

SCRIPT, INC.
CONSOLIDATED BALANCE SHEETS
September 30, 2017 (Unaudited) and December 31, 2016 (Audited)

ASSETS

	Unaudited September 30, 2017	Audited December 31, 2016
Current assets		
Cash and cash equivalents	\$ 10,422,532	\$ 229,891
Accounts receivable - trade, net of allowance for doubtful accounts of \$23,000 and \$7,482, respectively	1,364,446	1,060,531
Inventory	80,525	5,134
Prepaid expenses	83,002	145,751
Receivable related to sale of Sfax	3,556,439	-
Income tax refund receivable	756,944	-
Other current assets	20,000	20,000
Total current assets	16,283,888	1,461,307
Noncurrent assets		
Property and equipment, net of accumulated depreciation of \$1,554,289 and \$1,451,597, respectively	842,878	1,363,635
Prepaid expenses and other assets, net of current portion	46,830	42,875
Goodwill	2,131,794	2,274,837
Intangible assets, net of accumulated amortization of \$1,220,768 and \$852,036, respectively	1,770,232	2,138,964
Total noncurrent assets	4,791,734	5,820,311
Total assets	\$ 21,075,622	\$ 7,281,618

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities		
Current portion of notes payable, including \$0 and \$110,000 to related parties, respectively	\$ 80,976	\$ 408,108
Current portion of capital lease obligation	135,451	106,668
Line of credit	-	187,600
Accounts payable - trade	347,333	293,963
Accrued payroll, bonuses and payroll taxes	241,191	557,003
Deferred revenue	233,152	1,450,300
Accrued interest expense	417	18,164
Income taxes payable	-	35,967
Other accrued expenses	185,742	156,121
Payable related to sale of Sfax	78,965	-
Current portion of common stock issued under agreement to repurchase, at fair value	139,800	46,600
Total current liabilities	1,443,027	3,260,494
Noncurrent liabilities		
Long-term portion of notes payable	-	8,823
Capital lease obligation, net of current portion	170,019	88,360
Common stock issued under agreement to repurchase, at fair value, net of current portion	93,200	186,400
Total noncurrent liabilities	263,219	283,583
Total liabilities	1,706,246	3,544,077
Commitments and contingencies	-	-
Stockholders' equity		
Preferred stock - \$0.001 par value; 15,000,000 shares authorized:		
Series A convertible preferred stock - 925,000 shares issued and outstanding (liquidation preference of \$925,000)	925	925
Series B convertible preferred stock - 454,547 shares issued and outstanding (liquidation preference of \$500,002)	454	454
Common stock - \$0.001 par value; 55,000,000 shares authorized, 48,125,421 and 48,474,306 shares issued and outstanding, respectively	48,126	48,475
Additional paid-in capital	50,874,294	50,900,170
Accumulated deficit	(31,554,423)	(47,212,483)
Total stockholders' equity	19,369,376	3,737,541
Total liabilities and stockholders' equity	\$ 21,075,622	\$ 7,281,618

SCRYPT, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
For the Nine Months Ended September 30, 2017 and 2016

	Unaudited Nine Months Ended September 30, 2017	Unaudited Nine Months Ended September 30, 2016
Continuing operations:		
Revenues	\$ 2,990,621	\$ 2,915,828
Cost of revenues	2,279,184	1,076,519
Selling, general and administrative	3,278,868	2,124,660
Total operating expenses	<u>5,558,052</u>	<u>3,201,179</u>
Operating loss	(2,567,431)	(285,351)
Loss on sale of assets	-	(557)
Interest income (expense), net	<u>30,881</u>	<u>(27,219)</u>
Net loss before income taxes	(2,536,550)	(313,127)
Income tax expense	<u>4,680</u>	<u>13,582</u>
Loss from continuing operations	<u>(2,541,230)</u>	<u>(326,709)</u>
Discontinued operations:		
Revenues	4,207,310	5,196,885
Cost of revenues	1,550,238	1,560,298
Selling, general and administrative	4,218,112	3,777,777
Total operating expenses	<u>5,768,350</u>	<u>5,338,075</u>
Operating loss	(1,561,040)	(141,190)
Gain (loss) on sale of assets	21,921,549	(372)
Interest income (expense), net	22,563	(18,146)
Other income, net	<u>1,260</u>	<u>-</u>
Net income (loss) before income taxes	20,384,332	(159,708)
Income tax expense	<u>2,185,042</u>	<u>9,054</u>
Income (loss) from discontinued operations	<u>18,199,290</u>	<u>(168,762)</u>
Net income (loss) attributable to common shareholders	<u><u>\$ 15,658,060</u></u>	<u><u>\$ (495,471)</u></u>
Net income (loss) per common share - basic and diluted	<u><u>\$ 0.32</u></u>	<u><u>\$ (0.01)</u></u>
Weighted average number of common shares outstanding - basic and diluted	<u><u>48,200,821</u></u>	<u><u>47,943,350</u></u>

SCRIPT, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
For the Three Months Ended September 30, 2017 and 2016

	Unaudited Three Months Ended September 30, 2017	Unaudited Three Months Ended September 30, 2016
Continuing operations:		
Revenues	\$ 1,034,855	\$ 1,058,855
Cost of revenues	583,779	385,499
Selling, general and administrative	1,232,234	741,167
Total operating expenses	<u>1,816,013</u>	<u>1,126,666</u>
Operating loss	(781,158)	(67,811)
Interest income (expense), net	<u>16,265</u>	<u>(8,598)</u>
Net loss before income taxes	(764,893)	(76,409)
Income tax expense	<u>2,340</u>	<u>5,182</u>
Loss from continuing operations	<u>(767,233)</u>	<u>(81,591)</u>
Discontinued operations:		
Revenues	930,073	1,841,979
Cost of revenues	462,988	541,844
Selling, general and administrative	1,107,466	1,289,330
Total operating expenses	<u>1,570,454</u>	<u>1,831,174</u>
Operating (loss) income	(640,381)	10,805
Gain on sale of assets	2,935	-
Interest income (expense), net	10,843	(5,732)
Other expense, net	<u>(474)</u>	<u>-</u>
Net (loss) income before income taxes	(627,077)	5,073
Income tax expense	<u>1,560</u>	<u>3,454</u>
(Loss) Income from discontinued operations	<u>(628,637)</u>	<u>1,619</u>
Net loss attributable to common shareholders	<u><u>\$ (1,395,870)</u></u>	<u><u>\$ (79,972)</u></u>
Net loss per common share - basic and diluted	<u><u>\$ (0.03)</u></u>	<u><u>\$ (0.00)</u></u>
Weighted average number of common shares outstanding - basic and diluted	<u><u>48,125,421</u></u>	<u><u>48,474,306</u></u>

SCRIPT, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the Nine Months Ended September 30, 2017 (Unaudited) and Year Ended December 31, 2016 (Audited)

	Series A Preferred Stock		Series B Preferred Stock		Common Stock		Additional Paid - in Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at December 31, 2015	925,000	\$ 925	454,547	\$ 454	46,049,614	\$ 46,050	\$ 49,969,765	\$ (46,385,570)	\$ 3,631,624
Compensation expense related to stock options	-	-	-	-	-	-	171,706	-	171,706
Issuance of common stock in connection with the acquisition of J&H Medsoft Limited Liability Company, DBA DocbookMD	-	-	-	-	2,424,692	2,425	758,699	-	761,124
Net loss	-	-	-	-	-	-	-	(826,913)	(826,913)
Balance at December 31, 2016	925,000	\$ 925	454,547	\$ 454	48,474,306	\$ 48,475	\$ 50,900,170	\$ (47,212,483)	\$ 3,737,541
Compensation expense related to stock options	-	-	-	-	-	-	116,818	-	116,818
Reversion of common stock in connection with the acquisition of J&H Medsoft Limited Liability Company, DBA DocbookMD	-	-	-	-	(348,885)	(349)	(142,694)	-	(143,043)
Net income	-	-	-	-	-	-	-	15,658,060	15,658,060
Balance at September 30, 2017	<u>925,000</u>	<u>\$ 925</u>	<u>454,547</u>	<u>\$ 454</u>	<u>48,125,421</u>	<u>\$ 48,126</u>	<u>\$ 50,874,294</u>	<u>\$ (31,554,423)</u>	<u>\$ 19,369,376</u>

SCRIPT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 2017 and 2016

	Unaudited Nine Months Ended September 30, 2017	Unaudited Nine Months Ended September 30, 2016
Cash flows from operating activities		
Net income (loss)	\$ 15,658,060	\$ (495,471)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	1,164,778	626,991
Compensation expense related to stock options	116,818	134,429
Compensation expense related to note receivable impairment	-	310,950
Reserve for obsolete inventory	-	580
(Gain) loss on sale of asset	(21,921,549)	929
Changes in operating assets and liabilities:		
Accounts receivable - trade	(303,915)	(216,098)
Inventory	(75,391)	6,749
Prepaid expenses	21,863	(32,008)
Deferred revenue	26,893	145,454
Accounts payable - trade	(167,665)	(79,432)
Other liabilities	(2,537,011)	224,000
Cash flows (used in) provided by operating activities	<u>(8,017,119)</u>	<u>627,073</u>
Cash flows from investing activities		
Purchases of property and equipment	(38,850)	(12,034)
Proceeds from sale of assets	18,898,162	1,800
Capitalized software development costs	-	(297,255)
Cash assumed in DocbookMD Merger	-	12,052
Issuance of related party note receivable	-	(50,000)
Cash flows provided by (used in) investing activities	<u>18,859,312</u>	<u>(345,437)</u>
Cash flows from financing activities		
Proceeds from related party advances	-	25,000
Repayments on line of credit agreement, net	(187,600)	(25,000)
Payments on notes payable	(335,955)	(57,375)
Payment of related party advances	-	(65,000)
Payments on capital lease	(125,997)	(67,826)
Cash flows used in financing activities	<u>(649,552)</u>	<u>(190,201)</u>
Net increase in cash and cash equivalents	10,192,641	91,435
Cash and cash equivalents, beginning of period	<u>229,891</u>	<u>53,601</u>
Cash and cash equivalents, end of period	<u>\$ 10,422,532</u>	<u>\$ 145,036</u>
Supplemental disclosures for cash flow information:		
Cash paid for interest	\$ <u>34,759</u>	\$ <u>37,967</u>
Cash paid for income taxes	\$ <u>2,982,633</u>	\$ <u>10,694</u>
Supplemental non-cash financing activity:		
Capital lease acquisition	\$ <u>236,440</u>	\$ <u>105,068</u>