

ICESoft Technologies Canada Corp.
Condensed Consolidated Interim Financial Statements
(\$CDN) (Unaudited)
For the period ended September 30, 2019

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, continuous disclosure obligations, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Corporation's independent auditor has not performed a review of these financial statements in accordance with standards established for a review of interim financial statements by an entity's auditor.

The accompanying unaudited condensed interim financial statements of the Corporation have been prepared by and are the responsibility of the ICESoft Management team.

ICEsoft Technologies Canada Corp.
Condensed Consolidated Interim Statements of Financial Position
(\$CDN)
As at

	(Unaudited) September 30, 2019	(Audited) December 31, 2018
ASSETS		
Current Assets		
Cash and cash equivalents	351	87,854
Accounts receivable	145,875	23,551
Pre-paid expenses and deposits	18,197	20,841
Total Current Assets	164,423	132,246
Right-of-use asset	69,084	-
TOTAL ASSETS	233,507	132,246
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (note 12)	467,750	998,987
Deferred revenue (note 5)	839,332	829,602
Current portion of lease liability (note 6)	30,800	-
Current portion of term loans (note 7)	26,125	243,264
Current portion of convertible notes	-	271,156
Total Current Liabilities	1,364,007	2,343,009
Lease liability (note 6)	42,371	-
Term loans (note 7)	72,767	-
Convertible notes (note 8)	764,086	438,989
Deferred wages	505,513	-
Total Liabilities	2,748,744	2,781,998
Shareholders' Deficiency		
Share capital (note 9)	24,884,988	24,405,501
Equity portion of convertible notes	35,690	35,690
Warrants (note 10)	280,799	232,286
Contributed surplus	3,180,746	3,180,746
Deficit	(29,172,775)	(28,650,884)
Accumulated other comprehensive loss	(1,724,685)	(1,853,091)
Total Shareholders' Deficiency	(2,515,237)	(2,649,752)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY	233,507	132,246

Going concern (note 1)

Segmented information (note 14)

Approved by the Board of Directors

"Brian McKinney", Director "S. Mark Francis", Director

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

ICESoft Technologies Canada Corp.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(\$CDN) (Unaudited)
For the three- and nine-month periods ended September 30

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Revenues (note 3)				
Subscription income	358,149	344,329	1,067,753	1,085,864
Consulting services	-	-	-	17,145
License fees	7,965	1,568	12,429	24,714
Royalties	287	6,747	916	20,926
Total Revenue	366,401	352,644	1,081,098	1,148,649
Expenses (note 12, 14)				
Research and development	320,122	235,021	969,086	787,790
General and administrative	96,936	107,962	256,824	346,575
Sales, marketing, and operations	77,203	41,597	279,925	128,850
Total Expenses	494,261	384,580	1,505,835	1,263,215
Net Operating Loss	(127,860)	(31,936)	(424,737)	(114,566)
Other Income (Expense)				
Capital raise commissions	-	-	-	(3,000)
Finance expense (note 11)	(27,892)	(26,755)	(82,751)	(75,363)
Foreign exchange	(179)	(2,624)	(1,303)	(4,412)
One-time costs associated with going public	(1,300)	-	(13,100)	-
Stock-based compensation	-	-	-	(3,121)
Total Other Income (Expense)	(29,371)	(29,379)	(97,154)	(85,896)
Net Loss	(157,231)	(61,315)	(521,891)	(200,462)
Other Comprehensive Income (Loss)				
Exchange gain (loss) on translation of foreign operations	(19,358)	14,068	128,406	(63,211)
Comprehensive loss	(176,589)	(47,247)	(393,485)	(263,673)
Loss per share - basic and diluted (note 9)	(0.00)	(0.00)	(0.01)	(0.01)

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

ICESoft Technologies Canada Corp.

Condensed Consolidated Interim Statements of Changes in Shareholders' Deficiency
 (\$CDN) (Unaudited)
 For the periods ended September 30

	Share Capital	Equity component of convertible notes	Warrants	Contributed Surplus	Deficit	Accumulated Other Comprehensive Loss	Total
Balance December 31, 2017	24,018,708	29,415	52,980	3,177,105	(28,234,549)	(1,697,693)	(2,654,034)
Issuance of Units (note 9, 10)	405,984	-	-	-	-	-	405,984
Convertible notes issued	-	6,715	-	-	-	-	6,715
Financing Warrants Issued (note 10)	-	-	41,015	-	-	-	41,015
Stock-based Compensation	-	-	-	3,121	-	-	3,121
Net Loss and Comprehensive Loss	-	-	-	-	(200,462)	(63,211)	(263,673)
Balance September 30, 2018	24,424,692	36,130	93,995	3,180,226	(28,435,011)	(1,760,904)	(2,460,872)
Balance December 31, 2018	24,405,501	35,690	232,286	3,180,746	(28,650,884)	(1,853,091)	(2,649,752)
Issuance of Units (note 9, 10)	335,904	-	33,997	-	-	-	369,901
Conversion of term loans to equity (note 9, 10)	143,583	-	14,516	-	-	-	158,099
Net Loss and Comprehensive Loss	-	-	-	-	(521,891)	128,406	(393,485)
Balance September 30, 2019	24,884,988	35,690	280,799	3,180,746	(29,172,775)	(1,724,685)	(2,515,237)

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

ICEsoft Technologies Canada Corp.
Condensed Consolidated Interim Statements of Cash Flows
(\$CDN) (Unaudited)
For the three- and nine-month periods ended September 30

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss	(157,231)	(61,315)	(521,891)	(200,462)
Add back (deduct) items not involving cash:				
Depreciation expense (note 4)	8,289	-	24,869	-
Interest expense	22,544	20,522	72,837	61,816
Stock based compensation	-	-	-	3,121
	(126,398)	(40,793)	(424,185)	(135,525)
Changes in non-cash working capital items:				
Trade and other receivables	(99,537)	25,295	(122,324)	(8,407)
Prepays	5,248	1,102	2,644	(3,574)
Trade and other payables	120,241	(141,028)	(26,255)	(253,574)
Deferred compensation	12,031	-	531	-
Deferred revenue (note 5)	(22,152)	(56,910)	9,730	68,857
Net cash used in operating activities	(110,567)	(212,334)	(559,859)	(332,223)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of units (note 9, 10)	34,950	245,000	369,900	447,000
Proceeds from term loans (note 7)	37,800	-	37,800	-
Repayment of term loans (note 7)	(11,342)	-	(28,826)	-
Proceeds from issuance of convertible notes	-	-	-	100,000
Interest paid	(6,142)	-	(14,142)	-
Lease payments (note 6)	(7,131)	-	(20,782)	-
Net cash generated by financing activities	48,135	245,000	343,950	547,000
Effect of change in foreign exchange rates on cash	(19,358)	14,068	128,406	(63,211)
Net increase (decrease) in cash and cash equivalents for the period	(81,790)	46,734	(87,503)	151,566
Cash and cash equivalents (bank indebtedness), beginning of the period	82,141	101,997	87,854	(2,835)
Cash and cash equivalents, end of the period	351	148,731	351	148,731

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

NATURE OF OPERATIONS

ICESoft Technologies Canada Corp. (the "Corporation" or "ICESoft"), was incorporated on May 10, 2002 under the Canada *Business Corporations Act*. The Corporation's primary products consist of the Clickware products including ICEfaces and ICEpdf, and Voyent Alert.

ICESoft and its subsidiaries are commercial Java open source technology companies and providers of mobile rich Internet applications development solutions for desktop and mobile enterprise. ICESoft's head office is located at 370, 3553 31st Street NW, Calgary, Alberta, Canada, T2L 2K7.

These condensed consolidated interim financial statements of the Corporation as at September 30, 2019 and December 31, 2018 and for the three- and nine-month periods ended September 30, 2019 and 2018 ("Financial Statements") consist of the Corporation and its wholly-owned subsidiaries. ICESoft wholly owns ICESoft Technologies Holdings Ltd, which acts as the Corporation's main Canadian operating entity; and wholly owns ICESoft Technologies Inc, incorporated in the State of Delaware, which acts as the United States operating entity.

1. GOING CONCERN

These Financial Statements have been prepared on the basis that the Corporation will continue as a going concern, which assumes that the Corporation will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Corporation's ability to continue as a going concern. As at September 30, 2019, the Corporation had negative net working capital of \$1,199,584 (December 31, 2018 - \$2,210,763) and an accumulated deficit of \$29,172,775 (December 31, 2018 - \$28,650,884). The Corporation incurred a net loss during the nine months ended September 30, 2019 of \$521,891 (nine months ended September 30, 2018 – loss of \$200,462). The Corporation has not yet been able to generate the transaction volumes required to create positive cash flows from operations. Whether and when the Corporation can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due subsequent to September 30, 2019 is uncertain. Until this time, management may have to raise funds by way of debt or equity issuances. The Corporation will closely monitor its cash and will take the necessary measures to preserve cash, such as reducing spending as needed until the Corporation succeeds in gathering sufficient sales volumes to consistently achieve profitable operations and generate positive cash flows from operations.

These Financial Statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

(a) Statement of compliance

These Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Financial Statements were approved and authorized for issue by the Board of Directors on November 18, 2019.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (continued)

(b) Basis of preparation

These Financial Statements have been prepared under the historical cost convention, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value, and are expressed in Canadian dollars unless otherwise indicated. Other measurement bases used are detailed in the Corporation's annual consolidated financial statements ("Annual Financial Statements").

Certain comparative figures have been reclassified to conform to the current year's presentation.

The notes presented in these Financial Statements include only significant events and transactions occurring since the Corporation's last fiscal year end and are not fully inclusive of all matters required to be disclosed by IFRS in the Corporation's annual consolidation financial statements. As a result, these Financial Statements should be read in conjunction with the Annual Financial Statements.

These Financial Statements follow the same accounting policies and methods of application as the most recent Annual Financial Statements except as noted below.

(c) New standards adopted during the period:

The following new standard is effective for the first time for periods beginning on or after January 1, 2019 and has been applied in preparing these consolidated financial statements.

On January 13, 2016, the IASB issued IFRS 16 - Leases ("IFRS 16"). IFRS 16 supersedes IAS 17 - Leases ("IAS 17"), IFRIC 4 - Determining whether an Arrangement contains a Lease ("IFRIC 4"), SIC-15 - Operating Leases – Incentives and SIC-27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 contains a single lessee accounting model, which eliminates the distinction between operating and finance leases from the perspective of the lessee. All contracts that meet the definition of a lease, other than short-term leases and leases of low value items for which a lessee has the option not to apply the measurement and presentation requirements of IFRS 16, are recorded in the statement of financial position with a right-of-use asset and a corresponding liability. The asset is subsequently accounted for as property, plant and equipment or investment property and the liability is unwound using the interest rate inherent in the lease. The accounting requirements from the perspective of the lessor remain largely in line with previous IAS 17 requirements.

The Corporation has adopted IFRS 16 using the modified retrospective approach under which the right-of-use asset is equal to the lease liability as at January 1, 2019. As a result, comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

On adoption of IFRS 16, the Corporation recognized lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The lessee's weighted average incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 12%.

Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet as at December 31, 2018.

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2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (continued)

The change in accounting policy affected the following items in the consolidated statement of financial position on January 1, 2019:

	January 1, 2019
	\$
Increase in right-of-use assets	93,953
Increase in lease liabilities	(93,953)
Net impact to the statement of financial position	-

Net loss and segment assets and liabilities for the period ended September 30, 2019 all increased as a result of the change in accounting policy.

The following practical expedients were applied upon transition to IFRS 16:

- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application

Revised accounting policy:

At the inception of a contract, the Corporation assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, The Corporation assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Corporation has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Corporation has the right to direct the use of the asset. The Corporation has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Corporation has the right to direct the use of the asset if either:
 - the Corporation has the right to operate the asset; or
 - the Corporation designed the asset in a way that predetermines how and for what purpose it will be used.

The Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Corporation's incremental borrowing rate. Generally, the Corporation uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

ICEsoft Technologies Canada Corp.

Notes to the Condensed Consolidated Interim Financial Statements

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For the period ended September 30, 2019

3. REVENUE

The Corporation disaggregates revenue by two major service lines: (1) "Clickware" and (2) "Voyent Alert" revenue. Both categories include subscription revenue earned on software access licence agreements and support and maintenance revenue earned from providing customer-requested assistance and updates within the reporting period.

In \$	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Revenue by major category				
Clickware	345,717	351,102	1,040,809	1,147,107
Voyent Alert	20,684	1,542	40,289	1,542
Total	366,401	352,644	1,081,098	1,148,649

The Corporation has two operating segments serving all geographic locations with similar disaggregation (note 14).

As at September 30, 2019, revenues allocated to remaining performance obligations from subscription contracts, which extend through to 2021, total approximately \$839,000. Of this amount, approximately \$305,000 is expected to be recognized in 2019, \$515,000 in 2020 and \$19,000 in 2021.

4. RIGHT-OF-USE ASSET

The following table reconciles the Corporation's right-of-use asset associated with its office space:

	\$
Balance as at December 31, 2018	-
Additions on application of IFRS 16	93,953
Amortization	(24,869)
Balance as at September 30, 2019	
Cost	93,953
Accumulated amortization	(24,869)
Net book value	69,084

5. DEFERRED REVENUE

Timing differences between invoicing, cash collection, and revenue recognition result in accounts receivable and also result in deferred revenue on the consolidated statements of financial position. Amounts are billed in accordance with the terms of each customer contract. For most contracts, the Corporation receives payments for contract subscriptions prior to satisfying contracted obligations and recognizing revenue, resulting in deferred revenue. All deferred revenue accrued in 2018 and 2019 relates to certain subscription agreements.

Changes in deferred revenue during the periods consist of:

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For the period ended September 30, 2019

5. DEFERRED REVENUE (continued)

in \$	September 30, 2019	December 31, 2018
Deferred revenue		
Opening balance	829,602	799,229
Collected	1,104,204	1,426,167
Recognized in revenue		
From opening balances	(690,646)	(825,686)
From additions in the period	(383,298)	(600,481)
Foreign exchange effect	(20,530)	30,373
Closing balance	839,332	829,602

6. LEASE LIABILITY

The Corporation is committed under a lease on office space, expiring October 2021, for future minimum rental payments. These payments, exclusive of occupancy costs, are as follows:

	\$
Remainder of 2019	9,469
2020	38,618
2021	35,277
Total lease payments	83,365
Impact of discounting	(10,194)
Total lease liability	73,171
Less: current portion	(30,800)
Lease liability – non-current portion	42,371

Total cash outflow for leases, including occupancy costs, was \$19,458 and \$58,373 for the three and nine months ended September 30, 2019, \$9,989 and \$29,966 of which consisted of variable payments not included in the measurement of lease liabilities.

7. TERM LOANS

A summary of the term loans outstanding is as follows:

in \$	September 30, 2019	December 31, 2018
Government royalty financing payable, unsecured, required repayments equal to 1.59% of revenue	23,325	56,549
Notes payable to officers, directors and shareholders, bearing interest at 6%, unsecured with no fixed terms of repayment (i)	-	186,715
Note payable to President and CEO, bearing interest at 6%, unsecured, and due by July 2021 (ii)	72,767	-
Short-term advance from President and CEO, bearing no interest, unsecured with no fixed terms of repayment	2,800	-
Total debt outstanding	98,892	243,264
Less current portion	(26,125)	(243,264)
Term loans	72,767	-

ICESoft Technologies Canada Corp.

Notes to the Condensed Consolidated Interim Financial Statements

(\$CDN) (Unaudited)

For the period ended September 30, 2019

7. TERM LOANS (continued)

- (i) During the nine months ended September 30, 2019, interest totalling \$6,431 was accrued on the remaining principal balance, and the principal and all accrued interest thereon was converted to common shares and warrants (see notes 9 and 10), and long-term debt of \$73,146.
- (ii) Note payable issued upon conversion of prior debts and accrued interest as described in (i) above, plus additional advances of \$35,000, less amounts converted to equity of \$38,100 (see notes 9 and 10). During the nine months ended September 30, 2019, interest totalling \$2,721 was accrued on the remaining principal balance.

8. CONVERTIBLE NOTES

On March 31, 2019, all convertible notes were amended to extend the maturity date to July 1, 2021. During the nine months ended September 30, 2019, other than accrual of additional interest and payments of accrued interest totaling \$8,000, there was no change to the balance of convertible notes.

9. SHARE CAPITAL

The Corporation is authorized to issue an unlimited number of Preferred Shares without nominal or par value and an unlimited number of Common Shares without nominal or par value.

The Corporation has the following Common Shares issued and outstanding:

	Number of Shares #	Share Capital \$
Balance, December 31, 2017	43,045,824	24,018,708
Issuance of shares for cash (i)	4,758,666	394,221
Equity issuance cost	-	(7,428)
Balance, December 31, 2018	47,804,490	24,405,501
Issuance of shares for cash (ii)	3,024,249	335,904
Settlement of term loans with shares and warrants (iii)	1,280,000	143,583
Balance, September 30, 2019	52,108,739	24,884,988

- (i) During the year ended December 31, 2018, the Corporation issued 4,758,666 units at a price of \$0.12 per unit for gross proceeds of \$571,040. Each unit consisted of one common share and one common share purchase warrant. The warrants had an exercise price of \$0.20 per share and expire three years from date of issuance. The warrants were assigned a value of \$176,819 based on the relative fair value of the shares and warrants. The value of the warrants was calculated using the Black-Scholes option pricing model.
- (ii) During the nine months ended September 30, 2019, the Corporation issued 2,791,249 units at a price of \$0.12 per unit and 233,000 units at a price of \$0.15 per unit for gross proceeds of \$369,900. Each unit consisted of one common share and one common share purchase warrant. The warrants had an exercise price of \$0.20 per share and expire three years from date of issuance. The warrants were assigned a value of \$33,996 based on the relative fair value of the shares and warrants. The value of the warrants was calculated using the Black-Scholes option pricing model.

ICEsoft Technologies Canada Corp.

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9. SHARE CAPITAL (continued)

- (iii) During the nine months ended September 30, 2019, the Corporation issued 1,130,000 units at a price of \$0.12 per unit and 150,000 units at a price of \$0.15 per unit in exchange for settlement of term loans of \$158,100. Each unit consisted of one common share and one common share purchase warrant. The warrants had an exercise price of \$0.20 per share and expire three years from date of issuance. The warrants were assigned a value of \$14,517 based on the relative fair value of the shares and warrants. The value of the warrants was calculated using the Black-Scholes option pricing model.
- (iv) The weighted average number of common shares outstanding used to calculate basic and diluted loss per share is 51,876,543 and 50,339,636 for the three and nine months ended September 30, 2019 (three and nine months ended September 30, 2018 – 45,298,722 and 43,616,806). The Corporation excluded all convertible notes, warrants, and stock options from the calculation of diluted income per share for the three and nine months ended September 30, 2019 and 2018, as they would be anti-dilutive.

10. WARRANTS

Warrants are used to recognize the fair value of warrant grants to support financings. When warrants are subsequently exercised, the fair value of such warrants is credited to the share capital account. When warrants expire, their value is credited to contributed surplus. Refer to note 9 for further details on warrant transactions.

	\$
Warrants Balance, December 31, 2017	52,980
Warrants granted	183,599
Equity issuance cost	(4,293)
Balance, December 31, 2018	232,286
Warrants granted	48,513
Balance, September 30, 2019	280,799

A summary of warrant transactions is as follows:

	Number of Warrants	Weighted average exercise price	Expiry Date
Outstanding at December 31, 2017	6,201,150	0.21	
Issued throughout 2018	4,758,666	0.20	Throughout 2021
Issued March 19, 2018 with convertible debt	1,000,000	0.20	March 19, 2022
Outstanding at December 31, 2018	11,959,816	0.20	
Issued during the period for cash	3,024,249	0.20	March-Sept 2022
Issued in settlement of term loans	1,280,000	0.20	March-Sept 2022
Outstanding at September 30, 2019	16,264,065	0.20	

No warrants were exercised during the nine months ended September 30, 2019 or the year ended December 31, 2018.

The weighted average remaining life of all warrants outstanding at September 30, 2019 is 2.24 years (December 31, 2018 – 2.79 years).

ICEsoft Technologies Canada Corp.

Notes to the Condensed Consolidated Interim Financial Statements

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For the period ended September 30, 2019

10. WARRANTS (continued)

The fair value of the warrants used in the input into the bifurcation of units was estimated on the date of the grant, as determined by using the Black-Scholes option-pricing model with the following weighted average assumptions:

	Nine months ended September 30, 2019	Year ended December 31, 2018
Fair Value of options	\$0.01	\$0.16
Exercise Price	0.20	0.20
Share Price	0.12	0.08
Dividend Yield	-	-
Forfeiture %	-	-
Risk-free interest rate	1.0%	2.1%
Expected life of options	3 years	2.79 years
Expected volatility	38%	100%

11. FINANCE EXPENSE

	Three Months Ended		Nine months Ended	
	September 30		September 30	
	2019	2018	2019	2018
	\$	\$	\$	\$
Interest on term loans	1,671	2,648	6,209	13,949
Interest on convertible notes	20,873	17,874	61,940	47,867
Interest on lease liability	2,338	-	7,625	-
Other finance expense	3,010	6,233	6,977	13,547
	27,892	26,755	82,751	75,363

12. RELATED PARTY TRANSACTIONS

The Corporation considers its key management personnel to be its Chief Executive Officer; Chief Financial Officer; and directors. Key management compensation is comprised of payroll, stock-based compensation and consulting fees paid to key management and companies controlled by key management. During the three and nine months ended September 30, 2019, key management compensation amounted to \$35,142 and \$105,644 (three and nine months ended September 30, 2018 - \$41,012 and \$125,625), split between general and administrative, marketing and customer operations, research and development expenses and stock-based compensation based on work performed.

The Corporation incurred interest expense of \$18,346 and \$53,440 on term loans and convertible notes held by key management personnel during the three and nine months ended September 30, 2019 (three and nine months ended September 30, 2018 - \$19,740 and \$56,441). Key management personnel have accrued liabilities owing from the Corporation, including payroll and vacation accruals, in the amount of \$518,978 at September 30, 2019 (December 31, 2018 - \$508,619) and hold long-term debt and convertible notes payable from the Corporation totaling \$719,542 including accrued interest at September 30, 2019 (December 31, 2018 - \$779,968). These notes were issued in the normal course of business.

ICEsoft Technologies Canada Corp.

Notes to the Condensed Consolidated Interim Financial Statements

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For the period ended September 30, 2019

12. RELATED PARTY TRANSACTIONS *(continued)*

Total personnel expenses for employees, consultants, directors and management included in expenses in the consolidated statement of loss and comprehensive loss total \$360,905 and \$1,142,598 for the three and nine months ended September 30, 2019 (three and nine months ended September 30, 2018 - \$288,625 and \$983,386), split between general and administrative, marketing and customer operations, and research and development expenses, based on work performed.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

Due to the short-term nature of cash and cash equivalents, accounts receivable, deposits, and accounts payable and accrued liabilities, the Corporation determined that the carrying amounts of these financial instruments approximate their fair value. The carrying amounts of the term loans, convertible notes, and lease liability approximate their fair value due either to the interest rate approximating market rates or because of the short period to maturity.

14. SEGMENTED INFORMATION

The Corporation has two operating segments serving all geographic locations. Substantially all of the Corporation's revenues are generated in the United States, whereas substantially all of the Corporation's assets are located in Canada. The Corporation currently operates two operating segments as follows:

Three Months Ended September 30, in \$						
	Legacy Business		Voyent Business		Total	
	2019	2018	2019	2018	2019	2018
Revenue	345,717	351,102	20,684	1,542	366,401	352,644
Expenses						
Research & Development	181,876	109,358	138,246	125,663	320,122	235,021
General & Administrative	58,354	71,994	38,582	35,968	96,936	107,962
Sales, Marketing, & Customer Operations	40,661	31,752	36,542	9,845	77,203	41,597
Total Expenses	280,891	213,104	213,370	171,476	494,261	384,580
Net Operating Income (Loss)	64,826	137,998	(192,686)	(169,934)	(127,860)	(31,936)
Nine months Ended September 30, in \$						
	Legacy Business		Voyent Business		Total	
	2019	2018	2019	2018	2019	2018
Revenue	1,040,809	1,147,107	40,289	1,542	1,081,098	1,148,649
Expenses						
Research & Development	531,316	384,056	437,770	403,734	969,086	787,790
General & Administrative	133,943	228,026	122,881	118,549	256,824	346,575
Sales, Marketing, & Customer Operations	163,980	105,991	115,945	22,859	279,925	128,850
Total Expenses	829,239	718,073	676,596	545,142	1,505,835	1,263,215
Net Operating Income (Loss)	211,570	429,034	(636,307)	(543,600)	(424,737)	(114,566)

ICEsoft Technologies Canada Corp.

Notes to the Condensed Consolidated Interim Financial Statements

(\$CDN) (Unaudited)

For the period ended September 30, 2019

14. SEGMENTED INFORMATION (continued)

	September 30, 2019			December 31, 2018		
	Legacy Business \$	Voyent Business \$	Total \$	Legacy Business \$	Voyent Business \$	Total \$
Operating segments						
Current assets	60,488	103,935	164,423	129,039	3,207	132,246
Other assets	41,450	27,634	69,084	-	-	-
Total assets	101,938	131,569	233,507	129,039	3,207	132,246
Current liabilities						
Accounts payable and accrued liabilities	126,731	341,019	467,750	786,916	212,071	998,987
Deferred revenue	761,084	78,248	839,332	829,602	-	829,602
Current portion of long-term liabilities	44,605	12,320	56,925	514,420	-	514,420
Current liabilities	932,420	431,587	1,364,007	2,130,938	212,071	2,343,009
Long-term liabilities	1,367,789	16,948	1,384,737	438,989	-	438,989
Total liabilities	2,300,209	448,535	2,748,744	2,569,927	212,071	2,781,998