Consolidated financial statements of
ProntoForms Corporation

December 31, 2018 and 2017

Deloitte.

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Independent Auditor's Report

To the Shareholders of
ProntoForms Corporation

Opinion

We have audited the consolidated financial statements of ProntoForms Corporation (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017 and January 1, 2017, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years ended December 31, 2018 and 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and January 1, 2017, and its financial performance and its cash flows for the years ended December 31, 2018, and 2017, in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty related to Going Concern

We draw attention to Note 3 in the consolidated financial statements, which indicates that the Company incurred a net loss of $2,500,614 during the year ended December 31, 2018 and, as of that date, the Company had an accumulated deficit of $26,655,637. As stated in Note 3, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Amy deRidder.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
April 10, 2019

ProntoForms Corporation

Consolidated statements of comprehensive loss

Years ended December 31, 2018 and 2017

(In United States dollars)

	Notes	2018	2017
		$	$
Revenue			
Recurring revenue		**10,850,591**	8,991,412
Professional and other services		**1,281,915**	856,116
		12,132,506	9,847,528
Cost of revenue			
Recurring revenue		**1,244,604**	894,626
Professional and other services		**906,953**	921,543
		2,151,557	1,816,169
Gross margin		**9,980,949**	8,031,359
Expenses			
Research and development	6	**4,198,649**	3,845,391
Selling and marketing		**5,636,138**	5,055,090
General and administrative		**2,528,143**	2,377,275
		12,362,930	11,277,756
Loss from operations		**(2,381,981)**	(3,246,397)
Foreign exchange gain (loss)		**247,705**	(156,874)
Interest and accretion		**(354,526)**	(374,998)
Change in fair value of derivative liability	10	**(11,812)**	(83,660)
Net loss		**(2,500,614)**	(3,861,929)
Other Comprehensive (loss) gain			
Foreign currency translation adjustment		**(87,835)**	193,103
		(2,588,449)	(3,668,826)
Net loss per common share basic and diluted	12	**(0.02)**	(0.04)
Weighted average number of common shares basic and diluted	12	**107,965,926**	102,672,497
Share-based compensation included in accounts			
Cost of revenue		**35,991**	39,983
Research and development		**71,963**	85,769
Selling and marketing		**132,796**	183,037
General and administrative		**173,306**	290,209
		414,056	598,998

The accompanying notes are an integral part of the consolidated financial statements.

ProntoForms Corporation

Consolidated statements of financial position

As at December 31, 2018, 2017 and January 1, 2017

(In United States dollars)

	Notes	**December 31, 2018**	December 31, 2017	January 1, 2017
		$	$	$
Assets				
Current assets				
Cash and cash equivalents		**3,325,241**	5,074,489	2,875,715
Accounts receivable	5	**2,178,420**	1,030,804	787,394
Investment tax credits receivable	6	**158,966**	239,130	96,952
Unbilled receivables		**156,865**	111,017	63,911
Related party loan receivable	15	**78,761**	85,649	80,030
Prepaid expenses and other receivables	7	**523,573**	491,584	347,631
		6,421,826	7,032,673	4,251,633
Property, plant and equipment	8	**315,629**	314,920	333,664
Intangible assets	9	**—**	7,419	43,689
		6,737,455	7,355,012	4,628,986
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities		**1,885,351**	1,596,036	1,136,314
Deferred revenue		**2,254,400**	998,117	480,866
Long-term debt - current portion	10	**—**	—	651,409
Derivative liability - current portion	10	**—**	—	614,948
		4,139,751	2,594,153	2,883,537
Long-term debt	10	**2,424,136**	2,484,574	1,228,338
Derivative liability	10	**235,990**	275,361	114,863
		6,799,877	5,354,088	4,226,738
Shareholders' equity				
Share capital	11	**20,912,276**	20,721,783	16,972,146
Contributed Surplus		**801,888**	738,395	—
Share-based payment reserve		**3,431,280**	3,096,669	2,562,362
Warrant reserve		**1,263,336**	1,326,830	1,081,667
Deficit		**(26,655,637)**	(24,155,023)	(20,293,094)
Accumulated other comprehensive income (loss)		**184,435**	272,270	79,167
		(62,422)	2,000,924	402,248
		6,737,455	7,355,012	4,628,986

The accompanying notes are an integral part of the consolidated financial statements.

Approved by the Board

(signed -- Alvaro Pombo)
________________________________, Director

ProntoForms Corporation

Consolidated statements of cash flows

Years ended December 31, 2018 and 2017
(In United States dollars)

	Notes	2018	2017
		$	$
Operating activities			
Net loss		**(2,500,614)**	(3,861,929)
Items not affecting cash			
Share-based compensation		**414,056**	598,998
Accretion on long-term debt		**145,632**	170,430
Change in fair value of derivative liability		**11,812**	83,660
Amortization of property, plant and equipment		**118,885**	114,914
Amortization of intangible asset		**7,183**	38,004
Unrealized foreign exchange and translation adjustments		**(272,277)**	120,540
Changes in non-cash operating working capital items	18	**456,571**	373,114
		(1,618,752)	(2,362,269)
Financing activities			
Proceeds from long-term debt	10	**—**	751,300
Issuance costs related to long-term debt		**—**	(549)
Proceeds from private placement units	11	**—**	4,343,406
Issuance costs related to private placement units		**—**	(318,037)
Scheduled payments of derivative liability		**—**	(724,510)
Proceeds from the exercise of options		**111,048**	211,765
Proceeds from the exercise of warrants		**—**	86,609
		111,048	4,349,984
Investing activities			
Purchase of property, plant and equipment		**(146,292)**	(74,172)
Purchase of intangible assets		**—**	—
		(146,292)	(74,172)
Effect of exchange rate on cash		**(95,252)**	285,230
Net cash (outflow) inflow		**(1,749,248)**	2,198,773
Cash and cash equivalents, beginning of year		**5,074,489**	2,875,715
Cash and cash equivalents, end of year		**3,325,241**	5,074,488
Cash and cash equivalents consists of the following			
Cash		**3,278,891**	5,028,138
Money market funds		**—**	—
Guaranteed investment certificates		**46,350**	46,350
		3,325,241	5,074,488
Supplementary information			
Interest paid		**226,723**	211,779
Interest received		**18,887**	3,503

The accompanying notes are an integral part of the consolidated financial statements.

ProntoForms Corporation

Consolidated statements of changes in shareholders' equity

Years ended December 31, 2018 and 2017

(In United States dollars)

	Notes	Share capital Number	Amount $	Contributed Surplus	Share-based payment reserve $	Warrant reserve $	Accumulated Other Comprehensive Income (Loss) $	Deficit $	Shareholders' equity $
Balance at December 31, 2016		93,187,918	16,972,146	—	2,562,362	1,081,667	79,167	(20,293,094)	402,248
Share-based compensation		—	—	—	598,999	—	—	—	598,999
Net loss and comprehensive loss		—	—	—	—	—	—	(3,861,929)	(3,861,929)
Translation adjustment		—	—	—	—	—	193,103	—	193,103
Issuance of common shares on									—
exercise of options		1,429,532	271,529	—	(64,692)	—	—	—	206,837
Issuance of common shares on									—
exercise of warrants		379,400	144,174	—	—	(57,564)	—	—	86,610
Issuance of warrants related to									—
long-term debt	11	—	—	—	—	349,687	—	—	349,687
Expiry of warrants		—	—	738,395	—	(738,395)	—	—	—
Issuance of private placement units		15,195,780	3,715,464	—	—	627,942	—	—	4,343,406
Costs related to private placement units		—	(381,530)	—	—	63,493	—	—	(318,037)
Balance at December 31, 2017		110,192,630	20,721,783	738,395	3,096,669	1,326,830	272,270	(24,155,023)	2,000,924
Share-based compensation		**—**	**—**	**—**	**414,056**	**—**	**—**	**—**	**414,056**
Net loss and comprehensive loss		**—**	**—**	**—**	**—**	**—**	**—**	**(2,500,614)**	**(2,500,614)**
Issuance of common shares on									
exercise of options		**837,333**	**190,493**	**—**	**(79,445)**	**—**	**—**	**—**	**111,048**
Translation adjustment		**—**	**—**	**—**	**—**	**—**	**(87,835)**	**—**	**(87,835)**
Expiry of warrants		**—**	**—**	**63,493**	**—**	**(63,493)**	**—**	**—**	**—**
Balance at December 31, 2018		**111,029,963**	**20,912,276**	**801,888**	**3,431,280**	**1,263,337**	**184,435**	**(26,655,637)**	**(62,421)**

The accompanying notes are an integral part of the consolidated financial statements.

1. Description of business

ProntoForms Corporation (“ProntoForms” or the “Company”) researches, develops, and markets mobile business solutions which help customers quickly and flexibly automate field sales, field service and other field data collection business processes. The Company was incorporated and is domiciled in Ontario, Canada. The Company is publicly traded on the Toronto Stock Exchange Venture Exchange (“TSXV”) under the symbol “PFM” and has its registered address at 250-2500 Solandt Road, Ottawa, Ontario.

2. Change in presentation currency

Effective January 1, 2018, the Company changed its presentation currency from the Canadian dollar to the Unites States dollar. The change in presentation currency is to better reflect the Company’s business activities and focus and improves users’ ability to compare the financial results with other businesses in the industry. The change in presentation currency should result in less volatility from the effect of foreign currencies on reported revenue.

The Company has applied the change retrospectively as if the new presentation currency had always been the Company’s presentation currency. In accordance with IAS 21, the effects of changes in foreign exchange rates, the financial statements for all periods presented have been translated to the new United States dollar presentation currency. Assets and liabilities have been translated using period end exchange rates, equity transactions have been translated using the exchange rate in effect on the date of the specific transaction or the average exchange rate during the respective period, and revenues, expenses, gains and losses, and cash flow amounts have been translated into presentation currency using the actual or average rate during the respective period. This resulted in a cumulative translation adjustment of $79,167 on 1 January 2017 which was recorded as part of shareholders equity.

3. Basis of preparation

(a) *Statement of compliance*

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as promulgated by the International Accounting Standards Board.

These consolidated financial statements were approved and authorised for issue by the Board of Directors on April 10, 2019.

(b) *Basis of measurement*

These consolidated financial statements have been prepared on a historical cost basis. Historical cost is generally based upon the fair value of the consideration given in exchange for assets. The consolidated statements of comprehensive loss are presented using the function classification for expenses. Derivative liabilities are measured at fair value after initial recognition.

(c) *Basis of consolidation*

The consolidated financial statements include the accounts of ProntoForms Corporation and its wholly-owned subsidiaries ProntoForms Inc. (Canadian company), TrueContext Limited (U.K. company), and TrueContext Incorporated (U.S. company). Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries align with the policies adopted by the Company. All inter-company transactions, balances, profits and expenses have been eliminated.

3. Basis of preparation (continued)

(d) Going concern

The preparation of financial statements in accordance with IFRS contemplates the continuation of the Company as a going concern. As at December 31, 2018, the Company had not yet achieved profitable operations, had a net loss for the year of $2,500,614 and has an accumulated deficit of $26,655,637. The Company believes that certain sales-related efforts and financing initiatives will provide sufficient cash flow for it to continue as a going concern in its present form. However, there can be no assurance that the Company will achieve such results. In the absence of raising additional debt or equity financing or attaining sufficient revenues to achieve and sustain profitability there is substantial doubt regarding the Company's ability to continue as a going concern. The financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts, or the amounts and classification of liabilities that might be necessary should the Company be unable to continue its operations.

4. Significant accounting policies

(a) Cash and cash equivalents

Cash and cash equivalents include cash on hand and highly liquid investments with original maturity dates of three months or less.

(b) Foreign currency translation

All figures presented in the consolidated financial statements and tabular disclosures to the consolidated financial statements are reflected in United States dollars, which is the presentation currency of the Company and each of its subsidiaries.

Foreign currency transactions are translated into Canadian dollars, which is the functional currency of the Company at exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to Canadian dollars at the foreign exchange rate applicable at that date. Realized and unrealized exchange gains and losses are recognized through profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(c) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated amortization and impairment losses. Amortization is provided using the following terms and method:

Computer equipment	Straight line	3 years
Furniture	Straight line	10 years
Office equipment	Straight line	3 years
Leasehold improvements		Straight line over term of related lease

An asset's residual value, useful life and amortization method are reviewed at each financial year and adjusted if appropriate. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

4. Significant accounting policies (continued)

(c) Property, plant and equipment (continued)

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and are recognized within other income in profit or loss.

(d) Intangible assets

Intangible assets are comprised of licensed computer software, capitalization of software implementation costs, and intellectual property which are recorded at cost less accumulated amortization and accumulated impairment losses. Amortization is provided using the following terms and method:

Licensed computer software	Straight line	3 years
Software implementation cost	Straight line	3 years
Intellectual property	Straight line	2 years

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

(e) Impairment of long-lived assets

Long-lived assets, including property, plant and equipment and intangible assets are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded net of depreciation/amortization had no impairment loss been recognized previously.

(f) Leased assets

Leases are classified as an operating lease whenever the terms of the lease do not transfer substantially all of the risks and rewards of ownership to the lessee. Lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which the economic benefits are consumed.

4. Significant accounting policies (continued)

(g) Revenue recognition

The Company reports its revenue as recurring revenue, professional services and other services. Recurring revenue is derived from subscription fees for cloud-based software and maintenance. Subscription revenue is primarily derived from subscription and maintenance contracts for defined periods. Professional services revenue consists mainly of consulting and implementation services. Other service revenue consists of contracts with channel partners and device vendors for the delivery of marketing services.

The Company's arrangements are generally noncancelable and nonrefundable. The Company's subscription arrangements do not provide customers with the right to take possession of the software supporting the platform and, as a result, are accounted for as service arrangements. This revenue recognition policy is consistent for sales generated directly with customers and sales generated indirectly through channel partners.

The Company determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, the Company satisfies a performance obligation

Subscription Services Revenue

Subscription fees are recognized on a ratable basis over the contractual term. The terms of the contracts range from monthly, annual or multi-year subscription terms.
Revenue recognition begins on the date that the Company's service is made available to the customer. The Company earns revenue based on the services it delivers either directly to its customers or indirectly through resellers. Additionally, if an agreement contains non-standard acceptance or requires non-standard performance criteria to be met, revenues are deferred until the satisfaction of these conditions.

Professional Services Revenue

Revenue for the Company's professional services is recognized as services are performed in proportion with their pattern of transfer which is based on the number of labour hours incurred as a percentage of the total expected labour hours. Any probable losses are recognized immediately in operating expenses. In certain situations where the outcome of an arrangement cannot be estimated reliably, costs associated with the arrangement are recognized as incurred. In this situation, revenues are recognized only to the extent of the costs incurred that are probable of recovery.

4. Significant accounting policies (continued)

(g) Revenue recognition (continued)

Contracts with Multiple Performance Obligations

The Company may sell subscription service agreements with multiple-element arrangements that also include professional services. For these contracts, the Company accounts for individual performance obligations separately if they are distinct. The transaction price, including any variable consideration, is allocated to the separate performance obligations on a relative Stand-alone Selling Price (SSP) basis. The Company determines SSP based on, if available, observable prices for those related services when sold separately. When observable prices are not available, the Company determines SSP based on overarching pricing objectives and strategies, taking into consideration market conditions and other factors, including customer size, volume purchased, market and industry conditions, product-specific factors and historical sales of the deliverables.

Unbilled receivables arise where professional services are performed or product is delivered prior to the Company's ability to invoice in accordance with the contract terms.

Deferred revenue arises when customers are invoiced in advance of revenue recognition criteria being met.

(h) Research and development

Research costs are expensed as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development to use or sell the asset. Other development expenditures are recognized in profit and loss as incurred. To date, no development costs have been capitalized.

(i) Income taxes

The Company uses the asset and liability method to account for income taxes. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities for accounting purposes, and their respective tax bases. Deferred income tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in statutory tax rates is recognized in profit or loss in the year of change. Deferred income tax assets are recorded when their recoverability is considered probable and are reviewed at the end of each reporting period.

(j) Investment tax credits and other government assistance

The Company is entitled to certain Canadian investment refundable tax credits for qualifying research and development activities performed in Canada. Investment tax credits are recorded as a reduction of the related expense or as a reduction of the cost of the related asset. The benefits are recognized when the Company has complied with the terms and conditions of the approved grant program or applicable tax legislation provided there is reasonable assurance of realization.

4. Significant accounting policies (continued)

(j) Investment tax credits and other government assistance (continued)

Also from time to time, the Company receives funding under various federal or provincial Government research and development or hiring assistance programs. Government assistance is recorded as a reduction of the related expense. The benefits are recognized when the Company has complied with the terms and conditions of the approved government assistance program provided there is reasonable assurance of realization. A liability for government assistance payable is recorded when the amount is determinable and it is considered likely that amounts will be repaid. The benefit of a government loan at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

(k) Share-based compensation

The Company has an employee stock option plan. The Company measures equity settled share-based payments based on their fair value at the grant date and recognizes compensation expense over the vesting period based on the Company's estimate of equity instruments that will eventually vest. Expected forfeitures are estimated at the date of grant and subsequently adjusted if further information indicates actual forfeitures may vary from the original estimate. The impact of the revision of the original estimate is recognized in profit or loss such that the cumulative expense reflects the revised estimate. For stock options granted to non-employees the compensation expense is measured at the fair value of the good and services received except where the fair value cannot be estimated in which case it is measured at the fair value of the equity instruments granted. The fair value of share-based compensation to non-employees is periodically re-measured until counterparty performance is complete, and any change therein is recognized over the period and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. Consideration paid by employees or non-employees on the exercise of stock options is recorded as share capital and the related share-based compensation is transferred from share-based payment reserve to share capital.

(l) Earnings per share

The Company presents basic and diluted earnings per share data for its common shares. Basic earnings per share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting any profit attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares, which comprise warrants and share options issued.

(m) Financial instruments

Trade receivables without a significant financing component are initially measured at the transaction price. All other financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

4. Significant accounting policies (continued)

(m) Financial instruments (continued)

Financial assets

All financial assets are recognized and de-recognized on trade date. The Company determines the classification of its financial assets on the basis of both the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets. A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets are classified as follows:

Financial asset	Classification under IFRS 9
Cash and cash equivalents	Amortized cost
Trade and other receivables	Amortized cost
Unbilled receivables	Amortized cost

Amortized cost

Subsequent to initial recognition, financial assets at amortized cost are measured using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate except for short-term receivables where the interest revenue would be immaterial. Interest income, foreign exchange gains and losses, impairment, and any gain or loss on de-recognition are recognized in profit or loss.

Impairment of financial assets

The Company measures a loss allowance based on the lifetime expected credit losses. Lifetime expected credit losses are estimated based on factors such as the Company's past experience of collecting payments, the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables, financial difficulty of the borrower, and it becoming probable that the borrower will enter bankruptcy or financial re-organization.

Financial assets are written off when there is no reasonable expectation of recovery.

Financial liabilities

The Company determines the classification of its financial liabilities at initial recognition. The Company's financial liabilities are classified as follows:

Financial liability	Classification under IFRS 9
Trade payables and accrued liabilities	Amortized cost
Derivative liability	Fair value
Long-term debt	Amortized cost

Amortized cost

Financial liabilities at amortized cost are measured using the effective interest rate method.

De-recognition of financial liabilities

The Company de-recognizes financial liabilities when the Company's obligations are discharged, cancelled or they expire.

4. Significant accounting policies (continued)

(m) Financial instruments (continued)

Financial liabilities (continued)

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Transaction costs

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction cost directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

(n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(o) Critical accounting estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Revenue recognition

Application of the accounting principles related to the measurement and recognition of revenue requires the Company to make judgments and estimates. Revenue arrangements may be comprised of multiple license and service elements. Judgment is required in determining the performance obligations that exist in an arrangement and the nature of these deliverables. Revenue recognition requires the arrangement fee to be allocated to the elements on a relative fair value basis. Judgment and estimates are required when determining the relative fair value of elements utilizing standalone prices for similar deliverables where it exists or third party evidence of standalone price or internally generated estimates of standalone price.

Revenue for subscription services is recognized when delivered. Judgment is required in determining when delivery has occurred including assessing if significant obligations to install the product exist that must be completed, the timing of when the significant risks and rewards of ownership have been transferred, and if a risk of return exists due to non-compliance with product specifications.

4. Significant accounting policies (continued)

(o) Critical accounting estimates and judgments (continued)

Revenue recognition (continued)

Revenue for service elements is recognized as the services are performed. Estimates of proportional performance of service arrangements are required to recognize revenue including effort spent to date versus total effort expected to complete.

Impairment of trade receivables

Management determines the estimated recoverability of trade receivables based on the evaluation and ageing of trade receivables, including the current creditworthiness and the past collection history of the customers and reviews these estimates at the end of each reporting period. The Company maintains an allowance for doubtful accounts to provide for impairment of trade receivables. The expense relating to doubtful accounts is included within general and administrative expenses in the consolidated statement of comprehensive loss. The Company is required to make subjective judgments in determining the independent cash flows, expected future revenue and expenses related to its trade receivables. Any changes in these estimates based on changed economic conditions or business strategies could result in impairment charges or reversal in future years.

Share-based compensation

In calculating the share-based compensation expense, key estimates such as the rate of forfeiture of options granted, the expected life of the option and the risk-free interest rate are used.

Warrants

In calculating the value of the warrants, key estimates such as the volatility and risk-free interest rate are used.

Functional currency

The majority of revenue contracts are priced and billed in U.S. dollars whereas the cost structure inputs are primarily in Canadian dollars. Secondary indicators of functional currency including financing and cash holdings are primarily in Canadian dollars. As the indicators of functional currency do not clearly indicate a specific currency, the indicators as a whole have been judged to indicate the Canadian dollar is the functional currency of the parent company and its subsidiaries.

Derivative liability

In calculating the derivative liability related to the long-term debt, key estimates such as projected future revenue and discount rates are used.

Provisions

Provisions are recognized when the Company has a present obligation, legal or constructive as a result of a previous event, if it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the obligation. The amount recognized is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligations. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate of the expected future cash flows.

4. Significant accounting policies (continued)

(p) New IFRS in issue

The following is a list of standards and amendments that are effective and have been adopted by the Company:

IFRS 9 Financial Instruments ("IFRS 9")

The IASB issued the final version of IFRS 9 on July 24, 2014, which replaces IAS 39 Financial Instruments: Recognition and Measurement. This final version of IFRS 9 represents the completion of this project and it includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. IFRS 9 does not address the specific accounting for open portfolios or macro hedging as these items are part of a separate IASB project that is currently ongoing. This final Standard introduces a single, principles-based approach that amends both the categories and associated criteria for the classification and measurement of financial assets, which is driven by the entity's business model for the portfolio in which the assets are held and the contractual cash flows of these financial assets. Certain amendments have been made to the financial asset classification and measurement principles in prior versions of IFRS 9. This Standard introduces an amended hedging model which aligns hedge accounting more closely with an entity's risk management activities and also includes a new financial asset impairment model which is based on expected losses rather than incurred losses. This new Standard supersedes all prior versions of IFRS 9. The effective date for this standard began for annual periods beginning on or after January 1, 2018. The Company began to report under this standard for its reporting periods in 2018. IFRS 9 requires the Company to record expected credit losses on all trade receivables, either on a 12-month or lifetime basis. The Company has determined that the adoption of this new standard did not have a material impact on the financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued by the IASB on May 28, 2014, which replaces IAS 18, Revenue, IAS 11, Construction Contracts, and related interpretations on revenue. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the Standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control based approach to recognize revenue which is a change from the risk and reward approach under the previous standard. Companies can elect to use either a full or modified retrospective approach when adopting this standard and it is effective for annual period beginning on or after January 1, 2018. The Company has transitioned to the standard effective January 1, 2018 and is using the modified retrospective approach. The Company has capitalized certain sales commissions, fore contracts greater than one year, and expensed these contract costs on a straight-line basis over the expected life of the related customer relationship. The Company did not make any retrospective adjustment and has determined that the adoption of this new revenue standard did not have a significant impact on the current and prior period financial statements.

(q) New and revised IFRS in issue but not yet effective

IFRS 16 Leases ("IFRS 16")

The IASB issued a new standard, IFRS 16 on January 13, 2016, which supersedes IAS 17 Leases. The new standard brings most leases on the balance sheet for lessees under a single model and eliminates the distinction between operating and finance leases.
Lessor accounting remains largely unchanged. The new standard will come into effect on January 1, 2019. The Company is currently evaluating the impact of IFRS 16 on its consolidated financial statements.

(In United States dollars)

5. Accounts receivable

Accounts receivable consist of the following:

	December 31, 2018 $	December 31, 2017 $	January 1, 2017 $
Trade receivables	**2,320,039**	1,086,907	939,134
Allowance for doubtful accounts	**(141,619)**	(56,103)	(151,740)
	2,178,420	1,030,804	787,394

Movement in the allowance for doubtful accounts is as follows:

	December 31, 2018 $	December 31, 2017 $	January 1, 2017 $
Balance at the beginning of the period	**(56,103)**	(151,740)	(75,153)
Increase in provision	**(137,089)**	(99,224)	(125,304)
Receivables balances written-off	**48,293**	202,048	48,414
Translation adjustments	**3,280**	(7,187)	303
	(141,619)	(56,103)	(151,740)

6. Investment tax credits and other government assistance

During the year, the Company recorded investment tax credits of $158,966 ($239,130 in 2017) as a reduction of research and development expenses. The Company claims research and development deductions and related investment tax credits for income tax purposes based on management's interpretation of the applicable legislation in the Income Tax Act of Canada. These claims are subject to audit by the Canada Revenue Agency.

During the year, the Company recorded non-refundable government assistance of $73,248 related to provincial and federal employment assistant programs ($8,583 in 2017) as a reduction of research and development expenses.

7. Prepaid expenses and other receivables

	2018 $	2017 $
Prepaids and deposits	**464,280**	461,753
Commodities tax receivable	**36,590**	17,343
IRAP funding receivable	**13,118**	—
Other	**7,775**	7,971
Employee advances	**1,810**	4,517
	523,573	491,584

(In United States dollars)

8. Property, plant and equipment

	January 1, 2018 $	Additions $	Disposals $	Translation adjustments $	December 31, 2018 $
Cost					
Computer equipment	**379,208**	**73,445**	**(182,892)**	**(24,995)**	**244,766**
Office equipment	**113,851**	**40,818**	**(24,610)**	**(9,970)**	**120,089**
Furniture	**205,339**	**32,029**	**—**	**(18,122)**	**219,246**
Leasehold improvements	**89,478**	**-**	**(48,784)**	**(4,743)**	**35,951**
	787,876	**146,292**	**(256,286)**	**(57,830)**	**620,052**

	Balance at January 1, 2018 $	Amortization $	Disposals $	Translation adjustments $	Balance at December 31, 2018 $
Accumulated amortization					
Computer equipment	**298,064**	**62,425**	**(182,895)**	**(17,915)**	**159,679**
Office equipment	**65,771**	**29,773**	**(24,610)**	**(5,549)**	**65,385**
Furniture	**50,982**	**21,260**	**—**	**(5,168)**	**67,074**
Leasehold improvements	**58,139**	**5,427**	**(48,784)**	**(2,497)**	**12,285**
	472,956	**118,885**	**(256,289)**	**(31,129)**	**304,423**

	January 1, 2017 $	Additions $	Translation adjustments $	December 31, 2017 $
Cost				
Computer equipment	321,283	34,165	23,760	379,208
Office equipment	76,162	31,244	6,445	113,851
Furniture	185,499	6,583	13,257	205,339
Leasehold improvements	81,499	2,180	5,799	89,478
	664,443	74,172	49,261	787,876

	Balance at January 1, 2017 $	Amortization $	Translation adjustments $	Balance at December 31, 2017 $
Accumulated amortization				
Computer equipment	219,075	61,447	17,541	298,063
Office equipment	33,758	28,636	3,376	65,770
Furniture	28,684	19,596	2,702	50,982
Leasehold improvements	49,261	5,235	3,645	58,141
	330,778	114,914	27,264	472,956

(In United States dollars)

8. Property, plant and equipment (continued)

	2018	2017
	$	$
Carrying amount		
Computer equipment	**85,087**	81,145
Office equipment	**54,704**	48,081
Furniture	**152,172**	154,357
Leasehold improvements	**23,666**	31,337
	315,629	314,920

All assets are pledged as security against the long-term debt.

9. Intangible assets

	Balance at January 1, 2018	**Additions**	**Disposals**	**Translation adjustments**	**Balance at December 31, 2018**
	$	**$**	**$**	**$**	**$**
Cost					
Licensed computer software	**81,953**	**-**	**(72,140)**	**(2,965)**	**6,848**
Intellectual property	**66,654**	**-**	**—**	**(5,360)**	**61,294**
Software implementation costs	**58,287**	**-**	**—**	**(4,689)**	**53,598**
	206,894	**—**	**(72,140)**	**(13,014)**	**121,740**

	Balance at January 1, 2018	**Amortization**	**Disposals**	**Translation adjustments**	**Balance at December 31, 2018**
	$	**$**	**$**	**$**	**$**
Accumulated amortization					
Licensed computer software	**81,618**	**325**	**(72,140)**	**(2,955)**	**6,848**
Intellectual property	**66,654**	**-**	**-**	**(5,360)**	**61,294**
Software implementation costs	**51,202**	**6,858**	**-**	**(4,462)**	**53,598**
	199,474	**7,183**	**(72,140)**	**(12,777)**	**121,740**

(In United States dollars)

9. Intangible assets (continued)

	Balance at January 1, 2017 $	Additions $	Translation adjustments $	Balance at December 31, 2017 $
Cost				
Licensed computer software	76,576	—	5,377	81,953
Intellectual property	62,280	—	4,373	66,653
Software implementation costs	54,461	—	3,826	58,287
	193,317	—	13,576	206,893

	Balance at January 1, 2017 $	Amortization $	Translation adjustments $	Balance at December 31, 2017 $
Accumulated amortization				
Licensed computer software	73,801	2,545	5,272	81,618
Intellectual property	46,924	15,877	3,853	66,654
Software implementation costs	28,903	19,582	2,717	51,202
	149,628	38,004	11,842	199,474

	2018 **$**	2017 $
Carrying amount		
Licensed computer software	-	336
Intellectual property	-	—
Software implementation costs	-	7,083
	—	7,419

All assets are pledged as security against the long-term debt.

(In United States dollars)

10. Long-term debt and derivative liability

	December 31, 2018 $	December 31, 2017 $	January 1, 2017 $
Business Development Bank of Canada loans			
2012 Loan, interest at 8.5% per annum, compounded annually	**—**	—	722,500
2016 Loan, interest at 7% per annum, compounded annually	**3,073,200**	3,073,200	1,524,800
Debt issue costs	**(57,592)**	(57,592)	(57,056)
Derivative liability	**(239,289)**	(239,289)	(439,064)
Warrants	**(495,684)**	(495,684)	(145,997)
Accretion of discount	**269,909**	124,277	285,438
Accrued interest	**2,559**	2,559	2,559
Translation adjustment	**(128,967)**	77,103	(13,433)
	2,424,136	2,484,574	1,879,747
Less current portion	**-**	-	(651,409)
Long-term debts	**2,424,136**	**2,484,574**	**1,228,338**

In 2012, the Company entered into an agreement with BDC Capital Inc. ("BDCC") a wholly-owned subsidiary of the Business Development Bank of Canada for long-term debt financing (the "2012 Loan") of $722,500 ($1,000,000 CAD). The 2012 Loan bore interest at 8.5% per annum, compounded annually. In addition, there were additional bonus payments eligible including bonuses on revenue generated for 2015 and 2016. The royalty payments related to 2015 and 2016 revenue were paid in six equal installments from June through November 2017. On the maturity date of the loan on November 15th, 2017, the Company settled the 2012 Loan.

The bonus interest payments represented embedded derivatives that were bifurcated from the debt. The debt component was accreted up to its fair value over the term of the loan and the derivatives were revalued each reporting period with the changes recorded through the statement of comprehensive loss until they were settled.

In 2016, the Company entered into a financing agreement with BDCC, for a $3,073,200 ($4 million CAD) five-year secured term credit facility bearing interest at a fixed rate of 7% per year (the "2016 Loan"). The credit facility provided for the disbursement of funds in stages subject to the Company meeting certain conditions. The disbursements were received as follows:

- $1,524,800 ($2 million CAD) was received in September 2016,
- $751,300 ($1 million CAD) was received in March 2017 and
- $797,100 ($1 million CAD) was settled against the remaining 2012 Loan obligation in November 2017.

In addition, pursuant to the financing agreement, BDCC received warrants entitling it to acquire up to 4,350,000 common shares of the Company at a price per share of CAD $0.45. The term of the warrants is five years and BDCC's ability to exercise the warrants was vested as the disbursements were received according to the schedule as follows:

- 2,175,000 warrants vested in September 2016
- 1,087,500 vested March 2017 and
- 1,087,500 vested November 2017

(In United States dollars)

10. Long-term debt and derivative liability (continued)

The value of the 4,350,000 warrants was estimated using the following variables: share price of between $0.33 CAD - $0.38 CAD, expected life of between three years ten months and five years, nil dividends, volatility of between 81% - 88% and a risk-free interest rate of 0.65%. The $692,959 ($908,893 CAD) value of the warrants was recorded as an increase to warrant reserve and a $197,275 ($258,766 CAD) reduction of the derivative liability relating to the bonus on sale associated with the 2012 Loan and a $495,684 ($650,127 CAD) discount on the 2016 Loan.

Furthermore, annual recurring revenue growth ("ARRG") of less than 30% will result in an increase of 1.25% in the overall interest rate. The ARRG is calculated based on the audited year-end financial statements beginning with the year ended December 31, 2016. The additional increase in interest if ARRG is less than 30% represents an embedded derivative and accordingly, the 2016 Loan was bifurcated between the debt, the derivative and warrants. The debt component will be accreted up to its fair value over the term of the loan and the derivative is revalued each reporting period. The derivative for the potential increase in interest payments was valued based on the present value of management's best estimate of future annual recurring revenue, using an appropriate discount rate. The fair value for the derivative liability recorded at the time the proceeds were obtained totaled $107,563 ($141,085 CAD). Any changes in fair value are recorded through the statement of comprehensive loss. The overall interest rate on the 2016 Loan has increased by 1.25% to 8.25% in 2018 as a result of the ARRG growth in 2017 being less than 30%. The following table sets out the derivative liability as at December 31, 2018.

	December 31 2018	December 31, 2017	January 1, 2017
	$	$	$
Derivative portion of 2012 Loan proceeds	**—**	331,500	331,500
Derivative portion of 2016 Loan proceeds	**239,289**	239,289	107,563
Termination of bonus on sale of company provision from 2012 loan	**—**	(197,283)	(197,283)
Settlement of derivative by payment	**(6,188)**	(724,510)	—
Cumulative fair value adjustment of 2012 loan	**—**	516,721	451,773
Cumulative fair value adjustment of 2016 loan	**16,746**	28,558	9,847
Translation adjustment	**(13,858)**	81,086	26,411
	235,989	275,361	729,811
Less: current portion	**—**	—	(614,948)
Derivative liability	**235,989**	275,361	114,863

The change in fair value of the derivatives for the year ended December 31, 2018 was $11,812 ($83,660 in 2017). The Company has certain covenants in accordance with the loan which the Company is in compliance with as at December 31, 2018.

11. Share capital

Authorized

An unlimited number of common shares:

2018

During the year ended December 31, 2018, 873,333 common shares were issued upon the exercise of options for proceeds of $111,048.

2017

On June 21, 2017, the Company completed a private placement resulting in gross proceeds of $4,343,406 ($5,774,396 CAD). The private placement involved the sale of 15,195,780 units at an issue price of $0.38 CAD per unit. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder thereof to acquire one common share of the Company at an additional purchase price of $0.48 CAD per share at any time up to 24 months from the closing date.

Proceeds of $4,064,453 ($5,274,400 CAD) were brokered subject to a cash fee equal to $238,562 ($309,579 CAD) plus 814,683 compensation options that entitles the holder to purchase common shares at the $0.38 CAD price for a period of twelve months from the closing date. These expired unexercised during the nine months ended September 30, 2018.

The value of the 7,597,890 warrants was estimated using the following variables: stock price of $0.40 CAD, expected life of 24 months, NIL dividends, 60% volatility and risk free interest rate of 0.91%. The $627,942 ($835,791 CAD) value of the warrants was recorded as a reduction against share capital and an increase to warrant reserve. The value of the 814,683 compensation options was estimated using the following variables: stock price of $0.40 CAD, expected life of twelve months, NIL dividends, 60% volatility and risk free interest rate of 0.91%. The $63,493 ($84,509 CAD) value of the warrants was recorded as a reduction against share capital and an increase to warrant reserve

During the year ended December 31, 2017, 1,429,532 common shares were issued upon the exercise of options for proceeds of $183,689.

Warrants continuity schedule

As of December 31, 2018, the Company has the following warrants with average exercise prices and expiry dates outstanding:

(In United States dollars)

11. Share capital (continued)

	Number of whole share warrants	Average exercise price CAD$	Expiry date
Balance, December 31, 2016	10,642,000	0.44	
Exercised	(379,400)		March 21, 2017
Expired	(5,912,600)		March 21, 2017
Issued pursuant to private placement	7,597,890	0.48	June 21, 2019
Agents' warrants issued pursuant to private placement	814,683	0.38	June 21, 2018
Balance, December 31, 2017	12,762,573	0.46	
Exercised	-	-	
Expired	(814,683)	0.38	June 21, 2018
Issued pursuant to private placement	-	-	
Agents' warrants issued pursuant to private placement	-	-	
Balance, December 31, 2018	**11,947,890**	**0.47**	

Option plan

The Company has a share option plan (the "Plan") that is administered by the Board of Directors of the Company who establish exercise prices, at not less than market price at the date of grant, and vesting periods, which to date have been set between one and three years. Options under the Plan remain exercisable for five years from the date of grant. The maximum number of common shares reserved for issuance for options that may be granted under the Plan as at December 31, 2018 was 17,179,583 (14,429,583 in 2017).

	Outstanding	Average exercise price CAD$
Balance outstanding as at December 31, 2016	9,486,999	0.30
Granted	3,831,000	0.37
Exercised	(1,429,532)	0.19
Cancelled/Forfeited	(352,166)	0.33
Expired	(5,000)	0.18
Balance outstanding as at December 31, 2017	11,531,301	0.33
Granted	3,878,000	0.34
Exercised	(837,333)	0.17
Cancelled/Forfeited	(1,004,691)	0.34
Expired	(12,000)	0.09
Balance outstanding as at December 31, 2018	**13,555,277**	**0.34**
Balance exercisable as at December 31, 2018	**7,909,473**	**0.34**

(In United States dollars)

11. Share capital (continued)

Option plan (continued)

The following tables summarize information concerning stock options outstanding at December 31, 2018.

	Options outstanding		Options exercisable	
Exercise price CAD$	**Number**	**Weighted Average remaining Weighted life (years)**	**Number**	**Weighted Average remaining contractual life (years)**
0.26-0.28	**1,641,885**	**1.80**	**1,625,218**	**1.79**
0.29-0.31	**2,152,001**	**2.76**	**1,634,004**	**2.72**
0.32-0.34	**4,341,267**	**4.33**	**657,752**	**2.39**
0.35-0.37	**3,237,624**	**3.60**	**1,866,249**	**3.52**
0.38-0.40	**2,182,500**	**0.83**	**2,126,250**	**0.76**
	13,555,277	**3.04**	**7,909,473**	**2.17**

Share-based compensation

The Company recorded $414,056 ($598,998 in 2017) as share-based payment reserve and share-based compensation expense, which is measured at fair value at the date of grant and is expensed over the option's vesting period. The weighted average grant date fair value of options granted during the year is CAD$0.34 (CAD$0.37 in 2017). In determining the amount of share-based compensation, the Company used the Black-Scholes option pricing model to establish the fair value of options granted by applying the following assumptions:

	2018	2017
Risk-free interest rate	**1.46%**	1.32%
Expected life in years	**3.88**	3.86
Expected dividend yield	**0%**	0%
Volatility	**102%**	110%

Volatility was estimated by using the historical volatility of the Company. The expected life in years represents the period of time that options granted are expected to be outstanding. The risk-free rate is based on zero coupon Canada government bonds with a remaining term equal to the expected life of the options.

(In United States dollars)

12. Loss per share

Net loss per common share represents net loss attributable to common shareholders divided by the weighted average number of common shares outstanding during the period. The common shares pledged as security for loans receivable are excluded from the calculation of weighted average number of common shares outstanding.

Diluted loss per common share is calculated by dividing the applicable net loss by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive common shares had been issued during the period.

For all the periods presented, diluted loss per share equals basic loss per share due to the anti-dilutive effect of options and warrants. The outstanding number and type of securities that could potentially dilute basic net loss per share in the future but that were not included in the computation of diluted net loss per share because to do so would have reduced the loss per share (anti-dilutive) for the periods presented are as follows:

	2018	2017
Options (Note 11)	**13,555,277**	11,531,301
Warrants (Note 11)	**11,947,890**	11,947,890
Agents warrants (Note 11)	**—**	814,683
	25,503,167	24,293,874

13. Income taxes

The Company has non-capital losses available to reduce future years' taxable income which expire as follows:

	Canada $	United States $
2025	—	87,069
2026	2,621,208	1,013,183
2027	3,063,207	818,942
2028	1,371,443	289,950
2029	716,141	222,857
2030	829,756	305,412
2031	1,333,326	—
2032	1,411,025	—
2033	258,016	—
2033	63,038	—
2034	55,708	—
2036	787,242	—
2037	1,519,509	—
2038	1,509,247	—
	15,538,866	2,737,413

The U.S. losses may be subject to limitation under Internal Revenue Code Section 382.

(In United States dollars)

13. Income taxes (continued)

The Company also has unclaimed research and development expenditures (SR&ED) of approximately $8,042,480 which may be carried forward indefinitely to reduce future years' taxable income. The Company also has investment tax credits of approximately $1,505,050 and $336,607 available to reduce future years' federal and provincial income tax payable, respectively.

The federal credits begin to expire in 2021 whereas the provincial credits commence to expire in 2030. The potential benefits relating to the available non-capital losses, unclaimed SR&ED expenditures and investment tax credit carryforward balances have not been recorded in the consolidated financial statements.

14. Segmented information

IFRS 8 Operating Segments defines an operating segment as (a) a component of an entity that engages in business activities from which it may earn revenues an incur expense (including revenues and expenses relating to transactions with other components of the same entity), (b) operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and (c) for which discrete financial information is available.

The Company operates in one operating segment being mobile computer software solutions. This segment engages in business activities from which it earns license, support and professional services revenues, and incurs expenses.

Revenues from external customers are attributed to geographic areas based on the location of the contracting customers. The following table sets forth external revenue by geographic areas:

	2018	2017
	$	$
United States	**8,479,718**	7,222,272
Canada	**1,779,898**	1,242,763
United Kingdom	**380,671**	355,916
Mexico	**367,189**	309,597
Other	**1,125,030**	716,980
	12,132,506	9,847,528

For the year ended December 31, 2018, the Company had one customer that individually accounted for 23% of revenue (25% in 2017).

All property, plant and equipment and intangible assets are located in Canada.

15. Related parties

Key management personnel compensation

Key management personnel are those persons having the authority and responsibility for planning directing and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are the members of the Company's executive management team and Board of Directors, who control approximately 32% of the outstanding shares of the Company.

(In United States dollars)

15. Related parties (continued)

Compensation provided to key management is as follows:

	2018 $	2017 $
Short-term employee benefits	**1,163,044**	1,094,067
Board Members compensation	**137,086**	131,051
Variable compensation	**400,371**	260,040
Share-based compensation	**320,220**	434,602
	2,020,721	1,919,760

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed by the related parties.

If terminated for other than just cause, the Company's executive officers are entitled to between six and twelve months' prior written notice or payment in lieu thereof at the rate in effect at the time of termination.

Related party transactions and commitments

Loans totalling $415,147 ($543,407 CAD) have been issued to the CEO to purchase common shares. The loans are non-interest bearing and principal is repayable at any time on or before the maturity dates. During the year ended December 31, 2018, the maturity dates of the CEO Share Purchase Loans were extended from September 5, 2018 to September 5, 2019.

The 2,668,488 common shares acquired under the CEO Share Purchase Loans are pledged as security against the share purchase loans and are held as security by the Company until such time as the individual loans are repaid. The share purchase loans are immediately due and payable to the Company upon the sale of the common shares or upon the termination of employment, subject to certain conditions being met. The market value of the underlying common shares for the CEO Share Purchase Loans as at December 31, 2018 was $635,701.

Despite their legal form, the CEO Share Purchase Loans are accounted for similar to the grant of an option under IFRS. As such, for accounting purposes, the common shares issued and the share purchase loans granted under the loan and share pledge agreements are not recognized as outstanding until such time as payments are received on the loan balances. The $78,761 Related Party Loan Receivable for related tax remittances is treated as a current receivable.

The Company leases office premises from a company controlled by the Chairman of the Board. In addition to these lease payments, the Company has insignificant software as a service commitments and insignificant leased office space commitments. The leases, and software commitments have the following minimum annual payments:

	$
2019	614,414
2020	570,348
2021	561,263
2022	572,916
2023	334,201
	2,653,142

15. Related parties (continued)

Related party transactions and commitments (continued)

For the year ended December 31, 2018, the expense incurred under the lease controlled by the Chairman of the Board was $565,354 ($537,230 in 2017). The Company had no amounts owing related to rent associated with these leased premises at December 31, 2018 and 2017.

These transactions are measured at the exchange amounts being the amounts agreed to by the parties.

16. Financial instruments

Currency risk

The Company reported a foreign exchange gain of $247,705 for the year ended December 31, 2018 and a loss of $156,873 for the year ended December 31, 2017. The foreign exchange exposure relates primarily to fluctuations against the Canadian dollar as a portion of revenues and operating expenses are denominated in U.S. dollars. The Company has not used derivative financial instruments to manage this risk.

As at December 31, 2018, a 10% strengthening (weakening) of the Canadian dollar against the U.S. dollar would have increased (decreased) comprehensive loss by approximately $454,654 based on the Company's net U.S. monetary assets as at December 31, 2018. While the Company attempts to maintain a U.S. dollar cash balance to match its short-term U.S. denominated obligations, it receives a significant portion of its revenues in U.S. denominated payments exposing it to additional U.S. exchange risk.

Interest risk

The Company's exposure to interest rate risk is minimal as the long-term debt has a rate of interest that is subject to interest rate market fluctuation. The Company may invest surplus cash in highly liquid investments with short terms to maturity that would accumulate interest at prevailing rates for such investments, but the Company did not have any in the periods presented. The Company does not use derivative instruments to reduce its exposure to interest rate fluctuations.

Credit risk

The Company provides credit to its customers in the normal course of operations. The Company has a monitoring processes to mitigate credit risk.

The carrying amount of cash and cash equivalents, accounts receivable, unbilled receivables and related party loan receivable represents the maximum exposure to credit risk and at December 31, 2018, this amounted to $5,739,288 ($6,301,958 in 2017). The cash is held by the Company's banks which are large Canadian and International banks. Since the inception of the Company, no losses have been suffered in relation to cash held in bank. No allowance for credit losses other than doubtful accounts described above has been made.

Concentration risk

Management determines concentration risk through regular review of areas such as customer, vendor and geographic characteristics within all financial instruments.

As at December 31, 2018, the Company has concentrated credit risk with one customer totalling 16% of its accounts receivable (one customer totalling 26% of its accounts receivable in 2017). As at December 31, 2018, the Company's aging of receivables was approximately 82% under sixty days and 18% over sixty days (84% under sixty days and 16% over sixty days in 2017).

(In United States dollars)

16. Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by reviewing on an ongoing basis its capital requirements.

To date, the Company has incurred significant operating losses. During the year ended December 31, 2017, the Company completed a private placement resulting in gross proceeds of $4,343,406 ($5,774,396 CAD), and received the second and third disbursements of $797,100 ($1 million CAD) related to the BDCC private placement completed in 2016. In addition, the Company received additional proceeds of $111,048 (2017: $211,765) from the exercising of options and Nil (2017: $86,609) from the exercise of warrants. The Company's ability to continue as a going concern is dependent on its ability to generate sufficient revenues to achieve sustainable profitability.

In addition to the commitments disclosed in Note 15, the Company is obligated to the following contractual maturities of undiscounted cash flows:

	Carrying amount	Contractual cash flows	Year 1	Years 2 - 3	Years 4 - 5	After 5 years
	$	$	$	$	$	$
Accounts payable and accrued liabilities	1,885,351	1,885,351	1,885,351	—	—	—
Derivative liability	235,990	293,200	54,975	238,225	-	
Long-term debt	2,424,136	2,932,000	—	2,932,000	-	—
	4,545,477	5,110,551	1,940,326	3,170,225	—	—

Fair values

The carrying values of cash and cash equivalents, accounts receivable, unbilled receivables, related party loan and other government funding receivable and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity. Long-term debt has a fair value of $2,556,098 (carrying value of $2,424,136) which is based on the present value of future interest and principal payments, using a discount rate of 12%.

Fair value hierarchy

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(In United States dollars)

16. Financial instruments (continued)

Fair value hierarchy (continued)

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

Cash and cash equivalents and the fair value of underlying common shares described in Note 15 are classified as a Level 1 financial instrument and the derivative liability is classified as a Level 3 financial instrument (see Note 10 for further details related to the derivative liability). The fair value of the long-term debt is also classified as a Level 3 disclosure. During the year, there were no transfers of amounts between Level 1, Level 2 and Level 3.

17. Capital management

The Company's objective is to maintain sufficient capital base so as to maintain investor, creditor and customer confidence and to sustain future development of the business and provide the ability to continue as a going concern. Management defines capital as the Company's shareholders' equity and debt. The Board of Directors does not establish quantitative return on capital criteria for management; but rather promotes year over year sustainable profitable growth. The Company has not historically paid any dividends to its shareholders.

There were no changes in the Company's approach to capital management during the period. The Company has externally imposed restrictions related to covenant calculations on its long-term debt (Note 10).

18. Changes in non-cash working capital items

	2018	2017
	$	$
Accounts receivable	**(1,242,382)**	(195,899)
Investment tax credits receivable	**66,840**	(133,411)
Unbilled receivables	**(54,112)**	(42,539)
Prepaid expenses and other receivables	**(26,793)**	(122,030)
Accounts payable and accrued liabilities	**361,348**	388,340
Deferred revenue	**1,351,670**	478,653
	456,571	373,114

(In United States dollars)

19. Nature of expenses

The following table shows the breakdown of expenses by nature for each function on the consolidated statements of comprehensive loss:

	2018	2017
	$	$
Salaries and benefits	**6,380,775**	5,678,368
Contractors and consultants	**1,096,026**	909,618
Systems and Administration	**1,333,395**	1,152,752
Advertising, promotion and marketing	**979,696**	773,395
Travel and entertainment	**707,430**	586,420
Commissions	**654,811**	602,181
Other	**166,923**	559,039
Occupancy costs	**599,408**	539,903
Professional fees	**262,879**	299,003
Communications	**165,765**	160,820
Amortization	**131,748**	153,145
Investment tax credits	**(110,482)**	(130,971)
Government funding	**(5,444)**	(5,918)
	12,362,930	11,277,756