

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

May 6, 2020

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 11, 2020 and filed on www.SEDAR.com and includes a discussion of the results of operations and cash flows for the three months ended March 31, 2020. 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 months ended March 31, 2020. 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 and 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 operators and other resellers, and an adverse change in the Company’s relationship with any of such operators or other 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 Smartphone 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. Please see the Company’s MD&A for the year ended December 31, 2019 filed on www.SEDAR.com and dated March 11, 2020 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 field-focused low-code application platforms (“LCAP”) for enterprise. Its solution is used to create apps and forms to collect and analyze field data with smartphones and tablets – 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 18 companies featured in Gartner’s 2019 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.

We have a broad cross section of customers in diverse industries; however, our prime focus is in 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 multiple partners that include 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 believe that these partners and resellers often times provide easier access to the decision makers in large enterprises so we have shifted resources and investment to pursue sales through partners and resellers that have existing large enterprise relationships.

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.

We have over 2,800 customers which operate in a variety of industries, have different business processes, use cases and which have been impacted by the current COVID-19 situation in varying degrees. 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.

From February we were monitoring the coronavirus situation and actively managing in accordance with our Business Continuity Plan. 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.

We are conducting business with substantial modifications to employee travel, employee work locations and virtualization or cancellations of all sales and marketing events, along with substantially modified interactions with customers and suppliers, among other modifications, including customer purchasing decisions, and 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. It is uncertain and difficult to predict what the potential effects any such alterations or modifications may have on our business including the effects on our customers and prospects, or our financial results and our ability to successfully execute our business strategies and initiatives.

We continue to monitor the potential effects and impact on our operations, businesses and financial performance, including liquidity and capital usage, though the extent is difficult to fully predict at this time due to the rapid evolution of this uncertain situation.

See "Forward Looking Statements" above.

RECENT DEVELOPMENTS

2020

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

2019

During the year ended December 31, 2019, 6,758,399 common shares were issued upon the exercise of warrants for proceeds of \$2,433,948 and 2,286,636 common shares were issued upon the exercise of options for proceeds of \$675,741.

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 ("ARR") 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 March 31, 2020, 93% of ARR was denominated in US Dollars.

| | 2020 | 2019 | | | 2018 | | | | |
|-----------------------------|------------|-------------|--------------|------------|------------|-------------|--------------|------------|------------|
| | March 31 | December 31 | September 30 | June 30 | March 31 | December 31 | September 30 | June 30 | March 31 |
| ARR | 15,741,756 | 15,736,428 | 15,026,100 | 13,713,778 | 13,069,975 | 12,397,120 | 11,546,322 | 10,911,159 | 10,340,071 |
| ARR Growth | | | | | | | | | |
| - sequential (QoQ) | 0% | 4.7% | 9.6% | 4.9% | 5.4% | 7.4% | 5.8% | 5.5% | 5.9% |
| - comparable (YoY) | 20.4% | 26.9% | 30.1% | 25.7% | 26.4% | 27.0% | 22.8% | 22.0% | 17.8% |
| Proportion of Base from | | | | | | | | | |
| Customers with > \$100k ARR | 37% | 36% | 35% | 30% | 28% | 26% | 24% | 23% | 19% |

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 | |
|-----------------------------------|--------------------|-------------------|
| | March 31, 2020 | March 31, 2019 |
| Revenue | 4,242,714 | 3,517,185 |
| Loss from operations | (237,954) | (398,337) |
| Net loss | (167,945) | (532,934) |
| Non-GAAP loss from operations [1] | (89,755) | (286,826) |
| Non-GAAP net income/(loss) [1] | 25,457 | (373,581) |
| Basic and diluted loss per share | (0.00) | (0.00) |

[1] See Non-GAAP measures below

DISCUSSION OF OPERATIONS

Three months Ended March 31, 2020 Compared to Three Months Ended March 31, 2019

| | Three months ended | | Change from Q1 2020 to Q1 2019 | | Three months ended | | Change from Q4 2019 to Q1 2020 | |
|--|--------------------|-------------------|-----------------------------------|-------------|----------------------|------------------|-----------------------------------|--|
| | March 31, 2020 | March 31, 2019 | | | December 31, 2019 | | | |
| Revenue | | | | | | | | |
| Recurring revenue | \$ 3,941,955 | \$ 3,158,951 | \$ 783,004 | 25% | \$ 3,774,576 | 167,379 | 4% | |
| Professional and other services | 300,759 | 358,234 | (57,475) | -16% | 295,890 | 4,869 | 2% | |
| | <u>4,242,714</u> | <u>3,517,185</u> | <u>725,529</u> | <u>21%</u> | <u>4,070,466</u> | <u>172,248</u> | <u>4%</u> | |
| Cost of revenue | | | | | | | | |
| Recurring revenue | 321,800 | 361,439 | (39,639) | -11% | 378,033 | (56,233) | -15% | |
| Professional and other services | 297,971 | 290,754 | 7,217 | 2% | 280,449 | 17,522 | 6% | |
| | <u>619,771</u> | <u>652,193</u> | <u>(32,422)</u> | <u>-5%</u> | <u>658,482</u> | <u>(38,711)</u> | <u>-6%</u> | |
| Gross margin | 3,622,943 85% | 2,864,992 81% | 757,951 | 26% | 3,411,984 84% | 210,959 | 6% | |
| Expenses | | | | | | | | |
| Research and development | 1,181,367 | 1,040,087 | 141,280 | 14% | 1,279,563 | (98,196) | -8% | |
| Selling and marketing | 1,866,069 | 1,542,823 | 323,246 | 21% | 1,903,309 | (37,240) | -2% | |
| General and administrative | 813,461 | 680,419 | 133,042 | 20% | 811,683 | 1,778 | 0% | |
| | <u>3,860,897</u> | <u>3,263,329</u> | <u>597,568</u> | <u>18%</u> | <u>3,994,555</u> | <u>(133,658)</u> | <u>-3%</u> | |
| Loss from operations | (237,954) | (398,337) | 160,383 | -40% | (582,571) | 344,617 | -59% | |
| Foreign exchange gain (loss) | 166,917 | (36,027) | 202,944 | nm | (61,474) | 228,391 | nm | |
| Interest and accretion | (96,325) | (89,043) | (7,282) | nm | (96,508) | 183 | nm | |
| Change in fair value of derivative liability | (583) | (9,527) | 8,944 | nm | (40,838) | 40,255 | nm | |
| Net loss | <u>(167,945)</u> | <u>(532,934)</u> | <u>364,989</u> | <u>-68%</u> | <u>\$ (781,391)</u> | <u>\$613,446</u> | <u>-79%</u> | |

nm - not considered meaningful

Loss from operations (see additional GAAP measures) for the three months ended March 31, 2020 was \$237,954 compared to loss from operations of \$582,571 in the fourth quarter of 2019 and a loss from operations of \$398,337 for the comparable first quarter of 2019. Non-GAAP loss from operations (see non-GAAP measures) for the three months ended March 31, 2020 was \$89,755 down from \$403,257 in the fourth quarter of 2019 and down from \$286,826 for the comparable first quarter of 2019. The decrease in loss from operations and Non-GAAP loss from operations is mainly due to the government assistance received for projects completed in the first quarter of 2020.

The Company had a net loss of \$167,945 for the three months ended March 31, 2020 compared to a net loss of \$532,934 in the first quarter of 2019 and a net loss of \$781,391 for the fourth quarter of 2019. Non-GAAP net income (see Non-GAAP measures) for the three months ended March 31, 2020 was \$25,457 down from a Non-GAAP net loss of \$516,298 in the fourth quarter of 2019 and down from a Non-GAAP net loss of \$373,581 for the comparable first quarter of 2019. The decrease net loss and Non-GAAP net loss is due mainly to the government assistance mentioned above plus the unrealized foreign exchange gain on Canadian denominated liabilities as the Canadian Dollar weakened against the US Dollar.

Revenue

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

We also generate other services revenue by offering professional services such as consultancy, form customization, software integration and installation. After the initial subscription sale, customers may

purchase additional professional services for the development of incremental forms, or integration to other back-office applications.

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 | |
|-----------------------|---------------------|----------------------|---------------------|---------------------|-----------------------|
| | March 31, 2020 | December 31, 2019 | March 31, 2019 | Previous 2019 Q4 | Comparable 2019 Q1 |
| Revenue | | | | | |
| Recurring | \$ 3,941,955 | \$ 3,774,576 | \$ 3,158,951 | 4% | 25% |
| Professional services | \$ 300,759 | \$ 295,890 | \$ 358,234 | 2% | -16% |
| | <u>\$ 4,242,714</u> | <u>\$ 4,070,466</u> | <u>\$ 3,517,185</u> | <u>4%</u> | <u>21%</u> |

Total revenue for the three months ended March 31, 2020 was \$4,242,714 representing a 4% increase over the fourth quarter of 2019 revenue of \$4,070,466 and a 21% increase over the comparable first quarter of 2019 revenue of \$3,517,185.

Recurring revenue for the three months ended March 31, 2020 was \$3,941,955 compared to \$3,774,576 in the fourth quarter of 2019 and compared to \$3,158,951 in the comparable first quarter of 2019 representing an increase of 4% and 25% respectively.

Professional services revenue increased to \$300,759 for the three months ended March 31, 2020 compared to \$295,890 in the fourth quarter of 2019 and \$358,234 in the comparable first quarter of 2019. Professional service revenue mainly relates to the deployment services for new implementations or expansions for new use cases or in new geographies. These deployment services tend to increase at a similar rate to subscription revenue. 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 | | |
|-------------------------------|--------------------|----------------------|-------------------|
| | March 31, 2020 | December 31, 2019 | March 31, 2019 |
| Gross Margin on: | | | |
| Total revenue | 85% | 84% | 81% |
| Recurring revenue | 92% | 90% | 89% |
| Professional services revenue | 1% | 5% | 19% |

Total revenue gross margin for the three months ended March 31, 2020 was \$3,622,944 representing 85% of revenue compared to gross margin of 2,864,992 representing 81% for the comparable period in 2019 and \$3,411,984 representing 84% of revenue in the fourth quarter of 2019.

Recurring revenue gross margin was \$3,620,155 representing 92% of recurring revenue for the three months ended March 31, 2020, compared \$2,797,312 representing 89% in the comparable first quarter 2019 and \$3,396,543 or 90% in the fourth quarter of 2019. Recurring revenue gross margin as a percent of recurring revenue for the last 3 years have remained in the range of 88% to 90%. These gross margins may fluctuate as we add new functionality offset by economies of scale. The current quarter gross margin of 92% is at the higher end of this range and will likely fall back to around 90% plus or minus 1-2% as we add functionality.

Professional services gross margin was \$2,788, representing 1% of professional services revenue for the three months ended March 31, 2020 compared to a gross margin of \$67,480, representing 19% of professional services revenue for the three months ended March 31, 2019 and \$15,441 or 5% in the fourth quarter of 2019. Gross margins on professional services are likely to continue to be slightly positive.

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 three months ended March 31, 2020, research and development expense increased to \$1,181,367 from \$1,040,087 for the comparable period of 2019. Research and development expenses are shown net of Government Investment tax credits (“ITC’s”) and other government assistance as follows:

| | Three months ended | | |
|--|--------------------|----------------------|-------------------|
| | March 31, 2020 | December 31, 2019 | March 31, 2019 |
| Gross research and development expense | 1,405,931 | 1,387,075 | 1,081,141 |
| Less: | | | |
| Investment tax credits | (7,314) | (46,631) | (14,966) |
| Industrial Research Assistance Program | (217,250) | (60,881) | (26,089) |
| | <u>1,181,367</u> | <u>1,279,563</u> | <u>1,040,087</u> |

We expect that the ITC’s will accrue at approximately \$7,000 per quarter in the short term and we will continue to pursue additional funding under Government funding programs. The National Research Council of Canada Industrial Research Assistance Program (NRC IRAP) approved funding up to CAD \$750,000 over the next two years to further innovate and advance our product. The funding for the three months ended March 31, 2020 under this project was \$217,250 which offset a portion of remuneration, contractor and overhead costs related to IRAP related projects. The total amount of funding received under this project as of March 31, 2020 was approximately CAD \$375,000.

We expect R&D expense to remain flat or increase slightly for 2020 as we hold steady in the current environment but expect reduced benefit as the IRAP project winds down later in the year. 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 three months ended March 31, 2020 to \$1,866,069 from \$1,542,823 for the comparable quarter of 2019. Sales and marketing expense increased from prior year primarily due to additional resources, higher variable compensation on new sales and channel development. We expect that sales and marketing expense will increase slightly with the addition of resources for a few select positions, until we see demand begin to increase. As we see growth, we plan to return to re-investing our growth proceeds 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 \$813,461 for the three months ended March 31, 2020 compared to \$680,419 for the comparable period in 2019 as added infrastructure to support the growth in the organization. We expect that general and administrative expenses will hold steady in the current environment before we return to moderately adding infrastructure for operations. 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 gain of approximately \$166,917 in the first quarter of 2020 due to the effect on net Canadian monetary liabilities from the US dollar increasing in value compared to the Canadian dollar.

Interest and accretion

Interest and accretion relates primarily to the interest on the CAD \$4 million five-year secured term credit facility entered into in August 2016 (the “2016 BDCC loan”) between the Company and BDC Capital Inc. (“BDCC”), a wholly-owned subsidiary of Business Development Bank of Canada. The 2016 BDCC loan includes interest of 7% per annum, that is accrued and paid monthly. Accretion relates to discounts applied at the inception of the loan from 1) loan costs, 2) the bifurcation of the derivative liability and 3) warrants issued to the debt holder from the loan amount.

Change in fair value of derivative liability

The derivative liability relates to the interest ratchet increase of up to 1.25% per year if annual recurring revenue growth is less than 30% calculated based on the audited year-end financial statements beginning with the year ended December 31, 2016. The interest rate has increased to 8.25% in 2018 and to 9% effective October 16, 2019. The derivative liability is revalued by management at the end of each reporting period.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2020, cash was \$6,170,595 and working capital was \$3,110,837. Excluding current deferred revenue, working capital at March 31, 2020 was \$6,868,448. Given the reduced cash outflow from operations and our existing cash and cash equivalents, 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 BDCC debt matures on September 15, 2021 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.

During the current COVID-19 situation, we may see additional difficulties in collecting outstanding amounts due from customers.

Operations

Cash provided by operating activities for the three months ended March 31, 2020 totaled \$662,651 compared to \$738,956 for the comparable quarter of 2019. The slight decrease in cash provided by operating activities is driven primarily by the lower net loss offset by a decrease in accounts payable and accrued liabilities.

Financing Activities

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

During the three months ended March 31, 2019, 100,000 common shares were issued upon the exercise of warrants and 107,500 common shares were issued upon the exercise of options, for proceeds of \$35,795 and \$27,688 respectively.

Investing Activities

Purchases of property and equipment was \$12,904 for the three months ended March 31, 2020 compared to \$23,417 for the three months ended March 31, 2019 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 March 31, 2020.

OTHER OBLIGATIONS, CONTINGENCIES AND RELATED PARTY TRANSACTIONS

The Company leases office premises from a company controlled by the Chairman of the Board, Sir Terrence Matthews. This office premise is included as part of the right-of-use assets of \$848,742 and as part of lease obligations of \$853,057.

| | Related party commitments | Other commitments | \$ |
|-------------------------------|--------------------------------------|------------------------------|----------------|
| 2020 (April through December) | 197,098 | 4,973 | 202,071 |
| 2021 | 262,797 | - | 262,797 |
| 2022 | 262,797 | - | 262,797 |
| 2023 | 153,298 | - | 153,298 |
| | <u>875,990</u> | <u>4,973</u> | <u>880,963</u> |

Loans totaling \$378,818 (\$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 March 31, 2020 was \$1,373,142 (\$1,947,996 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 \$75,742 (\$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 March 31, 2020:

| | Payments due by Period | | | |
|--|-------------------------------|----------------|------------------|---------------------------------|
| | Total | Year 1 | Years 2-3 | Greater than 3 Years |
| Office and other operating obligations | 880,964 | 202,071 | 525,595 | 153,298 |
| Derivative liability - BDCC Loan | 100,507 | 64,455 | 36,052 | - |
| Long-term debt - BDCC Loan | 3,107,434 | 148,029 | 2,959,405 | - |
| | <u>4,088,905</u> | <u>414,555</u> | <u>3,521,052</u> | <u>153,298</u> |

SUMMARY OF OUTSTANDING SHARES AND DILUTIVE INSTRUMENTS

The authorized capital of the Company consists of an unlimited number of common shares, of which 120,098,998 common shares were issued and outstanding as of the date of this MD&A. In addition, the Company has warrants outstanding to purchase up to an aggregate of 4,350,000 common shares at an exercise price of CAD \$0.45.

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 18,679,583. Options granted under the Option Plan to purchase up to an aggregate of 14,202,808 (average exercise price of CAD \$0.40) common shares are issued and outstanding.

Assuming that all of the outstanding options and warrants are vested and exercised, 138,651,806 common shares would be issued and outstanding on a fully diluted basis.

QUARTERLY INFORMATION

| | Three months ended | | | |
|--|--------------------|----------------------|-----------------------|------------------|
| | March 31, 2020 | December 31, 2019 | September 30, 2019 | June 30, 2019 |
| Revenue | 4,242,714 | 4,070,466 | 3,840,001 | 3,676,267 |
| Loss from operations | (237,954) | (582,571) | (459,490) | (417,236) |
| Net loss | (167,945) | (781,391) | (421,111) | (530,042) |
| Weighted average number of shares outstanding basic and diluted | 117,427,901 | 117,259,797 | 115,545,497 | 109,926,030 |
| Net loss per common share, basic and diluted | (0.00) | (0.01) | (0.00) | (0.00) |

| | Three months ended | | | |
|--|--------------------|----------------------|-----------------------|------------------|
| | March 31, 2019 | December 31, 2018 | September 30, 2018 | June 30, 2018 |
| Revenue | 3,517,185 | 3,299,947 | 3,177,846 | 2,906,165 |
| Loss from operations | (398,337) | (467,236) | (510,975) | (627,069) |
| Net loss | (532,934) | (409,571) | (642,066) | (673,814) |
| Weighted average number of shares outstanding basic and diluted | 107,961,594 | 108,361,475 | 107,766,859 | 107,524,142 |
| Net loss per common share, basic and diluted | (0.00) | (0.00) | (0.01) | (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 Loss from Operations as an Additional GAAP Measure and we use Non-GAAP financial measures, including Non-GAAP Loss from Operations and Non-GAAP Net 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 Statements of 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 Loss from Operations

The Company uses "Non-GAAP 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 Loss from Operations is calculated as follows:

| | Three months ended | | |
|---------------------------|--------------------|----------------------|-------------------|
| | March 31, 2020 | December 31, 2019 | March 31, 2019 |
| GAAP Loss from Operations | (237,954) | (582,571) | (398,337) |
| Add back: | | | |
| Share based compensation | 148,199 | 179,314 | 111,511 |
| | (89,755) | (403,257) | (286,826) |

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 Income (Loss)

The Company uses "Non-GAAP Net Income/(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 Income / (Loss) from Operations is calculated as follows:

Non-GAAP Net Income (Loss)

| | Three months ended | | |
|------------------------------------|---------------------------------|------------------------------------|---------------------------------|
| | <u>March 31,</u> <u>2020</u> | <u>December 31,</u> <u>2019</u> | <u>March 31,</u> <u>2019</u> |
| GAAP Net Loss | (167,945) | (781,391) | (532,934) |
| Add back: | | | |
| Share based compensation | 148,199 | 179,314 | 111,511 |
| Accretion on long-term debt | 44,620 | 44,941 | 38,315 |
| Change in fair value of derivative | 583 | 40,838 | 9,527 |
| | <u>25,457</u> | <u>(516,298)</u> | <u>(373,581)</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.