ProntoForms Reports Q2 2018 Financial Results

Continues Momentum with Over 5% Sequential Growth in Recurring Revenue

OTTAWA, Ont., Aug. 23, 2018 -- ProntoForms Corporation (TSXV: PFM), the global leader in smart mobile forms for enterprise, today announced its second quarter (Q2) financial results for the three and six months ended June 30, 2018.

PLEASE NOTE THAT THE PRESENTATION CURRENCY HAS CHANGED FROM CANADIAN TO U.S. DOLLARS COMMENCING THIS FISCAL YEAR.

“The 5% sequential growth we recorded in Q2 extended the rebound in our revenue growth to 20% over prior year,” said Alvaro Pombo, CEO of ProntoForms. "The accelerating growth rate in recurring revenue is a result of stronger sales execution in accounts of all sizes combined with reduced overall churn. Our enterprise strategy continues to be focused at engaging larger enterprises who can provide continued growth and longer committed contract length.”

“Our platform has the key attributes that major global enterprises require, including scalability, security, and cloud integrations. Our Annual Recurring Revenue (“ARR”) base now includes 12 customers that contribute more than $100,000 of ARR each, representing 23% of the base, up from 4 customers representing 9% a year ago. This growth comes from both new enterprise customers and significant expansion from existing customers. We have also formalized arrangements with important channel partners and this is bringing us to opportunities where enterprise grade cloud-based mobile workflows are needed.”

Financial Highlights – 2018 Second Quarter – Presented in US dollars

- Recurring revenue in Q2 2018 increased by 19% to $2,624,680, compared to $2,204,412 in Q2 2017, and increased by 5% compared to $2,495,068 in Q1 2018
- Recurring revenue consisted of non-operator channel recurring revenue of $1,891,488 (35% growth vs. Q2 2017 and 7% growth vs. Q1 2018) and operator channel recurring revenue of $733,192 (8% decrease vs. Q2 2017 and effectively flat vs Q1 2018)
- Total revenue for Q2 2018 increased by 20% to $2,906,166 compared to $2,422,369 in Q2 2017, and increased by 6% compared to $2,748,548, in Q1 2018
- Gross margin for Q2 2018 was 83% of total revenue compared to 82% in Q2 2017 and 82% in Q1 2018. Gross margin on recurring revenue was 88% for Q2 2018 compared to 91% for Q2 2017 and 89% in Q1 2018
- Operating loss for Q2 2018 was $627,069, down from a loss of $706,239 in Q2 2017, and down from a loss of $776,701 in Q1 2018
- Net loss for Q2 2018 was $673,814, down from a net loss of $895,675 in Q2 2017, and down from a net loss of $775,163 in Q1 2018
- Comprehensive loss for Q2 2018 was $707,809, down from a comprehensive loss of $822,687 in Q2 2017, and $822,823 in Q1 2018
- As at June 30, 2018, the Company’s cash and net working capital balances were $3,759,137 and $3,045,513 respectively

Recent Operational Highlights

- ProntoForms added deep integrations with four leading enterprise business platforms and marketplaces:
  - **The Salesforce App Exchange –** the world’s leading enterprise cloud marketplace
  - **Predix ServiceMax by GE –** the leading application development platform for the Industrial Internet
  - **Geotab Marketplace** – leading technology platform for telematics & fleet management
  - **Box Relay** – an enterprise workflow tool that automates and standardizes digital business processes. Box is a leading Cloud service provider
- **$1.2M 3-Year Contract with Fortune Global 500 Company**; enterprise customer expanding existing deployment to improve field operations, service delivery, and compliance

About ProntoForms Corporation
ProntoForms is a leading provider of smart mobile forms for enterprise. The Company's solution is used to collect and analyze field data with smartphones and tablets – either as a standalone solution or as a mobile front-end to corporate systems of record.

The Company’s 100,000+ subscribers harness the intuitive, secure, and scalable solution to increase productivity, improve quality of service, and mitigate risks. The Company is based in Ottawa, Canada, and trades on the TSXV under the symbol PFM. ProntoForms is the registered trademark of ProntoForms Inc., a wholly owned subsidiary of ProntoForms Corporation.

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Certain information in this press release may constitute forward-looking information. For example, statements about the Company's future growth or value, the lead flow the Company may receive from its partnering strategy and anticipated market trends are forward-looking information. This information is based on current expectations that are subject to significant risks and uncertainties that are difficult to predict. Actual results might differ materially from results suggested in any forward-looking statements. The Company's business and value may not grow as anticipated or at all, its partnering strategy may not generate increasing lead flow or maintain current lead flow levels and anticipated market trends may not occur or continue. Historical growth levels and results may not be indicative of future growth levels or results. The Company assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward looking-statements unless and until required by securities laws applicable to the Company. *There are a number of risk factors that could cause future results to differ materially from those described herein. Please see "Risk Factors Affecting Future Results" in the Company's annual management discussion and analysis dated March 16, 2018 found at www.sedar.com for a discussion of such factors.* Please also refer to the Company's management discussion and analysis for the quarter ended June 30, 2018 for a description of how the Company determines and uses ARR. ARR is a key performance indicator used by the Company and is not meant as an indication such amounts will necessarily be included in revenues in any given fiscal year.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

PRONTOFORMS CORPORATION

Condensed Interim Consolidated Statements of Comprehensive Loss

For the three and six months ended June 30, 2018 and 2017

(Unaudited in US dollars)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	**2018**	2017
	$	$	**$**	$
Revenue				
Recurring revenue	**2,624,680**	2,204,412	**5,119,748**	4,368,623
Professional and other services	**281,485**	217,956	**534,965**	392,491
	2,906,165	2,422,368	**5,654,713**	4,761,114
Cost of Revenue				
Recurring revenue	**303,639**	205,617	**571,836**	402,402
Professional and other services	**203,818**	230,383	**421,119**	426,705
	507,457	436,000	**992,955**	829,107
Gross Margin	**2,398,708**	1,986,368	**4,661,758**	3,932,007
Expenses				
Research and development	**1,030,752**	930,297	**2,084,033**	1,820,704
Selling and marketing	**1,406,359**	1,202,642	**2,812,953**	2,447,497
General and administrative	**588,666**	559,668	**1,168,542**	1,136,577
	3,025,777	2,692,607	**6,065,528**	5,404,778
Loss from operations	**(627,069)**	(706,239)	**(1,403,770)**	(1,472,771)
Foreign exchange gain (loss)	**46,245**	(61,325)	**136,316**	(72,587)
Interest and accretion	**(85,489)**	(101,975)	**(166,415)**	(168,942)
Change in fair value of derivative liability	**(7,501)**	(26,136)	**(15,108)**	(51,665)
Net loss	**(673,814)**	(895,675)	**(1,448,977)**	(1,765,965)
Other Comprehensive loss				
Foreign currency translation adjustment	**(33,995)**	72,988	**(81,655)**	80,383

Total comprehensive loss	**(707,809)**	(822,687)	**(1,530,632)**	(1,685,582)
Net loss per common share basic and diluted	**(0.01)**	(0.01)	**(0.01)**	(0.02)
Weighted average number of common shares basic and diluted	**107,524,142**	92,760,990	**107,524,142**	91,718,864
Share-based compensation included in accounts:				
Cost of revenue	**4,396**	6,308	**18,451**	15,337
Research and development	**8,741**	14,830	**34,759**	38,129
Selling and marketing	**13,599**	35,014	**57,533**	85,908
General and administrative	**18,831**	81,232	**78,696**	140,080
	45,567	137,384	**189,439**	279,454

ProntoForms Corporation

Condensed Interim Consolidated Statements of Financial Position
as at June 30, 2018, December 31, 2017, and January 1, 2017
(Unaudited in US dollars)

	June 30, 2018	December 31, 2017	January 1, 2017
	$	$	$
Assets			
Current assets			
Cash and cash equivalents	**3,759,137**	5,074,489	2,875,715
Accounts receivable	**1,253,147**	1,030,803	787,394
Investment tax credits receivable	**245,286**	239,130	96,952
Unbilled receivables	**83,906**	111,017	63,911
Related party loan receivable	**81,598**	85,649	80,030
Prepaid expenses and other receivables	**525,837**	491,584	347,631
	5,948,911	7,032,672	4,251,633
Property, plant and equipment	**307,840**	314,920	333,664
Intangible assets	**29**	7,419	43,689
	6,256,780	7,355,011	4,628,986
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	**1,406,949**	1,596,036	1,136,314
Deferred revenue	**1,496,449**	998,117	480,866
Long-term debt - current portion	**—**	—	651,409
Derivative liability - current portion	**—**	—	614,948
	2,903,398	2,594,153	2,883,537
Long-term debt	**2,435,460**	2,484,574	1,228,338
Derivative liability	**258,192**	275,361	114,863
	5,597,050	5,354,088	4,226,738
Shareholders' equity			
Share capital	**20,721,783**	20,721,783	16,972,146
Contributed Surplus	**995,727**	757,165	—
Share-based payment reserve	**3,286,107**	3,096,669	2,562,362
Warrant reserve	**1,145,832**	1,384,394	1,081,667
Deficit	**(25,604,000)**	(24,155,023)	(20,293,094)
Accumulated other comprehensive income (loss)	**114,280**	195,935	79,167

	659,730	2,000,923	402,248
	6,256,780	7,355,011	4,628,986

ProntoForms Corporation

Condensed Interim Consolidated Statements of Cash Flows

For the six months ended June 30, 2018 and 2017

(Unaudited in US dollars)

	2018	2017
	$	$
Net inflow (outflow) of cash related to the following activities:		
Cash flow from operating activities		
Net loss	**(1,448,977)**	(1,765,965)
Items not affecting cash		
Share-based compensation	**189,439**	279,454
Accretion on long-term debt	**69,096**	65,318
Change in fair value of derivative liability	**15,108**	51,665
Amortization of property, plant and equipment	**64,282**	55,938
Amortization of intangible asset	**7,390**	26,580
Changes in non-cash operating working capital items	**58,266**	(124,753)
	(1,045,396)	(1,411,763)
Cash flow from financing activities		
Proceeds from long-term debt	**—**	751,300
Issuance costs related to long-term debt	**—**	(549)
Proceeds from private placement units	**—**	4,449,750
Payment of costs related to issuing of units	**—**	(324,875)
Scheduled payments of 2012 derivative liability	**—**	(117,077)
Proceeds from the exercise of warrants	**—**	86,609
Proceeds from the exercise of options	**—**	174,481
	—	5,019,639
Cash flow from investing activities		
Purchase of property, plant and equipment	**(72,013)**	(48,347)
	(72,013)	(48,347)
Effect of Exchange Rate Changes on Cash	**(197,944)**	77,796
Net cash inflow (outflow)	**(1,315,352)**	3,637,325
Cash and cash equivalents, beginning of year	**5,074,489**	2,875,715
Cash and cash equivalents, end of period	**3,759,137**	6,513,040