PRONTOFORMS

# ProntoForms Reports Q2 2021 Financial Results

**Achieves 17% annual growth in recurring revenue over Q2 2020**

OTTAWA, Aug. 19, 2021 (GLOBE NEWSWIRE) -- ProntoForms Corporation (TSXV: PFM), the global leader in field-focused low-code application platforms for enterprise, announced today its second quarter (Q2) financial results for the period ended June 30, 2021.

“We are pleased to report that our Annual Recurring Revenue Base (ARR) increased by 4.2% in the 2021 second quarter following an increase of 4.7% in the first quarter. Our base is now $18.7 million and overall customer usage continues to be resilient with 40% of our base from customers with greater than $100,000 of ARR. We’re also continuing to steadily add new, large customer logos with good expansion profiles,” said Alvaro Pombo, Founder and Chief Executive Officer.

Mr. Pombo continued, “We are encouraged by the steady growth in bookings, strong retention, and enterprise opportunities. We continue to invest in our enterprise go-to-market with new leadership, more vertical product solutions, and improvements in customer experience through new community and learning platforms.”

**Financial Highlights – 2021 Second Quarter**

- Recurring revenue in Q2 2021 increased by 17% to $4.55 million compared to $3.89 million in Q2 2020, and increased by 6% compared to $4.31 million in Q1 2021.
- Total revenue for Q2 2021 increased by 16% to $4.84 million compared to $4.16 million in Q2 2020, and increased by 5% compared to $4.61 million in Q1 2021.
- Gross margin for Q2 2021 was 85% of total revenue compared to 88% in Q2 2020 and 85% in Q1 2021. Gross margin on recurring revenue was 90% for Q2 2021 compared to 93% in Q2 2020 and 91% in Q1 2021.
- Operating loss for Q2 2021 was $1.07 million, down from an operating income of $0.35 million in Q2 2020 and remained flat from an operating loss of $1.07 million in Q1 2021.
- Net loss for Q2 2021 was $1.12 million, down from a net income of $0.21 million in Q2 2020 and from a net loss of $1.10 million in Q1 2021.
- As at June 30, 2021, ProntoForms’ cash and net working capital balances were $7.13 million and $3.64 million respectively, compared to $7.75 million and $5.10 million as at December 31, 2020.

**Recent Operational Highlights**

- Notable new and expansion progress from enterprise customers, including:
  - One of the world’s largest HVAC companies expanded its commitment by over $73K of ARR. They use ProntoForms in the field to empower thousands of field service technicians.
  - A Fortune 500 HVAC and refrigeration manufacturer deployed ProntoForms to over 1,000 technicians to improve asset management.
  - An enterprise utility company focused on construction and maintenance in the utility industry expanded its commitment to ProntoForms by over $43K ARR.
  - A consulting firm that provides solutions for operations, automation, and efficiency expanded its commitment to ProntoForms by over $40K ARR.
- ProntoForms continued to engage with key customers through thought leadership events. These events included global, enterprise customers in target verticals and spanned multiple conference sessions and ProntoForms-hosted digital events and webinars.

**Q2 Conference Call Date:**
Date: Thursday, August 19th, 2021
Time: 9:00 AM Eastern Time

Participant Dial-in Numbers:
Local Toronto – (+1) 416 764 8688
Toll Free – (+1) 888 390 0546
Conference ID: 56488587

Recording Playback Numbers:
Local Toronto– (+1) 416 764 8677
Toll Free – (+1) 888 390 0541
Passcode: 488587 #
Expiry Date: August 25th, 2021 at 11:59pm EST

**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, expected increase in adoption and usage of the Company's products, the revenues anticipated to be received by the Company from recent contracts referred to above 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, product adoption and usage may not increase as expected or could decrease, revenue anticipated from contracts may not be received due to many risks, including factors specific to the customer, 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 10, 2021 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, 2021 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 Income (Loss) and Comprehensive Income (Loss)

For the three and six months ended June 30 2021 and 2020
(in US dollars)

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Revenue: | | | | |
| Recurring revenue | $ 4,550,398 | 3,890,920 | $ 8,856,706 | 7,832,875 |
| Professional and other services | 290,649 | 271,424 | 597,804 | 572,183 |
| | 4,841,047 | 4,162,344 | 9,454,510 | 8,405,058 |
| Cost of revenue (1): | | | | |
| Recurring revenue | 451,556 | 275,865 | 845,385 | 597,665 |
| Professional and other services | 292,818 | 216,129 | 574,753 | 514,100 |
| | 744,374 | 491,994 | 1,420,138 | 1,111,765 |

| | | | | |
|---|---|---|---|---|
| Gross margin | 4,096,673 | 3,670,350 | 8,034,372 | 7,293,293 |
| Expenses: | | | | |
| Research and development [1] | 1,880,988 | 1,161,873 | 3,692,412 | 2,343,240 |
| Selling and marketing [1] | 2,369,151 | 1,545,168 | 4,668,951 | 3,411,237 |
| General and administrative [1] | 911,802 | 615,590 | 1,805,253 | 1,429,051 |
| | 5,161,941 | 3,322,631 | 10,166,616 | 7,183,528 |
| Income (loss) from operations | (1,065,268) | 347,719 | (2,132,244) | 109,765 |
| Foreign exchange (loss) gain | (29,276) | (43,813) | (38,950) | 123,104 |
| Finance costs | (30,072) | (96,186) | (58,236) | (193,094) |
| Net income (loss) and comprehensive income (loss) | $ (1,124,616) | 207,720 | $ (2,229,429) | 39,775 |
| Net loss and comprehensive loss per common share basic and diluted | $ (0.01) | 0.00 | $ (0.02) | 0.00 |
| Weighted average number of common shares basic and diluted | 125,277,003 | 117,455,093 | 124,886,200 | 117,437,968 |

[1] Amounts include share-based compensation expense as follows:

| | | | | |
|---|---|---|---|---|
| Cost of revenue | $ 2,348 | $ 8,243 | 3,214 | 29,697 |
| Research and development | 32,790 | 24,327 | 82,866 | 51,918 |
| Selling and marketing | 14,080 | 27,937 | 40,326 | 68,825 |
| General and administrative | 64,019 | 37,563 | 149,368 | 95,829 |
| Total share-based compensation expense | $ 113,237 | $ 98,070 | $ 275,774 | $ 246,269 |

**PRONTOFORMS CORPORATION**

Condensed Interim Consolidated Statements of Financial Position

June 30, 2021 and December 31, 2020
(in US dollars)

| | June 30, 2021 | December 31, 2020 |
|---|---|---|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | $ 7,128,177 | $ 7,747,542 |
| Accounts receivable | 1,679,376 | 3,333,139 |
| Investment tax credits receivable | 160,376 | 117,092 |
| Unbilled receivables | 244,770 | 235,518 |
| Related party loan receivable | 86,691 | 84,392 |
| Prepaid expenses and other receivables | 1,137,136 | 738,415 |
| Contract acquisition costs | 200,872 | 214,583 |
| | 10,637,398 | 12,470,681 |
| Property, plant and equipment | 362,372 | 407,522 |
| Contract acquisition costs | 61,852 | 28,950 |
| Right-of-use asset | 530,457 | 657,771 |
| | $ 11,592,079 | $ 13,564,924 |

Liabilities and Shareholders' Equity

| | | |
|---|---|---|
| Current liabilities: | | |
| Accounts payable and accrued liabilities | $ 2,292,852 | $ 2,434,376 |
| Deferred revenue - current portion | 4,401,836 | 4,657,581 |
| Lease obligation - current portion | 300,550 | 274,312 |
| | 6,995,238 | 7,366,269 |
| Long-term debt | 3,322,704 | 3,219,484 |
| Deferred revenue | 61,585 | - |
| Lease obligations | 346,346 | 486,302 |
| | 10,725,873 | 11,072,055 |
| Shareholders' equity: | | |
| Share capital | 29,290,771 | 28,342,861 |
| Contributed surplus | 864,907 | 864,907 |
| Share-based payment reserve | 3,161,804 | 3,506,948 |
| Warrant reserve | - | - |
| Deficit | (32,635,711) | (30,406,282) |
| Accumulated other comprehensive income | 184,435 | 184,435 |
| | 866,206 | 2,492,869 |
| | $ 11,592,079 | $ 13,564,924 |

**PRONTOFORMS CORPORATION**

Condensed Interim Consolidated Statements of Cash Flows

For the six months ended June 30, 2021 and 2020
(in US dollars)(in US dollars)

| | Six months ended June 30, 2021 | 2020 |
|---|---|---|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Net loss | $ (2,229,429) | $ 39,775 |
| Items not involving cash: | | |
| Share-based compensation | 275,774 | 246,269 |
| Accretion on long-term debt | - | 90,913 |
| Accretion on lease obligations | 19,349 | 23,984 |
| Accretion of transaction costs | 14,090 | - |
| Change in fair value of derivative liability | - | 1,537 |
| Amortization of property, plant and equipment | 81,461 | 80,371 |
| Amortization of right-of-use asset | 127,314 | 127,314 |
| Unrealized foreign exchange losses (gains) | 31,136 | (133,599) |
| Other finance costs | 44,146 | 100,644 |
| Interest paid | (49,840) | (101,494) |
| Interest received | 5,694 | 850 |
| Lease interest paid | (19,349) | (23,984) |
| Changes in non-cash operating working capital items | 847,631 | (408,600) |
| | (852,023) | 43,980 |
| Financing activities | | |
| Payment of lease obligations | (133,114) | (116,808) |
| Settlement of derivative liability | - | (33,028) |
| Proceeds from the exercise of options | 326,992 | 12,085 |
| | 193,878 | (137,751) |

| | | | | |
|---|---|---|---|---|
| Investing activities | | | | |
| Purchase of property, plant and equipment | | (36,311) | | (41,419) |
| | | (36,311) | | (41,419) |
| Effect of exchange rate changes on cash | | 75,091 | | (41,262) |
| Decrease in cash | | (619,365) | | (176,452) |
| Cash and cash equivalents, beginning of period | | 7,747,542 | | 5,700,003 |
| Cash, end of period | $ | 7,128,177 | $ | 5,523,551 |