

# INTEMA

Technologies + Marketing



## Interim Financial Statements

for the SECOND QUARTER ended June 30, 2018

(unaudited)

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING



The interim financial statements of Intema Solutions Inc. are the responsibility of management and have been approved by the Board of Directors on August 29, 2018. The management responsibility in this respect includes the selection of appropriate accounting policies as well as the exercise of some judgment in establishing reasonable and fair estimates in accordance with International Financial Reporting Standards (IFRS) appropriate in the circumstances.

The Company maintains accounting systems and internal controls designed to provide reasonable assurance that assets are safeguarded against loss or unauthorized use and that we can rely on the accounting records for the preparation of interim financial statements.

The Board of Directors assumes its responsibilities for the interim financial statements principally through its Audit Committee. The Audit Committee reviews the interim financial statements and recommends their approval to the Board of Directors.

.....  
Roger Plourde  
Chief executive officer

.....  
Diane Do Marcolino, CPA, CMA  
Interim Chief financial officer

.....  
Sébastien Plourde  
Director and Corporative secretary



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## Interim Condensed Income Statements and Statements of Comprehensive Income

(in Canadian dollars)	Three Months ended June 30		Six Months ended June 30	
	2018	2017	2018	2017
	unaudited \$	(unaudited) \$	(unaudited) \$	(unaudited) \$
Revenue from Continuing Operations	116,530	176,893	269,697	469,181
Direct Costs	83,157	84,380	166,350	155,603
Direct Labor	12,893	25,175	34,255	74,592
<b>Gross Profit</b>	<b>20,480</b>	<b>67,338</b>	<b>69,092</b>	<b>238,986</b>
Administrative and Sales Expenses	200,154	190,058	379,391	349,170
Research and Development Expenses	54,794	54,767	110,388	108,768
<b>Operating Profit (Loss)</b>	<b>(234,468)</b>	<b>(177,487)</b>	<b>(420,687)</b>	<b>(218,952)</b>
Financial Income (note 4)	0	0	0	0
Financial Expenses (note 4)	9,919	9,063	19,500	17,641
<b>Profit (Loss) Before Following Items</b>	<b>(244,387)</b>	<b>(186,550)</b>	<b>(440,187)</b>	<b>(236,593)</b>
Gain from write-off of creditors	0	0	0	71,250
<b>Net Profit (Loss) Before Tax</b>	<b>(244,387)</b>	<b>(186,550)</b>	<b>(440,187)</b>	<b>(165,343)</b>
Uses of losses carried forward	0	0	0	0
<b>Net Profit (Loss) and Total Comprehensive Income</b>	<b>(244,387)</b>	<b>(186,550)</b>	<b>(440,187)</b>	<b>(165,343)</b>
Weighted Average Number of Outstanding Shares during the Period (note 5)	81,367,352	76,362,137	81,367,852	76,361,137
Earnings (Loss) per Share (note 5)				
Basic and Diluted	(0.003)	(0.002)	(0.005)	(0.002)

The accompanying notes are an integral part of the Interim Financial Statements.

## Interim Statements of changes in Equity

For the period of three months ended June 30, 2018  
(unaudited)

(in Canadian dollars)

	Shares Number	Capital Amount	Warrants	Equity Component of the convertible debentures	Contributed Surplus	Deficit	Total Equity (Deficiency)
	#	\$	\$	\$	\$	\$	\$
Balance as at January 1st, 2018	79,762,243	6,219,987	165,408	19,571	948,585	(7,511,183)	(157,632)
Issuance of Capital Stock	5,447,334	193,087	239,581	0	1,232	0	433,900
Cost of Issuance of Capital Stock	0	(18,765)	0	0	0	0	(18,765)
Net Loss and Total comprehensive income	0	0	0	0	0	(440,187)	(440,187)
Balance as at June 30, 2018	85,209,577	6,394,309	404,989	19,571	949,817	(7,951,370)	(182,684)
Balance as at January 1st 2017	79,762,243	6,219,987	985,007	17,127	128,986	(6,537,412)	813,695
Expired warrants	0	0	(281,420)	0	281,420	0	0
Net Loss and Total comprehensive income	0	0	0	0	0	21,207	21,207
Balance as at June 30, 2017	79,762,243	6,219,987	703,587	17,127	410,406	(6,516,205)	834,902

The accompanying notes are integral part of the Interim Financial Statements.

## Interim Statements of Financial Position

	June 30 2018	Dec. 31 2017
(in Canadian dollars)	\$	\$
	(unaudited)	(audited)
<b>ASSETS</b>		
<b>Current</b>		
Trade and other receivables (note 7)	198,030	68,914
Prepaid expenses	14,889	6,924
Research and Development Tax Credit Recoverable	111,116	81,507
<b>Current Assets</b>	<b>324,035</b>	<b>157,345</b>
<b>Non-current</b>		
Investment (note 8)	18,596	16,646
Property, Plant and Equipment (note 9)	122,166	140,954
Finance Leases Equipments (note 10)	49,060	57,718
Other Intangible Assets (note 11)	221,604	259,335
Goodwill (note 12)	49,536	49,536
Research and Development Tax Credit non Recoverable	240,782	240,782
<b>Non-current assets</b>	<b>701,744</b>	<b>764,971</b>
<b>Total Assets</b>	<b>1,025,779</b>	<b>922,316</b>

## Interim Statements of Financial Position

	June 30 2018	Dec. 31 2017
(in Canadian dollars)	\$	\$
	(unaudited)	(unaudited)
<b>LIABILITIES</b>		
<b>Current</b>		
Bank Overdraft (note 6)	1,931	25,213
Employees benefits	395,450	382,173
Trade and Other Payables (note 14)	586,994	548,054
Deferred Revenue	122,139	5,528
Current portion of long-term debts (note 16)	14,895	23,895
Current portion of obligation under finance leases (note 17)	2,055	15,010
<b>Current Liabilities</b>	<b>1,123,464</b>	<b>999,873</b>
<b>Non-currents</b>		
Convertible Debentures (note 18)	85,000	80,075
<b>Non-currents Liabilities</b>	<b>85,000</b>	<b>80,075</b>
<b>Total Liabilities</b>	<b>1,208,464</b>	<b>1,079,948</b>
<b>Equity</b>		
Share Capital (note 19)	6,394,309	6,219,987
Warrants	404,989	165,408
Portion of Convertible Debentures included in Equity	19,571	19,571
Contributed Surplus	949,816	948,585
Deficit	(7,951,370)	(7,511,183)
<b>Total Equity</b>	<b>(182,685)</b>	<b>(157,632)</b>
<b>Total Liabilities and Equity</b>	<b>1,025,779</b>	<b>922,316</b>

The accompanying notes are integral part of the Interim Financial Statements.

For the Board of Directors,

(signed) Roger Plourde, Director

(signed) Sébastien Plourde, Director

## Audited Statements of Cash Flows

Three months ended June 30, 2018 (in Canadian dollars)	2018 \$	2017 \$
Net Profit (loss) and Total Comprehensive Income	(440,187)	(165,343)
Non cash items from net profit (loss) and total comprehensive income		
Variation of the value of the cash surrender value of life insurance	(1,950)	(1,940)
Depreciation of property, plant and equipment	18,788	21,433
Depreciation of finance leases assets	8,658	12,368
Implicit interest of convertible debentures	4,890	5,015
Depreciation of other intangible assets	73,069	60,929
Change in non-cash working capital items (note 20)	3,827	131,334
Net cash flow from operating activities	(332,905)	63,796
Acquisition of intangible assets	(35,339)	(36,000)
Net cash flow from investing activities	(35,339)	(36,000)
Long-term debts	(9,000)	(4,500)
Issues of Shares Capital	193,087	0
Repayment of obligation under finance leases	(12,956)	(20,077)
Contributed Surplus	1,232	(281,420)
Cost of issuing Shares	(18,765)	0
Fair value of Warrants	239,581	281,420
Net cash flow from financing activities	393,179	(24,577)
Net increase in cash and cash equivalents	24,935	3,219
Cash and cash equivalents at beginning of period	(26,866)	3,607
Cash and cash equivalents at end of period (note 6)	(1,931)	6,826

The accompanying notes are integral part of the Interim Financial Statements.



## Notes to Interim Financial Statements

Three months ended June 30, 2018

(all amounts are in Canadian dollars, until indication)  
(unaudited)

### Note 1. Governing Statutes, Nature of Operations and Going Concern

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Intema Solutions Inc, Incorporated under the Canada Business Corporations Act, is a Company which provides consulting services in marketing and Web services, particularly in email campaign deployment to companies. The Company's registered office is located at 615 René-Lévesque West, Suite 1250, Montréal, Quebec, Canada, H3B 1P5. The Company is traded publicly on the TSX Venture Exchange under the symbol «ITM» and has no controlling shareholders.

#### Going concern

The interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and on the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. In light of the operating losses and unfulfilled financial ratios, those material uncertainties raise significant doubt about the Company's ability to continue as a going concern. The Company's ability to realize its assets and discharge its liabilities depends on the continued support of its lenders and shareholders. As at June 30, 2018 the Company has accumulated a deficit of \$7,951,370 (\$7,511,183 as at December 31, 2017 ) and a net loss of \$244,387 during the second quarter of 2018 (net profit of \$973,771 as at June 30, 2017). Going concern of the Company depends of, among other things, its to ability achieve a satisfactory level of revenue, the support of its customers, the conclusion of new financial agreements and its ability to raise new sources of funds.

Facing the uncertainties described above, management intends to take the following measures :

- 1) The Company has set up a new business development plan for products oriented toward high potential markets;
- 2) The Company intends to complete additional financing with private placements and the conversion of debts in common shares.

Management believes that obtaining additional financing, reorienting its activities, and relying on the continued support of its existing customers and its shareholders, will help the Company to operate normally. However, there is no certainty that those measures will be sufficient to allow the continuation of the Company in the normal course of business.

The carrying amounts of assets, liabilities, revenues and expenses presented in the interim financial statements and the statements of financial position classification have not been adjusted as would be required if the going concern assumption was not appropriate.

### Note 2. Statement of compliance with IFRS

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The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations currently issued and outstanding.

These financial statements were approved by the Board of Directors on August 29, 2018.

## Notes to Interim Financial Statements

Three months ended June 30, 2018

(all amounts are in Canadian dollars, until indication)  
(unaudited)

### Note 3. Operating expenses

Operating expenses include :	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
	\$	\$	\$	\$
Employees benefit	124,128	159,115	275,998	354,071
Production expenses	32,899	37,402	65,835	62,033
Research and development tax credit	(15,089)	(12,925)	(29,609)	(29,848)
Rent	40,562	41,253	80,838	82,439
Office expense	68,530	40,325	115,489	83,326
Professional fees	49,708	42,231	81,317	43,418
Depreciation of property, plant and equipment and equipment under finance leases	50,259	46,979	100,515	93,570
	350,997	354,380	690,383	689,009
Expenses as employees benefit include :				
Employees benefit	124,128	159,115	275,998	354,071
	124,118	159,115	275,998	354,071

### Note 4. Financial income and expenses

Financial expenses are detailed as follows :	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
	\$	\$	\$	\$
Interest on payable	1,912	2,533	4,140	5,041
	1,912	2,533	4,140	5,041
Implicit interest on convertible debentures	0	1,672	4,925	4,179
Interest on convertible debentures	2,119	2,256	4,215	4,352
Interest and financial expenses on long-term debt	5,888	2,602	6,220	4,069
	8,007	6,530	15,360	12,600
Financial expenses	9,919	9,063	19,500	17,641

### Note 5. Earnings (Loss) per share

Dilutive potential instruments (convertible debentures, warrants, stock option) have not been included in the calculation of dilutive earnings per share when the price was greater than the value of the common share price, or because of their anti dilutive effect.

## Notes to Interim Financial Statements

Three months ended June 30, 2018  
(all amounts are in Canadian dollars, until indication)  
(unaudited)

### Note 6. Cash and cash equivalents

	June 30 2018 \$	Dec. 31 2017 \$
Cash		
\$ CAN	1,477	6,721
\$ U,S,	213	675
Cash and cash equivalents	1,690	7,396
Bank overdraft	(3,621)	32,609
Net cash and cash equivalent as of cash flows tables	(1,931)	(25,213)

### Note 7. Trade and other receivables

	June 30 2018 \$	Dec. 31 2017 \$
Trade accounts receivable	108,017	68,699
Allowance for doubtful accounts	(1,438)	(1,438)
	106,579	67,261
Other receivables	145,951	56,153
Provision for Deposit	17,985	17,985
Deposit on business acquisition	150,000	150,000
Allowance for other doubtful receivables	(222,485)	(222,485)
Trade and other receivables	198,030	68,914

All amounts are due in the short term. The net carrying amounts represent a reasonable approximation of their fair value.

The net book value of outstanding receivables of the Company is \$106,579 (\$67,261 on December 31, 2017) at the end of the year. The aging of these receivables is detailed in the following table:

Aging of receivables that are past due but not impaired.

	June 30 2018 \$	Dec. 31 2017 \$
Not impaired and past due by:		
0 to 30 days	73,892	40,743
31 to 60 days	0	22,319
61 to 90 days	8,621	3,399
Over 90 days	24,066	800
Total	106,579	67,261

## Notes to Interim Financial Statements

Three months ended June 30, 2018  
 (all amounts are in Canadian dollars, until indication)  
 (unaudited)

### Note 7. Trade and other receivables (cont'd)

Before accepting a new customer, the Company evaluates the credit quality of the potential customer and sets credit limits for that customer. Credit limits and credit quality assessments are reviewed each year. To determine the collectability of a trade receivable, the Company considers any change in credit quality from the date the credit was initially granted to the reporting date.

The Company has not set up any allowance for the accounts presented in the preceding table since the credit quality of these receivables has not changed significantly and they are still considered collectible. Trade receivables are normally recovered in 69 days (44 days in 2017).

The Company does not hold any collateral in respect of these receivables.

The following table discoses a reconciliation of changes in the allowance for doubtful accounts :

	June 30	Dec. 31
	2018	2017
	\$	\$
Balance, beginning of period	1,438	27,500
Allowance	0	840
Write-off	0	(8,947)
Recovery	0	(17,955)
Balance, end of period	1,438	1,438

Receivables are written off when the Company estimates it will not collect the amount provided for.

### Note 8. Investment

The Company has an investment as at June 30, 2018 of \$18,596 (\$16,646 in 2017) as cash surrender value of life insurance on a member of management. The change consists in deposits totalling \$4,500 (\$9,000 in 2017), an interest income of \$56 (\$107 in 2017), fees and taxes on life insurance premiums of \$2,599 (\$5,196 in 2017).

## Notes to Interim Financial Statements

Three months ended June 30, 2018  
 (all amounts are in Canadian dollars, until indication)  
 (unaudited)

### Note 9. Property Plant and Equipment

	June 30 2018 \$	Dec. 31 2017 \$		
9.1 Net value				
Cost	330,544	330,544		
Accumulated depreciation and loss value	208,378	189,590		
Net value	122,166	140,954		
9.2 Reconciliation table				
	Computers hardware	Furniture	Leasehold improvements	Total
Cost	\$	\$	\$	\$
Balance as at January 1st, 2017	66,703	196,571	85,704	348,978
Additions	0	0	0	0
Write-off	0	0	(18,434)	(18,434)
Balance as at December 31, 2017	66,703	196,571	67,270	330,544
Additions	0	0	0	0
Disposals	0	0	0	0
Balance as at June 30, 2018	66,703	196,571	67,270	330,544
Accumulated depreciation and loss value				
Balance as at January 1st, 2017	58,308	64,382	42,473	165,161
Depreciation	2,518	26,437	13,906	42,861
Write-off	0	0	(18,434)	(18,434)
Balance as at December 31, 2017	60,826	90,819	37,945	189,590
Depreciation	883	10,575	7,332	18,788
Disposals	0	0	0	0
Balance as at June 30, 2018	61,709	101,394	45,227	208,378

Depreciation of \$18,788 has been accounted for as direct costs in the income statement (\$21,432 in 2017).

## Notes to Interim Financial Statements

Three months ended June 30, 2018

(all amounts are in Canadian dollars, until indication)

(unaudited)

### Note 10. Finance Leases Equipments

#### 10.1 Net value

	June 30 2018	Dec. 31 2017
	\$	\$
Cost	202,027	202,027
Accumulated depreciation and loss value	152,967	144,309
Net value	49,060	57,718

#### 10.2 Reconciliation table

	Computer Hardware \$	Total \$
Cost		
Balance as at January 1st, 2017	202,027	202,027
Additions	—	—
Disposals	0	0
Balance as at December 31, 2017	202,027	202,027
Additions	—	—
Disposals	0	0
Balance as at June 30, 2018	202,027	202,027
Accumulated depreciation and loss value		
Balance as at January 1st, 2017	119,572	119,572
Depreciation	24,737	24,737
Disposals	0	0
Balance as at December 31, 2017	144,309	144,309
Depreciation	8,658	8,658
Disposals	0	0
Balance as at June 30, 2018	152,967	152,967

Depreciation of \$8,658 has been accounted for as direct costs in the income statement (\$12,368 in 2017).

## Notes to Interim Financial Statements

Three months ended June 30, 2018

(all amounts are in Canadian dollars, until indication)

(unaudited)

### Note 11. Other Intangible Assets

11.1 Net value	June 30 2018 \$	Dec. 31 2017 \$
Cost	1,188,097	1,152,758
Accumulated depreciation and loss value	966,493	893,423
Net value	221,604	259,335

  

11.2 Reconciliation table	Patents \$	Softwares \$	Domain \$	Total \$
Cost				
Balance as at January 1st, 2017	36,935	1,026,315	3,928	1,067,178
Additions	4,733	80,847	0	85,580
Disposals	0	0	0	0
Balance as at December 31, 2017	41,668	1,107,162	3,928	1,152,758
Additions	337	35,002	0	35,339
Disposals	0	0	0	0
Balance as at June 30, 2018	42,005	1,142,164	3,928	1,188,097
Accumulated depreciation and loss value				
Balance as at January 1st, 2017	1,606	763,853	0	765,459
Depreciation	1,859	126,105	0	127,964
Disposals	0	0	0	0
Balance as at December 31, 2017	3,465	889,958	0	893,423
Depreciation	1,042	72,028	0	73,070
Disposals	0	0	0	0
Balance as at June 30, 2018	4,507	961,986	0	966,493

Depreciation of \$73,070 has been accounted for as administrative and sales expenses in the income statement for 2018 (\$60,929 in 2017).

## Notes to Interim Financial Statements

Three months ended June 30, 2018

(all amounts are in Canadian dollars, until indication)

(unaudited)

### Note 12. Goodwill

12.1 Net value	June 30 2018 \$	Dec. 31 2017 \$
Cost	158,866	158,866
Accumulated amortization and impairment losses	109,330	109,330
Net value	49,536	49,536

  

12.2 Reconciliation table	Goodwill \$	Total \$
Cost		
Balance as at January 1st, 2017	158,866	158,866
Additions	0	0
Disposals	0	0
Balance as at December 31, 2017	158,866	158,866
Additions	0	0
Disposals	0	0
Balance as at June 30, 2018	158,866	158,866
Accumulated amortization and impairment losses		
Balance as at January 1st, 2017	109,330	109,330
Impairment losses charge to income statement	0	0
Disposals	0	0
Balance as at December 31, 2017	109,330	109,330
Impairment losses charge to income statement	0	0
Disposals	0	0
Balance as at June 30, 2018	109,330	109,330

### 12.3 Goodwill impairment testing

The Company has conducted an annual goodwill impairment test in the first quarter of 2018 and fourth quarter of 2017 in accordance with the methods described in Note 4 by comparing the recoverable value of the cash-generating units with their carrying amount. Consequently, no impairment loss was recorded for the goodwill for the period ended June 30, 2018, and December 31, 2017 for Konversation and an no impairment loss was recorded for Cabestan in income statement for 2017.



## Notes to Interim Financial Statements

Three months ended June 30, 2018  
(all amounts are in Canadian dollars, until indication)  
(unaudited)

### Note 12. Goodwill (cont'd)

#### 12.3 Goodwill impairment testing (cont'd)

The Company has not changed the valuation method used for the goodwill impairment testing from the test performed at the first adoption of International Financial Reporting Standards (IFRS).

### Note 13. Bank Indebtedness

The Company has no credit loan or bank loan as at June 30, 2018 and 2017.

### Note 14. Trade and other payables

	June 30 2018 \$	Dec. 31 2017 \$
Trade and accrued payable	540,185	477,027
Sales tax	31,910	56,555
Interest payable on convertible debentures	1,765	1,800
Interest payable on long-term debt	13,134	12,672
Trade and other payables	586,994	548,054

### Note 15. Short-term debt

No short-term debts in 2018 and 2017.

### Note 16. Long-term debt

	June 30 2018 \$	Dec. 31 2017 \$
Loan from Canada Economic Development, at base rate of the Bank of Canada plus 3%, payable on December 31, 2010 (1)	14,895	23,895
	14,895	23,895
Current portion	14,895	23,895
Long-term debt	0	0

(1) As at June 30, 2018, and December 31, 2017, the Company is in default with respect to the payment schedule of the debt to Canada Economic Development. Therefore, the balance of this loan is presented in the current liabilities since the Company is considered in default by the creditor. Negotiations are currently in process with Canada Economic Development to modify the terms of repayment.

## Notes to Interim Financial Statements

Three months ended June 30, 2018  
 (all amounts are in Canadian dollars, until indication)  
 (unaudited)

### Note 17. Obligations under finance leases

	2018	2017
	\$	\$
Finance lease, 9,67%, maturing in May 2018, guaranteed by computer equipment	0	918
Finance lease, 7,87%, maturing in June 2018, guaranteed by computer equipment	0	5,209
Finance lease, 8,24%, maturing in June 2018, guaranteed by computer equipment	0	1,565
Finance lease, 8,24%, maturing in June 2018, guaranteed by computer equipment	0	1,326
Finance lease, 8,78%, maturing in September 2018, guaranteed by computer equipment	2,055	5,992
	2,055	15,010
Current portion	2,055	15,010
Minimum payments under finance leases		
Less than a year	2,408	15,490
Over one year and less than five years	0	0
	2,408	15,490
Interest included in minimum lease payments	353	480
Present value of minimum lease payments	2,055	15,010

### Note 18, Convertible debentures

Under the terms negotiated in April 19, 2016, the Company issued debentures with a nominal value of \$100,000, maturing in April 19, 2018, bearing interest at 10%, convertible into common shares at \$0,05 per share during the first year and \$0,10 during the second year. The nominal value is recorded as a reduction to the equity component of the convertible right of \$23,600. The broker fees of \$12,430 reduced the nominal value of the convertible debentures of \$9,497 and the equity component of the convertible debentures of \$2,933.

On April 20th, 2018, 150,000 warrants issued to the owners of the August 19, 2016 debenture were not converted and expired.

## Notes to Audited Financial Statements

Three months ended June 30, 2018 and 2017

(all amounts are in Canadian dollars, until indication)

(unaudited)

### Note 18. Convertible debentures (cont'd)

An amount of \$10,227 of the equity component of the convertible right was accounted for in addition of the nominal value of the convertible debentures and implicit interest on convertible debentures on the financial expenses. On November 8, 2016, upon conversion of a debenture into shares, the Company issued 300,000 common shares at a price of \$ 0,05 per share for a total amount of \$ 15,000.

Negotiations are currently in process to modify the terms of repayment.

### Note 19. Equity

#### Share Capital

Authorized:

The Company's authorized capital stock consists of an unlimited number of voting and participating common, without par value.

	June 30	Dec. 31
	2018	2017
	\$	\$
Issued:		
Amount		
Opening balance	6,219,987	6,219,987
Private placement (b)	170,722	0
Warrants exercised (a)	3,600	0
Ending balance	6,394,309	6,219,987
	June 30,	Dec. 31
	2018	2017
	(in units)	(in units)
Number of shares		
Opening balance	79,762,243	79,762,243
Private placement (b)	5,387,334	0
Warrants exercised (a)	60,000	0
Ending balance	85,209,577	79,762,243

(a) On January 24, 2018, the Company issued 60,000 common shares at a price of \$ 0,06 per share to a holder of warrants who exercised its right to convert into shares for \$ 3,600. The subscription amount was increased by the fair value that was attributed to these equity component of the warrants of \$ 1,232.

(b) On March 15, 2018, in connection with a private placement, the Company issued 5,387,334 common shares at a price of \$ 0,075 per share for a total amount of \$ 404,050, together with 5,387,334 warrants. The amount of the offering is net of warrants value of \$240,813. A share issue expense totalling \$ 18,765 was recorded as a reduction of the value of the private placement.

## Notes to Audited Financial Statements

Three months ended June 30, 2018 and 2017  
 (all amounts are in Canadian dollars, until indication)  
 (unaudited)

### Note 19. Equity (cont'd)

#### Warrants issued to shareholders

Changes in the outstanding warrants issued to shareholders are detailed as follows :

	Number	Weighted average exercise price
Outstanding as at January 1st, 2017	32,233,002	\$0,138
Expired (c)(d)(e)	(22,233,002)	\$0,173
Outstanding as at December 31, 2017	10,000,000	\$0,060
Issued (b)	5,387,334	\$0,105
Exercised (a)	(60,000)	\$0,173
Outstanding as at June 30, 2018	15,327,334	\$0,060

(a) On January 24, 2018, 60,000 warrants were exercised and converted to 60,000 Stock options at the price of \$0,06 per shares. The fair value of \$1,232 allocated to these warrants has been reclassified to contributed surplus.

(b) On March 15, 2018, 5,387,334 warrants were issued pursuant to a private placement. They are recorded as a reduction of the share capital in the amount of \$ 240,813.

(c) On February 18, 2017, 10,000,002 warrants expired without being exercised. The fair value of \$204,413 allocated to these warrants has been reclassified to contributed surplus.

(d) On February 11, 2017, 3,000,000 warrants expired without being exercised. The fair value of \$76,902 allocated to these warrants has been reclassified to contributed surplus.

(e) On August 8, 2017, 9,233,333 warrants expired without being exercised. The fair value of \$538,284 allocated to these warrants has been reclassified to contributed surplus.

The fair value of the warrants granted was estimated using the Black-Scholes pricing model using the following assumptions:

	2017	2017
Expected life of the warrants	1 to 2 years	None
Expected volatility	133 % to 159 %	None
Risk-free interest rate	0,73 % to 1,35	None
Expected dividends	0,0 %	None

## Notes to Audited Financial Statements

Three months ended June 30, 2018 and 2017  
(all amounts are in Canadian dollars, until indication)

### Note 19. Equity (cont'd)

#### Warrants issued to shareholders (cont'd)

The expected volatility was determined by calculating the historical volatility of the Company's common share price back from the date of the grant and for a period corresponding to the expected life of the warrants. When computing historical volatility, management may disregard an identifiable period of time in which it considers that the share price was extraordinary volatile because of a specific event that is not expected to recur during the expected life of warrants. In addition, if the share price of the Company was extremely volatile for a period of identifiable time, for example as a result of a general market decline, management may put less emphasis on volatility during this period.

Summary table of outstanding and exercisable warrants as at June 30, 2018:

Expiring date	Number of warrants	Average remaining term (year)	Weighted average exercise price
August 2018	9,940,000	0,16	\$0,060
March 2020	5,387,334	1,72	\$0,105
	15,327,334	1,08	\$0,076

Summary table of outstanding and exercisable warrants as at December 31, 2017:

Expiring date	Number of warrants	Average remaining term (year)	Weighted average exercise price
August 2018	10,000,000	0,26	\$0,06
	10,000,000	0,26	\$0,06

#### Warrants issued to brokers

Summary table of outstanding and exercisable warrants issued to brokers as at June 30, 2018:

Expiring date	Number of warrants	Average remaining term (year)	Weighted average exercise price
Outstanding as at January 1st, 2017	0	0	0
Issued (a) (d)	850,000	1,59	\$0,063
Outstanding as at December 31st, 2017	850,000	0,59	\$0,063
Expired	(150,000)	0	0
Outstanding as at June 30, 2018	700,000	0,15	\$0,063

No warrants issued to brokers in 2018 and in 2017.

## Notes to Interim Financial Statements

Three months ended June 30, 2018

(all amounts are in Canadian dollars, until indication)

(unaudited)

### Note 19. Equity (cont'd)

Summary table of outstanding and exercisable warrants issued to brokers as at June 30, 2018:

	Issuing date	Expiring date	Number of warrants	Average remaining (year)	Weighted average exercise price
	August 2016	August 2018	700,000	0,16	\$0,060
			700,000	0,34	\$0,063

#### Incentive stock option plan

The shareholders of the Company have adopted stock option plan under which members of the Board of Directors may award stock options for common shares to directors, officers, employees and consultants. The conditions and the exercise price of each option are determined by the Board of Directors.

The maximum number of shares issuable under the plan is 2,600,000.

The total number of common shares reserved for stock option plan to directors, officers and employees shall not represent, over a 12 months period, more than 5% of the Company's common shares issued and outstanding, that number being calculated on the granted date.

The total number of common shares reserved for stock option plan to consultants and Investor' relationships services' providers shall not represent, over a 12 months period, more than 2% of the Company's common shares issued and outstanding, that number being calculated on the granted date.

The purchase price of the common shares upon the exercise of each option granted under the stock option plan will be the price determined by the Board of Directors or the Compensation Committee at the time of each option granted, but that price may not be less than the « Expected price » which means the market price at the time of each option granted less a discount according to the accepted rules by TSX Venture Exchange, subject to a minimum price of \$0,10. The market price at the time of each option granted means the TSX Venture Exchange market closing price on the day before they are granted. If there is no trading on the day before, the closing price is replaced by the average of the bid-and-offered.

The stock options are exercisable at any time and expire 90 days after the departure date of the holder for directors and officers, and 30 days for consultants.

Changes in the stock options are detailed as follows :

	Number of options	Weighted average exercise price
		\$
Outstanding as at January 1st, 2017	2,575,000	0,102
Expired	(825,000)	0,100
Cancelled	(175,000)	0,102
Outstanding as at December 31, 2017	1,575,000	0,102
Cancelled	(300,000)	0,102
Outstanding as at June 30, 2018	1,275,000	0,102

## Notes to Interim Financial Statements

Three months ended June 30, 2018 and 2017

(all amounts are in Canadian dollars, until indication)

(unaudited)

### Note 19. Equity (cont'd)

#### Incentive stock option plan (cont'd)

During the quarter ended June 30, 2018, no stock-options were granted to employees and to non-employees (none in 2017).

#### Summary table of outstanding and exercisable options as at June 30, 2018

Expiring	Number of options	Average remaining term (years)	Weighted average exercise price
November 2018	650,000	0,33	\$0,100
February 2019	625,000	0,66	\$0,105
	1,275,000	0,65	\$0,103

#### Summary table of outstanding and exercisable options as at December 31, 2017

Expiring	Number of options	Average remaining term (years)	Weighted average exercise price
November 2018	850,000	0,56	\$0,100
February 2019	900,000	0,85	\$0,105
	1,750,000	0,34	\$0,103

## Notes to Interim Financial Statements

Three months ended June 30, 2018  
 (all amounts are in Canadian dollars, until indication)  
 (unaudited)

### Note 20. Information on Cash Flows

Change in working capital items are detailed as follows:	June 30	Dec. 31
	2018	2017
	\$	\$
Trade and other receivables	(9,039)	136,208
Work in process	0	5,022
Prepaid expenses	(7,965)	(4,134)
Research and Development Tax Credit recoverable	(29,609)	(29,848)
Trade and other payables	38,975	99,818
Employees benefits	13,279	(31,272)
Deferred revenue	(1,814)	(44,460)
	3,827	131,334

### Note 21. Commitments

The Company is committed to pay under long-term leases agreements, an amount of \$272,330 before December 31, 2019. The payments are as follows over the next two years: 2018 - \$116,713 and 2019 - \$155,617.

### Note 22. Related Party Transactions

During the period ended June 30, 2018, and December 31, 2017, the Company made transactions with some officers and directors and companies controlled by officers or directors of Intema Solutions Inc.

Company's key management personnel are members of the Board of directors, President and Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer. Key management personnel remuneration includes the following expenses:

	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
	\$	\$	\$	\$
Salaries and Benefits	50,875	53,188	101,750	106,376
Share-based payment	0	0	0	0
Professional fees	0	0	0	0
	50,875	53,188	101,750	106,376

Salaries and benefits include the remuneration of the President and Chief Executive Officer and the Chief Operating Officer and various indirect benefits as of car allowances.

The remuneration payable to directors totalled \$101,750 at June 30, 2018 (\$106,376 at June 30, 2017).



## Notes to Interim Financial Statements

Three months ended June 30, 2018

(all amounts are in Canadian dollars, until indication)

(unaudited)

### Note 23. Economic Dependence

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During the period of three months ended June 30, 2018, the Company realized sales to one major customer for an amount \$148,523 (in 2017, two major customers for amounts totalling \$342,650).

The management of the Company assesses the degree of dependence associated with these clients as important given the recurrence of contracts from these customers.

### Note 24. Contingency

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On September 6, 2016, the Company was ordered by Court to pay a sum of \$ 100,000 to a supplier for fees and damages, The Company disputed this judgement and appealed the decision.

### Note 25. Segment Reporting

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The Company has reviewed its activities and determined that it leads them in a single reportable operating segment. This single reportable operating segment derives its revenues from the sale of consulting services in marketing and the Internet, especially in the deployment of e-mailing campaign to large companies, Almost-all activities are carried out in Canada.

The assets of the Company are located in Canada.

### Note 26. Events after the reporting period

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10,000,000 common share purchase warrants (the “Warrants”) originally issued in connection with a private placement announced on August 26, 2016 are due to expire on August 26, 2018 and are exercisable at \$0.06 per share. The original expiry date of the Warrants will be extended for an additional 12 months ending August 26, 2019. In all other respects, the terms of the Warrants will remain unchanged and in full force and effect.