

Source: FactSet, QUIS-V started trading Aug 13, 2018.

Market Data (C\$)

Share Price	\$ 0.17
Market Capitalization (M)	\$ 15.3
Net Debt (M)	\$ 10.9
Enterprise Value (M)	\$ 26.2
Basic Shares O/S	90.05
Avg. Daily Volume (M)	0.057
52 Week Range	\$0.35 / \$0.11
Dividend Yield	0.0%
EV/Sales (TTM)	1.4

Management

CEO	Mike Reinhart
CFO	Stephanie Ratza
SVP, Consulting Services	Steven Balusek
SVP, Production Innovation	Scotty Perkins
President, CRG Canada	Dr. Vijay Jog
VP, North America Sales	Kevin Castillo
VP, Marketing	Tami Anders

Total Insider Ownership	22.0%
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Business Description

Quisitive is a premier Microsoft solutions provider that helps customers navigate the ever changing technology climate that their business relies upon. With a legacy of innovation and deep technical expertise, Quisitive is empowering the enterprise to harness the Microsoft cloud and emerging technologies such as blockchain, artificial intelligence (AI), machine learning, and the Internet of Things (IoT) through customized solutions and first-party cloud-based products. Quisitive serves clients globally with offices in Dallas, TX, Denver, CO and Toronto, Ontario. Quisitive is one of 35 companies that have earned the Microsoft National Solution Provider (NSP) designation.



Q1/19 RESULTS; CRG ACQUISITION; MICROSOFT PARTNER ACCOLADES

Highlights

- QUIS reported Q1/19 revenue of \$4.0M, with adj. EBITDA of \$223K (5.6% margins). Off the back of Microsoft cloud assessment pipeline momentum, QUIS closed five net new cloud migration projects in Q1/19. Gross margin for Q1/19 was 40.0%, with internal utilization rates in excess of 80%.
- During Q1/19, QUIS managed 65 customer engagements, including 52 Microsoft Azure Cloud Assessments and 13 new customer projects in Microsoft Azure, Office 365, and blockchain custom development.
- QUIS announced the acquisition of CRG, a leading provider of Microsoft technology, corporate consulting, and business software and systems based in Ottawa, Ontario. For 2018, CRG generated revenue of ~C\$7.8M (30% recurring), with adj. EBITDA of ~C\$3M (38.5% margins).
- For 30+ years, CRG's seasoned leadership team and host of talented employees (~36) have been delivering solutions in Microsoft Dynamics, Microsoft SharePoint, business intelligence and employee performance management (EPM).
- QUIS announced it has won the 2019 Microsoft Country Partner of the Year Award for the U.S. QUIS was honored among a global field of top Microsoft partners for demonstrating excellence in innovation and implementation of customer solutions based on Microsoft technology.

Catalysts

- The CRG deal creates a one-stop Microsoft shop with a solid foundation from which to build; we expect QUIS to announce further acquisitions in the near-term ("looking for targets on the East and West coasts").
- As shown by Exhibits 2 and 3, we see considerable leverage in the business model as QUIS can now sell Azure Assessments to the CRG customer base.

Valuation

On consensus estimates, QUIS is trading at a 2020E EV/Sales of 0.6x versus its North American IT Services comparables trading at 1.4x.

Q1/19 RESULTS - A GREAT START TO THE YEAR

QUIS delivered Q1/19 revenue of \$4.0M, comprised of professional services revenues from consulting, implementation and training services related to QUIS’s Microsoft service offerings and Microsoft Cloud Solution Provider (“CSP”) program. QUIS’s core strengths include **deep expertise across the Microsoft technology stack** including; Microsoft Azure, Office 365, SharePoint, SQL, Microsoft cloud licensing management, blockchain, artificial intelligence, machine learning and IoT. QUIS managed 65 customer engagements in Q1/19, including 52 Microsoft Azure Cloud Assessments and 13 new customer projects in Microsoft Azure, Office 365, and blockchain custom development. Gross margin was 40.0% of revenue, with internal utilization rates in excess of 80%. **QUIS continues to explore target acquisitions (“looking for targets on the East and West coasts”) as it executes on its strategy of building Microsoft’s North America’s premier Partner of the Future.**

Exhibit 1 – Revenue Estimates Show CRG Impact (Without Revenue Synergies)



Source: FactSet, Consensus estimates

Q1/19 Business Highlights.

- Awarded a 2019 services contract with Cinemark (CNK-US) to service Cinemark’s Microsoft-centric initiatives.
- Achieved five Microsoft competencies: Application Development, Cloud Platform, Cloud Productivity, Datacenter and Collaboration and Content; and Microsoft Cloud Solution Provider (CSP) Direct status - seeing early success with three CSP customer wins in Q1/19.
- Added a new cloud-based Supply Chain & Manufacturing case study to the growing industry portfolio.
- Secured a large scale blockchain application project with a global financial services customer.
- Applied its Microsoft Office 365 expertise to transform a luxury retailer’s internal workplace collaboration & communication toolset across 14,300 employees.
- Leveraged its skill set in Office 365 through a project targeted at enabling two newly acquired companies to quickly integrate and develop a single foundation for communication and collaboration.
- Ran 52 Microsoft Azure assessments, completing 39; the program converted five assessments, transitioning customers from assessment into Azure migration projects.

CRG ACQUISITION - BUILDING A SOLID FOUNDATION

QUIS announced the acquisition of Corporate Renaissance Group ("CRG"), a leading provider of Microsoft technology, corporate consulting, and business software and systems based in Ottawa, Ontario. For 2018, CRG generated revenue of ~C\$7.8M (30% recurring), with adj. EBITDA of ~C\$3M (38.5% margins). **The CRG deal creates a solid foundation from which to build.** QUIS with CRG can now deliver both business and IT/IM/IS/cloud strategy and solution sets that extend the Microsoft platform and transforms QUIS/CRG into a one-stop Microsoft shop for all major business solutions from ERP to HR to CPM/BI and DW. CRG covered all the criteria of an ideal target, adding: (1) geographic reach; (2) incremental expertise on Microsoft applications; (3) talented employees with deep technical knowledge; and (4) recurring revenues.

Since 1989, CRG has been delivering expert guidance and leading solutions to help improve business management and performance, consisting of a group of business, financial and technology experts (~36 employees) helping leaders transform organizations by improving enterprise performance. **CRG has established itself with expertise in business management, financial management, consulting and software development.** Working with its technology partners such as Microsoft, BOARD, Adaptive Insights, Tableau and Atlassian, CRG delivers solutions in Enterprise Resource Planning (ERP), Customer Relationship Management (CRM), Office 365 (O365), Corporate Performance Management (CPM), Employee Performance Management (EPM) and Business Intelligence (BI).

Dr. Vijay Jog, CRG founder and President, will be appointed to QUIS's board of directors where his worldwide consulting experience in strategy and value creation is expected to have a significant impact on QUIS's growth strategy roadmap.

QUIS paid C\$19.5M for CRG using its prescribed formula of 1/3 cash, 1/3 equity/debt, 1/3 earn-out. The consideration will consist of the following:

- (1) C\$5.65M in cash and the issuance of 4,473,684 QUIS shares with an aggregate value of C\$850K (or C\$0.19/share).
- (2) the issuance of secured promissory notes of C\$6.5M (2-yr term at 10% interest – with a 3rd year option, compounded on an annual basis and payable semi-annually); with 19.5M warrants for QUIS shares with a strike price of C\$0.35/share;
- (3) plus a 3-yr earn-out with a base maximum of C\$6.5M, plus an additional incentive amount based on a percentage of the base maximum; the earn-out is payable in cash, QUIS shares, or a combination thereof.

The cash portion above (1) will be funded via a 7-yr term loan from a Canadian bank, with interest accruing based on a floating base rate of 2.6% plus 6.5% (or 9.1%) per annum, calculated and payable monthly, with the principal amount to be repaid in monthly installments and amortized over a seven (7) year period.

In connection with the deal, CRG will obtain an interest free C\$750K loan from Software Integrators International Inc. (an entity controlled by Dr. Jog) for general operating requirements. In addition, QUIS announced a non-brokered private placement with members of the management team of CRG consisting of the sale of up to 750,000 QUIS shares at C\$0.20/share for gross proceeds of up to C\$150K.

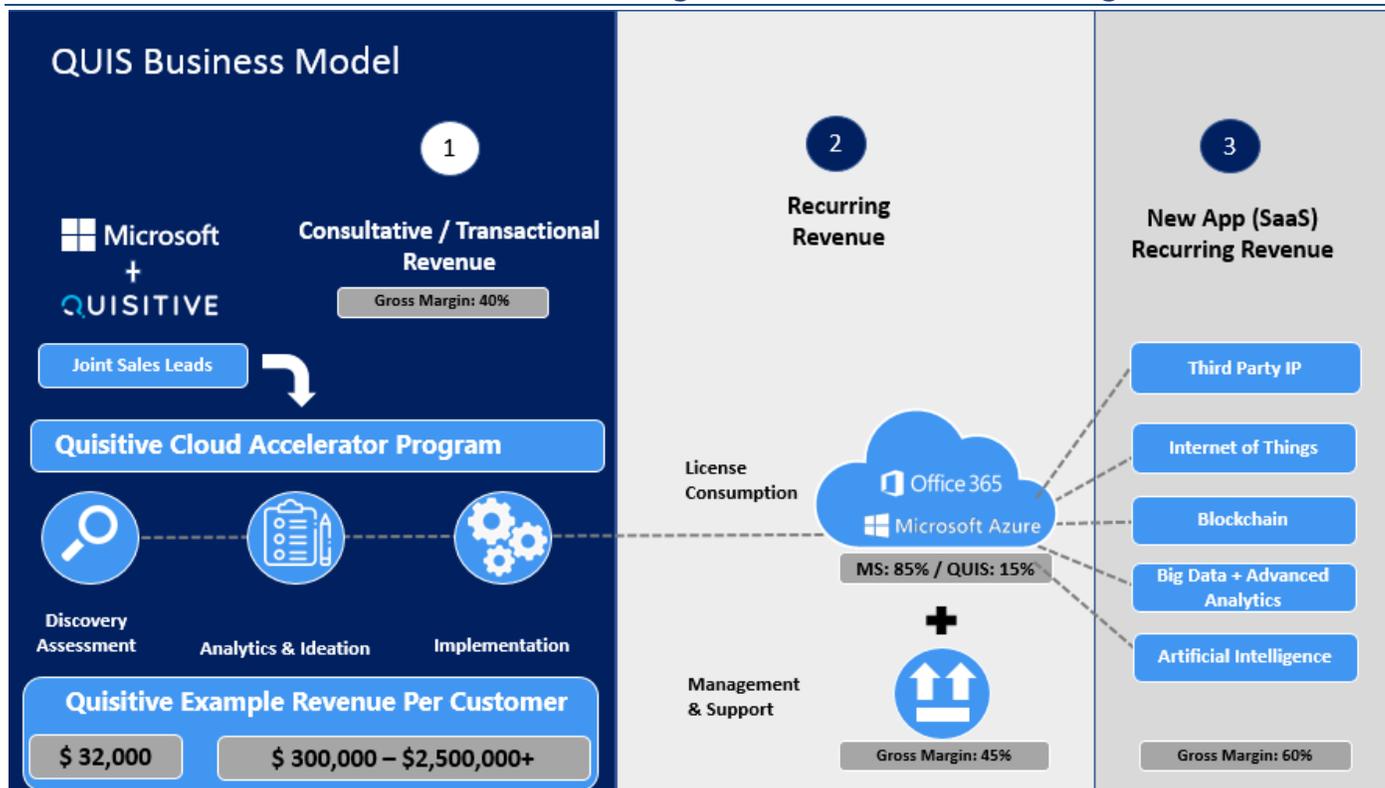
Exhibit 2 – CRG BUSINESS SOLUTIONS = CROSS-SELL OPPORTUNITIES FOR AZURE

Business Solution	Products	Description
Enterprise Resource Planning (ERP)	<ul style="list-style-type: none"> • Microsoft Dynamics GP • Microsoft Dynamics AX • Microsoft Dynamics NAV • Microsoft Dynamics 365 	Since 1989, CRG has helped companies in all industries integrate and automate Enterprise Resource Management (ERP) processes. A trusted methodology, supported by industry-leading Microsoft ERP technology, helps clients integrate and automate ERP across the entire organization.
Corporate Performance Management & BI	<ul style="list-style-type: none"> • Business Intelligence (Scorecards/Dashboards) • Budgeting, Planning and Forecasting • Management & Financial Reporting • Financial Consolidations 	When used correctly, BI can transform how an organization approaches decision making. Effective BI not only displays data in a way that decision-makers can use, but also gives leaders timely insights on KPI's and objectives so that change can take place when it matters the most and critical opportunities are not missed.
Human Capital Management (HCM)	<ul style="list-style-type: none"> • CRG emPerform • Confidential Insight • Leadership & Board Assessments 	CRG helps companies in all industries to empower and engage its most valuable resource – people. <i>emPerform</i> is an award-winning employee performance management (EPM) software for automating and streamlining vital performance management efforts: online appraisals, ongoing feedback, 360° peer reviews, succession planning, online surveys, compensation management, and reporting.
Customer Relationship Management (CRM)	<ul style="list-style-type: none"> • Microsoft Dynamics CRM 	Canada Capital Region's #1 Partner for Microsoft Dynamics CRM Implementation & Support. CRG's team of experienced accountants, MBA's, business solutions consultants, data specialists, and developers lend practical knowledge to ensure client success with Microsoft Dynamics CRM.
Business Consulting	<ul style="list-style-type: none"> • Budgeting/Forecasting/BI • Cloud Migration • Shared Services • Value Based Management 	From strategy to execution, CRG designs and implements complete enterprise processes and solutions to meet clients' unique business challenges. Led by Dr. Vijay Jog, CRG's team of Business Solutions Consultants helps organizations of all sizes, public and private, improve performance, increase efficiency and reduce costs.
Collaboration	<ul style="list-style-type: none"> • Microsoft SharePoint • Microsoft Office 365 • Atlassian • Microsoft Teams 	CRG enables the sharing & collaboration across the entire organization. Projects, tasks, documents, and data now have to be shared across many different workstations and accessible everywhere – instantly. Centralizing company and project information for effective sharing can pose technical and logistical issues if not planned and executed correctly.
Software Solutions	<ul style="list-style-type: none"> • Budgeting & CPM • Microsoft Dynamics & ERP • Sharing & Collaboration • Reporting & Business Intelligence • Employee Performance Management • Network Traffic 	As an Experienced Software Developer, CRG creates robust customizations and stand-alone solutions to meet clients' needs in the areas of costing & profitability, business intelligence, employee performance management, and budgeting. CRG also creates customizations and add-on solutions for Microsoft business systems, including Dynamics GP.
Cloud Services	<ul style="list-style-type: none"> • Microsoft Gold Partner 	CRG's experienced business & technical teams will help plan, transition and support clients' migrations to cloud solutions. CRG has expertise in a comprehensive list of leading CPM, budgeting, HR, BI, and ERP cloud systems and are able to leverage Microsoft's Canadian datacenter as well as Azure, to keep customers' data localized and secure.

Source: CRG website

As shown by Exhibits 2 and 3, **we see considerable leverage in the business model as QUIS can now sell Azure Assessments into the CRG customer base, and sell CRG third-party IP into QUIS's customer base.**

Exhibit 3 – QUIS Business Model Will Leverage the Power of Cross-Selling CRG Solutions



Source: Qusitive, Venture North Capital

MICROSOFT U.S. PARTNER OF THE YEAR AWARD

QUIS announced it has won the 2019 Microsoft Country Partner of the Year Award for the U.S. QUIS was honored among a global field of top Microsoft partners for demonstrating excellence in innovation and implementation of customer solutions based on Microsoft technology. The recognition is a testament to the focus QUIS has had on leveraging its unique cloud assessment program to guide customers from hesitation to cloud adoption across Microsoft Azure and Microsoft O365. This program has elevated the conversation from the costs associated with a cloud move to demonstrating the higher plateau of performance a move to the cloud can drive. We look forward to hearing more from QUIS at the Microsoft Inspire partner conference from July 14-18, 2019 in Las Vegas, Nevada. ***This award solidifies the Company's position as it continues to execute on its vision to build the Microsoft Partner of the Future.***

VALUATION

On consensus estimates, QUIS is trading at a 2020E EV/Sales of 0.6x versus its North American IT Services comparables trading at 1.4x.

Given Microsoft's dominance in the enterprise space, the company is well-positioned for significant growth in 2019 and beyond, as are its preferred partners, including QUIS. ***In fact, QUIS is one of the only pure-play ways to invest in the growth of Microsoft Azure.*** Many of the large companies below have growing Microsoft businesses (Accenture/Avanade, CGI, DXC, Perficient, etc); but in many cases Microsoft may represent only 10-15% of their respective revenue.

Exhibit 4 – North American IT Services Providers

	Ticker	Price	Mkt Cap.	LTM Rev	EV/Sales			EV/EBITDA			P/E		
		(Local)	(US\$)	(US\$)	2018	2019	2020	2018	2019	2020	2018	2019	2020
Accenture Plc Class A	ACN	180.40	115,065	42,541	2.9	2.6	2.5	16.6	15.8	14.6	26.8	24.7	22.7
CGI Inc. Class A	GIB.A-CA	99.90	20,469	8,968	2.6	2.4	2.3	14.0	13.2	12.4	23.8	21.2	19.4
DXC Technology Co.	DXC	48.35	12,971	20,753	0.9	0.9	0.9	3.8	3.8	3.6	5.8	5.9	5.1
Leidos Holdings, Inc.	LDOS	78.70	11,349	10,328	1.4	1.3	1.2	13.2	12.7	12.1	18.0	17.0	15.2
EPAM Systems, Inc.	EPAM	172.82	9,442	1,450	5.0	4.1	3.3	28.0	22.1	17.9	39.5	33.1	27.3
Booz Allen Hamilton	BAH	65.56	9,180	6,704	1.6	1.5	1.4	16.1	14.8	13.7	23.8	21.6	19.2
CACI International Inc Class A	CACI	206.73	5,142	4,783	1.5	1.4	1.3	16.7	14.5	12.7	17.3	19.4	17.9
Science Applications International Corp.	SAIC	84.95	5,027	5,099	1.5	1.1	1.0	19.5	12.7	11.8	27.3	22.3	16.7
MAXIMUS, Inc.	MMS	74.14	4,731	2,557	2.0	1.6	1.5	13.4	12.0	11.0	22.1	20.1	18.3
ManTech International Corporation Class A	MANT	62.80	2,505	1,987	1.3	1.1	1.1	15.0	13.8	12.5	30.5	27.5	24.7
Conduent, Inc.	CNDT	8.77	1,845	5,131	0.6	0.7	0.7	4.7	5.4	4.9	8.4	11.1	9.2
Presidio, Inc.	PSDO	12.70	1,051	2,989	0.6	0.6	0.6	8.2	7.9	7.6	9.7	8.4	7.6
Perficient, Inc.	PRFT	31.25	1,030	511	2.2	2.0	1.9	14.5	12.6	11.5	19.7	16.6	15.3
Calian Group Ltd.	CGY-CA	34.10	269	315	0.8	0.7	0.7	10.3	9.0	7.8	16.5	16.0	13.7
Alithya Group inc Class A	ALYA	2.75	119	200	NM	NM	NM	NM	NM	NM	NM	NM	33.9
Qusitive Technology Solutions, Inc.	QUIS-CA	0.17	11	13	NM	1.0	0.6	NM	NM	NM	NM	NM	NM
Averages:					1.7	1.5	1.4	13.6	11.9	10.7	20.2	18.5	17.4

Source: FactSet, Consensus estimates

DISCLAIMER

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