Condensed Interim Consolidated Financial Statements of

PRONTOFORMS CORPORATION

For the three months ended March 31, 2021 and 2020

(In US dollars)
(Unaudited)

“Notice to Reader”

The accompanying condensed unaudited interim consolidated financial statements of ProntoForms Corporation for the three months ended March 31, 2021 and 2020 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These statements have not been reviewed by the Company’s external auditors.

Dated: May 5, 2021

”*David Croucher”*______________
David Croucher
Chief Financial Officer

”*Alvaro Pombo”*______________
Alvaro Pombo
Chief Executive Officer

PRONTOFORMS CORPORATION
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For the three months ended March 31, 2021 and 2020

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PRONTOFORMS CORPORATION

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the three months ended March 31, 2021 and 2020
(in US dollars)

	Notes		March 31, 2021		March 31, 2020
Revenue:					
Recurring revenue		$	4,306,308	$	3,941,955
Professional and other services			307,155		300,759
			4,613,463		4,242,714
Cost of revenue:					
Recurring revenue			393,829		321,800
Professional and other services			281,935		297,971
			675,764		619,771
Gross margin			3,937,699		3,622,943
Expenses:					
Research and development	4		1,811,424		1,181,367
Selling and marketing			2,299,800		1,866,069
General and administrative			893,451		813,461
			5,004,675		3,860,897
Loss from operations			(1,066,976)		(237,954)
Foreign exchange (loss) gain			(9,672)		166,917
Finance costs			(28,164)		(96,908)
Net loss and comprehensive loss		$	(1,104,812)	$	(167,945)
Net loss and comprehensive loss per common share basic and diluted	9	$	(0.01)	$	(0.00)
Weighted average number of common shares basic and diluted	9		124,499,218		117,427,901

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

PRONTOFORMS CORPORATION

Condensed Interim Consolidated Statements of Financial Position

March 31, 2021 and December 31, 2020
(in US dollars)

	Notes	March 31, 2021	December 31, 2020
Assets			
Current assets:			
Cash and cash equivalents		$ 8,186,691	$ 7,747,542
Accounts receivable		2,544,870	3,333,139
Investment tax credits receivable	4	138,312	117,092
Unbilled receivables		278,687	235,518
Related party loan receivable	11	85,445	84,392
Prepaid expenses and other receivables		1,149,843	738,415
Contract acquisition costs		192,864	214,583
		12,576,712	12,470,681
Property, plant and equipment		386,514	407,522
Contract acquisition costs		62,120	28,950
Right-of-use asset	5	594,114	657,771
		$ 13,619,460	$ 13,564,924
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities		$ 2,399,485	$ 2,434,376
Deferred revenue		5,458,287	4,657,581
Lease obligation - current portion	7	286,920	274,312
		8,144,692	7,366,269
Long-term debt	6	3,267,345	3,219,484
Lease obligations	7	417,374	486,302
		11,829,411	11,072,055
Shareholders' equity:			
Share capital	8	29,049,030	28,342,861
Contributed surplus		864,907	864,907
Share-based payment reserve		3,202,771	3,506,948
Warrant reserve		-	-
Deficit		(31,511,094)	(30,406,282)
Accumulated other comprehensive income		184,435	184,435
		1,790,049	2,492,869
		$ 13,619,460	$ 13,564,924

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

PRONTOFORMS CORPORATION

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

For the three months ended March 31, 2021 and 2020
(in US dollars)

	Share capital number	Amount	Contributed surplus	Share-based payment reserve	Warrant reserve	Accumulated other comprehensive income	Deficit	Total Equity
Balance, December 31, 2019	120,074,998	$ 25,069,032	$ 864,907	$ 3,345,960	$ 692,960	$ 184,435	$ (28,921,115)	$ 1,236,179
Share-based compensation	-	-	-	148,199	-	-	-	148,199
Net loss	-	-	-	-	-	-	(167,945)	(167,945)
Issuance of common shares on exercise of options	24,000	9,785	-	(3,585)	-	-	-	6,200
Balance, March 31, 2020	120,098,998	$ 25,078,817	$ 864,907	$ 3,490,574	$ 692,960	$ 184,435	$ (29,089,060)	$ 1,222,633
Balance, December 31, 2020	127,102,581	28,342,861	864,907	3,506,948	-	184,435	(30,406,282)	2,492,869
Share-based compensation	-	$ -	$ -	$ 162,537	$ -	$ -	$	$ 162,537
Net loss	-	-	-	-	-	-	(1,104,812)	(1,104,812)
Issuance of common shares on exercise of options	786,459	706,169	-	(466,714)	-	-		239,455
Balance, March 31, 2021	127,889,040	$ 29,049,030	$ 864,907	$ 3,202,771	$ -	$ 184,435	$ (31,511,094)	$ 1,790,049

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

PRONTOFORMS CORPORATION

Condensed Interim Consolidated Statements of Cash Flows

For the three months ended March 31, 2021 and 2020
(in US dollars)

	Notes	March 31, 2021	March 31, 2020
Cash provided by (used in):			
Operating activities:			
Net loss		$ (1,104,812)	$ (167,945)
Items not involving cash:			
Share-based compensation	8	162,537	148,199
Accretion on long-term debt		-	44,620
Accretion on lease obligations		9,953	12,456
Accretion of transaction costs		7,045	-
Change in fair value of derivative liability		-	583
Amortization of property, plant and equipment		40,761	40,300
Amortization of right-of-use asset	5	63,657	63,657
Unrealized foreign exchange (gains) losses		12,403	(211,682)
Other finance costs		21,119	51,705
Interest paid		(23,999)	(52,206)
Interest received		2,880	501
Lease interest paid	7	(9,953)	(12,456)
Changes in non-cash operating working capital items	13	1,066,816	744,919
		248,407	662,651
Financing activities			
Payment of lease obligations	7	(64,923)	(59,750)
Settlement of derivative liability		-	(16,617)
Proceeds from the exercise of options	8	239,455	6,200
		174,532	(70,167)
Investing activities			
Purchase of property, plant and equipment		(19,753)	(12,904)
		(19,753)	(12,904)
Effect of exchange rate changes on cash		35,963	(108,988)
Increase in cash		439,149	470,592
Cash and cash equivalents, beginning of period		7,747,542	5,700,003
Cash, end of period		$ 8,186,691	$ 6,170,595

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

1. Description of business:

ProntoForms Corporation ("ProntoForms" or the “Company") researches, develops, and markets mobile business solutions which help customers quickly and flexibly automate field sales, field service and field data collection business processes. The Company was incorporated and is domiciled in Ontario, Canada.

The Company is publicly traded on the Toronto Stock Exchange Venture Exchange ("TSXV") under the symbol "PFM" and has its registered address at 250-2500 Solandt Road, Ottawa, Ontario.

2. Basis of preparation:

(a) Statement of compliance:

The unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”) using the accounting policies disclosed below.

The policies applied in these condensed interim consolidated financial statements are based on International Financial Reporting Standards (“IFRS”) issued and outstanding as at December 31, 2020.

These condensed interim consolidated financial statements should be read in conjunction with the Company’s 2020 annual consolidated financial statements. The policies set out below were consistently applied to all the periods presented.

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on May 5, 2021.

(b) Basis of measurement and going concern assumption

These condensed interim consolidated financial statements have been prepared on a historical cost basis, with the exception of amounts recorded at fair value as noted in the financial instrument note. Historical cost is generally based upon the fair value of the consideration given in exchange for assets. The consolidated statements of loss and comprehensive loss are presented using the function classification for expenses. Derivative liabilities are measured at fair value after initial recognition.

The preparation of these condensed interim consolidated financial statements in accordance with IFRS contemplates the continuation of the Company as a going concern. As at March 31, 2021, the Company had not yet achieved profitable operations, had a net loss for the period and has an accumulated deficit, however, the Company believes that its current cash and cash equivalents, combined with certain sales-related efforts and financing initiatives, will provide sufficient cash flow for it to continue as a going concern in its present form.

2. Basis of preparation:

(c) Basis of consolidation

The condensed interim consolidated financial statements include the accounts of ProntoForms Corporation and its wholly-owned subsidiaries ProntoForms Inc. (Canadian company), TrueContext Limited (U.K. company), and TrueContext Incorporated (U.S. company). Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the condensed interim consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries align with the policies adopted by the Company. All inter-company transactions, balances, profits and expenses have been eliminated.

3. Significant accounting policies:

The significant accounting policies used in preparing these condensed interim consolidated financial statements are unchanged from those disclosed in the Company's 2020 annual consolidated financial statements and have been applied consistently to all periods presented in these condensed interim consolidated financial statements.

4. Investment tax credits and other government assistance:

During the three months ended March 31, 2021, the Company recorded refundable investment tax credits of $19,596 (2020 - $7,314) as a reduction to research and development expenses. The Company claims research and development deductions and related investment tax credits for income tax purposes based on management's interpretation of the applicable legislation in the Income Tax Act of Canada. These claims are subject to audit by the Canada Revenue Agency.

During the three months ended March 31, 2021, the Company recorded government assistance of $8,744 related to provincial and federal employment assistant programs (2020 - $217,250) against research and development expenses.

(In US dollars)

5. Right-of-use assets:

		March 31, 2021
Office right-of-use asset:		
Balance, December 31, 2020	$	657,771
Amortization		(63,657)
Balance, March 31, 2021	$	594,114

6. Long-term debt:

		March 31, 2021		December 31, 2020
Toronto Dominion Credit Facility				
2020 Loan, interest is a combination of prime rate + 1% and 30 days banker acceptance rate of 3%	$	3,311,965	$	3,271,149
Transaction costs		(44,620)		(51,665)
	$	3,267,345	$	3,219,484

The following table presents changes in the Toronto Dominion Credit Facility for the three months ended March 31, 2021:

Balance, December 31, 2020	$	3,219,484
Amortization of transaction costs		7,045
Translation adjustment		40,816
Balance, March 31, 2021	$	3,267,345

On October 30, 2020, the Company entered into a financial agreement with Toronto-Dominion bank, for a $6 million CAD, two-year revolving operating facility, bearing interest at prime rate + 1% per annum, with a maturity date of October 30, 2022. The facility was used to fully settle the BDCC loan and the related derivative liability. Finance costs for the three months ended March 31, 2021 was $28,164 (2020 – $96,325) of interest and accretion and $nil (2020 - $583) of change in fair value of derivative liability.

All covenants associated with the TD credit facility are in compliance on March 31, 2021.

7. Lease obligations:

The Company's leases are for office space denominated in Canadian dollars but presented in United States dollars. Maturities of lease liabilities as at March 31, 2021 were as follows:

Remainder of 2021	$	236,870
2022		325,074
2023		189,627
Total future minimum payments		751,571
Imputed interest		(47,277)
Total lease liabilities		704,294
Less current portion		286,920
Non-current portion	$	417,374

Interest expense on lease obligations for the three months ended March 31, 2021 was $9,953 (2020 - $12,456). Variable lease payments for operating costs not included in the measurement of lease obligations for the three months ended March 31, 2021 was $75,870 (2020 - $71,049). Expenses relating to short-term leases and leases of low value assets for the three months ended March 31, 2021 was $nil (2020 - $4,367). Total cash outflow for leases was $74,876 (2020 - $72,206), including $64,923 (2020 - $59,750) of principal payments on lease obligations.

8. Share capital:

During the three months ended March 31, 2021, 786,459 common shares were issued upon the exercise of options, for proceeds of $239,455.

During the three months ended March 31, 2020, 24,000 common shares were issued upon the exercise of options, for proceeds of $6,200.

(In US dollars)

8. Share capital (continued):

Share-based compensation

The Company recorded $162,537 (2019 - $148,199) as share-based payment reserve and share-based compensation expense, which is measured at fair-value at the date of grant and is expensed over the option's vesting period.

	March 31, 2021	March 31, 2020
Cost of revenue	$ 865	$ 21,454
Research and development	50,077	27,591
Selling and marketing	26,246	40,888
General and administrative	85,349	58,266
	$ 162,537	$ 148,199

9. Loss per share:

Net loss per common share represents net loss attributable to common shareholders divided by the weighted average number of common shares outstanding during the period. The common shares pledged as security for loans receivable are excluded from the calculation of weighted average number of common shares outstanding.

Diluted loss per common share is calculated by dividing the applicable net loss by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive common shares had been issued during the period.

For all the periods presented, diluted loss per share equals basic loss per share due to the antidilutive effect of options and warrants. The outstanding number and type of securities that could potentially dilute basic net loss per share in the future but that were not included in the computation of diluted net loss per share because to do so would have reduced the loss per share (anti-dilutive) for the periods presented are as follows:

	March 31, 2021	Average exercise price (CAD)	March 31, 2020	Average exercise price (CAD)
Options	13,294,152	$ 0.50	14,202,808	$ 0.40
Warrants	–	–	4,350,000	0.45
	13,294,152	$ 0.50	18,552,808	$ 0.41

(In US dollars)

10. Segmented information:

The Company operates in one operating segment being mobile computer software solutions. This segment engages in business activities from which it earns license, support and professional services revenues, and incurs expenses.

Revenues from external customers are attributed to geographic areas based on the location of the contracting customers. The following table sets forth external revenue by geographic areas:

	Three months ended March 31, 2021	Three months ended March 31, 2020
United States	$ 3,178,516	$ 2,871,001
Canada	575,647	611,573
Europe	411,638	296,335
Latin America	193,547	187,127
Other	254,115	276,678
	$ 4,613,463	$ 4,242,714

For the three months ended March 31, 2021, the Company had no customers that individually accounted for more than 10% (2020 – one customer for 14%) of revenue, one customer accounted for 23% (2020 - 12%) of accounts receivable at March 31, 2021.

All property, plant and equipment and right-of-use assets are located in Canada.

11. Related party transactions and commitments:

The Company leases office premises from a company controlled by the Chairman of the Board. Included in the statement of financial position are $594,114 of right-of-use assets and $704,294 of lease obligations. Operating expenses under the related party lease plus commitments for other office leases, have the following minimum annual payments:

	Related party commitments
2021 (April through December)	$ 222,350
2022	296,467
2023	172,939
	$ 691,756

11. Related party transactions and commitments (continued):

Loans totalling $427,346 ($537,407 CAD) have been issued to the CEO to purchase common shares. The loans are non-interest bearing and repayable on demand.

The 2,668,488 common shares acquired under the CEO Share Purchase Loans are pledged as security against the share purchase loans and are held as security by the Company until such time as the individual loans are repaid. The share purchase loans are immediately due and payable to the Company upon the sale of the common shares or upon the termination of employment, subject to certain conditions being met. The market value of the underlying common shares for the CEO Share Purchase Loans as at March 31, 2021 was $2,440,279 ($3,068,761 CAD).

Despite their legal form, the CEO Share Purchase Loans are accounted for similar to the grant of an option under IFRS. As such, for accounting purposes, the common shares issued and the share purchase loans granted under the loan and share pledge agreements are not recognized as outstanding until such time as payments are received on the loan balances. The $85,445 ($107,451 CAD) Related Party Loan Receivable for related tax remittances is treated as a current receivable.

12. Financial instruments:

The carrying values of cash and cash equivalents, accounts receivable, unbilled receivables, related party loan, accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity. Long-term debt fair value approximates carrying value due to the floating market rate of interest.

Fair value hierarchy

Financial instruments recorded at fair value on the condensed interim consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(In US dollars)

12. Financial instruments (continued):

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

Cash and cash equivalents and the fair value of underlying common shares described in note 8 are classified as a Level 1 financial instrument. The fair value of the long-term debt and the remaining financial instruments are classified as Level 2. During the period ended March 31, 2021, there were no transfers of amounts between Level 1, Level 2 and Level 3.

13. Changes in non-cash operating working capital items:

	Three months ended,	
	March 31, 2021	March 31, 2020
Accounts receivable	$ 788,269	$ 793,226
Investment tax credits receivable	(21,220)	110,520
Unbilled receivables	(43,169)	(19,356)
Related party loan receivable	–	6,952
Prepaid expenses and other receivables	(411,428)	(107,953)
Contract acquisition costs	(11,451)	–
Accounts payable and accrued liabilities	(34,891)	(233,265)
Deferred revenue	800,706	194,795
	$ 1,066,816	$ 744,919