

PRONTOFORMS CORPORATION

Condensed Interim Consolidated Statements of Comprehensive Loss

For the three months ended March 31, 2018 and 2017

(Unaudited in US dollars)

	Three Months Ended March 31,	
	2018	2017
	\$	\$
Revenue		
Recurring revenue	2,495,068	2,164,211
Professional and other services	253,480	174,535
	2,748,548	2,338,746
Cost of Revenue		
Recurring revenue	268,197	196,785
Professional and other services	217,301	196,322
	485,498	393,107
Gross Margin	2,263,050	1,945,639
Expenses		
Research and development	1,053,281	890,407
Selling and marketing	1,406,594	1,244,855
General and administrative	579,876	576,909
	3,039,751	2,712,171
Loss from operations	(776,701)	(766,532)
Foreign exchange gain (loss)	90,071	(11,262)
Interest and accretion	(80,926)	(66,967)
Change in fair value of derivative liability	(7,607)	(25,529)
Net loss	(775,163)	(870,290)
Other Comprehensive loss		
Foreign currency translation adjustment	(47,660)	7,395
Total comprehensive loss	(822,823)	(862,895)
Net loss per common share		
basic and diluted	(0.01)	(0.01)
Weighted average number of common shares		
basic and diluted	107,524,142	90,635,594

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Condensed Interim Consolidated Statements of Financial Position as at March 31, 2018 and December 31, 2017

(Unaudited in US dollars)

	March 31, 2018	December 31, 2017	January 1, 2017
	\$	\$	\$
Assets			
Current assets			
Cash and cash equivalents	4,530,944	5,074,489	2,875,715
Accounts receivable	1,202,501	1,030,803	787,394
Investment tax credits receivable	231,905	239,130	96,952
Unbilled receivables	152,624	111,017	63,911
Related party loan receivable	83,339	85,649	80,030
Prepaid expenses and other receivables	425,136	491,584	347,631
	6,626,449	7,032,672	4,251,633
Property, plant and equipment	310,411	314,920	333,664
Intangible assets	2,180	7,419	43,689
	6,939,040	7,355,011	4,628,986
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	1,523,011	1,596,036	1,136,314
Deferred revenue	1,377,128	998,117	480,866
Long-term debt - current portion	—	—	651,409
Derivative liability - current portion	—	—	614,948
	2,900,139	2,594,153	2,883,537
Long-term debt	2,451,080	2,484,574	1,228,338
Derivative liability	265,848	275,361	114,863
	5,617,067	5,354,088	4,226,738
Shareholders' equity			
Share capital	20,721,783	20,721,783	16,972,146
Contributed Surplus	757,165	757,165	—
Share-based payment reserve	3,240,542	3,096,669	2,562,362
Warrant reserve	1,384,394	1,384,394	1,081,667
Deficit	(24,930,186)	(24,155,023)	(20,293,094)
Accumulated other comprehensive income (loss)	148,275	195,935	79,167
	1,321,973	2,000,923	402,248
	6,939,040	7,355,011	4,628,986

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Condensed Interim Consolidated Statements of Cash Flows

For the three months ended March 31, 2018 and 2017

(Unaudited in US dollars)

	2018	2017
	\$	\$
Net inflow (outflow) of cash related to the following activities:		
Cash flow from operating activities		
Net loss	(775,163)	(870,290)
Items not affecting cash		
Share-based compensation	143,872	142,070
Accretion on long-term debt	33,521	23,630
Change in fair value of derivative liability	7,607	25,529
Amortization of property, plant and equipment	36,868	26,836
Amortization of intangible asset	5,038	13,104
Changes in non-cash operating working capital items	158,970	131,235
	(389,287)	(507,886)
Cash flow from financing activities		
Proceeds from long-term debt	—	751,300
Issuance costs related to long-term debt	—	(536)
Proceeds from the exercise of warrants	—	86,609
Proceeds from the exercise of options	—	3,428
	—	840,801
Cash flow from investing activities		
Purchase of property, plant and equipment	(40,853)	(15,375)
	(40,853)	(15,375)
Effect of Exchange Rate Changes on Cash	(113,405)	25,678
Net cash inflow (outflow)	(543,545)	343,218
Cash and cash equivalents, beginning of year	5,074,489	2,875,715
Cash and cash equivalents, end of period	4,530,944	3,218,933