

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

November 3, 2021

All amounts herein are in U.S. Dollars unless otherwise stated.

OVERVIEW

The following "Summary Financial Information and Management's Discussion and Analysis of Results of Operations and Financial Condition" ("MD&A") was prepared by Management of ProntoForms Corporation ("ProntoForms" or the "Company") and approved by the Board of Directors of the Company (the "Board of Directors"). Throughout this MD&A, unless otherwise specified, "ProntoForms", "Company", "we", "us" and "our" refer to ProntoForms Corporation and its subsidiaries.

This interim MD&A is an update of management's discussion and analysis provided in the Company's annual filings dated March 10, 2021 and filed on www.SEDAR.com and includes a discussion of the results of operations and cash flows for the three and nine months ended September 30, 2021. Such discussion and comments on liquidity and capital resources of the Company should be read in conjunction with the unaudited interim financial report for the three and nine months ended September 30, 2021. The interim financial report has been prepared in U.S. Dollars and using International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB").

Management is responsible for ensuring that processes are in place to provide enough knowledge to support the representations made in the interim filings. Our Audit Committee and Board of Directors provide an oversight role with respect to all public financial disclosures by the Company and have reviewed this MD&A and the accompanying financial statements.

Alvaro Pombo, Chief Executive Officer, and David Croucher, Chief Financial Officer, in accordance with National Instrument 52-109 ("NI 52-109"), have both certified that they have reviewed the interim financial report and this MD&A (the "Interim Filings") and that, based on their knowledge having exercised reasonable diligence, that (a) the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made with respect to the period covered by the interim filings; and (b) the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented in the interim filings.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis Disclosure Controls and Procedures and Internal Controls over Financial Reporting as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

FORWARD LOOKING STATEMENTS

Certain statements in this MD&A may constitute forward-looking statements, including those identified by the expressions such as “anticipate”, “believe”, “estimate”, “expect”, “foresee”, “intend”, “plan”, or similar expressions to the extent that they relate to the Company or its management. The forward-looking statements are not historical facts but reflect the Company’s current assumptions and expectations regarding future events. Forward-looking statements in this MD&A include but are not limited to statements regarding subscriber additions, the variability of our revenues going forward, anticipated market trends and technology adoption by our customers and industry peers, anticipated growth in revenue and expenses, the potential impacts of additional expenditures on revenue growth rates, the sufficiency of cash on hand, the Company’s ability to obtain financing necessary to continue operations and the potential impacts of the COVID-19 pandemic on the Company’s business and operations. There can be no assurance that such statements will prove to be accurate, and actual results and future events may differ materially from those anticipated in such statements. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations and assumptions, including but not limited to the following: (i) there can be no assurance that the Company will earn any profits in the future or that profitability, if achieved, will be sustained; (ii) if the Company is not able to achieve profitability, it will require additional equity or debt financing, and there can be no assurances that the Company will be able to obtain additional financial resources on favourable commercial terms or at all; (iii) the Company’s quarterly revenues and operating results may fluctuate, which may harm its results of operations; (iv) the loss of business from a major customer, operator or other reseller could reduce the Company’s sales and harm its business and prospects; (v) a portion of the Company’s sales are through partners and resellers, and an adverse change in the Company’s relationship with any of such partners or resellers may result in decreased sales; (vi) the market for software as a service is at a relatively early stage of development, and if it does not develop or develops more slowly than expected, the Company’s business will be harmed; (vii) the Company faces competition from other software solution providers, which may reduce its market share or limit the prices it can charge for its software solutions; (viii) a global economic downturn or market volatility may adversely affect our business and/or our ability to complete new financings; (ix) the business of the Company may be harmed if it does not continue to penetrate markets; (x) the success of the business depends on the Company’s ability to develop new products and enhance its existing products; (xi) the Company’s growth depends in part on the success of its strategic relationships with third parties; (xii) the financial condition of third parties may adversely affect the Company; (xiii) the US dollar may fluctuate significantly compared to the Canadian dollar, causing fluctuations in earnings and cash flow as most of our revenues are received in US dollars while most of our expenses are payable in Canadian dollars; (xiv) subscription services which produce the majority of the Company’s revenue are hosted by a third party service for the Company and any interruption in service could harm its results of operations; (xv) the Company may be liable to its customers or third parties if it is unable to collect data or it otherwise loses data; (xvi) the Company may be liable for the handling of personal information; (xvii) intellectual property claims against the Company may be time consuming, costly to defend, and disruptive to the business; (xviii) the Company uses open source software in connection with its products which exposes it to uncertainty and potential liability; (xix) economic uncertainty and downturns in the software market may lead to decreases in the Company’s revenue and margins; (xx) any significant changes in the technological paradigm utilized for building or delivering applications in mobile devices could harm the Company’s business and prospects; and (xxi) if the Company loses any of its key personnel, its operations and business may suffer and (xxii) COVID-19 and similar global health crises could have a negative impact on the Company, its employees, suppliers and customers.

Impacts of COVID-19

In January 2020, the World Health Organization declared the coronavirus (“COVID-19”) a Public Health Emergency of International Concern and in March 2020 the coronavirus was escalated to a pandemic. This virus continues to spread worldwide whilst impacting economic activity and financial markets.

Since the onset of COVID-19, we are conducting business with substantial modifications to employee travel, employee work locations and virtualization or cancellations of sales and marketing events. We have substantially modified interactions with customers and suppliers, including customer purchasing decisions. We may take further actions that alter our business operations as may be required by governments, or that we determine are in the best interest of our employees, customers, partners, suppliers, and shareholders. However, there is no certainty that such measures will be sufficient to mitigate the direct and indirect effects of the virus and our business, financial condition and results of operations could be affected. The degree to which COVID-19 will affect our results and operations will depend on future developments that are highly uncertain and cannot currently be predicted, including, but not limited to, the duration, extent and severity of the COVID-19 pandemic, actions taken to contain the virus, the impact of the pandemic and related restrictions on economic activity and the extent of the impact of these and other factors on our employees, partners, suppliers and customers. COVID-19 has also caused heightened uncertainty in the global economy. If economic growth slows further or if a recession develops, customers may not have the financial means to subscribe for our software and services, negatively impacting our results of operations. Since the impact of COVID-19 is ongoing, the effect of the COVID-19 outbreak and the related impact on the global economy may not be fully reflected in our results of operations until future periods. Further, volatility in the capital markets has been heightened during recent months and such volatility may continue, which may cause declines in the price of our shares.

On March 12, 2020, ProntoForms made the decision to temporarily close our physical offices and require all staff to work from home. Our staff have adapted well to working remotely and we have a cadence of meetings and surveys to measure and influence the effectiveness and morale as we progress through the pandemic. Most of our tools are in the cloud and have been operating there for some time and as such, the disruption to sales by COVID-19 was not as significant for us as for some other businesses. We did experience an initial decrease in bookings, longer sales cycles and a slight increase in churn for the first half of 2020. The overall impacts of the COVID-19 pandemic are uncertain; however, we have seen moderate improvement in bookings for the last half of 2020 and into 2021, and we have reaffirmed our strategy of carefully investing in Enterprise growth. We will continue with our staff working in this remote fashion until such time as we believe, based on the stages of the virus and the advice of government health authorities, that the risk to our staff and customers is reduced sufficiently. At such time, all recommended safety precautions, including physical distancing measures, will be followed.

Please see the Company’s MD&A for the year ended December 31, 2020 filed on www.SEDAR.com and dated March 10, 2021 for a more complete discussion of these and other risks. Readers are cautioned not to place undue reliance on forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

BUSINESS OVERVIEW AND OUTLOOK

ProntoForms is the global leader in a field-focused low-code application platforms (“LCAP”) for enterprise. Our solutions are used to create apps and forms to collect and analyze field data with mobile devices – either as a standalone solution or a mobile front-end to enterprise systems of record. ProntoForms’ 100,000+ subscribers harness the intuitive, secure, and scalable solution to increase productivity, improve quality of service, and mitigate risks.

ProntoForms was one of just 19 companies featured in Gartner’s 2020 LCAP Magic Quadrant report. Additionally, it was the only field-focused solution included. Gartner – the world’s leading IT research and advisory firm – predicts that by 2024, 75% of large enterprises will use at least four low-code development tools for both IT application development and citizen development initiatives. ProntoForms was also

named G2's leader in Mobile Forms Automation Software for Fall 2020, retaining this ranking for the 9th time. ProntoForms was rated a 92 through real-time user satisfaction ratings, 33 points above the nearest competitor in the Enterprise segment. G2 also awarded ProntoForms the High Performer badge for Low-Code Development Platforms and the highest relationship rating available for products included in the Mobile Forms Automation Software category.

We have a broad cross section of customers in diverse industries; however, our prime focus is on medical equipment, heavy manufacturing, energy resources, and utilities. Typically, our initial sale is to the leaders of field or sales operations. In enterprise, we often obtain broader adoption through internal IT channels as they value the platform's security, scalability, and reliability. We are focusing on a replicable expansion approach for medium and large enterprise customers to achieve broader adoption in other regions and across other business processes.

We sell directly and co-market our solution with independent software vendors, implementation partners, and other industry specific resellers in multiple geographies. While our direct sales resources provide us access to decision makers in a wide range of companies, we are also targeting new enterprise sales through partners and resellers.

We compete in a mobile business application market that remains highly fragmented. Recent developments have seen early consolidation among niche providers focused on a narrow set of technology or targeted to a very specific vertical industry segment. While we do not consider these patterns to be unusual for an emerging industry, market dynamics, combined with our company size, suggest that the abundance of applications, devices, and software vendors will continue to impact decision-making and implementation cycles by our customers.

The threat of technology disrupting business, the increased demand for mobile apps, and the shortage of resources to build them, is influencing field service executives and IT teams to investigate LCAP solutions to complement field force automation initiatives. In addition, the rapid evolution of other infrastructure enablers, including smartphones and tablets, cloud services for back-office systems, data storage, and demand for data and analytics to measure and improve business processes is another favorable trend supporting our growth.

The conditions outlined above could add significant variability, and we caution readers that quarter-to-quarter comparisons of our operating results are not necessarily meaningful and should not be relied upon as the only indication of likely future performance or quarterly operating results.

See "Forward Looking Statements" above.

RECENT DEVELOPMENTS

2021

During the nine months ended September 30, 2021, 3,299,777 common shares were issued upon the exercise of options, for proceeds of \$947,379.

In July 2021, the maturity date for the revolving credit facility with Toronto-Dominion Bank ("TD Bank") was extended from October 30, 2022 to October 30, 2023.

2020

On October 30, 2020, the Company entered a revolving credit facility with TD Bank for an amount of up to CAD \$6 million. The new credit facility bears interest at a combination of prime plus 1% per annum and a 30 days Bankers Acceptance plus 2.5%, with a 2-year commitment renewable annually. A portion of the new credit facility was used to settle the Company's obligations to BDC Capital Inc. ("BDCC").

On October 29, 2020, warrants to purchase 4,350,000 common shares of the company were exercised and the common shares were issued upon payment of the aggregate purchase price \$1,480,575 (CAD \$1,957,500).

During the year ended December 31, 2020, 2,677,583 common shares were issued upon the exercise of options for proceeds of \$634,052.

KEY PERFORMANCE INDICATORS

We use certain key performance indicators to assess performance and evaluate our business. Such key performance indicators do not have a definition in IFRS and may be calculated in a manner different from similar key performance indicators used by other companies. We do not consider such key performance indicators to be "non-GAAP financial measures" as such term is commonly used because they are not derived from our financial statements.

Annual Recurring Revenue ("ARR")

Annual Recurring Revenue is an element we use to estimate our recurring revenue for future reporting periods and is a measure we use to assess the performance of the business over time. We caution that recurring revenue will fluctuate by the amount and timing of additions and deletions in the following periods and by the foreign exchange impact on non-US Dollar ARR.

ARR is calculated as the annual equivalent of the recurring elements of our contracts with customers that are in effect at the end of the period. Non-US Dollar ARR is converted at the period end exchange rate. As at September 30, 2021, 96% of ARR was denominated in US Dollars.

	2021		
	September 30	June 30	March 31
ARR	19,274,177	18,680,498	17,923,224
ARR Growth			
- sequential (QoQ)	3.2%	4.2%	4.7%
- comparable (YoY)	13.4%	15.8%	13.9%
Proportion of Base from			
Customers with > \$100k ARR	41%	40%	40%

	2020			
	December 31	September 30	June 30	March 31
ARR	17,112,732	16,992,076	16,137,336	15,741,756
ARR Growth				
- sequential (QoQ)	0.7%	5.3%	2.5%	0%
- comparable (YoY)	8.7%	13.1%	17.7%	20.4%
Proportion of Base from				
Customers with > \$100k ARR	39%	39%	38%	37%

We saw reduced net bookings in the first half of 2020 when COVID-19 pandemic hit. Growth improved in the third quarter with increased enterprise bookings. In the fourth quarter of 2020, we saw strong gross bookings, but this was offset by the decrease in our base of approximately 6% caused by the discontinuation of our AT&T services, Inc. reseller agreement. The first and second quarter of 2021 showed consistent growth of 4.7% and 4.2%, respectively. The net growth of 3.2% in the third quarter of 2021 was impacted by 1.1% churn due to the discontinuation of an operator reseller agreement.

We have focused our efforts on Enterprise sales and we use the metric “Proportion of Base from Customers with > \$100k ARR” as an indicator of sales to larger customers and higher penetration within those accounts. Over time, larger customers have constituted a greater share of our revenue and we expect this trend to continue as larger enterprises recognize the value of our product. We caution that this indicator may fluctuate depending on the size of customers added or deleted in the following periods.

An ARR customer is defined as a separate and distinct buying entity, such as a company, an educational or government institution, or a distinct business unit of a large company that has an active contract with us or one of our partners to access our platform.

PRESENTATION OF FINANCIAL STATEMENTS
(in U.S. Dollars)

Selected Quarterly Financial Information

Statement of Operations Data

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Revenue	\$ 4,892,514	\$ 4,550,437	\$ 14,347,024	\$ 12,955,495
Loss from operations	(997,230)	(492,490)	(3,129,474)	(382,725)
Net loss	(1,114,890)	(609,711)	(3,344,317)	(569,935)
Non-GAAP income (loss) from operations [1]	(820,357)	(344,475)	(2,676,826)	11,559
Non-GAAP net loss [1]	(930,972)	(409,825)	(2,870,534)	(31,330)
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.00)

[1] See Non-GAAP measures below

DISCUSSION OF OPERATIONS

Three months ended September 30, 2021 compared to three months ended September 30, 2020

	Three months ended		Change from Q3 2021 to Q3 2020		Three months ended		Change from Q2 2021 to Q3 2021
	September 30, 2021	September 30, 2020			June 30, 2021		
Revenue							
Recurring revenue	\$ 4,663,400	\$ 4,056,073	607,327	15%	\$ 4,550,398	113,002	2%
Professional and other services	229,114	494,364	(265,250)	-54%	290,649	(61,535)	-21%
	<u>4,892,514</u>	<u>4,550,437</u>	<u>342,077</u>	<u>8%</u>	<u>4,841,047</u>	<u>51,467</u>	<u>1%</u>
Cost of revenue							
Recurring revenue	490,935	370,730	120,205	32%	451,556	39,379	9%
Professional and other services	278,464	450,433	(171,969)	-38%	292,818	(14,354)	-5%
	<u>769,399</u>	<u>821,163</u>	<u>(51,765)</u>	<u>-6%</u>	<u>744,374</u>	<u>25,025</u>	<u>3%</u>
Gross margin	4,123,115 84%	3,729,274 82%	393,841	11%	4,096,673 85%	26,442	1%
Expenses							
Research and development	1,662,040	1,480,276	181,764	12%	1,880,988	(218,948)	-12%
Selling and marketing	2,647,524	1,991,105	656,419	33%	2,369,151	278,373	12%
General and administrative	810,781	750,383	60,398	8%	911,802	(101,021)	-11%
	<u>5,120,345</u>	<u>4,221,764</u>	<u>898,582</u>	<u>21%</u>	<u>5,161,941</u>	<u>(41,596)</u>	<u>-1%</u>
Income (loss) from operations	(997,230)	(492,490)	(504,740)	nm	(1,065,268)	68,038	-6%
Foreign exchange loss	(89,495)	(14,221)	(75,274)	nm	(29,276)	(60,219)	nm
Finance costs	(28,165)	(103,000)	74,835	nm	(30,072)	1,907	nm
Net income (loss)	\$ (1,114,890)	\$ (609,711)	(505,179)	nm	\$ (1,124,616)	9,725	-1%

nm - not considered meaningful

Loss from operations (see additional GAAP measures) for the three months ended September 30, 2021 was \$997,230 compared to loss from operations of \$1,065,268 in the second quarter of 2021 and loss from operations of \$492,490 for the comparable third quarter of 2020. Non-GAAP income (loss) from operations

(see non-GAAP measures) for the three months ended September 30, 2021 was a loss of \$820,357 down from a loss of \$952,031 in the second quarter of 2021 and up from a loss of \$344,475 for the comparable third quarter of 2020.

The Company had a net loss of \$1,114,890 for the three months ended September 30, 2021 compared to a net loss of \$1,124,616 in the second quarter of 2021 and a net loss of \$609,711 for the third quarter of 2020. Non-GAAP net loss (see Non-GAAP measures) for the three months ended September 30, 2021 was \$930,972 down from a Non-GAAP net loss of \$1,004,334 in the second quarter of 2021 and up from a Non-GAAP net loss of \$409,825 for the third quarter of 2020.

The increase in net loss in 2021 compared to 2020 is due mainly to the continued spending in 2021 on our go-to-market strategy. Our strategy focuses on optimizing solutions for large customers in our four main verticals: medical equipment, heavy manufacturing, utilities and oil and gas.

Nine months ended September 30, 2021 compared to nine months ended September 30, 2020

	Nine months ended		Change from 2021 to 2020	
	September 30, 2021	September 30, 2020		
Revenue				
Recurring revenue	\$ 13,520,106	\$ 11,888,948	1,631,158	14%
Professional and other services	826,918	1,066,547	(239,629)	-22%
	<u>14,347,024</u>	<u>12,955,495</u>	<u>1,391,529</u>	<u>11%</u>
Cost of revenue				
Recurring revenue	1,336,320	968,395	367,925	38%
Professional and other services	853,217	964,533	(111,316)	-12%
	<u>2,189,537</u>	<u>1,932,928</u>	<u>256,609</u>	<u>13%</u>
Gross margin	12,157,487 85%	11,022,567 85%	1,134,920	10%
Expenses				
Research and development	5,354,452	3,823,516	1,530,936	40%
Selling and marketing	7,316,475	5,402,342	1,914,133	35%
General and administrative	2,616,034	2,179,434	436,600	20%
	<u>15,286,961</u>	<u>11,405,292</u>	<u>3,881,669</u>	<u>34%</u>
Loss from operations	(3,129,474)	(382,725)	(2,746,749)	718%
Foreign exchange gain (loss)	(128,442)	108,884	(237,326)	nm
Finance costs	(86,401)	(296,094)	209,693	nm
Net loss	\$ (3,344,317)	\$ (569,935)	(2,774,383)	487%

nm - not considered meaningful

Loss from operations (see additional GAAP measures below) for the nine months ended September 30, 2021 was \$3,129,474 compared to loss from operations of \$382,725 for the comparable nine months ended September 30, 2020. Non-GAAP loss from operations (see Non-GAAP measures below) for the nine months ended September 30, 2021 was \$2,676,826 compared to a Non-GAAP income from operations of \$11,559 for the comparable nine months ended September 30, 2020.

The Company had a net loss of \$3,344,317 for the nine months ended September 30, 2021 compared to a net loss of \$569,935 for the comparable nine months ended September 30, 2020. Non-GAAP net loss for the nine months ended September 30, 2021 was \$2,870,534 up from a loss of \$31,330 for the comparable nine months ended September 30, 2020.

For the nine months ended September 30, 2020, the net loss was lower mainly due to a slowing of expenditures at the onset of the pandemic and COVID related and other government assistance received in 2020. In 2021, we returned to increased spending for our go to market strategy, adding headcount, consultants to assist with our vertical solutions and marketing events.

Revenue

We earn recurring revenue primarily from our ProntoForms and related services provided on a subscription basis.

We also generate professional services revenue by offering form building services, training and assisting in connecting data to back-end systems.

Our revenue is generated through a combination of direct and indirect sales. We have entered into distribution agreements with several resellers across North America, South America, and Western Europe, as well as certain system integrators, mobile device manufacturers, and mobile operators. Our current focus is on building sales through direct and select partner and reseller channels as we believe this will provide us with the best opportunity for broad based subscription revenue growth. We expect that this increasingly global distribution network will provide us with broad worldwide reach to capitalize on the expected growth in the mobile business application software market.

Revenue detail

	Three months ended			Change from	
	September 30, 2021	June 30, 2021	September 30, 2020	Previous 2021 Q2	Comparable 2020 Q3
Revenue					
Recurring	\$ 4,663,400	\$ 4,550,398	\$ 4,056,073	2%	15%
Professional services	229,114	290,649	\$ 494,364	-21%	-54%
	<u>\$ 4,892,514</u>	<u>\$ 4,841,047</u>	<u>\$ 4,550,437</u>	<u>1%</u>	<u>8%</u>

	Nine months ended		Change from comparable 2020	
	September 30, 2021	September 30, 2020		
Revenue				
Recurring revenue	\$ 13,520,106	\$ 11,888,948	\$ 1,631,158	14%
Professional services	826,918	1,066,547	(239,629)	-22%
	<u>\$ 14,347,024</u>	<u>\$ 12,955,495</u>	<u>\$ 1,391,529</u>	<u>11%</u>

Total revenue for the three months ended September 30, 2021 was \$4,892,514 representing a 1% increase compared to the second quarter of 2021 revenue of \$4,841,047 and an 8% increase over the comparable third quarter of 2020 revenue of \$4,550,437. Total revenue for the nine months ended September 30, 2021 was \$14,347,024 representing an increase of 11% over the comparable nine months in 2020.

Recurring revenue for the three months ended September 30, 2021 of \$4,663,400 increased by 2% from

\$4,550,398 the second quarter of 2021 and increased 15% from \$4,056,073 in the comparable third quarter of 2020. Recurring revenue for the nine months ended September 30, 2021 was \$13,520,106 representing an increase of 14% over the comparable nine months in 2020. Growth of 2% in recurring revenue in Q3 2021 compared to Q2 2021 was due to seasonality of bookings and the discontinuation of an operator reseller agreement. The current quarter recurring revenue increased by 15% over the comparable third quarter of 2020, due to continued investment in sales and marketing activities which has subsequently driven larger revenue from expansions and new customers

Professional service revenue mainly relates to the deployment services for new implementations or expansions for new use cases or in new geographies. Professional services revenue decreased to \$229,114 for the three months ended September 30, 2021 compared to \$290,649 in the second quarter of 2021 and decreased compared to \$494,364 in the comparable third quarter of 2020. In the third quarter of 2020 professional services revenue was impacted by a large project which contributed \$317,000 in the quarter, compared to \$20,000 from the same project this quarter. This project is now complete. The decrease in professional service revenue from Q2 2021 relates mainly to seasonality.

See "Forward Looking Statements" above.

Cost of Revenue and Gross Margin

Cost of recurring revenue consists of hosting, software and support department costs. Cost of professional and other services revenue includes personnel and other costs for deployment and analytics services and other marketing and development costs as needed.

	Three months ended		
	September 30, 2021	June 30, 2021	September 30, 2020
Gross Margin on:			
Total revenue	84%	85%	82%
Recurring revenue	89%	90%	91%
Professional services revenue	-22%	-1%	9%

	Nine months ended	
	September 30, 2021	September 30, 2020
Gross Margin on:		
Total revenue	85%	85%
Recurring revenue	90%	92%
Professional services	-3%	10%

Total revenue gross margin for the three months ended September 30, 2021 was \$4,123,115 representing 84% of revenue compared to gross margin of \$4,096,673 representing 85% for the second quarter in 2021 and \$3,729,274 representing 82% of revenue in the comparable third quarter of 2020. Total revenue gross margin for the nine months ended September 30, 2021 was 85% compared to 85% for the comparable nine months in 2020.

Recurring revenue gross margin was \$4,172,465 representing 89% of recurring revenue for the three months ended September 30, 2021, compared to \$4,098,942 representing 90% for the second quarter in 2021 and \$3,685,343 representing 91% in the comparable third quarter of 2020. Recurring revenue gross margin for the nine months ended September 30, 2021 was 90% compared to 92% for the comparable nine months in 2020.

Professional services gross margin was a negative margin of \$49,350, representing -22% of professional services revenue for the three months ended September 30, 2021 compared to a negative gross margin of \$2,169, representing -1% of professional services revenue for the second quarter of 2021 and a positive gross margin of \$43,931 or 9% in the comparable third quarter of 2020. Professional services gross margin for the

nine months ended September 30, 2021 was -3% compared to 10% for the comparable nine months in 2020.

Gross margins were relatively consistent compared to Q2 2021. Recurring revenue gross margin as a percent of recurring revenue for the last 3 years has remained in the range of 88% to 93%. Professional service gross margin has been roughly at break-even, and tends to fluctuate based on the size, complexity and volume of projects. Professional Services revenue gross margin was negative during the current quarter due to fewer projects.

Research and Development Expenses

Research and development expenses consist primarily of remuneration paid to engineering personnel and independent contractors whom we occasionally use to provide additional technical capacity on a short-term basis. Other research and development expenses include travel, rent and other occupancy costs for our engineering and technical support personnel.

For the nine months ended September 30, 2021, research and development expense increased to \$5,354,452 from \$3,823,516 for the comparable period of 2020. For the three months ended September 30, 2021, research and development expense increased to \$1,662,040 from \$1,480,276 in the comparable period of 2020. Research and development expenses are shown net of government investment tax credits ("ITC's") and other government assistance as follows:

	Three months ended		
	September 30, 2021	June 30, 2021	September 30, 2020
Gross research and development expense	1,687,666	1,914,536	1,509,070
Less:			
Investment tax credits	(19,712)	(20,286)	(28,794)
Information and Communication Technology Council Program	(5,914)	(13,262)	-
	<u>1,662,040</u>	<u>1,880,988</u>	<u>1,480,276</u>
	Nine months ended		
	September 30, 2021	September 30, 2020	
Gross research and development expense	5,441,967	4,377,027	
Less:			
Investment tax credits	(59,594)	(14,650)	
Information and Communication Technology Council Program	(27,921)	-	
Innovative Assistance Program	-	(53,301)	
Industrial Research Assistance Program	-	(485,560)	
	<u>5,354,452</u>	<u>3,823,516</u>	

We claim 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. We expect that the ITC's will continue to accrue at similar levels as Q2 2021.

The National Research Council of Canada Industrial Research Assistance Program (NRC IRAP) approved funding up to CAD \$750,000 over two years to innovate and advance our product. The funding for the nine months ended September 30, 2020 under the project was \$485,560 which offset a portion of remuneration, contractor and overhead costs related to IRAP related projects. This funding ended in the first half of 2020.

In the nine months ended September 30 2020, government assistance of \$53,301 was received relating to the Innovative Assistance Program (IAP), which provided assistance to small and medium-size business in the form of a salary subsidy for up to 12 weeks from April 1, 2020 to June 23, 2020. This one-time government assistance was received due to the COVID-19 pandemic.

Gross research and development costs decreased in the third quarter of 2021 compared to the second quarter of 2021. The quarterly decrease was mainly due to vacation and foreign exchange. However, on a nine-month period the R&D expenses increased due to additional product management, headcount and consulting. We expect R&D expense to continue to increase moderately as we expand product management and development. We plan to pursue additional government funding in the future. See “Forward Looking Statements” above.

Selling and Marketing Expenses

Our sales and marketing expenses consist primarily of compensation, including sales commissions paid to our sales and marketing personnel. Other significant sales and marketing expenses include travel, rent and other occupancy costs, and living costs for the sales and marketing staff, and other advertising, promotion and trade show costs.

Our sales and marketing expenses increased in the nine months ended September 30, 2021 to \$7,316,475 from \$5,402,342 for the comparable period 2020. For the three months ended September 30, 2021 sales and marketing expense increased to \$2,647,524 from \$1,991,105 for the comparable three months in 2020.

	Three months ended		
	September 30, 2021	June 30, 2021	September 30, 2020
Gross selling and marketing expense	2,647,524	2,369,151	1,991,105
	<u>2,647,524</u>	<u>2,369,151</u>	<u>1,991,105</u>
	Nine months ended		
	September 30, 2021	September 30, 2020	
Gross selling and marketing expense	7,316,475	5,729,334	
Less:			
Innovative Assistance Program	-	(326,992)	
	<u>7,316,475</u>	<u>5,402,342</u>	

Sales and marketing expense increased from prior year primarily due to investment needed to implement our go to market strategy, which included a growth of headcount, consultants, modifications to commission plans and additional virtual marketing events. We expect that sales and marketing expense will increase with added resources, additional spend on advertising and with the accrual of variable sales compensation on new sales. As we grow, we plan to re-invest our growth into resources to pursue additional growth with a focus on sales and marketing. See “Forward Looking Statements” above.

General and Administrative Expenses

Our general and administrative expenses consist primarily of remuneration paid to executive, finance, legal and corporate administrative staff. Other significant general and administrative expenses include legal and accounting professional fees, travel and insurance, rent and other occupancy costs.

Our general and administrative expenses increased to \$2,616,034 for the nine months ended September 30, 2021 compared to \$2,179,434 for the comparable period in 2020. For the three months period ended September 30, 2021, general and administrative expenses increased to \$810,781 from \$750,383 for the comparable three months period in 2020.

	Three months ended		
	September 30, 2021	June 30, 2021	September 30, 2020
Gross general and administrative expense	810,781	911,802	750,383
	<u>810,781</u>	<u>911,802</u>	<u>750,383</u>
	Nine months ended		
	September 30, 2021	September 30, 2020	
Gross general and administrative expense	2,616,034	2,270,160	
Less:			
Innovative Assistance Program	-	(90,726)	
	<u>2,616,034</u>	<u>2,179,434</u>	

The general and administrative expenses increased from prior year primarily due to operational tools and resources which were added to support the growth in the organization. We expect that general and administrative expenses will continue to increase slightly as we add future infrastructure for security and to support growth in operations and subscribers. See “Forward Looking Statements” above.

Foreign Exchange Gain (Loss)

Foreign exchange gain (loss) relates primarily to the impact of the relative weakness of the Canadian dollar against the US dollar on the Company’s CAD denominated monetary assets and liabilities. The Company had a foreign exchange loss of \$128,442 in the nine months ended September 30, 2021 compared to a foreign exchange gain of \$108,884 in the nine months ended September 30, 2020. This change is due to the effect on net Canadian monetary liabilities from the US dollar decreasing in value compared to the Canadian dollar.

Finance costs

Interest and accretion relates to the interest on the CAD \$6 million two-year revolving operating facility with TD Bank. Interest on the TD Bank loan bears interest at a combination of prime plus 1% and a Bankers Acceptance + 2.5%.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2021, cash was \$6,512,069 and working capital was \$3,196,881. Excluding current deferred revenue, working capital at September 30, 2021 was \$7,726,893.

Given the existing cash and cash equivalents balance, we believe there is sufficient liquidity to meet our current and planned financial obligations in the foreseeable future. Our future financing requirements will depend on many factors including our growth rate, subscription renewal activity, the timing and extent of spending to support development of our platform, and the expansion of sales and marketing activities. Our TD revolving facility matures on October 30, 2023 and while we currently expect that we will have sufficient cash flow for us to continue operations in our present form, there is a risk that we may not be able to obtain sufficient other additional financing or that such arrangements may result in dilution to existing shareholders. Turmoil and uncertainty in the financial and business markets may impact our ability to raise additional financing proceeds and the terms related to the financing. The Board of Directors has not established capital benchmarks or other targets.

Operating Activities

Cash outflow from operating activities for the nine months ended September 30, 2021 totaled \$1,793,458 compared to a cash outflow from operating activities of \$23,950 for the comparable nine months ended September 30, 2020. The cash outflow provided by operating activities is driven primarily by the higher net loss offset by a decrease in accounts receivable.

Financing Activities

During the nine months ended September 30, 2021, 3,299,777 common shares were issued upon the exercise of options for proceeds of \$947,379 and payment of lease obligations were \$204,918.

During the nine months ended September 30, 2020, 1,129,750 common shares were issued upon the exercise of options for proceeds of \$249,240 and payment of lease obligations were \$176,926.

Investing Activities

Purchases of property and equipment was \$65,707 for the nine months ended September 30, 2021 compared to \$59,184 for the nine months ended September 30, 2020 and relate primarily for computers and office equipment for the day to day activities of employees. We currently have no material commitments for capital expenditures.

ADOPTION OF NEW ACCOUNTING POLICIES

There were no new accounting policies adopted in the three months ended September 30, 2021.

OTHER OBLIGATIONS, CONTINGENCIES AND RELATED PARTY TRANSACTIONS

The Company leases office premises from a company controlled by the Chairman of the Board, Sir Terence Matthews. This office premise is included as part of the right-of-use assets of \$466,800 and as part of lease obligations of \$559,042. Operating expenses under the related party lease plus commitments for other office leases, have the following minimum annual payments:

	Related party commitments
2021 (October through December)	\$ 73,157
2022	292,627
2023	170,699
	<u>\$ 536,483</u>

Loans totaling \$421,811 (\$537,407 CAD) have been issued to the CEO to purchase common shares. The loans are non-interest bearing and principal is 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 September 30, 2021 was \$2,262,056 (\$2,881,967 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 \$84,338 (\$107,451 CAD) Related Party Loan Receivable for related tax remittances is treated as a current receivable.

The following table provides a summary of the rent and the Company's other contractual obligations outstanding as at September 30, 2021:

	Payments due by Period			
	Remainder of 2021	2022	2023	Total
Accounts payable and accrued liabilities	\$ 2,782,402	\$ -	\$ -	\$ -
Office lease obligations	153,373	613,490	357,869	1,124,732
Long-term loan	-	3,238,537	-	3,238,537
	<u>\$ 2,935,775</u>	<u>\$ 3,852,027</u>	<u>\$ 357,869</u>	<u>\$ 4,363,269</u>

SUMMARY OF OUTSTANDING SHARES AND DILUTIVE INSTRUMENTS

The authorized capital of the Company consists of an unlimited number of common shares, of which 130,402,358 common shares were issued and outstanding as of the date of this MD&A.

The stock option plan (the "Option Plan") of the Company is administered by the Board of Directors, which is responsible for establishing the exercise price (at not less than the Discounted Market Price as defined in the policies of the TSX Venture Exchange) and the vesting and expiry provisions. The maximum number of common shares reserved for issuance for options that may be granted under the Option Plan is 20,679,583. Options granted under the Option Plan to purchase up to an aggregate of 14,806,416 (average exercise price of CAD \$0.68) common shares are issued and outstanding.

Assuming that all of the outstanding options and warrants are vested and exercised, 145,208,774 common shares would be issued and outstanding on a fully diluted basis.

QUARTERLY INFORMATION

	Three months ended			
	September 31, 2021	June 30, 2021	March 31, 2021	December 31, 2020
Revenue	\$ 4,892,514	\$ 4,841,047	\$ 4,613,463	\$ 4,710,585
Loss from operations	(997,230)	(1,065,268)	(1,066,976)	(574,151)
Net loss	\$ (1,114,890)	\$ (1,124,616)	\$ (1,104,812)	\$ (915,230)
Weighted average number of shares outstanding basic and diluted	125,918,010	125,277,003	124,499,218	118,676,861
Net loss per common share, basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)

	Three months ended			
	September 31, 2020	June 30, 2020	March 31, 2020	December 31, 2019
Revenue	\$ 4,550,437	\$ 4,162,344	\$ 4,242,714	\$ 4,070,466
Income (loss) from operations	(492,490)	347,719	(237,954)	(582,571)
Net income (loss)	\$ (609,711)	\$ 207,720	\$ (167,945)	\$ (781,391)
Weighted average number of shares outstanding basic and diluted	117,666,390	117,455,093	117,427,901	117,447,799
Net income (loss) per common share, basic and diluted	\$ (0.01)	\$ 0.00	\$ (0.00)	\$ (0.01)

ADDITIONAL GAAP AND NON-GAAP MEASURES

This MD&A makes reference to certain Additional GAAP and Non-GAAP financial measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use Income (loss) from Operations as an Additional GAAP Measure and we use Non-GAAP financial measures, including Non-GAAP income (loss) from Operations and Non-GAAP Net income (loss), to provide investors with supplemental measures of our operating performance and to highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures.

Loss from Operations

The Company uses "Loss from Operations" as an additional GAAP financial measure within the financial statements and MD&A but it is not a defined term under IFRS to assess performance. Management believes that this measure provides useful supplemental information to investors and is computed on a consistent basis for each reporting period.

Loss from operations is calculated as total revenues less total operating expenses derived from the Consolidated Interim Statements of Loss and Comprehensive Loss. It is used by management to analyze operating performance, but it is not intended to represent an alternative to net earnings or other measures of financial performance in accordance with IFRS.

Non-GAAP income (loss) from Operations

The Company uses "Non-GAAP income (loss) from Operations" as a non-GAAP financial measure within the MD&A but it is not a defined term under IFRS to assess performance. Non-GAAP income (loss) from Operations is calculated as follows:

Non-GAAP income (loss) from Operations

	Three months ended		
	September 30, 2021	June 30, 2021	September 30, 2020
GAAP loss from Operations	\$ (997,230)	\$ (1,065,268)	\$ (492,490)
Add back:			
Share based compensation	176,873	113,237	148,015
	<u>\$ (820,357)</u>	<u>\$ (952,031)</u>	<u>\$ (344,475)</u>

	Nine months ended	
	September 30, 2021	September 30, 2020
GAAP loss from Operations	\$ (3,129,474)	\$ (382,725)
Add back:		
Share based compensation	452,648	394,284
	<u>\$ (2,676,826)</u>	<u>\$ 11,559</u>

Management use this information to measure operating results in relation to available working capital and cash and believes that this measure provides useful supplemental information to investors and is computed on a consistent basis for each reporting period. We believe that securities analysts, investors and other interested parties frequently use Non-GAAP measures in the evaluation of issuers.

Non-GAAP Net Loss

The Company uses “Non-GAAP Net loss” as a non-GAAP financial measure within the MD&A but it is not a defined term under IFRS to assess performance. Non-GAAP Net Loss is calculated as follows:

Non-GAAP Net loss

	Three months ended		
	September 30, 2021	June 30, 2021	September 30, 2020
GAAP Net loss	\$ (1,114,890)	\$ (1,124,616)	\$ (609,711)
Add back:			
Share based compensation	176,873	113,237	148,015
Accretion on long-term debt	7,045	7,045	51,871
	<u>\$ (930,972)</u>	<u>\$ (1,004,334)</u>	<u>\$ (409,825)</u>

	Nine months ended	
	September 30, 2021	September 30, 2020
GAAP Net loss	\$ (3,344,317)	\$ (569,935)
Add back:		
Share based compensation	452,648	394,284
Accretion on long-term debt	21,135	141,527
Change in fair value of derivative	-	2,794
	<u>\$ (2,870,534)</u>	<u>\$ (31,330)</u>

Management use this information to measure financial results in relation to available working capital and cash and believes that this measure provides useful supplemental information to investors and is computed on a consistent basis for each reporting period. We believe that securities analysts, investors and other interested parties frequently use Non-GAAP measures in the evaluation of issuers.

Additional information relating to the Company may be found at www.SEDAR.com.