Fourth Quarter Report December 31, 2020

QUISITIVE TECHNOLOGY SOLUTIONS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2020
(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 year ended December 31, 2020 should be read in conjunction with the Corporation's audited consolidated financial statements and the notes thereto for the years ended December 31, 2020 and December 31, 2019. 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 International Financial Reporting Standards ("IFRS"). All amounts are expressed in thousands of United States dollars unless otherwise indicated.

This MD&A is current as at April 20, 2021, 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 industry related non-GAAP and additional GAAP measures that management uses to evaluate performance of the Corporation. These non-GAAP and additional GAAP measures are not standardized, and the Corporation's calculation may differ from other issuers. See "Definitions — IFRS, Additional GAAP and Non-GAAP Measures".

OVERVIEW OF THE CORPORATION AND STRUCTURE

Business Overview

The Corporation was established as a strategic Microsoft National Solution Provider in the U.S. and has strong brand identity within Microsoft and its partner ecosystem. In addition, Quisitive's CEO, Michael Reinhart, and Quisitive's leadership team have strong executive Microsoft relationships as well as acquisition target executive relationships. The Corporation's brand identity along with these senior executive relationships is considered a key pillar to the consolidation and scale partnership development.

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

The Corporation is comprised of experts in technology who use cloud-based solutions to drive business value. 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 to help achieve its customer's goals.

The Corporation's Cloud Solutions business encompasses infrastructure, data and analytics, digital workplace, application development, and business applications services that apply the benefits of technology to empower enterprise

customers. As a complement to its Cloud Solutions services, the Corporation also develops complete first-party business applications, including emPerform, to better serve its customers and their business goals.

The LedgerPay platform is an innovative cloud-based payment processing and payments intelligence and data insights provider whose solutions are designed to optimize a merchant's payment processing and consumer engagement operations. LedgerPay is a scalable service and the only payment processing platform solution leveraging the Microsoft Azure cloud to deliver a full suite of acquiring, issuing, and processing services with unmatched speed, security, and access to customer's data. Quisitive's Payments Solutions business S-14 provides payment processing services to both merchants and ISOs. It's flagship product platform LedgerPay is a cloud-based data insights and Payments Intelligence TM suite that turns everyday transaction data into customer loyalty for merchants.

LedgerPay expects to generate revenue through payment processing, consumer data, consumer engagement and consumer activation transaction fees. LedgerPay's payments intelligence solution captures and analyzes rich data from every card-based transaction. Its engagement engine transforms the merchant's ability to deliver personalized promotions based on an individual's historic buying behaviors and category preferences to shoppers at the point of purchase in real-time. By seamlessly integrating payments, AI-based predictive analytics, and targeted push marketing operations in a single cloud-based solution, LedgerPay's payments intelligence service will have the potential to dramatically increase a merchant's customer engagement, loyalty, and revenue.

As a digital technology consulting company, the Corporation is strategically positioned to help companies through their digital transformation journey. The foundation of the Corporation's approach, and the principal products and services the Corporation delivers, are guided by its focused mission and strategy. More detailed information regarding the business of the Corporation as well as its operations and assets can be found in the Annual Information Form filed on www.sedar.com.

Structure

On January 2, 2020, the Corporation completed the acquisition of Menlo Technologies Inc. Operations of Menlo Technologies Inc. and its subsidiaries since the acquisition date have been reflected in the consolidated financial statements.

As at December 31, 2020, the Corporate structure of the Corporation was as follows:

Entity name	Country	Ownership percentage at December 31, 2020	Ownership percentage at December 31, 2019
		%	%
Fusion Agiltech Partners, Inc.	Canada	100	100
Corporate Reneassance Group	Canada	100	100
Quisitive Ltd.	USA	100	100
Quisitive LLC	USA	100	100
Ledgerpay, Inc.	USA	84	89.5
Menlo Technologies, Inc.	USA	100	0
MidTech Software Solutions, Inc.	USA	100	0
Support Solutions, Inc.	USA	100	0
Menlo Software India Private Limited	India	100	0

OVERALL PERFORMANCE

Quisitive 2020 business highlights:

- Quisitive began the year with the completion of the Menlo Technologies acquisition. The acquisition fuels the Corporation's strategic vision to provide enterprise customers with depth across Microsoft's entire cloud platform.

- On March 24, 2020, Quisitive launched LedgerPay, a secure, Microsoft cloud-based payment processing and data insights product platform. Incubated under Quisitive, LedgerPay is a strong addition to Quisitive's growing product portfolio. LedgerPay extends traditional payments capabilities by leveraging data science, in partnership with the world's top consumer insights firms, to help merchants use their transaction data to provide a much richer

and more relevant consumer shopping experience. Quickly following the launch, LedgerPay announced its first software licensing agreement with Rev19, a merchant services and financial technology company

- Completed a bought deal financing raising gross proceeds of $11.7 million to enable growth through future acquisitions, investments in sales initiatives, marketing of intellectual property offerings, and other general corporate purposes.

- Recognized by Microsoft for achieving the Advanced Specialization certification in Modernizing Web Applications. A select group of Microsoft partners worldwide have achieved this certification by passing a rigorous audit process.

- Completed a balance sheet restructuring by refinancing $16.1 million in high interest debt and repaying an additional $10.5 million in debt through a combination of cash and share issuances

- Continued with the acquisition strategy and identified several targets and began the due diligence process culminating in the Mazik Global Inc. and BankCard USA Merchant Services, Inc. deals announced in 2021 and described more comprehensively in the subsequent events section of this MD&A.

The following table summarizes results for the years ended December 31, 2020 and 2019:

	Year ended	
	12/31/2020	**12/31/2019**
Revenue	49,764	18,525
Cost of Revenue	29,570	10,588
Gross Margin	20,194	7,937
Margin%	41%	43%
Operating expenses		
Sales and marketing	4,227	3,295
General and administrative	7,569	3,237
Development	275	136
Share based compensation	720	290
Deferred grant income	(91)	—
Interest expense	3,502	1,624
Amortization	4,098	2,423
Depreciation	740	664
Foreign exchange	(507)	(162)
Earn-out settlement loss	1,176	1,618
Acquisition and transaction costs	1,328	2,119
Change in fair value of derivative liability	8,430	—
US payroll protection plan loan forgiveness	(1,247)	—
Loss Before Income Taxes	(10,026)	(7,307)
Income tax Expense — Current	983	245
Deferred income tax expense	(1,101)	(176)
Net Loss for the year	(9,908)	(7,376)

Revenues for the year ended December 31, 2020 were $49,764 compared with $18,525 in 2019 which represents 169% year over year growth. The growth in the Corporation's revenues is due to the addition of CRG and Menlo revenues in 2020 as well as organic growth within the Cloud Services customer base achieved through adding additional consulting services based on knowledge of client's business and through cross-selling across the Company. Additionally, software licensing revenues associated with the sale to Rev19 during the year are included in 2021 revenues.

Cost of revenue is comprised of salaries and other personnel related costs, direct subcontractor and other costs associated with delivering the services. Cost of revenue for the year ended December 31, 2020 was $29,570 with gross margin of 41% compared to cost of revenue of $10,588 and gross margin of 43% in 2019. Gross margin percent remained more or less constant year over year as a result of higher margins over a full year from first person software as a service offerings offset by increases in the Corporation's Cloud Solutions Provider (CSP) revenues in 2020 which provide recurring revenues based on a mark-up of the cloud service consumption of customers. CSP revenues have lower gross profit margins with minimal selling and general administration expenses to deliver.

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 our services.

The following table summarizes sales and marketing expenses in the year ended December 31, 2020 and 2019:

	For the year ended December 31,	
	2020	**2019**
Sales and marketing expenses	$4,227	$3,295
As a percentage of revenue	8%	18%

Sales and marketing expense consist 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 have increased in 2020 versus 2019 due to increased investment in expanding the Corporation's outreach on emerging technology projects, specifically Ledger Pay and other service offerings, as well as increasing our headcount to address the current available market and the addition of Menlo and CRG marketing expenses. Sales and marketing expenses have declined significantly as a percentage of revenues due to the scale of investment over a broader customer base.

The following table summarizes General and administrative expense incurred during the year ended December 31, 2020 and 2019:

	For the year ended December 31,	
	2020	**2019**
General and administrative expense	$7,569	$3,237
As a percentage of revenue	15%	17%

General and administrative expense consist primarily of salary and personnel related costs. Additional expenses include costs of maintaining a public listing, professional fees, insurance, bad debt, occupancy costs, travel and other office related expenses. The increase in 2020 is related to the addition of the Menlo and CRG employee burden increased staffing within LedgerPay as part of the product activation and additional administrative resources being added to manage the increased headcount, office expenses as well as higher legal and professional fees associated with the growth of the Corporation.

Amortization is attributable to intangible assets, including Microsoft relationship, customer agreements and relationships, brand and software acquired in the Quisitive LLC, CRG and Menlo transactions as well as website and capitalized software development costs. Intangibles assets with a finite life are amortized to income over their useful life. Amortization has increased significantly in 2020 to $4,098 for the year ended December 31, 2020 compared to $2,423 year ended December 31, 2019 due to the additional amortization associated with the intangible assets recognized via the CRG and Menlo acquisitions.

Interest expense for the year ended December 31, 2020 was $3,502 compared with $1,624 for the year ended December 31, 2019. Interest expense is primarily comprised of interest expense on the amounts borrowed and outstanding on the Loan agreement, note payable, the bank term loan, the purchase price note, the Menlo acquisition loan, the operating line of credit, convertible debt and factoring facility. The period over period increase is due to increased leverage relating to acquisition financing. The decrease in interest expense for the three months ended December 31, 2020 to $442 from an average of $1,020 for the first three quarters of 2020 is due to the balance sheet restructuring resulting in refinancing $16.1 million in high interest debt and repayment of other debt instruments through a combination of cash and share issuances during the third quarter.

Share based compensation is the value ascribed to the granting of stock incentives to employees and directors of the Corporation. Stock based compensation for the year ended December 31, 2020 was $720 compared with $290 for the year ended December 31, 2019. The reason for the increase is primarily the issuance of RSU's in 2020 whereas there were minimal RSU's issued for the year ended December 31, 2019.

Transaction costs include all one off 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. Transaction related expenses for the year ended December 31, 2020 were $1,328, a decrease from $2,119 for the year ended December 31, 2019. Acquisition and transaction costs were lower for year ended December 31, 2019 as the Corporation incurred most of the costs relating acquisition of CRG comprised of legal and accounting fees as well the completion of the due diligence process and acquisition costs in relation to Menlo in 2019. The Corporation continues to explore target acquisitions to execute on its consolidation strategy of building the North America's premier Partner of the Future for Microsoft.

Earn-out settlement losses for the year ended December 31, 2020 of $1,176 (December 31, 2019 $1,618) were incurred in relation to the revaluation of contingent consideration consideration to reflect current expectations.

The Corporation issued convertible debt as part of the consideration in the acquisition of Menlo on January 2, 2020. During the year, the entire $5,000 in principal amount of the convertible debentures that were issued by the Corporation as partial consideration for the acquisition of Menlo Technologies, Inc. were converted into an aggregate of 33,994,449 common shares of the Corporation. Prior to the convertible debt being converted, the instrument was bifurcated on the balance sheet between debt and the conversion option embedded in the instrument and the conversion option required revaluation at each accounting period end. For the year ended December 31, 2020, the Corporation recorded a charge of $8,430 upon marking the derivative liability to fair value prior to the exercise of the conversion option. The $8,430 expense was a result of the increase in the share price of the Corporation between the time of closing of the acquisition and the respective date of the exercise of the conversion option.

Depreciation expense for the year ended December 31, 2020 was $740 compared with $664 for the year ended December 31, 2019. The increase in 2020 is related to the additional depreciation related to property and equipment added through the Menlo and CRG acquisitions as well as new right of use assets added related to office leases in Ottawa and Hyderabad in 2020.

On April 5, 2021, the Corporation received notice that the Cross River PPP loan for $1,247 has been forgiven. The $1,247 has been recorded a credit on the statement of comprehensive loss in the year ended December 31, 2020 as the conditions for forgiveness existed at the balance sheet date. The Corporation continues to carry an SBA loan (book value of $1,502) for which full forgiveness has been applied for. We expect to receive forgiveness based on the metrics in the forgiveness application.

Adjusted EBITDA

The Corporation prepares and releases unaudited quarterly interim financial statements and annual audited financial statements in accordance with IFRS. It also discloses and discusses certain non-GAAP financial information, used to evaluate our performance, in this and other earnings releases and investor conference calls as a complement to results provided in accordance with IFRS. Management believes that current shareholders and potential investors in the Corporation's securities use non-GAAP financial measures, such as Adjusted EBITDA and Adjusted EBITDA as a percentage of revenues, in making investment decisions about the Corporation and measuring its operational results.

The term "Adjusted EBITDA" refers to a financial measure that we define as earnings before certain charges that management considers to be nonoperating expenses and which consist of interest, taxes, depreciation, amortization, foreign exchange, share based compensation, transaction and acquisition related expenses, settlement gains and losses on earn-out liabilities, changes in fair value of the derivative liability, loan forgiveness and grant income. Adjusted EBITDA as a percentage of revenues divides Adjusted EBITDA for a period by the revenues for the corresponding period and expresses the quotient as a percentage.

Management considers these nonoperating expenses to be outside the scope of Quisitive' ongoing operations and the related expenses are not used by management to measure operations. Accordingly, these expenses are excluded from Adjusted EBITDA, which is referenced to both measure the Corporation's operations and as a basis of comparison of its operations from period to period.

December 31, 2020 Adjusted EBITDA reconciliation

	Year ended	
	12/31/2020	12/31/2019
Net loss	(9,908)	(7,376)
Income Tax Expense	(118)	69
Interest Expense	3,502	1,624
Depreciation	740	664
Amortization	4,098	2,423
Foreign Exchange	(507)	(162)
Share-based Compensation	720	290
Transaction and acquisition related expenses	1,328	2,119
Grant income	(91)	—
Earn-out settlement loss	1,176	1,618
Change in fair value of derivative liability	8,430	—
US payroll protection plan loan forgiveness	(1,247)	—
Adjusted EBITDA	8,123	1,269
Adjusted EBITDA as a percentage of revenue	16%	7%

Adjusted EBITDA for the year ended December 31, 2020 was $8,123 or 16% of revenue compared with the the year ended December 31, 2019 where adjusted EBITDA was $1,269 or 7% of revenue. The increases reflects the ability to execute on the Corporation's growth through acquisition strategy and shows the results of a continued focus on investing in the sales and marketing organization, the consulting practice and emerging technologies.

Fourth quarter results

The following table summarizes condensed results for the three months ending December 31, 2020 with comparative to the three months ended December 31, 2019:

	Three months ended	
	12/31/2020	12/31/2019
Revenue	13,073	5,405
Cost of Revenue	7,649	3,088
Gross Margin	5,424	2,317
Margin%	41%	43%
Operating expenses		
Sales and marketing	942	946
General and administrative	2,182	986
Development	97	62
Share based compensation	173	162
Deferred grant income	(34)	—
Interest expense	442	654
Amortization	1,022	911
Depreciation	178	175
Foreign exchange	(1,056)	(507)
Earn-out settlement loss	736	1,618
Acquisition and transaction costs	348	1,458
US payroll protection plan loan forgiveness	(1,247)	—
Income (Loss) Before Income Taxes	1,641	(3,982)
Income tax Expense — Current	211	209
Deferred income tax expense	(567)	(121)
Net Income (Loss) for the period	1,997	(4,070)

Revenue for the quarter ended December 31, 2020 was $13,073 compared with $5,405 for the year ended December 31, 2019 which represents a 142% quarter over quarter growth. Once again, the growth in the Corporation's revenues is due to the addition of Menlo revenues and Ldeger Pay licensing revenues as well as organic growth within the Cloud Services business.

Cost of revenue is comprised of salaries and other personnel related costs, direct subcontractor and other costs associated with delivering the services. Gross margin for quarter ended December 31, 2020 was $5,424 which is 41% of revenue compared to gross margin percent of 43% in the fourth quarter of fiscal 2019. Gross margin percent remained relatively constant quarter over quarter as a result of higher margins over a full quarter from first person software as a service offerings offset by increases in the Corporation's Cloud Solutions Provider (CSP) revenues in 2020 which provide recurring revenues based on a mark-up of the cloud service consumption of customers. CSP revenues have lower gross profit margins with minimal selling and general administration expenses to deliver.

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 our services.

Sales and marketing expense

The following table summarizes sales and marketing expenses for the quarters ended December 31, 2020 and 2019:

	Three Months Ended December 31,	
	2020	2019
Sales and marketing expense	$942	$946
As a percentage of revenue	7%	17%

Sales and marketing expense consist 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 in the fourth quarter of 2020 versus the fourth quarter of 2019 are consistent while sales and marketing expenses have declined significantly as a percentage of revenues due to the scale of investment over a broader customer base.

General and administrative expense

The following table summarizes General and administrative expense for the quarter ended December 31, 2020 and 2019:

	Three Months Ended December 31,	
	2019	**2018**
General and administrative expense	$2,182	$986
As a percentage of revenue	17%	18%

General and administrative expense consist 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 costs were $2,182 in the fourth quarter of 2020 compared to $986 in the fourth quarter of 2019. The increase in 2020 is related to the addition of the Menlo and CRG employee burden and additional administrative resources being added to manage the increased headcount, office expenses as well as higher legal and professional fees associated with the growth of the Corporation.

Amortization is attributable to intangible assets, including Microsoft relationship, customer agreements and relationships, brand and software acquired in the Quisitive LLC, CRG and Menlo transactions as well as website and capitalized software development costs. Intangibles assets with a finite life are amortized to income over their useful life. Amortization has increased significantly in 2020 to $1,022 for the quarter ended December 31, 2020 compared to $911 for the quarter ended December 31, 2019 due to the additional amortization associated with the intangible assets recognized via the CRG and Menlo acquisitions.

Interest expense for the quarter ended December 31, 2020 was $442 compared with $654 for the fourth quarter ended December 31, 2019. The decrease in interest expense for the three months ended December 31, 2020 is due to the balance sheet restructuring resulting in refinancing $16.1 million in high interest debt and repayment of other debt instruments through a combination of cash and share issuances during the third quarter

Stock based compensation is the value ascribed to the granting of stock incentives to employees and directors of the Corporation. Stock based compensation for the quarter ended December 31, 2020 was $173 compared with $162 in the fourth quarter of 2019.

Transaction related expenses include all one off 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. Transaction related expenses for the fourth quarter ended December 31, 2020 were $348 which is a significant decrease compared to the fourth quarter of 2019 where the Corporation incurred some of the post acquisition costs relating acquisition of CRG comprised of legal and accounting fees as well as the costs relating to the due diligence process and acquisition costs in relation to Menlo. The Corporation continues to explore target acquisitions to execute on its consolidation strategy of building the North America's premier Partner of the Future for Microsoft.

Depreciation expense for the quarter ended December 31, of 2020 was $178 compared with $175 in the quarter ended December 31, 2019.

On April 5, 2021, the Corporation received notice that the Cross River PPP loan for $1,247 has been forgiven. The $1,247 has been recorded a credit on the statement of comprehensive loss in the year ended December 31, 2020 as the conditions for forgiveness existed at the balance sheet date.

Q4 Adjusted EBITDA reconciliation

	Three months ended	
	12/31/2020	12/31/2019
Net income (loss)	1,997	(4,070)
Income Tax Expense	(356)	(77)
Interest Expense	442	654
Depreciation	178	175
Amortization	1,022	911
Foreign Exchange	(1,056)	(507)
Share-based Compensation	173	162
Transaction and acquisition related expenses	348	1,458
Grant income	(34)	—
Earn-out settlement loss	736	1,618
US payroll protection plan loan forgiveness	(1,247)	0
Adjusted EBITDA	2,203	324
Adjusted EBITDA as a percentage of revenue	17%	6%

Adjusted EBITDA for the quarter ended December 31, 2020 was $2,203 or 17% of revenue compared with the quarter ended December 31, 2019 where adjusted EBITDA was $324 or 6% of revenue. The increases reflects the ability to execute on the Corporation's growth through acquisition strategy and shows the results of a continued focus on investing in the sales and marketing organization, the consulting practice and emerging technologies.

Quarterly Operating Results

Selected financial information for each of the most recently completed quarters of Quisitive are as follows:

	December 31, 2020 ended	Revenue ($)	Gross Margin ($)	Net income (loss) ($)	Income (Loss) per share ($)	Income (Loss) per fully diluted share ($)	Adjusted EBITDA ($)
Q4 2020	31-Dec-20	13,073	5,424	1,997	0.01	0.01	2,203
Q3 2020	30-Sep-20	12,680	5,092	(1,843)	(0.01)	(0.01)	2,049
Q2 2020	30-Jun-20	13,125	5,641	(5,753)	(0.05)	(0.05)	2,768
Q1 2020	31-Mar-20	10,886	4,037	(4,310)	(0.04)	(0.04)	1,103
Q4 2019	31-Dec-19	5,405	2,317	(4,070)	(0.03)	(0.03)	324
Q3 2019	30-Sep-19	5,032	2,271	(812)	(0.01)	(0.01)	551
Q2 2019	30-Jun-19	4,080	1,745	(1,836)	(0.02)	(0.02)	157
Q1 2019	31-Mar-19	4,009	1,605	(657)	(0.01)	(0.01)	223

LIQUIDITY AND CAPITAL RESOURCES

Selected financial information from the condensed consolidated interim statements of financial position as at December 31, 2020 and December 31, 2019 are as follows:

	December 31, 2020	December 31, 2019
Working capital	$8,657	$(11,801)

The Corporation has working capital as at December 31, 2020 of $8,657 which reflects the balance sheet restructuring and refinancing of $16.1 million in high interest debt, repayment of debt instrument, conversion of convertible debentures and settlement of contingent consideration through a combination of cash and share issuances during the year. The following actions were taken during the year ended December 31, 2020 to restructure the Corporations balance sheet.

(i) Settlement of convertible debentures

On July 2, 2020, the remaining $4,700 in principal amount of the convertible debentures that were issued by the Corporation as partial consideration for the acquisition of Menlo Technologies, Inc. on January 2, 2020 were converted into an aggregate of 32,025,800 Common Shares.

(ii) Settlement of contingent consideration

On July 2, 2020, the Corporation issued 9,861,441 Common Shares to former shareholders and key employees of Quisitive, LLC, a subsidiary of the Corporation, in respect of earn-out liabilities totalling $2,500 on December 31, 2020 relating to earn-out targets which were achieved during the year ended December 31, 2019.

On July 2, 2020, the Corporation issued an aggregate of 5,158,731 Common Shares in the form of a performance earn-out as contingent consideration to the former vendors of Corporate Renaissance Group Inc. a subsidiary of the Corporation totalling $795 on December 31, 2020 for achieving earn-out targets which were achieved during the year ended December 31, 2019. The remaining balance of $795 was settled in cash.

(iv) Debt consolidation and balance sheet restructuring

On August 10, 2020, the Corporation successfully completed its debt consolidation initiatives pursuant to the terms of a loan agreement entered into between the Corporation, certain material subsidiaries of the Corporation, as guarantors, and a leading Canadian Schedule I Chartered Bank (the "Loan Agreement"). The Loan Agreement provides for a five-year term loan of US$16,133 (the "Term Loan") and a revolving operating line of credit of up to US$5,000 (the "Operating Line"), with all debts, liabilities, and obligations of the Corporation and guarantors under the Term Loan and Operating Line collaterally secured by a first-ranking security interest in all of the present and future undertaking, property and assets of the Corporation and its material subsidiaries. The proceeds from the Term Loan were used to refinance and retire the existing debt obligations under the Note payable, existing Bank term loan and the Menlo acquisition note. 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 prime rate plus 1.5%, to the Bank's prime rate plus 2.25%, with advances repayable in monthly instalments of principal plus interest with a final payment of any amounts then outstanding due at maturity. The Operating Line is repayable with monthly interest consistent with the Term Loan rates.

(v) Settlement of purchase price note and note payable to a related party

On August 25, 2020, the Corporation issued 12,071,428 common shares pursuant to the exercise of warrants at $0.35 CAD and paid $3,189 CAD in cash to retire the purchase price note due to a related party and the note payable to related party of $4,779 ($6,500 CAD) and $750 CAD, respectively. In addition, as part of the settlement, the remaining 7,428,572 warrants exercisable at $0.35 CAD initially issued to vendors in the CRG acquisition were forfeited.

Sources and Uses of Cash

	Year ended December 31, 2020	Year ended December 31, 2019
Cash provided by (used in) operating activities	$767	$(154)
Cash used in investing activities	(3,262)	(3,222)
Cash provided by (used in) financing activities	4,747	11,834
Net increase (decrease) in cash	$2,252	$8,458

The net increase in cash in 2020 is primarily attributable to proceeds of the unit issuance of $10,732, proceeds of the new loan agreement facility of $15,797 and US payroll protection plan loan funding totalling $2,929 offset by cash used in the payment of contingent consideration, debt settlements the repayment of the Corporations operating line of credit, debt service costs and $2,072 of cash used in the Menlo acquisition through the year. The Corporation has continued the trend of strong operating results with cash flows from operations totalling $5,449 before changes in non cash working capital for the year ended December 31, 2020 reflecting the addition of new licensing revenues as well as strong operating cash flows from the consulting practice.

All cash is held in interest bearing bank accounts with major US or Canadian financial institutions.

TRANSACTIONS WITH RELATED PARTIES

(i) Note payable to related party and Purchase Price note

The Corporation entered into a promissory note agreement totaling $750CAD with a related company owned by a Director/Officer of the Corporation for the purpose of providing bridge loan for working capital of CRG. The note is unsecured and is positioned behind the bank term loan. It is interest free and can only be repaid once the bank term loan has been repaid in full.

In connection with the closing of the acquisition of CRG, the Corporation issued $4,967 ($6,500 CAD) purchase price notes to the vendors which are held directly or indirectly by Companies affiliated with a Director of the Corporation. Interest on the notes is payable at a rate of 10% per annum compounded on an annual basis and payable semi-annually and is secured by a pledge over the shares of CRG acquired.

On August 25, 2020, the Corporation issued 12,071,428 common shares pursuant to the exercise of warrants at $0.35 CAD and paid $2,417 ($3,189 CAD) in cash to retire the purchase price notes due to related parties and the note payable to related party of $4,779 ($6,500 CAD) and $750 CAD, respectively. In addition, as part of the settlement, the remaining 7,428,572 warrants exercisable at $0.35 CAD initially issued to vendors in the CRG acquisition were forfeited.

(ii) Key management compensation

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

The compensation recorded to key management personnel during the years ended December 31, 2020 and 2019 were as follows:

	Year ended December 31, 2020	Year ended December 31, 2019
Salaries and short term benefits	$1,295	$1,124
Share Based Compensation	$339	$85

(iii) During the year, the Corporation had transactions with Software Integrators International, Inc. and Corporate Renaissance Group Solutions (PVT) Ltd. which are controlled by a Director/Officer of the Corporation. The transactions and balances for the year ended December 31, 2020 are set out in the table below.

	Opening receivable (payable)	**Net repayment / (Payments Received)**	**Sales provided (Services Received)**	**Closing (payable) receivable**
	(all amounts in CAD)			
Software Integrators International Inc.	$(92)	$(38)	$36	$(94)
Corporate Renaissance Group Solutions (PVT) Ltd.	$(37)	$439	$(358)	$44

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

Quisitive has leased several office facilities under separate noncancelable operating leases which are capitalized under IFRS16.

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

		Discounted
2021	$1,038	$974
2022	315	278
2022+	347	288
Total	$1,700	$1,540

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	$4,621	—	—	—
Income taxes payable	546			
US payroll protection plan loans		346	1,156	
Contingent consideration	—	3,568	4,631	
Loan agreement	202	1,277	2,420	11,467
Total	$5,369	$5,191	$8,207	$11,467

OUTSTANDING SHARE CAPITAL

As at the date of this MD&A there were 216,682,838 Common Shares issued and outstanding, 41,743,333 subscription receipts (see details in Subsequent events section below),3,405,000 stock options, 10,666,703 common share purchase warrants, 2,110,643 common shares issuable pursuant to broker compensation units 5,506,203 restricted stock units and 3,390,000 stock options outstanding.

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.

SUBSEQUENT EVENTS

Closing of Strategic CAD$20 Million Investment by FAX Capital

On March 22, 2021 Quisitive announced the completion of a non-brokered private placement with FAX Capital Corp. pursuant to which FAX purchased 16,000,000 common shares of Quisitive from treasury at a price of CAD$1.25 per Common Share for gross proceeds of CAD$20,000 (USD $15,930).

Signing of Bankcard USA definitive agreement and financing of the transaction

On March 29, 2021 Quisitive announced that it has entered into a stock purchase agreement dated March 29, 2021 (the "Agreement") to acquire BankCard USA Merchant Services, Inc. ("BankCard") for US$100 million in cash and the issuance of 50,000,000 common shares in the capital of Quisitive (the "Transaction"). The shareholders may also be entitled to additional contingent consideration in the form of a performance earn-out if BankCard achieves certain financial thresholds during the two-year period following the closing of the Transaction. The amount of the earn-out is a maximum of US$20 million payable in a combination of cash and Common Shares. Closing of the Transaction is expected to occur in the second quarter of calendar 2021.

The Transaction is being financed through a combination of new bank debt and equity. Quisitive has secured committed debt financing from a syndicate of Canadian banks pursuant to an amendment to the terms of an existing loan agreement to increase the maximum commitment under the existing term loan by US$50 million which shall be used to fund a portion of the Transaction. Quisitive has also entered into an agreement pursuant to which Scotiabank, Eight Capital and Canaccord Genuity, as joint bookrunners, together with a syndicate of underwriters (collectively, the "Underwriters"), will purchase on a "bought deal" basis 33,400,000 subscription receipts of the Company (the "Subscription Receipts") at a price of CAD$1.50 per Subscription Receipt (the "Issue Price") for aggregate gross proceeds to Quisitive of CAD $50,100 (the "Offering") plus 5,010,000 Subscription Receipts relating to an over allotment option for an additional CAD $7,515 and the total gross proceeds of the Offering will be CAD$57,615 (USD $45,828).

Each Subscription Receipt shall represent the right of the holder to receive, upon satisfaction or waiver of certain release conditions (including the satisfaction of all conditions precedent to the completion of the Transaction other than the payment of the consideration price) (the "Escrow Release Conditions"), without payment of additional consideration, one Common Share, subject to adjustments and in accordance with a subscription receipt agreement to be entered into upon closing of the Offering (the "Subscription Receipt Agreement").

In addition, in a concurrent private placement pursuant to existing contractual rights, FAX has agreed to purchase 3,333,333 Subscription Receipts at the Issue Price for gross proceeds of CAD $5,000 (USD $3,977) (the "Concurrent Private Placement"). The Concurrent Private Placement is expected to close concurrently with the Offering, subject to the TSXV and other necessary regulatory approvals. The proceeds of the Concurrent Private Placement will be used to partially fund the cash consideration portion of the Transaction and for general corporate purposes.

Acquisition of Mazik Global Inc.

On April 1, 2021 the Corporation announced the closing of its acquisition of Mazik Global Inc. ("Mazik"), an independent software vendor that helps companies deploy Microsoft Dynamics CRM, Cloud, and ERP solutions to the healthcare, public sector, education, and manufacturing industries.

The consideration for the acquisition of all of the shares of Mazik consisted of the following: (i) US$7,000 in cash, payable to the Vendors; and (ii) the issuance to the vendors of 6,254,020 common shares in the capital of Quisitive. The vendors may also be entitled to additional contingent consideration in the form of a performance earn-out if Mazik achieves certain financial thresholds during the three (3) year period following the closing of the Transaction. The amount of the earn-out is a base maximum of US$6,000 payable in cash, plus an additional incentive amount of US$2,000 based on exceeding recurring revenue growth targets, payable in cash or Quisitive shares at the option of the Corporation.

FINANCIAL INSTRUMENTS

The carrying values of the cash, restricted 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, Menlo acquisition loan, purchase price notes and bank term loan 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 $10,983 (2019 — $8,730).

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 $8,175 (2019 — $4,171). Accounts receivable are shown net of provision of credit losses of $154 (2019 — $206).

	under 30	30-60 days	over 60 days	Total
Accounts receivable ageing	$6,382	$876	$917	$8,175

The Corporation is exposed to concentration of credit risk relating to one customer that represents 12% of trade accounts receivable as at December 31, 2020 (December 31, 2019 — 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, 2020, the Corporation has $10,983 (2019 — $1,420) of unrestricted cash and liabilities with the following due dates:

	under 3 months	3 months-1 year	1-2 years	3-5 years
A/P and accrued liabilities	$4,621	—	—	—
Income taxes payable	546			
US payroll protection plan loans		346	1,156	
Contingent consideration	—	3,568	4,631	
Loan agreement	202	1,277	2,420	11,467
Total	$5,369	$5,191	$8,207	$11,467

The Corporation manages its liquidity risk by relying upon its revenues. In addition, recent events will impact the Company to varying degrees as the discrete effects of COVID-19 across companies and industries evolves. This could potentially impact our financing efforts, ability to operate, customer demand and the liquidity our clients and the Corporations liquidity.

(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 Loan Agreement loan which bears interest at Bankers Acceptance plus a percentage determined by the results of the corporation collocated on a hailing twelve month basis. A 1% change in Bankers Aceeptance rate would lead to +/- $153 in interest payable 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, 2020 and 2019, the Corporation's net exposure to foreign currency risk on its financial instruments is as follows:

	2020	2019
	CAD$	CAD$
Cash	$5,979	$1,819
Accounts payable and accrued liabilities	(608)	(750)
	5,371	1,069
United States dollar equivalent	$4,222	$819

(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.

SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

IFRS 15, Revenue from Contracts with Customers, applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other 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.

Professional Services

Services revenues are derived from professional services that include developing, implementing, integrating, automating and extending business processes, technology infrastructure, and software applications. Professional services revenues are recognized over time as services are rendered. Most of our projects are performed on a time and materials basis, while a portion of our revenues is derived from projects performed on a fixed fee or fixed fee percent complete basis. For time and material projects, revenues are recognized and billed by multiplying the number of hours our professionals expend in the performance of the project by the hourly rates. For fixed fee contracts, revenues are

recognized and billed by multiplying the established fixed rate per time period by the number of time periods elapsed. For fixed fee percent complete projects, revenues are generally recognized using an input method based on the ratio of hours expended to total estimated hours.

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

Project costs include all direct 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.

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

Maintenance, License and other revenue

License revenue includes the license component of a multiple element contract governing the licensing of Ledger Pay software to a third party. Revenue is recognized at the time the related performance obligation is satisfied by transferring the promised product or service to the customer.The license component of that contract is recognized on a percentage of completion basis as the integral services related in the license transfer are completed.

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

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

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

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

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.

(b) Income taxes

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

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

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

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

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

(c) Share Issue Costs

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

(d) 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 for equity settled awards 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. The Corporation's share based plans are described in note 13.

(e) 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.

(f) Intangible assets

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

Intangible assets with finite lives are amortized over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. A change in the expected useful life of the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

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

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- the intention and ability to complete the intangible asset and use or sell it
- how the intangible asset will generate probable future economic benefits

- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

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

Website development	2 years
Software	2 – 6 years
Customer relationships	3 – 8 years
Microsoft relationship	5 years
Brand	4 – 6 years

(g) 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 as an expense 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 October 1 each year.

(h) 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.

(i) Income (loss) per share

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

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

(j) Foreign currency translation

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

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

(k) Financial Instruments

The Corporation classifies its financial assets and financial liabilities in the following measurement categories i) those to be measured subsequently at fair value through profit or loss (FVTPL); ii) those to be 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	
	Classification	**Measurement**
Cash and restricted cash	FVTPL	Fair value
Accounts receivables	Amortized cost	Amortized cost
Accounts payables and accrued liabilities	Amortized cost	Amortized cost
Operating line of credit	Amortized cost	Amortized cost
Note payable	Amortized cost	Amortized cost
Contingent consideration	FVTPL	Fair value
Income tax payable	Amortized cost	Amortized cost
Menlo acquisition note	Amortized cost	Amortized cost
US payroll protection loans	Amortized cost	Amortized cost
Loan agreement	Amortized cost	Amortized cost
Bank term loan	Amortized cost	Amortized cost

Lease liability	Amortized cost	Amortized cost
Note payable to related party..	Amortized cost	Amortized cost

(l) Operating segment

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

(m) Leases

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

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

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

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

ACCOUNTING STANDARDS ISSUED ADOPTED DURING THE PERIOD

There were no new standards or amendments to standards adopted in 2020.

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.

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 15, 2020 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.

COVID-19 Pandemic

The global outbreak of COVID-19 has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 pandemic is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation and its operating subsidiaries in future periods. To date, certain customers of the Corporation have suspended or scaled back their operations for precautionary purposes or as governments have declared a state of emergency or taken other actions, which may adversely affect the price and demand for the Corporation's services as well as its ability to collect outstanding receivables from its customers. Conversely, the Corporation has also experienced an increased demand for its services as certain customers have accelerated their use and dependence of the Corporation's cloud services as a result of work from home measures. The extent to which COVID-19 impacts the Corporation's financial results will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of COVID-19 and the actions taken by governments to curtail or treat its impact, including shelter in place directives, which, if extended, may impact the economies in which the Corporation now, or may in the future, operate.

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 is working toward identifying and providing 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 in the future 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 favourable 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 and December 31, 2020ly 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 and telecommunication and electrical failures. 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

The 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 favourable 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 LedgerPay and the other Quisitive Subsidiaries from time to time, including trade secrets, know-how and continuing technological innovation. Although Quisitive and Quisitive Subsidiaries seek to protect proprietary rights, their 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 LedgerPay or other Quisitive Subsidiaries 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 or Quisitive Subsidiaries to costly litigation. If the protection of proprietary rights is inadequate to prevent unauthorized use or appropriation by third parties, the value of LedgerPay, other Quisitive Subsidiaries 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, withholdings.

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 52-109 Certification of Disclosure in issuers' Annual and Interim filings ("NI 52-109"), 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 52-109. In particular, the certifying officers filling 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.