Condensed Interim Consolidated Financial Statements of

ProntoForms Corporation

For the Three Months Ended March 31, 2017 and 2016

(in Canadian dollars)
(Unaudited)

“Notice to Reader”

The accompanying condensed unaudited interim consolidated financial statements of ProntoForms Corporation for the three months ended March 31, 2017 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 10, 2017

*”David Croucher”*__________
David Croucher
Chief Financial Officer

*”Alvaro Pombo”*_________
Alvaro Pombo
Chief Executive Officer

ProntoForms Corporation
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PRONTOFORMS CORPORATION

Condensed Interim Consolidated Statements of Comprehensive Loss

For the three months ended March 31, 2017 and 2016

(Unaudited in Canadian dollars)

	2017	2016
	$	$
Revenue		
Recurring revenue	2,864,607	2,567,697
Professional and other services	231,019	288,548
	3,095,626	2,856,245
Cost of Revenue		
Recurring revenue	260,470	287,305
Professional and other services	259,857	245,004
	520,327	532,309
Gross Margin	2,575,299	2,323,936
Expenses		
Research and development (Note 4)	1,178,567	1,064,129
Selling and marketing	1,647,724	1,513,663
General and administrative	763,612	645,022
	3,589,903	3,222,814
Loss from operations	(1,014,604)	(898,878)
Foreign exchange gain (loss)	(14,905)	(157,879)
Interest expense (Note 5)	(88,639)	(47,487)
Change in fair value of derivative liability (Note 5)	(33,791)	(23,429)
Net loss and total comprehensive loss	(1,151,939)	(1,127,673)
Net loss per common share		
basic and diluted (Note 7)	(0.01)	(0.01)
Weighted average number of common shares		
basic and diluted (Note 7)	90,635,594	89,023,423
Share-based compensation included in accounts:		
Cost of revenue	11,951	1,242
Research and development	30,839	26,928
Selling and marketing	67,365	52,935
General and administrative	77,893	86,930
	188,048	168,035

See accompanying notes to the condensed interim consolidated financial statements

ProntoForms Corporation

Condensed Interim Consolidated Statements of Financial Position

as at March 31, 2017 and December 31, 2016

(Unaudited in Canadian dollars)

	March 31, 2017	December 31, 2016
	$	$
Assets		
Current assets		
Cash and cash equivalents	**4,284,484**	3,861,057
Accounts receivable	**1,194,567**	1,057,189
Investment tax credits receivable (Note 4)	**210,000**	130,172
Unbilled receivables	**126,144**	85,809
Related party loan receivable (Note 9)	**107,451**	107,451
Prepaid expenses and other receivables	**455,641**	466,744
	6,378,287	5,708,422
Property, plant and equipment	**432,737**	447,991
Intangible assets	**41,217**	58,659
	6,852,241	6,215,072
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**1,886,859**	1,525,663
Deferred revenue	**702,747**	645,631
Long-term debt - current portion (Note 5)	**904,757**	874,609
Derivative liability - current portion (Note 5)	**855,013**	825,655
	4,349,376	3,871,558
Long-term debt (Note 5)	**2,398,922**	1,649,218
Derivative liability (Note 5)	**158,653**	154,220
	6,906,951	5,674,996
Shareholders' equity (deficiency)		
Share capital (Note 6)	**23,588,751**	23,466,678
Contributed surplus	**1,022,000**	-
Share-based payment reserve	**3,716,216**	3,531,849
Warrant reserve	**701,684**	1,472,971
Deficit	**(29,083,361)**	(27,931,422)
	(54,710)	540,076
	6,852,241	6,215,072

See accompanying notes to the condensed interim consolidated financial statements

ProntoForms Corporation

Condensed Interim Consolidated Statements of Cash Flows

For the three months ended March 31, 2017 and 2016

(Unaudited in Canadian dollars)

	2017	2016
	$	$
Net inflow (outflow) of cash related to the following activities:		
Cash flow from operating activities		
Net loss	**(1,151,939)**	(1,127,673)
Items not affecting cash		
Share-based compensation	**188,048**	168,035
Accretion on long-term debt	**31,278**	26,375
Change in fair value of derivative liability	**33,791**	23,429
Amortization of property, plant and equipment	**35,719**	51,179
Amortization of intangible asset	**17,442**	18,080
Changes in non-cash operating working capital items (Note 11)	**171,874**	214,653
	(673,787)	(625,922)
Cash flow from financing activities		
Proceeds from long-term debt (Note 5)	**1,000,000**	-
Issuance costs related to long-term debt	**(713)**	-
Proceeds from the exercise of warrants	**113,820**	-
Proceeds from the exercise of options	**4,572**	34,801
	1,117,679	34,801
Cash flow from investing activities		
Purchase of property, plant and equipment	**(20,465)**	(37,240)
Purchase of intangible assets	**-**	(10,341)
	(20,465)	(47,581)
Net cash inflow (outflow)	**423,427**	(591,122)
Cash and cash equivalents, beginning of year	**3,861,057**	3,987,388
Cash and cash equivalents, end of period	**4,284,484**	3,396,266

See accompanying notes to the condensed interim consolidated financial statements

ProntoForms Corporation

Condensed Interim Consolidated statements of changes in shareholders' equity (deficiency)

For the three months ended March 31, 2017 and 2016

(Unaudited in Canadian dollars)

	Share capital		Contributed	Share-based payment	Warrant		Shareholders' equity
	Number	Amount	surplus	reserve	reserve	Deficit	(deficiency)
Balance at December 31, 2015	91,638,834	23,073,926	-	3,050,933	1,022,000	(24,209,480)	2,937,379
Share-based compensation	-	-	-	168,035	-	-	168,035
Net loss and comprehensive loss	-	-	-	-	-	(1,127,673)	(1,127,673)
Issuance of common shares on exercise of options	230,000	53,800	-	(18,999)	-	-	34,801
Issuance of warrants related to long-term debt (Note 5)	-	-	-	-	-	-	-
Balance at March 31, 2016	91,868,834	23,127,726	-	3,199,969	1,022,000	(25,337,153)	2,012,542
Balance at December 31, 2016	93,187,918	23,466,678	-	3,531,849	1,472,971	(27,931,422)	540,076
Share-based compensation	-	-	-	188,048	-	-	188,048
Net loss and comprehensive loss	-	-	-	-	-	(1,151,939)	(1,151,939)
Issuance of common shares on exercise of warrants	379,400	113,820	-	-	-	-	113,820
Expiry of warrants	-	-	1,022,000	-	(1,022,000)	-	-
Issuance of common shares on exercise of options	23,115	8,253	-	(3,681)	-	-	4,572
Issuance of warrants related to long-term debt (Note 5)	-	-	-	-	250,713	-	250,713
Balance at March 31, 2017	**93,590,433**	**23,588,751**	**1,022,000**	**3,716,216**	**701,684**	**(29,083,361)**	**(54,710)**

See accompanying notes to 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 March 31, 2017. Any subsequent changes to IFRS that are given effect in the Company’s annual consolidated financial statements for the year ending December 31, 2017 could result in a restatement of these condensed consolidated interim financial statements.

These condensed interim consolidated financial statements should be read in conjunction with the Company’s 2016 annual consolidated financial statements. The policies set out below were consistently applied to all the periods presented.

These consolidated financial statements were approved and authorised for issue by the Board of Directors on May 10, 2017.

(b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis. Historical cost is generally based upon the fair value of the consideration given in exchange for assets. The consolidated statements of comprehensive loss are presented using the function classification for expenses. Derivative liabilities are measured at fair value after initial recognition.

(c) Basis of consolidation

The 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 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.

(d) Going concern

The preparation of financial statements in accordance with IFRS contemplates the continuation of the Company as a going concern. As at March 31, 2017, the Company had not yet achieved profitable operations, and has accumulated losses to date. The Company believes that certain sales-related efforts and financing initiatives will provide sufficient cash flow for it to continue as a going concern in its present form. However, there can be no assurance that the Company will achieve such results. In the absence of raising additional debt or equity financing or attaining sufficient revenues to achieve and sustain profitability there is substantial doubt regarding the Company's ability to continue as a going concern. The financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts, or the amounts and classification of liabilities that might be necessary should the Company be unable to continue its operations.

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 2016 annual consolidated financial statements, and have been applied consistently to all periods presented in these condensed interim consolidated financial statements. The application of future and/or new accounting standards are described below.

(a) Changes to standards and interpretation

i) New and revised IFRS in issue but not yet effective

The following is a list of standards and amendments that have been issued but are not yet effective and have not yet been adopted by the Company:

IFRS 9 Financial Instruments ("IFRS 9")

The IASB issued the final version of IFRS 9 on July 24, 2014, which replaces IAS 39 *Financial Instruments: Recognition and Measurement*. This final version of IFRS 9 represents the completion of this project and it includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. IFRS 9 does not address the specific accounting for open portfolios or macro hedging as these items are part of a separate IASB project that is currently ongoing. This final Standard introduces a single, principles-based approach that amends both the categories and associated criteria for the classification and measurement of financial assets, which is driven by the entity's business model for the portfolio in which the assets are held and the contractual cash flows of these financial assets. Certain amendments have been made to the financial asset classification and measurement principles in prior versions of IFRS 9. This Standard introduces an amended hedging model which aligns hedge accounting more closely with an entity's risk management activities and also includes a new financial asset impairment model which is based on expected losses rather than incurred losses. This new Standard supersedes all prior versions of IFRS 9. The new Standard will come into effect on January 1, 2018 with early application permitted. The Company is currently evaluating the impact of IFRS 9 on its consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers ("IFRS 15")

IFRS 15 was issued by the IASB on May 28, 2014, and will replace IAS 18, *Revenue*, IAS 11, *Construction Contracts*, and related interpretations on revenue. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the Standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control based approach to recognize revenue which is a change from the risk and reward approach under the current standard. Companies can elect to use either a full or modified retrospective approach when adopting this standard and it is effective for annual period beginning on or after January 1, 2018. The Company is currently evaluating the impact of IFRS 15 on its consolidated financial statements.

IFRS 16 Leases ("IFRS 16")

The IASB issued a new standard, IFRS 16 on January 13, 2016, which supersedes IAS 17 *Leases*. The new standard brings most leases on the balance sheet for lessees under a single model and eliminates the distinction between operating and finance leases. Lessor accounting remains largely unchanged. The new standard will come into effect for periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of IFRS 16 on its consolidated financial statements.

(Unaudited in Canadian dollars)

4. Investment tax credits and other government assistance

During the three months ended March 31, 2017, the Company recorded refundable investment tax credits of $79,828 (2016 - $30,000) 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.

5. Long-term debt and derivative liability

	March 31, 2017	December 31, 2016
	$	$
Business Development Bank of Canada loans:		
2012 Loan, interest at 8.5% per annum, compounded annually	**1,000,000**	1,000,000
2016 Loan, interest at 7% per annum, compounded annually	**3,000,000**	2,000,000
Debt issue costs	**(77,148)**	(76,435)
Derivative liability	**(599,909)**	(599,909)
Warrants	**(442,918)**	(192,205)
Accretion of discount	**420,112**	388,834
Accrued interest	**3,542**	3,542
	3,303,679	2,523,827
Less current portion	**(904,757)**	(874,609)
Long-term debt	**2,398,922**	1,649,218

In 2012, the Company entered into an agreement with BDC Capital Inc. ("BDCC") a wholly-owned subsidiary of the Business Development Bank of Canada for long-term debt financing (the "2012 Loan") of $1,000,000. The 2012 Loan bears interest at 8.5% per annum, compounded annually. In addition, there are the following additional required payments: bonus interest payable for a) between .25% and 6.0% of revenue generated for 2015 and 2016 plus b) between .5% and 1.0% of the valuation of the Company, up to a maximum of $500,000, in the event of the sale of the Company. The royalty payments related to 2015 and 2016 revenue are due commencing on June 15th, 2017 in six equal monthly installments. The 2012 Loan is subject to compliance with certain covenants, is secured against the assets of the Company, and matures on November 15, 2017. As at March 31, 2017, the Company is in compliance with the covenants.

The additional bonus interest payments represent embedded derivatives that need to be separately measured and accordingly the 2012 Loan was bifurcated between the debt and derivative components. The debt component will be accreted up to its fair value over the term of the loan and the derivative is revalued each reporting period. The derivatives for the bonus interest payments on the loan, were valued at fair value based on the present value of management's best estimate of future revenues, using an appropriate discount rate. The bonus interest on sale was valued at fair value based on management's estimate of the future value of the Company based on a probability weighted revenue multiplier. The bonus interest on sale was settled as part of the 2016 debt issue described below.

The fair value for the derivative liabilities recorded at the time the proceeds were obtained totaled $458,824. Any changes in fair value for the derivative components are recorded through the statement of comprehensive loss.

In 2016, the Company entered into a financing agreement with BDCC, for a $4 million five-year secured term credit facility bearing interest at a fixed rate of 7% per year (the "2016 Loan"). The credit facility provides for the disbursement of funds in stages subject to the Company meeting certain conditions. The first disbursement of $2 million was received in September 2016 and the second disbursement of

(Unaudited in Canadian dollars)

$1 million was received in March 2017. Subject to specific conditions, the third disbursement of $1 million will be available to be received in November 2017.

5. Long-term debt and derivative liability (continued)

In addition, pursuant to the financing agreement, BDCC received warrants entitling BDCC to acquire up to 4,350,000 common shares of the Company at a price per share of $0.45. The term of the warrants is five years and BDCC's ability to exercise the warrants will be pro-rated according to the portion of the loan that has been advanced at any point in time. In 2016, 2,175,000 warrants vested, in connection to the receipt of the first disbursement of $2 million and on March 24, 2017, 1,087,500 warrants vested, in connection to the receipt of the second disbursement of $1 million. In addition, the bonus on sale associated with the November 27, 2012 BDCC long-term debt financing was terminated in 2016.

The value of the 2,175,000 warrants was estimated using the following variables: share price of $0.33, expected life of five years, Nil dividends, 88% volatility and risk free interest rate of 0.65%. The $450,971 value of the warrants was recorded as an increase to warrant reserve and a $258,766 reduction of the derivative liability relating to the bonus on sale associated with the 2012 Loan and a $192,205 discount on the 2016 Loan.

The value of the 1,087,500 warrants was estimated using the following variables: share price of $0.38, expected life of four and a half years, Nil dividends, 85% volatility and risk free interest rate of 0.65%. The $250,713 value of the warrants was recorded as an increase to warrant reserve and a discount on the 2016 Loan.

Furthermore, annual recurring revenue ("ARR") growth of less than 30% will result in an increase of 1.25% in the overall interest rate. The ARR growth is calculated based on the audited year-end financial statements beginning with the year ended December 31, 2016. The additional increase in interest if ARR growth is less than 30% represents an embedded derivative and accordingly, the 2016 Loan was bifurcated between the debt, the derivative and warrants. The debt component will be accreted up to its fair value over the term of the loan and the derivative is revalued each reporting period. The derivative for the potential increase in interest payments was valued based on the present value of management's best estimate of future annual recurring revenue, using an appropriate discount rate. The fair value for the derivative liability recorded at the time the proceeds were obtained totaled $141,085. Any changes in fair value are recorded through the statement of comprehensive loss.

The following table sets out the derivative liability as at March 31, 2017 and December 31, 2016.

	March 31, 2017	December 31, 2016
	$	$
Derivative portion of 2012 loan proceeds	**458,824**	458,824
Derivative portion of 2016 loan proceeds	**141,085**	141,085
Termination of bonus on sale of company provision from 2012 Loan	**(258,766)**	(258,766)
Cumulative fair value adjustment	**672,523**	638,732
	1,013,666	979,875
Less current portion	**(855,013)**	(825,655)
Derivative Liability	**158,653**	154,220

The change in fair value of the derivatives for the three months ended March 31, 2017 was $33,791 (March 31, 2016 - $23,429).

(Unaudited in Canadian dollars)

6. Share capital

During the three months ended March 31, 2017, 379,400 common shares were issued upon the exercise of agents' warrants and 23,115 common shares were issued upon the exercise of options, for proceeds of $113,820 and $4,572 respectively.

6. Share capital (continued)

During the three months ended March 31, 2016, 230,000 common shares were issued upon the exercise of options for proceeds of $34,801.

7. 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 anti-dilutive 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, 2017	**Weighted Average Exercise Price**	March 31, 2016	Weighted Average Exercise Price
		$		$
Options	**10,151,593**	**0.30**	8,927,417	0.27
Warrants	**4,350,000**	**0.45**	5,750,000	0.45
Agent warrants	**-**	**-**	542,000	0.30
	14,501,593	**0.34**	15,219,417	0.34

8. 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.

(Unaudited in Canadian dollars)

8. Segmented information (continued)

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:

	March 31, 2017	March 31, 2016
	$	$
United States	**2,318,785**	2,193,434
Canada	**343,435**	286,154
United Kingdom	**113,134**	143,508
Mexico	**119,266**	84,326
Other	**201,006**	148,823
	3,095,626	2,856,245

For the three months ended March 31, 2017, the Company had one customer that individually accounted for 28% (2016 - 38%) of revenue and 17% (2016 - 51%) of accounts receivable at March 31, 2017.

All property, plant and equipment and intangible assets are located in Canada.

9. Related party transactions and commitments

The Company leases office premises from a company controlled by the Chairman of the Board. In addition to lease payments, the Company has insignificant software as a service commitments. The existing and new leases, and software commitments have the following minimum annual payments:

	Lease	Other Commitments
	$	$
2017 (April through December)	565,763	66,622
2018	754,351	88,830
2019	754,351	37,268
2020	754,351	2,150
2021	765,706	-
2022 and beyond	1,237,539	-

For the three months ended March 31, 2017, the expense incurred under this lease was $179,156 (2016 - $80,607). The Company had $Nil (2016 - $Nil) owing related to rent associated with these leased premises at March 31, 2017.

Loans totalling $537,407 have been issued to the CEO to purchase common shares. The loans are non-interest bearing and principal is repayable at any time on or before the maturity dates. During the year ended December 31, 2016, the maturity dates of the CEO Share Purchase Loans were extended to September 5, 2017.

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, 2017 was $933,971.

(Unaudited in Canadian dollars)

9. Related party transactions and commitments (continued)

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 $107,451 Related Party Loan Receivable for related tax remittances is treated as a current receivable.

10. Financial instruments

The carrying values of cash and cash equivalents, accounts receivable, unbilled receivables, related party loan and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity. Long-term debt has a fair value of $3,514,390 (carrying value of $3,303,679) which is based on the present value of future interest and principal payments, using a discount rate of 12%.

Fair value hierarchy
Financial instruments recorded at fair value on the 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).

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 9 are classified as a Level 1 financial instrument and the derivative liability is classified as a Level 3 financial instrument (see Note 5 for further details related to the derivative liability). The fair value of the long-term debt is also classified as a Level 3 disclosure. During the year, there were no transfers of amounts between Level 1, Level 2 and Level 3.

11. Changes in non-cash working capital items

	March 31, 2017	March 31, 2016
	$	$
Accounts receivable	**(137,378)**	226,463
Investment tax credits receivable	**(79,828)**	(30,000)
Unbilled receivables	**(40,335)**	30,807
Prepaid expenses and other receivables	**11,103**	(154,007)
Accounts payable and accrued liabilities	**361,196**	216,076
Deferred revenue	**57,116**	(74,686)
	171,874	214,653