PIVOT TECHNOLOGY SOLUTIONS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Quarter Ended September 30, 2017

This Management's Discussion and Analysis (the "MD&A") for the three and nine months ended September 30, 2017 and 2016 is as of November 13, 2017 and provides information on the operating activities, performance and financial condition of Pivot Technology Solutions, Inc. (TSX: PTG) ("Pivot", or the "Company"). This MD&A should be read in conjunction with Pivot's unaudited interim condensed consolidated financial statements and the related notes for the three and nine months ended September 30, 2017, the audited consolidated financial statements and the related notes for the years ended December 31, 2016 and 2015, the MD&A for the three and six months ended June 30, 2017, the MD&A for the three months ended March 31, 2017, the MD&A for the year ended December 31, 2016, and the Annual Information Form for the year ended December 31, 2016. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and can be found at www.sedar.com and www.pivotts.com. The Company assumes that the reader of this MD&A has access to, and has read the audited consolidated financial statements prepared in accordance with IFRS and the MD&A of the Company for the year ended December 31, 2016 and, accordingly, the purpose of this document is to provide a 2017 third quarter update to the information contained in the 2016 MD&A.

The three month period ended March 31 is referred herein as "Q1". The three month period ended June 30 is referred herein as "Q2". The three month period ended September 30 is referred herein as "Q3". The three month period ended December 31 is referred herein as "Q4". The Company's reporting currency is United States dollars. All dollar amounts, except per share amounts stated in this MD&A, are in thousands of dollars unless specified otherwise. Additional information is contained in the Company's filings with Canadian securities regulators, including its Annual Information Form, found on SEDAR at www.sedar.com and on the Company's website at www.pivotts.com.

Forward-looking statements

Statements in this MD&A contain forward-looking information, including statements with respect to growth in information technology ("IT") spending in 2017, possible sources of funding for future growth, benefit of cost cutting efforts and other operational efficiencies, implementation of various initiatives as part of the advancement of its strategy, interest rates applicable to the Company's borrowings, the timeline to generating a return from its smart edge solution, and the 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; that its operational efficiency initiatives will result in improved results of operations; that the Company will successfully implement the initiatives identified in this MD&A as part of the advancement of its strategy; that the Company will be in a financial position to declare and pay a dividend in subsequent periods; or that the Company will be in a financial position to or that it will repurchase any additional shares for cancellation under the Normal Course Issuer Bid ("NCIB"). 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) start-up risks, (iv) general operating risks, (v) dependence on third parties, (vi) changes in government regulation, (vii) the effects of competition, (viii) dependence on senior management, (ix) the impact of Canadian and/or United States economic conditions, (x) fluctuations in currency exchange rates and interest rates, (xi) uncertainty with respect to the ability of the Company to pay a quarterly dividend in subsequent periods, (xii) delays in the licensing of its smart edge solution, and (xiii) uncertainty with respect to the number of shares to be repurchased for cancellation by the Company under the NCIB. 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.

Key performance indicators

Pivot measures the success of its strategies using a number of key performance indicators. These include revenues, gross profit and adjusted EBITDA. (*See Non-IFRS measures*). Pivot believes these are important measures as they allow the Company to evaluate its operating performance and identify financial and business trends relating to its financial condition and results of operations.

Business profile

Pivot is an industry-leading information technology services and solutions provider to many of the world's most successful companies, including members of the Fortune 1000, as well as governments and educational institutions. By leveraging its extensive OEM partnerships and its own fulfillment, professional, deployment, workforce and managed services, Pivot supports the IT infrastructure needs of its clients. For more information, visit www.pivotts.com.

Strategy

Pivot continued to advance its business strategy during the third quarter of 2017. The strategy has several initiatives: (i) continue to build on Pivot's core business of selling IT solutions, both products and services; (ii) enhance Pivot's service portfolio and capabilities, specifically related to services that Pivot delivers; (iii) drive a commercial transformation; (iv) support customers as they expand internationally; (v) improve cost management; (vi) enhance the capital structure and financing capacity; (vii) strengthen leadership; and (viii) address legacy issues. Management believes that the application of this strategy over time will deliver meaningful benefits for Pivot, its customers, shareholders and employees, including improved competitive differentiation in the marketplace and better financial performance.

Non-IFRS measures

Adjusted EBITDA and the exclusion of GTS Technology Solutions, Inc. ("GTS"), formerly known as Austin Ribbon & Computer Supplies, Inc. results of operations from the Company's results of operations are non-IFRS measures.

Adjusted EBITDA

Adjusted EBITDA is defined as gross profit less selling and administrative expenses, and corresponds to income before income tax, depreciation and amortization, finance expense, change in fair value of liabilities, and other expense.

Management believes adjusted EBITDA is an important indicator as it excludes certain items that are either non-cash expenses, items that cannot be influenced by management in the short term, and items that do not impact core operating performance, demonstrating the Company's ability to generate liquidity through operating cash flow to fund working capital needs, service outstanding debt and fund future capital expenditures. Adjusted EBITDA is used by some investors and analysts for the purposes of valuing an issuer. The intent of adjusted EBITDA is to provide additional useful information to investors and analysts and is also used by management as an internal performance measurement.

Adjusted EBITDA is a non-IFRS measure, reconciled to income (loss) before income taxes as follows:

	Three months ended September 30, *(unaudited)*				Nine months ended September 30, *(unaudited)*			
	2017	2016	2017*	2016*	**2017**	2016	2017*	2016*
Income (loss) before income taxes	**243**	(5,347)	243	(4,076)	**(3,309)**	(8,727)	(3,309)	(7,636)
Depreciation and amortization	**2,837**	2,345	2,837	2,345	**8,414**	8,203	8,414	8,187
Finance costs	**1,639**	1,173	1,639	1,173	**4,000**	3,358	4,000	3,342
Change in fair value of liabilities	**80**	(488)	80	(488)	**6**	217	6	217
Other expense, net	**2,452**	8,634	2,452	7,363	**3,882**	13,840	3,882	12,569
Adjusted EBITDA	**7,251**	6,317	7,251	6,317	**12,993**	16,891	12,993	16,679

Notes: *Amounts presented are in thousands of U.S. dollars*
**Amounts exclude GTS results of operations*

Exclusion of GTS' results from operations

As described in the 2016 MD&A, the Company derecognized the assets and liabilities of GTS, and affiliates of the Company have filed a lawsuit against GTS and other related parties to recover damages arising from the termination of the GTS Agreements. Accordingly, management presents the Company's consolidated financial results from operations excluding the results of GTS. Management believes that this adjustment to the Company's financial results is important for management, investors and analysts to understand the Company's financial performance by excluding those results from agreements with GTS that are not expected to be earned in the future.

The exclusion of GTS' results of operations can be reconciled to the Company's results of operations as follows:

	Three months ended September 30, *(unaudited)*					
	2017			**2016**		
	Pivot	GTS	Pivot, Excl. GTS	**Pivot**	GTS	Pivot, Excl. GTS
Revenues	**389,077**	-	389,077	**365,473**	-	365,473
Cost of sales	**346,280**	-	346,280	**322,616**	-	322,616
Gross profit	**42,797**	-	42,797	**42,857**	-	42,857
Employee compensation and benefits	**29,521**	-	29,521	**27,952**	-	27,952
Other selling, general and administrative expenses	**6,025**	-	6,025	**8,588**	-	8,588
Income before the following:	**7,251**	-	7,251	**6,317**	-	6,317
Depreciation and amortization	**2,837**	-	2,837	**2,345**	-	2,345
Finance expense	**1,639**	-	1,639	**1,173**	-	1,173
Change in fair value of liabilities	**80**	-	80	**(488)**	-	(488)
Other expense, net	**2,452**	-	2,452	**8,634**	1,271	7,363
Income (loss) before income taxes	**243**	-	243	**(5,347)**	(1,271)	(4,076)
Provision for (recovery of) income taxes	**1,056**	-	1,056	**(2,108)**	-	(2,108)
Loss for the period	**(813)**	-	(813)	**(3,239)**	(1,271)	(1,968)

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

	Nine months ended September 30, (unaudited)					
	2017			2016		
	Pivot	GTS	Pivot, Excl. GTS	**Pivot**	GTS	Pivot, Excl. GTS
Revenues	**1,112,234**	-	1,112,234	**1,071,968**	47,225	1,024,743
Cost of sales	**992,361**	-	992,361	**944,472**	42,327	902,145
Gross profit	**119,873**	-	119,873	**127,496**	4,898	122,598
Employee compensation and benefits	**86,679**	-	86,679	**87,029**	2,858	84,171
Other selling, general and administrative expenses	**20,201**	-	20,201	**23,576**	1,828	21,748
Income before the following:	**12,993**	-	12,993	**16,891**	212	16,679
Depreciation and amortization	**8,414**	-	8,414	**8,203**	16	8,187
Finance expense	**4,000**	-	4,000	**3,358**	16	3,342
Change in fair value of liabilities	**6**	-	6	**217**	-	217
Other expense, net	**3,882**	-	3,882	**13,840**	**1,271**	12,569
Loss before income taxes	**(3,309)**	-	(3,309)	**(8,727)**	(1,091)	(7,636)
(Recovery of) provision for income taxes	**(267)**	-	(267)	**(1,518)**	36	(1,554)
Loss for the period	**(3,042)**	-	(3,042)	**(7,209)**	(1,127)	(6,082)

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

Neither adjusted EBITDA nor the exclusion of GTS results of operations are considered recognized measures under IFRS, have no standardized meaning and are therefore unlikely to be comparable to similar measures used by other companies. Readers are cautioned that adjusted EBITDA should not be construed as an alternative to net income determined in accordance with IFRS.

Third quarter overview

Pivot generated strong year-over-over revenue growth in Q3 of 2017, as a result of increased revenue from major customers and the addition of TeraMach Technologies, Inc. (“TeraMach”). TeraMach was acquired on October 1, 2016 to serve as Pivot’s Canadian business platform. Product revenue increased 4.5% while service revenue increased 25.1% over Q3 of 2016. Despite the overall growth in revenue of 6.5%, gross profit was flat with the prior year and gross margin percentage was lower than Q3 of 2016 due to customer and product mix as well as lower vendor rebates. Pivot continued to constrain the growth of certain selling, general and administration costs including employee compensation and benefits (“SG&A”) through cost reduction measures put in place in the fourth quarter of 2016 and in the first quarter of 2017. While the addition of TeraMach added $1,917 to SG&A in Q3 2017, the cost reduction measures, as well as increased vendor incentives of $1,163 aided in the overall decrease of SG&A of $994 over the prior year quarter.

The Company continues to invest in new strategies in advance of realizing benefits, including updating the portfolio to include new service offerings. One of the new products the Company has been investing in is a proprietary software driven solution addressing the multi-access edge computing market. The Company has invested over $2,200 so far in 2017, (including $706 in Q3) in its smart edge technology, and anticipates that further investments will be required in 2017 to create the foundation for improved performance. These investments include the addition of key resources to expand the Company's services capabilities and investments in products and tools to enhance the Company's offering to its customers.

Pivot generated a Q3 loss of $0.02 per share compared to a loss of $0.08 per share a year ago. The prior year period was negatively impacted by impairment charges associated with the termination of certain agreements with GTS.

Items of note

- On July 1, 2017, the Company acquired certain customer accounts, contracts, agreements, and other arrangements from Cloudscapes Consulting, Inc. ("Cloudscapes"). Pivot will pay up to $1,350 for the acquired assets based on the performance of the acquired assets and achievement of certain gross margin levels. *See Contingent consideration – Cloudscapes* for a description of the acquired assets.

- On August 8, 2017, the Board of Directors ("BOD") declared a C$0.04 common share dividend for holders of common shares on August 31, 2017, paid on September 15, 2017.

- On July 28, 2017, the Company announced that it achieved the Cisco Master Security Specialization. This specialization recognizes Pivot as being one of thirty-four companies which have fulfilled the training requirements and program prerequisites to sell, deploy and support highly sophisticated Cisco network security solutions.

- Effective September 1, 2017, the Company acquired 40% of the issued and outstanding share capital of Applied for consideration of $14,202. This consideration was comprised of $40 in cash and $14,162 in intercompany receivables that now eliminate upon consolidation, and therefore are treated as part of the purchase price. The Company has been working closely with Applied for several years as their fulfilment and back office support. Through this acquisition, and continued contractual obligations with Applied, Pivot, as a 40% shareholder has begun consolidating the results of Applied since the acquisition. *See Interest in Other Entities - Applied Computer Solutions, Inc.*, for a description of the acquisition.

Dividend declaration

On November 13, 2017, the BOD declared a common share dividend of C$0.04 per common share, payable on December 15, 2017 to common shareholders of record on November 30, 2017.

Outlook for 2017

Management's outlook is unchanged from that expressed in the MD&A for the three and twelve months ended December 31, 2016 and Q2 of 2017. The global economic environment is uncertain and some customers remain cautious in their approach to IT investments at this stage of the business cycle. Despite the market uncertainty, management believes Pivot's opportunities to create shareholder value through its product and services strategy are robust and the secular trends driving IT spending and particularly spending on solutions and services are positive and are expected to grow in line with the overall market's expected growth rate in 2017 and into 2018. The Company's sales organization is in the early stages of engaging customers in a more strategic fashion to develop comprehensive relationships built on the value of selling Pivot's expanded portfolio. The execution of this strategy is intended to create higher value recurring revenue streams over time that offer greater predictability of performance by somewhat reducing the Company's exposure to the capital expenditure cycles of its customers. The intended refinement of the Company's service strategy may not offset capital spending volatility in the short term, although management believes the prospects for product sales are positive.

The Company seeks to capitalize on its acquisition of TeraMach to strengthen its financial results. Founded in Canada 20 years ago, TeraMach serves a diverse customer base that includes various levels of government in Canada and leading corporations. The two organizations are now sharing best practices and coordinating sales and service efforts. TeraMach has begun introducing Pivot's services capabilities to its existing customers, giving them access to Pivot's full portfolio of offerings. By consolidating the financial results of TeraMach and offering additional services to TeraMach's customer base, the Company sees growth opportunities in its product and service revenues within the Canadian market.

The Company seeks to continue to expand its position in the global IT market organically and through selected and accretive acquisitions. The Company's strong and diverse customer and vendor partner relationships provide the foundation to pursue its strategy. During the third quarter, the Company strengthened its customer base through acquiring certain customer relationships from Cloudscapes, and reinforced its existing relationships through the acquisition of 40% of Applied.

The Company’s objective in managing capital is to ensure that adequate resources are available to manage the Company’s operations, fund organic growth while continuing to provide dividends to its shareholders. The BOD reviews the dividend policy annually. Operating cash flows are used to provide sustainable cash dividends to shareholders.

SELECTED FINANCIAL INFORMATION AND OPERATING RESULTS

	Three months ended September 30, *(unaudited)*		Nine months ended September 30, *(unaudited)*	
	2017	2016	**2017**	2016
Revenue	**389,077**	365,473	**1,112,234**	1,071,968
Cost of sales	**346,280**	322,616	**992,361**	944,472
Gross profit	**42,797**	42,857	**119,873**	127,496
Employee compensation and benefits	**29,521**	27,952	**86,679**	87,029
Other selling, general and administrative expenses	**6,025**	8,588	**20,201**	23,576
Income before the following:	**7,251**	6,317	**12,993**	16,891
Depreciation and amortization	**2,837**	2,345	**8,414**	8,203
Finance expense	**1,639**	1,173	**4,000**	3,358
Change in fair value of liabilities	**80**	(488)	**6**	217
Other expense, net	**2,452**	8,634	**3,882**	13,840
Income (loss) before income taxes	**243**	(5,347)	**(3,309)**	(8,727)
Provision for (recovery of) income taxes	**1,056**	(2,108)	**(267)**	(1,518)
Loss for the period	**(813)**	(3,239)	**(3,042)**	(7,209)
Income for the period attributable to non-controlling interests	**154**	4	**31**	111
Loss for the period attributable to shareholders	**(967)**	(3,243)	**(3,073)**	(7,320)
Other comprehensive income				
Items that may be reclassified subsequently to income for the period:				
Exchange gain on translation of foreign operations	**55**	-	**57**	-
	55	-	**57**	-
Total comprehensive loss attributable to shareholders	**(912)**	(3,243)	**(3,016)**	(7,320)
Loss per common share:				
Loss available to common shareholders	**(967)**	(3,243)	**(3,073)**	(7,320)
Basic	**$ (0.02)**	$ (0.08)	**$ (0.08)**	$ (0.17)
Diluted	**$ (0.02)**	$ (0.08)	**$ (0.08)**	$ (0.17)
Total assets	**478,347**	447,121	**478,347**	447,121
Total current non-financial liabilities	**33,374**	37,310	**33,374**	37,310
Cash dividends declared on common shares	**1,288**	1,292	**3,727**	3,553

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

FINANCIAL AND OPERATING RESULTS

Following is an analysis of the Company's results for the three and nine months ended September 30, 2017 compared to the three and nine months ended September 30, 2016.

Revenue and gross profit

	Three months ended September 30, *(unaudited)*				Nine months ended September 30, *(unaudited)*			
	2017	2016	2017*	2016*	**2017**	2016	2017*	2016*
Product sales	**344,631**	329,936	344,631	329,936	**988,774**	957,217	988,774	919,317
Service revenues	**44,446**	35,537	44,446	35,537	**123,460**	114,751	123,460	105,426
Total revenue	**389,077**	365,473	389,077	365,473	**1,112,234**	1,071,968	1,112,234	1,024,743
Cost of sales	**346,280**	322,616	346,280	322,616	**992,361**	944,472	992,361	902,145
Gross profit	**42,797**	42,857	42,797	42,857	**119,873**	127,496	119,873	122,598

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

**Amounts exclude GTS results of operations*

Total revenues of $389,077 increased 6.5%, or $23,604 for the three months ended September 30, 2017 as compared to the same period in the prior year primarily due to increased revenues from major customers of $37,504 and the addition of TeraMach for $10,070, offset by lower revenues from non-major customers.

Total revenues of $1,112,234 increased 3.8%, or $40,266 for the nine months ended September 30, 2017 as compared to the same period in the prior year. GTS contributed $47,225 to consolidated revenue for the nine months ended September 30, 2016 and nil for the nine months ended September 30, 2017. Excluding GTS' results from operations, total revenue for the nine months ended September 30, 2017 increased by 8.5% or $87,491 over the same period in the prior year, primarily due to increased revenues from major customers of $76,836 and the contribution of TeraMach of $57,996.

Product revenue of $344,631 increased $14,695 or 4.5% for the three months ended September 30, 2017 over the same period in the prior year.

Product revenue of $988,774 increased $31,557 or 3.3% for the nine months ended September 30, 2017 over the same period in the prior year. GTS contributed $37,900 to product revenue for the nine months ended September 30, 2016 and nil for the nine months ended September 30, 2017. Excluding GTS' results from operations, product revenue increased $69,457 or 7.6% for the nine months ended September 30, 2017 as compared to the same period in the prior year.

Service revenues of $44,446 increased by $8,909 or 25.1% for the three months ended September 30, 2017 as compared to same period in the prior year. Approximately 28.7% of the increase in service revenue was due to the addition of TeraMach.

Service revenues of $123,460 increased by $8,709 or 7.6% for the nine months ended September 30, 2017 compared to the same period in the prior year. GTS contributed $9,325 to services revenue for the nine months ended September 30, 2016 and nil for the nine months ended September 30, 2017. Excluding GTS' results from operations, service revenues for the nine months ended September 30, 2017 increased $18,034 or 17.1% as compared to the same period in the prior year. Excluding GTS' results from operations, approximately 39.7% of the increase in service revenue was due to the addition of TeraMach.

In general, changes in revenue quarter over quarter are attributable to a number of factors, including, but not limited to, timing of major projects and replenishments, vendor incentive programs, competitive pressures in the market and timing of service delivery within our professional services category. Service revenue can also be impacted quarterly due to customer requirements relating to bundling of product and service offerings and the timing of their investment needs.

Major customers

The Company reviews and evaluates revenue and gross profit margin by major versus non-major customers. A major customer is defined as a customer that generates revenues 10% or greater of total revenues to the Company. Generally, the significance of the quantity of products sold or services provided to these customers provides major customers with additional buying power, and thus, the Company earns a decreased margin to generate increased revenues and maintain strong relationships.

Major customers represented $164,761 or 42.3%, and $127,257 or 34.8% of total revenues for the three months ended September 30, 2017 and 2016, respectively, and $444,685 or 40.0% and $367,849 or 34.3% for the nine months ended September 30, 2017 and 2016, respectively.

Cost of sales and gross profit

Q3 2017 cost of sales of $346,280 increased by $23,664 or 7.3% over the same quarter in the prior year, while gross profit of $42,797 decreased $60 or 0.1%.

Cost of sales for the nine months ended September 30, 2017 of $992,361 increased by $47,889 or 5.1% over the same period in the prior year, while gross profit of $119,873 decreased $7,623 or 6.0%. GTS contributed $42,327 to cost of sales and $4,898 of gross profit for the nine months ended September 30, 2016, and compared to nil and nil for the nine months ended September 30,

2017. Excluding GTS' results from operations, cost of sales increased 10.0% or $90,216 for the nine months ended September 30, 2017 over the same period in the prior year, while gross profit decreased $2,725 or 2.2%.

Quarter over quarter, gross profit margins decreased to 11.0% from 11.7%. Gross profit margins decreased to 10.8% from 11.9% for the nine months ended September 30, 2017, over the same period in the prior year. Excluding GTS' results from operations, gross profit margin in the nine months ended September 30, 2017 decreased to 10.8% from 12.0% over the same period in the prior year.

Decreases in the gross profit margin for the three and nine months ended September 30, 2017 over the same periods in the prior year are partially attributable to increases in sales to major customers. Not only do sales to major customers typically provide for lower overall margins, 2017 margins on these particular sales declined over the prior year due primarily to product mix. In addition to lower overall margins from major customers, lower vendor rebates also had a negative impact on cost of sales, and contributed to lower margins period over period. Vendor rebates are dependent on various program offerings which are subject to change, and thus fluctuate from period to period.

Selling and administrative expenses

	Three months ended September 30, *(unaudited)*				**Nine months ended September 30,** *(unaudited)*			
	2017	**2016**	2017*	2016*	**2017**	**2016**	2017*	2016*
Employee compensation and benefits	**29,521**	27,952	29,521	27,952	**86,679**	87,029	86,679	84,171
Other selling and administrative expenses	**6,025**	8,588	6,025	8,588	**20,201**	23,576	20,201	21,748
	35,546	36,540	35,546	36,540	**106,880**	110,605	106,880	105,919

Notes: *Amounts presented are in thousands of U.S. dollars*
**Amounts exclude GTS results of operations*

Selling and administrative expenses ("SG&A") for the three months ended September 30, 2017 decreased $994 or 2.7% to $35,546 over the same period in the prior year. While TeraMach added $1,917 to SG&A in Q3 2017, the Company continued its efforts to manage SG&A through headcount reductions and lower professional service fees over the same period in the prior year. In addition, the Company was able to secure increased vendor incentives of $1,163 over the same period in the prior year.

Selling and administrative expenses for the nine months ended September 30, 2017 decreased $3,725 or 3.4% to $106,880 over the same period in the prior year. The acquisition of TeraMach increased SG&A by $6,180, for the nine months ended September 30, 2017, offset by lower SG&A from the Company's ARC Segment of $5,709. *See Interests in other entities for definition of ARC*

Segment. The Company was able to offset the overall increases in SG&A through a concerted effort to reduce overall costs through headcount reductions, lower professional service fees, and bad debt recovery. Increases in vendor incentives contributed $373 to the year over year reduction. Excluding GTS' results from operations, selling and administrative expenses increased $961 or 0.9% for the nine months ended September 30, 2017 over the same period in the prior year.

Finance expenses

Finance expenses increased $466 or 39.7% and $642 or 19.1% for the three and nine months ended September 30, 2017, respectively.

Finance expenses, which consist primarily of interest rates on the Company's senior secured credit facility with JPMorgan Chase Bank, N.A. ("JPMC"), were impacted by higher overall interest, which increased on average 0.72% and 0.58% for the three and nine months ended September 30, 2017, as compared to the same periods in the prior year. In addition to increases in the US LIBOR rates, the Company experienced higher rates on the interest rate swap which went into effect in April 2016. Average borrowings on the JPMC facility were $133,151 and $142,099 for the three months ended September 30, 2017 and 2016, respectively. Average borrowings on the JPMC facility were $118,217 and $130,346 for the nine months ended September 30, 2017 and 2016, respectively. Management is continually exploring alternatives to minimize the impact of future rate increases. *(See Interest rate forward swap agreements)*

Change in fair value of liabilities

The change in fair values relates the mark to market on the interest rate forward swap agreement with JPMC, and the contingent consideration related to the purchases of TeraMach on October 1, 2016, and the Cloudscapes assets July 1, 2017.

Change in fair value of liabilities for the three and nine months ended September 30, 2017 increased $568 or 116.4% and decreased $211 or 97.2% over the same periods in the prior year. *(See Contingent consideration, and Secured borrowings)*

Other expense, net

	Three months ended September 30, *(unaudited)*				Nine months ended September 30, *(unaudited)*			
	2017	**2016**	**2017***	**2016***	**2017**	**2016**	**2017***	**2016***
Loss of control	-	7,249	-	5,978	-	7,249	-	5,978
Restructuring costs	**(198)**	317	(198)	317	**101**	1,424	101	1,424
Transaction costs	**437**	347	437	347	**1,282**	702	1,282	702
Impairment	-	950	-	950	-	4,788	-	4,788
Other (income)/expense	**2,213**	(229)	2,213	(229)	**2,499**	(323)	2,499	(323)
	2,452	8,634	2,452	7,363	**3,882**	13,840	3,882	12,569

Notes: *Amounts presented are in thousands of U.S. dollars*
**Amounts exclude GTS results of operations*

Other expense decreased $6,182 or 71.6% to $2,452 and $9,958 or 72.0% to $3,882 for the three and nine months ended September 30, 2017 over the comparable periods in the prior year, respectively. The primary reason for the decrease is due to impairment charges associated with the notice of termination of certain agreements with GTS which occurred during Q2 2016.

SELECTED QUARTERLY FINANCIAL INFORMATION

	Three months ended, *(unaudited)*							
	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
Revenues	**389,077**	400,734	322,423	398,873	365,473	373,708	332,787	420,188
Gross profit	**42,797**	42,950	34,126	48,458	42,857	46,636	38,003	52,258
Adjusted EBITDA (2)	**7,251**	7,292	(1,550)	8,457	6,317	9,123	1,451	13,888
Net income (loss)	**(813)**	1,958	(4,187)	2,888	(3,239)	(215)	(3,755)	6,219
Income (loss) per share:								
Basic	**($0.02)**	$0.05	($0.10)	$0.06	($0.08)	($0.01)	($0.09)	$0.15
Diluted	**($0.02)**	$0.05	($0.10)	$0.05	($0.08)	($0.01)	($0.09)	$0.15
Cash dividends declared on common shares	**1,288**	1,194	1,245	1,242	1,292	1,312	949	955
Total assets (1)	**478,347**	519,117	449,972	496,966	447,121	501,875	453,458	500,650
Total current non-financial liabilities (1)	**33,374**	35,084	38,572	38,673	37,310	39,454	40,010	38,434

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

(1) Amounts as at period date

(2) Non-IFRS measure (See Non-IFRS measures)

The table above shows selected financial information from the results of operations of the Company for the periods indicated. The financial results are not necessarily indicative of the results that may be expected for any other future comparative period.

In general, the business tends to fluctuate quarter to quarter. This is driven by a variety of factors including timing of capital-related spending by large customers who often use budgeted funds before the end of their fiscal periods. Accordingly, a small number of large customers could periodically cause significant fluctuations in revenue and associated profits in any given quarter, depending on the timing of key projects. Additionally, Original Equipment Manufacturer vendors ("OEMs") tend to create higher sales activity at their own year ends as steeper discounts tend to be offered to incentivize higher volumes.

LIQUIDITY AND CAPITAL RESOURCES

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

As at September 30, 2017 and December 31, 2016, total cash on hand was $5,710 and $8,153, respectively. As at September 30, 2017 and December 31, 2016, amounts borrowed under existing credit facilities were $129,371 and $137,599, respectively. There were working capital deficiencies of $79,036 and $60,217 as at September 30, 2017 and December 31, 2016, respectively. The working capital deficiencies originate from bank financings obtained to fund business acquisitions in previous years. Due to the fact that the borrowing rate on the Company's secured credit facility is favorable compared to market terms on long-term debt, the Company continues to strategically finance the investments related to its business acquisitions using its short-term facility.

Average undrawn availability on existing, secured credit facilities was $73,047 and $61,078 for the nine month periods ended September 30, 2017 and 2016, respectively.

Cash flow analysis

	Three months ended September 30, *(unaudited)*		Nine months ended September 30, *(unaudited)*	
	2017	2016	**2017**	2016
Cash provided by operating activities	**7,338**	35,547	**13,176**	37,686
Cash provided by (used in) investing activities	**155**	(960)	**(1,543)**	(2,132)
Cash used in financing activities	**(11,570)**	(45,901)	**(14,118)**	(35,995)
Net increase in cash and cash equivalents	**(4,077)**	**(11,314)**	**(2,485)**	**(441)**
Cash and cash equivalents at the beginning of the period	**9,658**	18,851	**8,153**	7,978
Effect of foreign exchange fluctuations on cash held	**129**	-	**42**	-
Cash and cash equivalents at the end of the period	**5,710**	**7,537**	**5,710**	**7,537**

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

Cash provided by operating activities decreased $28,209 and $24,510 for the three and nine months ended September 30, 2017, respectively, as compared to the same periods in the prior year. These variances were primarily due to comparative increases in inventory and comparative decreases in accounts payable and accrued liabilities.

Cash provided by investing activities remained relatively stable, increasing $1,115 and $589 for the three and nine months ended September 30, 2017, respectively, as compared to the same periods in the prior year.

Cash used in financing activities is comprised of borrowings on secured and unsecured debt facilities, changes in banking overdrafts, dividend payments, proceeds from issuance of common shares related to the exercise of options, and stock repurchases. Cash used in financing activities decreased by $34,331 and $21,877 for the three and nine months ended September 30, 2017, respectively, as compared to the same periods in the prior year. The movement in financing cash outflows was primarily driven by movements in net borrowing associated with Pivot's secured borrowing arrangements, flooring arrangements and related banking overdrafts, which consist of checks that have been distributed, but have not yet been presented for payment and dividends.

Days sales outstanding (DSO) were 52 and 48 days at September 30, 2017 and 2016, respectively. Receivables and collections are closely monitored against expected cash flow. Days payables outstanding (DPO) were 40 and 38 days at September 30, 2017 and 2016, respectively.

Secured borrowings

Flooring agreement

ARC, a wholly-owned subsidiary of the Company, entered into a secured flooring agreement with IBM Credit LLC ("IBM") on August 10, 2011, which provides short-term accounts payable financing. The IBM secured flooring agreement previously allowed up to $15,000 in advances on purchases from approved vendors. The agreement was amended and restated on July 6, 2017, and now allows for up to $2,500 in advances on purchases from approved vendors, which maximum advance amount may be changed by IBM in its discretion. Approved vendors send invoices directly to IBM for payment and IBM bills the Company monthly for vendor invoices received. Currently, the Company incurs interest on the outstanding balance at LIBOR plus 4.5% after a free financing period of 60 days, but the interest rate and free financing period may be changed in IBM's discretion. $53 and $1,348 were outstanding under the IBM secured flooring agreement as at September 30, 2017 and December 31, 2016, respectively. Under the original flooring agreement, the Company was required to maintain certain financial ratios, and was not in compliance as at June 30, 2017, March 31, 2017 or December 31, 2016. The Company received waivers from IBM on March 21, 2017 to cure the December 31, 2016 non-compliance, May 8, 2017 to cure the March 31, 2017 non-compliance, and August 1, 2017 to cure the June 30, 2017 non-compliance. The amended and restated agreement does not impose any financial covenants on the Company. All amounts under this arrangement are included in current liabilities.

Revolving credit facilities

JPMC credit facility

On September 21, 2015, the Company entered into a five year credit agreement with a lending group represented by JPMC, providing the Company a $200,000 senior secured asset based revolving credit facility ("JPMC Credit Facility"). The JPMC Credit Facility may be used for revolving loans, letters of credit, protective advances, over advances, and swing line loans. Advances under the JPMC Credit Facility accrue interest at rates that are equal to, based on certain conditions, at the Company's election either (a) JPMC's "prime rate" as announced from time to time plus 0.0% to 0.25%, or (b) LIBOR, or a comparable or successor rate that is approved by JPMC, for an interest period of one month plus 1.50% to 1.75%. The Company may also, upon the agreement of either the then existing lenders or additional lenders not currently parties to the agreement, increase the commitments under the credit facility by up to an additional $75,000. The lenders under the JPMC Credit Facility are not under any obligation to provide any such additional commitments, and any increase in commitments is subject to several conditions precedent and limitations. The JPMC Credit Facility is scheduled to expire on September 21, 2020. On January 14, 2016, the JPMC Credit Facility was amended, increasing the overall facility to $225,000. On September 30, 2016, a second amendment was completed, primarily to allow for the purchase of

TeraMach which was completed on October 1, 2016. On December 9, 2016, a third amendment was completed, primarily to add TeraMach to the borrowing group. On July 20, 2017, a fourth amendment was completed, increasing the amount the Company can have outstanding in investments at any one time to $100.

Under the terms of the JPMC Credit Facility, the covenants require that the Company maintain a Fixed Charge Ratio ("FCR") of at least 1.1 to 1 on a trailing twelve month basis, triggered in the event that availability is less than 12.5% of the revolving commitment until such time that availability has been greater than 12.5% of the revolving commitment for thirty consecutive days.

Additional negative covenants place restrictions on additional indebtedness, liens, fundamental changes to the Company's legal structure, investments, asset sales, sale and leaseback transactions, swap agreements, restricted payments, transactions with affiliates, restrictive agreements, amendment of material documents, and distribution of loan proceeds amongst the Company's subsidiaries. The Company was in compliance with all applicable covenants at September 30, 2017 and December 31, 2016.

The Company had availability to borrow under its revolving credit facilities of $58,490 and $55,568 as at September 30, 2017 and December 31, 2016, respectively, after giving effect to borrowing base limitations, swing loans and letters of credit issued. Amounts owing under the Company's revolving credit facilities were $129,371 and $137,599 as at September 30, 2017 and December 31, 2016, respectively. In addition, a letter of credit for $250 was outstanding at both September 30, 2017 and December 31, 2016.

Interest rate forward swap agreements

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 JPMC Credit Facility. Amounts outstanding under the JPMC 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 JPMC Credit Facility would have resulted in an increase of $229 and $210 during the three months ended September 30, 2017 and 2016, respectively. An increase of 100 basis points to the interest rate applicable to the Company's floating rate obligations under the JPMC Credit Facility would have resulted in an increase of $505 and $744 during the nine months ended September 30, 2017 and 2016, respectively. Sustained increases in interest rates could have a material adverse impact on the Company's financial condition and results of operations.

On April 3, 2014 the Company entered into an interest rate forward swap agreement (“Swap”) with PNC Bank, N.A. (“PNC”) to mitigate the risk of fluctuating interest rates. Under the terms of the Swap with PNC, the interest rate was to vary between 4.655% and 5.155% on $50,000 of the amount outstanding under the PNC credit facility then in place. On September 21, 2015, the Swap was novated to JPMC. Under the terms of the Swap with JPMC, the interest rate now varies between 4.305% and 4.555% on $50,000 of the amount outstanding under the JPMC Credit Facility. This range of rates is in effect from April 7, 2016 through November 13, 2018. The Swap with JPMC contains cross covenant restrictions, requiring that the Company be in compliance with the JPMC Credit Facility.

Interest incurred under the Swap totaled $203 and $689 for the three and nine months ended September 30, 2017, respectively. The fair value of the Swap was determined to be $786 and $1,542 as at September 30, 2017 and December 31, 2016, respectively. The fair value represents the cost that would be incurred by the Company to exit the Swap, due to fluctuations in future interest rate expectations.

Contingent consideration

TeraMach

On October 1, 2016, the Company acquired all of the issued and outstanding share capital of TeraMach Systems Inc., 1955714 Ontario Inc., Infoptic Technology Inc., and TeraMach Technologies Inc., collectively “the TeraMach Group”. The purchase price for the TeraMach Group consists of up-front payments totalling $4,022, and contingent consideration to be paid in four future installments. The contingent consideration is dependent on the adjusted EBITDA of the acquired business during the four consecutive twelve month periods ending September 30, 2017 through September 30, 2020. At the date of acquisition, the fair value of the contingent liability was determined to be $3,324. The fair value of the contingent liability was determined to be $4,472 and $3,427 as at September 30, 2017 and December 31, 2016, respectively. The Company recorded a charge of $278 and $752 related to the change in fair value of the consideration during the three and nine months ended September 30, 2017, respectively. This charge was offset by a foreign currency translation adjustment of $159 and $293 for the three and nine month periods ended September 30, 2017. The undiscounted value of the remaining consideration to be paid is C$9,000. Payments of the remaining consideration are required to be made within five business days of BOD approval of the Company’s annual financial statements. No payments were made during the three and nine months ended September 30, 2017.

Cloudscapes

On July 1, 2017, the Company executed an Asset Purchase Agreement in order to acquire certain customer accounts, contracts, agreements and other arrangements of Cloudscapes Consulting, Inc. ("Cloudscapes"). The agreed upon purchase price for the acquired Cloudscapes assets is up to $1,350. $100 was paid upon acquisition with the remaining $1,100 to be paid over eleven quarters at up to $100 per quarter, commencing on October 1, 2017 and ending on April 30, 2020. Additionally, if certain targets are achieved, a bonus of $150 could be paid. All remaining payments are based on the achievement of certain gross margin targets.

The fair value of the total contingent liability was $1,003 on the date of acquisition and $1,013 on September 30, 2017.

The identified intangible assets as of the date of the purchase agreement consisted of customer relationships of $1,103 with an estimated useful life of ten years.

Contractual commitments

The following table summarizes Pivot's contractual obligations as at September 30, 2017:

	On demand	Less than one year	One to two years	Two to five years	Greater than five years	Total
Bank overdraft	24,880	-	-	-	-	**24,880**
Secured borrowings	129,371	-	-	-	-	**129,371**
Accounts payable and accrued liabilities	-	247,232	-	-	-	**247,232**
Operating leases	-	4,696	3,608	8,647	5,398	**22,349**
Contingent consideration	-	1,910	2,291	4,029	-	**8,230**
Interest rate swap	-	-	786	-	-	**786**
	154,251	**253,838**	**6,685**	**12,676**	**5,398**	**432,848**

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

Future financing

Management is focused on exploring and executing strategic alternatives to enhance its existing financing structure with options that provide the necessary flexibility to grow the business and meet its future obligations in the normal course of business. In addition to the Company's available borrowings under its credit facilities, these options may include an equity raise or other permanent capital injection, in the event the Company undertakes future acquisitions.

Share capital

Share consolidation

On June 21, 2016, the shareholders approved a plan to consolidate the common shares of the Company, where shareholders received one post-consolidated common share for every four pre-consolidated common shares held immediately prior to the effective date of the share consolidation.

On December 19, 2016, the Company completed the consolidation of its common shares. As a result of the share consolidation, each four outstanding shares of pre-consolidated common stock were combined into one share of post-consolidated common stock. Fractional shares were rounded to the nearest whole share. All option and share amounts for all prior periods have been retroactively adjusted to reflect this reverse stock split, unless otherwise noted.

Authorized capital

The Company's authorized capital consisted of an unlimited number of voting common shares and preferred shares, with no par value. As at November 10, 2017, the Company had 40,371,404 common shares issued and outstanding.

Cancellation of common shares

The Company has cancelled shares repurchased from former directors, and under the NCIB during 2017 as follows:

	Cancellation date	**# of Shares cancelled**	**Total cost of shares**
Shares repurchased under the NCIB	February 1, 2017	80,800	C$133
Shares repurchased under the NCIB	February 28, 2017	40,200	C$64
Shares repurchased under the NCIB	March 28, 2017	67,100	C$101
Shares repurchased under the NCIB	April 3, 2017	61,900	C$102
Shares repurchased from former directors	April 12, 2017	750,000	C$1,125
Shares repurchased from former directors	April 18, 2017	170,313	C$255
Shares repurchased under the NCIB	August 1, 2017	36,500	C$82
Shares repurchased under the NCIB	August 31, 2017	23,800	C$59
Shares repurchased under the NCIB	September 27, 2017	63,600	C$151
Shares repurchased under the NCIB	October 26, 2017	30,800	C$77
		1,325,013	C$2,149

Note: *Amounts presented are in thousands of Canadian dollars, except share amounts*

Stock options

On June 21, 2016, the shareholders approved the amended Incentive Stock Option Plan ("Plan") under which directors, officers, employees and consultants ("Participants") of the Company and its subsidiaries are eligible to receive incentive and non-qualified stock options. The Plan is a "10% rolling plan" in that it continuously provides for the reservation of a number of common shares under the Plan equal to 10% of the Company's issued and outstanding common shares less any common shares reserved for issuance pursuant to other security based compensation arrangements. The available pool of shares that can be currently issued under the Plan (including shares reserved in respect of options currently outstanding) is 3,923,144, assuming no shares are reserved for issuance pursuant to any other share compensation arrangement adopted by the Company. The exercise price of each option is subject to BOD approval but shall not be less than the market price at the time of grant.

The BOD has granted a total of 2,597,500 options to Participants as follows:

Grant date	Expiration date	Vesting period	# of Options	Exercise price
June 21, 2016	June 20, 2026	Over 2 years	1,987,500	C$1.60
August 31, 2016	August 30, 2026	Over 2 years	150,000	C$1.96
December 22, 2016	December 21, 2026	Over 1 year	25,000	C$1.73
June 30, 2017	June 29, 2022	Over 3 years	425,000	C$2.47
August 8, 2017	August 8, 2022	Over 3 years	10,000	C$2.65

Note: *Amounts presented are in thousands of Canadian dollars, except share and per share amounts*

The following table shows all option activity for 2017:

	# of options	Weighted average exercise price
Options outstanding at January 1, 2017	2,162,500	C$1.63
Options granted	435,000	C$2.47
Options forfeited	(241,666)	C$1.75
Options exercised	(227,950)	C$1.68
Options outstanding at September 30, 2017	**2,127,884**	**C$1.78**
Options exercisable at September 30, 2017	**1,166,854**	**C$1.60**

Note: *Amounts presented are in thousands of Canadian dollars, except share and per share amounts*

Restricted stock units

The Company has adopted a Restricted Stock Unit ("RSU") plan that allows the Company to award RSUs to Participants upon such conditions as the BOD may establish. The effective date of the plan was June 17, 2014. The plan was amended on May 16, 2016. Shares issued pursuant to any

RSU award may be made subject to vesting conditions based upon the satisfaction of service requirements, restrictions, time periods or other conditions established by the BOD. The maximum aggregate number of shares that may be issued under the restated plan pursuant to the exercise of RSUs shall not exceed 1,250,000 shares. The maximum number of common shares which may be reserved and set aside for issuance upon the grant or exercise of RSU or stock option awards under the plan is 10% of the Company's common shares issued and outstanding from time to time on a non-diluted basis.

On June 30, 2017, the BOD granted 385,000 RSUs to Participants at a price of C$2.47, and 5,000 RSUs to Participants at a price of C$2.65 on August 8, 2017. These RSUs vest over a three year term. Within 60 days of the vesting date, the Participant shall have the right to receive, at the sole election of the Company, payment for the RSUs by any of the following methods or by a combination of such methods: (i) a cash payment equal in value to the number of RSUs recorded in the Participant's account multiplied by the weighted average trading price of the common shares for the five days preceding the vesting date; or (ii) one common share multiplied by the number of RSUs recorded in the Participant's account, issued from treasury and subject to the receipt of necessary approvals, less applicable withholdings in all cases.

Normal course issuer bid

On February 25, 2015, the BOD approved the implementation of an NCIB, which allowed Pivot to repurchase up to 5% of the Company's issued and outstanding common shares after conversion of the Series A Preferred Shares, over a twelve month period. Implementation of the NCIB was subject to the filing of a formal notice and approval by the TSX-V.

On March 30, 2016, the Company obtained the approval of the TSX-V to implement an NCIB for its common shares. On November 28, 2016, the TSX confirmed its acceptance of the Company's existing NCIB upon the Company's graduation to the TSX. The Company received approval to acquire up to 2,097,332 common shares under the NCIB, representing approximately 5% of the Company's issued and outstanding common shares. The NCIB for the common shares of the Company terminated on March 31, 2017. All common shares acquired under the NCIB were acquired at the market price of the securities at the time of acquisition. The common shares so acquired were cancelled. Purchases pursuant to the NCIB were made by Cantor Fitzgerald Canada Corporation on behalf of the Company.

On June 8, 2016, the Company entered into an automatic share purchase plan with Cantor Fitzgerald for the purpose of permitting the purchase of common shares under the NCIB at times when the Company would not be permitted to purchase shares, including regularly scheduled quarterly blackout periods. Such purchases were determined by Cantor Fitzgerald in its sole discretion based on parameters established prior to any blackout period, in accordance with rules of the TSX-V and applicable securities laws.

On March 27, 2017, the BOD approved the implementation of a second NCIB, which allows Pivot to repurchase for cancellation up to 10% of the Company's issued and outstanding common shares (excluding shares held by principal shareholders, directors and senior officers) during the twelve months ending June 21, 2018.

On May 12, 2017, the Company entered into an automatic share purchase plan with Echelon Wealth Partners, Inc. ("Echelon"), for the purpose of permitting the purchase of common shares under the 2017 NCIB at times when the Company would not be permitted to purchase shares, including regularly scheduled quarterly blackout periods. Such purchases will be determined by Echelon in its sole discretion based on parameters established prior to any blackout period, in accordance with rules of the TSX and applicable securities laws.

On June 19, 2017, the Company obtained the approval from the TSX to proceed with its second NCIB to repurchase up to 3,820,852, or approximately 10% of the Company's issued and outstanding common shares (excluding shares held by principal shareholders, directors and senior officers) at prevailing market prices during the twelve months ending June 21, 2018.

Shares repurchased and subsequently cancelled under the Company's NCIB's are as follows:

NCIB	**Cancellation date**	**# of Shares cancelled**	**Total cost of shares**
2016 NCIB	October 3, 2016	56,000	C$104
2016 NCIB	November 1, 2016	323,750	C$580
2016 NCIB	December 1, 2016	431,874	C$727
2016 NCIB	December 20, 2016	74,750	C$125
2016 NCIB	December 28, 2016	24,200	C$41
2016 NCIB	February 1, 2017	80,800	C$133
2016 NCIB	February 28, 2017	40,200	C$64
2016 NCIB	March 28, 2017	67,100	C$101
2016 NCIB	April 3, 2017	61,900	C$102
2017 NCIB	August 1, 2017	36,500	C$82
2017 NCIB	August 31, 2017	23,800	C$59
2017 NCIB	September 27, 2017	63,600	C$151
2017 NCIB	October 26, 2017	30,800	C$77
		1,315,274	**C$2,346**

Note: *Amounts presented are in thousands of Canadian dollars, except share and per share amounts*

Common share dividends

On February 25, 2015, the BOD approved the initiation of a quarterly common share dividend. Common share dividends were declared and paid as follows:

Declaration date	Record date	Distribution date	Per share amount	Total dividend
February 4, 2016	February 29, 2016	March 15, 2016	C$0.03	C$1,284
May 4, 2016	May 31, 2016	June 15, 2016	C$0.04	C$1,720
August 19, 2016	August 31, 2016	September 15, 2016	C$0.04	C$1,695
November 21, 2016	November 30, 2016	December 15, 2016	C$0.04	C$1,667
February 16, 2017	March 3, 2017	March 15, 2017	C$0.04	C$1,654
May 9, 2017	May 31, 2017	June 15, 2017	C$0.04	C$1,612
August 8, 2017	August 31, 2017	September 15, 2017	C$0.04	C$1,614

Note: *Amounts presented are in thousands of Canadian dollars, except share and per share amounts*

As at September 30, 2017, the issued share capital amounted to $85,838. The changes in issued shares for the period ended September 30, 2017 were as follows:

	# of Common shares
As at January 1, 2017	41,463,333
Stock options exercised	227,950
Share repurchases	(1,294,213)
As at September 30, 2017	**40,397,070**

Note: *Share amounts are unrounded*

Off-balance sheet arrangements and derivative financial instruments

Pivot's off-balance sheet arrangements are comprised of operating leases entered into in the normal course of business. Pivot has no other off-balance sheet arrangements. Pivot does not enter into the speculative use of derivatives.

Financial instruments and other instruments

Other than the Swap agreement described under *Liquidity and Capital Resources – Secured borrowings*, the Company is not a party to financial instruments.

INTERESTS IN OTHER ENTITIES

The following table includes the significant subsidiaries and affiliates of the Company:

Name	Jurisdiction	Equity Interest Q3 2017	2016
ACS Holdings (Canada) Inc.	Canada	100%	100%
Pivot Acquisition Corporation	Canada	100%	100%
1955714 Ontario Inc.	Canada	100%	100%
Infoptic Technology Inc.	Canada	100%	100%
TeraMach Systems Inc.	Canada	100%	100%
TeraMach Technologies Inc.	Canada	100%	100%
Pivot of the Americas S.A. de C.V.	Mexico	100%	100%
Pivot Research Ltd.	Jersey	100%	100%
Pivot Shared Services Ltd.	Ireland	100%	100%
Pivot Technology Solutions Hong Kong Limited	Hong Kong	100%	100%
Pivot Technology Solutions Singapore PTE. LTD.	Singapore	100%	100%
Pivot Technology Solutions, Ltd.	United States	100%	100%
ACS (US) Inc.	United States	100%	100%
Applied Computer Solutions, Inc.	United States	40%	0%
New ProSys Corp.	United States	100%	100%
ProSys Information Systems Inc.	United States	45%	45%
ARC Acquisition (US) Inc.	United States	100%	100%
GTS Technology Solutions, Inc., formerly known as Austin Ribbon & Computer Supplies, Inc. (1)	United States	-	0%
Sigma Technology Solutions Inc.	United States	100%	100%

(1) GTS was not a subsidiary or affiliate of the Company at any time during 2017 or 2016. However, its results of operations were consolidated with those of the Company until June 30, 2016. See GTS Technology Solutions, Inc., below.

ProSys Information Systems, Inc. ("Old ProSys")

Old ProSys is a 45% owned affiliate of the Company, whose principal office is located in Norcross, Georgia, United States of America. Despite not owning a majority of the voting rights, management has determined that the Company controls this entity, based on the following facts and circumstances:

- Pivot has the right to acquire, at any time, the remaining shares of Old ProSys they do not already own.
- Any significant decision made at Old ProSys requires Pivot's agreement, including BOD changes, payment of dividends, merger or acquisition, material changes to compensation, incurring debt in excess of $100, causing any material change in the business, and assigning or termination of any material agreement.
- Pivot receives the majority of the benefits from the activities of Old ProSys (95%+ of net income historically from Old ProSys).

The Company has certain contractual arrangements with Old ProSys which provide the Company the majority of the variable returns from Old ProSys activities. In addition, the Company holds a majority of the director and officer positions, which provide control on a de facto power basis.

The Company is deemed to have primary exposure for the significant risks and rewards associated with sales by Old ProSys to its third-party customers. Total sales attributable to the activities of Old ProSys were approximately $114,615 and $64,980 for the three months ended September 30, 2017 and 2016, respectively, and $263,451 and $192,129 for the nine months ended September 30, 2017 and 2016, respectively. Amounts due from Old ProSys were $69,988 and $62,360 as at September 30, 2017 and December 31, 2016, respectively.

The following table summarizes the financial information of Old ProSys, as included in its own financial statements:

	Three months ended September 30, *(unaudited)*		**Nine months ended September 30,** *(unaudited)*	
	2017	**2016**	**2017**	**2016**
Current assets	75,788	32,364	75,788	32,364
Non-current assets	-	-	-	-
Current liabilities	69,988	26,905	69,988	26,905
Non-current liabilities	-	-	-	-
Net assets	**5,800**	**5,459**	**5,800**	**5,459**
Revenue	114,615	64,980	263,451	192,129
Total Comprehensive Income (Loss)	**189**	**7**	**(34)**	**202**
Cash provided by operating activities	9,968	1,031	18,232	2,766
Cash (used in) investing activities	-	-	-	-
Cash used in financing activities	(9,968)	(1,031)	(18,232)	(2,766)
Net increase (decrease) in cash and cash equivalents	-	-	-	-

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

Applied Computer Solutions, Inc.

On September 1, 2017, the Company acquired 40% of the issued and outstanding share capital of Applied for consideration of $14,202. This consideration was comprised of $40 in cash and $14,162 in intercompany receivables due from Applied that now eliminate upon consolidation, and therefore are treated as part of the purchase price. Applied's principal office is located in Huntington Beach, California, United States of America.

The preliminary allocation of fair value to the identifiable assets acquired and liabilities assumed as at the date of acquisition were as follows:

	Fair value recognized on acquisition
Cash and cash equivalents	440
Inventories	205
Other current assets	62
Property, plant and equipment	34
Intangible assets (customer relationships)	5,102
Other non-current assets	83
	5,926
Accounts payable and accrued liabilities	3,767
Deferred revenue	20
Deferred tax liability	1,903
Taxes payable	3
	5,693
Total identifiable net assets at fair value	233
Non-controlling interest	(140)
Goodwill arising on acquisition	14,109
Purchase consideration transferred	14,202

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

The operations from the acquisition have been included in the results of Pivot commencing September 1, 2017. From the date of acquisition, the acquired business contributed revenue of $5,749 and net income of $84 to the loss before taxes of the Company in 2017.

Acquired intangible assets of $5,102 relate to existing customer relationships.

Non-controlling interest of ($140) represents the net assets of Applied attributable to the shareholders holding the remaining 60% of Applied.

The estimated goodwill of $14,109 is comprised of $5,109 related to the expected value of efficiencies to be achieved subsequent to the acquisition and $9,000 related to a contingent accounts receivable asset. Although management believes this receivable amount will ultimately be collected, it does not meet the criteria for recognition as the realization is not currently probable. This goodwill is not deductible for tax purposes.

Despite not owning a majority of the voting rights, management has determined that the Company controls this entity for accounting purposes, based on the following facts and circumstances:

- Pivot has the right in its sole discretion to either acquire, at any time, shares of Applied that it does not already own, or to designate a different owner to purchase the shares provided such transfer(s) are in compliance with applicable WBE requirements.

- Any significant decision made at Applied requires Pivot's agreement, including board changes, payment of dividends, merger or acquisition, material changes to compensation, incurring debt in excess of $100, causing any material change in the business, and assignment or termination of any material agreement.
- The Applied board of directors is made up of a majority of Pivot employees.

Prior to the acquisition of 40% of Applied, the Company was deemed to have primary exposure for the significant risks and rewards associated with sales by Applied to its third-party customers until August 31, 2017. The Company recognized this revenue on a gross basis. Total sales attributable to the activities of Applied were $23,959 and $28,459 for the two months ended August 31, 2017 and the three months ended September 30, 2016, respectively and $124,381 and $92,414 for the eight months ended August 31, 2017 and the nine months ended September 30, 2016, respectively.

GTS Technology Solutions, Inc., formerly known as Austin Ribbon & Computer Supplies, Inc.

Pivot has no ownership interest in GTS. Pursuant to the terms of the Administrative Services Agreement between ARC and GTS, which terminated on August 30, 2016, ARC had a right to variable returns in the form of fees based on GTS' performance. Pivot also provided financing and certain financial guarantees for the benefit of GTS during the course of the relationship.

ARC had certain contractual arrangements with GTS, whose activities were consolidated with those of the Company ("ARC Segment"). ARC received notification from GTS that it wished to terminate the existing arrangement effective August 30, 2016. During June of 2016, ARC and GTS began the process of separation, and on July 1, 2016, the Company was deemed to have effectively lost control over GTS for accounting purposes. Total sales attributable to the activities of GTS were nil for each of the three months ending September 30, 2017 and 2016, respectively, and nil and $47,225 for the nine months ended September 30, 2017 and 2016, respectively. The amount due from GTS was $5,978 as at September 30, 2017 and December 31, 2016. The Company established a reserve of $5,978 during Q3 2016, which has remained in place through September 30, 2017.

On November 23, 2016, a lawsuit was filed by the Company's affiliates seeking damages and other relief for breaches of various contracts, statutory violations and torts against a number of parties, including, but not limited to: GTS, certain GTS employees, GTS' owner and GTS' former shareholders (the "Lawsuit"). The Company intends to vigorously pursue this matter to recover damages incurred by Pivot Technology Solutions, Ltd. ("PTSL"), ARC and Pivot Acquisition Corporation ("PAC") in connection with the relationship with GTS. Because the Company has not formed a conclusion as to whether a favorable outcome is either probable or remote, the Company cannot express an opinion as to the likelihood of a favorable outcome or the amount or range of any possible recovery or costs associated with this matter. In the same Lawsuit, GTS, Laura Grant, Ryan Grant and Anne Fielding have filed counterclaims against PTSL, ARC and PAC, including claims for breaches of the GTS Agreements, tortious interference with contractual relations, defamation and conversion. All parties have filed motions to dismiss under the Texas Citizens Participation Act ("TCPA"). The District Court denied GTS' motion to dismiss under the TCPA. GTS has appealed this ruling, which appeal is pending. While the Company intends to vigorously defend against the counterclaims that have been asserted, it has not formed a conclusion as to whether a favorable outcome is either probable or remote, and the Company cannot express an opinion as to the likelihood of a favorable outcome or the amount or range of any possible recovery or costs associated with this matter.

The contractual arrangements with Applied, GTS and Old ProSys as described above accounted in aggregate for 35.6% and 25.6%, of the overall Pivot revenues for the three months ended September 30, 2017 and 2016, respectively, and 36.7% and 30.9% for the nine months ended September 30, 2017 and 2016, respectively. The contractual arrangements with Applied may be terminated by either party upon notice to the other.

RELATED PARTIES

A former key member of management of ACS (US) Inc. ("ACS") had significant influence over Applied, resulting in a related-party relationship until March 31, 2016. In addition to the asset purchase agreement with Applied, ACS entered into an administrative services agreement, a license agreement and a distribution agreement with Applied commencing with the date of the asset purchase on December 30, 2010. The administrative services agreement committed the Company to perform certain administrative functions on behalf of Applied. The total amount charged to Applied for shared administrative services in 2016 through the termination of the related-party relationship was $395 for the three months ended March 31, 2016. The license agreement permits Applied to license from the Company certain of the intellectual property obtained by the Company in the asset purchase. The total amount charged for licensing fees through the termination of the related party relationship was $575 for the three months ended March 31, 2016.

ACS incurred $375 and $512 for the three months ended September 30, 2017 and 2016, respectively, and $1,125 and $1,537 for the nine months ended September 30, 2017 and 2016, respectively, for research and development provided by a related entity where the president of ACS has significant influence. Amounts payable were $375 and $1,273 as at September 30, 2017 and December 31, 2016, respectively.

Pivot Shared Services Ltd. incurred expenses for sales and marketing support provided by a related entity during which time a former Company director had significant influence until May 25, 2016.

Amounts incurred were nil and $96 for the three and nine months ended September 30, 2016, respectively.

SUMMARY COMPENSATION TABLE

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

	Three months ended September 30,		**Nine months ended September 30,**	
		(unaudited)		*(unaudited)*
	2017	2016	**2017**	2016
Compensation	**328**	882	**1,145**	1,820
Annual incentive plans	**56**	132	**212**	831
Share-based compensation	**36**	29	**73**	131
Other compensation	**388**	528	**602**	1,093
	808	1,571	**2,032**	3,875

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

RISKS AND UNCERTAINTIES

The Company's business is subject to a number of risk factors which are described in Annual Information Form for the year ended December 31, 2016 available at sedar.com under the Company's profile. Additional risks and uncertainties not presently known to us or that we currently consider immaterial may also impair our business and operations and cause the price of the common shares to decline. If any of the noted risks actually occur, our business may be harmed and the financial condition and results of operation may suffer significantly. In that event, the trading price of the common shares could decline, and shareholders may lose all or part of their investment.

CRITICAL ACCOUNTING ESTIMATES

Preparing the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. These estimates, judgments and assumptions are evaluated on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe are reasonable at that time, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from those estimates.

By their nature, these estimates are subject to measurement uncertainty, and changes in these estimates may affect the audited consolidated financial statements of future periods. Estimates and accounting judgments are based on historical experience, current trends and various other assumptions that are believed to be reasonable under the circumstances.

In making these estimates and judgments, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. These estimates and judgments have been applied in a manner consistent with those in the prior year, and there are no known trends, commitments, events or uncertainties that management believes will materially affect the methodology or assumptions utilized.

The accounting policies that reflect our more significant estimates, judgments and assumptions and which we believe are the most critical to aid in fully understanding and evaluating our reported financial results are discussed below.

Revenue recognition

Multi-element or bundled contracts require an estimate of the relative fair value of separate elements. The Company has a limited number of these arrangements, and assesses the criteria for the recognition of revenue related to arrangements that have multiple components. These assessments require judgment by management to determine if there are separately identifiable components as well as how to allocate the total price among the components. Deliverables are accounted for as separately identifiable components if they can be understood without reference to the series of transactions as a whole. In concluding whether components are separately identifiable, management considers the transaction from the customer's perspective. Among other factors, management assesses whether the service or product is sold separately by the Company in the normal course of business or whether the customer could purchase the service or product separately.

Impairment

Impairment exists when the carrying amount of a cash-generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs to sell or its value in use.

The Company measures the recoverable amount for each CGU by using a fair value less costs to sell ('market') approach. The market approach assumes that companies operating in the same industry will share similar characteristics and that Company values will correlate to those characteristics. Therefore, a comparison of a CGU to similar companies whose financial information is publicly available may provide a reasonable basis to estimate fair value. Under the market approach, fair value is calculated based on earnings multiples of benchmark companies comparable to the businesses in each CGU.

Other significant assumptions include revenue and operating margin, which are based on the individual CGU’s internal forecast for the next fiscal year. In arriving at the forecast, the Company considers past experience and inflation as well as industry and market trends. The forecast also takes into account the expected impact from new product initiatives, customer retention and efficiency initiatives. The Company uses earnings multiples for its CGUs similar to the range for benchmark companies.

Income taxes

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable income will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable income together with future tax planning strategies. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods.

FUTURE ACCOUNTING POLICIES

Standards issued but not yet effective up to the date of the issuance of the Company’s consolidated financial statements are listed below. This listing is of standards issued which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

IFRS 9 Financial Instruments: Classification and Measurement

International Financial Reporting Standard 9, Financial Instruments (“IFRS 9”), as issued in 2014, introduces new requirements for the classification and measurement of financial instruments, a new expected-loss impairment model that will require more timely recognition of expected credit losses and a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. IFRS 9 also removes the volatility in profit or loss that was caused by changes in an entity’s own credit risk for liabilities elected to be measured at fair value. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company is in the process of reviewing the standard to determine the impact on its consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, which covers principles for reporting about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 is effective for annual periods beginning on or after January 1, 2018.

As a result, the Company is continuing to assess the impact of this standard on its consolidated financial statements. The Company is progressing through its assessment of the potential impact of the adoption of IFRS 15 on its unaudited interim condensed consolidated financial statements. The Company currently does not anticipate the new revenue standard to materially impact its consolidated financial statements. The Company has selected the modified retrospective transition methodology. While the Company continues to assess all potential impacts of the new revenue recognition standard, the Company currently believes the most significant impacts will relate to accounting for contract arrangements entered into at or near the same time, variable consideration, performance obligations and contract balances and expanded disclosure on revenue. Under the Company's current accounting policies, the Company generally expenses incremental commission costs paid to employees. Under IFRS 15, the Company expects to capitalize and amortize certain incremental commission costs that are paid to employees. The Company will start quantifying any impact of the new standard in the near term, however, it does not believe the impact will be significant.

IFRS 16 Leases

On January 13, 2016, the IASB published a new standard, IFRS 16, Leases. The new standard will eliminate the distinction between operating and finance leases and will bring most leases on the balance sheet for lessees. This standard is effective for annual reporting periods beginning on or after January 1, 2019 and is to be applied retrospectively. The Company has not yet determined the impact on its consolidated financial statements.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure control and procedures

Management is responsible for establishing and maintaining a system of disclosure controls and procedures to provide reasonable assurance that all material information relating to the Company is made known and information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

As required by the Canadian Securities Administrators' National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") have evaluated, or caused to be evaluated, the design of disclosure controls and procedures. Based on that evaluation, they have concluded that, as of the end of the period covered by this MD&A, the Company's disclosure controls and procedures were effective.

Internal control over financial reporting

Management is also responsible for establishing and maintaining adequate internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reports for external purposes in accordance with IFRS. A control system is subject to inherent limitations and even those systems determined to be effective can provide only reasonable, but not absolute, assurance that the control objectives will be met with respect to financial statement preparation and presentation.

Management has conducted an evaluation of the design of internal controls over financial reporting, utilizing the 2013 COSO Internal Control - Integrated Framework. Based on this evaluation, management concluded that the Company's ICFR was effective as at the reporting date.

Limitation of scope of design

Section 3.3 of NI 52-109 permits a business that an issuer acquires not more than 365 days before the issuer's end of the financial period to which the certifications relate to be excluded from the scope of the certifications to allow it sufficient time to ensure controls, policies and procedures are effective. Therefore, the Company's management has limited the scope of the design of the Company's disclosure controls and procedures and internal controls over financial reporting to exclude controls, policies and procedures relating to the TeraMach acquisition, which occurred in October of 2016. TeraMach is a wholly-owned subsidiary, whose total assets excluded from management's assessment represent 4.7% as at September 30, 2017, and total revenues excluded from management's assessment represent 2.6% and 5.1% of the related consolidated financial statement amounts for the three month and nine months ended September 30, 2017. Segment information for TeraMach can be found in Note 15 to the unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2017.

Changes in internal control over financial reporting

During the first quarter of fiscal 2017, a material weakness was identified and disclosed related to the Company's ICFR and disclosure controls and procedures. The material weakness arose as certain controls and procedures had not been designed and implemented to the extent required to evidence an effective control environment. To remediate the material weakness described, the Company, with the assistance of a third-party controls specialist, executed an action plan to address the identified control deficiencies and formalize the organization's internal control structure.

During the third quarter of fiscal 2017, the Company successfully completed the execution of its action plan, remediating the deficiencies that had contributed to the previously-disclosed material weakness in internal control.

Except as noted above, there were no changes in the Company's internal controls over financial reporting that occurred during the three months ended September 30, 2017, that materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.