

ICESoft Technologies Canada Corp.
Condensed Consolidated Interim Financial Statements
(\$CAD) (Unaudited)
For the period ended March 31, 2022

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
(\$CAD)
As at

	(Unaudited) March 31, 2022 \$	(Audited) December 31, 2021 \$
ASSETS		
Current Assets		
Cash	475,487	712,506
Accounts receivable	200,408	82,031
Prepaid expenses and deposits	56,628	34,936
Total Current Assets	732,523	829,473
Property and equipment	10,638	11,147
TOTAL ASSETS	743,161	840,620
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (note 11)	903,281	958,691
Current portion of deferred revenue (note 4)	725,464	623,509
Current portion of convertible notes (note 6)	97,874	94,915
Total Current Liabilities	1,726,619	1,677,115
Deferred revenue (note 4)	174,765	51,193
Term loans (note 5)	26,863	25,892
Total Liabilities	1,928,247	1,754,200
Shareholders' Deficiency		
Share capital (note 7)	27,826,697	27,826,697
Equity portion of convertible notes (note 6)	6,074	6,074
Warrants (note 7 and 8)	423,459	1,253,223
Reserves (note 9)	4,586,131	3,756,366
Foreign currency translation reserve	(1,851,006)	(1,852,695)
Deficit	(32,176,441)	(31,903,245)
Total Shareholders' Deficiency	(1,185,086)	(913,580)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY	743,161	840,620

Going concern (note 1)
Subsequent events (note 13)

Approved on behalf of the Board of Directors:

'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
(\$CAD) (Unaudited)
For the periods ended March 31

	Three months ended March 31,	
	2022 \$	2021 \$
Revenues (note 3)		
Subscription income	341,887	296,055
Other	2,195	795
Total Revenue	344,082	296,850
Cost of Revenue		
Information services	115,616	76,239
Total Cost of Revenue	115,616	76,239
Total Gross Profit	228,466	220,611
Operating Expenses		
Research and development	291,771	280,541
General and administrative	88,658	82,543
Sales, marketing, and operations	115,246	132,510
Total Operating Expenses	495,675	495,594
Net Operating Loss	(267,209)	(274,983)
Other Income (Expense)		
Government assistance	-	39,393
Finance expense (note 10)	(4,655)	(4,936)
Foreign exchange	(1,332)	-
Total Other Income (Expense)	(5,987)	34,457
Net Loss	(273,196)	(240,526)
Other Comprehensive Income (Loss)		
Items which may be subsequently reclassified to profit or loss		
Translation of foreign operations	1,689	13,626
Comprehensive loss	(271,507)	(226,900)
Loss per share - basic and diluted (note 7 (iii))	(0.00)	(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
 (\$CAD) (Unaudited)
 For the periods ended March 31

	Share Capital	Equity component of convertible notes	Warrants	Reserves	Deficit	Accumulated Other Comprehensive Loss	Total
	\$	\$	\$	\$	\$	\$	\$
Balance December 31, 2020	26,861,053	6,074	948,114	3,541,349	(30,813,880)	(1,824,642)	(1,281,932)
Net Loss and Comprehensive Loss	-	-	-	-	(240,526)	13,626	(226,900)
Balance March 31, 2021	26,861,053	6,074	948,114	3,541,349	(31,054,406)	(1,811,016)	(1,508,832)
Balance December 31, 2021	27,826,697	6,074	1,253,223	3,756,366	(31,903,245)	(1,852,695)	(913,580)
Expiration of warrants (note 8 and 9)	-	-	(829,765)	829,765	-	-	-
Net Loss and Comprehensive Loss	-	-	-	-	(273,196)	1,689	(271,506)
Balance March 31, 2022	27,826,697	6,074	423,459	4,586,131	(32,176,441)	(1,851,006)	(1,185,086)

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

ICEsoft Technologies Canada Corp.
Condensed Consolidated Interim Statements of Cash Flows
(\$CAD) (Unaudited)
For the periods ended March 31

	Three months ended March 31	
	2022	2021
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	(273,196)	(240,526)
Add back (deduct) items not involving cash:		
Finance expense (note 10)	2,959	2,951
Amortization of property and equipment	509	-
Amortization of right-of-use asset	-	5,269
	(269,728)	(230,231)
Changes in non-cash working capital items:		
Accounts receivable	(118,377)	(64,686)
Prepaid expenses and deposits	(21,692)	3,278
Accounts payable and accrued liabilities	(55,410)	(20,085)
Deferred revenue (note 4)	225,527	298,044
Net cash used in operating activities	(239,680)	(15,755)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liability	-	(5,019)
Net cash generated by financing activities	-	(5,019)
Effect of change in foreign exchange rates on cash	2,661	(8,311)
Change in cash for the period	(237,019)	(29,085)
Cash, beginning of the period	712,506	167,551
Cash, end of the period	475,487	138,466

See notes 10 for the details of non-cash transactions.

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*. ICESoft and its subsidiaries develop and license a comprehensive suite of web technologies and Software as a Service (SaaS) solutions for both enterprise and government clients. The Corporation's primary products consist of the Clickware products including ICEfaces and ICEpdf, and the SaaS-based Voyent Alert! Notification Service licensed to government and enterprise clients on a subscription basis.

ICESoft's head office is located at 261, 3553 31st Street NW, Calgary, Alberta, Canada, T2L 2K7.

These condensed consolidated interim financial statements of the Corporation as at March 31, 2022 and December 31, 2021 and for the periods ended March 31, 2022 and 2021 ("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 discharge its liabilities for the foreseeable future. Management is aware, in making its going concern assessment, of events and conditions that indicate the existence of a material uncertainty that may cast significant doubt upon the Corporation's ability to continue as a going concern.

As at March 31, 2022, the Corporation had negative net working capital of \$994,096 (December 31, 2021 - \$847,642) and an accumulated deficit of \$32,176,441 (December 31, 2021 - \$31,903,245). The Corporation incurred a net loss during the three months ended March 31, 2022 of \$273,196 (three months ended March 31, 2021 - \$240,526).

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, 2022 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 ongoing 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.

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"), and interpretations of the IFRS Interpretations Committee (IFRIC's).

The Financial Statements were approved and authorized for issue by the Board of Directors on May 31, 2022.

(b) Basis of preparation

These Financial Statements have been prepared under the historical cost convention, except for certain 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 consolidated 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.

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.

	Three months ended	
	March 31,	
	2022	2021
	\$	\$
Revenue by major category		
Clickware		
Subscription income	235,690	243,124
Voyent Alert		
Subscription income	106,197	52,931
Customizations and upgrades	1,900	-
User fees	295	795
Total	344,082	296,850

ICEsoft Technologies Canada Corp.
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4. 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 recorded in 2021 and 2022 relates to certain subscription agreements. Changes in deferred revenue during the periods consist of:

	March 31, 2022 \$	December 31, 2021 \$
Deferred revenue		
Opening balance	674,702	611,367
Sales collected	575,576	1,269,234
Recognized in revenue		
From opening balances	(274,745)	(611,367)
From additions in the period	(58,478)	(645,776)
Foreign exchange effect	(16,826)	51,244
Total deferred revenue	900,229	674,702
Less: current portion	(725,464)	(623,509)
Long-term portion	174,765	51,193

As at March 31, 2022, revenues allocated to remaining performance obligations from subscription contracts, extending through to 2024, total \$900,229. Of this amount, approximately \$725,464 is expected to be recognized in the remainder of 2022, \$171,791 is expected to be recognized in 2023 and \$2,973 is expected to be recognized in 2024.

5. TERM LOANS

A summary of the term loans outstanding is as follows:

	March 31, 2022 \$	December 31, 2021 \$
Canada Emergency Business Account (CEBA) note payable, unsecured and interest free, with 25% debt forgiveness if repaid by December 31, 2023	26,863	25,892
Total debt outstanding	26,863	25,892
Less: current portion	-	-
Long-term portion	26,863	25,892

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6. CONVERTIBLE NOTES

The balance of convertible notes as of March 31, 2022 and December 31, 2021 is reconciled as follows:

	March 31, 2022	December 31, 2021
	\$	\$
Opening Balance	94,915	94,998
Modification of notes	-	(5,085)
Accretion	-	4,827
Interest accrued	2,959	12,175
Interest paid	-	(12,000)
Total debt outstanding	97,874	94,915
Less: current portion	(97,874)	(94,915)
Long-term portion	-	-

The outstanding note as at March 31, 2022 bears interest at 12% per annum and is due December 11, 2022. The note is convertible to common shares at a conversion price of \$0.15 per share. In addition, for each dollar of principal, the purchaser received one warrant that can be converted to ten common shares of the Corporation at a purchase price of \$0.20 per shares. During the year ended December 31, 2020, an additional 300,000 warrants with the same terms were granted due to an extension of the notes maturity date.

7. 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. No Preferred Shares were issued in the current period or prior year.

The Corporation has the following Common Shares issued and outstanding:

	Number of Shares	Share Capital
	#	\$
Balance, December 31, 2020	80,116,026	26,861,053
Issuance of shares with units for cash (i)	30,000,000	973,149
Issuance of shares with units on settlement of debt (ii)	2,000,000	64,877
Share issuance costs	-	(72,382)
Balance, December 31, 2021	112,116,025	27,826,697
Balance, March 31, 2022	112,116,025	27,826,697

- (i) During the year ended December 31, 2021, the Corporation issued 30,000,000 units at a price of \$0.05 per unit for gross proceeds of \$1,500,000. Each unit consisted of one common share and one common share purchase warrant. The warrants have an exercise price of \$0.08 per share and expire three years from the date of issuance. The warrants were assigned a fair value of \$526,851, less issuance costs, based on the relative fair value of the shares and warrants.

ICEsoft Technologies Canada Corp.

Notes to the Condensed Consolidated Interim Financial Statements

(\$CAD) (Unaudited)

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- (ii) During the year ended December 31, 2021, the Corporation issued 2,000,000 units on the settlement of a term loan, note payable, and deferred wages owed to the President and CEO, at a price of \$0.05 per unit (note 8). Each unit consists of one common share and one common share purchase warrant. The warrants have an exercise price of \$0.08 per share and expire three years from the date of issuance. The warrants were assigned a fair value of \$35,124, less issuance costs, based on the relative fair value of the shares and warrants.
- (iii) The weighted average number of common shares outstanding used to calculate basic and diluted loss per share is 112,116,026 for the three months ended March 31, 2022 (three months ended March 31, 2021 – 80,116,026). The Corporation excluded all convertible notes, warrants, and stock options from the calculation of diluted loss per share for the three months ended March 31, 2021 and 2020, as they would be anti-dilutive.

8. WARRANTS

Warrants are used to recognize the fair value of financial instruments which are granted to agents of the Corporation typically as a form of compensation related to capital raising activities. 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 reserves.

	\$
Balance, December 31, 2020	948,114
Warrants issued in units for cash	526,851
Warrants issued in units on settlement of debt	35,123
Expired warrants	(214,876)
Equity issuance costs	(41,989)
Balance, December 31, 2021	1,253,223
Expired warrants	(829,765)
Balance, March 31, 2022	423,459

A summary of warrant transactions is as follows:

	Number of Warrants	Weighted average exercise price	Expiry Date
Outstanding at December 31, 2020	34,140,400	0.16	
Issued in unit issuance	30,000,000	0.08	September 2024
Issued in unit issuance via settlement of debt	2,000,000	0.08	September 2024 June, August, September, November and December 2021
Expired	(10,932,482)	0.20	December 2021
Outstanding at December 31, 2021	55,207,918	0.11	
Expired	(18,473,669)	0.18	March 2022
Outstanding at March 31, 2022	36,734,250	0.09	

No warrants were exercised during the three months ended March 31, 2022 or the year ended December 31, 2021. The weighted average remaining life of all warrants outstanding at March 31, 2022 is 1.54 years (December 31, 2021 – 1.81 years).

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The fair value of the warrants used in the input into the bifurcation of units and of other warrants issued 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, 2022	Year ended December 31, 2021
Exercise Price	\$0.08	\$0.08
Share Price	\$0.065	\$0.055
Dividend Yield	-	-
Forfeiture %	-	-
Risk-free interest rate	1.00%	1.00%
Expected life of warrants	3 years	3 years
Expected volatility	50.00%	100.00%

9. RESERVES

Reserves are used to recognize the fair value of stock options granted and the fair market value of expired warrants. When options are subsequently exercised, the fair value of such options in reserves are credited to share capital. Should the options expire unexercised, their fair market value remains in the reserves account.

Reserves	\$
Balance, December 31, 2020	3,541,349
Stock-based compensation expense	140
Expired warrants	214,877
Balance, December 31, 2021	3,756,366
Expired warrants	829,765
Balance, March 31, 2022	4,586,131

The Corporation has a stock option plan ("the Plan"). Under the Plan, the Board of Directors of the Corporation may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Corporation non-transferable options to purchase common shares. The maximum number of common shares reserved for issuance under the Plan shall not exceed 15% of the then issued and outstanding common shares of the Corporation. The options will be exercisable for a period of up to ten years. The Board of Directors will determine the price per common share and the number of common shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of TSX Venture Exchange.

A summary of the Plan transactions for the three months ended March 31, 2022 and for the year ended December 31, 2021 are as follows:

	March 31, 2022		December 31, 2021	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Outstanding at beginning of period	6,018,000	0.10	6,615,000	0.11
Options granted	-	-	3,000	0.08
Options expired	-	-	(600,000)	0.10
Outstanding at end of period	6,018,000	0.10	6,018,000	0.10

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Exercisable at end of period	6,018,000	0.10	6,018,000	0.10
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The weighted average remaining life of all options outstanding at March 31, 2022 is 2.12 years (December 31, 2021 – 2.37 years).

No options were exercised during the three months ended March 31, 2022 or the year ended December 31, 2021.

10. FINANCE EXPENSE

	Three months ended	
	March 31	
	2022	2021
	\$	\$
Interest on convertible notes	2,959	2,951
Interest on lease liability	-	768
Other finance expense	1,696	1,217
	4,655	4,936

Finance expense includes non-cash interest of \$2,959 (2021 - \$2,951) on the convertible note.

11. RELATED PARTY TRANSACTIONS AND PERSONNEL COSTS

The Corporation considers its key management personnel to be its Chief Executive Officer; Chief Financial Officer, directors, and close family members of the previously mentioned individuals. Key management compensation is comprised of wages and salaries, stock-based compensation and consulting fees paid to key management and companies controlled by key management. During the three months ended March 31, 2022, key management compensation amounted to \$66,786 (three months ended March 31, 2021 - \$40,198), split between general and administrative, marketing and operations, and research and development expenses based on work performed.

Key management personnel have accounts payable owing from the Corporation, including payroll and vacation accruals, in the amount of \$503,952 at March 31, 2022 (December 31, 2021 - \$513,422).

Total personnel expenses for employees, consultants, directors and management included in expenses in the consolidated statement of loss and comprehensive loss total \$428,197 for the three months ended March 31, 2022 (three months ended March 31, 2021 - \$433,293), split between general and administrative, marketing and 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, 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 and convertible notes approximate their fair value due either to the interest rate approximating market rates or because of the short period to maturity.

13. SUBSEQUENT EVENTS

Subsequent to March 31, 2022, 623,333 warrants expired unexercised.