) | (17)% |
| **Gross Margin** | 12,070 | 12,758 | (688) | (5)% |
| | 42 % | 39 % | | |
| **Operating Expenses** | | | | |
| Sales and marketing expense | 3,265 | 2,879 | 386 | 13 % |
| General and administrative | 6,458 | 6,497 | (39) | (1)% |
| Development | 103 | 117 | (14) | (12)% |
| Share-based compensation | 694 | 751 | (57) | (8)% |
| Interest expense | 1,909 | 1,496 | 413 | 28 % |
| Amortization | 2,116 | 2,080 | 36 | 2 % |
| Earn-out settlement loss | — | 3,750 | (3,750) | (100)% |
| Acquisition related compensation | — | 620 | (620) | (100)% |
| Depreciation | 266 | 302 | (36) | (12)% |
| Foreign exchange loss | 201 | 35 | 166 | 474 % |
| Acquisition-related, transaction and other expenses | 1,006 | 272 | 734 | 270 % |
| Other expense (income) | 71 | (225) | 296 | (132)% |
| **Loss from continuing operations before income taxes** | (4,019) | (5,816) | 1,797 | (31)% |
| Income tax expense — current | (660) | 300 | (960) | (320)% |
| Deferred income tax expense (recovery) | 1,216 | (75) | 1,291 | (1721)% |
| **Loss from continuing operations** | $ (4,575) | $ (6,041) | $ 1,466 | (24)% |
| **Discontinued Operations** | | | | |
| Profit (loss) from discontinued operations, net of tax | $ (80,426) | $ 934 | $ (81,360) | (8711)% |
| **Net Loss for the Period** | $ (85,001) | $ (5,107) | $ (79,894) | 1564 % |

***Comparative information has been represented due to a discontinued operation and a change in classification. See Note 20 and Note 21 in the audited financial statements for year ended December 31, 2023.**

**Revenue** decreased $(4,010) or 12%, to $28,410 for the three months December 31, 2023. This decrease was due to reduced market demand for professional services and a corresponding decrease by the Corporation in its revenue-generating headcount. This decrease was partially offset by a 6% increase in recurring revenue as it increased from $10,801 for the three months ended December 31, 2022 to $11,423 for the three months ended December 31, 2023.

Historically, revenue the three months ended December 31 is seasonally lower due to the impact of holidays and paid time off both within the Corporation's direct staff and also customer staff. Revenue fell 10% from the three months ended September 30, 2022 to the three months ended December 31, 2022. Revenue followed a similar trend in 2023 as it fell 7% from the three months ended September 30, 2023 to the three months ended December 31, 2023.

(all amounts in thousands of USD unless otherwise stated)

The following table summarizes results for the three months ended December 31, 2023 and 2022 on a segmented basis:

| | Three months 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 | $ 28,410 | $ 11,057 | $ 39,467 | $ 32,420 | $ 13,480 | $ 45,900 |
| Expenses | 25,587 | 9,151 | 34,738 | 29,038 | 8,790 | $ 37,828 |
| Adjusted EBITDA | 2,823 | 1,906 | 4,729 | 3,382 | 4,690 | 8,072 |
| All other expenses | | | 11,513 | | | 13,179 |
| Impairment loss | | | 78,217 | | | — |
| Net Loss | | | $ (85,001) | | | $ (5,107) |

Revenue decreased $(4,010) or 12%, to $28,410 for the three months December 31, 2023. This decrease was due to reduced market demand for professional services and a corresponding decrease by the Corporation in its revenue-generating headcount. This decrease was partially offset by a 6% increase in recurring revenue as it increased from $10,801 for the three months ended December 31, 2022 to $11,423 for the three months ended December 31, 2023.

Revenue within discontinued segment Global Payment Solutions decreased $2,423 or 18% to $11,057 for the three months ended December 31, 2023 from $13,480 for the three months ended December 31, 2022. This decrease was due to attrition of seasonal merchant accounts that were within the merchant portfolio in the three months ended December 31, 2022 but were not replaced or reactivated for the three months ended December 31, 2023.

**Cost of revenue** is comprised of salaries and other personnel related costs, direct subcontractor and other costs associated with delivering the services in the Global Cloud Solutions segment. Overall cost of revenue decreased $3,322, or 17%, to $16,340 for the three months ended December 31, 2023 compared to $19,662 for the three months ended December 31, 2022. The decrease in cost of revenue is driven by headcount reductions due to decreased market demand for professional services. The overall increase in gross margin as a percentage of revenue is related to the Corporation's effort to achieve efficiencies within its cost structure and also expand its recurring revenue.

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

(all amounts in thousands of USD unless otherwise stated)

Sales and marketing expense

The following table summarizes sales and marketing expenses for the three months ended December 31, 2023 and 2022:

| | Three months ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Sales and marketing expense | $3,265 | $2,879 |
| As a percentage of revenue | 11 % | 9 % |

Sales and marketing expense consists primarily of salary and personnel related costs including commissions. Additional expenses include digital marketing campaigns, marketing events, travel and efforts on proof of concept. The overall increase in sales and marketing expense for the three months ended December 31, 2023 compared to the three months ended December 31, 2022 is primarily due to increased headcount within the sales, presales and marketing teams.

General and administrative expense

The following table summarizes General and administrative expense for the three months ended December 31, 2023 and 2022:

| | Three months ended December 31, | |
|---|---|---|
| | 2023 | 2022 |
| General and administrative | $6,458 | $6,497 |
| As a percentage of revenue | 23 % | 20 % |

General and administrative expense consists primarily of salary and personnel related costs. Additional expenses include professional fees, insurance, bad debt, occupancy costs and other office related expenses. General and administrative expense for the three months ended December 31, 2023 compared to the three months ended December 31, 2022 were relatively flat. The three months ended December 31, 2023 experienced reduced variable and incentive compensation, reduced headcount corresponding to the headcount reductions within cost of revenue, and management focus on various cost reductions due to decreased revenue. These reductions were offset by greater expenses related to investments in platform software implementation and licensing.

Amortization is attributable to intangible assets, including Microsoft relationship, customer agreements and relationships, brand and software acquired in prior acquisitions, as well as website and capitalized software development costs from current development activities. Intangibles assets with a finite life are amortized to income over their useful life. Amortization increased in 2023 to $2,116 for the three months ended December 31, 2023 compared to $2,080 for the three months ended December 31, 2022 reflecting increased capital expenditures for the Corporation's first-party intellectual property, such as MazikCare, and incremental investment in platform software to support the Corporation.

Interest expense during the three months ended December 31, 2023, increased to $1,909 from $1,496 for the three months ended December 31, 2022, reflecting higher average interest rates.

Share-based compensation is the value ascribed to the granting of stock incentives to employees and directors of the Corporation. Share-based compensation can encompass stock options, restricted stock units, performance based stock units and stock appreciation rights. For the three months ended December 31, 2023, the Corporation recognized share-based compensation of $694 (December 31, 2022 — $751).

Depreciation expense for the three months ended December 31, 2023 was $266 compared to $302 for the three months ended December 31, 2022.

Acquisition-related, transaction and other expenses include all direct and incremental expenses associated with ongoing transaction and acquisition activity. They are comprised of legal, accounting, valuation, taxation and other consulting expenses incurred directly related to corporate transactions including acquisitions and divestitures. Transaction related expenses for the three months ended December 31, 2023 were $1,006 (December 2022 - $272). The Corporation notes the divestitures of PayiQ and Bankcard completed subsequent to December 31, 2023 and further described herein.

Earnout settlement losses for the three months ended December 31, 2023 were zero (December 31, 2022, $3,750). After the sale of Bankcard subsequent to December 31, 2023, the Corporation has no outstanding earnout agreements.

Acquisition-related compensation was zero for the three months ended December 31, 2023 (December 31, 2022, $620) to reflect the current expectation of earn-out obligations classified as compensation rather than purchase consideration.

(all amounts in thousands of USD unless otherwise stated)

**Three months ended December 31, 2023 and 2022 Adjusted EBITDA reconciliation**

| | Three Months Ended December 31, 2023 | Three Months Ended December 31, 2022 |
|---|---|---|
| Loss for the period | $ (85,001) | $ (5,107) |
| Loss (income) from discontinued operations, net of tax | 80,426 | (934) |
| Net loss from continued operations | (4,575) | (6,041) |
| Income tax expense | 556 | 225 |
| Transaction related expenses | 1,006 | 272 |
| Foreign exchange | 201 | 35 |
| Depreciation | 266 | 302 |
| Amortization | 2,116 | 2,080 |
| Interest | 1,909 | 1,496 |
| Share-based compensation | 694 | 751 |
| Acquisition related compensation | — | 620 |
| Earn-out settlement loss | — | 3,750 |
| Gain/loss on asset sale | 48 | — |
| Other expense (income) | 499 | (225) |
| Development | 103 | 117 |
| Adjusted EBITDA | $ 2,823 | $ 3,382 |
| Adjusted EBITDA as a percentage of revenue | 10 % | 10 % |
| Revenue | $ 28,410 | $ 32,420 |

**Adjusted EBITDA** for the three months ended December 31, 2023 was $2,823, or 10% of revenue, compared to $3,382, or 10% of revenue, for the three months ended December 31, 2022. Despite increased gross margin percentages for the three months ended December 31, 2023, EBITDA margin did not expand at the same rate due to the Corporation's fixed cost structure during a period of reduced seasonal revenue.

The discontinued Global Payment Solutions segment delivered $1,906 of Adjusted EBITDA for the three months ended December 31, 2023. Total Adjusted EBITDA for the three months ended December 31, 2023 would have reflected $4,729 before the impact of discontinued operations presentation.

**(all amounts in thousands of USD unless otherwise stated)**

## Quarterly Operating Results

*Selected financial information for each of the most recently completed quarters of Quisitive, presented with the combined effect of continuing operations and discontinued operations, are as follows:*

| | Quarter ended | Revenue ($) | Gross Margin ($) | Net income (loss) ($) | Income (Loss) per share ($) | Income (Loss) per fully diluted share ($) | Adjusted EBITDA ($) |
|---|---|---|---|---|---|---|---|
| Q4 2023 | 31-Dec-23 | 39,467 | 17,026 | (85,001) | (0.21) | (0.23) | 4,729 |
| Q3 2023 | 30-Sep-23 | 44,371 | 18,332 | (1,279) | (0.00) | (0.00) | 7,009 |
| Q2 2023 | 30-Jun-23 | 45,322 | 16,730 | (3,418) | (0.01) | (0.01) | 4,350 |
| Q1 2023 | 31-Mar-23 | 48,311 | 18,168 | (2,587) | (0.01) | (0.01) | 7,046 |
| Q4 2022 | 31-Dec-22 | 45,901 | 18,998 | (5,107) | (0.01) | (0.01) | 8,072 |
| Q3 2022 | 30-Sep-22 | 48,814 | 20,238 | (2,141) | (0.01) | (0.01) | 7,597 |
| Q2 2022 | 30-Jun-22 | 47,619 | 19,322 | (580) | (0.00) | (0.00) | 6,854 |
| Q1 2022 | 31-Mar-22 | 44,928 | 17,908 | (1,450) | (0.00) | (0.00) | 6,421 |

(all amounts in thousands of USD unless otherwise stated)

| **Global Cloud Solutions** | **Three months ended** | | | | **Year ended** |
|---|---|---|---|---|---|
| Segment | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 | December 31, 2023 |
| Revenue | $ 31,902 | $ 30,233 | $ 30,679 | $ 28,410 | $ 121,224 |
| Expenses | 28,557 | 28,330 | 25,779 | 25,587 | 108,253 |
| Adjusted EBITDA | $ 3,345 | $ 1,903 | $ 4,900 | $ 2,823 | $ 12,971 |

| **Global Payment Solutions (Discontinued Segment)** | **Three months ended** | | | | **Year ended** |
|---|---|---|---|---|---|
| Segment | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 | December 31, 2023 |
| Revenue | $ 16,409 | $ 15,089 | $ 13,692 | $ 11,057 | $ 56,247 |
| Expenses | 12,707 | 12,643 | 11,582 | 9,151 | 46,083 |
| Adjusted EBITDA | $ 3,702 | $ 2,446 | $ 2,110 | $ 1,906 | $ 10,164 |

| **Consolidated** | **Three months ended** | | | | **Year ended** |
|---|---|---|---|---|---|
| | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 | December 31, 2023 |
| Revenue | $ 48,311 | $ 45,322 | $ 44,371 | $ 39,467 | $ 177,471 |
| Expenses | 41,264 | 40,973 | 37,361 | 34,738 | 154,336 |
| Adjusted EBITDA | 7,047 | 4,349 | 7,010 | 4,729 | 23,135 |
| All other Expenses | | | | | 37,204 |
| Impairment Loss | | | | | $ 78,217 |
| Net Loss | | | | | $ (92,286) |

| **Global Cloud Solutions** | **Three months ended** | | | | **Year ended** |
|---|---|---|---|---|---|
| Segment | Q1 2022 | Q2 2022 | Q3 2022 | Q4 2022 | December 31, 2022 |
| Revenue | $ 33,804 | $ 35,389 | $ 36,151 | $ 32,420 | $ 137,764 |
| Expenses | 30,071 | 31,475 | 31,663 | 29,038 | 122,247 |
| Adjusted EBITDA | $ 3,733 | $ 3,914 | $ 4,488 | $ 3,382 | $ 15,517 |

| **Global Payment Solutions (Discontinued Segment)** | **Three months ended** | | | | **Year ended** |
|---|---|---|---|---|---|
| Segment | Q1 2022 | Q2 2022 | Q3 2022 | Q4 2022 | December 31, 2022 |
| Revenue | $ 11,094 | $ 12,261 | $ 12,663 | $ 13,480 | $ 49,498 |
| Expenses | 8,417 | 9,310 | 9,554 | 8,790 | 36,071 |
| Adjusted EBITDA | $ 2,677 | $ 2,951 | $ 3,109 | $ 4,690 | $ 13,427 |

| **Consolidated** | **Three months ended** | | | | **Year ended** |
|---|---|---|---|---|---|
| | Q1 2022 | Q2 2022 | Q3 2022 | Q4 2022 | December 31, 2022 |
| Revenue | $ 44,898 | $ 47,650 | $ 48,814 | $ 45,900 | $ 187,262 |
| Expenses | 38,488 | 40,785 | 41,217 | 37,828 | 158,318 |
| Adjusted EBITDA | 6,410 | 6,865 | 7,597 | 8,072 | 28,944 |
| All other Expenses | | | | | 38,222 |
| Net Loss | | | | | $ (9,278) |

(all amounts in thousands of USD unless otherwise stated)

## LIQUIDITY AND CAPITAL RESOURCES

Selected financial information from the audited consolidated statements of financial position as at December 31, 2023 and December 31, 2022 are as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Working capital surplus (deficit) | $ 33,197 | $ (5,208) |

The Corporation had a working capital surplus at December 31, 2023 of $33,197 compared to a deficit of $(5,208) at December 31, 2022. This significant increase was due to the classification of the Corporation's Payments Solution segment as held for sale. The net asset value of the disposal group, net of liabilities, is $102,724. This was offset by the reclassification of $57,884 of the BMO Loan Agreement (as hereinafter defined) from long-term debt to current liabilities. The remaining change reflects a decrease in accounts receivable and cash and an increase in taxes payable, offset by a decrease in accounts payable.

The Corporation notes that the sale of PayiQ and Bankcard, along with the amended Quisitive Credit Facility, completed after year-end, resulted in significant changes to working capital as the assets held for sale are removed, the short-term portion of the Quisitive Credit Facility (as hereinafter defined) is reduced, and the outstanding contingent consideration is settled. See "*Subsequent Events*" below.

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

On August 27, 2021, the Corporation entered a credit facility with a syndicate led by Bank of Montreal ("BMO") pursuant to the terms of a loan agreement entered into between the Corporation, certain material subsidiaries of the Corporation, as guarantors, BMO, as administrative agent and the lenders party thereto (the "Lenders") (the "BMO Loan Agreement" or the "Quisitive Credit Facility"). The proceeds from the BMO Loan Agreement were used to repay and retire the Corporation's existing Loan Agreement, with the balance expected to be used to finance future permitted acquisitions. The proceeds from the Revolving Facility are expected to be used by the Corporation to fund working capital requirements in the ordinary course.

On August 3, 2022, the Corporation amended the BMO Loan Agreement that provides for, among other things, a new $9,500 non-revolving five year term loan of which $7,500 was drawn down. The proceeds from the new loan were used to fund earn-out obligations on previously completed acquisitions and for general corporate purposes. As part of the amendment, the Corporation's total senior debt to EBITDA ratio was increased to 3.25:1.00 through December 31, 2023, and the Corporation also transitioned its interest rate benchmark from the London Interbank Offered Rate (LIBOR) to the Secured Overnight Financing Rate (SOFR).

The BMO Loan Agreement provides for a five-year term loan of $70,000 (the "Term Loan") and a revolving loan facility of up to $5,000 (the "Revolving Facility"), with all debts, liabilities, and obligations of the Corporation and guarantors under the Term Loan and Revolving Facility collaterally secured by a first ranking security interest in all of the present and future undertaking, property and assets of the Corporation and its material subsidiaries. The Term Loan has an accordion feature by which the Corporation may request increases in principal under the Term Loan up to a maximum amount of $35,000. On November 18, 2021, $15,000 was drawn under the accordion to provide funds to complete the Catapult acquisition.

The Term Loan is available by way of Canadian dollar prime rate loans, U.S. dollar base rate loans, Canadian dollar CDOR loans and U.S. dollar LIBOR loans. Interest on the Term Loan is payable on a monthly basis based on a price grid which ranges, depending on the Corporation's total senior debt to EBITDA ratio, from the Bank's Canadian prime rate or U.S. base rate plus 0.25% to 2.50% and from the CDOR rate or LIBOR rate plus 1.75% to 4.00%. The Term Loan amortizes over 10 years and advances under the Term Loan are repayable in equal quarterly installments over the loan term with a final payment of any amounts then outstanding due at maturity. The Loan Agreement contains standard compliance requirements as well as ongoing debt service and coverage covenants. The Corporation was in compliance with all covenants at December 31, 2022; however, there can be no assurances that compliance will be achieved throughout the remaining term of the agreement. The Revolving Facility is repayable with monthly interest consistent with the Term Loan rates.

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.

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.

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. The BMO Loan Agreement contains standard compliance requirements as well as ongoing debt service and coverage covenants.

Total finance costs incurred in relation to the Term Loan agreement of $1,451 were deferred and are being amortized using the effective interest rate method over the life of the loan. The Operating Line is repayable with monthly interest consistent with the Term Loan rates.

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

**(ii) 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 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.

**(all amounts in thousands of USD unless otherwise stated)**

*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 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 with a 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.

## Sources and Uses of Cash

The cash activity presented below presents the combined results of continuing operations and discontinued operations.

| | Year ended December 31, 2023 | Year ended December 31, 2022 |
|---|---|---|
| Cash generated from operating activities | $ 18,884 | $ 18,272 |
| Cash used in investing activities | (7,328) | (5,378) |
| Cash used by financing activities | (13,539) | (17,002) |
| Net decrease in cash | $ (1,983) | $ (4,108) |

The net decrease in cash as of December 31, 2023 is primarily attributable to repayments on the BMO Loan Agreement and related interest payments in addition to increased investments in software development, primarily within the discontinued Payments Segment segment. These uses of cash were partially offset by increased cash provided by operating activities. As of December 31, 2022, the decrease in cash was driven by cash used in financing activities, primarily from payments of contingent consideration and payments on the BMO Loan Agreement.

(all amounts in thousands of USD unless otherwise stated)

## RELATED PARTY TRANSACTION AND BALANCE

*(i) Key management compensation*

The Corporation's key management consist of executive officers and directors. The compensation recorded to key management personnel during the year ended December 31, 2023 and 2022 were as follows:

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

## COMMITMENTS AND CONTRACTUAL OBLIGATIONS

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

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

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

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

| | under 3 months | 3 months-1 year | 1-2 years | 3-5 years |
|---|---|---|---|---|
| A/P and accrued liabilities | $ 14,187 | $ — | $ — | $ — |
| Income taxes payable | 3,853 | — | — | — |
| Contingent consideration | 10,333 | — | — | — |
| Loan agreement | 67,512 | — | — | — |
| Total | $ 95,885 | $ — | $ — | $ — |

## OUTSTANDING SHARE CAPITAL

At December 31, 2023, there were 404,729,064 Common Shares issued and outstanding.

**(all amounts in thousands of USD unless otherwise stated)**

## OFF BALANCE SHEET ARRANGEMENTS

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

## FINANCIAL INSTRUMENTS

The carrying values of the cash, 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 | $ — | $ — | $ — |

**(all amounts in thousands of USD unless otherwise stated)**

The Corporation manages its liquidity risk by relying upon its revenues. Any concerns with respect to the liquidity risks presented by the outstanding contingent consideration were alleviated as a result of the aforementioned divestiture of Bankcard subsequent to the year ended December 31, 2023. Liquidity risks to repay the full balance of the Loan agreement on demand were removed by amending and restating the BMO Loan Agreement, as noted above.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate, foreign currency and other price risk.

(d) Interest rate risk

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

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of consolidated annual financial statements and application of IFRS often involve management's judgment and the use of estimates and assumptions deemed to be reasonable at the time they are made. The Corporation reviews estimates and underlying assumptions on an ongoing basis. Revisions are recognized in the period in which estimates are revised and may impact future periods as well. Other results may be derived with different judgments or using different assumptions or estimates and events may occur that could require a material adjustment. Material accounting policies and estimates under IFRS are found in Note 3 of the Corporation's consolidated annual financial statements and the notes thereto for the years ended December 31, 2023 and 2022.

## ACCOUNTING STANDARDS ISSUED ADOPTED DURING THE PERIOD

For the preparation of these audited consolidated financial statements, there were no new standards or amendments to standards adopted in 2023 that had a material impact on the Corporation.

## RISK FACTORS

The following risk factors should not be exhaustive and may not be all the risks that Quisitive may face. Management of the Corporation believes that these factors set out below could cause actual results to be different from expected and historical results. In addition to the risks noted below, risks related to Financial Instruments as set forth in this MD&A, and those risk factors described in Quisitive's annual information form dated May 29, 2023 which is available on SEDAR, special consideration should be given when evaluating trends, risk and uncertainties relating to Quisitive's business.

### Profitability

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

### Availability of Financing

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

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

### Changes in the IT Industry

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

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

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

### Client Retention / Attrition

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

### Information Systems

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

### Client Demand

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

**Attracting and Retaining Clients**

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

**Economic Conditions**

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

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

**Ability to Successfully Execute Strategies**

If Quisitive fails to execute any element of its strategy in a timely and effective manner, competitors may be able to seize marketing opportunities that Quisitive has identified. Quisitive's business strategy will require that it successfully and simultaneously complete many tasks. In order to be successful, Quisitive must:

(i) continue to attract and retain clients; (ii) hire, train and retain quality employees; and (iii) evolve Quisitive's business to gain advantages in a competitive environment.

**Acquisitions**

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

**Seasonality of the Business**

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

**Sale Cycle**

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

**Reliance on Key Personnel**

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

**Management of Growth**

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

**Regulatory Risks**

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

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

**Changes in Laws, Regulations and Guidelines**

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

**Reliance on Computer Systems**

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

**Employee Regulations**

Quisitive is exposed to the risk of employee fraud and other misconduct. Employee fraud includes intentional failure to comply with regulations, intentional failure to provide accurate information to regulatory authorities and intentional failure to comply with industry standards. Other misconduct includes failure to report financial information accurately, failure to disclose unauthorized activities to Quisitive, and the improper use of information obtained in the course of employment. Employee misconduct resulting in legal action, significant fines or other sanctions could result in a material adverse effect to Quisitive's consolidated business, results of operations or financial condition.

**Foreign Currency Risk**

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

**Competition**

***Global Cloud Solutions***

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

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

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

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

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

**Litigation**

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

**Protection of Intellectual Property Rights**

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

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

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

**Dividends**

Any decision to declare and pay dividends in the future will be made at the discretion of Quisitive's Board and will depend on, among other things, financial results, cash requirements, contractual restrictions and other factors that the Board may deem relevant. As a result, investors may not receive any return on an investment in the common shares unless they sell their shares of Quisitive for a price greater than that which such investors paid for them. Quisitive has no earnings or dividend record and may not pay any dividends on its common shares in the foreseeable future. Dividends paid by Quisitive could be subject to tax and potentially withholding.

**Disclosure of Internal Controls**

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

In contrast to the certificate required for non venture issuers under National Instrument 52109 Certification of Disclosure in issuers' Annual and Interim filings ("NI 52109"), the Venture Issuer Basic Certificate filed by the

Corporation does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation: and
(ii) a process to provide reasonable assurance regarding the reliability of financial reposting and the preparation of the unaudited condensed interim consolidated financial statements for external purposed in accordance with the issuer's generally accepted accounting principles (IFRS).

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