PIVOT TECHNOLOGY SOLUTIONS, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 29, 2013

This Management's Discussion and Analysis (the "**MD&A**") pertains to the financial condition and results of operations of Pivot Technology Solutions, Inc. (TSX-V: PTG) (formerly ACME Capital Corporation) ("Pivot" the "Company" or the "Corporation") for the three months ended March 31, 2013 and 2012, and the years ended December 31, 2012 and 2011. This MD&A should be read in conjunction with Pivot Acquisition Corp's ("Pivot Acquisition") annual consolidated financial statements and related notes for the years ended December 31, 2012 and 2011, and Pivot's unaudited interim condensed consolidated financial statements and the related notes for the three months ended March 31, 2013 and 2012. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and can be found at www.sedar.com and www.pivotts.com. All dollar amounts, except per share amounts stated in this MD&A are in thousands of United States dollars unless specified otherwise.

Statements in this document may contain forward-looking information. Forward-looking information is based on assumptions of future events and actual results could vary significantly from these estimates. The reader is cautioned that assumptions used in the preparation of such information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the company. Some of the important factors, but certainly not all, that could cause actual results to differ materially from those indicated by such forward-looking statements are: (i) that the information is of a preliminary nature and may be subject to further adjustment, (ii) the possible unavailability of financing, (iii) start-up risks, (iv) general operating risks, (v) dependence on third parties, (vi) changes in government regulation, (vii) the effects of competition, (viii) dependence on senior management, (ix) impact of the Canadian and/or United States economic conditions, (x) fluctuations in currency exchange rates and interest rates. The reader is cautioned not to place undue reliance on this forward looking information.

COMPANY OVERVIEW

Formation

Pivot was formerly a Capital Pool Company as defined in the Corporate Finance Manual of the TSX Venture Exchange. Together with its subsidiaries, Pivot's mission is to identify, acquire and integrate companies in the IT solutions sector. The business strategy emphasizes offering agnostic, multi-vendor sourcing and implementation solutions of its acquired companies to support, plan and provide for the IT needs of customers through independent and innovative

solutions. These Pivot solutions are predominantly focused on the following technology verticals: data center, storage and virtualization.

Pivot was incorporated by a Certificate of Incorporation pursuant to the provisions of the Business Corporations Act (*Alberta*) on January 25, 2011. The Corporation was continued from the laws of the province of Alberta to the Business Corporations Act (Ontario) on March 22, 2013. On March 25, 2013, Pivot completed the amalgamation of Pivot Acquisition and 234645 Ontario Ltd., a wholly-owned subsidiary of Pivot (the "Amalgamation") pursuant to the *Business Corporations Act* (Ontario). The Amalgamation constitutes the qualifying transaction ("Qualifying Transaction") of Pivot pursuant to Policy 2.4 of the TSX Venture Exchange Inc. ("TSX Venture"), and was described in Pivot's filing statement dated March 8, 2013 (the "Filing Statement") filed on SEDAR at www.sedar.com. Upon completion of the Qualifying Transaction, the Company's stock symbol was changed from "AMN.P" to "PTG".

Summary of the Qualifying Transaction

The Qualifying Transaction was completed on the following basis:

- The Company changed its name from Acme Capital Corporation to Pivot Technology Solutions, Inc., effective March 21, 2013, and now trades under the symbol "PTG".

- 8,000,000 outstanding shares of Pivot were consolidated on the basis of one post-consolidation share for each previously outstanding 8 common shares of the Company effective March 21, 2013.

- 800,000 outstanding employee options issued by Pivot were consolidated on the basis of one post-consolidation option for each previously outstanding 8 issued options. The options can be exercised for C$0.80 per share, and expire 12 months from the date of the Qualifying Transaction.

- 200,000 agent compensation options of Pivot granted to the IPO Agent were consolidated on the basis of one post-consolidation option for each previously outstanding 8 issued options. The options can be exercised for C$0.80 per share, and expire June 29, 2013.

- 56,000,000 common shares owned by the former shareholders of Pivot Acquisition were issued common shares of Pivot on a one for one basis.

- The subscription receipts issued by Pivot Acquisition (the "Subscription Receipts") at a price of C$0.80 per Subscription Receipt in connection with its brokered private placement completed on March 11, 2013, resulting in the issue of 4,421,625 subscription receipts and raising gross proceeds of C$3,537. The Subscription Receipts were subsequently converted into common shares of Pivot on a one for one basis. 309,514 agent compensation options issued by Pivot Acquisition in connection with the private placement were replaced with 309,514 agent compensation options under Pivot, entitling the holder to purchase one Pivot share at C$0.80 per share until March 11, 2015.

- Following the Qualifying Transaction, Pivot Acquisition converted debentures in the amounts of C$40,981 and C$1,619 into 102,452,501 series A preferred shares and 4,047,500 common shares, respectively. These shares were converted on a one for one basis into 102,452,501 preferred shares and 4,047,500 common shares of Pivot. Broker compensation options of 7,455,000 issued in relation to this transaction were converted on a one for one basis into Pivot options. The options can be exercised for C$0.40 per share, and expire March 25, 2015.

- The Company changed its financial year end to December 31, beginning with the financial year ending December 2013.

Reverse Takeover

On March 25, 2013, the Company completed its Qualifying Transaction pursuant to the terms of an amalgamation agreement dated March 4, 2013 between the Company, Pivot Acquisition and 234645 Ontario Ltd. The acquisition of Pivot Acquisition by the Company is considered a reverse takeover ("RTO") within the meaning of National Instrument 51-102 – *Continuous Disclosure Obligations*.

As a result, the former shareholders of Pivot Acquisition own 99.4% of the outstanding shares of the Company upon completion of the Qualifying Transaction.

In accordance with IFRS 3, *Business Combinations*, the substance of the transaction is a reverse acquisition of a non-operating company. The transaction does not constitute a business combination as the Company prior to the RTO did not meet the definition of a business under the standard. As a result, the transaction is accounted for as a capital transaction with Pivot Acquisition being identified as the accounting acquirer and the equity consideration being measured at fair value. The resulting statement of financial position is presented as a continuance of Pivot Acquisition and comparative figures presented in the financial statements after the reverse acquisition are those of Pivot Acquisition.

IFRS 2, *Share-Based Payment,* applies to transactions where an entity grants equity instruments and cannot identify specifically some or all of the goods or service received in return. Because the Company has issued shares with a value in excess of the assets received, IFRS 2 would indicate that the difference is recognized in comprehensive loss as a reverse acquisition transaction cost. The amount assigned to reverse acquisition transaction cost of $736 is the difference between the fair value of the consideration and the net identifiable assets of the Company acquired by Pivot Acquisition and included in the consolidated statement of comprehensive loss.

The fair value of the consideration is determined based on the percentage of ownership the legal parent's shareholders have in the combined entity after the reverse takeover transaction. This represents the fair value of the shares that Pivot Acquisition would have had to issue for the ratio of ownership interest in the combined entity to be the same, if the transaction had taken the legal

form of Pivot Acquisition acquiring 100% of the shares in the Company. The percentage of ownership the legal parent's shareholders had in the combined entity is 0.6% after the issue of 166,921,626 shares of the Company to Pivot Acquisition shareholders. The warrants granted prior to the RTO remain exercisable after the completion of the amalgamation, and as such, the fair value of the warrants at the date of amalgamation are included as part of the consideration transferred.

Based on the statement of financial position of the Company on the date of the Qualifying Transaction, the net assets at estimated fair value that were acquired by Pivot Acquisition were $68 and the resulting reverse acquisition cost charged to the comprehensive loss is as follows:

Consideration:	
Deemed issue of shares by Pivot Acquisition	783
Deemed replacement of options	21
	804
Identifiable assets acquired:	
Cash	126
Taxes recoverable	16
Accounts payable and accrued liabilities	(74)
	68
Unidentifiable assets acquired:	
Reverse takeover transaction cost	736
Total net identifiable assets and reverse takeover transaction cost	804

Note: Amounts presented are in thousands of U.S. dollars

Description of the Business

Pivot is a leading IT Multi-Vendor Solution Provider ("MVSP") whose mission is to identify, acquire and integrate companies in the IT solutions sector with the goal of becoming the leading independent MVSP in North America.

Based on the company's technology agnostic, multi-vendor strategy, Pivot builds upon the capabilities, relationships and unique value propositions of its acquired companies to support, plan and provide for the IT needs of clients through independent and innovative solutions. Pivot's clients consist primarily of large public and private enterprises, with diverse technology needs. As an authorized reseller of over 400 different vendors, Pivot offers its clients a diverse catalogue of products while specializing in the high growth areas of data center management, infrastructure management, systems architecture, technical services and procurement/integration services. Pivot provides IT solutions, including hardware and software, maintenance and support services to address client's business needs. Pivot engages clients in all aspects of their IT lifecycle management, including infrastructure investment, providing services from the initial needs assessment and design, to procurement and implementation, to on-going support.

Traditional resellers provide Original Equipment Manufacturer (“OEM”) solutions and are often characterized as vendor-centric institutions. Resellers evolve to IT MVSPs by creating reference architectures for multiple vendor solutions, and implementing these solutions on their behalf. As a result of Pivot’s relationships with many industry-leading technology OEMs, its sales professionals and engineers are able to recommend a wide range of solutions to its clients. Pivot’s consultative and technology agnostic approach has enabled the company to become a “trusted advisor” to its clients and deliver a seamless and integrated solution that best suits their requirements (i.e. innovation, manageability, scalability, efficiency/cost, productivity and/or resiliency) Pivot’s evolution to IT MVSP is enhanced by its unique approach to embedding pre-sales engineers into clients’ businesses so the engineers can gain an understanding of the clients’ business needs to the degree where they can recommend how their reference architectures can most benefit the client.

The Company owns four businesses in the U.S. in the MVSP space with a goal to create immediate sales capabilities and geographic presence. Pivot Acquisition first acquired Applied Computer Solutions (“ACS”) in December 2010, which helped to expand network integration and data center capabilities. Pivot Acquisition acquired New ProSys Corp. (“ProSys”) in January 2011, extending its IT infrastructure, and ARC Acquisition (US) Inc. (“ARC”) in August 2011, which helped to diversify Pivot Acquisition’s client mix and expand into the government and education sector. Most recently, Pivot Acquisition acquired Sigma Technology Solutions Inc., (“Sigma”) in July 2012, which increased data center capabilities and expanded the company’s footprint.

Led by a seasoned management team, Pivot Acquisition has grown to become one of the largest independent MVSPs in North America. Pivot Acquisition’s competitive business model, blue chip client base, and broad service offering positions the company well to capitalize on numerous growth opportunities and further enhance its profitability.

SELECTED FINANCIAL INFORMATION AND OPERATING RESULTS

	Three months ended March 31,		Years ended December 31,		115 days ended December 31,
	2013	2012	**2012**	2011	2010
Revenues	254,284	278,733	1,429,579	1,131,124	496
Cost of sales	224,403	250,923	1,289,179	1,021,201	477
Gross profit	29,881	27,810	140,400	109,923	19
Selling and administrative expenses	26,472	20,702	102,577	76,742	616
Adjusted EBITDA	3,409	7,108	37,823	33,181	(597)
Depreciation and amortization	2,816	2,419	10,550	9,693	31
Transaction costs	1,754	166	784	18,401	5,702
Interest expense	2,561	2,422	21,011	8,894	—
Change in fair value of liabilities	(384)	5,198	32,383	13,078	—
Other (income)/expense	(287)	177	(234)	2,516	463
Loss before income taxes	(3,051)	(3,274)	(26,671)	(19,401)	(6,793)
Provision for income taxes	1,764	1,556	(4,569)	404	—
Net loss	(4,815)	(4,830)	(22,102)	(19,805)	(6,793)
Loss per share:					
Basic	$(0.08)	$(0.09)	$(0.42)	$(0.40)	$(0.35)
Diluted	$(0.08)	$(0.09)	$(0.42)	$(0.40)	$(0.35)
Cash and cash equivalents	10,489	42,442	16,553	20,366	20,904
Total assets	338,092	376,362	402,070	330,733	201,199
Total long-term financial liabilities	18,702	91,523	23,928	85,528	22,643
Cash dividends declared	nil	nil	nil	nil	nil

Note: Amounts presented are in thousands of U.S. dollars, except per share amounts

Operations for the three months ended March 31, 2012 include the results of ACS, ProSys, ARC and the corporate function. For the year ended December 31, 2012, operations expanded with the acquisition of Sigma, which was acquired on July 1, 2012.

Operations for the year ended December 31, 2011 include the results of ACS, ProSys, ARC and the corporate function. Operations expanded with the acquisition of ARC, which was acquired on August 12, 2011.

*Non IFRS Measure*s

In the Company’s financial reporting, adjusted EBITDA, is presented, as gross profit, less selling and administrative expenses. Adjusted EBITDA is not a recognized measure under IFRS, has no standardized meaning and is therefore unlikely to be comparable to similar measures used by other companies. Readers are cautioned that this term should not be construed as an alternative to net income determined in accordance with IFRS.

Key Performance Indicators

Pivot measures the success of its strategies using a number of key performance indicators. These include revenues, gross profit and adjusted EBITDA. Gross profit is defined as revenues minus cost of sales. Pivot believes these are important measures as they allow the company to evaluate its operating performance and identify financial and business trends relating to its financial condition and results of operations.

Risks and Uncertainties

Pivot is exposed to a number of risks and uncertainties, including those described in this MD&A and in the Filing Statement dated as of March 8, 2013 on pages 105 to 115 thereof under the heading "Risk Factors" and available on sedar.com. The reader is urged to review these risk factors. The markets in which Pivot currently competes are very competitive and change rapidly. New risks may emerge from time to time.

2012 Selected Financial and Operating Highlights

The Company experienced a year of strong growth in 2012. Overall, revenue grew 26% over 2011, supplemented by the addition of Sigma in July 2012, and ARC in August 2011. The Company grew in a number of areas aside from the acquisitions. The MSVP strategy took hold in some key enterprise accounts enabling the Company to grow significantly in two of its largest accounts in particular. This growth was driven by project related expansion of hyper-scale data centers as well as further penetration of broader product offerings into these larger accounts.

Gross profit growth of almost 28% was directly attributable to this growth in revenue and further account penetration. Gross margin as a percent of sales was roughly flat from prior year – the higher concentration of high volume, hyper-scale enterprise account revenues which is typically lower margin business, was offset by the addition of the two acquisitions which tend to carry higher margins as they sell greater service levels (carrying enhanced margins) as well as selling into small to medium sized businesses which typically afford better margins than the hyper-scale accounts.

Adjusted EBITDA was up a relatively modest 14% as increased selling and administration costs increased by 34% outstripping revenue growth rate. The addition of two businesses through acquisition, which tend to carry higher selling and administrative costs as part of supporting the services strategy, as well as the addition of corporate staff to prepare the business as a public entity contributed to the higher costs.

Q1 Financial and Operating Highlights

Q1 2013 represented a return to more normal levels for the Company. After significant projects in Q1 2012 associated with large scale data center builds, primarily at our ACS business, Q1 2013 resulted in lower overall Revenues despite some positive underlying trends. The acquisition of the Sigma business, acquired in July of 2012, contributed a substantial new revenue stream in Q1. The Company saw continued growth in some of its subsidiaries. The ProSys business continued to penetrate new accounts while maintaining margins, and the Sigma business has started to deliver better than expected results with new account wins as well as important service offering opportunities. Offsetting some of this revenue growth, and associated margin expansion, was a reduction in rebate programs from one of our largest suppliers. This is a fairly normal practice with vendors in the industry (constant changes in incentive programs throughout the distribution channel) and we have already seen some changes in programs which should cause at least a partial return of rebates after a significant drop in Q1 from higher levels seen in prior quarters.

FINANCIAL AND OPERATING RESULTS

Three months ended March 31, 2013 compared to three months ended March 31, 2012

Revenue

For the three months ended March 31,	**2013**	2012
Product sales	235,218	267,831
Service revenues	16,244	7,353
Other revenues	2,822	3,549
	254,284	278,733

Note: Amounts presented are in thousands of U.S. dollars

Total revenues for the three months ended March 31, 2013 decreased by 8.8% over the corresponding period in 2012. Despite the addition of the Sigma business, which contributed an additional $34,394 in revenue in the first quarter of 2013, the Company experienced an overall drop of $24,449 compared to the first quarter of 2012. This drop in revenue was driven by the drop in business at ACS associated with large scale project work in early 2012 as well as overstocked customer inventory (carried over from Q4 2012) resulting in lower requirements in Q1. Compounding the problem at ACS, a different customer, transitioned away from our product offering; a proprietary based server configuration into x86 based systems. These x86 systems are provided to this particular Customer by another supplier as part of their standard mapping process to tag a supplier to a specific product. Pivot will continue to pursue new product mappings to fill this gap.

The top ten customers represented approximately 51% of sales for the three months ending March 31, 2013.

Cost of sales and gross profit

Gross profits for the three months ended March 31, 2013 increased by 7.4% over the corresponding period in 2012. As a percentage of revenue, gross profits were 11.8% for 2013 compared with 10.0% for 2012. Despite the lost revenue as described above, the Company experienced growth in gross profit of $2,071. This was driven in part by the acquisition of Sigma which contributed $5,762 to overall gross profit. Additionally, the gross profit percent enhancement was driven by the mix change as a result of lower concentration in ACS's large customer accounts. These are both large, enterprise class accounts which typically provide sub-average gross profit. With the reduction in concentration, the overall gross profit performance was enhanced as a percent of sales by the remaining higher margin business.

Selling and administrative expenses

For the three months ended March 31,	**2013**	2012
Salaries and employee benefits	22,201	16,579
Other selling and administrative expenses	4,271	4,123
	26,472	20,702

Note: Amounts presented are in thousands of U.S. dollars

Selling and administrative expenses in 2013 increased by 27.8% compared to the corresponding period in 2012. Increased salaries and employee benefits reflected more headcount with the addition of Sigma employees in July 2012, and the expansion of the corporate function to become public ready.

Transaction costs

Transaction costs of $1,018 and $736 were incurred in the three months ended March 31, 2013 relating to the RTO and Amalgamation, respectively.

Change in fair value of liabilities

For the three months ended March 31,	**2013**	2012
Convertible debentures	4,555	4,426
Contingent consideration	(4,939)	772
	(384)	5,198

Note: Amounts presented are in thousands of U.S. dollars

The change in fair value relates to the application of fair-value accounting to the convertible debenture and contingent consideration arising from the business acquisitions. In the three months ended March 31, 2013, management downgraded its estimates related to the contingent consideration for ACS, resulting in the significant decrease over 2012.

Adjusted EBITDA, net loss and comprehensive loss

Adjusted EBITDA for the three months ended March 31, 2013 decreased to $3,409 from $7,108 for the corresponding period in 2012, primarily as a result of increased selling and administrative costs, due to increased headcount and the acquisition of Sigma.

Net and comprehensive loss for the three months ended March 31, 2013 was $4,815, compared to a loss of $4,830 in the prior corresponding period. While there is no material difference year over year, the major variances were lower revenues due to a slow down and projects on hold with two major customers, higher selling and administrative costs primarily due to the Sigma acquisition, and higher transaction costs due to the RTO and Amalgamation were offset by an overall decrease in the change in fair value of liabilities, due to a downgrade in estimates related to the contingent consideration on ACS.

Year ended December 31, 2012 compared to year ended December 31, 2011

Revenue

For the years ended December 31,	**2012**	2011
Product sales	1,350,176	1,076,004
Service revenues	61,215	39,475
Other revenues	18,188	15,645
	1,429,579	1,131,124

Note: Amounts presented are in thousands of U.S. dollars

Total revenues increased 26.4% in 2012. The increase was a result of success in solution-driven penetration into a few large high-growth technology and telecommunications firms. In addition, revenues in general benefitted from an overall increase in U.S. IT spending, which drove improved demand from new and existing clients.

Cost of sales and gross profit

Cost of sales increased in 2012 generally in proportion to the increase in revenues. Gross margin as a percentage of revenues stayed fairly steady at 9.8% and 9.7% for 2012 and 2011, respectively. Management anticipates that cost of sales as a percentage of revenues will decrease as Pivot continues to build scale and generate revenue from higher margin services business.

Selling and administrative

For the years ended December 31,	**2012**	2011
Employee benefits	83,036	58,230
Other selling and administrative expenses	19,541	18,512
	102,577	76,742

Note: Amounts presented are in thousands of U.S. dollars

Selling and administrative expenses increased by 33.7% in 2012. Employee benefits increased 42.6% in 2012 from the implementation of a corporate management team during 2011 and from the acquisition of ARC in August 2011, and the acquisition of Sigma in July 2012.

Transaction costs

Transaction costs consist of costs incurred in completing acquisitions and the related financings. In 2011, Pivot incurred $18,401 in costs related to the acquisition of ProSys and the issuance of the convertible debentures of which $9,708 relate to advisory services provided by related parties. Management did not engage any third parties to assist in completing the acquisitions.

Interest expense

Interest expense was incurred on the convertible debentures issued in April 2011 as well as secured borrowing arrangements entered into as part of the acquisitions of ACS, ProSys, ARC and Sigma. Interest expense was not significant in 2011 as the predecessor companies did not have similar debt arrangements. In 2012, interest increased 136.2% over 2011, primarily related to C$8,720 bonus interest payments made on convertible debentures, and foreign exchange differences of $3,531.

Change in fair value of liabilities

The change in fair value relates to application of fair-value accounting to the convertible debentures and contingent consideration arising from the business acquisitions. The fair value of each of these financial instruments was determined at their inception and is re-measured at each reporting date.

Pivot recorded charges of $28,807 and $5,725 related to the change in fair value of the convertible debentures for the years ended December 31, 2012 and 2011, respectively. In 2012, the Company's assumptions changed surrounding the settlement of the convertible debentures. The increased probability that the debentures would convert to preferred shares vs. being settled with cash caused the significant increase in the fair value expense during 2012.

Pivot recorded charges of $3,576 and $7,353 for the years ended December 31, 2012 and 2011, respectively, related to the change in fair value of contingent consideration on the earn outs which arose from the acquisitions of ACS, ProSys, ARC and Sigma. In 2012, management revised its estimates related to the contingent consideration for ProSys and ARC, thus triggering a significant decrease in the fair value of the contingent consideration.

Provision for income taxes

Pivot's effective tax rate differs significantly from the statutory rate because Pivot did not recognize deferred tax assets in respect of the tax losses incurred in 2011. In 2012, the Company

released the valuations related to the US companies of $9,785, as it was determined there were tax planning opportunities available to support recognition of these assets.

Adjusted EBITDA, net loss and comprehensive loss

Adjusted EBITDA increased in 2012 to $37,823 over $33,181 in 2011. The increase is a result of higher revenues and a reduction to selling and administrative expenses as the businesses transitioned to Pivot ownership.

Pivot recorded a net and comprehensive loss of $22,102 in 2012 compared to a net and comprehensive loss of $19,805 in 2011. Higher adjusted EBITDA, coupled with lower transaction costs, were offset primarily by interest and fair value charges related to the convertible debentures. Valuations against deferred tax assets related to the US companies were released, further reducing losses in 2012.

SELECTED QUARTERLY FINANCIAL INFORMATION

The following tables show selected financial information on the results of operations of the Company, for the periods shown. The financial results are not necessarily indicative of the results that may be expected for any other comparative periods.

	Three months ended,							
	March 31, 2013	**December 31, 2012**	September 30, 2012	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011	June 30, 2011
Revenues	254,284	328,676	353,089	469,081	278,733	257,260	304,642	352,767
Net loss	(4,815)	(4,986)	(9,134)	(3,152)	(4,830)	279	(4,648)	(2,955)
Loss per share:								
Basic	$(0.08)	$(0.09)	$(0.17)	$(0.09)	$(0.09)	$0.01	$(0.09)	$(0.06)
Fully Diluted	$(0.08)	$(0.09)	$(0.17)	$(0.09)	$(0.09)	$0.01	$(0.09)	$(0.06)
Cash dividends declared	nil	nil	nil	nil	nil	nil	nil	nil

Note: Amounts presented are in thousands of U.S. dollars, except per share amounts

In general, the business tends to fluctuate quarter to quarter. This is driven by a variety of factors including timing on capital related spending at large customers, who try to use budget before the end of fiscal periods. Additionally, OEM vendors tend to drive higher activity at their own years end as steeper discounts tend to be offered to drive deals.

Further, a few large customers which can order in waves depending on the timing of key projects can significantly move revenue, and associated profits, into a single quarter in any given year. This is particularly noticeable in the second quarter of 2012 and 2011, when significant increases in volumes were driven by a single customer's new data center build outs or product launches.

LIQUIDITY AND CAPITAL RESOURCES

Pivot's capital requirements consist primarily of working capital necessary to fund operations and capital to finance the cost of strategic acquisitions. Sources of funds available to meet these requirements include existing cash balances, cash flow from operations and secured borrowings. Pivot must generate sufficient revenue from operations to provide access to additional capital under its secured borrowings. Failure to do so would adversely impact on Pivot's ability to pay current liabilities and comply with covenants applicable to its secured borrowings.

Cash provided by operations in the first three months 2013 was $23,621 and at March 31, 2013, Pivot had a net cash balance of $(19) and a working capital deficiency of $74,043. The deficiency decreased by $79,689 from December 31, 2012, primarily as a result of the conversion of the convertible debentures to preferred stock, offset by reductions in accounts receivable, inventory and accounts payable which were primarily related to slow revenues in the first quarter.

Cash used in operations for the year ended December 31, 2012 was $3,291 and at December 31, 2012, Pivot had a net cash balance of $5,623 and a working capital deficiency of $153,732. The deficiency increased from December 31, 2011 primarily due to the reclassification of the convertible debenture debt to current during April 2012.

The working capital deficiency originates from the bank financings obtained to fund the business acquisitions. Each acquired business has a secured borrowing arrangement. As at December 31, 2012 and 2011, Pivot has maximized the financing available through these arrangements.

As Pivot expands through acquisition, management is focused on exploring and executing strategic alternatives to integrate an acquisition-focused financing structure with options that provides the necessary flexibility to grow the business and meet its future obligations. These options may include: consolidating the financing structure, including a syndicated facility funding all operating companies; continuing existing structure under more preferential terms; and an equity raise or other permanent capital injection.

Share Capital

Authorized

Unlimited number of common and Series A Preferred shares, with no par value.

Issued

As at May 29, 2013, 89,192,501 Series A Preferred shares and 78,729,125 common shares were issued and outstanding. From April 1, 2013 to May 29, 2013, Series A Preferred shareholders converted 13,260,000 from preferred shares into common shares, on a one for one basis.

As a result of the RTO, Pivot Acquisition became a direct, wholly owned subsidiary of the Company. The reverse acquisition was treated as an issuance of common shares by the continuing entity.

As at March 31, 2013, the issued share capital amounted to $86,103. The changes in issued share capital for the three month period ended March 31, 2013 were as follows:

	Series A Preferred	Class A Preference	Class A Common	Class B Common	Class C Common	Common Shares
	#	#	#	#	#	#
Balance January 1, 2013	—	—	3,000,000	2,000,000	51,000,000	—
Common shares issued on subscription receipts	—	4,421,625	—	—	—	—
Shares issued on debenture conversion	102,452,501	—	—	—	4,047,500	—
Issuance to acquire Acme	—	—	—	—	1,000,000	—
Capital movement pursuant to reverse acquisition	—	(4,421,625)	(3,000,000)	(2,000,000)	(56,047,500)	65,469,125
Balance March 31, 2013	102,452,501	—	—	—	—	65,469,125

Warrants

On March 11, 2013, Pivot Acquisition granted to its agents non-transferable warrants to purchase up to an aggregate of 309,514 common shares at a price of C$0.80 per share exercisable for a period of two years. The relative fair value of the warrants included in the private placement units were valued using the Black-Scholes option pricing model using the following fair value assumptions: dividend yield 0%, volatility 60%, expected life 2 years and risk free interest rate of 0.98%. The fair value of each warrant was C$0.27 and the fair value allocated to the warrants was C$83.

During 2011, Pivot Acquisition issued 7,455,000 broker compensation options in relation to the Company's debenture issue. The options can be exercised for C$0.40 per share, and expire March 25, 2015. The fair value allocated to the warrants was $3,000, which was recognized as an expense in fiscal 2011.

Off-balance sheet arrangements and derivative financial instruments

Pivot's off-balance sheet arrangements comprise operating leases entered into in the normal course of business. Pivot has no other off-balance sheet arrangements and does not anticipate entering into any such arrangements other than in the normal course of business. Pivot does not enter into the speculative use of derivatives.

Contractual commitments

The following tables summarize Pivot's contractual obligations as of December 31, 2012:

	On demand	Less than one year	One to two years	Two to five years	Greater than five years	Total
Bank overdraft	10,930	—	—	—	—	10,930
Secured borrowings	113,833	—	—	—	—	113,833
Accounts payable and accrued liabilities	—	197,070	—	—	—	197,070
Debentures principal and interest	—	42,404	—	—	—	42,404
Operating leases	—	4,044	4,185	6,396	3,115	17,740
Contingent consideration	—	20,293	28,395	2,502	—	51,190
	124,763	263,811	32,580	8,898	3,115	433,167

Note: Amounts presented are in thousands of U.S. dollars

Secured borrowings

The company has secured borrowing agreements with Wells Fargo Bank ("Wells") and PNC Bank ("PNC"), which allow borrowings up to $185,000 as follows:

Under the terms of the Wells agreement, Wells has agreed to purchase the related rights of certain accounts receivable of ACS at a price of 90% of the face value of the receivable. The excess of payment made by customers as compared to the purchase price is remitted to the Company, net of applicable charges. The agreement expires on December 30, 2015. The maximum amount available under the facility is $80,000. Interest is payable monthly at a rate of LIBOR plus 3.5%. The accounts receivable purchase agreement is subject to certain financial covenants as conditions to continued borrowing. The Company was in compliance with these covenants at March 31, 2013 and December 31, 2012. The balance owing to Wells is $19,181 and $40,283 at March 31, 2013 and December 31, 2012, respectively.

Under the terms of the PNC agreement with ProSys, which is an asset based loan ("ABL"), ProSys is provided a line of credit secured by the assets of ProSys. The ABL can be drawn to the lesser of $75,000 and the aggregate of 85% of eligible accounts receivable and 60% of eligible inventory balances to a maximum of $15,000. The agreement expires on April 6, 2015. Interest is payable monthly at a rate of the higher of prime plus 0.5% or LIBOR plus 2.5%. The balance owing to PNC is $49,602 and $53,889 at March 31, 2013 and December 31, 2012, respectively.

Under the terms of the PNC revolving credit security agreement with Sigma, which is an ABL, Sigma is provided a line of credit secured by the assets of Sigma. The ABL can be drawn to the

lesser of $30,000 or the aggregate of 85% of eligible accounts receivable. Interest is payable monthly at a rate of the higher of prime plus 1.75%, the Federal Funds Rate plus 2.25% or LIBOR plus 2.75%. The agreement expires June 30, 2015. The balance owing to PNC is $18,504 and $19,661 at March 31, 2013 and December 31, 2012, respectively.

Under the terms of the credit agreements with PNC, the Company is subject to certain restrictive covenants. The covenants require that the Company maintain a fixed charge ratio of at least 1.10 to 1.0 and places restriction on investments, additional indebtedness, dividends and distributions, capital expenditures and leases. The Company was in compliance with these covenants at March 31, 2013 and December 31, 2012, respectively.

Contingent consideration

On December 30, 2010, the Company acquired substantially all of the net assets of ACS. As part of the asset purchase agreement with the shareholders of ACS, contingent consideration has been agreed. This consideration is dependent on the profit before tax of the business acquired from ACS during the three consecutive 12-month periods ending December 31, 2013. At the date of acquisition, the fair value of the contingent liability was $33,291. As at March 31, 2013 and December 31, 2012, the fair value of the contingent liability is determined to be $21,818 and $31,741, respectively. The Company recorded a recovery of $5,298 related to the change in fair value of the contingent consideration for the three-month period ended March 31, 2013. The consideration is paid over three years and is due for final measurement and payment to the shareholders of ACS on May 1, 2014. Payments of $4,665 were made during the three-month period ended March 31, 2013. The possible range of undiscounted values of the remaining consideration to be paid is between $11,995 and $31,995.

On January 4, 2011, the Company acquired all of the issued and outstanding share capital of ProSys, a wholly owned subsidiary of Avnet, Inc. As part of the purchase agreement with the former shareholders of ProSys, contingent consideration has been agreed. This consideration is dependent on a measure of operating profit before tax of the business acquired from ProSys during the three consecutive 12-month periods ending December 31, 2013. The fair value at the acquisition date was $4,707 and was determined to be $4,000 and $3,838 as at March 31, 2013 and December 31, 2012, respectively. The Company recorded a charge of $162 related to the change in fair value of the contingent consideration during the three-month period ended March 31, 2013. The possible range of undiscounted values of the remaining consideration to be paid is between $1,677 and $11,256.

On August 12, 2011, the Company acquired substantially all of the assets and liabilities of ARC. As part of the asset purchase agreement with the shareholders of ARC, contingent consideration has been agreed. This consideration is dependent on a measure of operating profit before tax of the business acquired from ARC during the three consecutive 12-month periods ending August 12, 2014. The fair value at the acquisition date was $3,060 and was determined to be $1,779 and

$1,622 as at March 31, 2013 and December 31, 2012, respectively. The Company recorded a charge of $157 related to the change in fair value of the contingent consideration for the three-month period ended March 31, 2013. The possible range of undiscounted values of the remaining consideration to be paid is between nil and $4,500.

On July 1, 2012, the Company acquired substantially all of the net operating assets of Sigma. As part of the asset purchase agreement with the shareholders of Sigma, contingent consideration has been agreed. This consideration is dependent on a measure of operating profit before tax of the business acquired from Sigma during the three consecutive 12-month periods ending July 1, 2015. The fair value at the acquisition date was estimated to be $5,719 and was determined to be $4,931 and $5,931 as at March 31, 2013 and December 31, 2012, respectively. Payments of $1,000 were made during the three-month period ended March 31, 2013. The possible range of undiscounted values of the remaining consideration to be paid is between $1,000 and $15,000.

Convertible Debentures and Series A Preferred Shares

On January 25, 2013, the Company amended the terms of its outstanding debentures to provide an additional conversion right, such that a debenture holder had the right, exercisable within 10 business days of the receipt of notice of a proposed reverse takeover or a merger or amalgamation with a publicly listed company, to convert all or a portion of such holder's outstanding debentures into a new class of Pivot Series A Preferred Shares ("Series A Shares") which at a per share price that is equal to 50% of the offering price in any concurrent public or private financing with a proposed reverse takeover, merger or amalgamation.

When Qualifying Transaction became effective on March 25, 2013, and immediately prior to the completion of the amalgamation, debentures in the amount of C$1,619 were converted to 4,047,500 common shares. Pursuant to the amalgamation, the remaining debentures of C$40,981 were converted to 102,452,501 Series A Shares.

The holders of Series A Shares are entitled to receive on a monthly basis in cash, out of any funds legally available therefor, a fixed cumulative preferential dividend at the rate of 6% per annum. Following the completion by the Company of any transaction where the Company has raised C$75,000 in capital, the holders of the Series A Shares will be permitted to require the Company to redeem the Series A Shares for cash at a per share price that is equal to C$0.48. The Series A Shares carry an optional conversion right, where the Series A Shares can, at the option of the holder, be converted into common shares of the Company on a one for one basis. The Series A Shares also carry a mandatory conversion right, whereby at any time after June 30, 2013, the Company will be permitted to require the holders to convert the Series A Shares into common shares of the Company.

RELATED PARTIES

In addition to the asset purchase agreement with ACS, a subsidiary of the Company has entered into an administrative services agreement, a license agreement and a distribution agreement with ACS commencing with the date of the asset purchase. The administrative services agreement commits the Company to performing certain administrative functions on behalf of ACS. Total amount collected from ACS for these shared administrative services for three-month periods ended March 31, 2013 and 2012, amounted to $395. The license agreement permits ACS to license from the Company certain of the intellectual property obtained by the Company in the asset purchase. A member of key management of the Company has significant influence over ACS, resulting in a related party relationship.

The Company is deemed to have the primary exposure to the significant risks and rewards associated with sales by ACS to its third-party customers, and thus the Company is the principal and ACS is the agent of the Company with respect to such sales. The Company recognizes these revenues on a gross basis. Total gross sales through the agent are approximately $6,982 and $57,499 for three-month periods ended March 31, 2013 and 2012, respectively. The Company's effective cost to the agent in respect of these revenues was approximately $109 and $1,519 for three-month periods ended March 31, 2013 and 2012, respectively, which is included in the Company's cost of sales.

The Company has a similar contractual arrangement with ARC, whereby ARC is an agent of the Company. Total gross sales through the agent are approximately $8,896 and $8,086 for three-month periods ended March 31, 2013 and 2012, respectively.

A subsidiary of the Company leases two of its offices from a related entity controlled by that subsidiary's chief executive officer. The Company is obligated for repairs, maintenance, insurance and property tax on this lease. Rent paid on this lease was $447 and $348 for three-month periods ended March 31, 2013 and 2012, respectively.

A subsidiary of the Company incurred $240 and $350 for three-month periods ended March 31, 2013 and 2012, respectively, for marketing services provided by related entities controlled by that subsidiary's chief executive officer and $3 and $12 in expenses for the use of aircraft owned by a related entity controlled by that subsidiary's chief executive officer for three-month periods ended March 31, 2013 and 2012, respectively.

The following table sets out the compensation of key management personnel of the Company:

For the three months ended March 31,	**2013**	**2012**
Compensation	1,397	1,130
Short-term employee benefits	—	2
	1,397	1,132

Note: Amounts presented are in thousands of U.S. dollars