PIVOT TECHNOLOGY SOLUTIONS, INC.

ANNUAL INFORMATION FORM

For the fiscal period ended December 31, 2018

March 27, 2019

PIVOT TECHNOLOGY SOLUTIONS, INC.

ANNUAL INFORMATION FORM

TABLE OF CONTENTS

ITEM 1 - EXPLANATORY NOTES AND CAUTIONARY STATEMENTS

1.1 Explanatory Notes

In this Annual Information Form ("**AIF**"), references to "**Pivot**" or to the "**Company**" are to Pivot Technology Solutions, Inc. and include its subsidiaries, unless the context otherwise requires. Unless otherwise stated in this AIF, the information contained herein is stated as at December 31, 2018.

This AIF has been prepared as of March 27, 2019.

1.2 Forward-Looking Information

Statements in this document may contain forward-looking information, including statements with respect to the future revenue generation with the adoption of 5G technologies, possible sources of funding for future growth, declaration of a dividend in future periods. 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. These assumptions include estimates of the profitability of its operations and operations of certain acquired businesses, the availability of borrowings under the Company's credit facilities and access to other sources of capital, the adoption of 5G technologies and associated revenue generation for Smart Edge, and that the Company will be in a financial position to declare and pay a dividend in subsequent periods. 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 that could cause actual results to differ materially from those indicated by such forward-looking statements include, without limitation: (i) the information is based on estimated results, (ii) the possible unavailability of financing, (iii) general operating risks, (iv) dependence on third parties, (v) changes in government regulation, (vi) the effects of competition, (vii) dependence on senior management, (viii) impact of the Canadian and/or United States economic conditions, (ix) fluctuations in currency exchange rates and interest rates, (x) uncertainty with respect to the ability of the Company to pay a quarterly dividend, (xi) a delay in the adoption of 5G technologies and associated revenue generation for Smart Edge, and (xii) the risks set out in this AIF under the heading "Risk Factors". In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes" or variations of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

The reader is cautioned not to place undue reliance on this forward-looking information. The Company expressly disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required in accordance with applicable securities laws.

1.3 Currency and Exchange Rates

In this AIF, unless otherwise indicated, references to "$" are to Canadian dollars. References to "US$" or "U.S. dollars" are to the lawful currency of the United States.

On December 31, 2018, the daily average exchange rate published by the Bank of Canada at 4:30 p.m. EST for conversion of U.S. dollars into Canadian dollars was USD $1.00 = C $1.2957.

ITEM 2 - CORPORATE STRUCTURE

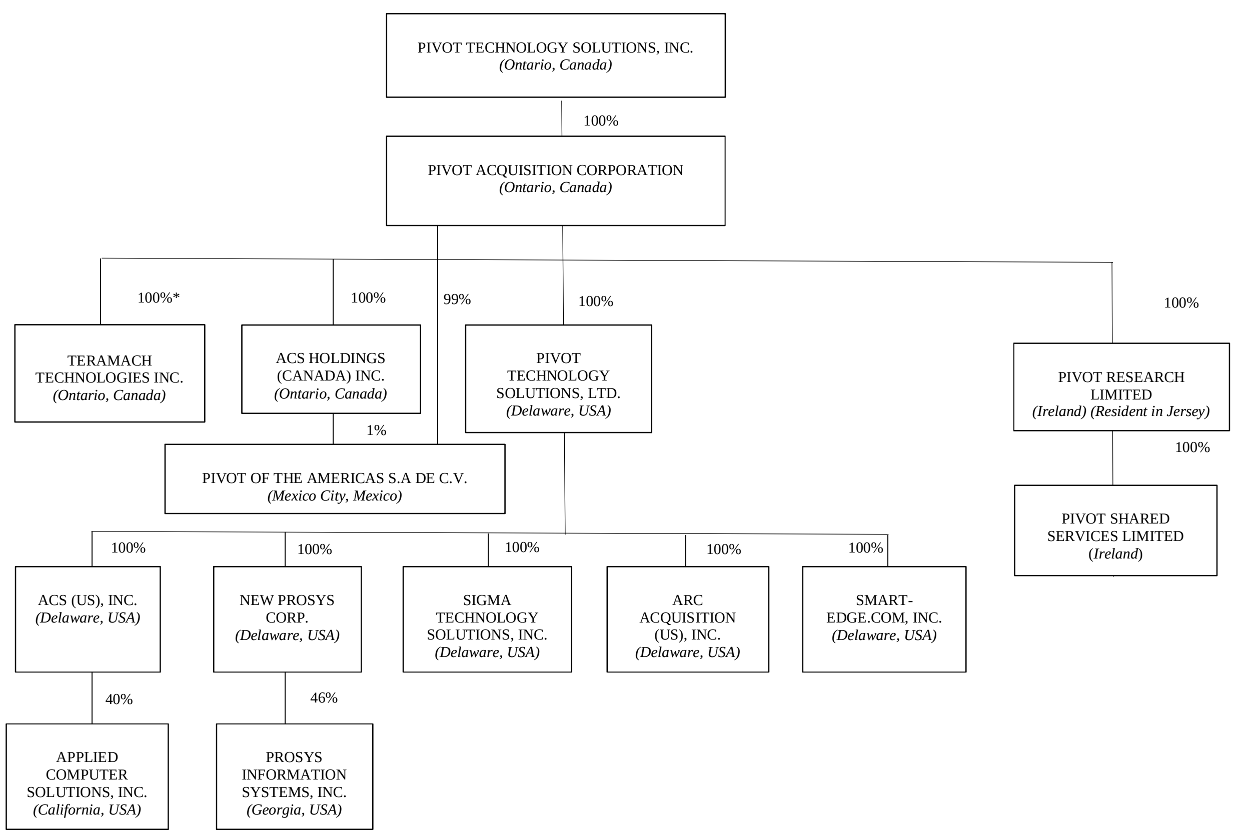
Pivot was incorporated on January 25, 2011 under the *Business Corporations Act* (Alberta) as "Acme Capital Corporation". On March 25, 2013, Pivot (formerly Acme Capital Corporation) and Pivot Acquisition Corp. completed a three-cornered amalgamation among Pivot, Pivot Acquisition

Corp. and 2342645 Ontario Ltd., a wholly-owned subsidiary of Pivot (the "**Amalgamation**"). The name of the new amalgamated corporation is Pivot Acquisition Corporation, a wholly-owned subsidiary of the Company. A Certificate of Amalgamation was issued on March 25, 2013 in respect of the Amalgamation under the *Business Corporations Act* (Ontario).

Pivot amended its articles on March 21, 2013 to change its name from "Acme Capital Corporation" to "Pivot Technology Solutions, Inc." and to effect an eight (8) for one (1) consolidation of its common shares effective March 21, 2013. On March 22, 2013, Pivot effected a continuance from the laws of the Province of Alberta to the laws of the Province of Ontario. On December 19, 2016, Pivot amended its articles to effect a further share consolidation which resulted in a four (4) for one (1) consolidation of its common shares effective December 19, 2016 (the "**Four for One Share Consolidation**").

The Canadian head office of the Company is 55 Renfrew Drive, Suite 200, Markham, ON L3R 8H3. The registered office of the Company is 22 Adelaide Street West, Suite 3400, Toronto, Ontario M5H 4E3. The Company's common shares are listed on the Toronto Stock Exchange ("**TSX**") under the symbol "PTG".

The following chart illustrates, as at the date of this AIF, the Company's principal subsidiaries (including, for this purpose, two non-majority owned companies), including their respective place of incorporation and the percentage of voting securities in each that are held by the Company, either directly or indirectly:



* Shares of TeraMach Technologies Inc. are held by Pivot Acquisition Corporation directly and indirectly.

ITEM 3 - GENERAL DEVELOPMENT OF THE BUSINESS

3.1 Three-Year History

A general description of the Company's products and services is included below in Item 4 – *Description of the Business* – 4.1 *Summary.* Set out below is a summary of the events and conditions that have influenced the general development of the Company's business since January 1, 2016.

2016

In January 2016, the name of the Company's subsidiary, Sigma Technology Solutions, Inc. ("**Sigma**") was changed to Pivot Solutions, North America, Inc. d/b/a Sigma Solutions. Subsequently, in June, 2016, Pivot Solutions, North America, Inc. changed its name back to Sigma Technology Solutions, Inc.

On January 14, 2016, the senior secured asset based revolving credit facility agreement with a group of lenders represented by JP Morgan Chase Bank, N.A., as agent (the "**Chase ABL Credit Facility**") was amended and increased to US $225 million from US $200 million.

On February 24, 2016, the Company and a company controlled by a group of investors including two of the Company's founders entered into a termination agreement (the "**Termination Agreement**") to terminate the Arrangement Agreement dated January 25, 2016, pursuant to which the implementation of a plan of arrangement was proposed to allow certain shareholders of the Company to exchange the common shares of the Company for certain other securities. The Termination Agreement terminated the Arrangement Agreement and ended all actions related to the proposed plan of arrangement.

On March 30, 2016, the Company obtained the approval of the TSX Venture Exchange to implement a normal course issuer bid ("**NCIB**") for its common shares. The Company received approval to acquire up to 2,097,332 common shares (or 8,389,331 common shares prior to the Four for One Share Consolidation) under the NCIB, representing approximately 5% of the Company's issued and outstanding common shares. The NCIB for the common shares of the Company terminated on March 31, 2017.

In April, 2016, Macquarie Equipment Finance ("**Macquarie**") advised the Company that it would no longer provide unsecured advances to the Company until further notice in light of Macquarie's focus on larger credits.

On June 1, 2016, the Company announced that its distribution, administrative services and license agreements with GTS Technology Solutions, Inc., formerly known as Austin Ribbon & Computer Supplies, Inc. ("**GTS**") would terminate on August 30, 2016.

On June 21, 2016, the shareholders of the Company approved a special resolution giving the Board of Directors the authority to amend the Company's articles to effect the Four for One Share Consolidation. Prior to the Four for One Share Consolidation, the Company had 167,976,626 common shares outstanding.

On October 1, 2016, the Company acquired all of the outstanding shares of TeraMach Technologies Inc. ("**TeraMach**"), a leading Canadian provider of information technology products and services. This share purchase was an all-cash transaction financed by way of the Company's existing borrowing facilities. TeraMach operates under the brand *TeraMach, A Pivot Company*.

On November 28, 2016, the Company announced that it received conditional approval to list its common shares on the TSX. The TSX confirmed its acceptance of the Company's existing NCIB upon the Company's graduation to the TSX. Trading commenced on December 19, 2016 under its current trading symbol "PTG".

On December 19, 2016, the Company completed the Four for One Share Consolidation.

2017

On June 20, 2017, the Company announced that it received the approval of the TSX to implement an NCIB for its common shares. The Company received approval to acquire up to 3,820,852 common shares, representing approximately 10% of the Company's public float, at prevailing market price. The NCIB terminated on June 21, 2018.

On September 1, 2017, the Company acquired 40% of the issued and outstanding share capital of Applied Computer Solutions, Inc. ("**Applied**"). This share purchase was an all-cash transaction financed by way of the Company's existing borrowing facilities. The Company has been working closely with Applied for several years as a strategic partner and service provider.

On November 13, 2017, the Company announced the launch of the Smart Edge patent pending software platform designed to address the requirements of the multi-access computing market.

2018

On February 27, 2018, the Company announced the formation of Smart-Edge.com, Inc. ("**Smart-Edge**"), a new wholly-owned subsidiary of the Company that is focused on driving commercial penetration of the patent-pending Smart Edge platform.

On June 20, 2018, the Company announced that it received the approval of the TSX to implement a new NCIB for its common shares. The Company received approval to acquire up to 3,789,551 common shares, representing approximately 10% of the Company's public float, at prevailing market price. The NCIB will terminate on June 21, 2019, unless completed or terminated earlier.

ITEM 4 - DESCRIPTION OF THE BUSINESS

4.1 Summary

Pivot is a full-service IT products and solutions provider, generating revenue through the sale of hardware technology products and services on a bundled and/or stand-alone basis to multiple groups of clients, including large enterprises, mid-market companies, and governments. Pivot focuses on IT solutions that cover the entire spectrum of information technology, with a particular focus on technologies and services deployed within the Data Center, Cloud, Network and End-User environments.

Pivot has offices across North America, as well as Europe. Pivot's business strategy emphasizes offering technology, multi-vendor sourcing, consultative design, implementation and transformative managed services solutions of its acquired companies to support, plan and provide for the IT needs of customers. Pivot's approach supports improvement of business performance, helps organizations reduce capital and operating expenses, and accelerates the delivery of new products and services to end-customers. Pivot's solutions cross key industries such as healthcare, state and local government and education (SLED), retail, energy, manufacturing and finance. Pivot has provided customers within these key industries with IT solutions for their application infrastructure and networking needs along with providing the full lifecycle of services including professional services, integration services, deployment services, workforce services and managed services.

With more than 1,600 customers, many of whom are Fortune 500 companies, Pivot extends its value-added solutions to help organizations of all sizes improve operating efficiency, reduce complexity and enhance service delivery across six focus areas for Digital Transformation (Workplace, Experience, Network Optimization, Security Fortification, Cloud/Data Center Transformation, Customer Experience and Application Modernization) and five Services Channels (Integration, Professional, Deployment, Workforce and Managed).

Based on the Company's technology agnostic, multi-vendor strategy, Pivot builds upon the capabilities, relationships and unique value propositions 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 such as Infrastructure as a Service, Multi-Cloud Management, Infrastructure Consulting, Software Defined Everything and Workplace Services Transformation. Pivot provides IT solutions, including hardware and software, maintenance and support services to address clients' business needs. Pivot engages clients in all aspects of their IT lifecycle management, including infrastructure investment. Pivot provides services from the initial needs assessment through design, implementation, management and ongoing optimization of their infrastructure related solutions.

Traditional resellers provide original equipment manufacturer ("**OEM**") solutions and are often characterized as vendor-centric institutions. Resellers evolve to IT multi-vendor solutions providers ("**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 solutions management teams 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 architects and customer success managers into clients' businesses so the engineers may better understand their customers and advise them on how to use technology to meet those needs.

4.2 Significant Acquisitions

The Company did not complete any significant acquisitions (within the meaning of National Instrument 51-102 *Continuous Disclosure Obligations*) in the financial year ended December 31, 2018.

4.3 Pivot's Operating Businesses

The following is an overview of each of the Company's operating businesses.

ProSys

With its headquarters located in Norcross, Georgia, New Prosys Corp. ("**ProSys**") is a leading provider of multi-branded IT infrastructure solutions to enterprise, public sector and educational customers, primarily in the southeast region of the United States. It deploys customized, leading-edge solutions, from premier technology vendors, such as Cisco, Apple, Dell, Hewlett-Packard, Microsoft and NetApp. These solutions include hardware, software, professional services and deployment services, backed by comprehensive engineering expertise and best-in-class products, to help customers address their most complex IT infrastructure needs.

Sigma

Sigma Technology Solutions, Inc. (“**Sigma**”) is based in San Antonio, Texas and specializes in IT Advanced Infrastructure solutions while advising, implementing and maintaining enterprise data centers, centered on private cloud, mobility and managed services. Using a combination of products from leading manufacturers, Sigma’s professional service organization and certified engineers offer the expertise of a large firm with the agility and cost-benefit of a mid-sized firm.

ACS

Headquartered in Huntington Beach, California, ACS (US), Inc. (“**ACS**”) is one of the largest independent providers of mid-range IT solutions and system integration services in the United States. Its IT solutions are focused on several practice areas essential to enterprise infrastructures: systems, storage, security, networking and compliance. ACS provides exclusive IT services, which enable businesses to optimize their IT infrastructure and improve the efficiency of mission-critical processes. ACS has successfully transformed itself from a value-added reseller to a premier exclusive IT solutions provider by leveraging early adoption of emerging and disruptive technologies from areas such as Silicon Valley, allowing it to broaden its service offering, further penetrating existing key customers and expanding its geographic reach.

TeraMach

TeraMach Technology Solutions Inc. (“**TeraMach**”) is a technology solutions provider with offices in Ottawa and Markham, Canada. TeraMach provides technical solutions, services, staffing and cloud expertise to the Canadian federal and provincial governments, the Canadian public sector and commercial enterprises. TeraMach’s professional services fall into three broad categories: Advise; Implement; and Manage. TeraMach is an end-to-end service provider.

ARC

ARC Acquisition (US), Inc. (“**ARC**”) is headquartered in San Antonio, Texas and provides analysis, planning, design, procurement, installation and consultation services directly to end-users and to suppliers of the State of Texas Department of Information Resources program which awards contracts to IT service providers for state agencies including schools, local and county governments, and healthcare institutions.

Smart-Edge

Smart-Edge.com, Inc. (“**Smart Edge**”), with headquarters in Irvine, California, is focused on driving commercial penetration of the patent-pending Smart Edge platform. Smart Edge is an innovative developer platform designed to support enterprises with Multi-Access Edge Computing Solutions. See Item 4.4 – *Principal Products and Services – Services*.

4.4 Principal Products and Services

Pivot generates revenue through the sale of hardware technology products and services on a bundled and/or standalone basis. Those products and services are further described below. Product sales accounted for 88% and 89% of revenue for the years ended December 31, 2018 and 2017, respectively, while service revenues accounted for 12% and 11% of revenue for the years ended December 31, 2018 and 2017, respectively.

Products

Pivot resells, tests and integrates a broad selection of IT hardware and software products for its clients. As an independent solutions provider, Pivot does not manufacture any of the hardware components that it sells to clients. Instead, it continues to develop strong relationships with OEM suppliers, many of which are leaders in the storage and server computing and network markets. The range of products and services that are offered by Pivot include, but are not limited to, networking equipment, storage systems, unified communication equipment, desktops and laptops, peripherals and other products.

Pivot's product offerings include the following:

- <u>Data Centers and Cloud.</u> Pivot provides servers, integrated/converged platforms, networking, virtualization, storage and other software and equipment solutions that assist clients in the deployment of data centers and private cloud environments.

- <u>Unified Communications.</u> Pivot provides email, voice and video communication technologies such as phone systems and teleconferencing.

- <u>Networking, Security and Storage Products.</u> Pivot provides enterprise networking, security and infrastructure products that help clients meet growing bandwidth, security and storage demand.

- <u>Desktops and Laptops.</u> Pivot provides desktops, laptops and other computing needs.

- <u>Peripherals.</u> Pivot provides computing peripherals including chargers and power systems.

- <u>Mobile and Handheld Devices.</u> Pivot provides mobile, location-based technologies such as tablets and other devices.

- <u>Emerging Technologies.</u> As technology and strategic business needs continue to evolve, Pivot's clients are increasingly challenged to modernize and upgrade their existing IT infrastructure. Pivot advises on the technology products and services required to keep pace with emerging technologies.

Services

Pivot organizes its service offerings in six focus areas for Digital Transformation: Workplace Experience, Network Optimization, Security Fortification, Data Center/Cloud Transformation, Customer Experience/Contact Center and Application Modernization. Across these six focus areas, Pivot offers the following service channels: advisory/professional services, fulfillment/integration services, managed services, workforce services and project/deployment services. Pivot's services consist of both pre-sales efforts and post-sales support. Pivot leads pre-sales efforts with consulting to assess and design the appropriate IT architecture for clients' needs. Pivot offers expertise to align the appropriate technologies with its clients' business needs, as well as the capabilities to design, implement and operate a scalable platform which addresses specific strategic needs. Pivot's post-sales support includes maintenance and support of the integrated solution, including managed and hosting services.

Additional examples of Pivot's service offerings include:

- <u>Systems Architecture.</u> Pivot provides solutions that simplify and optimize the complex infrastructures and heterogeneous operating system environments by selecting and deploying solutions driven by a client's specific needs;

- <u>Cloud Services.</u> Pivot provides cloud consulting, assessments, architecture, implementation and management services. Pivot's CloudX solution offers secure, direct, aggregated and managed interconnections to any hyperscale providers (e.g., AWS, Azure, IBM Cloud), expense management reporting and 24/7 cloud command center support;

- Managed and Hosted Services. Pivot provides solutions that help clients achieve higher utilization of resources, and deliver solutions for risk mitigation and increased business agility;

- IT Security Services. Pivot designs and implements security solutions for clients, while maintaining regulatory compliance and proactively monitoring networks for threats using industry best practices;

- Financing and Leasing Services. As a single source for flexible financing programs, Pivot can arrange solutions to lease IT equipment and services, offering leasing options to clients through third-party providers;

- Advisory/Professional Services. Pivot provides solutions to administer and monitor a client's vendor contracts. Pivot's experienced Product Sourcing Group identifies technological needs and delivers reliable, quality procurement services;

- Staffing Services. Pivot provides contract-to-hire technical staffing solutions that fit a client's technical needs;

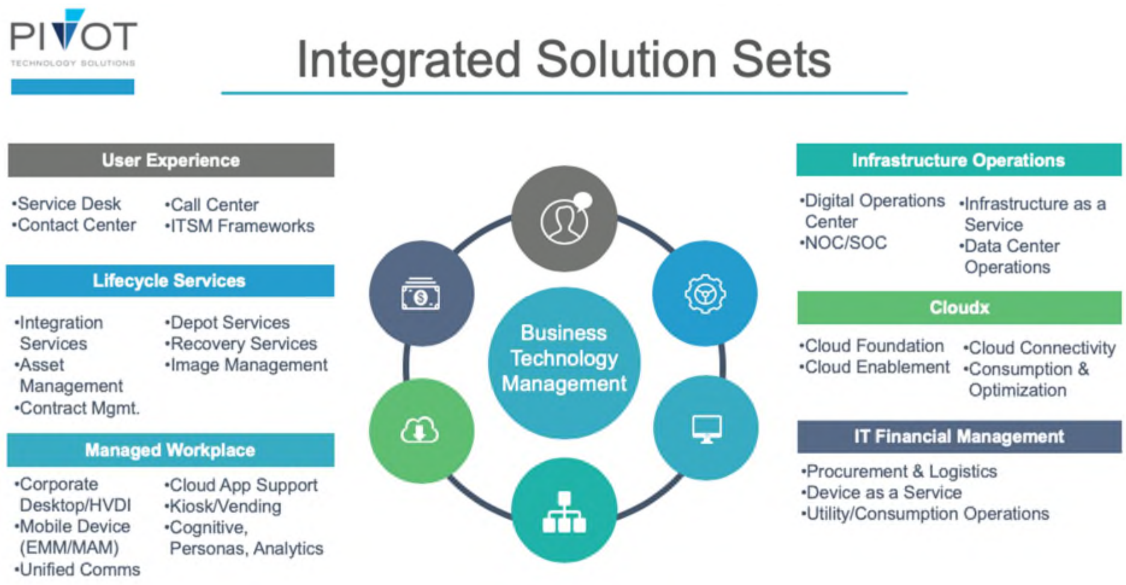
- Asset Recovery Services. Pivot provides services on the retirement, disposal and remarketing of personal computers, workstations, servers, network equipment and associated peripherals;

- Lifecycle and Technology Recovery Services. Pivot's lifecycle and workplace support services allow end-users to remain productive by providing break/fix, troubleshooting, and maintenance and management services. Authorized by most major manufacturers, Pivot can also provide warranty support as well as flexible service level agreements to meet the needs of budget-conscious clients and out-of-warranty equipment scenarios;

- Smart Edge. In November 2017, the Company introduced Smart Edge, an innovative software platform addressing the multi-access edge computing market. Smart Edge is designed to support enterprise Multi-Access Edge Computing (MEC) solutions. Through use cases to date, the Smart Edge solution has demonstrated its ability to improve performance, enhance user experiences and reduce ongoing edge total cost of ownership – all key factors in customer adoption of 5G technologies. Revenue generation is expected to grow with the adoption of 5G. With Smart Edge, users can harness the power of edge computing to decentralize their information technology architecture, enhance IT performance and reduce network congestion.

4.5 Specialized Skills and Knowledge

Management believes that the Company benefits from its ability to leverage all of its specialized skills and knowledge in the form of a la carte offerings or as fully integrated solutions sets, as summarized below.



Multi-Vendor Strategy

With growing complex technology needs, large and medium-sized businesses are increasingly looking for independent providers who can offer a full suite of solution and technology advice. The time and cost of monitoring and managing devices from multiple vendors from multiple jurisdictions are often cumbersome and unnecessary. Organizations which struggle to deal with challenges and costs are looking for a comprehensive solution that integrates, simplifies and improves the quality of their IT programs.

Pivot is able to offer clients a way to contain IT operations and maintenance costs, while maximizing the value of their IT assets. Pivot offers a comprehensive end-to-end solution that includes hardware, software, cloud, managed services and professional services. The advantages of using Pivot as a multi-vendor solutions provider include the ability to provide a single point of contact and accountability, and a consistent delivery of IT services across any platform. In addition, it allows for customized and specialized IT services.

Operates in Large and Growing End Markets

Companies are increasingly reliant on IT to drive business growth and to facilitate faster, more responsive and lower-cost business operations. According to Gartner Research, global IT spending is expected to total approximately US $3.8 trillion in 2019 which represents an increase of 3.2% from 2018. Within this market, Pivot has a firm focus on those areas of above-market growth, including data centers, cloud computing and software defined. Pivot focuses on providing best-in-class solutions in these fast-growing and attractive segments, which are among the fastest growing segments in the IT industry. A description of each market segment is as follows:

- <u>Data Centers:</u> The ubiquity of 4G networks, the explosion of data across businesses and the growth of e-commerce over the internet is increasing the importance of the data centers within the IT infrastructure environment.

- <u>Cloud Computing:</u> As enterprises and government agencies continue to increase their use of big data systems and other computing intensive tasks, management believes the demand for on-demand and pay-as-you-use cloud computing will increase significantly.

- <u>Software Defined.</u> In a Software-Defined Everything environment, management and control of the networking storage and/or data center infrastructure is automated by intelligent software rather than by the hardware components of the infrastructure, providing significant benefits in automation, orchestration and resource allocation.

<u>Strong Value Proposition to Clients.</u> Pivot provides value-added IT solutions that align clients' technology needs with their business and strategic objectives. As the primary point of contact for meeting clients' IT needs, Pivot helps its clients reduce the time, cost and effort needed to implement comprehensive multi-vendor IT solutions, which allow clients to focus on other critical aspects of their businesses. Customer loyalty is evidenced by year-over-year client retention. Pivot employs approximately 150 people in its sales force to provide expertise and develop strong relationships with clients. The Company also engages approximately 350 engineers holding professional certifications across all of Pivot's product and service offerings.

<u>End-to-end Integrated IT Solutions.</u> Pivot provides end-to-end integrated IT solutions, including hardware and software, maintenance and support services, professional services and managed services. Pivot's pre-sales architects and solution managers rely on their experience and domain expertise to recommend the appropriate solutions from leading and disruptive OEM vendors to clients. The Company's professional services engineers provide a full spectrum of provisioning, configuration, testing and full implementation services to deliver a seamless, integrated solution. Pivot also offers a complete managed services offering, including remote monitoring and management, cloud services, managed hosting, hosted applications, virtual desktop infrastructure backup and recovery, data protection, managed voice over internet protocol and security testing and monitoring. Pivot is well-positioned to help its clients proactively manage, support and upgrade their IT infrastructure as technology and business needs evolve.

<u>Technical Expertise.</u> To deliver its solutions, Pivot employs approximately 350 engineers, technicians and subject matter experts as of December 31, 2018, who collectively hold over 3,500 advanced certifications with more than 400 vendors and technologies. The Company's engineers average approximately 15 years of experience. Pivot's engineers and sales teams work closely with clients' IT teams to identify the appropriate technologies to address their business needs. Engineers develop and maintain expertise in configuration, installation and operational support for multiple OEM solutions. Pivot's subject matter experts possess expertise in a broad range of technologies, including compliance, computing, networking, storage, virtualization, cloud services and data center optimization. Employees continue to expand their technology skills, spending a significant portion of their time on acquiring new certifications and keeping pace with emerging technologies.

<u>Client-centric Approach.</u> Pivot's consultative, technology agnostic strategy allows Pivot to provide solutions that best serve the interests of its clients and earn it the role of a trusted advisor. Pivot's flexible engagement model allows it to address clients' needs quickly and consistently. While its scale allows Pivot to serve clients nationwide, Pivot's local offices enable it to maintain client relationships and ensure timely response to client needs. Pivot's flexible, client-centric approach, record of excellent customer service, broad and deep technology expertise, proprietary tools and established processes and procedures are key differentiators and allow it to continue to effectively serve clients.

<u>National Coverage and Scale.</u> Pivot has a broad geographic reach and scale that allow it to serve clients throughout the United States and Canada. The Company's United States hubs are located in California, Texas and Georgia with 24 facilities across the United States and maintains Canadian facilities in Markham and Ottawa, Ontario. This allows Pivot to provide national coverage to clients while also maintaining a local relationship with single-location clients.

Longstanding Relationships with Diverse Client Base. Pivot's historical performance, understanding of clients' technology infrastructures and track record of delivering superior results enables it to strengthen relationships with existing clients, gain new clients, and offer a significant competitive advantage for new technology initiatives.

Pivot's clients consist primarily of large enterprises, but also include mid-market companies, local governments and other public entities. Pivot's customers operate in increasingly complex environments, demanding highly responsive and superior service from their suppliers. With a client-focused strategy (rather than vendor-focused approach), Pivot and its subsidiaries have been able to develop a successful, long-term track record with clients, many of which have been clients for over ten years. Pivot's clients are based primarily in the United States and Canada.

Pivot's clients operate in many diverse verticals including consumer products, consumer electronics, healthcare, telecommunications, technology, industrial and non-profit organizations. Pivot employs specialized engineers who are subject matter experts in their respective fields to help clients understand their IT needs. The combination of its engineers' expertise and client-focused approach consistently helps Pivot become a trusted advisor to its client base.

Broad Vendor Relationships. Pivot maintains strong relationships with multiple OEMs and distributors to ensure that clients can leverage state-of-the-art hardware, software and services that provide business solutions across an array of vendors. This technology solution approach enables Pivot to provide clients with optimal business solutions that meets their needs. Pivot's relationships with these vendors and OEMs include storage providers such as NetApp Solutions, Dell Technologies/EMC and Pure; enterprise software providers such as VMware, Cohesity, Veeam and IBM; diversified IT hardware providers such as Hewlett-Packard, Apple, Lenovo, Xerox and IBM Global Finance; and networking providers such as Cisco, Arista, F5 and Juniper. As of December 31, 2018, Pivot has relationships with over 400 vendors and maintains top tier certifications with all first-tier OEMs and most second-tier OEMs. Pivot holds over 3,500 technical certifications.

In addition, Pivot's increasing scale allows it to take advantage of the highest possible discounts and a range of incentive programs from OEM partners.

Strong and Experienced Sales Leadership and Teams

Pivot has assembled a highly talented team of executives with extensive IT services and sales experience. The senior operating management team is responsible for Pivot's superior service quality, strong reputation within its client, supplier and manufacturer base, consistent profitability and effective business model. Pivot's current management team consists of seasoned industry veterans that combine industry-leading experience and know-how in information technology, software and systems management with extensive business development, operations, sales, marketing and finance expertise.

Vendor Relationships

Pivot continues to specialize in a diverse range of vendor technologies and has achieved numerous certification levels with leading OEMs. Pivot is an authorized reseller for over 400 manufacturers. Key OEM relationships include Cisco, Hewlett-Packard, NetApp Solutions, VMware, Microsoft, Dell Technologies/EMC, IBM, Intel, Oracle, Fusion IO, f5, Symantec and Hitachi.

Pivot maintains certifications at the highest levels available with each of its major vendor partners. These certifications are a significant point of competitive differentiation between Pivot and many of its competitors.

Pivot strives to maximize its access to and use of partner funding sources in the form of market development funds, and rebates. Participation in these programs is typically based upon achieving certain thresholds for volume of sales or purchases of the partners' products and services. Funding may also be made available for certain specific marketing initiatives with clients, discounts, marketing funds, price protection or rebates. Participation in partner funding enables Pivot to finance significant marketing initiatives, as well as provide funded headcount growth to add team members with specific credentials in those vendors' technologies.

4.6 Competitive Conditions

The industry in which Pivot competes is characterized by a high degree of competition in both the service and product segments. Pivot competes for product sales directly with local and national distributors and resellers, and formed strategic partnerships with several entities that are certified as women-owned business enterprises in the United States, which enables them to sell products or provide services to corporations that promote or support supplier diversity. These include a number of major U.S. corporations as well as the U.S. federal government and its agencies and departments, and numerous state and local governments, agencies and related entities.

In addition, the Company competes with vendors that sell products through their own direct sales forces to end-users and distributors. Included among these vendors are several of Pivot's largest business partners such as Hewlett-Packard, Dell Technologies/EMC, Cisco and Oracle. While competing with these firms, Pivot maintains relationships with these partners as a channel partner selling partners' products to Pivot's clients, or as service provider to end-users, either directly or as a subcontractor to the partner. Competitors also include larger IT service providers, many smaller computer service providers and integrators as well as established OEMs, direct marketers, distributors, systems integrators and resellers of technology products. The principal competitive factors for IT services include technical expertise, the availability of skilled technical personnel, and breadth of service offerings, reputation, financial stability and price.

4.7 Intangible Property

Given Pivot's service-driven business, most of its intellectual property stems from the combined technological know-how of its high-caliber workforce that has served blue-chip clients in a wide variety of industries. The intellectual property of each of Pivot's subsidiaries is proprietary and protected under applicable trade secret laws and through nondisclosure agreements with employees, clients, and other third parties.

The principal trademarks owned by the Company and certain of its subsidiaries are "PIVOT TECHNOLOGY SOLUTIONS and Design", "PIVOT TECHNOLOGY SOLUTIONS", "PIVOT INTERCONNECT", "PIVOT ACQUISITION CORP.", "PROSYS INFORMATION SYSTEMS", "ACS APPLIED COMPUTER SOLUTIONS and Design", "SIGMA SOLUTIONS", and "T TERAMACH & Design". These trademarks, with the exception of "T TERAMACH & Design", are registered in the United States. "T TERAMACH & Design" is a trademark registered in Canada. An application has been made to register the trademark "CLOUDX and Design" in both Canada and the United States. An application has also been made to register the trademark "TERAMACH A Pivot Company and Design" in Canada. In addition, an application has been made to register the trademark "Smart Edge" in the United States and several other countries.

These exclusive trademark rights are perpetual, provided that their registrations are filed and renewed timely and that the trademarks are used in commerce by the Company and its subsidiaries. The Company recognizes the importance of its trademarks and the need to protect and enhance their value. It is the practice of the Company to register or otherwise protect such intangible assets in all jurisdictions in which it operates.

The Company's software development team in Galway, Ireland developed the proprietary software, InterConnect. InterConnect is a B2B eProcurement and self-service ecommerce platform. Procurement professionals are responding to their business challenges by focusing on driving efficiencies within their business operations. InterConnect meets the B2B expectations of the information technology industry and provides self-service capabilities to customers.

Smart-Edge.com, Inc. is pursuing a patent for a platform of software and hardware components for providing secure computational resources at and/or near a mobile network perimeter in the United States and several other countries. In addition, the platform can facilitate hosting third-party applications by either client devices and/or mobile network operations.

4.8 Cycles

Pivot's sales are subject to quarterly and seasonal variations that may cause significant fluctuations in operating results. The timing of the Company's revenues may be difficult to predict. Customers typically undertake a significant evaluation process that has in the past resulted in a lengthy sales cycle. The Company spends substantial time, effort and money on its sales efforts without any assurance that the efforts will produce any sales during a given period.

4.9 Economic Dependence

Pivot is substantially dependent upon the services of certain key technology distributors and manufacturers for the successful operation of its business. Pivot's contracts with these distributors and manufacturers vary in duration and are generally terminable by either party at will or upon notice. A supplier's failure to supply materials or components in a timely manner, or Pivot's inability to obtain substitute sources for these materials and components in a timely manner or on terms acceptable to Pivot, may affect Pivot's ability to deliver its products and services. Additionally, the loss of the services of any of these suppliers and a failure to obtain an acceptable alternative solution at a similar cost could have a material adverse effect on the business, operations and financial condition of Pivot.

As disclosed below under Item 4.15 – *Social Policies*, certain of Pivot's largest current intermediary contracting parties are certified as women-owned business enterprises ("**WBEs**") in the United States, including two entities in which Pivot has a significant minority equity ownership interest. If either of these contracting parties were to lose its WBE certification, and therefore not be eligible to provide products or services to its customers, Pivot would likely suffer significant reductions in revenues and profits as a result. Revenue attributable to sales to intermediary contracting parties that are certified as WBEs, accounted for 51.5% and 38.2% of Pivot's consolidated revenue for the years ended December 31, 2018 and 2017, respectively. See Item 4.16 – *Risk Factors*.

4.10 Changes to Contracts

There were no changes to any material contracts of the Company.

4.11 Environmental Protection

There are no financial and operational effects of environmental requirements on the capital expenditures, profit or loss and competitive position of the Company in the current financial year and none is expected in future years.

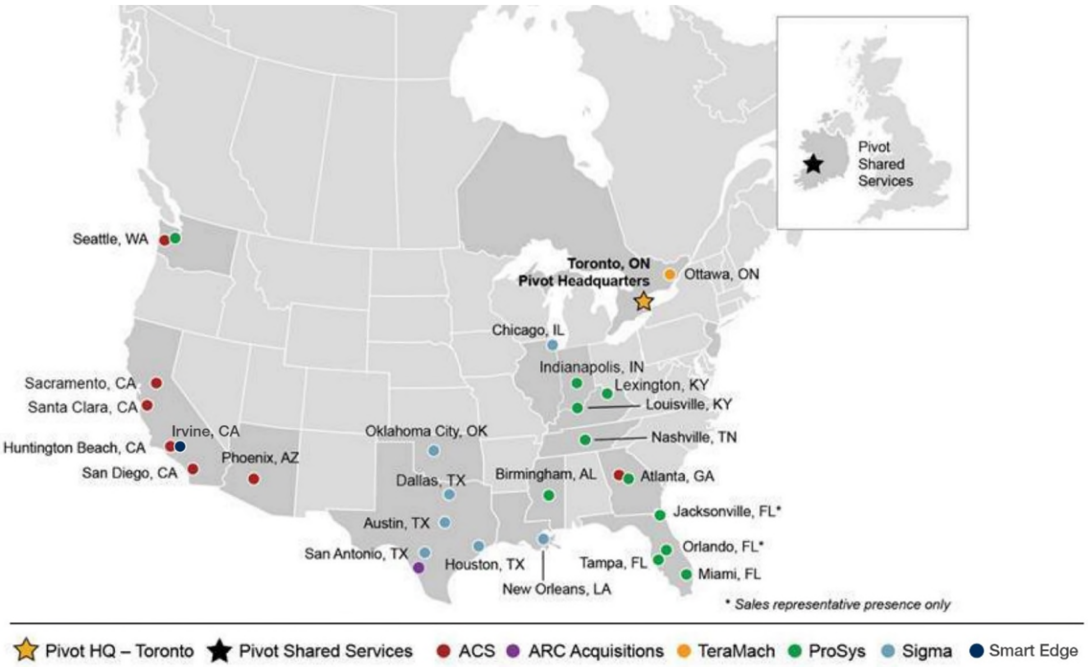
4.12 Employees

As of December 31, 2018, Pivot, directly and through its subsidiaries, employs approximately 829 full-time employees in Canada, the United States and Ireland.

In addition to employed staff, Pivot and its operating subsidiaries have access to a database of more than 700 specialized outside technical consultants. The combination of in-house engineers and third-party contract consultants enable the Company to quickly provide highly-qualified services to its clients.

4.13 Foreign Operations

Pivot's facilities are located in Canada and the United States for each of its six operating subsidiaries and a shared services facility in Galway, Ireland. Pivot is not dependent on its operations outside of Canada and the United States. Pivot does not own any real estate or property and rents all of its offices and facilities at reasonable market rates. Pivot also has regional offices designed to service existing and target new key clients and markets that are benefitted by a local presence. These offices employ managerial, sales and marketing and support personnel, as well as technical engineers who provide IT services and solutions to the Company's clients and are also responsible for generating new business within their respective local markets.



4.14 Reorganizations

Since January 1, 2016, the Company and its subsidiaries have not been the subject of a material reorganization.

4.15 Social Policies

Certain of Pivot's largest current intermediary contracting parties are certified as WBEs in the United States. Certification as a WBE enables a company to sell products or provide services to corporations that promote or support supplier diversity. These include a number of major U.S. corporations as well as the U.S. federal government and agencies and departments, and numerous state and local governments, agencies and related entities. These contracting parties are annually certified as WBEs by qualifying regional organizations. Each has been certified as a WBE for an extended period of time, and is currently so certified. However, certification as a WBE is discretionary and there is no assurance that certification of the intermediary contracting parties will continue to be renewed annually. Pivot has a significant minority equity ownership interest in two WBEs and has separate arm's length contracts that govern its relationships with each of these intermediary contracting parties.

4.16 Risk Factors

Pivot is subject to risks and uncertainties that could result in a material adverse effect on the Company's business and financial results on a consolidated basis. The Board of Directors has the overall responsibility and oversight of the Company's risk management practices. The Company's management is responsible for developing and monitoring the Company's risk strategy, and reports to the Board of Directors on its activities. Risk management is incorporated in all levels of strategic and operational planning, and is reviewed regularly to reflect changes in market conditions and the Company's activities. Management has identified the risks below as specific risks to Pivot. The reader is encouraged to review these risk factors. The markets in which Pivot currently operates are very competitive and change rapidly and therefore new risks regarding Pivot may emerge from time to time.

Risks relating to the technology supply and distribution channel

Dependence on third-party suppliers

Pivot is substantially dependent upon the services of certain key technology distributors and manufacturers for the successful operation of its business. Pivot's contracts with these suppliers vary in duration and are generally terminable by either party at will or upon notice. A supplier's failure to supply materials or components in a timely manner, or Pivot's inability to obtain substitute sources for these materials and components in a timely manner or on terms acceptable to the Company, could harm the Company's ability to integrate and deliver its products to its customers. Additionally, the loss of the services of any of these suppliers and a failure to obtain an acceptable alternative solution at a similar cost could have a material adverse effect on the business, operations and financial condition of Pivot.

Dependence on OEMs

Pivot is an authorized reseller of the products and services of leading IT manufacturers. In many cases, Pivot has achieved the highest level of relationship the manufacturer offers. In addition, Pivot's employees hold certifications issued by these manufacturers and by industry associations relating to the configuration, installation and servicing of these products. Pivot differentiates itself from its competitors by the range of manufacturers it represents, the relationship level it has achieved with these manufacturers and the scope of the manufacturer and industry certifications Pivot's employees hold. There can be no assurance that the Company will be able to retain these relationships with the manufacturers, that it will be able to retain the employees holding these manufacturer and industry certifications, or that its employees will maintain their manufacturer or industry certifications. The loss of any of these relationships or certifications could have a material adverse effect on the business of Pivot.

Reliance on financial incentives

Pivot receives payments and credits from vendors, including consideration pursuant to volume sales, incentive programs and marketing development funding programs. Vendor funding is used to offset, among other things, inventory costs, costs of goods sold, marketing costs and other operating expenses. If Pivot is not in compliance with the terms of these programs, there could be a material negative effect on the amount of incentives offered or paid to the Company by its vendors. No assurance can be given that Pivot will continue to receive financial incentives at historical payment levels in the future, or that Pivot will be able to collect outstanding amounts relating to these incentives in a timely manner, or at all. Any sizeable reduction in the discontinuance of, significant delay in receiving, or the inability to collect such incentives could have a material adverse effect on Pivot's business, results of operations and financial condition.

Inability to respond to changes in IT distribution

Distribution methods and practices continually change in the IT industry. Some OEMs distribute their products directly to end-users. If this practice proliferates, Pivot could potentially be cut out of the supply chain and revenues may suffer as a result. In addition, companies are increasingly using the internet to distribute software and a variety of technology services. If this trend continues, Pivot may lose potential revenue opportunities and/or experience a reduction in its existing customer base if customers source products through other distribution channels.

Technical innovation

The growth of the Company's business relies in part on the OEMs' ability to develop new technologies and products that appeal to Pivot's customers. Should the OEMs' rate of successful innovations decline, Pivot's growth and revenue levels may be materially adversely affected.

Changes in the IT industry

The IT industry is characterized by rapid technological innovation, changing client needs, evolving industry standards, frequent introductions of new products, product enhancements, services and distribution methods. The success of Pivot depends on its ability to develop expertise in conjunction with the introduction of these new products, product enhancements, services and distribution methods and to implement IT consulting and professional services, technology integration and managed services that anticipate and respond to rapid and continuing changes in technology, industry dynamics and client needs. The introduction of new products, product enhancements and distribution methods could decrease demand for current products or render them obsolete. Sales of products and services can be dependent on demand for specific product categories, and any change in demand for or supply of such products could have a material adverse effect on net sales and/or cause write-downs of obsolete inventory, if the Company fails to adapt to such changes in a timely manner. As client requirements evolve and competitive pressures increase, Pivot will likely be required to modify, enhance, reposition or introduce new IT solutions and service offerings to adjust to the changes in the market. Pivot may experience difficulties that could delay or prevent the successful development, introduction and marketing of services and solutions that respond to technological changes or evolving industry standards, or fail to develop services and solutions that adequately meet the requirements of the marketplace or achieve market acceptance. Pivot may not be successful in doing so in a timely, cost-effective and appropriately responsive manner, or at all, which could adversely affect its competitive position and financial condition. All of these potential factors make it difficult to predict future operating results, which may impair Pivot's ability to manage its business and its investors' ability to assess Pivot's prospects.

Competition

The industry in which Pivot operates is developing rapidly and related technology trends are constantly evolving. In this environment, Pivot faces significant price competition from its competitors. There is no assurance that Pivot will be able to respond effectively or in a timely manner to the various competitive factors affecting the industries in which it operates. Pivot may be pressured to reduce the prices of the products and services it sells in response to offerings made by its competitors. In addition, Pivot may not be able to maintain the level of bargaining power that it has enjoyed in the past when negotiating the prices of its services. Pivot faces substantial competition from other national, multi-regional, regional and local value-added resellers and IT service providers, some of which may have greater financial and other resources than that of the Company, or that may have more fully developed business relationships with clients or prospective clients than Pivot. Many of Pivot's competitors compete principally on the basis of price and may have lower costs or accept lower selling prices and, therefore, Pivot may need to reduce its prices. The Company's profitability is dependent on the rates it is able to charge for its products and services. The rates charged for products and services are affected by a number of factors, including, but not limited to:

- customers' perceptions of the Company's ability to add value through its services;
- introduction of new services or products by the Company or its competitors;
- competitors' pricing policies;

- the ability to charge higher prices when market demand or the value of the Company's services justifies it;
- the ability to accurately estimate, attain and sustain contract revenues, margins and cash flows over long contract periods;
- procurement practices of the Company's customers; and
- general economic and political conditions.

If Pivot is not able to maintain favourable pricing for its products and services, its profit margin and profitability may suffer.

Business certifications

Certain of Pivot's largest intermediary contracting parties (Applied Computer Solutions, Inc. ("**Applied**") and ProSys Information Systems, Inc. ("**Old ProSys**")) are certified as WBEs in the United States. Certification as a WBE enable a company to sell products or provide services to corporations that promote or are required to support supplier diversity. These include several major U.S. corporations as well as the U.S. federal government, agencies and departments, and numerous state and local governments, agencies and related entities. These contracting parties are annually certified as WBEs by qualifying regional organizations. Each has been certified as a WBE for an extended period of time, and is currently so certified. However, certification as a WBE is discretionary and there is no assurance that certification of Applied and Old ProSys will continue to be renewed annually. If either of these contracting parties was to lose its WBE certification and therefore not be eligible to provide product or services to its customers, Pivot would likely suffer significant reductions in revenues and profits as a result. Moreover, if the contractual arrangements with either party were to be terminated and therefore such party stopped selling the Company's products or service to its customers, such as was the case with the termination by GTS effective August 30, 2016, Pivot may suffer significant reduction in revenues and profits as a result and may be required to deconsolidate the results of such contracting party, as was the result of the loss of control following the termination of its relationship with GTS. See Item 4.9 – *Economic Dependence*.

<u>**Risks relating to the management of Pivot's business**</u>

Reliance on key personnel

Pivot is substantially dependent upon the services of its management team for the successful operation of its business. The loss of the services of any of these individuals could have a material adverse effect on the Company's business. If Pivot cannot successfully recruit and retain the employees it needs, or replace key employees following their departure, its ability to develop and manage its business could be impaired.

Inability to successfully execute strategies

If the Company fails to execute any element of its strategy in a timely and effective manner, competitors may be able to take advantage of marketing opportunities that Pivot has identified. The Company's business strategy will require that it successfully and simultaneously complete many tasks. In order to be successful, Pivot must: (i) continue to build and operate a highly reliable, complex infrastructure; (ii) attract and retain customers; (iii) hire, train and retain quality employees; and (iv) evolve the business to gain advantages in a competitive environment.

Acquisition and integration risk

The Company may acquire additional businesses in the future. Acquisitions involve a number of special risks, including diversion of management's attention, failure to retain key acquired personnel, unanticipated events or circumstances, and incurring of unexpected and unforeseen liabilities, some or all of which could have a material adverse effect on the business, results of operations and financial condition. Such liabilities may result from the agreement of the Company to assume liabilities of a third-party or pursuant to indemnities provided by the Company, or may result from the failure of parties to comply with their obligations or as a result of conflicts in the expectations of the parties. In addition, there can be no assurance that Pivot can complete any acquisition it pursues on favourable terms, that any acquired businesses, products or technologies will achieve anticipated revenues and income, or that any acquisitions completed will ultimately benefit Pivot's business. An acquisition could also result in a potentially dilutive issuance of equity securities. If a strategy of growth through acquisition is pursued, the failure of Pivot to successfully manage this growth could have a material adverse effect on its business, results of operations and financial condition.

Customer concentration

A substantial proportion of Pivot's total revenues are derived from a few key customers. Given that a significant portion of the Company's revenues has been derived from a similarly limited customer base, the loss of one or more of these top customers or a reduction in sales to one or more of the top customers may have a material adverse effect on Pivot's business, results of operations or liquidity. The concentration of the Company's sales to a few customers could make it more vulnerable to collection risk if one or more of these customers were unable to pay for the Company's products and services. Also, having a significant portion of its total revenue concentrated with a few customers may hinder Pivot's negotiating leverage with these customers.

Customer retention/attrition

Once Pivot's solutions and methodologies are deployed within its customers' IT infrastructure environments, these customers generally rely on Pivot's support services to resolve any related issues. A high level of client support and service is important for the successful marketing and sale of the services and solutions of the Company. If the Company does not help its customers quickly resolve post-deployment issues and provide effective ongoing support, its ability to sell its IT solutions to existing customers could suffer and its reputation with prospective customers could be harmed.

Information systems

Certain of Pivot's information systems are internally developed, and contain external applications that are linked to the proprietary core. There are continued risks when various departments operate on different systems and the Company must rely on developed interfaces between these systems. There can be no assurance that these systems will continue to expand to meet the needs of the growth of the Company or that the interfaces will be sufficiently robust as Pivot grows.

Service interruptions or failures

Pivot's success depends, in part, on its ability to provide a reliable data center, technology integration and managed services to its customers. Pivot data centers may be susceptible to damage or interruption as a result of human error, fire, flood, power loss, telecommunications failure, terrorist attacks or similar events. The Company may experience failures or interruptions of its systems and services, or other problems in connection with its operations, as a result of damage to or failure of its computer software or hardware or its connections. Such damage or failure may result from any of the following:

- errors in the processing of data by the Company's systems;
- computer viruses or software defects;
- physical or electronic break-ins, sabotage, intentional acts of vandalism and similar events;
- increased capacity demands or changes in system requirements of Pivot's customers; or
- errors by the Company's employees or third-party service providers.

Any interruptions to the Company's systems or services may damage its reputation, thereby harming its business and the results of operations. While Pivot maintains disaster recovery plans and insurance, claims may exceed insurance coverage limits, may not be covered by insurance, or insurance may not continue to be available on commercially reasonable terms. In addition, the Company's customers may experience a loss in connectivity. Such loss in connectivity may result in lost revenues, delays in client acceptance or unforeseen liabilities which could be detrimental to the Company's reputation and business.

Damage to the Company's computer systems

Pivot's operations are dependent on the continued and uninterrupted performance of its computer systems and, accordingly, on its ability to protect its computer systems against damage from computer viruses, fire, power loss, telecommunications failures, vandalism or other malicious acts, or similar unexpected adverse events. Any system failure, security breach or other damage or unanticipated problem with the Company's computer systems could interrupt or delay its operations, damage its reputation and, if sustained or repeated, reduce the attractiveness of its services and result in the potential loss of customers.

Cyber-security and threats to the Company's systems and infrastructure

The Company relies extensively on IT systems to operate its business. Despite implemented security measures, Pivot's systems and infrastructure may face security threats, acts of vandalism, software viruses, misplaced or lost data, programming and/or human errors or other similar events. Any compromise of the security of these systems could disrupt the Company's business, damage the Company's reputation and result in the disclosure of confidential information, liability for damages and loss of customers.

In the ordinary course of its business, Pivot generates, collects and stores sensitive data, including intellectual property, Pivot's proprietary business data and that of its customers, suppliers and business partners, and personally identifiable information of customers and employees. Pivot's ability to securely process and maintain this information is critical to operating the Company's business. Despite Pivot's security policies and procedures, its systems and infrastructure may be vulnerable to unauthorized access by hackers, competitors, computer viruses, employees and other disruptive problems. If an individual were to circumvent security measures, the data stored could be misappropriated within Pivot's infrastructure. This unauthorized access to data could cause interruptions to normal business operations, including accessing resources in both the internal and external networks.

Online retail systems have in the past experienced, and may in the future experience, interruptions in service because of the accidental or intentional actions of internet users, current and former employees or others.

Pivot may need to expend significant capital and other resources to protect against the threat of security breaches or alleviate problems caused by breaches. Identifying and eliminating security breaches, viruses and other external intrusions may require interruptions, delays or cessation of service to users and customers transacting business with Pivot. Infrastructure and network security breaches may lead to a material disruption of the Company's business and/or the loss of business information, which may materially and adversely affect the Company's business. Risks relating to such a security breach may include, among other things: a material adverse impact on the Company's business and future financial results due to the theft, destruction, loss, misappropriation or release of confidential data; possible negative publicity resulting in reputation or brand damage with customers, vendors or peers due to the theft, destruction, loss, misappropriation or release of confidential data; operational or business delays resulting from the disruption of information technology systems and subsequent clean-up and mitigation activities; and potential adverse effects on the Company's compliance with regulatory laws and regulations. Repeated or substantial interruptions could result in the loss of customers and reduced revenues.

Protection of intellectual property rights

The Company's ability to secure its intellectual property rights, including those related to the patent-pending Smart Edge platform, is essential to the success of its ongoing operations and future opportunities. There is no assurance, however, that any of the Company's rights will not be challenged, invalidated or circumvented. In addition, the laws of certain countries do not protect proprietary rights to the same extent as do the laws of the United States and Canada, and therefore, there can be no assurance that Pivot will be able to adequately protect its proprietary technology against unauthorized third-party copying or use. Such unauthorized copying or use may adversely affect the Company's competitive position. Further, there can be no assurance that the Company will successfully obtain licenses to any technology that it may require to conduct its business or that, if obtainable, such technology can be licensed at a reasonable cost.

Infringement of intellectual property

From time to time the Company may receive notices from third parties alleging that it has infringed their intellectual property rights. Responding to any such claim, regardless of its merit, may be time-consuming, result in costly litigation, divert management's attention and resources or cause Pivot to incur significant expenses. Any meritorious claim of intellectual property infringement against the Company may potentially result in a temporary or permanent injunction, prohibiting it from marketing or selling certain products or requiring it to pay royalties to a third-party. In the event of a meritorious claim, failure of the Company to develop or license substitute technology may materially adversely affect its business and results of operations.

New technology risks

As the Company develops new technologies, such as Smart Edge, Pivot's ability to protect its proprietary rights from unauthorized use by third parties may be possible only to the extent that its intellectual property is protected by valid and enforceable patents or is effectively maintained as confidential know-how/trade secrets. The industries in which the Company operates can be subject to expensive litigation regarding patents and other intellectual property rights. As a result, Pivot may be required to defend against claims of intellectual property infringement which may adversely affect its financial condition and operating results. Any existing and future patents of the Company may not be sufficiently broad to prevent others from developing competing products. The validity and enforceability of the Company's patents cannot be predicted with certainty and its patents may be found to be invalid or unenforceable or its patent applications may not be accepted.

The Company does not know whether any of its current or future patent applications will result in the issuance of any patents. Even if patents are issued, they may not be sufficient to protect the Company's intellectual property. Any patents owned by the Company and those that may be issued in the future may be challenged, re-examined, opposed, invalidated, rendered unenforceable, or circumvented, or determined to be overbroad, and the rights granted under its issued patents may not provide Pivot with adequate proprietary protection or competitive advantages.

Unauthorized parties may attempt to copy or otherwise obtain and use the Company's products or technology. Monitoring unauthorized use of its intellectual property is difficult, and Pivot cannot be certain that the steps it has taken will prevent unauthorized use of its technology. If competitors are able to use Pivot's technology, its ability to compete effectively could be harmed. Moreover, others may independently develop and obtain patents for technologies that are similar to, or superior to, Pivot's technologies. If that happens, the Company may need to license these technologies, and Pivot may not be able to obtain licenses on reasonable terms, if at all, which could have a material adverse effect on its business.

Changes in laws

Changes to any of the laws, rules, regulations or policies to which Pivot is subject could have a significant impact on its business. There can be no assurance that the Company will be able to comply with any future laws, rules, regulations and policies. Failure by the Company to comply with applicable laws, rules, regulations and policies may subject it to civil or regulatory proceedings, including fines or injunctions, which may have a material adverse effect on the Company's business, financial condition, liquidity and results of operations. In addition, compliance with any future laws, rules, regulations and policies could negatively impact Pivot's profitability and have a material adverse effect on its business, financial condition, liquidity and results of operations.

Legal disputes and proceedings

From time to time, the Company may be involved, either as a claiming party or defending party, in legal disputes and proceedings arising from its operations, including as a result of its relationships with suppliers, customers, employees and former owners of businesses acquired by the Company. The outcome of such disputes or proceedings is generally uncertain, and accordingly, the Company may not be able to accurately assess the outcome of such disputes or proceedings and reflect the risks associated with pending or ongoing disputes in its periodic reports. See Item 11 – *Legal Proceedings and Regulatory Actions*.

Consolidation of associates and affiliates

As set out in note 6 to the consolidated financial statements for the year ended December 31, 2018, Pivot's results consolidate the results of operations of two non-majority owned affiliates, Old ProSys and Applied, as well as those of the Company's subsidiaries. Pivot has determined that, notwithstanding the fact that the Company owns less than 50% of Old ProSys and Applied, the Company nonetheless controls Old Prosys and Applied for accounting purposes due to certain contractual arrangements which provide the Company the majority of the variable returns from Old ProSys' and Applied's activities. Should Pivot cease to control Old ProSys or Applied from an accounting perspective, including as a result of amendments to the Company's contractual arrangements, the Company may be required under IFRS to deconsolidate the results of Old ProSys or Applied. A loss of consolidation of Old ProSys' or Applied's results could cause in a significant reduction in revenues and profits.

Smart Edge

The Company has invested in the development of Smart Edge, a software-driven solution addressing the multi-access edge computing market. Although the Company has received third party validation of the technology and related use cases to date, the Company has not recognized any revenue from the licensing of solutions from this platform. There is no certainty that the Company will be successful in generating revenue from its Smart Edge platform.

Risks relating to the economy and financial conditions

Economic conditions

The Company is sensitive to the spending patterns of its customers, which are subject to economic and business conditions. It is difficult to estimate the level of growth for the economy as a whole. As most components of Pivot's budgeting and forecasting will be dependent upon estimates of growth in the markets that the Company will serve and economic uncertainties make it difficult to estimate future income and expenditures, downturns in the economy or geopolitical uncertainties may cause clients to reduce or cancel orders. Therefore, economic factors could have an effect on Pivot's business. Pivot's customer base is predominantly in the United States, and to the extent that capital investment in IT either declines or increases, the Company's business may be affected.

Seasonality of the business

Pivot's sales are subject to quarterly and seasonal variations that may cause significant fluctuations in operating results. The timing of the Company's revenues may be difficult to predict. Customers typically undertake a significant evaluation process that has in the past resulted in a lengthy sales cycle. The Company spends substantial time, effort and money on its sales efforts without any assurance that the efforts will produce any sales during a given period.

Adequate liquidity

Although Pivot generates positive cash flow and the Company may have access to additional credit, there is no guarantee that such positive cash flow position will be maintained, or that such additional credit will be obtained. Under its current capital structure, Pivot must generate sufficient revenue from operations to provide access to additional capital under its secured borrowings. Failure to maintain adequate liquidity would restrict the Company's ability to operate, pay current liabilities, declare or pay dividends, comply with covenants applicable to its secured borrowings, or pursue new business opportunities in the future.

Access to credit

Pivot's suppliers manage their credit exposure closely. As a result, there is a risk that they could reduce or reorganize the credit available to the Company. From time to time, the Company will rely upon its OEMs, distribution and banking relationships in order to finance sizeable, nonrecurring transactions. Moreover, ongoing access to Pivot's credit facilities requires continued compliance with the terms thereof, including financial covenants. There is no certainty that the Company will be in compliance with all covenants at all relevant times, nor is there any certainty that it will be able to obtain waivers or amendments in the future if it were to violate any financial covenant set out in its credit facilities. Access to credit in a challenging economic environment could adversely affect Pivot's ability to successfully meet those requirements.

Additional financing

Pivot may require additional financing to fund growth for working capital and other purposes. The ability to source such financing in the future, if needed, will depend in part on prevailing capital market conditions and the Company's ongoing financial success. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on favourable terms. If additional financing is raised by the issuance of shares or other forms of convertible securities from treasury, control of the Company may change and existing shareholders would suffer dilution. If sufficient funds are not available or are only available on terms which are not acceptable, the Company may not be able to take advantage of certain opportunities or be in a position to adequately respond to competitive pressures, which could materially and adversely affect Pivot's results of operations and financial condition.

Foreign currency risk

The Company is subject to risks and losses resulting from fluctuations in the relative value of the currencies of different countries where its customers and operations are located. While the Company will attempt to be prudent in managing such foreign exchange risks, there can be no assurance that shareholders will not suffer losses in the future. Any such losses could have a material adverse impact on results of operations and cash available to support operations.

Foreign operations risks

Pivot will engage opportunistically in operations in several countries in Central America, Asia and Europe. While Pivot has developed significant operations in the United States, it has limited institutional operating experience in jurisdictions outside the United States, Canada and Ireland. Pivot may not be aware of all the factors that may affect its business in such foreign jurisdictions. Operations in such foreign jurisdictions may be subject to a variety of risks including, but not limited to: currency exchange fluctuations; devaluations and exchange controls; inflation; unexpected changes in legal and regulatory restrictions or requirements; uncertain political and economic conditions; international import and export legislation; availability of competent employees and contractors at acceptable compensation levels; social unrest; product sourcing; delivery and customs difficulties; inadequate infrastructure; immigration issues; multinational tax and financing issues; laws and uncertain enforcement relating to intellectual property and privacy rights; unauthorized copying of software; and other factors depending on the jurisdiction involved.

There can be no assurance that Pivot will not experience these risks and that its operations will not be negatively impacted thereby. If foreign operations expand to the point where they account for a significant portion of the Company's revenues, foreign operations risks could have a material adverse effect on the Company's business, operating results and financial condition.

Interest rate risk

The Company is subject to risks and losses resulting from fluctuations in interest rates on its bank indebtedness, loans and borrowings. Interest rates fluctuate in response to general economic conditions and policies imposed by governmental and regulatory agencies. The Company's principal interest bearing obligations are its borrowings under the Chase ABL Credit Facility. Amounts outstanding under the Chase ABL Credit Facility bear interest based on a floating rate. An increase of 100 basis points to the interest rate applicable to the Company's floating rate obligations under the Chase ABL Credit Facility during the three and twelve month periods ended December 31, 2018 would have resulted in an increase of US $196 and US $716 in the Company's interest payments for the period, respectively. Sustained increases in interest rates could have a material adverse impact on the Company's financial condition and results of operations.

Changes to tax rates or exposure to additional tax liabilities

Pivot is subject to income taxes in various jurisdictions. Significant judgment may be required in determining the Company's worldwide provision for income taxes and, in the ordinary course of its business, there are many transactions and calculations where the ultimate tax determination may be uncertain. Pivot will be required to estimate what its taxes will be in the future. Although Pivot believes its current tax estimates are reasonable, the estimate process and applicable tax laws are inherently uncertain, and its estimates are not binding on tax authorities. The Company's effective tax rate could be adversely affected by changes in its business, including, but not limited to, the mix of earnings in countries with differing statutory tax rates, changes in the elections it makes, or changes in applicable tax laws. The Company's tax determinations are subject to audit by tax authorities, which audits, if any, could adversely affect the Company's income tax provision. Should the Company's ultimate tax liability exceed its estimates, its income tax provision and net income may be materially affected.

Sales taxes

Pivot is required to remit sales taxes in a number of jurisdictions. Such taxes are generally assessed as a result of the sale of goods and services to customers in particular jurisdictions. There is a risk that the Company may not be made aware of the jurisdictions where such goods or services will be used by a customer. Moreover, there is a risk that the Company may not be able to monitor the practices of intermediary contracting parties in respect of sales taxes to be remitted by such parties' customers and, as a result, may be subject to certain liabilities resulting from such parties' failure to comply with sales tax remittance obligations.

ITEM 5 - DIVIDENDS AND DISTRIBUTIONS

On March 2, 2015, the Board of Directors approved the initiation of a $0.12 per common share annual dividend, to be paid quarterly. The Company paid a quarterly dividend of $0.03 per common share in the first quarter of 2016. On February 24, 2016, the Company announced that the Board of Directors had approved an increase to the annual dividend to $0.16 per common share, to be paid quarterly, subject to all regulatory, contractual and legal requirements, commencing with the quarterly dividend declared in the second quarter of 2016. During 2017, dividends of $0.04 per common share were paid on March 15, 2017, June 15, 2017, September 15, 2017 and December 15, 2017. During 2018, dividends of $0.04 per common share were paid on March 15, 2018, June 15, 2018, September 14, 2018 and November 27, 2018. The dividend amounts noted above for dividends declared prior to December 19, 2016 were adjusted to give effect to the Four for One Share Consolidation.

The Company's banking arrangements prohibit the payment of dividends if certain financial covenants are not met. The Company has always satisfied such financial covenants.

ITEM 6 - DESCRIPTION OF CAPITAL STRUCTURE

The Company's authorized capital consisted of an unlimited number of voting common shares and an unlimited number of preferred shares, issuable in series with no par value. As at December 31, 2018, there were 39,473,032 Pivot common shares outstanding. As at December 31, 2018, there are no outstanding preferred shares of the Company.

6.1 Common Shares

The holders of common shares of the Company are entitled to receive notice of, and to vote at every meeting of the shareholders of the Company and shall have one vote for each common share so held. Subject to the rights, privileges, restrictions and conditions attached to any preferred shares of the Company, the holders of common shares shall be entitled to receive such dividend as the directors may from time to time, by resolution, declare. Subject to the rights, privileges, restrictions and conditions attached to any preferred shares of the Company, in the event of liquidation, dissolution or winding up of the Company or upon any distribution of the assets of the Company among shareholders being made (other than by way of dividend out of monies properly applicable to the payment of dividends), the holders of Common Shares shall be entitled to share pro rata.

6.2 Preferred Shares

The preferred shares of the Company may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions and conditions attached to the shares of each series. The preferred shares of the Company rank on a parity with the preferred shares of every other series and are entitled to a priority over the common shares, and any other class of shares ranking junior to the preferred shares of the Company with respect to the payment of dividends and the distribution of assets upon the liquidation of the Company.

The holders of the preferred shares of the Company are not entitled as of right to subscribe for or purchase or receive any part of any issue of shares or bonds, debentures or other securities of the Company now or hereafter authorized.

No class of shares may be created or rights and privileges increased to rank in parity or priority with the rights and privileges of the preferred shares including, without limiting the generality of the foregoing, the rights of the preferred shares to receive dividends or the return of capital, without the approval of the holders of the preferred shares.

6.3 Options and Warrants

The only options or convertible securities outstanding at the date of this AIF are described below.

The Company's incentive stock option plan was first approved by shareholders on June 17, 2014, and subsequently approved as required under applicable stock exchange rules. The Company approved and ratified the Company's restricted share unit plan on June 17, 2014. To date, a total of 3,107,500 options have been granted under the Company's incentive stock option plan. The following chart summarizes the grants since inception:

Number of Options	Exercise Price	Expiry Month
1,987,500	$ 1.60	June 2026
150,000	$ 1.96	August 2026
25,000	$ 1.73	December 2026
425,000	$ 2.47	June 2022
10,000	$ 2.61	August 2022
380,000	$ 1.68	August 2023
130,000	$ 1.68	November 2023

To date, a total of 800,000 restricted share units (RSU) have been granted under the Company's Restricted Share Unit Plan and vest over a three-year period.

A maximum of 3,643,816 common shares of Pivot are authorised for issuance as at December 31, 2018 under equity compensation plans approved by Pivot shareholders. An aggregate of 695,712 of these shares are reserved for RSUs outstanding as of December 31, 2018. An aggregate of 2,118,750 are reserved for options outstanding as of December 31, 2018.

An Equity Incentive Plan was adopted by the Smart-Edge.com, Inc. Board of Directors on January 29, 2019. To date, a total of 2,311,000 options have been granted under Smart-Edge.com, Inc.'s incentive stock option plan to employees and directors of Smart-Edge.com, Inc. The following chart summarizes the grants since inception:

Number of Options	Exercise Price	Expiry Month
2,311,000	$ 0.70	January 2024

These options entitle the holder to acquire one share of common stock of Smart-Edge.com. Inc. at the exercise price listed above. Assuming the exercise of all outstanding options, the option holders would exercise control of approximately 19% of the outstanding shares of Smart-Edge.com, Inc. with the Company exercising control of approximately 81% of the outstanding shares.

6.4 Prior Sales

The Company did not issue any securities during the 2018 financial year, other than 123,959 shares issued pursuant to stock options exercised during the year at an average exercise price of $1.60.

ITEM 7 - MARKET FOR SECURITIES

Pivot's common shares are listed for trading on the TSX under the symbol "PTG". The following table shows the closing, high and low trading prices and the volume of shares traded for the common shares of the Company for each month in 2018.

Summary of Monthly Trading

Month	Close	High	Low	Volume
January	$2.01	$2.24	$1.99	2,253,690
February	$2.39	$2.46	$1.81	2,000,700
March	$2.19	$2.42	$1.97	901,410
April	$1.89	$2.18	$1.80	1,148,780
May	$1.93	$2.14	$1.80	1,972,130
June	$1.92	$2.07	$1.87	1,017,140
July	$1.85	$1.97	$1.84	1,000,610
August	$1.63	$1.97	$1.56	1,482,470
September	$1.49	$1.61	$1.39	1,429,150
October	$0.96	$1.50	$0.90	3,282,120
November	$1.19	$1.34	$0.94	2,178,730
December	$1.00	$1.21	$0.88	1,428,320

ITEM 8 - ESCROWED SECURITIES

To Pivot's knowledge, there are no common shares of the Company held in escrow or subject to a contractual restriction on transfer as at the date of this AIF.

ITEM 9 - DIRECTORS AND OFFICERS

The following table and the notes thereto set out as at December 31, 2018 the names of all the directors and executive officers of the Company as well as information concerning their committee membership, municipalities of residence, principal occupations for the past five years, the date on which each became a director of the Company and the number of common shares of the Company beneficially owned, directly or indirectly, or over which control or direction is exercised by each of the directors and executive officers of the Company. The term of office of each director will expire at the next annual meeting of the Company, unless his or her office is earlier vacated.

Name and Place of Residence	Current principal occupation and principal occupation during last five years	Director Since	No. of Common Shares Beneficially Owned or Controlled[(1)]
John Robert Anderson [(2)(3)] Ontario, Canada *Director*	- Retired Business Executive - Chief Financial Officer (part time) of LPBP Inc. since May 2004 (holding company) to June 2016	2012	27,147
Wade K. Dawe[(3)(8)] Nova Scotia, Canada *Director*	- Chairman and Chief Executive Officer of Fortune Bay Corp. since 2014 (mining company) - Chairman and Chief Executive Officer of Brigus Gold Corp. from June 2010 to March 2014 (mining company)	2016	1,245,480 [(4)]
Matthew R. Girardot Georgia, USA *Chief Legal Officer, Corporate Secretary & Director*	- Chief Legal Officer of the Corporation since March 2018 - Corporate Secretary and General Counsel of the Corporation since April 2016 - Vice President, Legal of the Corporation and General Counsel of New Prosys Corp. since March 2015 - Senior Counsel for Mansfield Oil Company of Gainesville, Inc. from February 2009 to March 2015	2017	7,216
Stephen Taylor Moore [(2)(5)] Ontario, Canada *Director*	- Managing Director of Newhaven Asset Management Inc. since January 2006 (asset management firm)	2012	29,152 [(6)]
Kevin Shank Indiana, USA *President, Chief Executive Officer & Director*	- President and Chief Executive Officer of Pivot Technology Solutions, Inc. since May 2016 - President, Pivot Technology Solutions, Inc. from January 2016 to April 2016 - Senior Manager, Pivot Technology Solutions, Inc. from July 2015 to December 2015 - Independent Consultant (technology solutions) from January 2015 to July 2015 - Senior Executive and Officer of CompuCom Systems, Inc. from February 2005 to January 2014,	2016	136,039

Name and Place of Residence	Current principal occupation and principal occupation during last five years	Director Since	No. of Common Shares Beneficially Owned or Controlled[(1)]
	including Executive Vice President, Chief Services Officer and Senior Vice President of Services (information technology solutions provider)		
M. Lazane Smith[(3)(7)] Texas, U.S.A. *Director*	- Chief Human Resources Officer for Ciox until October 2017 - Senior Vice President for Unisys Corp. from 2009 to 2015	2017	35,000
David Toews Ontario, Canada *Chief Financial Officer*	- Chief Financial Officer of Nightingale Informatix Corporation from November 2014 to October 2016 - Director of Finance and CFO for Tectrol Inc. from September 2012 to November 2014	-	71,700
Matt Olson Wisconsin, U.S.A. *Chief Operating Officer*	- Vice President of Services Compucom Systems, Inc. from 2006 until 2016	-	7,340

Notes:

(1) The information as to shares beneficially owned or over which control or direction is exercised, not being within the knowledge of the Corporation, has been furnished by the respective directors and executive officers individually, including vested RSUs. All share numbers give effect to the Four for One Share Consolidation.

(2) Member of the Audit Committee.

(3) Member of the Compensation, Corporate Governance and Nominating Committee.

(4) Of these common shares, 120,480 are held personally by Mr. Dawe, and 1,125,000 are registered in the name of Brigus Capital Inc., a company owned or controlled by Mr. Dawe.

(5) Chairman of the Compensation, Corporate Governance and Nominating Committee.

(6) Of these common shares, 4,152 are held personally by Mr. Moore, and 25,000 are registered in the name of Mainstar Ventures Limited in trust for LDI Investments Inc., a company owned or controlled by Mr. Moore.

(7) Chair of the Audit Committee.

(8) Chairman of the Board of Directors.

Directors and executive officers of the Company, as a group, beneficially own, or control or direct, directly or indirectly, an aggregate of 1,559,074 common shares, representing approximately 4% (based on 1,559,074 shares owned by directors/officers including vested RSUs redeemed for shares and 39,473,032 of the issued and outstanding common shares). In addition, directors and executive officers of the Company, as a group, beneficially own, or control or direct, directly or indirectly, an aggregate of 2,627,500 stock options of the Company, 455,000 RSUs (including vested RSUs redeemed for shares), 405,000 stock options of Smart-Edge.com, Inc. issued under the incentive stock option plan of Smart-Edge.com, Inc.

Except as noted below, to the knowledge of the Company, none of the directors or executive officers of the Company: (a) is, as at the date of this AIF, or has been, within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company that: (i) was subject to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (an

"**Order**") that was issued while the person was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to a cease trade order, an order similar to an Order that was issued after the person ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; (b) is, as at the date of this AIF, or has been, within 10 years before the date of this AIF, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (c) has, within 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the person.

Mr. Stephen T. Moore was a trustee of Impax Energy Services Income Trust ("**Impax**") from June 2006 to January 2010. Impax filed for creditor protection under the *Companies' Creditors Arrangement Act* (Canada) in December 2009.

Mr. John R. Anderson was the Chief Financial Officer of TriNorth Capital Inc. ("**TriNorth**") from December 2009 to August 2012. On April 1, 2009, TriNorth's management applied to the Ontario Securities Commission (the "**OSC**") and was granted a management cease trade order ("**MCTO**") pursuant to National Policy 12-203 – *Cease Trade Orders for Continuous Disclosure Defaults* ("**NP 12-203**") in connection with TriNorth's failure to file its annual audited financial statements for the period ending December 31, 2008 within the period prescribed by Part 4 of National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**"). The MCTO was subsequently lifted by the OSC within 30 days after TriNorth filed its annual audited financial statements for the period ending December 31, 2008. On May 3, 2010, TriNorth's management applied to the OSC and was granted a MCTO dated May 7, 2010 pursuant to NP 12-203 in connection with TriNorth's failure to file its annual audited financial statements for the period ending December 31, 2009 within the period prescribed by Part 4 of NI 51-102. The MCTO was subsequently lifted by the OSC on July 6, 2010, which was within 30 days after TriNorth filed its annual audited financial statements for the period ending December 31, 2009.

Mr. John R. Anderson was the Chief Financial Officer of Impax from June 2006 to May 2009. Impax filed for creditor protection under the *Companies' Creditors Arrangement Act* (Canada) in December 2009, after the departure of Mr. Anderson.

To the knowledge of the Corporation, none of the directors or executive officers, nor any personal holding company thereof owned or controlled by them has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision with respect to the Company.

ITEM 10 - PROMOTERS

No person or company has acted as a promoter within the meaning of the *Securities Act* (Ontario) during the years ended December 31, 2017 or 2018 or during the current financial year.

ITEM 11 - LEGAL PROCEEDINGS AND REGULATORY ACTIONS

During the normal course of business, claims by and against the Company arise from time to time. Management is not aware of any claims sufficient to cause a materially adverse effect on the Company or the results of its operations.

On November 23, 2016, the Company filed a lawsuit in the District Court of Travis County, Texas seeking damages and other relief for breaches of various contracts, statutory violations and torts against a number of parties including, but not limited to, certain former employees, GTS, GTS' owner and GTS' former shareholders (the "**First Lawsuit**"). The Company intends to vigorously pursue this matter to recover damages incurred by the Company in connection with the termination of its relationship with GTS. In the First Lawsuit, GTS, Laura Grant, Ryan Grant and Anne Fielding have filed counterclaims against Pivot Technology Solutions, Ltd., ARC and Pivot Acquisition Corporation, including claims for breaches of the GTS Agreements referred to below, tortious interference with contractual relations, defamation and conversion. All parties filed motions to dismiss under the Texas Citizens Participation Act ("**TCPA**"). The District Court denied GTS' motion to dismiss under the TCPA. Following the denial of the motion to dismiss under the TCPA, GTS appealed. On August 3, 2018, the appellate court issued a decision in which it upheld, in part, the District Court's denial of GTS' motion to dismiss and reversed, in part, the District Court's decision. The Company is filing a petition to appeal the unfavorable portions of the appellate court ruling to the Texas Supreme Court which is under consideration. The Company intends to vigorously defend against the counterclaims that have been asserted.

On December 29, 2017, ARC filed a second lawsuit against GTS in the District Court of Travis County, Texas asserting that GTS breached its contractual obligations to ARC by failing to pay the fees it was obligated to pay under an Amended and Restated Licensing Agreement, an Amended and Restated Services Agreement and an Amended and Restated Distribution Agreement (the "**Second Lawsuit**"). The Second Lawsuit alleges damages in excess of $8.2 million. GTS has generally denied the claims and sought to consolidate the Second Lawsuit with the First Lawsuit. The District Court denied GTS' motion to consolidate the Second Lawsuit with the First Lawsuit at this stage, but stayed discovery in the Second Lawsuit until the appellate court had issued a ruling on the appeal in the First Lawsuit. On August 3, 2018, the stay in the Second Lawsuit was lifted. The Company served GTS with written discovery requests. In response, GTS filed a second motion to stay. The Company established a reserve of $5,978 during Q3 2016 which remains in place. In December 2018, the Court denied GTS' motion and the stay has been lifted. ARC is proceeding with discovery in this matter. ARC intends to vigorously pursue this matter to recover fees it is owed in connection with the relationship with GTS.

In all the matters discussed above, the Company has not formed a conclusion as to whether a favorable outcome is either probable or remote. As such, the Company cannot express an opinion as to the likelihood of a favorable outcome or the amount or range of any possible recovery or costs associated with these matters.

ITEM 12 - INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed in this AIF, none of the Company's directors or officers or any shareholder holding, on record or beneficially, directly or indirectly, more than 10 percent of the issued common shares, or any of their respective associates or affiliates, had any material interest, directly or indirectly, in any transaction with the Company within the three years preceding the date of this AIF, that has materially affected or is reasonably expected to materially affect the Company or any subsidiary of the Company.

ITEM 13 - TRANSFER AGENT AND REGISTRAR

The Company's transfer agent and registrar is Computershare Investor Services Inc. located at 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1.

ITEM 14 - MATERIAL CONTRACTS

The following is the material contracts that the Company or a subsidiary of the Company have entered into since January 1, 2018 or prior thereto but still in effect and that are required to be filed under National Instrument 51-102 *Continuous Disclosure Obligations.*

1. Credit Agreement dated September 21, 2015, as amended on January 14, 2016, among JP Morgan Chase Bank, N.A., as administrative agent, J.P. Morgan Securities LLC as sole lead arranger and sole bookrunner, the financial institutions which are now or which hereafter become a party hereto and the Company, Pivot Acquisition Corporation and Pivot Shared Services Limited, as borrowers.

ITEM 15 - INTERESTS OF EXPERTS

The Company's auditors are Ernst & Young LLP, Chartered Accountants, who have prepared an independent auditors' report for fiscal years 2018 and 2017. The current year's auditors' report is dated March 26, 2019, in respect of the Company's consolidated financial statements and accompanying notes as at and for the years ended December 31, 2018 and 2017. Ernst & Young LLP have confirmed that they are independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario (registered name of The Institute of Chartered Accountants of Ontario).

ITEM 16 - AUDIT COMMITTEE

16.1 Audit Committee Charter

The Audit Committee Charter is attached as Schedule "A" to this AIF.

16.2 Composition of the Audit Committee

As of December 31, 2018, the following table sets out the members of the Audit Committee and states whether they are financially literate and/or independent.

Director	Independent	Financially Literate
M. Lazane Smith (Chair)	Yes	Yes
Stephen T. Moore	Yes	Yes
John R. Anderson	Yes	Yes

16.3 Relevant Education and Experience

All three directors on the Company's Audit Committee have been senior officers and/or directors of publicly traded companies and business executives for a number of years. In these positions, each director has been responsible for receiving financial information relating to the entities of which they were directors or officers and two of the Directors have been responsible for preparing financial information for their respective entities. They had, or have developed, an understanding of financial statements generally and understand how those statements are used to assess the financial position of a company and its operating results. Each member of the Audit Committee also has a significant understanding of the business in which the Company is engaged and has an appreciation for the relevant accounting principles for the Company's business.

16.4 Reliance on Certain Exemptions

The Company has not relied on any exemptions set out in Section 3 of National Instrument 52-110 *Audit Committees*.

16.5 Audit Committee Oversight

The Board of Directors of the Company adopted all recommendations of the Audit Committee to nominate or compensate an external auditor during the 2018 financial year of the Company.

16.6 Pre-Approval Policies and Procedures

Pursuant to the Audit Committee Charter and unless otherwise permitted by National Instrument 52-110 *Audit Committees*, the Audit Committee of the Company must pre-approve any non-audit services to be provided to the Company or its subsidiaries by the external auditors of the Company. The Audit Committee may delegate to one or more of its independent members authority to pre-approve non-audit services, but no such delegation may be made to management of the Company. The pre-approval of non-audit services by any member to whom authority has been delegated must be presented to the Audit Committee at its first scheduled meeting following such pre-approval.

The Company's Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services beyond the requirements of the Audit Committee Charter.

16.7 External Auditor Service Fees

The table below sets out all fees billed by the Company's external auditor in respect of the last two financial years. The fees for 2017 and 2018 are all auditor fees of the Company and its subsidiaries.

Financial Year Ended	Audit Fees(1)	Audit-Related Fees(2)	Tax Fees(3)	All Other Fees(4)
December 31, 2018	$916,000	$Nil	$60,200	$Nil
December 31, 2017	$1,033,000	$25,000	$87,200	$Nil

Notes:

(1) "Audit Fees" are fees billed by the Company's external auditor for services provided in auditing the Company's financial statements for the financial year.

(2) "Audit-Related Fees" are fees not included in Audit Fees that are billed by the auditor for assurance and related services that are reasonably related to performing the audit or reviewing the Company's interim financial statements.

(3) "Tax Fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning.

(4) "All Other Fees" are fees billed by the auditor for products and services not included in the previous categories.

ITEM 17 - ADDITIONAL INFORMATION

Additional information with respect to Pivot may be found on the SEDAR website at www.sedar.com. Additional financial information is provided in the Company's financial statements and Management's Discussion and Analysis for the year ended December 31, 2018.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Pivot's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in Pivot's information circular dated May 17, 2018 for its annual meeting of shareholders held on June 27, 2018.

SCHEDULE "A"
CHARTER OF THE AUDIT COMMITTEE

PIVOT TECHNOLOGY SOLUTIONS, INC.

1. Objectives

The Audit Committee (the "Committee") is appointed by the board of directors (the "Board") of Pivot Technology Solutions, Inc. (the "Corporation") to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting issues and issues relating to the appointment and review of the auditor for the Corporation.

The Committee acknowledges the corporate governance guidelines issued by the Canadian Securities Administrators in National Instrument 58-101 Disclosure of Corporate Governance Practices ("NI 58-101") and National Policy 58-201 Corporate Governance Guidelines ("NP 58-201"), and other regulatory provisions as they pertain to financial reporting and accounting matters. The objective of the Committee is to review, monitor and promote appropriate accounting practices of the Corporation.

The Audit Committee is responsible for assisting the Board in relation to:

(a) the integrity of the Corporation's consolidated financial statements;

(b) the Corporation's compliance with applicable legal and regulatory requirements related to financial reporting;

(c) the qualifications, independence and performance of the Corporation's auditor;

(d) the design and implementation of accounting systems, internal controls and disclosure controls, including the Corporation's written disclosure policy, if any;

(e) the review and identification of the principal risks facing the Corporation and development of appropriate procedures to monitor and mitigate such risks; and

(f) any additional matters delegated to the Committee by the Board.

The Committee's oversight role regarding compliance systems shall not include responsibility for the Corporation's actual compliance with applicable laws and regulations.

The Committee will continuously review and modify this Charter with regards to, and to reflect changes in, the business environment, industry standards on matters of financial reporting and accounting, additional standards which the Committee believes may be applicable to the Corporation's business, the location of the Corporation's business and its shareholders and the application of laws and policies.

2. Composition

The Committee will be comprised of not less than three directors, selected by the Board on the recommendation of the Corporate Governance and Nominating Committee. Each member of the Committee will be both "independent" and "financially literate" within the meaning of applicable securities laws including, without limitation, Multilateral Instrument 52-110 - *Audit Committees* ("MI 52-110").

The members of the Committee shall be appointed or re-appointed by the Board on an annual basis and shall continue as members of the Committee until their successors are appointed or until they cease to be directors of the Corporation. Any member may be removed and replaced at any time by the Board, and will automatically cease to be a member as soon as the member ceases to meet the qualifications set out above. The Board will fill vacancies on the Committee by appointment from among qualified members of the Board. If a vacancy exists on the Committee, the remaining members will exercise all of its powers so long as a quorum remains in office.

Each year, the Board will appoint one member who is qualified for such purpose to be Chairman of the Committee. If, in any year, the Board does not appoint a Chairman of the Committee, the incumbent Chairman of the Committee will continue in office until a successor is appointed.

3. Meetings and Minutes

(a) **Scheduling**

The Committee will meet as often as it determines is necessary to fulfill its responsibilities, which in any event will be not less than quarterly. A meeting of the Committee may be called by the auditor, the Chairman of the Committee, the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer or any Committee member.

Meetings will be held at a location determined by the Chairman of the Committee and notice shall be given in accordance with the provisions of the Corporation's bylaws.

(b) **Notice to Auditor**

The auditor is entitled to receive notice of every meeting of the Committee and to attend and be heard thereat and, if so requested by a member of the Committee, shall, at the expense of the Corporation, attend any meeting of the Committee held during the term of office of the auditor.

(c) **Agenda**

The Chairman of the Committee will establish the agenda for each meeting. Any member may propose the inclusion of items on the agenda, request the presence of or a report by any member of senior management, or at any meeting raise subjects that are not on the agenda for the meeting.

(d) **Distribution of Information**

The Chairman of the Committee will distribute, or cause the officers of the Corporation to distribute, an agenda and meeting materials in advance of each meeting to allow members sufficient time to review and consider the matters to be discussed.

(e) **Attendance and Participation**

Each member is expected to attend all meetings. A member who is unable to attend a meeting in person may participate by telephone or teleconference.

A portion of each meeting will be held without management (including management directors) being present.

(f) **Quorum**

Two members will constitute a quorum for any meeting of the Committee.

(g) **Voting and Approval**

At meetings of the Committee, each member will be entitled to one vote and questions will be decided by a majority of votes. In case of an equality of votes, the Chairman of the Committee will not have a second or casting vote in addition to his or her original vote.

(h) **Procedures**

Procedures for Committee meetings will be determined by the Chairman of the Committee or a resolution of the Committee or the Board.

(i) **Transaction of Business**

The powers of the Committee may be exercised at a meeting where a quorum is present in person or by telephone or other electronic means, or by resolution in writing signed by all members entitled to vote on that resolution at a meeting of the Committee.

(j) **Absence of Chairman of the Committee**

In the absence of the Chairman of the Committee at a meeting of the Committee, the members in attendance must select one of them to act as chairman of that meeting.

(k) **Secretary**

The Committee may appoint one of its members or any other person to act as secretary.

(l) **Minutes of Meetings**

A person designated by the Chairman of the Committee at each meeting will keep minutes of the proceedings of the Committee and the Chairman will cause an officer of the Corporation to circulate copies of the minutes to each member on a timely basis.

4. Scope, Duties and Responsibilities

The Committee is responsible for performing the duties set out below as well as any other duties at any time required by law to be performed by the Committee or otherwise delegated to the Committee by the Board:

(a) **Appointment and Review of the Auditor**

The auditor is ultimately accountable to the Committee and reports directly to the Committee. Accordingly, the Committee will evaluate and be responsible for the Corporation's relationship with the auditor. Specifically, the Committee will:

(i) elect, evaluate and recommend an auditor to the Board for appointment or reappointment, as the case may be, by the Corporation's shareholders and make recommendations with respect to the auditor's compensation;

(ii) review and approve the auditor's engagement letter;

(iii) resolve any disagreements between senior management and the auditor regarding financial reporting;

(iv) at least annually, obtain and review a report by the auditor describing:

(1) the auditor's internal quality-control procedures, including the safeguarding of confidential information;

(2) any material issues raised by such procedures, or the review of the auditor by an independent oversight body, such as the Canadian Public Accountability Board, respecting independent audits carried out by the auditor, and the steps taken to deal with any issues raised in any such review;

(v) meet with senior management not less than quarterly without the auditor present for the purpose of discussing, among other things, the performance of the auditor and any issues that may have arisen during the quarter; and

(vi) where appropriate, recommend to the Board that the auditor be terminated.

(b) **Confirmation of the Auditor's Independence**

(i) review a formal written statement from the auditor describing all of its relationships with the Corporation;

(ii) discuss the auditor any relationships or services that may affect its objectivity and independence (including considering whether the auditor's provision of any permitted non-audit services is compatible with maintaining its independence);

(iii) obtain written confirmation from the auditor that it is objective within the meaning of the Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of Chartered Accountants to which it belongs and is an independent public accountant within the meaning of the Independence Standards of the Canadian Institute of Chartered Accountants; and

(iv) confirm that the auditor has complied with applicable rules, if any, with respect to the rotation of certain members of the audit engagement team.

(c) **Pre-Approval of Non-Audit Services**

The approval of the appointment of the auditor for any non-audit service to be provided to the Corporation must be obtained from the Committee in advance; provided that it will not approve any service that is prohibited under the rules of the Canadian Public Accountability Board or the Independence Standards of the Canadian Institute of Chartered Accountants. Before the appointment of the auditor for any non-audit service, the Committee will consider the compatibility of the service with the auditor's independence. The Committee may pre-approve the appointment of the auditor for any non-audit services by adopting specific policies and procedures, from time to time, for the engagement of the auditor for non-audit services.

(d) **Communications with the Auditor**

The Committee has the authority to communicate directly with the auditor and will meet privately with the auditor periodically to discuss any items of concern to the Committee or the auditor.

(e) **Review of the Audit Plan**

The Committee will discuss with the auditor the nature of an audit and the responsibility assumed by the auditor when conducting an audit under generally accepted auditing standards. The Committee will review a summary of the auditor's audit plan for each audit and approve the audit plan with such amendments as it may agree with the auditor.

(f) **Review of Audit Fees**

The Committee will review and determine the auditor's fee and the terms of the auditor's engagement and inform the Board thereof. In determining the auditor's fee, the Committee will consider, among other things, the number and nature of reports to be issued by the auditor, the quality of the internal controls of the Corporation, the size, complexity and financial condition of the Corporation and its subsidiaries and the extent of support to be provided to the auditor by the Corporation.

(g) **Review of Consolidated Financial Statements**

The Committee will review and discuss with senior management and the auditor the annual audited consolidated financial statements, together with the auditor's report thereon and the interim financial statements, before recommending them for approval by the Board. The Committee will also review and discuss with senior management and the auditor management's discussion and analysis relating to the annual audited financial statements and interim financial statements, where applicable. The Committee may, in its discretion, engage the auditor to review the interim financial statements prior to the Committee's review of such financial statements if the Committee believes such review is warranted in the circumstances.

(h) **Review of Other Financial Information** The Committee will review:

(i) all earnings press releases and other press releases disclosing financial information, as well as all financial information and written earnings guidance provided to analysts and rating agencies;

(ii) all other financial statements of the Corporation that require approval by the Board before they are released to the public, including, without limitation, financial statements for use in prospectuses or other offering or public disclosure documents and financial statements required by regulatory authorities; and

(iii) disclosures made to the Committee by the Chief Executive Officer and Chief Financial Officer during their certification process for applicable securities law filings by the Corporation (where applicable) about any significant deficiencies and material weaknesses in the design or operation of the Corporation's internal controls over financial reporting which are reasonably likely to adversely affect the Corporation's ability to record, process, summarize and report financial information, and any fraud involving senior management or other employees who have a significant role in the Corporation's internal control over financial reporting.

(i) **Oversight of Internal Controls and Disclosure Controls**

The Committee will review periodically with senior management of the Corporation the adequacy of the internal controls and procedures that have been adopted by the Corporation and its subsidiaries to safeguard assets from loss and unauthorized use and to verify the accuracy of the financial records. The Committee will review any special audit steps adopted in light of material control deficiencies or identified weaknesses.

The Committee will review with senior management of the Corporation the controls and procedures that have been adopted by the Corporation to confirm that material information about the Corporation and its subsidiaries that is required to be disclosed under applicable law or stock exchange rules is disclosed.

(j) **Legal Compliance**

The Committee will review any legal matters that could have a significant effect on the Corporation's financial statements.

(k) **Risk Management**

The Committee will oversee the Corporation's risk management function and, on a quarterly basis, will review a report from senior management describing the major financial, legal, operational and reputational risk exposures of the Corporation and the steps senior management has taken to monitor and control such exposures.

(l) **Taxation Matters**

The Committee will review with senior management the status of taxation matters of the Corporation.

(m) **Employees of the Auditor**

The Committee will review and approve policies for the hiring by the Corporation of any partners and employees and former partners and former employees of the present or former auditor.

(n) **Evaluation of Financial and Accounting Personnel**

The Committee will have direct responsibility to:

(i) develop a position description for the Chief Financial Officer, setting out the Chief Financial Officer's authority and responsibilities, and present it to the Compensation, Corporate Governance and Nominating Committee and Board for approval;

(ii) review and approve the goals and objectives that are relevant to the Chief Financial Officer's compensation and present the same to the Corporate Governance and Nominating Committee and Board for approval;

(iii) evaluate the Chief Financial Officer's performance in meeting his or her goals and objectives;

(iv) review and assess the performance of the Corporation's financial and accounting

(v) personnel; and

(vi) recommend to the Corporate Governance and Nominating Committee and Board remedial action where necessary.

(o) **Signing Authority and Approval of Expenses**

The Committee will determine the signing authority of officers and directors in connection with the expenditure and release of funds. The Committee will also review the Chief Executive Officer's and Chief Financial Officer's expense statements. Director expense statements will be reviewed by the Chief Executive Officer. Where the Chief Executive Officer thinks it advisable, he or she may request that the Committee review director expense statements.

5. Complaints Procedure

The Committee will administer the Corporation's Whistleblower Policy for the receipt, retention and follow-up of complaints received by the Corporation regarding accounting, internal controls, disclosure controls or auditing matters and the confidential, anonymous submission of concerns by employees of the Corporation regarding such matters.

6. Reporting

The Committee will regularly report to the Board on:

(a) the auditor's independence, engagement and fees;

(b) the performance of the auditor and the Committee's recommendations regarding its reappointment or termination;

(c) the adequacy of the Corporation's internal controls and disclosure controls;

(d) the Corporation's risk management procedures;

(e) its recommendations regarding the annual and interim financial statements of the Corporation, including any issues with respect to the quality or integrity of the financial statements;

(f) its review of any applicable annual and interim management's discussion and analysis;

(g) any complaints made under, and the effectiveness of, the Corporation's Whistleblower Policy;

(h) the Corporation's compliance with applicable legal and regulatory requirements related to financial reporting; and

(i) other matters that are within its responsibilities, together with any associated recommendations.

7. Assessment

At least annually, the Compensation, Corporate Governance and Nominating Committee will review the effectiveness of the Committee in fulfilling its responsibilities and duties as set out in this Charter and in a manner consistent with the mandate adopted by the Board.

8. Review and Disclosure

The Committee will review this Charter at least annually and submit it to the Compensation, Corporate Governance and Nominating Committee together with any proposed amendments. The Compensation, Corporate Governance and Nominating Committee will review the Charter and submit it to the Board for approval with such further proposed amendments as it deems necessary and appropriate.

9. Access to Outside Advisors and Records

The Committee may retain independent counsel and any outside advisor at any time and has the authority to determine any such advisors' fees and other retention terms. The Committee, and any outside advisors retained by it, will have access to all records and information, relating to the Corporation and all their respective officers, employees and agents which it deems relevant to the performance of its duties.

Adopted by the Board on April 25, 2013