RSI INTERNATIONAL SYSTEMS INC.

Management's Discussion and Analysis

Three months ended – March 31, 2022

(Expressed in Canadian dollars, unless otherwise noted)

May 16, 2022

This Management's Discussion and Analysis ("MD&A") relates to the financial condition and results of operations of RSI International Systems Inc. ("RSI" or the "Company") together with its subsidiaries as of the date of this report, and is intended to supplement and complement the Company's unaudited condensed interim consolidated financial statements for the three months ended March 31, 2022. Readers are cautioned that this MD&A contains forward-looking statements and that actual events may vary from management's expectations. RSI's public disclosure documents are available on SEDAR at www.sedar.com. The condensed interim consolidated financial statements and MD&A are presented in Canadian Dollars, except where noted, and have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This discussion addresses matters we consider important for an understanding of our financial condition and results of operations as of and for the period ended March 31, 2022.

The first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3" and "Q4", respectively. The years ended December 31, 2021 and 2020 are also referred to as "fiscal 2021" and "fiscal 2020", respectively. All amounts are presented in Canadian dollars, the Company's reporting and presentation currency, unless otherwise stated. Statements are subject to the risks and uncertainties identified in the "Risks and Uncertainties" and "Cautionary Note Regarding Forward-Looking Statements" sections of this document. The Company has included the non-IFRS performance measure of earnings "Earnings Before Interest, Taxes, Depreciation and Amortization" ("EBITDA"). The Company has also included measures of recurring revenue and customer retention such as Monthly Recurring Revenue ("MRR"), and Customer Retention Rate. For further information and detailed calculations of these measures, see the "Non-IFRS and additional IFRS Measures" section of this document.

CORPORATE OVERVIEW

Overview

Up until February 2019, RSI International Systems Inc. was a provider of PMS software to the global hospitality industry, focusing on independent single-property, franchise, and multi-property hotels, and hotel management companies. The Company sold all of its operating assets to NSight Inc. in February 2019. The Company is currently a publicly traded shell company seeking transactions to increase shareholder value.

In planning for the Company's future, management continuously evaluates the Company's cash flow requirements and expects growth to be financed by cash on hand and the interest it generates. along with other equity and debt financing. There is no guarantee that management's efforts in this regard will be successful.

COVID-19

Subsequent to year-end of 2019, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

ARCOPOINT GROUP INC. RTO

On April 27, 2022, the Company proposed reverse takeover of the Company by the members of ARCpoint (the "Proposed Transaction"), the Company, ARCpoint, 1000151427 Ontario Inc. (a wholly owned subsidiary of the Company) ("RSI Subco"), ARCpoint Finance Corp. (a wholly owned subsidiary of ARCpoint) ("ARCpoint Finco") and all of the securityholders of ARCpoint have entered into a definitive business combination agreement (the "Business Combination Agreement") in respect of the Proposed Transaction.

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Terms of the Proposed Transaction

Pursuant to the terms of the Business Combination Agreement, the parties have agreed that prior to the closing of the Proposed Transaction, the Company will, among other things,

(A) consolidate its common shares on a 3.1579031 to 1 basis (the “Consolidation”),
(B) continue its corporate existence from British Columbia to the federal jurisdiction under Canada Business Corporations Act under the new business name of “ARCpoint Inc.” or such other name as may be may be requested by ARCpoint and approved by the applicable regulatory authority (the “Continuance”), and
(C) create Class A Subordinate Voting Shares (“SVS”) and Class B Proportionate Voting Shares (“PVS”) and reclassify its post-Consolidation common shares into SVS (the “Share Restructuring”) for the purpose of structuring the resulting issuer of the Proposed Transaction (the “Resulting Issuer”) as a “foreign private issuer” under applicable U.S. securities laws. Each SVS will entitle its holder to one vote per SVS and every 500 SVS are convertible into one PVS under limited circumstances. Each PVS will carry 500 votes and 500 times of the economic interest of each SVS in respect of dividend payments and distribution upon dissolution or liquidation and every PVS is convertible into 500 SVS under limited circumstances. The existence of the SVS and PVS will not impact on the relative voting power and economic interests of the holders thereof. It is the parties’ intention that the SVS will be listed on the TSX Venture Exchange (the “Exchange”) following the closing of the Proposed Transaction, and the PVS will not be listed for trading on the Exchange but may be converted into Exchange-listed SVS under limited circumstances.

Subject to approval of the Exchange and the satisfaction of the conditions precedent to the Proposed Transaction, upon closing of the Proposed Transaction, the Company, RSI Subco and ARCpoint Finco will complete a three-cornered amalgamation (the “Amalgamation”) pursuant to which RSI Subco and ARCpoint Finco will amalgamate. In connection with the Amalgamation, each common share of RSI Pubco will be exchanged for one common share of the amalgamated entity and each common share of ARCpoint Finco will be exchanged for one SVS of the Resulting Issuer. Following the Amalgamation, RSI will acquire 25,000 ARCpoint Class A Common Units held by Felix Mirando for US$2,500,000 payable by an unsecured 1.88% interest bear promissory note with a maturity date of April 26, 2031 (the Promissory Note”) to be issued at Closing (the “Leveraged Acquisition”). Immediately after giving effect to the Leveraged Acquisition, the remaining securities of ARCpoint will be exchanged with the securities of the Company as follows:
(A) each Class A Common Unit of ARCpoint will be exchanged for one PVS; and
(B) each Class B Common Unit of ARCpoint will be exchanged for 500 SVS (collectively, the “Securities Exchange”).

Closing of the Proposed Transaction (the “Closing”) is subject to, among other things:
(A) ARCpoint Finco completing a private placement of subscription receipts for minimum aggregate gross proceeds of $4,350,000 which is intended to constitute the concurrent financing of the Proposed Transaction (the “Concurrent Financing”),
(B) the implementation of the Consolidation, the Continuance and the Share Restructuring by RSI,
(C) completion and execution of all definitive transaction documents (including accuracy of representations and warranties, compliance of covenants and satisfaction of customary conditions) and receipt of all requisite approvals and consents for and in connection with the Proposed Transaction as contemplated in the Business Combination Agreement including:
(i) approval by the Exchange for the Proposed Transaction and the proposed new insiders of the Resulting Issuer;
(ii) approval by the board of directors of the Company and the board of managers of ARCpoint; and
(iii) approval by the shareholders of the Company and all members of ARCpoint.

RSI currently has 36,835,278 Common Shares without par value issued and outstanding, as well as 1,400,000 options to acquire Common Shares of RSI at an exercise price of $0.10 per share. After giving effect to the Consolidation, the Share Restructuring and the Proposed Transaction, RSI will have approximately 11,664,474 SVS, 443,332 SVS purchase options (the “Resulting Issuer Options”) issued and outstanding, with each Resulting Issuer Option exercisable to purchase one SVS of the Resulting Issuer at an exercise price of $0.32 per SVS (all such numbers subject to minor deviation as a result of the effects of rounding at the individual securityholder level).

At the time of Closing, ARCpoint will have 148,894 Class A Common Units and 31,409 Class B Common Units issued and outstanding. Assuming full subscription of the minimum amount of the Concurrent Financing, ARCpoint Finco will have 7,631,579 Common Shares (“Finco Shares”) and 3,815,790 Finco Share purchase warrants (“Finco

Q1 2022 MD&A (expressed in CAD Dollars) – year ended

Warrants") issued and outstanding immediately prior to the closing of the Proposed Transaction (all such numbers subject to minor deviation as a result of the effects of rounding at the individual securityholder level).

Subject to approval by the Exchange, upon closing of the Proposed Transaction, it is anticipated that at the time of Closing, in connection with the Leveraged Acquisition, RSI will issue the Promissory Note with a principal amount of US$2.5 million to Felix Mirando to acquire 25,000 ARCpoint Class A Common Units held by Mr. Mirando, and in connection with the Securities Exchange, RSI will issue to the securityholders of ARCpoint and ARCpoint Finco the following:
(A) 123,894 PVS in exchange for 123,894 Class A Common Units of ARCpoint at a deemed price of $284.89 per PVS,
(B) 15,704,500 SVS in exchange for 31,409 Class B Common Units of ARCpoint, and 7,631,579 SVS in exchange for 7,631,579 Finco Shares (assuming full subscription of the minimum amount of the Concurrent Financing), at a deemed price of $0.57 per SVS,
(C) 3,815,790 SVS purchase warrants in exchange for 3,815,790 Finco Warrants, and
(D) such number of SVS purchase options as may be required to replace ARCpoint Finco's broker warrants to be issued in connection with the Concurrent Financing on a one for one basis.

Concurrent Financing

In connection with the Proposed Transaction, ARCpoint Finco intends to complete a private placement of subscription receipts at a price of $0.57 per subscription receipt on a partially brokered basis for minimum aggregate gross proceeds of $4,350,000. It is anticipated that each subscription receipt to be issued pursuant to the Concurrent Financing will be automatically exchanged for one Finco Share and one-half of a Finco Share purchase warrant immediately prior to the Closing of the Proposed Transaction. Upon closing of the Concurrent Financing, ARCpoint FinCo will issue compensation warrants to brokers and finders who facilitated the Financing. The structure and the terms and conditions of the Concurrent Financing remain subject to confirmation by ARCpoint and the agent(s) (the "Agent") to be engaged in connection with the Concurrent Financing. The proceeds of the Private Placement will be held in escrow subject to satisfaction of certain escrow release conditions prior to the closing of the Proposed Transaction. The definitive terms of the Concurrent Financing will be announced and confirmed in a subsequent press release once binding terms and particulars of the Concurrent Financing have been agreed upon between ARCpoint and the Agent.

Proposed Board of Directors and Management of the Resulting Issuer

Subject to approval the Exchange, upon completion of the Proposed Transaction, it is currently anticipated that the board of directors of the Resulting Issuer will consist of five directors including Felix Mirando, John Constantine, Adam Ho, David Keys and a fifth director to be nominated by ARCpoint, and management of the Resulting Issuer swill be comprised of John Constantine (Chief Executive Officer) and Dano Jukanovich (Chief Financial Officer and Corporate Secretary). The Company will disclose in a subsequent press release the backgrounds of all persons who are expected to be considered insiders of the Resulting Issuer after the fifth director of the Resulting Issuer is confirmed.

HIGHLIGHTS – THREE MONTHS ENDED MARCH 31, 2022

Cash and short term investment (GIC) balance of $4,933,299 as at March 31, 2022 (December 31, 2021 - $5,009,939).

SUMMARY OF CONSOLIDATED INCOME (LOSS)

Three months ended March 31,	**2022**	**2021**
EBITDA	(26,338)	(9,796)
Interest and bank charges	(442)	(1,059)
Net income (loss) and comprehensive income (loss)	(26,780)	(10,855)
Basic/Diluted earnings (loss) per share	(0.00)	(0.00)

Q1 2022 MD&A (expressed in CAD Dollars) – year ended

Three months ended March 31,	2022	2021
Operating costs	(25,016)	(10,855)
Business development & travel	(1,764)	-
Total recovery (expenses)	(26,780)	(10,855)
Net income (loss) and comprehensive income (loss)	(26,780)	(10,855)
Basic/Diluted earnings (loss) per share	(0.00)	(0.00)

The Company incurred a net loss of $26,780, which was a higher loss than the comparative period in 2021. This was mainly driven by higher professional fees due to the RTO transaction with ARCpoint.

Consolidated quarterly loss – 8 quarters historic trend

	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
EBITDA	(26,338)	(47,278)	(20,829)	(26,884)	(9,796)	(65,146)	(33,747)	(24,486)
Interests and bank charges	(442)	(648)	(510)	(216)	(1,059)	(840)	(679)	(2,962)
Total comprehensive gain (loss)	(26,780)	(47,926)	(21,339)	(27,100)	(10,855)	(65,986)	(34,426)	(27,448)
Basic/Diluted earnings (loss) per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	$ 4,946,913	$ 5,030,219	$ 5,095,071	$ 5,156,327	$ 5,251,772	$ 5,309,454	$ 5,405,078	$ 5,544,375

Three months ended March 31, 2022 vs. previous quarters in 2021 and 2020

EBITDA and net loss were lower than most of the historic quarters as the Company is still conserving its cash for a corporate transaction. The current quarter loss was higher than Q3 2021, Q1 2021 and Q2 2020 due to the higher professional fees from the ARCpoint RTO transaction.

Change in total assets

As at March 31, 2022, the total assets is approximately $4.95 million. Total assets slowly decrease due to general corporate expenditures.

LIQUIDITY AND CAPITAL RESOURCES

	Three months ended March 31,	
	2022	2021
Cash inflow (outflow) from operating activities	$ (87,398)	$ (25,454)
Cash inflow (outflow) from investing activities	80,000	-
Net cash flows	(7,398)	(25,454)
Cash balance	$ 19,587	$ 4,155

	March 31, 2022		March 31, 2021
Cash balance	$ 19,587	$	4,155
Short term investment – GIC	4,913,712		5,080,866
Total cash and short term investments	4,933,299		5,085,021

As at March 31, 2022, the Company's net working capital was $4,943,680 (December 31, 2021 - $4,970,460), which was lower than December 31, 2021 due to general corporate expenditures.

Cash outflow from operating activities was a higher outflow in the current quarter end when compared to 2021's comparative period due to the settlement of accounts payable from fiscal 2021 year end.

Cash inflow from investing activities in the current period ended was $80,000 from redemption of GIC. This did not happen in the comparative period in 2021.

The Company's ability to continue as a going concern is dependent on the Company's ability to raise funds and generate interest income. The Company has sufficient working capital to fund the planned development and corporate expenses through 2022.

SHAREHOLDERS' EQUITY

As at March 31, 2022 and the date of this report, there were the following stock options and common shares outstanding:

	Stock options	Common shares
As at date of report	1,400,000	36,835,278

The following table discloses the number of options and vested options outstanding as at date of this report:

Number of options	Vested ('000s)	Exercise price	Expiry Date
1,400,000	1,400,000	0.10	May 1, 2024
1,400,000	1,400,000	0.10	

REGULATORY DISCLOSURES

Off-Balance Sheet Arrangements

As at the date of this report, the Company did not have any off-balance sheet arrangements.

Proposed Transactions

The Company does not have any proposed transactions as at March 31, 2022 and the date of the report, other than as disclosed elsewhere in this document.

Related Party Transactions

Related party transactions not otherwise disclosed in these unaudited condensed interim consolidated financial statements are as follows:

1. The Company paid remuneration for management services to a company controlled by the CEO totaling $9,450 (2021 - $9,450).

2. The Company paid remuneration for management services to a company controlled by the CFO totaling $9,450 (2021 - $9,450).

As at March 31, 2022 the Company had amounts payable of $nil (December 31, 2021 - $nil) to these parties which has been included in accounts payable.

These transactions are in the normal course of the operations on normal commercial terms and conditions and at exchange rates, which is the amount of consideration established and agreed to by the related parties.

Financial Instruments

	March 31, 2022 $	December 31, 2020 $
Financial Assets		
Amortized cost:		
Cash	19,587	26,985
Short-term investment	4,913,712	4,982,954
Interest receivable	2,614	5,828
Financial Liabilities		
Amortized cost:		
Accounts payable and accrued liabilities	3,233	59,759

Fair Value

The carrying value of cash, accounts receivable, short-term investment, interest receivable and accounts payable and accrued liabilities approximates the fair value because of the short-term of these instruments.

Financial Risk Management

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. As at March 31, 2022, the Company's maximum exposure to credit risk is in the carrying value of its cash, short-term investment and interest receivable. The Company limits its exposure to credit loss by placing its cash and short-term investments with high credit quality financial institutions.

Currency Risk

The functional currency of RSI is the Canadian dollar. As at March 31, 2022, most of the foreign currency risk is related to US dollar funds held in bank US$88 (December 31, 2021 - US$88), denominated in US dollar. Therefore, the Consolidated Statements of Operations and Comprehensive Income (Loss) is impacted by fluctuations in the valuation of the US dollar in relation to the Canadian dollar.

The Company does not hedge its exposure to currency fluctuations. The Company has completed a sensitivity analysis to estimate the impact that a change in foreign exchange rates would have on the net loss of the Company, based on the Company's financial instruments in US dollar as at year end. This sensitivity analysis shows that a change of +/-

10% in US$ foreign exchange rate would have an immaterial impact on the Consolidated Statements of Operations and Comprehensive Loss.

Interest Rate Risk

The Company is only subject to interest rate risk on its short-term investment balance in the bank and there is unlikely to be a material impact on Consolidated Statements of Operations and Comprehensive Income (Loss).

Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time.

As at March 31, 2022, the Company had total payable in the amount of $3,233 due within 12 months (December 31, 2021 - $59,759). As at March 31, 2022, the Company held cash and short-term investment of $4,933,299 (December 31, 2021 - $5,009,939).

The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves to meet its liquidity requirements at any point in time. With the current cash balance and working capital position, management expects it is sufficient to meet the Company's liquidity requirements.

Management of Capital

The Company's objectives in managing capital are to ensure sufficient liquidity to pursue its strategy of growth combined with strategic acquisitions and to provide returns to its shareholders. RSI defines capital that it manages as the aggregate of its shareholders' equity, which is comprised of issued capital, contributed surplus and deficit. The Company manages its capital structure and makes adjustments to it in light of general economic conditions, the risk characteristics of the underlying assets and the Company's working capital requirements. In order to maintain or adjust its capital structure, the Company, upon approval from its Board of Directors, may issue shares, issue debt, pay dividends or undertake other activities as deemed appropriate under the specific circumstances.

The Company may borrow, repay and re-borrow up to the amount of the facility provided the facility is made available at the sole discretion of the Bank and the Bank may cancel or restrict the availability of any unutilized portion at any time and from time to time without notice. As of March 31, 2022, the Company had a $nil balance relating to this line of credit.

The Company was not subject to any other externally imposed capital requirements as at March 31, 2022. The Company's overall strategy with respect to management of capital at March 31, 2022 remains fundamentally unchanged from the year ended March 31, 2022.

Significant Accounting Policies

Please refer to audited consolidated financial statements for the year ended December 31, 2021, and unaudited condensed interim consolidated financial statements for the period ended March 31, 2022, which were filed on SEDAR.

Risk and uncertainties

COVID-19

Subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

The Company does not intend to pay dividends for the foreseeable future.

The Company has never declared or paid any cash dividends on the Company's common shares and does not intend to pay any cash dividends in the foreseeable future. The Company anticipates that it will retain all of its future earnings for use in the development of its business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of the Company's board of directors. In addition, from time to time the Company may enter into agreements that restrict its ability to pay dividends.

The price of the Company's common shares may be volatile.

The trading price of the Company's common shares has been and may continue to be subject to material fluctuations and may increase or decrease in response to a number of events and factors, including: - changes in the market price of hospitality management systems and number of market competitors offering same or similar products; - current events affecting the economic situation and exchange rates in Canada, the United States, and internationally; - changes in financial estimates and recommendations by securities analysts; - acquisitions and financings; - quarterly variations in operating results; - the operating and share price performance of other companies that investors may deem comparable; - the issuance of additional equity securities by the Company or the perception that such issuance may occur; and - purchases or sales of blocks of the Company's common shares. Part of this volatility may also be attributable to the current state of the stock market, in which wide price swings are common. This volatility may adversely affect the price of the Company's common shares regardless of the Company's operating performance and could cause the market price of the Company's common shares to decline.

The Company may issue additional equity securities which may reduce the Company's earnings per share.

The Company has in the past issued and may continue to issue equity securities to finance its activities, including in order to finance working capital requirements, capital expenditures and acquisitions. If the Company issues additional common shares, your percentage ownership of the Company will decrease, and you may experience dilution in the Company's earnings per share. Moreover, as the Company's intention to issue any additional equity securities becomes publicly known, the common share price may be materially and adversely affected.

Holders of the Company's common shares may experience dilution when outstanding options and warrants are exercised, or as a result of additional securities offerings.

There are a number of outstanding options and warrants pursuant to which additional common shares of the Company may be issued in the future. Exercise of such options and warrants may result in dilution to the Company shareholders. In addition, if the Company raises additional funds through the sale of equity securities, shareholders may have their investment further diluted.

Disclosure controls and procedures

Current securities policies in Canada require that management of the Company assess the effectiveness of the Company's disclosure controls and procedures at period ends. Management has concluded that the disclosure controls as at March 31, 2022 were effective in ensuring that all material information required to be filed had been effected in a timely manner, and that the information was recorded, processed and reported within the time period necessary to prepare the filings.

The Company continues to review and assess its internal control over financial reporting. There were no significant changes made to internal controls over financial reporting during the period ended March 31, 2022.

Cautionary note regarding forward-looking information

Certain statements and information contained in this MD&A and the documents incorporated by reference in this MD&A constitute "forward-looking information" within the meaning of applicable Canadian securities laws. Forward-looking information are statements and information regarding possible events, conditions or results of operations that are based upon assumptions about future economic conditions and courses of action. All statements and information other than statements of historical fact may be forward-looking information. In some cases, forward-looking information can be identified by the use of words such as “seek”, “expect”, “anticipate”, “budget”, “plan”, “estimate”, “continue”, “forecast”, “intend”, “believe”, “predict”, “potential”, “target”, “may”, “could”, “would”, “might”, “will” and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information in this MD&A and the documents incorporated herein by reference include, but are not limited to, statements and information regarding: a continuing or increased need for software solutions for the hospitality industry in difficult economic times, the attainment of certain subscription targets and company performance, the demand for its products continuing to increase, a sufficient stable and healthy global economic and business environment, and other factors contained in the section entitled “Risks and Uncertainties” in the MD&A for the period ended September 31, 2021. Although the Company has attempted to identify important factors that could cause actual results or events to differ materially from those described in the forward- looking statements, you are cautioned that this list is not exhaustive and there may be other factors that the Company has not identified. Furthermore, the Company undertakes no obligation to update or revise any forward-looking information included in, or incorporated by reference in, this MD&A if these beliefs, estimates and opinions or other circumstances should change, except as otherwise required by applicable law.