PRONTOFORMS

ProntoForms Reports Q1 2020 Financial Results

Achieves 25% growth in recurring revenue over Q1 2019

OTTAWA, May 07, 2020 -- ProntoForms Corporation (TSXV: PFM), the global leader in field-focused low-code application platforms for enterprise, announced today its first quarter (Q1) financial results for the period ended March 31, 2020.

“We acknowledge our great customers, some of whom are experiencing challenges in their industries and others experiencing a surge in demand with greater work complexity and more stringent operational requirements during the global pandemic. Customer usage has shown to be resilient, demonstrating that our platform is being utilized for essential business processes. From February, we were monitoring the coronavirus situation and actively managing in accordance with our Business Continuity Plan, and on March 12th we directed our employees to work from home. The ProntoForms services plus our operational tools are cloud-based and regularly tested to support different continuity scenarios, which enabled us to adjust quickly. Our employees have been resilient through the transition, remaining highly-motivated and delivering at a very high level throughout our organization. Our efforts have been focused on maintaining high levels of service, listening to customers to address their evolving needs, and working as rapidly as we can to support the deployment of new use cases. Our top priorities are our customers’ success and the financial viability of our operations for our employees, customers, and shareholders.” said Alvaro Pombo, Founder and Chief Executive Officer of ProntoForms.

Mr. Pombo continued, “We are pleased to report that Q1 was another strong quarter with steady recurring revenue growth, further enterprise expansion, and reduction in losses. Recurring revenue grew by 4% sequentially following 8% sequential growth in Q4 2019. This growth came through both direct sales engagements and partners. Our Annual Recurring Revenue (ARR) Base remained flat from year end at $15.7 million at March 31, 2020 as a number of deals were pushed out due to operational disruptions with our customers. Customers with more than $100,000 of ARR each represented 37% of that base—up from 28% a year ago. We continued to strengthen our balance sheet ending the quarter with cash of $6.2 million, up from $5.7 million at December 31, 2019.”

Mr. Pombo continued, “Our agile platform is a powerful addition to existing tech stacks. Citizen developers can optimize their field operations with quantifiable positive business outcomes by enabling the edge of their organization with contextual guided work tools. We believe the current business climate will accelerate digital transformation in the field as many organizations are facing a greater sense of urgency to improve their operations and customer interactions while also monitoring and ensuring technician health and safety. These customer needs were being addressed by our platform before this crisis, so we expect interest to continue and grow.”

Financial Highlights – 2020 First Quarter

- Recurring revenue in Q1 2020 increased by 25% to $3.94 million compared to $3.16 million in Q1 2019, and by 4% compared to $3.77 million in Q4 2019.
- Total revenue for Q1 2020 increased by 21% to $4.24 million compared to $3.52 million in Q1 2019, and by 4% compared to $4.07 million in Q4 2019.
- Gross margin for Q1 2020 was 85% of total revenue compared to 81% in Q1 2019 and 84% in Q4 2019. Gross margin on recurring revenue was 92% for Q1 2020 compared to 89% in Q1 2019 and 89% in Q4 2019.
- Operating loss for Q1 2020 was $0.24 million, down from a loss of $0.40 million in Q1 2019 and $0.58 million in Q4 2019.
- Net loss for Q1 2020 was $0.17 million, down from a net loss of $0.53 million in Q1 2019 and $0.78 million in Q4 2019.
- As at March 31, 2020, ProntoForms’ cash and net working capital balances were $6.17 million and $3.11 million respectively, compared to $5.70 million and $3.37 million as at December 31, 2019.

Recent Operational Highlights

- Notable new customers and expansion progress from enterprise customers, including:
  — Two medical equipment manufacturers:
  —— A global brand medical equipment manufacturer expanded to $560K of subscription commitment over the next year to empower field engineers through complex installation, maintenance and service of equipment.
  —— A Fortune 500 healthcare company expanded its use to bring its subscription commitment to $288,000 over the next four years. ProntoForms is used to enable its field technicians to perform medical equipment inspections.
  — A leading national solar company that provides clean, affordable energy across the United States implemented ProntoForms to perform onsite inspections, maintenance reports, and quality assurance audits.
  — A global engineering services company signed on with ProntoForms with an initial deployment of 200 subscribers. The company will utilize the platform to perform installations and inspections.
- ProntoForms played a central role at the February Field Services Medical Conference in San Diego. ProntoForms Founder & CEO, Alvaro Pombo, was mainstage chairperson and executive panel moderator, and Marty Gowling, VP of Customer Success, moderated a mainstage workshop executive panel on field service and compliance.
- ProntoForms customer Purell/GoJo was the focus of a Service Council webinar—with 500 registrants—on the topic of leveraging field-focused custom applications to respond to the COVID-19 pandemic.

- ProntoForms was named the Winter 2020 G2 Leader in Mobile Forms Automation as well as the review site's User's Most Likely to Recommend and Momentum Leader.

Q1 Conference Call Date:
Date: May 7, 2020
Time: 9:00 AM Eastern Time

Participant Dial-in Numbers:
Local Toronto – (+1) 416 764 8688
Toll Free – (+1) 888 390 0546
Conference ID: 94891008

Recording Playback Numbers:
Local Toronto– (+1) 416 764 8677
Toll Free – (+1) 888 390 0541
Passcode: 891008 #
Expiry Date: Thursday, May 14th, 2020 11:59 PM EDT

About ProntoForms Corporation
ProntoForms is the global leader in field-focused low-code application platforms for enterprise. The Company's solution is used to create apps and forms to collect and analyze field data with smartphones and tablets – either as a standalone solution or as a mobile front-end to enterprise 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.

For additional information, please contact:

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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 April 10, 2019 found at www.sedar.com for a discussion of such factors.* Please also refer to the Company's management discussion and analysis for the year ended December 31, 2019 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 loss and comprehensive loss
For the three months ended March 31, 2020 and 2019
(in United States dollars)

	Three months ended March 31,	
	2020	2019
	$	$
Revenue		
Recurring revenue	**3,941,955**	3,158,951
Professional and other services	**300,759**	358,234
	4,242,714	3,517,185
Cost of Revenue		

Recurring revenue	**321,800**	361,439
Professional and other services	**297,971**	290,754
	619,771	652,193
Gross Margin	**3,622,943**	2,864,992
Expenses		
Research and development	**1,181,367**	1,040,087
Selling and marketing	**1,866,069**	1,542,823
General and administrative	**813,461**	680,419
	3,860,897	3,263,329
Loss from operations	**(237,954)**	(398,337)
Foreign exchange gain (loss)	**166,917**	(36,027)
Interest and accretion	**(96,325)**	(89,043)
Change in fair value of derivative liability	**(583)**	(9,527)
Net loss and comprehensive loss	**(167,945)**	(532,934)
Net loss and comprehensive loss per common share basic and diluted	**(0.00)**	(0.00)
Weighted average number of common shares basic and diluted	**117,427,901**	107,961,594

Share-based compensation included in accounts:		
Cost of revenue	**21,454**	12,725
Research and development	**27,591**	18,606
Selling and marketing	**40,888**	39,450
General and administrative	**58,266**	40,730
	148,199	111,511

ProntoForms Corporation
Condensed Interim Consolidated Statements of financial position
as at March 31, 2020 and December 31, 2019
(in United States dollars)

	March 31, 2020 $	December 31, 2019 $
Assets		
Current assets		
Cash and cash equivalents	**6,170,595**	5,700,003
Accounts receivable	**1,745,304**	2,538,530
Investment tax credits receivable	**74,693**	185,213
Unbilled receivables	**216,620**	197,264
Related party loan receivable	**75,742**	82,694
Prepaid expenses and other receivables	**1,139,343**	1,031,390
	9,422,297	9,735,094
Property, plant and equipment	**453,846**	481,242
Right-of-use asset	**848,742**	912,399
	10,724,885	11,128,735
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**2,260,648**	2,493,913

Deferred revenue	**3,757,611**	3,562,816
Derivative liability - current portion	**64,455**	65,041
Lease obligation - current portion	**228,746**	246,517
	6,311,460	6,368,287
Long-term debt	**2,530,429**	2,717,146
Lease obligations	**624,311**	745,599
Derivative liability	**36,052**	61,524
	9,502,252	9,892,556
Shareholders' equity		
Share capital	**25,078,817**	25,069,032
Contributed surplus	**864,907**	864,907
Share-based payment reserve	**3,490,574**	3,345,960
Warrant reserve	**692,960**	692,960
Deficit	**(29,089,060)**	(28,921,115)
Accumulated other comprehensive income	**184,435**	184,435
	1,222,633	1,236,179
	10,724,885	11,128,735

ProntoForms Corporation
Condensed Interim Consolidated Statements of cash flows
For the three months ended March 31, 2020 and 2019
(in United States dollars)

	Three months ended March 31,	
	2020	2019
	$	$
Operating activities		
Net loss	**(167,945)**	(532,934)
Items not affecting cash		
Share-based compensation	**148,199**	111,511
Accretion on long-term debt	**44,620**	38,315
Accretion on lease obligations	**12,456**	16,218
Change in fair value of derivative liability	**583**	9,527
Amortization of property, plant and equipment	**40,300**	24,215
Amortization of right-of-use asset	**63,657**	67,401
Unrealized foreign exchange (gains) losses	**(211,682)**	62,837
Lease interest paid	**(12,456)**	(16,218)
Changes in non-cash operating working capital items	**744,919**	958,084
	662,651	738,956
Financing activities		
Payment of lease obligations	**(59,750)**	(59,657)
Settlement of derivative liability	**(16,617)**	-
Proceeds from the exercise of warrants	**-**	35,795
Proceeds from the exercise of options	**6,200**	27,688
	(70,167)	3,826
Investing activities		
Purchase of property, plant and equipment	**(12,904)**	(23,427)
Effect of exchange rate changes on cash	**(108,988)**	6,695
Net cash inflow	**470,592**	726,050
Cash and cash equivalents, beginning of year	**5,700,003**	3,325,241
Cash and cash equivalents, end of year	**6,170,595**	4,051,291