MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

November 23, 2022

*This management's discussion and analysis of financial condition and results of operations ("**MD&A**") for the three months ended September 30, 2022 should be read in conjunction with the unaudited consolidated financial statements of Pivotree Inc. (the "**Company**", "**our**", "**we**" or "**Pivotree**") covering the same period, along with the related notes thereto. The financial information presented in this MD&A is derived from the Company's unaudited condensed consolidated interim financial statements for the three months ended September 30, 2022, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board. All amounts are in Canadian dollars except where otherwise indicated. The Company's unaudited consolidated financial statements for the three months ended September 30, 2022 are filed with Canadian securities regulators and can be accessed through SEDAR at www.sedar.com.*

Cautionary Statement on Forward-looking information

This MD&A contains "forward-looking information" and "forward-looking statements" (collectively, "**forward-looking information**") within the meaning of applicable securities laws. Forward-looking information may relate to our future financial outlook and anticipated events or results and may include information regarding our financial position, business strategy, growth strategies, addressable markets, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "targets", "expects", "budgets", "scheduled", "estimates", "outlook", "forecasts", "projects", "prospects", "strategy", "intends", "anticipates", "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", or "will" occur. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances.

Forward-looking information includes, among other things, statements relating to: the proposed expansion of the Company's market position and potential acquisitions; expectations regarding industry trends, overall market growth rates and our growth rates and growth strategies; addressable markets for our products and services; our assessment of market risks; expectations regarding our revenue and the revenue generating potential of our products and services; our business plans and strategies; and our competitive position in our industry.

Forward-looking information, by its nature, is based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. Despite a careful process to prepare and review forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. Certain assumptions in respect of our ability to build our market share and enter new markets and industry verticals; our ability to retain key personnel; our ability to maintain and expand geographic scope; our ability to execute on our expansion plans; our ability to continue investing in infrastructure to support our growth; our ability to obtain any required financing on acceptable terms; compliance with the terms of any debt facilities; the impact of competition; the changes and trends in our industry or the global economy; currency exchange and interest rates; and changes in laws, rules, regulations, and global standards are material factors made in preparing forward-looking information and management's expectations.

Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that, while considered by the Company to be appropriate and reasonable as of the date of this MD&A, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to:

- our ability to execute on our growth strategies;
- our ability to create and protect unique intellectual property and enter new markets;
- the impact of changing conditions in the global e-commerce market, including (i) increasing competition and (ii) changes in approach in the e-commerce software as a service solution or infrastructure market;
- changes in the expectations, financial condition and demand of our target markets;
- changes in the expectations, competitive positioning and demand amongst major cloud providers;
- changes or increases in the difficulty of avoiding cyber or data security threats, or compliance with data security regulators that may impact our business;
- our ability to continue to execute accretive acquisitions;
- our ability to maintain and build our reputation with clients;
- fluctuations in currency exchange rates and volatility in financial markets;
- developments and changes in applicable laws and regulations; and
- such other factors discussed in greater detail under the "Risk Factors" section of the prospectus of the Company dated October 23, 2020 (the "**Prospectus**").

If any of these risks or uncertainties materialize, or if the opinions, estimates or assumptions underlying forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in forward-looking information. The opinions, estimates or assumptions referred to above and described in detail in the "Risk Factors" section of the Prospectus available on SEDAR at www.sedar.com should be considered carefully by readers.

Although we have attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known to us or that we presently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information, which speaks only as of the date made. Forward-looking information contained in this MD&A represents our expectations as of the date of this MD&A (or as of the date they are otherwise stated to be made), and are subject to change after such date. We disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws.

The foregoing cautionary statements expressly qualify all forward-looking information contained in this MD&A. Readers should read this MD&A and the "Risk Factors" section of the Prospectus in their entirety and consult their own professional advisors to ascertain and assess the income, tax, legal, risk factors and other aspects of their investment in the common shares of the Company (the "**Common Shares**").

Additional information relating to the Company can be found on our website at www.pivotree.com. The Company's continuous disclosure materials are also available on SEDAR at www.sedar.com.

Overview

Pivotree's goal is to accelerate the future of frictionless commerce. Our objective is to lead this change over the next decade because we believe in a future where technology, embedded securely and intimately into all aspects of our everyday lives will shape our interactions with the brands that we love. The continued evolution of frictionless commerce will depend on those who lead and inspire that transformation. Converging technologies are driving up consumers' expectations and creating increased pressure on great brands to find new and better ways to connect with their customers. In its best form, frictionless commerce reduces stress on the system, anticipates customers' needs, and delivers personalized products to customers efficiently at optimal prices. Increased efficiencies create an incredible opportunity to reduce our carbon footprint in the process. In addition, great brands are expected to meet the elevated social values of new generations of discerning buyers that include heightened visibility into the origin and source of the goods they are buying. Vast amounts of data will underpin the frictionless economy.

We plan to help shape the future of frictionless commerce by working with some of the largest retailers, distributors and branded manufacturers in North America and by driving the adoption, design, development, and implementation of frictionless commerce solutions in a rapidly changing marketplace. Converging technologies make it possible to accelerate frictionless commerce faster than ever before and Pivotree's goal is to make these technologies work cohesively for brands and their customers.

Pivotree designs, integrates, deploys and manages digital platforms in Commerce, Data Management, and Supply Chain for major retail and branded manufacturers throughout the world. We provide the technical skills necessary to enable the effective use of technologies combined with the business context to leverage a solution to solve our clients' business challenges. We strive to fill the gaps in available technology with our own intellectual property to reduce the barriers to adoption. Pivotree's portfolio of products, managed and professional services help provide B2B2C digital businesses with true end-to-end service to manage complex digital commerce platforms, along with ongoing support from strategic planning through product selection, deployment, and hosting, to data and supply chain management. Our own intellectual property is of strategic priority and we will invest and leverage our technical expertise and proximity to clients and partners to build digital solutions that help complete the technology ecosystem. Our goal is to enable inclusive, immersive and highly personalized experiences for our clients and their customers. We build our products with a view to productizing and scaling technology to lower the costs and reduce the risks of implementing and managing our integrated solutions. Each of our solutions may start with reliable and reputable e-commerce, data management platforms, or warehouse and order management systems, which run on enterprise grade infrastructure that are customized to meet a variety of client needs, situations, and budgets.

Pivotree has continued to bolster its product offering in an effort to become a North American leader of frictionless commerce enablement solutions. Through organic investments and acquisitions Pivotree expanded its services across 3 key business units being Commerce, Data Management and Supply Chain while providing core digital solutions through the three mentioned business units using engineered and/or assembled products. Pivotree's ability to bring extensive technical experience across three critical categories, will help expand its sphere of influence and provide new access points to clients along their digital transformation journey. The solution offerings are expected to transform Pivotree's ability to build and deliver end-to-end frictionless experiences for customers by providing a single entity to manage their commerce ecosystem.

Pivotree also joined the MACH alliance, to promote innovation and interoperability in digital commerce ecosystems. The MACH (Microservices-based, API-first, Cloud-native SaaS and Headless) Alliance is a group of some of the best independent tech companies dedicated to advocating for open, best-of-breed technology ecosystems. Pivotree joins the non-profit co-operation of technology companies alongside some of the most innovative names in the industry, including new strategic partners commercetools and Spryker along with VTEX and Fluent Commerce.

At Pivotree, our commerce solutions are built upon the MACH principles, which allow sellers to remove friction from their overall customer journeys through pluggable and replaceable solutions that can swap out elements as more modern ones become available - making it easier and faster for shoppers and buyers to conduct business. Pivotree also provides ongoing support for open and flexible architecture, which lets clients make those gradual improvements without having to completely re-platform.

Many of our clients begin work with us, and then add on additional services because of our commitment to high quality performance delivery. Clients engage with us at various starting points along the spectrum of our services, ranging from building the migration plan, to implementation, managed services and could extend to include post-production support. Most of our clients are contracted long-term and charged on a per project basis. We often add on additional revenue ("non-recurring revenue") as a client chooses us to expand our services in support of their business objectives. These relationships help us and our clients invest into building and supporting new solutions that drive value. Some of our largest clients consume services from us across multiple categories. Finally, with the addition of our new supply chain services and expansion of data management services through our recent acquisition, our current clients will now have access to additional services from Pivotree that are of critical importance to their business model.

We generate revenue from the sale of our managed and/or professional services across our three business units. We support our customers' needs across both types of service with deep technical expertise critical to their operation and commerce transformation. Managed services are sold on the basis of a minimum monthly committed revenue with overage charges and our professional services as specific project with discrete deliverables. Our managed services business contains annual and multiyear contract with most on an automatic renewal schedule. This results in a relatively smooth revenue curve for managed services, with visibility into near-term revenue growth. Our goal is to continue to grow revenues arising from our existing customers and by adding new customers to grow our overall customer base. Our managed services business does have significant seasonal attributes with the fourth quarter being stronger due to the holiday season transaction volumes. The Company operates on a global basis with a mix of U.S. dollars, Canadian dollars, Indian rupees, and European euros. The consolidated financial reporting is based on the Company's functional currency, being the Canadian dollar. The Company does not currently hedge its exposure to fluctuations in U.S. dollar or other European currency denominated revenues and expenses.

The Company's shares are listed under the symbol "PVT" on the TSX Venture Exchange, as of October 30, 2020, following the completion of its public offering in Canada.

Non-IFRS Measures and Reconciliation of Non-IFRS Measures

This MD&A makes reference to certain non-IFRS measures including key performance indicators used by management and typically used by our competitors in the technology industry. These measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS and are therefore not necessarily comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. These non-IFRS measures and technology metrics are used to provide investors with supplemental measures of our operating performance and liquidity and thus highlight trends in our business that may not otherwise be apparent when relying solely on IFRS measures. We also believe that securities analysts, investors and other interested parties frequently use non-IFRS measures, including technology industry metrics, in the evaluation of companies in the technology industry. Management also uses non-IFRS measures and technology industry metrics in order to facilitate operating performance comparisons from period to period, the preparation of annual operating budgets and forecasts and to determine components of executive compensation. The non-IFRS measures and technology industry metrics referred to in this MD&A include, "Recurring and Non-Recurring Revenue", "Adjusted EBITDA" and "Free Cash Flow".

Key Performance Indicators

Due to our service model, we recognize revenue within managed and professional services based on the recurring nature of the work and the actual effort extended. Both managed and professional services carry a recurring component where we recognize revenues based on the contractual committed fees with contract terms being one to three years, providing for a high degree of visibility into near-term revenues.

Management uses a number of metrics, including the ones identified below, to measure the Company's performance and customer trends, which are used to prepare financial plans and shape future strategy. Our key performance indicators may be calculated in a manner different than similar key performance indicators used by other companies.

- *Annual Recurring Revenue (ARR).* We define Annual Recurring Revenue as the annualized equivalent value of the most recent quarter's recurring revenue of all existing managed services and professional services contracts that contain a minimum committed spend with total ARR being inclusive of related overage fees and customer credits as at the date being measured, and excluding any non-recurring set up fees and short-term standalone projects. The revenues captured are related to customer contracts that generally span a one to three-year contract term with most of the managed services being non-cancelable. Almost all of our customer contracts, contributing to ARR, automatically renew unless cancelled by our customers. Actual ARR versus new ARR Bookings would be expected to increase with the related overage charges and through the upsell of additional services across our categories. ARR provides us with visibility for consistent and predictable growth to our cash flows. ARR will continue to be a key performance indicator for the Company on a go-forward basis. See "Non-IFRS Measures and Reconciliation of Non-IFRS Measures - Recurring and Non-Recurring Revenue" for the recurring revenue in the most recent quarter to support ARR.

- *ARR Bookings.* This is defined as the new contractual bookings with existing and new customers for services that include minimum committed levels that automatically renew and generally span a one to three-year contract term. This amount does not include any projects, set up fees or overages charges. Renewal ARR bookings of similar services are recorded using the net incremental amounts to support revenue growth expectations. The ARR Bookings conversion to revenue, and ARR, will depend on the time it takes to deploy a given purchased service, which is driven by the complexity of the solution. The actual impact on revenue and ARR could vary from actuals once overage and seasonal consumption charges are captured. The revenue conversion may also be impacted as booking will capture amendments in existing services that convert on demand services to longer term agreements with minimum commitments. It is important to note that while this is an indicator of revenue and future potential revenue, it cannot be reconciled to actual revenue recognized.

- *Non-Recurring Bookings:* This is defined as contractual bookings with existing and new customers primarily for professional services projects but would also include one-time managed service set up fees, and short-term managed services arrangements. The conversion to non-recurring revenue, will depend on the start date and ramp up with revenue being recognized through the duration of the projects, as the defined scope is delivered. The bookings amount may differ from actual revenues where the fees are based on a time and material structure.

- *Total Bookings: This is defined as ARR booking plus the contract value of the Non- Recurring Bookings*

- *Net Revenue Retention Rate in Constant Currency:* We define Net Revenue Retention Rate in constant currency for a period by considering the group of customers on our platform as of twelve months prior and dividing our ARR attributable to such group of customers at the end of the period by the ARR at the beginning of such period. By implication, this ratio excludes any ARR from new customers acquired during the period, but it does include incremental sales added to the cohort base of customers during the period being measured. The benefits of cross selling and expanding our level of integrations and support is realized when we can achieve high Net Revenue Retention Rates. We reach constant currency for the reported period by applying the average foreign exchange of the comparable period from twelve months prior to translate the reported period results.

Annual Recurring Revenue, Bookings and Net Revenue Retention Rate for the three months ended September 30, 2022 are as follows:

	Three Months Ending September 30,		YoY Change		Nine Months Ending September 30,		YoY Change	
	2022	**2021**	**Change**	**% Change**	**2022**	**2021**	**Change**	**% Change**
Total ARR (1)	**44,038,008**	**41,009,228**	**3,028,780**	**7.4%**	**N/A**	**N/A**	**N/A**	**N/A**
YTD ARR Bookings	752,833	1,074,798	-321,965	-30.0%	3,448,627	5,150,341	-1,701,714	-33.0%
YTD Non-Recurring Bookings	18,454,216	5,698,323	12,755,893	223.9%	48,591,366	22,624,408	25,966,958	114.8%
YTD Total Bookings	**19,207,049**	**6,773,121**	**12,433,928**	**183.6%**	**52,039,993**	**27,774,749**	**24,265,244**	**87.4%**
Net Revenue Retention Rate in Constant Currency (1)	**88.4%**	**80.6%**	**7.8%**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**

Note:

(1) Point-in-time metrics for current quarter only

Total ARR for the three months ended September 30, 2022 were $3.0 million higher or 7.4% higher than the three months ended September 30, 2021. The increase was related primarily to the acquisitions of Bridge, and Data Management bookings converting professional service customers to recurring services.

The total bookings for the three months ended September 30, 2022 were $12.4 million higher or 183.6% higher than the three months ended September 30, 2021, and were $24.3 million or 87.4% higher than the nine months ended September 30 2021 when compared to the same period from fiscal 2021. The current quarter bookings were primarily driven by the expansion of non-recurring revenue within our existing customers and also included the addition of new customers. Booking also included longer term contract on services that were completed on a month-to-month arrangement. Data management services continue to play a strong part in the overall booking performance.

The net revenue retention rate increased to 88.4% in constant currency as of September 30, 2022, when compared to this period in fiscal 2021. NRR increased as a result of stabilized churn from Oracle and Legacy customers, which was partially mitigated with upsell within the existing customer base.

Recurring and Non-Recurring Revenue

"Recurring Revenue" represents the value of minimum monthly committed revenues plus related overages, from all existing managed and professional services customer contracts or commitments of the Company, excluding non-recurring implementation and projects with discrete outcomes and deliverables.

"Non-Recurring Revenues" represent services that are short-term in nature and include set-up fees for managed services and professional services work related to a traditional design, build and test project running through multiple phases and evolve with the client's strategy.

	Three months ended September 30,				Nine months ended September 30,			
	2022	2021	$ Change	% Change	2022	2021	$ Change	% Change
	$	$	$	%	$	$	$	%
Recurring.....	11,009,502	10,252,294	757,208	7.4%	32,478,064	30,709,336	1,768,728	5.8%
Non Recurring…..	13,589,472	5,765,512	7.832.960	136.1%	43,052,382	14,653,987	28,398,395	193.8%
Total Revenue ….	**24,598,974**	**16,008,806**	**8,590,168**	**53.7%**	**75,530,446**	**45,363,323**	**30,167,123**	**66.5%**

Adjusted EBITDA

Adjusted EBITDA is used by management as a supplemental measure to review and assess operating performance and provide a more complete understanding of factors and trends affecting our business. Management believes that Adjusted EBITDA is a useful measure of operating performance and our ability to generate cash-based earnings, as it provides a relevant picture of operating results by excluding the effects of financing and investing activities which removes the effects of interest, depreciation and amortization expenses as non-cash items that are not reflective of our underlying business performance, and other one-time or non-recurring expenses. The Company defines Adjusted EBITDA as net income (loss) excluding taxes, interest and finance costs, amortization and depreciation, restructuring and other, and share based compensation. Management believes that these adjustments are appropriate in making Adjusted EBITDA an approximation of cash-based earnings from operations before capital replacement, financing, and income tax charges. Adjusted EBITDA does not have a standardized meaning under IFRS and is not a measure of operating income, operating performance or liquidity presented in accordance with IFRS and is subject to important limitations. The Company's definition of Adjusted EBITDA may be different than similarly titled measures used by other companies.

The following table reconciles Adjusted EBITDA to net loss for the periods indicated:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Net Income (loss)	**(3,572,312)**	**(3,303,246)**	**(10,548,980)**	**(8,721,518)**
Depreciation & Amortization (1)	2,275,105	1,152,529	7,254,902	3,346,043
Interest (2)	72,910	67,882	232,353	230,074
Taxes	(590,993)	(74,752)	622,922	(339,690)
EBITDA	**(1,815,290)**	**(2,157,587)**	**(2,438,804)**	**(5,485,091)**
Stock-Based Compensation (3)	245,374	310,057	798,832	876,807
Restructuring & Other (4)	1,144,505	855,219	1,329,636	1,062,697
Adjusted EBITDA	**(425,412)**	**(992,311)**	**(310,336)**	**(3,545,587)**

Notes:

(1) Depreciation and amortization expense is primarily related to depreciation expense on right-of-use assets ("ROU assets"), intangibles and property and equipment.

(2) Interest expenses are primarily related to interest and accretion expense on the secured debentures and convertible promissory notes. Included within is also the interest incurred on lease obligations.

(3) Stock-Based Compensation represent non-cash expenditures recognized in connection with the issuance of share-based compensation to our employees, advisors, and directors.

(4) Restructuring & Other expenses are related to restructuring, merger and acquisitions and extraordinary events that are not considered an expense indicative of continuing operations.

Adjusted Free Cash Flow

Adjusted Free Cash Flow is defined as adjusted EBITDA from operations less payments to property and equipment, deferred development costs and principal lease payments. The following table provides a proxy of cash flow from the business:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Adjusted EBITDA	**(425,412)**	**(992,311)**	**(310,336)**	**(3,545,587)**
Cash Financed Capital Expenditure	(213,233)	(81,584)	(529,022)	(434,416)
Payment of Capital Leases	(395,447)	(340,283)	(1,060,041)	(1,026,008)
Deferred Development	(35,488)	(30,306)	(117,232)	(124,424)
Adjusted Free Cash Flow	**(1,069,579)**	**(1,444,485)**	**(2,016,632)**	**(5,130,436)**

Summary of Factors Affecting our Performance

We believe that the growth and future success of our business depends on many factors, including those described below. While each of these factors presents significant opportunities for our business, they also pose important challenges, some of which are discussed below and in the "Risk Factors" section of our Prospectus.

Market acceleration of the digital commerce strategy

We intend to continue to drive the transformation to frictionless commerce by scaling and integrating our solutions to meet the needs of both new and existing large enterprise customers. We believe that there is significant upside to market share and to expanding our total addressable market through integrated solutions that both increase share of wallet with our existing customer base and attract new customers. We plan to do this by further developing our products and services as well as continuing to invest in marketing strategies tailored to attract new businesses, mainly within North America. We plan to continue to invest in expanding and evolving our categories to define and accelerate frictionless commerce.

Up-selling with existing customers

Our existing customers represent a significant opportunity to up-sell additional functionality with the level of coverage from our sales and marketing function. We plan to continually invest in category expansion, product development and sales and marketing to add additional solutions for our customers and drive customer satisfaction. Our future revenue growth and our ability to achieve and maintain profitability is dependent upon our ability to maintain existing customer relationships and to continue to cross sell frictionless commerce solutions from across our categories.

Sales and marketing team

Our ability to achieve significant growth in future revenue will largely depend upon the effectiveness of our sales and marketing efforts and our ability to extend our reach to more customers and expand to a more comprehensive commerce solution at existing customers. We will continue to invest in the expansion of our sales and marketing team to support the desired reach and acceleration of our path to frictionless commerce. The majority of our sales and marketing efforts are accomplished in-house.

Foreign currency

Our functional and presentation currency is the Canadian dollar. The functional currency of the operating subsidiaries are in local currency of the country in which the foreign operations is located. Our total results of operations are converted from the functional currency to Canadian dollars. As a result, our results of operations will be adversely impacted by a decrease in the value of the U.S. dollar relative to the Canadian dollar. See the "Risk Factors" section

of our Prospectus for a discussion on exchange rate fluctuations and their potential negative effect on our results of operations.

Key Components of Results of Operations

Pivotree has always been primarily operated and managed across two economic entities, with operations in several different countries. The management team is structured to direct the activities of the Company based on the type of service and workforce with certain cross functions groups. The Company is managed globally through departmental leads. As a result, we believe that we have two reporting segments: managed services and professional services. This is starting to shift as we transition to manage the business by category or business units. We will look to introduce the transition to revenue reporting by business unit in 2022 as supplemental information.

Revenue

We generate revenue from the following sources:

- *Managed Services.* Our customers enter into agreements that provide for recurring service fees. The majority of the customer agreements currently being entered into have a term of one to three years and are non-cancelable or cancelable with a cancellation fee. Generally, our customer agreements automatically renew unless cancelled by our customers within the designated time period. The revenue per contract will vary depending upon the size of the infrastructure, the various elements of the overall service, complexity of integrations, the level of application support and the term of the agreement. The minimum monthly service fees are recognized evenly over the life of a contract, commencing on the in-service date and terminating on the end date of the agreement. In addition, monthly overage fees are charged to the customer if their demands exceeded the minimum volumes established.
- *Professional Services.* Our clients generally require support in implementing a frictionless commerce platform to meet their business objectives. This support can include system integration, application integration, training and any required process-change analysis. These services are purchased independently or at the same time as the managed services and could be delivered over a short period or over a longer period of time through phases that could span multiple years. We have also contracted these services with a monthly minimum commitment as a recurring revenue stream to drive certainty and predictability in our revenues and to provide for optimal utilization of our professional services workforce. These services are not set up charges for managed services. The contracts are typically contracted for specific phases that align with the overall program goals and client budgets, while evolving with their digital strategy requirements. Revenues derived from professional services are recognized over the term in which such services are provided and proportionately to the work performed, typically using a time and material billing arrangement.

Cost of Revenue

Cost of revenue is comprised of costs related to hosting platforms, third-party licenses integrated into the solution and the professional services workforce. Significant expenses included in cost of revenue include employee wages and benefits expenses, data centre and public cloud hosting costs and other third-party license costs to support the managed services.

Operating Expenses

Our primary operating expenses are as follows:

- *General and Administrative.* General and administrative expenses are comprised primarily of employee salaries and benefits expenses for our administrative, executives, finance, legal and human resources teams, rent, travel, and general office expenses, consulting and professional fees and credit impairment losses. As

the Company grows, we expect that general and administrative expenses will decrease as a percentage of revenue.

- *Information Technology ("**IT**") and Operations.* IT and operations expenses are comprised of salaries and benefits for our help desk, project management, infrastructure, applications management and support, workplace IT and other technology. With growth, we expect these costs to increase in a step manner which will allow us to support growth of clients and employees. However, we expect that IT and operations expenses will decrease as a percentage of revenue.

- *Sales and Marketing.* Sales and marketing expenses are comprised of employee salaries, commissions and benefits related to our sales and marketing teams, travel and advertising and marketing events. To implement our growth strategy, we will focus the efforts within the business units to drive scale as well as build and incent cross-sell activity. As the Company continues to grow, we expect sales and marketing expenses to increase, while these expenses may fluctuate from year to year, consistent with our overall growth.

- *Research and Development.* Research and development expenses are comprised primarily of employee salaries and benefits related to our engineering and product management team, consulting and professional fees and related hosting fees. Eligible development work is capitalized and amortized, over its useful life, starting when the asset shifts into production and amortized over its useful life. Our research and development team(s) are focused on both continuous improvement of our existing internal and external facing solutions, as well as developing new products that can drive value on a standalone basis or as integrated modules to further build a frictionless commerce platform. Our product team will continue to assess customer demands and viable solutions to problems in order to evolve our existing product and identify new strategic market opportunities. As Pivotree's growth continues, we expect our research and development and product team costs to increase, however, over time we believe it is reasonable to expect that they would decline as a percentage of revenue.

- *Loss (Gain) on Foreign Exchange.* Loss (gain) on foreign exchange primarily relates to translation of monetary assets and liabilities denominated in foreign currencies being translated into functional currencies at the foreign exchange rate applicable at the end of each period.

- *Amortization and Depreciation.* Amortization and depreciation expense primarily relate to depreciation on property and equipment, intangibles and right-of-use asset. Property and equipment are comprised of furniture and office equipment, computers, data centre equipment, leasehold improvements and land and building. Intangibles relate to capitalized development labour costs and customer lists acquired through acquisitions. Right-of-use asset relates to the adoption of IFRS 16 – Leases ("**IFRS 16**") on January 1, 2019 which requires all major leases to be recognized on the statement of financial position.

- *Restructure and Other*. These costs include costs with respect to one-time events related to employee restructuring, acquisitions, impairments and other one-time non-recurring costs.

- *Stock based compensation* These costs comprised of the value of stock options granted to employees expensed over the vesting period of the options, deferred share units ("DSUs"), restricted stock units ("RSUs") and Options. In addition, the Company's Board of Directors are compensated in the form of DSUs.

Results of Operations

The following table outlines our consolidated statements of loss and comprehensive loss for the three and six months ended September 30, 2022 and 2021.

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	$	$	$	$
Revenue	24,598,974	16,008,806	75,530,446	45,363,323
Cost of revenue….....	13,557,811	8,883,246	42,180,819	25,238,978
Gross profit….....	11,041,163	7,125,559	33,349,627	20,124,346
Operating expenses				
General and administrative.....	4,093,095	2,175,767	11,620,762	6,145,232
Sales and marketing	2,588,978	1,739,279	7,407,178	4,297,919
Research and development	1,220,113	562,275	3,467,496	1,445,436
IT and Operations.....	3,897,298	4,030,137	11,760,607	11,894,411
Loss (gain) on foreign exchange.....	(312,747)	(384,405)	(531,386)	32,680
Amortization and Depreciation……	2,275,105	1,152,529	7,254,902	3,346,042
Stock based compensation….	245,374	310,057	798,832	876,807
Restructuring and Other.....	1,144,505	855,219	1,329,636	1,062,697
Interest…….....	72,910	67,882	232,353	230,074
	15,224,631	10,508,739	43,340,380	29,331,298
Income before other items…....	(4,183,468)	(3,383,180)	(9,990,753)	(9,206,952)
Other items (expenses) ….	0	-	1	-
Interest income…...	20,161	5,182	64,694	145,745
Operating loss	(4,163,306)	(3,377,998)	(9,926,059)	(9,061,207)
Current taxes….....	138,107	(42,083)	(1,599,399)	20,917
Deferred taxes….....	452,886	116,835	976,477	318,773
Net income (loss)….....	(3,572,314)	(3,303,246)	(10,548,981)	(8,721,517)
Other comprehensive income (loss)				
Foreign translation adjustment….....	1,052,239	781,795	610,548	338,991
Comprehensive income (loss)….....	(2,520,074)	(2,521,451)	(9,938,432)	(8,382,526)
Income (Loss) per share - basic	(0.09)	(0.10)	(0.38)	(0.34)
Weighted average number of common shares outstanding - basic.....	26,627,008	24,865,612	26,038,970	24,787,160

Review of Operations for the three and nine months ended September 30, 2022 and 2021

Revenue

	Three months ended September 30,				Nine months ended September 30,			
	2022	2021	$ Change	% Change	2022	2021	$ Change	% Change
	$	$	$	%	$	$	$	%
Managed Services.....	10,270,862	8,975,810	1,295,052	14.4%	30,043,639	27,320,632	2,723,007	10.0%
Professional Services ….	14,328,112	7,032,996	7,295,116	103.7%	45,486,807	18,042,691	27,444,115	152.1%
Total Revenue ….....	**24,598,974**	**16,008,806**	**8,590,168**	**53.7%**	**75,530,446**	**45,363,323**	**30,167,123**	**66.5%**

Revenue increased from $16.0 million to $24.6 million or 53.7% or 49% constant currency growth for the three months ended September 30, 2022 as compared to the equivalent period in the prior year and increased from $45.4 million to $75.5 million or 66.5% for the nine months ended September 30, 2022 as compared to the equivalent period in the prior year. Adjusted for the estimated revenue from acquisitions, organic growth for the three months ended September 30, 2022 would be 8.5%. Organic growth shared within is not a standardized financial measure and might not be comparable to measures disclosed by other issuers.

Revenues from managed services increased from $9.0 million to $10.3 million or 14.4% or 11.1% growth in constant currency for the three months ended September 30, 2022 as compared to the equivalent period in the prior year and increased from $27.3 million to $30.0 million or 10.0% for the nine months ended September 30, 2022 as compared to the equivalent period in the prior year. Data Management and Supply Chain contributed positively to the overall growth through new booking performance and also included the benefit of the acquisitions. Managed services organic growth for the three months ended September 30, 2022 was 10.4% with new bookings converting to revenues and helping offset Oracle churn.

Revenues from professional services increased from $7.0 million to $14.3 million or 103.7% or 97.5% growth in constant currency for the three months ended September 30, 2022 as compared to the equivalent period in the prior year and increased from $18.0 million to $45.5 million or 152.1% for the nine months ended September 30, 2022 as compared to the equivalent period in the prior year. These results were primarily the result of organic growth in our Data Management and Supply Chain BU which were further boosted by the acquisition of Bridge Solutions and Codifyd. Adjusted for the estimated revenue from acquisitions, organic growth for the three months ended September 30, 2022 was 6.0%.

Cost of Revenue

	Three months ended September 30,				Nine months ended September 30,			
	2022	2021	$ Change	% Change	2022	2021	$ Change	% Change
	$	$	$	%	$	$	$	%
Total Cost of revenue….	**13,557,811**	**8,883,246**	**4,674,564**	**52.6%**	**42,180,819**	**25,238,978**	**16,941,841**	**67.1%**
Percentage of total revenue……..	55.1%	55.5%			55.8%	55.6%		

Cost of revenue increased from $8.9 million to $13.6 million or 52.6% for the three months ended September 30, 2022 as compared to the equivalent period in the prior year and increased from $25.2 million to $42.2 million or 67.1% for the nine months ended September 30, 2022 as compared to the equivalent period in the prior year. The three months change in cost of revenue was related primarily to the acquisitions of Bridge and Codifyd, added costs to deliver the higher levels of professional services revenues.

Gross Profit

	Three months ended September 30				Nine months ended September 30			
	2022	2021	$ Change	% Change	2022	2021	$ Change	% Change
	$	$	$	%	$	$	$	%
Total Gross Profit…....	**11,041,163**	**7,125,559**	**3,915,604**	**55.0%**	**33,349,627**	**20,124,346**	**13,225,281**	**65.7%**
Percentage of total revenue…….	44.9%	44.5%			44.2%	44.4%		

Gross profit, being revenue less cost of revenues, increased from $7.1 million to $11.0 million and increased from 44.5% of revenue to 44.9% of revenue for the three months ended September 30, 2022 as compared to the equivalent period in the prior year and increased from $20.1 million to $33.3 million and decreased from 44.4% of revenue to 44.2% of revenue for the nine months ended September 30, 2022 as compared to the equivalent period in the prior year. Contributing positively to the quarter's gross profit dollars growth is the professional services performance post the investments made in 2021 and the accretive acquisitions. Offsetting the mentioned improvement is the managed services revenue performance and the continued shift in mix to cloud-hosted solutions.

Operating Expenses

	Three months ended September 30,				Nine months ended September 30,			
	2022	2021	$ Change	% Change	2022	2021	$ Change	% Change
	$	$	$	%	$	$	$	%
General and administrative....	4,093,095	2,175,767	1,917,328	88%	11,620,762	6,145,232	5,475,530	89%
Sales and marketing	2,588,978	1,739,279	849,699	49%	7,407,178	4,297,919	3,109,259	72%
Research and development.....	1,220,113	562,275	657,838	117%	3,467,496	1,445,436	2,022,060	140%
IT and Operations.....	3,897,298	4,030,137	(132,839)	-3%	11,760,607	11,894,411	(133,804)	-1%
Loss (gain) on foreign exchange.....	(312,747)	(384,405)	71,658	-19%	(531,386)	32,680	(564,066)	-1726%
Amortization and Depreciation	2,275,105	1,152,529	1,122,576	97%	7,254,902	3,346,042	3,908,860	117%
Stock based compensation….	245,374	310,057	(64,683)	-21%	798,832	876,807		
Restructuring and Other.....	1,144,505	855,219	289,286	34%	1,329,636	1,062,697	266,939	25%
Interest…….....	72,910	67,882	5,028	7%	232,353	230,074	2,279	1%
Total operating expenses …	**15,224,631**	**10,508,739**	**4,715,892**	**45%**	**43,340,380**	**29,331,298**	**14,009,082**	**48%**

General and Administrative Expenses

	Three months ended September 30,				Nine months ended September 30,			
	2022	2021	$ Change	% Change	2022	2021	$ Change	% Change
	$	$	$	%	$	$	$	%
General and administrative....	4,093,095	2,175,767	1,917,328	88.1%	11,620,762	6,145,232	5,475,530	89.1%
Percentage of total revenue……..	16.6%	13.6%			15.4%	13.5%		

General and administrative expenses increased from $2.2 million to $4.1 million or 88.1% for the three months ended September 30, 2022 as compared to the equivalent period in the prior year and increased from $6.1 million to $11.6 million or 89.1% for the nine months ended September 30, 2022 as compared to the equivalent period in the prior year. The increase is primarily from new expenses related to the operations of Bridge Solutions and Codifyd and the inclusion of quarterly bonus accruals. Our general and administrative expenses as a percentage of total revenue increased from 13.6% to 16.6% for the three months ended September 30, 2022 as compared to the equivalent period in the prior year and increased from 13.5% to 15.4% for the nine months ended September 30, 2022 as compared to the equivalent period in the prior year.

Sales and Marketing Expenses

	Three months ended September 30,				Nine months ended September 30,			
	2022	2021	$ Change	% Change	2022	2021	$ Change	% Change
	$	$	$	%	$	$	$	%
Sales and marketing	2,588,978	1,739,279	849,699	48.9%	7,407,178	4,297,919	3,109,259	72.3%
Percentage of total revenue…….	10.5%	10.9%			9.8%	9.5%		

Sales and marketing expenses increased from $1.7 million to $2.6 million or 48.9% for the three months ended September 30, 2022 as compared to the equivalent period in the prior year and increased from $4.3 million to $7.4 million or 72.3% for the nine months ended September 30, 2022 as compared to the equivalent period in the prior year. This increase is driven by the acquisition of Bridge Solutions and Codifyd. Our sales and marketing expenses as a percentage of total revenue decreased from 10.9% to 10.5% for the three months ended September 30, 2022 as compared to the equivalent period in the prior year and increased from 9.5% to 9.8% for the nine months ended September 30, 2022 as compared to the equivalent period in the prior year.

Research and Development Expenses

	Three months ended September 30,				Nine months ended September 30,			
	2022	2021	$ Change	% Change	2022	2021	$ Change	% Change
	$	$	$	%	$	$	$	%
Research and development …	1,220,113	562,275	657,838	117.0%	3,467,496	1,445,436	2,022,060	139.9%
Percentage of total revenue…….	5.0%	3.5%			4.6%	3.2%		

Research and development expenses increased from $0.6 million to $1.2 million for the three months ended September 30, 2022 as compared to the equivalent period in the prior year and increased from $1.4 million to $3.5 million or 139.9% for the nine months ended September 30, 2022 as compared to the equivalent period in the prior year. This increase was primarily due to investments in developing new products and offerings, as well as product engineering team acquired through Bridge Solutions. Our research and development expenses as a percentage of total revenue increased from 3.5% to 5.0% for the three months ended September 30, 2022 as compared to the equivalent period in

the prior year and increased from 3.2% to 4.6% for the nine months ended September 30, 2022 as compared to the equivalent period in the prior year.

IT and Operations

	Three months ended September 30,				Nine months ended September 30,			
	2022	2021	$ Change	% Change	2022	2021	$ Change	% Change
	$	$	$	%	$	$	$	%
IT and Operations.....	3,897,298	4,030,137	(132,839)	-3.3%	11,760,607	11,894,411	(133,804)	-1.1%
Percentage of total revenue…….	15.8%	25.2%			15.6%	26.2%		

IT and Operations expenses decreased slightly from $4.0 million to $3.9 million for the three months ended September 30, 2022 as compared to the equivalent period in the prior year and stayed the same at $11.8 million for the nine months ended September 30, 2022 as compared to the equivalent period in the prior year. Our IT and operations expenses as a percentage of total revenue decreased from 25.2% to 15.8% for the three months ended September 30, 2022 as compared to the equivalent period in the prior year and decreased from 26.2% to 15.6% for the nine months ended September 30, 2022 as compared to the equivalent period in the prior year.

Loss/Gain on Foreign Exchange

	Three months ended September 30,				Nine months ended September 30,			
	2022	2021	$ Change	% Change	2022	2021	$ Change	% Change
	$	$	$	%	$	$	$	%
Loss (gain) on foreign exchange.....	(312,747)	(384,405)	71,658	-18.6%	(531,386)	32,680	(564,066)	-1726.0%
Percentage of total revenue……...	-1.3%	-2.4%			-0.7%	0.1%		

Foreign exchange loss/gain primarily relates to translation of monetary assets and liabilities denominated in foreign currencies being translated into functional currencies at the foreign exchange rate applicable at the end of each period. The change in foreign exchange loss/gain is primarily attributable to the change in Canadian dollar compared to the U.S. dollar for the periods presented. The three and nine months ended September 30, 2022 reflects the unrealized foreign exchange loss (gain) primarily related to the change in the translated U.S. dollar balances. Such unrealized foreign exchange loss (gain) will continue to be valued at each quarter end.

Amortization and Depreciation

	Three months ended September 30,				Nine months ended September 30,			
	2022	2021	$ Change	% Change	2022	2021	$ Change	% Change
	$	$	$	%	$	$	$	%
Amortization and Depreciation….....	2,275,105	1,152,529	1,122,576	97.4%	7,254,902	3,346,042	3,908,860	116.8%
Percentage of total revenue……..	9.2%	7.2%			9.6%	7.4%		

The Amortization and Depreciation expense increased from $1.2 million to $2.3 million for the three months ended September 30, 2022 as compared to the equivalent period in the prior year and increased from $3.3 million to $7.3 million for the nine months ended September 30, 2022 as compared to the equivalent period in the prior year. The Amortization and Depreciation expense as a percentage of total revenue, increased from 7.2% to 9.2% for the three months ended September 30, 2022 as compared to the equivalent period in the prior year and increased from 7.4% to 9.6% for the nine months ended September 30, 2022 as compared to the equivalent period in the prior year. The change is primarily due to the intangibles of the acquired companies.

Stock Based Compensation

	Three months ended September 30,				**Nine months ended September 30,**			
	2022	2021	$ Change	% Change	2022	2021	$ Change	% Change
	$	$	$	%	$	$	$	%
Stock based compensation…..	245,374	310,057	(64,683)	-20.9%	798,832	876,807	(77,975)	-8.9%
Percentage of total revenue…….	1.0%	1.9%			1.1%	1.9%		

The Stock Based Compensation expense decreased from 0.3 million to 0.2 million for the three months ended September 30, 2022 as compared to the equivalent period in the prior year and decreased from $0.9 million to $0.8 million for the nine months ended September 30, 2022 as compared to the equivalent period in the prior year. The Stock Based Compensation expense as a percentage of total revenue, decreased from 1.9% to 1.0% for the three months ended September 30, 2022 as compared to the equivalent period in the prior year and decreased from 1.9% to 1.1% for the nine months ended September 30, 2022 as compared to the equivalent period in the prior year. The primary driver of the reduction in costs are due to employee departures and true up of the stock compensation expense related to the long term incentive program.

Non-Operating Expenses

	Three months ended September 30,				**Nine months ended September 30,**			
	2022	2021	$ Change	% Change	2022	2021	$ Change	% Change
	$	$	$	%	$	$	$	%
Restructure and other….	1,144,505	855,219	289,286	33.8%	1,329,636	1,062,697	266,939	25.1%
Interest…….....	72,910	67,882	5,028	7.4%	232,353	230,074	2,279	1.0%

Restructure and Other Expenses

Restructure and other expenses were $1.1 million for the three months ended September 30, 2022 and $0.9 million for the comparable period in the prior year and were $1.3 million for the nine months ended September 30, 2022 and $1.1 million for the comparable period in the prior year. The restructure and other expenses for the three months ended September 30, 2022 were primarily associated with an operating expense restructure.

Interest

Interest expense stayed the same at $0.1 million for the three months ended September 30, 2022 compared to the comparable period in the prior year and was $0.2 million for the nine months ended September 30, 2022 and for the comparable period in the prior year.

Selected Annual Information

	Fiscal years ended December 31,	
	2021	2020
	$	$
Revenue.....	75,530,446	45,363,323
Net income (loss)….....	(10,548,981)	(8,721,517)
Net income (loss) attributable to equity owners of the Company…	-	-
Income (Loss) per share - basic….....	(.38)	(.34)
Total assets….....	94,179,407	88,646,879
Total long-term liabilities….....	4,184,369	1,783,364

Key Statement of Financial Position Information

	Balance as of			
	September 30, 2022	September 30, 2021	Change	Change
	$	$	$	%
Cash and cash equivalents	13,844,455	40,755,642	(26,911,187)	-66%
Total assets	80,751,927	88,710,971	(7,959,044)	-9%
Total liabilities	18,636,031	17,792,441	843,590	5%
Total long-term liabilities	1,591,595	3,756,648	(2,165,053)	-58%

Total Assets

Total assets decreased $8.0 million or -9% for the period ended September 30, 2022 as compared to the equivalent period in the prior year, primarily related to the acquisitions, amortization of intangibles, and operating results.

Total Liabilities

Total liabilities increased $0.8 million or 5% from September 30, 2021 to September 30, 2022. Total long-term liabilities decreased by $2.2 million or -58%w for the period ended September 30, 2022 as compared to the equivalent period in the prior year. Total liabilities increase is primarily due to the restructure, tax provision and bonus accruals.

Quarterly Results of Operations

The following table sets forth selected unaudited quarterly statements of operations data for each of the last eight quarters, starting December 31, 2020 and ending September 30, 2022. These quarterly operating results are not necessarily indicative of our operating results for a full year or any future period.

	Three months ended							
	September 30, 2022	**June 30, 2022**	**March 31, 2022**	**December 31, 2021**	**September 30, 2021**	**June 30, 2021**	**March 31, 2021**	**December 31, 2020**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Managed Services.	10,270,862	9,944,300	9,828,477	9,885,399	8,975,810	8,878,875	9,465,946	10,874,163
Professional Services……	14,328,112	16,490,048	14,668,647	12,295,573	7,032,996	5,470,754	5,538,942	5,672,377
Total Revenue.....	24,598,974	26,434,348	24,497,124	22,180,972	16,008,806	14,349,630	15,004,888	16,546,541
Net income (loss)...	-3,572,314	-3,673,665	-3,302,999	-2,871,131	-3,306,605	-2,945,546	-2,472,725	-4,824,167
Income (Loss) per share - basic….....	-0.09	-0.14	-0.13	-0.12	-0.13	-0.12	-0.10	-0.48

Revenue

Our total quarterly revenue decreased -6.9% in the third quarter of fiscal 2022 versus the second quarter of fiscal 2022. Professional services decreased sequentially by -13.1% and Managed Services increased sequentially by 3.3%. The quarterly sequential decrease in professional services is primarily due to timing of revenue recognized for work related in the first quarter of fiscal 2022 and stronger than anticipated demand for short term projects; both of which benefited and set a record revenue during the second quarter of fiscal 2022.

Net income (loss)

Net loss improved by $0.1M in the third quarter of fiscal 2022 versus the second quarter of fiscal 2022. Gross margins decreased $0.8M in the third quarter of fiscal 2022 versus the second quarter of fiscal 2022 primarily due to the revenue recognition that benefited the second quarter of fiscal 2022. Offsetting the gross margin sequential decline, expenses decreased $0.9M in the third quarter of fiscal 2022 versus the second quarter of fiscal 2022 mainly from income tax expenses revaluation.

Liquidity, Capital Resources and Financing

Overview

The general objectives of our capital management strategy are to preserve our capacity to continue operating, provide benefits to our stakeholders, allow room for acquisitions, and provide an adequate return on investment to our shareholders by selling our services at a price that is commensurate with the level of operating risk assumed by us. We thus determine the total amount of capital required consistent with risk levels. This capital structure is adjusted on a timely basis depending on changes in the economic environment and risks of the underlying assets. We are currently subject to a minimum cash requirement through our credit agreement.

Working Capital

Our primary source of cash flow is revenue from operations and debt financing through secured debentures. Our approach to managing liquidity is to ensure, to the extent possible, that we always have sufficient liquidity to meet our liabilities as they become due. We do so by monitoring cash flow and performing budget-to-actual analysis on a regular basis.

Working capital surplus as at September 30, 2022 was $18.3 million.

In addition to the cash balance of $13.8 million as at September 30, 2022, the Company has an additional $24.8 million available from the BMO Credit Facility that may be drawn to meet ongoing working capital requirements. The BMO Credit Facility may be drawn in Canadian dollars at the Canadian prime lending rate plus applicable margin. Our principal cash requirements are for working capital. Given our existing cash and credit facilities, along with the proceeds raised from the Offering, we believe there is sufficient liquidity to manage future working capital requirements, to meet our current and short-term financial obligations as they become due, and to support our growth plans.

Cash Flows

The following table presents cash and cash equivalents as at September 30, 2022 and 2021:

	Three months ended September 30,		**Nine months ended September 30,**	
	2022	2021	2022	2021
	$	$	$	$
Cash and cash equivalents, beginning of period …	16,488,861	47,494,224	24,570,287	53,942,263
Net cash provided by (used in):	-	-	-	-
Operating activities.....	(1,947,612)	(2,055,620)	(5,846,083)	(7,500,896)
Investing activities.....	(248,720)	(4,612,098)	(4,657,043)	(5,059,048)
Financing activities.....	(448,075)	(70,863)	(222,706)	(626,676)
Effect of foreign exchange on cash and cash equivalents	-	-	-	-
Net increase (decrease) in cash and cash	(2,644,407)	(6,738,582)	(10,725,832)	(13,186,620)
Cash and cash equivalents, end of period …….....	13,844,453	40,755,642	13,844,455	40,755,643

Cash Flows Used in/From Operating Activities

Cash flows used in operating activities for the three months ended September 30, 2022 were $1.9 million compared to $2.1 million used in operating activities for the three months ended September 30, 2021 and cash flows used in operating activities for the nine months ended September 30, 2022 were $5.8 million compared to $7.5 million used in operating activities for the nine months ended September 30, 2021. Cash flow improvement of $1.7M for the 9 months ended September 30, 2022 is driven from a $1.2 million improvement in net income excluding the items not affecting cash, and $0.5 million net change from non-cash working capital.

Cash Flows Used in/From Investing Activities

Cash flows used in investing activities for the three months ended September 30, 2022 were $0.2 million compared to $4.6 million used in investing activities for the three months ended September 30, 2021 and cash flows used in investing activities for the nine months ended September 30, 2022 were $4.7 million compared to $5.1 million used in investing activities for the nine months ended September 30, 2021. The three month ended cash flow improvement is due to the cash usage in same period of 2021 related to the acquisition of Bridge. The nine-month fiscal year 2022 cash used from investing activities is primarily related to the earnouts associated with the acquisitions.

Cash Flows Used in/From Financing Activities

Cash flows used in financing activities for the three months ended September 30, 2022 were $0.4 million compared to $0.1 million used in financing activities for the three months ended September 30, 2021 and cash flows used in financing activities for the nine months ended September 30, 2022 were $0.2 million compared to $0.6 million used

in financing activities for the nine months ended September 30, 2021. There were material proceeds from share issuance in the third quarter of fiscal 2021, offset slightly by capital leases that were part of regular operations. There were no material financing activities in the third quarter of fiscal 2021 outside of certain capital leases that were part of regular operations.

Contractual Obligations

During the three months ended September 30, 2022, there were no significant changes in our contractual obligations.

Off-Balance Sheet Arrangements

We have not entered into off-balance sheet financing arrangements. Except for operating leases not recognized as right-of-use assets under IFRS 16 - Leases, all of our liabilities and commitments are reflected as part of our statement of financial position. From time to time, we may be contingently liable with respect to litigation and claims that arise in the normal course of operations.

Related Party Transaction

We have no material related party transactions, other than those noted within Note 11 of our unaudited condensed interim consolidated financial statements.

Subsequent Events

No subsequent event to report.

Financial Instruments and Other Instruments

Credit Risk

Generally, the carrying amount in our consolidated statement of financial position exposed to credit risk, net of any applicable provisions for losses, represents the maximum amount exposed to credit risk.

Our credit risk is primarily attributable to our cash and cash equivalents and trade receivables. We do not require guarantees from our customers. Credit risk with respect to cash and cash equivalents is managed by maintaining balances only with high credit quality financial institutions.

Due to our diverse customer base, there is no particular concentration of credit risk related to our trade receivables. Moreover, balances for trade receivables are managed and analyzed on an ongoing basis to ensure allowances for doubtful accounts, which are established and maintained at an appropriate amount.

We estimate anticipated losses from doubtful accounts based upon the expected collectability of all accounts receivable, which estimate takes into account the number of days past due, collection history, identification of specific customer exposure and current economic trends. An impairment loss on trade receivables is calculated as the difference between the carrying amount and the present value of the estimated future cash flow. Impairment losses are charged to general and administrative expense in the consolidated statements of loss and comprehensive loss. Receivables for which an impairment provision was recognized are written off against the corresponding provision when it is deemed uncollectible.

The maximum exposure to credit risk at the date hereof is the carrying value of each class of receivables mentioned above. We do not hold any collateral as security.

Foreign Currency Exchange Risk

We are exposed to currency risk due to financial instruments denominated in foreign currencies. The Company's primary exposure with respect to foreign currencies is from Canadian dollar denominated cash and cash equivalents,

trade and other receivables, trade and other payables and borrowings in transactional currency that is other than Canadian dollars. The net carrying value of these Canadian denominated balances held in entities with U.S. dollars as their transactional currency as at December 31, 2021 and 2020 and 2019 presented in U.S. dollars is as follows:

	Fiscal 2021	Fiscal 2020	Fiscal 2019
	US$	US$	US$
Cash and cash equivalents	7,047,867	9,185,454	2,052,471
Trade and other receivables	9,808,633	3,968,861	3,273,424
Trade and other payables	(1,439,403)	(1,985,841)	(1,822,727)
Borrowings			

We have not entered into arrangements to hedge our exposure to currency risk.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We review these estimates on an ongoing basis based on management's best knowledge of current events and actions that we may undertake in the future. Actual results could differ from these estimates. Areas requiring the most significant estimates and judgments are outlined below. Management has determined that we operate in a single operating and reportable segment.

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:

- identify the contract with a customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price; and
- recognize revenue when, or as, the Company satisfies a performance obligation.

The Company's contracts often include a number of promised goods or services. The Company's goods and services are generally distinct from other performance obligations and accounted for as separate performance obligations. A good or service is distinct if the customer can benefit from it on its own or together with other readily available resources, and the Company's promise to transfer the good or service is separately identifiable from other promises in the contractual arrangement with the customer.

In determining the transaction price of contract with a customer, the Company considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customer (if any). The total transaction price is allocated to each performance obligation on a relative stand-alone selling price ("SSP") basis.

The SSP reflects the price we would charge for a specific product or service if it was sold separately in similar circumstances and to similar customers. In most cases we are able to establish the SSP based on observable data. Where possible we establish a narrow SSP range for our products and services and assess this range on a periodic basis or when material changes in facts and circumstances warrant a review. If the SSP is not directly observable, then we estimate the amount using either the expected cost plus a margin or residual approach. Estimating SSP requires judgment that could impact the amount and timing of revenue recognized. SSP is a formal process whereby management considers multiple factors including, but not limited to, geographic or regional specific factors, competitive positioning, internal costs, profit objectives, and pricing practices.

Managed Services

Managed service revenues are derived from providing a monthly recurring service. The services include infrastructure deployment and management, web and application hosting, 24/7 access to experts for system and application triage, application support, configuration management, and security. Managed services fees are structured with a minimum level of spend based on environment size and minimum level of support provided. For any overage, a price list is established to charge for any overage. The monthly fee is recognized as revenue on a monthly basis based on the minimum commitment and overage charges.

Billing for the minimum commitment is issued at the start of the service period. Overage charges are issued after the service period, once actual volumes are available.

Costs of sales associated with managed services include data centers, public cloud, third party licensing for monitoring, security solutions, labour associated with as a service solutions and dedicated production support plus any other 3rd party license costs required to deliver the solution.

In conjunction with both professional and management services provided, we receive commissions or margins on license resale. The net margin or commission on resale is accrued to revenues as earned. The Company is acting as an agent in these arrangements.

Credit terms are extended to customers in the normal course of business. The Company 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 expected credit losses. The Company's estimate of expected credit losses is based upon its evaluation of the current status of receivables, and forward looking information.

Professional Services

Services revenues are derived from professional services that include designing, developing, implementing, integrating, and training for digital commerce solutions and to support data management business requirements of our customers. Professional services revenues are recognized over time as services are rendered, using input methods to measure progress towards complete satisfaction of the service. Almost all of our projects are performed on a time and materials basis. For time and material projects, revenues are recognized by multiplying the number of hours our professionals incurred in the performance of the project by the hourly rate card contracted. For fixed fee contracts based on milestones and specific deliverables, revenues are recognized based on the completion of deliverables or in the case of fixed fee contracts based on term; revenue is recognized across the term based on the monthly fee set in the contract. Any unrecognized revenue is recorded in deferred revenue.

Certain costs incurred by the Company for subcontractors and other expenses that are recoverable directly from clients are billed to our clients and therefore included in revenue based on the revenue recognition method identified above. Costs associated with professional services revenue include all direct labour and subcontract costs and those indirect costs related to contract performance such as benefits, travel expenses and other expense reimbursements.

Share-Based Payments

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 and other market valuation methods. 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 assumptions and estimates used are further outlined in the stock options note.

Foreign Currency Exchange ("FX") Rates

There are material transactions in U.S. dollars, given the operating structure of the business and the clients being serviced. Approximately 85% of our revenues and 60% of our expenses are incurred in U.S. dollars and this drives an impact to our financial results based on fluctuations in the U.S. dollar to Canadian dollar exchange rate. The average quarterly exchange rate for U.S. dollars to Canadian dollars for the three-month period ended September 30, 2022 was 1.3043, as compared to 1.2591 for the same period in the prior year. As a result, there was a favourable impact in total reported revenues and in net income in the third quarter versus prior year. Adjusted for constant currency, this implies that total revenue increase in the third quarter versus prior year was 49%, as opposed to 53.7% as reported above. The following tables capture these impacts.

Foreign Exchange (F/X) Rates	3-month Avg.
Three months ended **September 30, 2021**	**1.2591**
Three months ended **September 30, 2022**	**1.3043**

	Three months ended September 30, 2022			
	2021 (as reported)	2022 (as reported)	2022 F/X Impact	2022 (at prior period F/X rate)
	$	$	$	$
Revenue	**16,008,806**	**24,598,974**	**741,647**	**23,857,327**
Cost of revenue	8,883,246	13,557,811	190,864	13,366,946
Gross Profit	7,125,559	11,041,163	550,783	10,490,380
Operating expenses	10,508,739	15,224,631	327,114	14,897,517
Interest income	5,182	20,161	0	20,161
Taxes (Current and Deferred)	-74,752	-590,993	0	-590,993
Net Income/(Loss)	**-3,303,246**	**-3,572,314**	**223,669**	**-3,795,982**

Outstanding Share Information

The company is currently authorized to issue an unlimited number of Shares. As of September 30, 2022, there are 26,613,969 Common Shares, 1,162,385 Stock options, and 562,408 RSU's, DSU's, and PSU's issued and outstanding.