QUISITIVE TECHNOLOGY SOLUTIONS, INC. (formerly Nebo Capital Corp.)

Consolidated Financial Statements
December 31, 2018 and 2017
(Expressed in United States Dollars)

KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Quisitive Technology Solutions Inc.
(formerly Nebo Capital Corp.)

Opinion

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

- the consolidated statement of financial position as at December 31, 2018;
- the consolidated statement of comprehensive loss for the year then ended;
- the consolidated statement of changes in shareholders' equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(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, 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 ***"Auditors' Responsibilities for the Audit of the Financial Statements"*** section of our auditors' 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(A) in the financial statements, which indicates that the Company has experienced losses since inception, has a working capital deficiency and significant debt obligations.

As stated in Note 2(A) in the financial statements, these conditions, along with other matters as set forth in Note 2(A) in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Other Matter - Comparative Information

The consolidated financial statements for the period from February 8, 2017 (date of incorporation) to December 31, 2017 were audited by another auditor who expressed an unmodified opinion on those financial statements on July 25, 2018.

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 auditors' 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 auditors' 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, 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

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

Vaughan, Canada

April 30, 2019

QUISITIVE TECHNOLOGY SOLUTIONS, INC. (formerly Nebo Capital Corp.)
Consolidated Statements of Financial Position
December 31, 2018 and 2017
(Expressed in United States Dollars)

		2018		2017*
Assets				
Current				
Cash	$	273,448	$	1
Accounts receivable (Note 5)		1,400,739		-
Work in progress		510,444		-
Prepaid expenses		191,971		-
		2,376,602		1
Deposits		27,347		-
Property and equipment, net (Note 6)		179,840		-
Intangible assets (Note 7)		4,922,572		-
Goodwill (Note 8)		5,752,748		-
Total Assets	**$**	**13,259,109**	**$**	**1**
Liabilities				
Current				
Accounts payable and accrued liabilities	$	2,071,222	$	-
Operating line of credit (Note 9)		230,253		-
Accrued state taxes		38,187		-
Contingent consideration (Note 3)		1,186,094		-
Note payable (Note 11)		5,244,851		-
		8,770,607		-
Shareholders' equity				
Share capital (Note 13(a))		9,117,405		1
Warrants (Note 13(b))		1,551,091		-
Contributed surplus		374,266		-
Deficit		(6,593,814)		-
Equity attributable to owners of the Corporation		4,448,948		1
Non-Controlling Interest		39,554		-
		4,488,502		1
Total Liabilities and Shareholders' Equity	**$**	**13,259,109**	**$**	**1**

Going Concern (Note 2(a))

*The Corporation retrospectively applied IFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated. See Note 2(r).

Approved on behalf of the Board:

"Mike Reinhart"	*"David Guebert"*
………………………………………………	………………………………………………
Mike Reinhart, Chairman and 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. (formerly Nebo Capital Corp.)
Consolidated Statements of Comprehensive Loss
Year Ended December 31, 2018 and the period from the date of incorporation (February 8, 2017) to December 31, 2017
(Expressed in United States Dollars)

		2018		2017*
Revenue	$	12,606,724	$	-
Cost of Revenue		7,933,300		-
Gross Margin		4,673,424		-
Operating Expenses				
Sales and marketing expense		2,056,445		-
General and administrative		3,569,533		-
Listing expense (Note 4)		2,570,700		-
Amortization (Note 7)		1,488,101		-
Interest expense		734,544		-
Stock based compensation (Note 13(c))		403,864		-
Acquisition related expenses (Note 3)		327,463		-
Depreciation (Note 6)		94,787		-
Loss Before Income Taxes		(6,572,013)		-
Current income tax (Note 10)		38,187		-
Net Loss	$	(6,610,200)	$	-
Comprehensive Loss				
Comprehensive Loss Attributed to:				
Owners of the Corporation	$	(6,593,814)	$	-
Non-controlling interest		(16,386)		-
	$	(6,610,200)	$	-
Basic and Diluted Income (Loss) Per Share (Note 14)	$	(0.09)	$	0.00
Weighted Average Number of Common Shares Outstanding		70,243,772		1,000,000

*The Corporation retrospectively applied IFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated. See Note 2(r).

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

QUISITIVE TECHNOLOGY SOLUTIONS, INC. (formerly Nebo Capital Corp.)
Consolidated Statements of Changes in Shareholders' Equity
Year Ended December 31, 2018 and the period from the date of incorporation (February 8, 2017) to December 31, 2017
(Expressed in United States Dollars)

	Share Capital						
	Number	Amount	Contributed Surplus	Warrants	Deficit	Non-Controlling Interest	Total
		$	$	$	$	$	$
Balance, February 8, 2017	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Shares on incorporation	1,000,000	1	-	-	-	-	1
Balance, December 31, 2017*	**1,000,000**	**1**	**-**	**-**	**-**	**-**	**1**
Shares issued from private placements	62,067,288	8,178,156	-	-	-	-	8,178,156
Shares issuance costs		(704,732)	-	-	-	-	(704,732)
Share issued in connection with Quisitive acquisition	11,588,725	466,562	-	-	-	-	466,562
Warrants	-	(1,214,327)	-	1,214,327	-	-	-
Broker warrants	-	(336,764)	-	336,764	-	-	-
Shares issued pursuant to RTO	10,175,000	2,728,509	23,042	-	-	-	2,751,551
Stock-based compensation	-	-	351,224	-	-	55,940	407,164
Net loss for the year	-	-	-	-	(6,593,814)	(16,386)	(6,610,200)
Balance, December 31, 2018	**84,831,013**	**$ 9,117,405**	**$ 374,266**	**$ 1,551,091**	**$ (6,593,814)**	**$ 39,554**	**$ 4,488,502**

*The Corporation retrospectively applied IFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated. See Note 2(r).

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

QUISITIVE TECHNOLOGY SOLUTIONS, INC. (formerly Nebo Capital Corp.)
Consolidated Statements of Cash Flows
Year Ended December 31, 2018 and the period from the date of incorporation (February 8, 2017) to December 31, 2017
(Expressed in United States Dollars)

		2018		2017*
Operating Activities				
Net income (loss) for the year	$	(6,610,200)	$	-
Items not involving cash				
Amortization		1,488,101		-
Depreciation		94,787		-
Stock-based compensation		403,864		-
Listing expense related to equity issued in Qualifying Transaction (Note 4)		2,751,551		-
Accretion of contingent consideration (Note 3)		61,094		-
		(1,810,803)		-
Changes in non-cash working capital				
Accounts receivable		82,484		-
Work in progress		(510,444)		-
Prepaid		(64,121)		-
Accounts payable and accrued liabilities		(157,220)		-
Accrued income taxes		38,187		-
Cash Used in Operating Activities		(2,421,917)		-
Investing Activities				
Purchase of equipment		-		-
Purchase of intangibles		(86,001)		-
Cash acquired in Qualifying Transaction (Note 4)		569,347		-
Acquisition of Quisitive, net of cash acquired (Note 3)		(3,904,876)		-
Cash Used in Investing Activities		(3,421,530)		-
Financing Activities				
Share subscriptions received, net of issuance costs		7,473,438		1
Proceeds from related party loan (Note 18)		300,000		-
Repayment of related party loan (Note 18)		(300,000)		-
Proceeds from factoring operating line of credit (Note 9)		230,253		-
Repayment of operating line of credit (Note 9)		(1,392,357)		-
Repayment of equipment lease loan		(194,440)		-
Cash Provided by Financing Activities		6,116,894		1
Foreign Exchange Effect on Cash		-		-
Inflow/Outflow of Cash		273,447		1
Cash, Beginning of Year		1		-
Cash, End of Year	$	273,448	$	1

*The Corporation retrospectively applied IFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated. See Note 2(r).

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

1. NATURE OF OPERATIONS

Quisitive Technology Solutions, Inc. ("Quisitive" or the "Corporation"), formerly Nebo Capital Corporation ("Nebo"), is the parent Corporation of Fusion Agiletech Partners, Inc. (formerly Fusion Martech Partners, Inc.) ("Fusion Canada") which was incorporated on February 8th, 2017 under the *Business Corporation Act* (Ontario).

Nebo Capital Corporation was classified as a Capital Pool Corporation ("CPC") as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4 ("Policy 2.4"). As a CPC, the Corporation's immediate objective was to identify and acquire either operating assets or a business, subject to shareholders' approval, that meet the criteria of a Qualifying transaction as defined by the TSX-V ("Qualifying Transaction").

On August 8, 2018, the Qualifying Transaction occurred pursuant to a definitive Business Combination Agreement. The Qualifying Transaction or Reverse Take Over ("RTO") was approved by the TSX-V and proceeded by way of a three cornered amalgamation (the "Amalgamation") pursuant to which Fusion Canada amalgamated with Nebo Acquisition Corp., a wholly-owned subsidiary of Nebo incorporated under the laws of Ontario, and Nebo acquired all of the issued and outstanding common shares of Fusion Canada (the "Fusion Shares"), in exchange for Nebo's shares on a 1:1 basis, such that Fusion Canada became a wholly-owned subsidiary of Nebo. The Amalgamation also provided that all outstanding convertible securities to purchase Fusion Canada's Shares were either exchanged in accordance with their terms, on a 1:1 basis, for economically equivalent securities of Nebo or became exercisable for equivalent securities of Nebo in lieu of securities of Fusion Canada and otherwise on the same terms and conditions. In connection with the closing of the Qualifying Transaction, Nebo also changed its name from "Nebo Capital Corp." to "Quisitive Technology Solutions, Inc.". See Note 4 for further details.

The common shares of Quisitive are listed on the TSX Venture Exchange (the "TSX-V") under the symbol "QUIS". The Corporation is a holding Corporation that has been incorporated to acquire IT service companies in the United States and Canada. The address of the Corporation's registered office is 161 Bay Street, Suite 2325, Toronto, Ontario, M5J 2S1.

Fusion Agiletech Holdings Ltd. ("Fusion Holdings")), a wholly-owned subsidiary of Fusion Canada, was incorporated on December 22nd, 2017 under the General Corporate Law of the State of Delaware. Fusion Holding's registered office is 919 North Market Street, Suite 950, Wilmington, Delaware, 19801. In connection with the Qualifying Transaction, Fusion Holdings changed its name to Quisitive Ltd.

LedgerPay was incorporated on December 26th, 2017 under the General Corporate Law of the State of Delaware. LedgerPay's principal activity is to develop, promote and sustain blockchain-enabled payments-related software products. Fusion Holdings owns 92.1% of LedgerPay. The address of the LedgerPay's registered office is 919 North Market Street, Suite 950, Wilmington, Delaware, 19801.

On January 22, 2018, Fusion Holdings entered into a definitive agreement to acquire the shares of Quisitive, LLC. The transactions closed on January 23, 2018 (see Note 3) and the operations of Quisitive, LLC since January 24, 2018 have been reflected in the consolidated financial statements.

Quisitive, LLC is a Texas Limited Liability Corporation and provides capabilities in customer-oriented information technology solutions, specializing in blockchain and transformative technologies, strategy and management consulting, agile software development, digital transformation, cloud and data analytics. Quisitive, LLC's headquarters is 1431 Greenway Drive, Suite 1000, Irving, TX 75038 and has a secondary office in Denver, Colorado.

2. SIGNIFICANT ACCOUNTING POLICIES

(A) GOING CONCERN:

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the basis of presentation outlined in Note 2(b) on the assumption that the Corporation is a going concern and will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Corporation has experienced losses since inception and has a working capital deficiency and significant debt obligations. Additional financing will be required to support operating and investing activities and refinance debt obligations, as the Corporation intends to expand its operations in the foreseeable future. There is no certainty that additional financing will be available or that it will be available on attractive terms.

The above condition indicates the existence of a material uncertainty that may cast significant doubt as to the Corporation's ability to continue as a going concern. The consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumptions were not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses, and the consolidated statement of financial position classification used.

(B) BASIS OF PREPARATION

These consolidated financial statements for the year ended December 31, 2018 of the Corporation were prepared in accordance with International Financial Reporting 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 30, 2019.

(a) 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.

All financial information is stated in United States of America Dollars ("US$"), except where otherwise noted.

(b) Functional and reporting currency

These consolidated financial statements are presented in US$. The functional currency of the Corporation and each of the Corporations' controlled subsidiaries is also US$.

(c) Basis of consolidation

The consolidated financial statements include the Corporation and its wholly-owned subsidiaries Fusion Agiletech Partners, Inc., Quisitive Ltd. and Quisitive, LLC, as well as LedgerPay, which the Corporation owns an 92.1% interest. 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.

(d) 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) Cash generating units ("CGU") and the allocation of goodwill for the purpose of impairment testing.

(ii) Stock-based compensation is valued using the Black-Scholes Option Pricing Model at the date of grant and expensed in profit or loss over 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. Stock-based compensation expense also utilizes subjective assumption on forfeiture rate. Changes in these input assumptions can significantly affect the fair value estimate.

(iii) 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.

(iv) Recoverability of the carrying value of intangible assets requires management to determine whether future economic benefits from sale or otherwise are likely. Evaluation may be more complex where activities have not reached a stage that permits a reasonable assessment of the viability of the asset. Management must make certain estimates and assumptions about future events or circumstances including, but not limited to, the interpretation of marketing and sales data, as well as the Corporation's financial ability to continue marketing and sales activities and operations.

(v) The fair value of consideration to acquire the Corporation in a reverse take-over transaction comprised common shares and replacement warrants and options. Common shares were valued on the date of issuance. Replacement warrants and options were valued using the Black-Scholes model. The Corporation applied IFRS 2 *Share-based Payments* in accounting for the Transaction.

(vi) 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.

(vii) 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.

Significant areas requiring the use of judgments include:

(i) The assessment of the Corporation's ability to continue as a going concern involves judgment regarding future funding available for its platform development and working capital requirements.

(ii) The application of the Corporation's accounting policy for intangible asset capitalization requires judgment in determining whether it is likely that the future economic benefits will flow to the Corporation, which are based on assumptions about future events or circumstances. Assumptions may change if new information becomes available.

(iii) The Corporation records an allowance for doubtful accounts related to accounts receivable that are considered to be uncollectable. 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.

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

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

(vi) 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.

(vii) 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.

(e) 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.

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.

(f) 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.

(g) Revenue recognition

The Corporation’s policies for the recognition of revenue under IFRS 15 are as follows:

Time and material engagements is recognized at the contractual rates as labour hours are delivered and direct expenses are incurred.

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 labour 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.

Deferred revenue is the amount paid over the current billing to the client project and the revenue is not yet realizable nor recognized.

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 allowance for doubtful accounts. The Corporation's estimate of the allowance for doubtful accounts 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.

(h) Stock-based compensation

Stock-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Stock-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 is recorded to contributed surplus. The fair value of options is determined using the Black-Scholes option pricing model. 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.

(i) Property and equipment

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

(j) 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 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.

Intangible software includes internally developed software relating to the following:

1. **Data Link** is a cloud based data ingestion software service that loads data to Microsoft's Azure Datalink environment.
2. **LedgerPay Product Family** is focused on loyalty, payments and compliance for retail and banks.
3. **Blockchain Oil Pipeline solution –** software development services as well as sales and marketing asset development
4. **Blockchain methodology**, services, a programmatic practice development
   - **i.** This includes software development work
   - **ii.** Business planning and product roadmap development

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 years
Customer relationship - 3 years
Microsoft relationship – 5 years

(k) Business combinations and goodwill

Acquisitions of businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Corporation in exchange for control of the acquiree. Acquisition-related costs are recognized in loss in the period incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRS sections. Changes in the fair value of contingent consideration initially classified as equity are not recognized.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognized at their fair value at the acquisition date.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Corporation reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

The measurement period is the period from the date of acquisition to the date the Corporation obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum period of one year.

The Corporation measures goodwill as the fair value of the consideration transferred less the net recognized amount of the identifiable assets acquired and the liabilities assumed, all measured as of the acquisition date. 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 on December 31 each year.

(l) Impairment of non-financial assets

At the end of each reporting period, the Corporation's non-financial assets are reviewed to determine whether there is any indication that those assets may be impaired. 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 to sell 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 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.

(m) 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.

(n) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

(o) 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 measured 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 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 on 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.

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

	IFRS 9		IAS 39	
	Classification	**Measurement**	**Classification**	**Measurement**
Cash	FVTPL	Fair value	Loans and receivables	Fair Value
Accounts receivables	Amortized cost	Amortized cost	Loans and receivables	Amortized cost
Accounts payables and accrued liabilities	Amortized cost	Amortized cost	Other liabilities	Amortized cost
Operating line of credit	Amortized cost	Amortized cost	Other liabilities	Amortized cost
Note payable	Amortized cost	Amortized cost	Other liabilities	Amortized cost
Contingent consideration	FVTPL	Fair value	FVTPL	Fair Value

(p) Leases

Leases entered into by the Corporation as lessee that transfer substantially all the benefits and risks of ownership to the Corporation are recorded as finance leases and are included in property and equipment and obligations under finance leases. Obligations under finance leases are reduced by lease payments net of imputed interest. All other leases are classified as operating leases under which lease payments are expensed on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease cost, over the term of the lease. Contingent lease payments are accounted for in the period incurred.

(q) Operating segment

Management has determined that the Corporation operates in a single reportable operating segment.

(r) Adoption of IFRS 15 – Revenue from Contracts with Customers ("IFRS 15")

IFRS 15 introduced a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRSs. 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.

On January 1, 2018, the Corporation adopted IFRS 15 – Revenue from Contracts with Customers using the cumulative effect method; therefore, comparative information has not been restated.

The adoption of IFRS 15 did not result in any changes to the Corporation's accounting policies for revenue recognition and therefore, did not result in any transitional adjustments to the Corporation's consolidated financial statements.

(s) Upcoming Accounting Pronouncements

IFRIC 23 Uncertainty over Income Tax Treatments (issued in June 2017) – The Interpretation, applicable to annual periods beginning on or after January 1, 2019 (earlier application permitted), provides guidance on how to reflect the effects of uncertainty in accounting for income taxes under IAS 12, in particular (i) whether uncertain tax treatments should be considered separately, (ii) assumptions for taxation authorities' examinations, (iii) determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, and tax rates, and (iv) effect of changes in facts and circumstances. The Corporation has not assessed the impact on the financial statements.

IFRS 16 Leases (issued in January 2016) - The Standard, effective for annual periods beginning on or after January 1, 2019 (earlier application permitted only if IFRS 15 also applied), replaces IAS 17 and its Interpretations.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

The Corporation is currently evaluating the impact of this standard on its consolidated financial statements.

3. BUSINESS COMBINATIONS

On January 23, 2018, Fusion Holdings (now Quisitive, Ltd) purchased the equity interests in Quisitive, LLC to obtain control.

The aggregate consideration paid by the Corporation to acquire Quisitive, LLC is comprised of:

(i) $2,071,843 paid in cash at closing;
(ii) $1,228,157 issued as a short term note, which was subsequently paid on March 29, 2018;
(iii) 11,588.738 shares in Fusion Holdings, convertible on a 1:1,000 basis into shares of parent Corporation Fusion Agiletech Partner;
(iv) $700,000 paid in cash to for settlement of lawsuit by the former shareholders of Quisitive LLC; and
(v) Contingent consideration up to $2,500,000.

As part of the compensation for the Quisitive, LLC membership units, Fusion Holdings entered into an earn-out with certain former Quisitive, LLC members (the “Contingent Consideration”). The Contingent Consideration has a maximum payout of $2,500,000 which is based on a five times EBITDA exceeding

(Expressed in United States Dollars)

$1,700,000 to a maximum of $2,200,000 eligible in either 2018 or fiscal 2019. Management has estimated the fair market value of the Contingent Consideration to be $1,125,000 by estimating the likelihood of achieving such Contingent Consideration goals and applying a present value at discount rate of 5.3% to such likely amounts. As of December 31, 2018 the present value of the contingent consideration is $1,186,094 and the company has recorded accretion of $61,094 in 2018, which is recorded in interest expense in the consolidated statements of comprehensive income (loss). The EBITDA targets were not reached for 2018, but continue to be eligible for 2019.

The Corporation has determined that this transaction is a business combination as the assets acquired and liabilities assumed constitute a business. The transaction was accounted for using the acquisition method of accounting whereby the assets acquire, and liabilities assumed were recorded at their estimated fair value at the acquisition date.

The fair values shown below for Quisitive, LLC are final.

Purchase price consideration		
Cash paid	$	4,000,000
Shares issued		466,562
Fair value of contingent consideration		1,125,000
Consideration of the acquisition	$	5,591,562
Cash		95,124
Other current assets	$	1,611,070
Deposit		27,347
Property and equipment		280,433
Other intangibles		42,732
Tangible assets acquired		2,056,706
Current liabilities		(1,636,244)
Operating line of credit		(1,392,357)
Equipment lease		(194,440)
Note payable		(5,244,851)
Total liabilities	$	(8,467,892)
Net tangible liabilities assumed		(6,411,186)
Finite life intangibles asset acquired:		
Microsoft relationship		3,860,000
Customer relationship		2,390,000
Goodwill		5,752,748
	$	5,591,562

Since January 23, 2018, for the year ending December 31, 2018, Quisitive, LLC contributed revenue of $12,606,724, gross profit of $4,673,424 and a net loss of $477,265. As of December 31, 2018, the Corporation expensed $163,691 in acquisition related costs to complete the transaction.

The acquired intangible assets are being amortized over their estimated useful lives as follows:

Microsoft relationship	5 years
Customer relationship	3 years

(Expressed in United States Dollars)

4. REVERSE ACQUISITION OF NEBO CAPITAL CORPORATION

On August 8, 2018, Nebo completed its Qualifying Transaction, which was effected pursuant to an agreement between Nebo and Fusion Canada. As part of the agreement, Nebo acquired all the issued and outstanding shares of Fusion Canada.

As part of the Qualifying Transaction, Fusion Canada amalgamated with a wholly-owned subsidiary of Nebo Capital Corp (the "Amalgamation"), pursuant to which all shares of Fusion Canada, were exchanged for shares of Nebo.

The Transaction proceeded by way of a three cornered amalgamation (the "Amalgamation") pursuant to which Fusion Canada amalgamated with Nebo Acquisition Corp., a wholly-owned subsidiary of Nebo ("Subco") incorporated under the laws of Ontario, and Nebo acquired all of the issued and outstanding common shares of Fusion Canada (the "Fusion Shares"), in exchange for Nebo Shares on a 1:1 basis, such that Fusion Canada became a wholly-owned subsidiary of Nebo. The Amalgamation also provided that all outstanding convertible securities to purchase Fusion Canada shares were either exchanged in accordance with their terms, on a 1:1 basis, for economically equivalent securities of Nebo or became exercisable for equivalent securities of Nebo in lieu of securities of Fusion Canada and otherwise on the same terms and conditions. In connection with the closing of the Transaction, Nebo also changed its name from "Nebo Capital Corp." to "Quisitive Technology Solutions, Inc.".

Upon completion of the Transaction, there are an aggregate of 84,831,013 Quisitive Shares issued and outstanding (non-diluted) comprised of 10,175,000 common shares issued to former holders of Nebo common shares, and 74,656,013 common shares issued to former holders of Fusion Canada common shares, of which the shareholders of Nebo hold approximately 11.99%, and the shareholders of Fusion Canada hold approximately 88.01%.

Upon closing of the Qualifying Transaction, the former shareholders of Fusion Canada owned 88.01% of the common shares of the Corporation and as a result, the transaction is considered a reverse acquisition of Nebo by Fusion Canada. For accounting purposes, Fusion Canada is considered the acquirer and Nebo the acquiree. Accordingly, the consolidated financial statements are in the name of Nebo Capital Corporation which has since changed its name to Quisitive Technology Services, Inc. however, they are a continuation of the financial statements of Fusion Canada which has a financial year end of December 31, 2018.

The results of operations of Nebo are included in the consolidated financial statements as of the date of the reverse acquisition on August 8, 2018.

The following summarizes the reverse takeover of Nebo by Fusion Canada and the net assets acquired at August 8, 2018.

Fair value of consideration paid to former Nebo holders of:		
Common shares (10,175,000 common shares at CDN$0.35)	$	2,728,509
Options (150,000 options)		23,042
Total consideration		2,751,551
Less: Net identifiable assets acquired and liabilities assumed		(569,347)
Other expenses associated with listing		388,496
Total Listing expense	$	2,570,700

(Expressed in United States Dollars)

The Amalgamation with Nebo allowed the former Fusion Canada, a private Corporation, to obtain a listing on the TSX-V without having to go through the initial public offering process. As the acquisition was not considered a business combination, a total of $2,570,000, being the excess of fair value of the consideration paid to obtain the listing over the net assets (liabilities) received (assumed) is expensed for the year ended December 31, 2018.

5. ACCOUNTS RECEIVABLE

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

		December 31 2018		December 31, 2017
Accounts receivable	$	1,558,724	$	-
Less: Allowance for doubtful accounts		(157,985)		-
Net accounts receivable	$	1,400,739	$	-

For the year ended December 31, 2018, the Corporation recorded bad debt expense of $192,985. The accounts receivable balance is factored (see Note 9) but there is recourse on the collection.

6. PROPERTY AND EQUIPMENT

		December 31 2018		December 31, 2017
Computers and network equipment	$	117,175	$	-
Furniture and equipment		399,267		-
Leasehold improvements		36,239		-
Software		12,204		-
Total cost		564,885		-
Less accumulated depreciation		(385,045)		-
Net property and equipment	$	179,840	$	-

Depreciation expense for the year ended December 31, 2018 and period from February 8, 2017 to December 31, 2017 was $94,787 and $nil, respectively.

(Expressed in United States Dollars)

7. INTANGIBLE ASSETS

Intangible assets related to our Quisitive, LLC acquisition were recorded at the fair value at the acquisition date. Intangible assets with a finite life are amortized into income over their useful lives.

	Software	Website Development	Microsoft Relationship	Customer Relationship	Total
COST					
Balance, December 31, 2017	-	-	-	-	-
Acquired from business combination	-	88,449	3,860,000	2,390,000	6,338,449
Additions	40,157	45,844	-	-	86,001
Balance, December 31, 2018	40,157	134,293	3,860,000	2,390,000	6,424,450
ACCUMULATED AMORTIZATION					
Balance, December 31, 2017	-		-	-	-
Acquired from Quisitive, LLC		13,777			13,777
Amortization	-	18,282	723,353	746,466	1,488,101
Balance, December 31, 2018	-	32,059	723,353	746,466	1,501,878
CARRYING VALUE					
December 31, 2017	-	-	-	-	-
December 31, 2018	40,157	102,234	3,136,647	1,643,534	4,922,572

Amortization expense for the year ending December 31, 2018 and 2017 was $1,488,101 and $nil respectively.

8. GOODWILL

	December 31, 2018	December 31, 2017
Balance, opening balance December 31	$ -	$ -
Additions – Quisitive, LLC (Note 3)	$ 5,752,748	$ -
Balance, December 31	$ 5,752,748	$ -

The Corporation tests its Cash-Generating Unit ("CGUs") with indefinite life intangibles assets and/or allocated goodwill for impairment as at December 31 of each calendar year. For the purpose of the 2018 impairment test, management has determined that the Corporation is one CGU.

When assessing whether or not there is impairment, the Corporation determines the recoverable amount of a CGU based on the greater of its value in use or its fair value less costs to sell. Value in use is estimated by discounting estimated future cash flows to their present value. Management estimates of expected the discounted future cash flows and a terminal value. The future cash flows are based on estimates of expected future operating results of the CGU after considering economic conditions and a general outlook for the CGU's industry. Discount rates consider market rates of return, debt to equity ratios and certain risk premiums, among other things. The terminal value is the value attributed to the CGU's operations beyond the projected time period of the cash flows using a perpetuity rate based on expected economic conditions and a general outlook for the industry.

(Expressed in United States Dollars)

Management has made certain assumptions for the discount and terminal growth rates to reflect variations in the expected future cash flows. These assumptions may differ or change quickly depending on economic conditions or other events. It is therefore possible that future changes in assumptions may negatively affect future valuation of CGUs, which could result in impairment losses. Management has concluded that there is no impairment as of December 31, 2018.

9. OPERATING LINE OF CREDIT

On October 12, 2018 the Corporation entered into a two-year master purchase and sale agreement with a US Bank where trade receivables of the Corporation are factored for interest and fees. 85% of the face value of factored receivables are advanced upon presentation of verified invoices, with the other 15% remitted back to the Corporation, net of interest and fees upon payment by the end customer. The $2,500,000 facility bears administrative expenses and an advance fee calculated as interest upon the daily net outstanding balance at LIBOR Daily Floating Rate plus 7% and will have additional service costs of 0.4% on outstanding invoices. Other facility fees, including shortfall and chargeback fees, among other fees apply. The facility is secured by a general security agreement over all of the assets of the Corporation. All transaction costs have been expensed as they are not material. As at December 31, 2018 there was $477,356 available for release that was not borrowed against.

	December 31, 2018	December 31, 2017
Operating line of credit	$ 230,253	$ -
Interest paid for the year ended December 31	$ 48,690	$ -

The Corporation previously had a $1,500,000 operating line of credit with a different financial institution. In 2018, the operating line of credit and the equipment leases were paid in full with the proceeds received from a factoring agreement noted above. Total interest paid in 2018 related to the previous line of credit was $61,419.

10. INCOME TAXES

(a) Tax recognized in profit or loss

	2018	2017
Current tax expense		
Current year	$ 38,187	$ -

(Expressed in United States Dollars)

(b) Reconciliation of effective tax rate

Income tax expense differs from the amount that would be computed by applying the combined corporate income tax rate of 26.5% (2017- 26.5%) to loss before income taxes. The reasons for the differences are as follows:

		2018		2017
Loss before income taxes	$	(6,572,013)	$	-
Statutory income tax rate		26.5%		26.5%
Expected income tax (recovery)		(1,741,583)		-
Permanente differences		857,843		-
Unrecognized benefit of deferred tax assets		918,607		-
Differences in income tax rates between jurisdictions		202,488		-
Financing fees and other		(199,168)		-
Income tax expense	$	38,187	$	-

(c) Unrecognized deferred tax assets

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

For the years ended December 31, 2018 and 2017 there were no movements in recognized deferred income tax assets or deferred income tax liabilities.

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:

		2018		2017
Non-capital losses carried forward	$	2,505,115	$	-
Property, equipment and intangible assets		794,058		-
Other temporary differences		994,636		-
Unrecognized deductible temporary differences	$	4,293,809	$	-

As at December 31, 2018, the Corporation has non-capital losses of approximately $812,692 available that may be carried forward and applied against future income for Canadian income tax purposes and will begin to expire in 2029. The Corporation also has approximately $1,692,423 of non-capital operating losses that may be carried forward indefinitely and applied against future income for United States income tax purposes. The remaining temporary difference can be carried forward indefinitely.

(Expressed in United States Dollars)

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 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. NOTE PAYABLE

The Corporation has a note payable with a private lender. Unpaid principal balance bears interest at 9%, increasing 0.05% every six months not to exceed 12%, maturing on February 23, 2020, secured by a second priority security interest in the Corporation's personal property. Interest on the first six months were not payable, and have been added to the principal balance of the debt per the agreement. Interest is payable monthly, and the principal is due February 23, 2020. There is a basic fixed charge coverage ratio covenant of at least 1.20 to 1.00 that is to be calculated on a trailing 12-month basis quarterly among other non-financial covenants that the Corporation must meet.

The note payable is subject to compliance with covenants and as of December 31, 2018 the Corporation was in violation of certain covenants. The Corporation has subsequently received a waiver from the private lender on such covenants.

	December 31, 2018	2017
Note payable	$ 5,244,851	$ -
Interest expense for the year ended December 31	$ 559,961	$ -

12. LEASE COMMITMENTS

Quisitive has leased its two office facilities under separate non-cancellable operating leases. Total monthly rent for the two leases is $52,081. Rent expense for these leases were $703,112 for the year ending December 31, 2018 (2017 – $nil).

Future minimum cash payments required under these two leases are as follows:

	December 31, 2018
2019	$ 628,633
2020	462,451
2021	416,866
Total	$ 1,507,950

13. SHARE CAPITAL

(a) Share Issuances

The Corporation is authorized to issue an unlimited number of common shares. As at December 31, 2018, 84,831,013 common shares were issued and outstanding as fully paid and non-assessable (December 31, 2017 – 1,000,000).

On February 8, 2017 1,000,000 shares were issued for CAD$1.

On January 16, 2018, Fusion Canada completed a private placement raising aggregate gross proceeds of $1,111,175 (CAD$1,380,000) through the sale of 27,600,000 common shares at CAD$0.05 per share.

On January 19, 2018, Fusion Canada completed a private placement raising aggregate gross proceeds of $398,574 (CAD$495,000) through the sale of 9,900,000 common shares at CAD$0.05 per share.

On January 22, 2018, 11,588.738 shares in Fusion Holdings convertible on a 1:1,000 basis into shares of the Corporation at a value of $466,562 were issued pursuant the Agreement and Plan of Merger and Membership Interest Purchase Agreement of Quisitive, LLC and on January 23, 2018 Fusion Holdings exchanged the 11,588.738 common shares for 11,588,725 common shares of Fusion Canada.

On March 29, 2018 the Corporation issued 24,138,716 common shares for CAD$0.35 per unit for $6,552,696 (CAD$8,448,550). Each unit consisted of one share and one half of one warrant. Each whole warrant entitles the holder thereof to acquire an additional share at a price of CAD$0.50. In connection with the offering, 1,647,711 additional broker warrants were issued, each unit which entitles the holder thereof to acquire common share at a price of CAD$0.35, expiring on earlier of (i) three years following Qualifying Transaction or (ii) June 1, 2022.

On June 1, 2018, the Corporation issued 428,572 units at a price of CAD$0.35 per unit for $115,710 (CAD$150,000). Each unit consists of one common share and one half of one warrant. Each whole warrant entitles the holder thereof to acquire an additional common share at a price of CAD$0.50. As part of the share issuance 214,286 warrants were issued with a strike price of CAD$0.50 and expire on the date which is the earlier of (i) 3 years following completion of the Qualifying Transaction or (ii) June 1, 2020. In addition, 30,000 broker warrants exercisable for units as described above were issued exercisable at CAD$0.35 and expiring on earlier of (i) three years following Qualifying Transaction or (ii) June 1, 2022.

In connection with the various issuances, the Corporation incurred total share issuance costs of $704,732 which have been recorded as a reduction in share capital.

On August 8, 2018, the Corporation issued 10,175,000 common shares in connections with the Qualifying Transaction at a price of CAD$0.35.

(b) Warrants Issued

As part of the share issuance of 24,138,716 common shares on March 29, 2018, 12,069,358 warrants were issued with a strike price of CAD$0.50 and expire on the date which is the earlier of (i) 3 years following completion of the Qualifying Transaction (see Note 4) or (ii) March 29, 2020. In addition, 1,647,711 broker warrants were issued exercisable at CAD$0.35 and expiring on earlier of (i) three years following Qualifying Transaction or (ii) March 29, 2022. Each unit is comprised of one and one half common shares of the Corporation. Each warrant is convertible into one common share, and each broker warrant is convertible into a unit which is one and one half common shares.

(Expressed in United States Dollars)

As part of the share issuance of 428,572 common shares on June 1, 2018, 214,286 warrants were issued with a strike price of CAD$0.50 and expire on the date which is the earlier of (i) 3 years following completion of the Qualifying Transaction (see Note 4) or (ii) June 1, 2020. In addition, 30,000 broker warrants exercisable for units were issued exercisable at CAD$0.35 and expiring on earlier of (i) three years following Qualifying Transaction or (ii) June 1, 2022. Each unit is comprised of one and one half common shares of the Corporation. Each warrant is convertible into one common share, and each broker warrant is convertible into a unit which is one and one half common shares.

Both the warrants and the broker warrants were valued using the Black-Scholes model and a total value of $1,551,091 was recorded. The weighted average assumptions used in the Black-Scholes model are as follows:

Risk-free interest rate	1.88% - 2.00%
Expected term (in years)	2-3
Estimated dividend yield	0%
Weighted-average estimated volatility	114.2-130.2%

(c) Stock Options

	Number of Options	Weighted Average Exercise Price (CAD)
Outstanding, December 31, 2017	-	-
Granted	2,880,000	0.35
Re-issue to former Nebo option holders	150,000	0.20
Outstanding December 31, 2018	3,030,000	0.34

The Corporation issued 2,880,000 options to employees and directors during 2018 (2017 – nil). All of the strike prices are CAD$0.35 per share and the vesting schedule is 1/3 are vested on the date of issue, 1/3 on the 1st anniversary and 1/3 on the 2nd anniversary. The fair value of these options was determined using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	2.03% – 2.19%
Expected term (in years)	5
Estimated dividend yield	0%
Weighted-average estimated volatility	104.8% - 141.1%
Weighted-average fair value per option	$0.19

(Expressed in United States Dollars)

The Corporation issued 150,000 options to former Nebo option holders. All of the strike prices are CAD$0.20 per share and vested on issuance. The options expire August 8, 2019. The fair value of these options was determined using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	2.10%
Expected term (in years)	1
Estimated dividend yield	0%
Weighted-average estimated volatility	104.8%
Weighted-average fair value per option	$0.15

For the year ended December 31, 2018, the Corporation recognized share-based compensation of $403,864 (2017 - $Nil) relating to the stock options that vested during the period.

The following options were outstanding at December 31, 2018:

Grant Date	Expiry Date	Exercise Price	Number of Options	Exercisable
April 9, 2018	April 9, 2023	$ 0.35	815,000	271,666
April 30, 2018	April 30, 2023	$ 0.35	100,000	33,333
June 3, 2018	June 3, 2023	$ 0.35	750,000	250,000
August 8, 2018	August 8, 2019	$ 0.20	150,000	150,000
August 17, 2018	August 17, 2023	$ 0.35	200,000	66,666
November 20, 2018	November 20, 2023	$ 0.35	1,015,000	338,333
			3,030,000	1,109,998

The weighted average contractual life for the remaining options as at December 31, 2018 is 4.36 years (2017 – nil).

14. NET LOSS PER SHARE

The Computation for basic and diluted net income (loss) per share for the year ended December 31, 2018 and period from February 8, 2017 to December 31, 2017 are as follows:

	Year ended December,	
	2018	2017
Net loss for the period	$ (6,610,200)	$ -
Weighted average number of shares outstanding, basic	70,243,772	-
Basic and Diluted Income (Loss) Per Share	$ (0.09)	$ -

For the year ended December 31, 2018, potentially dilutive shares related to warrants, broker warrants and options totaling 12,283,644, 2,516,566 and 3,030,000 respectively, have been excluded from the calculation of diluted number of shares because the impact would be anti-dilutive.

15. FINANCIAL INSTRUMENTS

The carrying values of the cash, accounts receivable, accounts payable and accrued liabilities, and operating line of credit approximate their fair values due to their short term to maturity. The carrying value of the notes payable approximates 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 Canadian financial institution and the Corporation's concentration of credit risk for cash and maximum exposure thereto is $229,104 (2017 - $nil).

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 $1,510,171 (2017 - $nil). Accounts receivable are shown net of provision of credit losses of $157,985 (2017 - $nil).

(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, 2018, the Corporation has $273,448 (2017 - $nil) of cash to settle current liabilities with the following due dates: accounts payable and accrued liabilities of $2,071,222 (2017 - $nil) and accrued state taxes of $38,187 (2017 - $nil) are due within three months. The Operating line will be due in October 2020. The note payable is due February 20, 2020 and the Contingent consideration, if earned, will be satisfied through issuance of shares.

The Corporation manages its liquidity risk by relying upon its revenues and will have to raise additional funds through equity or debt financing to fund its current liabilities and operations.

(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.

(i) Interest rate risk

The Corporation is not exposed to significant interest rate risk as its note payable has a fixed rate of interest.

(ii) 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.

(Expressed in United States Dollars)

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, 2018 and 2017, the Corporation's net exposure to foreign currency risk on its financial instruments is as follows:

	2018	2017
	CAD$	CAD$
Cash	312,543	-
Accounts payable and accrued liabilities	(606,815)	-
	(294,272)	-
United States dollar equivalent	$ (215,710)	$ -

(iii) 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.

16. CAPITAL MANAGEMENT

The Corporation considers its capital to be comprised of shareholders' equity (deficiency) and debt obligations. The Corporation's objectives in managing its capital are to maintain its ability to continue as a going concern, to further develop its business and ensure compliance with covenants of any applicable credit facility and other financing facilities. To effectively manage the Corporation's capital requirements, the Corporation has a planning and budgeting process in place to meet its strategic goals.

The Corporation manages the capital structure and makes adjustments to it depending on economic conditions and the rate of anticipated expenditures. The Corporation arranged credit facilities with a Canadian financial institution to maintain operations and future acquisitions. The Corporation may issue new shares or seek debt or streaming financing to ensure that there is sufficient working capital to meet its short-term business requirements.

17. NON-CONTROLLING INTEREST

The Corporation owns 92.1% of its subsidiary LedgerPay.

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

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

(Expressed in United States Dollars)

In connection with the above transactions in 2018, the Corporation recorded non-controlling interest of $55,940 associated with the share in LedgerPay granted as stock-based compensation.

The summarized financial information of LedgerPay in 2018 is as follows: Current loss of $207,056 with non-controlling interests of $16,386.

18. RELATED PARTY TRANSACTION AND BALANCE

During 2018, the Corporation entered into a promissory note agreement totaling $300,000 with a shareholder and officer of the Corporation. The note was unsecured, and accrued interest at 3.25% above LIBOR. This note was to bridge the financing received on factoring the receivables. The note payable was repaid in full during October 2018 with proceeds received from the operating line of credit.

	December 31,			
		2018		**2017**
Note payable – related party	$	-	$	-
Interest paid for the year ending December 31	$	818	$	-

Key management compensation

The Company's key management consist of the following executive officers and directors:

Name	Position	Nature of transaction
Mike Reinhart	CEO, Director	Salary
Stephanie Ratza	CFO	Salary

The compensation recorded to key management personnel during the years ended December 31, 2018 and 2017 were as follows:

	Year ended December 31,			
		2018		**2017**
Salaries and short-term employee benefits	$	471,917	$	-
Share-based compensation	$	109,380	$	-

19. SEGMENT INFORMATION

The Corporation has one operating segment. The Corporation's assets and operations are substantially located in United States.

For the year ended December 31, 2018, revenue from one customer represented approximately 20% of the Corporation's total revenue, and accounts receivable from this customer represents 29% of the total accounts receivable as at December 31, 2018.