

ICESoft Technologies Canada Corp.
Condensed Consolidated Interim Financial Statements
(\$CDN) (Unaudited)
For the period ended March 31, 2020

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) March 31, 2020	(Audited) December 31, 2019
ASSETS		
Current Assets		
Cash	1,002,761	39,880
Accounts receivable	181,351	46,676
Prepaid expenses and deposits	14,706	22,520
Total Current Assets	1,198,818	109,076
Right of use asset (note 4)	48,542	56,207
TOTAL ASSETS	1,247,360	165,283
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (note 11)	489,526	936,405
Current portion of term loans (note 6)	46,800	62,437
Current portion of deferred revenue (note 5)	796,000	699,440
Current portion of convertible notes (note 7)	98,982	123,336
Current portion of lease liability (note 4)	32,334	29,863
Total Current Liabilities	1,463,642	1,851,481
Convertible notes (note 7)	52,478	712,309
Deferred revenue (note 5)	61,986	29,459
Term loans (note 6)	80,975	57,546
Derivative liability (note 8 (iv))	-	49,715
Lease liability (note 4)	23,299	32,577
Deferred wages (note 11)	544,499	-
Total Liabilities	2,226,879	2,733,087
Shareholders' Deficiency		
Share capital (note 8)	26,760,833	24,769,679
Equity portion of convertible notes (note 8 (iv))	7,885	35,690
Warrants (note 9)	711,878	585,624
Contributed surplus	3,196,117	3,180,746
Accumulated other comprehensive loss	(1,909,527)	(1,821,657)
Deficit	(29,746,705)	(29,317,886)
Total Shareholders' Deficiency	(979,519)	(2,567,804)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY	1,247,360	165,283

Going concern (note 1)

Approved by the Board of Directors

'S. Mark Francis', Director

'Brian McKinney', 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 periods ended March 31

	Three months ended March 31,	
	2020	2019
Revenues (note 3)		
Subscription income	347,804	350,542
Royalties	-	304
Total Revenue	347,804	350,846
Expenses (note 11)		
Research and development	304,904	283,714
General and administrative	81,407	64,762
Sales, marketing, and operations	104,509	152,969
Total Expenses	490,820	501,445
Net Operating Loss	(143,016)	(150,599)
Other Income (Expense)		
Capital raise expenses	(93,213)	-
Finance expense (note 10)	(31,868)	(28,126)
Foreign exchange	(598)	(343)
Loss on debt extinguishment (note 8 (iv))	(155,465)	-
Stock-based compensation (note 9)	(4,659)	-
Total Other Income (Expense)	(285,803)	(28,469)
Net Loss	(428,819)	(179,068)
Other Comprehensive Income (Loss)		
Exchange gain (loss) on translation of foreign operations	(87,870)	74,866
Comprehensive loss	(516,689)	(104,202)
Loss per share - basic and diluted (note 8)	(0.01)	(0.00)

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 March 31

	Share Capital	Equity component of convertible notes	Warrants	Contributed Surplus	Deficit	Accumulated Other Comprehensive Loss	Total
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 8, 9)	197,548	-	21,202	-	-	-	218,750
Conversion of term loans to equity (note 8, 9)	109,033	-	10,967	-	-	-	120,000
Net Loss and Comprehensive Loss	-	-	-	-	(179,068)	74,866	(104,202)
Balance March 31, 2019	24,712,082	35,690	264,455	3,180,746	(28,829,952)	(1,778,225)	(2,415,204)
Balance December 31, 2019	24,769,679	35,690	585,624	3,180,746	(29,317,886)	(1,821,657)	(2,567,804)
Issuance of Units (note 8, 9)	1,138,967	-	58,033	-	-	-	1,197,000
Conversion of debt to equity (note 8, 9)	852,187	(27,805)	78,933	-	-	-	903,315
Stock-based compensation (note 9)	-	-	4,659	-	-	-	4,659
Expiration of warrants (note 9)	-	-	(15,371)	15,371	-	-	-
Net Loss and Comprehensive Loss	-	-	-	-	(428,819)	(87,870)	(516,689)
Balance March 31, 2020	26,760,833	7,885	711,878	3,196,117	(29,746,705)	(1,909,527)	(979,519)

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 periods ended March 31

	Three months ended March 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	(428,819)	(179,068)
Add back (deduct) items not involving cash:		
Finance expense (note 10)	31,868	28,126
Stock-based compensation (note 9)	4,659	-
Loss on debt extinguishment (note 8 (iv))	155,465	-
Amortization of right-of-use asset (note 4)	7,665	8,290
	(229,162)	(142,652)
Changes in non-cash working capital items:		
Accounts receivable	(134,675)	(289,574)
Prepaid expenses and deposits	7,814	(9,567)
Accounts payable and accrued liabilities	99,237	79,319
Deferred revenue (note 5)	129,087	158,601
Net cash used in operating activities	(127,699)	(203,873)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of Units (note 8, 9)	1,197,000	218,750
Net repayment of term loans (note 6)	(2,928)	-
Interest paid	(8,815)	(7,884)
Payment of lease liability (note 4)	(6,807)	(6,730)
Net cash generated by financing activities	1,178,450	204,136
Effect of change in foreign exchange rates on cash	(87,870)	74,866
Net increase in cash for the period	962,881	75,129
Cash, beginning of the period	39,880	87,854
Cash, end of the period	1,002,761	162,983

See note 8 (iv) for disclosure of non-cash transaction.

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 March 31, 2020 and December 31, 2019 and for the three-month periods ended March 31, 2020 and 2019 ("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 March 31, 2020, the Corporation had negative net working capital of \$264,824 (December 31, 2019 - \$1,742,405) and an accumulated deficit of \$29,746,705 (December 31, 2019 - \$29,317,886). The Corporation incurred a net loss during the three months ended March 31, 2020 of \$428,819 (three months ended March 31, 2019 – loss of \$179,068).

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 March 31, 2020 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.

The recently declared pandemic for the COVID-19 virus could also negatively impact the Corporation's ability to continue as a going concern. The extent to which the coronavirus will impact the Corporation's results will depend on future developments, which are highly uncertain, cannot be predicted, and will include new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others. For more information about the Corporation's exposure to COVID-19 see note 13 (subsequent events).

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

(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 June 1, 2020.

(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 period'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. However, previous financial statements have disclosed operating income and working capital for two operating segments. Management has determined that the revenue streams and other operating characteristics are not sufficiently distinct to require segmentation disclosures. Accordingly, those disclosures have been discontinued.

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 March 31,	
	2020	2019
Revenue by major category		
ICEfaces	316,171	345,646
Voyent Alert	31,633	5,200
Total	347,804	350,846

4. RIGHT OF USE ASSET AND LEASE LIABILITY

The Corporation is committed under a lease on office space, expiring October 2021, for future minimum rental payments. The following table reconciles the Corporation's right of use asset associated with its office space:

ICESoft Technologies Canada Corp.
Notes to the Condensed Consolidated Interim Financial Statements
(\$CDN) (Unaudited)
For the period ended March 31, 2020

4. RIGHT OF USE ASSET AND LEASE LIABILITY (continued)

	\$
Balance as at December 31, 2019	56,207
Amortization	(7,665)
Balance as at March 31, 2020	
Cost	86,865
Accumulated amortization	(38,323)
Net book value	48,542

The required payments, exclusive of occupancy costs, are as follows:

	\$
Remainder of 2020	29,150
2021	35,277
Total lease payments	64,427
Impact of discounting	(8,794)
Total lease liability	55,633
Less: current portion	(32,334)
Lease liability – non-current portion	23,299

Total cash outflow for leases, including occupancy costs, was \$14,588 and \$19,457 for the three months ended March 31, 2020 and 2019. Of these amounts, \$5,216 and \$9,989 consisted of variable payments not included in the measurement of lease liabilities.

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 2019 and 2020 relates to certain subscription agreements. Changes in deferred revenue during the periods consist of:

in \$	March 31, 2020	December 31, 2019
Deferred revenue		
Opening balance	728,899	829,602
Collected	348,442	1,261,786
Recognized in revenue		
From opening balances	(327,116)	(770,003)
From additions in the period	(22,295)	(644,271)
Foreign exchange effect	130,056	51,785
Closing balance	857,986	728,899

As at March 31, 2020, revenues allocated to remaining performance obligations from subscription contracts, which extend through to 2022, total approximately \$858,000. Of this amount, approximately \$700,000 is expected to be recognized in the remainder of 2020, \$150,000 in 2021 and \$8,000 in 2022.

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For the period ended March 31, 2020

6. TERM LOANS

A summary of the term loans outstanding is as follows:

in \$	March 31, 2020	December 31, 2019
Government royalty financing payable, repaid in the current period	-	5,968
Notes payable to the President and CEO, bearing interest at 6%, unsecured, and due on demand	73,058	73,058
Note payable to the President and CEO, bearing interest at 6%, unsecured, and matures July 1, 2020	35,000	35,000
Short term borrowings from the President and CEO, and accrued interest on the notes above, bearing no interest, unsecured, and due on demand	19,717	5,957
Total debt outstanding	127,775	119,983
Less: current portion	(46,800)	(62,437)
Long-term portion	80,975	57,546

7. CONVERTIBLE NOTES

The balance of convertible notes as of March 31, 2020 and December 31, 2019 is reconciled as follows:

	March 31, 2020	December 31, 2019
Opening Balance	835,645	710,145
Modification of notes	-	(25,305)
Additions	-	51,712
Accretion	-	30,280
Interest accrued	25,594	82,813
Interest paid	(4,026)	(14,000)
Converted to equity (see note 8)	(705,753)	-
Total debt outstanding	151,460	835,645
Less: current portion	98,982	(123,336)
Long-term portion	52,478	712,309

The details of the outstanding notes as at March 31, 2020 are as follows:

	\$
Note payable, bearing interest at 12% per annum, due December 11, 2020, convertible into shares and warrants of the Corporation. Includes \$3,822 of accrued interest.	98,982
Note payable to the President and CEO, bearing interest at 12% per annum, due July 1, 2021, convertible into shares and warrants of the Corporation. Includes \$15,516 of accrued interest.	52,478
Balance, March 31, 2020	151,460

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8. 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, 2018	47,804,490	24,405,501
Issuance of shares with Units for cash (i)	3,024,249	255,272
Conversion of term loans (ii)	1,280,000	108,906
Balance, December 31, 2019	52,108,739	24,769,679
Issuance of shares with Units for cash (iii)	14,962,500	1,138,967
Conversion of convertible notes (iv)	11,639,006	852,187
Balance, March 31, 2020	78,710,245	26,760,833

- (i) During the year ended December 31, 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 \$114,628 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 (note 9).
- (ii) On March 29, 2019, the Corporation converted \$158,100 out of \$228,146 of term loans held by a member of management into 1,130,000 Units at \$0.12 per Unit and 150,000 Units at \$0.15 per Unit (note 9). Each Unit consists of one common share in the Corporation and one purchase warrant. Each warrant allows the purchase of one common share at an exercise price of \$0.20 per share. The warrants expire three years after issuance. The warrants were assigned a value of \$49,194 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.
- (iii) During the three months ended March 31, 2020, the Corporation issued 14,962,500 Units at a price of \$0.08 per Unit for gross proceeds of \$1,197,000. Each Unit consisted of one common share and one half common share purchase warrant. The warrants have an exercise price of \$0.12 per share and expire two years from date of issuance. The warrants were assigned a value of \$58,033 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) During the three months ended March 31, 2020, the Corporation converted \$705,753 of convertible notes into 11,639,006 Units at a price of \$0.08 per Unit. The total value of the Units issued was \$931,120, of which \$705,753 settled convertible notes, \$49,715 cleared the related Derivative liability balance, \$27,805 was reclassified out of Equity component of convertible notes, and a loss on debt extinguishment of \$147,847 was recognized. Each Unit consisted of one common share and one half common share purchase warrant. The warrants have an exercise price of \$0.12 per share and expire two years from date of issuance. The warrants were assigned a value of \$78,933 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.
- (v) The weighted average number of common shares outstanding used to calculate basic and diluted loss per share is 55,514,109 for the three months ended March 31, 2020 (March 31, 2019 – 47,968,379). The Corporation excluded all convertible notes, warrants, and stock options from the calculation of diluted income per share for the three months ended March 31, 2020 and 2019, as they would be anti-dilutive.

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(\$CDN) (Unaudited)
For the period ended March 31, 2020

9. 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.

	\$
Balance, December 31, 2018	232,286
Warrants issued with Units and convertible notes	302,395
Stock-based compensation	50,943
Balance, December 31, 2019	585,624
Warrants issued with Units	136,966
Stock-based compensation	4,659
Warrants expired	(15,371)
Balance, March 31, 2020	711,878

A summary of warrant transactions is as follows:

	Number of Warrants	Weighted average exercise price	Expiry Date
Outstanding at December 31, 2018	12,232,482	0.20	
Issued throughout 2019	4,304,249	0.20	Throughout 2022
Issued Mar 2019 as stock-based compensation	750,000	0.12	March 2022
Issued Dec 2019 with convertible debt	2,400,000	0.20	December 2023
Outstanding at December 31, 2019	19,686,731	0.19	
Issued with Units for cash	7,481,250	0.12	March 2022
Issued in debt conversion	5,819,503	0.12	March 2022
Issued Mar 2020 as stock-based compensation	791,875	0.12	March 2022
Warrants expired	(200,000)	0.13	
Outstanding at March 31, 2020	33,579,359	0.17	

No warrants were exercised during the three months ended March 31, 2020 or the year ended December 31, 2019. The weighted average remaining life of all warrants outstanding at March 31, 2020 is 1.98 years (December 31, 2019 – 2.16 years).

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:

	Three months ended March 31, 2020	Year ended December 31, 2019
Fair Value of options	\$0.01	\$0.04
Exercise Price	0.12	0.20
Share Price	0.09	0.08
Dividend Yield	-	-
Forfeiture %	-	-
Risk-free interest rate	1.00%	1.61%
Expected life of options	2 years	3 years
Expected volatility	35.50%	100.00%

10. FINANCE EXPENSE

in \$	Three months ended March 31	
	2020	2019
Interest on term loans	1,485	2,822
Interest on convertible notes	25,594	17,420
Interest on lease liability	2,662	2,739
Other finance expense	2,127	5,145
	31,868	28,126

11. RELATED PARTY TRANSACTIONS AND PERSONNEL COSTS

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 months ended March 31, 2020, key management compensation amounted to \$33,957 (three months ended March 31, 2019 - \$35,212), 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 \$24,315 on term loans and convertible notes held by key management personnel during the three months ended March 31, 2020 (three months ended March 31, 2019 - \$17,094). Key management personnel have accrued liabilities owing from the Corporation, including payroll and vacation accruals, in the amount of \$549,019 at March 31, 2020 (December 31, 2019 - \$512,555) and hold long-term debt and convertible notes payable from the Corporation totaling \$180,253 including accrued interest at March 31, 2020 (December 31, 2019 - \$781,755). These notes were issued in the normal course of business.

Total personnel expenses for employees, consultants, directors and management included in expenses in the consolidated statement of loss and comprehensive loss total \$366,930 for the three months ended March 31, 2020 (three months ended March 31, 2019 - \$392,577), split between general and administrative, marketing and customer operations, and research and development expenses, based on work performed.

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

Due to the short-term nature of cash, accounts receivable, prepaid expenses and 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.

13. SUBSEQUENT EVENTS

(a) Warrant amendments

In May 2020, the Corporation extended the expiry dates of 13,282,732 common share purchase warrants and also reduced the exercise price of 4,842,128 of these common share purchase warrants that were previously granted by the Corporation prior to December 31, 2019. Further details are available on SEDAR.

13. SUBSEQUENT EVENTS (continued)

(b) Global pandemic

The outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally, resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. While the Corporation is not currently seeing any impact of these developments on the financial results and condition of the Corporation and its subsidiaries, it is not possible to reliably estimate the impact of the COVID-19 outbreak on such financial results and conditions in future periods.