PIVOT TECHNOLOGY SOLUTIONS, INC.

ANNUAL INFORMATION FORM

For the fiscal period ended December 31, 2016

March 31, 2017

PIVOT TECHNOLOGY SOLUTIONS, INC.

ANNUAL INFORMATION FORM

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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, 2016. Unless stated otherwise, the share numbers and per common share dividend amounts give effect to the consolidation of the Company's common shares on a four (4) for one (1) basis effective December 19, 2016 notwithstanding that such share numbers or dividend amounts relate to a period preceding the consolidation.

This AIF has been prepared as of March 31, 2017.

1.2 Forward-looking Information

Statements in this document may contain forward-looking information, including statements with respect to the future payment of fixed consideration, 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, 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, but certainly not all, that could cause actual results to differ materially from those indicated by such forward-looking statements are: (i) that the information is 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 and (xi) 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 30, 2016, the noon buying rate published by the Bank of Canada as reported by the Bank of Canada for conversion of U.S. dollars into Canadian dollars was USD $1.00 = $1.3427.

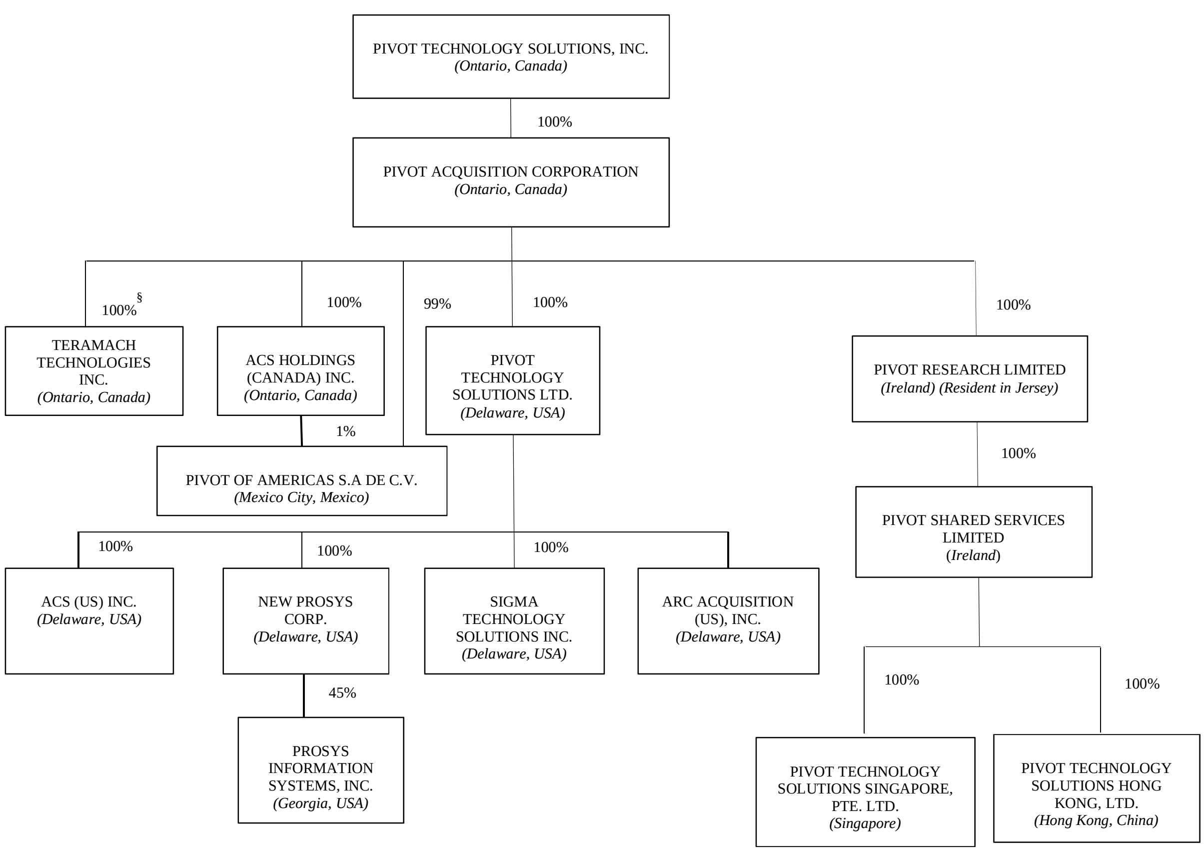
ITEM 2 - CORPORATE STRUCTURE

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). The Amalgamation constituted the qualifying transaction of Pivot pursuant to Policy 2.4 of the TSX Venture Exchange (the "**Qualifying Transaction**").

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 600 Alden Road, Suite 100, Markham, Ontario L3R 0E7. 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, one non-majority owned company), 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

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, 2014.

2014

On August 26, 2014, ACS (US), Inc. executed a purchase finance agreement with Macquarie Equipment Finance ("**Macquarie**") (the "**Macquarie Purchase Finance Agreement**") that allows up to US$10,000,000 in unsecured advances on purchases from approved suppliers.

ARC Acquisition (US), Inc. ("**ARC**"), a subsidiary of the Company, has a secured flooring agreement with IBM Global Finance ("**IBM**"), which provides short-term accounts payable financing for up to US$15 million. Certain vendors send invoices directly to IBM for payment and IBM bills the Company monthly for vendor invoices received.

2015

On February 25, 2015, the Board of Directors approved the implementation of a normal course issuer bid ("**NCIB**"). The NCIB allows Pivot to repurchase up to 5% of the Company's issued and outstanding common shares, calculated in accordance with TSX Venture Exchange regulations over a twelve month period between April 1, 2016 and March 31, 2017.

On March 2, 2015, the Company announced it would exercise its option to convert all outstanding Series A Preferred Shares to common shares on a one for one basis. On March 16, 2015, 58,094,630 Series A Preferred Shares were converted to common shares of the Company.

On March 24, 2015, the Macquarie Purchase Finance Agreement was amended to allow up to US$15,000,000 on 60 day unsecured advances from approved suppliers.

Concurrent with the approval of the preferred share conversion, the Board has also approved the initiation of a $0.03 per share annual dividend, to be paid quarterly. A quarterly dividend in the amount of $0.0075 per common share was paid on September 15, 2015 and December 15, 2015.

The Company's revolving credit, term loan and security agreement with PNC Bank, National Association and PNC Capital Markets LLC for the provision of US$185,000,000 of senior secured asset based credit facilities ("**PNC ABL Credit Facility**") was terminated as of September 21, 2015.

On September 21, 2015, the Company, entered into a US$200 million senior secured asset based revolving credit facility agreement with a group of lenders represented by JP Morgan Chase Bank, N.A., as agent ("**Chase ABL Credit Facility**").

2016

In January, 2016, the name of the Company's subsidiary Sigma Technology Solutions, Inc. was changed to Pivot Solutions, North America, Inc. dba 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 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.

A quarterly dividend in the amount of $0.0075 per common share was paid on March 15, 2016. On February 24, 2016, the Board announced an increase to its annual dividend to $0.04 per common share, and a dividend in the amount of $0.01 per common share was paid on each of June 15, 2016 and September 15, 2015 and declared for payment on December 15, 2016.

On March 30, 2016, the Company obtained the approval of the TSX Venture Exchange to implement an 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. Unless extended, the NCIB for the common shares of the Company will terminate on the earlier of March 31, 2017 or the date on which the Company has acquired the maximum number of common shares permitted under the NCIB.

In April, 2016, 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 has 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.

ITEM 4 - DESCRIPTION OF THE BUSINESS

4.1 Summary

Pivot is a full-service IT 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.

Pivot has offices across North America, as well as Europe. Pivot's business strategy emphasizes offering technology, multi-vendor sourcing and implementation solutions of its acquired companies to support, plan and provide for the IT needs of customers through a consultative approach with innovative solutions. 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 consulting, implementation and integration services as well as managed services.

With over 2,000 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 through virtualization and cloud computing. Pivot enables businesses to extend their enterprise through mobility solutions to better connect business partners and customers.

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 of data center management, infrastructure management, systems architecture, technical services and procurement/integration services. Pivot provides IT solutions, including hardware and software, maintenance and support services to address client's business needs. Pivot engages clients in all aspects of their IT lifecycle management, including infrastructure investment. Pivot provides services from the initial needs assessment and design, to procurement and implementation, to on-going support.

Traditional resellers provide original equipment manufacturer ("**OEM**") solutions and are often characterized as vendor-centric institutions. Resellers evolve to IT 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 engineers are able to recommend a wide range of solutions to its clients. Pivot's consultative and technology agnostic approach has enabled the Company to become a "trusted advisor" to its clients and deliver a seamless and integrated solution that best suits their requirements (i.e. innovation, manageability, scalability, efficiency/cost productivity and/or resiliency). Pivot's evolution to IT MVSP is enhanced by its unique approach to embedding pre-sales engineers into clients' businesses so the engineers can gain an understanding of the clients' business needs to the degree where they can recommend how their reference architectures can most benefit the client.

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, 2016.

4.3 Pivot's Operating Businesses

To date, Pivot has acquired four businesses in the United States in the MVSP space with a goal to create immediate sales capabilities and geographic presence. Pivot, through its wholly-owned subsidiary ACS (US), Inc. ("**ACS**"), first acquired a substantial portion of the assets and business of California-based Applied Computer Solutions Inc. ("**Old ACS**") in December 2010, which specializes in network integration and data center capabilities. Pivot then acquired Georgia-headquartered New ProSys Corp. ("**ProSys**") in January 2011, extending its IT infrastructure. Pivot, through its wholly-owned subsidiary ARC, further acquired certain assets involved in the analysis, planning, design, procurement, installation and consultation business of GTS in August 2011, which helped to diversify Pivot's client mix and expand into the government and education sector. Pivot acquired the business of

San Antonio-based Sigma Technology Solutions, Inc. ("**Sigma**") in July 2012, which increased data center capabilities and expanded the Company's footprint.

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

ACS

Headquartered in Huntington Beach, California, ACS is one of the largest independent providers of midrange 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 continued to execute the plan which Old ACS developed over the last ten years as it transformed itself from a value-added reseller to a premier exclusive IT solutions provider by broadening its service offering, further penetrating existing key customers and expanding its geographic reach.

ProSys

With its headquarters located in Atlanta, Georgia, 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 Hewlett-Packard, Cisco, Microsoft and VMWare. These solutions include hardware, software, and professional services, backed by comprehensive engineering expertise and best-in-class products, to help customers address their most complex IT infrastructure needs.

ARC

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.

Sigma

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.

While primarily focused in the Southwest region, Sigma has expanded beyond its Texas base through two acquisitions in 2011 in the Chicago, Illinois area to bolster its presence in the Midwest region of the United States.

TeraMach

TeraMach is a technology solution provider with offices in Ottawa and Toronto. 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 (AIM) – making TeraMach an end-to-end service provider.

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 89% and 89% of revenue for the years ended December 31, 2015 and 2016 respectively, while service revenues accounted for 11% and 11% of revenue for the years ended December 31, 2015 and 2016 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:

- Data Centers. Pivot provides servers, integrated/converged platforms, networking, virtualization, storage and other software and equipment solutions that assist clients in the deployment of data centers.
- Unified Communications. Pivot provides email, voice and video communication technologies such as phone systems and teleconferencing.
- Networking and Storage Products. Pivot provides enterprise networking and infrastructure products that help clients meet growing bandwidth demand.
- Desktops and Laptops. Pivot provides desktop, laptops and other computing needs.
- Peripherals. Pivot provides computing peripherals including chargers and power systems.
- Mobile and Handheld Devices. Pivot provides mobile, location-based technologies such as tablets and other devices.

Services

Pivot organizes its service offerings in four disciplines, namely End User Computing (EUC), Networking, Data Center, and Collaboration. Across these four disciplines, Pivot offers the following service channels: advisory/professional services, fulfillment/integration services, managed services, and project services. Pivot's services consist of both pre-sale efforts and post-sale 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 effort includes maintenance and support of the integrated solution, including managed and hosting services.

Additional examples of Pivot's services offerings include:

- Systems Architecture. 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;
- 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 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; and

- Lifecycle and Desktop Recovery Services. Pivot's lifecycle and desktop 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.

As technology and strategic business needs continue to evolve, Pivot's clients are increasingly challenged to modernize and upgrade their existing IT infrastructure. As a trusted advisor, Pivot's breadth of products and services helps clients keep pace with emerging technologies.

4.5 Specialized Skill and Knowledge

Management believes that the Company benefits from certain specialized skills and knowledge that support its market position, as summarized below.

Multi-Vendor Strategy

With growing complex technology needs, large and medium size businesses are increasingly looking for independent providers who can offer a full suite of solution and technology agnostic 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 US$3.5 trillion in 2017 which represents an increase of 2.7% from 2016. Within this market, Pivot has a firm focus on those areas of above-market growth, including data centres, cloud computing and virtualization. Pivot focuses on providing best-in-class solutions in these fast-growing and attractive segments, which are amongst the fastest growing segments in the IT industry. A description of each market segment is as follows:

- Data Centres: The ubiquity of 4G networks, the explosion of data across business and the growth of e-commerce over the internet is increasing the importance of the data centre within the IT infrastructure environment.

- Cloud Computing: As enterprises and government agencies continue to grow 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.

- Virtualization: Virtualization allows clients to create multiple virtual machines and applications across fewer physical machines. This allows clients to leverage their computing resources to achieve significant operational efficiencies.

Strong Value Proposition to Clients. 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 allows clients to focus on other critical aspects of their businesses. Customer loyalty is evidenced by year over year client retention. More than 90% of Pivot's top 100 clients in 2015 engaged the Company the following year. Pivot employs approximately 150 people in its sales force to provide expertise and develop strong relationships with clients. The Company also engages approximately 300 engineers holding professional certifications across all of Pivot's product and service offerings.

End-to-end Integrated IT Solutions. Pivot provides end-to-end integrated IT solutions, including hardware and software, maintenance and support services, professional services and managed hosting. Pivot's pre-sales engineers rely on their experience and domain expertise to recommend the appropriate solutions from leading 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, 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.

Technical Expertise. To deliver its solutions, Pivot employs approximately 300 engineers, technicians and subject matter experts as of December 31, 2016, who collectively hold over 450 advanced certifications across more than 40 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.

Client-centric Approach. 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.

National Coverage and Scale. Pivot has a broad geographic reach and scale that allows it to serve clients throughout the United States. The Company's hubs are located in California, Texas and Georgia with 35 facilities across the United States. 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 record of 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 advantage in continuing to be chosen 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 currently delivers solutions to more than 20 Fortune 100 companies, many of which 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 (and predecessors) have been able to develop a successful, long-term track record with clients, many of which have been clients for over 10 years. Pivot's clients are based primarily in the United States.

Pivot's clients operate in many diverse verticals including consumer products, consumer electronics, healthcare, telecommunications, technology, industrial and non-for-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 expertise and client-focused approach consistently helps Pivot win "trusted advisor" status amongst 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 other solutions across an array of vendors rather than from a single vendor. This technology agnostic approach enables Pivot to provide clients with an optimal IT solution that meets their needs. Pivot's relationships with technology vendors and OEMs include storage providers such as NetApp and EMC; virtualization providers such as VMware; diversified IT hardware and software providers such as Hewlett-Packard, Oracle and IBM; and networking providers such as Cisco, Brocade and Juniper. As of December 31, 2016, Pivot has relationships with over 400 vendors and maintains top tier certifications with all first-tier OEMs and most second-tier OEMs.

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 and marketing and finance expertise.

Delivering Innovative Solutions

Part of Pivot's success is the result of its ability to provide differentiated offerings for its operating companies by discovering emerging technology vendors, with a particular focus in the storage technology sector. These emerging technologies can provide significant price/performance improvements over existing technologies, which have led to a rapid increase in sales in Pivot's storage practice. Pivot's knowledge of the industry enables it to ascertain which emerging vendors have not only the technical capabilities, but the quality, logistics and ability to scale required by Pivot's large enterprise clients.

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, 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 Co-Op, market development funds, and rebates. Participation in these programs is based typically upon meeting certain thresholds for volume of sales or purchases of the partners' products and services. Funding may also be made available to fund 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 provides funded headcount growth to add team members with specific credentials in that 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 contracts with several entities that are certified as women 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 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 to distributors. Included among these vendors are several of Pivot's largest business partners such as Hewlett-Packard, Dell, Cisco, Oracle and EMC. While competing with these firms, Pivot maintains relationships with these partners by either acting as a channel partner selling partners' products to Pivot's clients, or acting 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 federal and state 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 ACQUISITION CORP.", "PIVOT AC", "PIVOT ACQUISITION CORP. and Design", "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 trademarks “THEPIVOTSTORE” and “PIVOT INTERCONNECT” in the United States.

These exclusive trademark rights are perpetual, provided that their registrations are timely and renewed 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.

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 suppliers 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 Pivot, could harm Pivot’s ability to manufacture its products. 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 business enterprises (“**WBEs**”) in the United States, including an entity in which Pivot has a significant minority equity ownership interest. If any of these contracting parties were 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. Revenue attributable to sales to intermediary contracting parties that are certified as WBEs or historically underutilized businesses (“**HUBs**”), including GTS, accounted for 33.1% and 33.3% of Pivot’s consolidated revenue for the years ended December 31, 2016 and 2015 respectively. Effective August 30, 2016, GTS, an entity certified as a HUB, terminated its distribution, administrative services and license agreements with ARC, GTS’ sales efforts were concentrated in the State of Texas, serving both public and private organizations. Total gross sales reported by the Company in respect of GTS were approximately $47.2 million for the year ended December 31, 2016, and $120.2 million for the year ended December 31, 2015. See Item 4.16 – *Risk Factors – Risks relating to the technology supply and distribution channel – Business certifications.*

4.10 Changes to Contracts

In 2011, a subsidiary of Pivot, ARC, had entered into an agreement with GTS in connection with the acquisition of certain assets of GTS. In connection with the acquisition, ARC entered into distribution, administrative services and license agreements (the "**ARC Agreements**") with GTS. ARC had been selling products and services for resale by GTS as contemplated by the ARC Agreements, and had been providing certain administrative services to GTS. Effective August 30, 2016, GTS terminated its relationship with ARC, including the ARC Agreements.

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 the expected effect in future years.

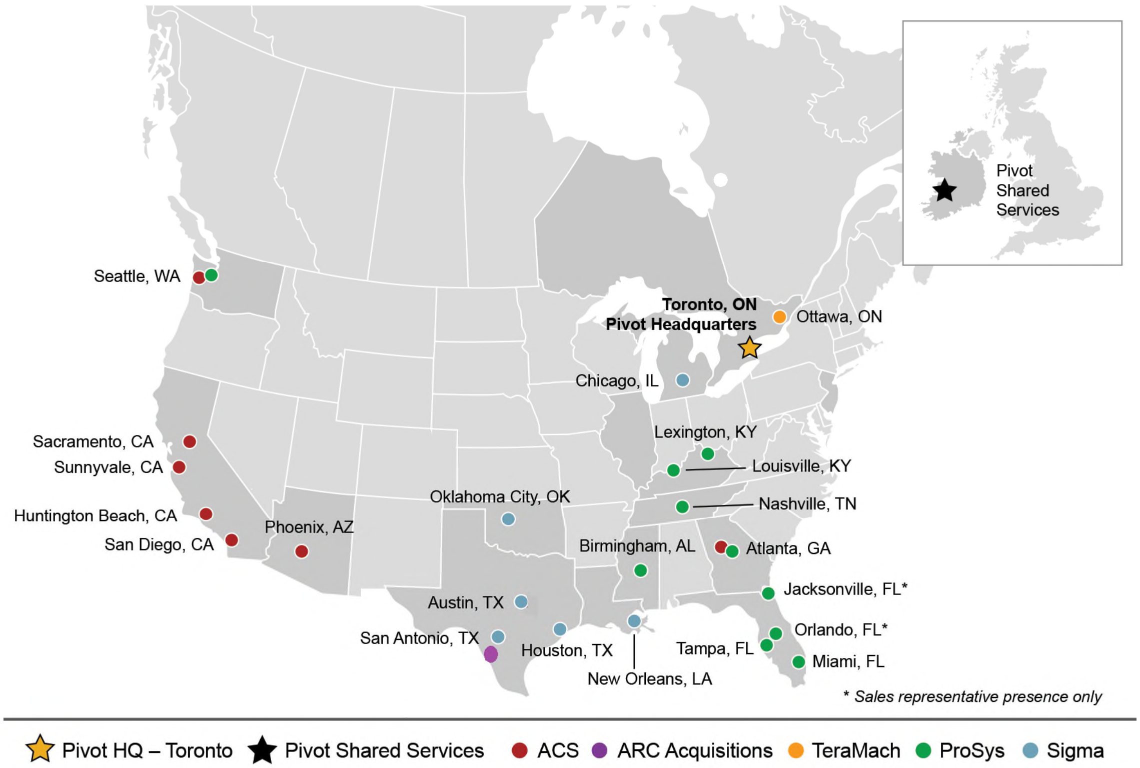
4.12 Employees

As of December 31, 2016, Pivot, directly and through its subsidiaries, employs approximately 790 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 500 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 five 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 require 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, 2014, the Company and its subsidiaries have not been the subject of a material reorganization. However, on March 2, 2015, the Company announced it would exercise its option to convert all outstanding Series A Preferred Shares to common shares of the Company on a one-for-one basis. The conversion was effected on March 16, 2015 resulting in 58,094,630 Series A Preferred Shares of the Company being converted to common shares of the Company on a one for one basis. Such conversion followed the issuance of the Series A Preferred Shares on March 25, 2013 in connection with the Amalgamation (see Item 2 – *Corporate Structure*). The Amalgamation was a material reorganization of the Company.

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 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 a WBE, but no equity in any other WBEs. Pivot 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 urged 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 would 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 miss out on revenue opportunities and/or experience a reduction in its existing client base as clients 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 the customers of Pivot. 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 with 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. 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 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 forced 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 where 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 (Old ACS and ProSys Information Systems, Inc. ("**Old ProSys**")) are certified as WBEs in the United States. Certifications as a WBE enables a company to sell products or provide services to corporations that promote or are required to support supplier diversity. These include a number of major U.S. corporations as well as the 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 Old ACS and Old ProSys will continue to be renewed annually. If any of these contracting parties were 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 any such parties were to be terminated and therefore such party were to no longer provide the Company's products or service to its customers, such as has been the case with the termination by GTS (a certified HUB entity) effective August 30, 2016, Pivot will 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 consequent upon the termination of its relationship with GTS. See Item 4.9 – *Economic Dependence*.

Risks relating to the management of Pivot's business

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 seize 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 expected 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 obligation 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 the 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 strategy 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 small number of customers. Given that a significant portion of the Company's revenues will have 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. Also, having such a large portion of its total revenue concentrated in 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, the customers 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 would 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 robust enough as Pivot grows.

Service interruptions or failures

Pivot's success depends, in part, on its ability to provide reliable data center, technology integration and managed services to its customers. Pivot data centers are susceptible to damage or interruption from human error, fire, flood, power loss, telecommunications failure, terrorist attacks and 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; and
- 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 will be 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 and other malicious acts, and 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 loss of customers.

Security threats to the Company's systems and infrastructure

Pivot's systems and infrastructure face security threats, and 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 Pivot's business, Pivot generates, collects and stores sensitive data, including intellectual property, Pivot's proprietary business data and that of 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 running the Company's business. Despite Pivot's security policies and procedures, Pivot's systems and infrastructure may be vulnerable to unauthorized access by hackers, competitors, computer viruses, employees and other disruptive problems. Someone who is able to circumvent security measures could misappropriate the data stored within Pivot's infrastructure. This unauthorized access to data could cause interruptions in 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 breach 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, 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 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

The Company's ability to secure its intellectual property rights is essential to the success of its ongoing operations and future opportunities. There is no assurance, however, that none of the Company's rights will 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 and 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.

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 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 dispute or proceeding 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 4 to the consolidated financial statements for the year ended December 31, 2016, Pivot's results consolidate the results of operations of one non-majority owned affiliate, Old ProSys, 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, the Company nonetheless control Old Prosys as a result of certain contractual arrangements which provide the Company the majority of the variable returns from Old ProSys' activities. Moreover, Pivot holds a majority of the officer positions of Old ProSys. Should Pivot cease to control Old ProSys, 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. A loss of consolidation of Old ProSys' results would result in a significant reduction in revenues and profits. Old ProSys contributed $289,631,000 in revenue and $616,000 in comprehensive income to the Company's total revenue and total comprehensive income for the year ended December 31, 2016.

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 all 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. Hence, 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 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 of scale. 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. Although the Company obtained financial covenant amendments in respect of the periods ended March 31, 2015 and June 30, 2015, there is no 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 in working capital and for 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 will 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 risk

Pivot is beginning to engage in operations in several countries in Central America, Asia and Europe. While Pivot has developed significant operations in the United States, it does not have any institutional operating experience in jurisdictions outside the United States. 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 nine month periods ended December 31, 2016 would have resulted in an increase of US$165,000 and US$909,000 in the Company's interest payments for the period. Sustained increases in interest rates could have a material adverse impact on the Company's financial condition and results of operations. The Company had entered into a Swap agreement with PNC Bank, which was subsequently novated to JPMorgan Chase & Co., to mitigate the impact of possible increases in interest rates during the period the Swap agreement will be in effect.

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 will be 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 share annual dividend, to be paid quarterly. The Company declared the initial quarterly dividend of $0.03 per share on November 23, 2015, with payment on December 15, 2015 for payment in each of the third and fourth quarter of 2015 and 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 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. Quarterly dividends of $0.04 per common share have been paid in the second, third and fourth quarters of 2016. The dividend amounts noted above have been adjusted to give effect to the Four for One Share Consolidation.

The Board of Directors declared dividends of US$2,727,000 on the Series A Preferred Shares and no dividends on its common shares during the financial years ended December 31, 2014. All declared dividends have been subsequently paid.

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, 2016, there were 41,463,333 Pivot common shares outstanding. As at December 31, 2016, 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 approved again by shareholders on June 16, 2015 and June 21, 2016. The Company approved and ratified the Company's restricted share unit plan on June 17, 2014. To date, a total of 2,162,500 options have been granted under the Company's incentive stock option plan, 1,987,500 of which are at an exercise price of $1.60 per share for a term expiring June 21, 2026 and vesting over a two year period, 150,000 of which are at an exercise price of $1.96 per share for a term expiring August 30, 2026 and vesting over a two year period, and 25,000 of which are at an exercise price of $1.73 per share for a term expiring December 21, 2026 and vesting over a one year period. A maximum of 4,199,415 common shares of Pivot are authorised for issuance as at December 31, 2016 under equity compensation plans approved by Pivot shareholders.

6.4 Prior Sales

The Company did not issue any securities during the 2016 financial year.

ITEM 7 - MARKET FOR SECURITIES

Pivot's common shares are listed for trading on the TSX under the symbol "PTG". Prior to December 19, 2016, the common shares were listed on the TSX Venture Exchange. 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 2016.

Summary of Monthly Trading

Month	Close(1)	High(1)	Low(1)	Volume(1)
January	$2.04	$2.32	$1.92	2,356,590
February	$1.80	$2.08	$1.72	2,535,758
March	$1.68	$1.86	$1.52	2,238,972
April	$1.66	$1.84	$1.44	2,885,800

May	$1.86	$1.98	$1.72	1,483,433
June	$1.56	$1.86	$1.44	1,812,727
July	$1.76	$1.78	$1.56	723,886
August	$1.96	$1.98	$1.68	1,119,987
September	$1.82	$1.96	$1.80	561,638
October	$1.72	$1.88	$1.68	860,888
November	$1.64	$1.80	$1.56	1,773,206
December[2]	$1.68	$1.72	$1.60	1,561,129

[1] Amounts have been adjusted to give effect to the Four for One Share Consolidation.
[2] The common shares commenced trading on the TSX on December 19, 2016, prior to that date, the common shares were listed on the TSX Venture Exchange.

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 the names of all the directors and executive officers of the Company as well as information concerning committee membership. The names, the municipalities of residence, the 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 are as follows, as at December 31, 2016[1]:

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[2]
John Robert Anderson [3][11] Ontario, Canada *Director*	- Retired Business Executive - Chief Financial Officer (part time) of LPBP Inc. since May 2004 (holding company) to June 2016 - Chief Financial Officer (part time) of TriNorth Capital Inc. from December 2009 to August 2012 (investment company)	2012	12,500
David Michael Beck [4][6] Ontario, Canada *Director*	- Managing Director, Investment Banking, Industrial Alliance Securities Inc. since April 2016 (investment dealer) - Partner, Celtic House Venture Partners since August 2013 to March 2016 (venture capital firm) - Managing Director, Investment Banking with Byron Capital Markets	2012	250,000

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[2]
	from September 2012 to August 2013 (investment bank) - Managing Director and Head TTM Investment Banking with NCP Northland Capital Partners Inc., from January 2010 to September 2012 (investment bank) - Trader with GMP Securities L.P. from October 2009 to July 2010 (investment bank)		
Wade K. Dawe[4][10][12] 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	1,613,875[5]
Brian S. Kyle Ontario, Canada *Chief Financial Officer*	- Co-founder of ALSA Capital Limited from August 2014 to August 2016 - Executive Vice President, Chief Financial Officer and Director of DH Corporation from July 2009 to August 2014	-	-
Stephen Taylor Moore [4][6][11] Ontario, Canada *Director*	- Managing Director of Newhaven Asset Management Inc. since January 2006 (asset management firm)	2012	25,000 [7]
Kevin Shank [11] 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, including Executive Vice President, Chief Services Officer and Senior Vice President of Services (information technology solutions provider)	2016	-

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(2)
Douglas M. Stuve (8) Alberta, Canada *Director*	- Partner at Burstall Winger Zammit LLP since March 1998 (law firm)	2012	17,187(9)

Notes:

(1) Three executive officers and one director resigned in 2016 or effective at the end of 2016: Warren Barnes resigned as President on January 12, 2016, as Chief Executive Officer on April 30, 2016 and as Director on January 1, 2017; Kerri Brass resigned as Chief Financial Officer on May 1, 2016; and Shaun Maine resigned as Chief Operating Officer on January 1, 2017.

(2) 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 Nominees individually. All share numbers give effect to the Four for One Share Consolidation.

(3) Chair of the Audit Committee.

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

(5) Of these common shares, 116,375 are held personally by Mr. Dawe, 412,500 are registered in the name of Blue Ridge Resources and 1,018,750 are registered in the name of Brigus Capital Inc., companies controlled by Mr. Dawe, 35,000 are registered in the name of Southbound Investments Incorporated, a company jointly-controlled by Mr. Dawe, and an additional 31,250 common shares, over which Mr. Dawe's spouse exercises control.

(6) Member of the Audit Committee.

(7) Shares are owned by LDI Investments Inc., a company owned or controlled by Mr. Moore.

(8) Chair of the Compensation, Corporate Governance and Nominating Committee.

(9) Of these common shares, 16,875 are held by Mr. Stuve and 312 are owned by Bourbon & Beaujolais, Inc., a company owned or controlled by Mr. Stuve.

(10) Chairman of the Board of Directors.

(11) Member of the Strategic Matters Committee.

(12) Chair of the Strategic Matters Committee.

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, 2015 or 2016 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 Company intends to vigorously pursue this matter to recover damages incurred by the Company in connection with the termination of its relationship with GTS. Because the Company has not formed a conclusion as to whether a favourable outcome is either probable or remote, the Company cannot express an opinion as to the likelihood of a favourable outcome or the amount or range of any possible recovery costs associated with this matter.

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 are the material contracts that the Company or a subsidiary of the Company have entered into since January 1, 2016 or prior thereto but still in effect and that are required to be filed under National Instrument 51-102 *Continuous Disclosure Obligations*:

1. Termination Agreement dated February 23, 2016, terminating the arrangement agreement (the "**Arrangement Agreement**") dated January 25, 2016 among the Company, PTS Income Corp. and PTS Holdings Corporation.

2. The Arrangement Agreement referred to above which was terminated effective February 23, 2016.

3. Credit Agreement dated September 21, 2015, among JPMorgan 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 2016 and 2015. The current year's auditors' report is dated March 27, 2017, in respect of the Company's consolidated financial statements and accompanying notes as at and for the years ended December 31, 2016 and 2015. 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 text of the Audit Committee Charter is attached as Schedule "A" to this AIF.

16.2 Composition of the Audit Committee

As of December 31, 2016, 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
John R. Anderson (Chair)	Yes	Yes
Stephen T. Moore	Yes	Yes
David M. Beck	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. 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 2016 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 2015 and 2016 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, 2016	$939,500	$64,657	Nil	Nil

December 31, 2015	$717,150	$163,375	$55,000	$131,831

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, 2016.

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 16, 2016 for its annual and special meeting of shareholders held on June 21, 2016.

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 (the "Committee") is responsible for assisting the board of directors of the Corporation (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, 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