

ICESoft Technologies Canada Corp.
Condensed Consolidated Interim Financial Statements
(\$CAD) (Unaudited)
For the period ended September 30, 2024

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 September 30, 2024

	(Unaudited) September 30, 2024	(Audited) December 31, 2023
	<u>\$</u>	<u>\$</u>
ASSETS		
Current Assets		
Cash	111,953	70,871
Accounts receivable	177,876	107,456
Prepaid expenses and deposits	5,052	25,874
Total Current Assets	294,887	204,201
Property and equipment	8,052	10,332
TOTAL ASSETS	302,939	214,533
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	681,065	1,012,952
Current portion of deferred revenue (note 4)	1,119,337	892,508
Current portion of convertible notes (note 5)	646,526	
Total Current Liabilities	2,446,928	1,905,459
Deferred revenue (note 4)	99,433	32,998
Convertible notes (note 5)	687,917	1,079,984
Total Liabilities	3,324,278	3,018,431
Shareholders' Deficiency		
Share capital (note 6)	27,826,697	27,826,697
Equity portion of convertible notes (note 5)	148,779	77,028
Warrants (note 7)	20,005	343,656
Reserves (note 8)	5,009,983	4,685,621
Foreign currency translation reserve	(2,015,790)	(1,944,392)
Deficit	(33,831,013)	(33,792,508)
Total Shareholders' Deficiency	(2,931,339)	(2,803,898)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY	302,939	214,533

Going concern (note 1)

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 September 30

	Three months ended		9 Months Ended	
	Sept. 30, 2024 \$	Sept. 30, 2023 \$	Sept. 30, 2024 \$	Sept. 30, 2023 \$
Revenues (note 3)				
Subscription income	483,107	432,013	1,385,384	1,289,088
Other	8,143	24,585	29,557	39,481
Total Revenue	491,250	456,598	1,414,941	1,328,569
Cost of Revenue				
Information services	113,731	126,063	335,694	408,500
Commissions and bonus	7,506	-	102,854	-
Total Cost of Revenue	121,237	126,063	438,548	408,500
Total Gross Profit	370,013	330,535	976,393	920,069
Operating Expenses				
Research and development	140,624	249,005	389,200	687,316
General and Administrative	71,264	22,642	225,383	182,694
Sales, Marketing and Operations	115,941	12,423	276,636	208,207
Share-based payments	193	-	581	-
Depreciation of property and equipment	665	-	2,281	-
Total Operating Expenses	328,687	284,070	894,081	1,078,217
Net Operating Income (Loss)	41,326	46,465	82,312	(158,148)
Other Income (Expense)				
Other Income	1,635	-	3,272	-
One-time Restructuring Cost	-	-	-	(332,881)
Finance expense (note 9)	(42,042)	(11,802)	(123,016)	(54,072)
Total Other Income (Expense)	(40,407)	(11,802)	(119,744)	(386,953)
Net Income (Loss)	919	34,663	(37,431)	(545,101)
Other Comprehensive Income (Loss)				
Items which may be subsequently reclassified to profit or loss				
Translation of foreign operations	(95,190)	-	(161,398)	-
Comprehensive loss	(94,271)	34,663	(198,902)	(545,101)
Income (Loss) per share - basic and diluted (note 6 (i))	(0.00)	(0.00)	(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 September 30

	Share Capital	Equity component of convertible notes	Warrants	Reserves	Deficit	Accumulated Other Comprehensive Loss	Total
	\$	\$	\$	\$	\$	\$	\$
Balance December 31, 2022	27,826,697	57,363	373,830	4,649,025	(33,101,353)	(1,946,571)	(2,141,191)
Convertible notes issues	-	16,307	-	-	-	-	16,307
Share-based payments	-	-	-	775	-	-	775
Expiration of warrants	-	-	-	35,821	-	-	-
Net Loss and Comprehensive Loss	-	-	-	-	541,101	2,179	(580,152)
Balance September 30, 2023	27,826,697	73,670	373,860	4,649,025	(33,681,687)	(1,944,392)	(1,576,829)
Balance December 31, 2023	27,826,697	77,028	343,656	4,685,621	(33,792,508)	(1,944,392)	(2,803,898)
Convertible Notes Issued	-	71,751	-	-	-	-	71,751
Share-based payments	-	-	-	581	-	-	581
Expiration of Warrants	-	-	(323,651)	323,651	-	-	-
Net Loss and Comprehensive Loss	-	-	-	-	(37,431)	(161,398)	(198,829)
Balance September 30, 2024	27,826,697	148,779	20,005	5,009,853	(33,829,939)	(2,105,790)	(2,908,395)

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 September 30

	Three months ended		Nine months ended	
	2024	2023	2024	2023
	\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Income (Loss)	919	34,663	(37,431)	(545,091)
Add back (deduct) items not involving cash:				
Finance expense	42,042	37,183	123,016	96,068
Amortization of property and equipment	667	808	2,281	2,424
Stock-based compensation	193	-	581	-
	43,821	72,654	88,447	(446,609)
Changes in non-cash working capital items:				
Accounts receivable	34,303	23,355	(70,420)	(34,621)
Prepaid expenses and deposits	8,824	52,776	20,816	19,343
Accounts payable and accrued liabilities	(222,033)	(142,934)	(331,887)	(396,839)
Severance liability	-	(47,838)	-	231,695
Deferred revenue (note 4)	(49,629)	(31,070)	293,274	202,761
Net cash (used) in operating activities	(184,714)	(73,057)	230	(424,270)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from Convertible Debt	220,000	-	220,000	250,000
Repayment of convertible debt	(100,000)	-	(100,000)	-
Interest paid	(3,850)	-	(10,080)	-
Net cash generated by financing activities	116,150	-	109,920	250,000
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property and equipment			-	-
Net cash generated by investing activities	-	-	-	-
Effect of change in foreign exchange rates on cash	(2,474)	52,895	(69,068)	(32,499)
Change in cash for the period	(71,038)	(20,162)	41,082	(206,769)
Cash, beginning of the period	182,991	133,742	70,871	320,349
Cash, end of the period	111,953	113,580	111,953	113,580

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 its Clickware product, ICEfaces, and the SaaS-based Voyent Alert! Notification Service which is licensed to government and enterprise clients on a subscription basis.

ICESoft's head office is located at 340-600 Crowfoot Cres. N.W., Calgary, Alberta, Canada, T3G 0B4.

These condensed consolidated interim financial statements of the Corporation as at September 30, 2024 and December 31, 2023 and for the periods ended September 30, 2024 and 2023 ("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 September 30, 2024, the Corporation had negative net working capital of \$2,152,041 (December 31, 2023 - \$1,701,258) and an accumulated deficit of \$33,831,013 (December 31, 2023 - \$33,792,508). The Corporation incurred a net loss during the nine months ended September 30, 2024 of \$104,558 (nine months ended September 30, 2023 - \$545,101).

The Corporation has been able to generate positive cash flows from operations over each of the prior four quarters. Whether and when the Corporation can continue to generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due subsequent to September 30, 2024 is uncertain. 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 consolidated 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

ICEsoft Technologies Canada Corp.
Notes to the Condensed Consolidated Interim Financial Statements
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For the period ended September 30, 2024

Interpretations Committee (IFRIC's).

The Financial Statements were approved and authorized for issue by the Board of Directors on November 29, 2024.

(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) "ICEfaces and Related Legacy Product" 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		Nine months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Revenue by major category				
ICEfaces & Related Legacy				
Subscription income	213,378	240,808	638,945	765,733
Voyent Alert				
Subscription income	271,072	191,205	750,287	523,355
Usage fees & Customization	6,800	24,585	25,709	39,481
Total	491,250	456,598	1,414,941	1,328,569

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.

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All deferred revenue recorded in 2024 and 2023 relates to certain subscription agreements. Changes in deferred revenue during the periods consist of:

	Sept. 30, 2024	December 31, 2023
	\$	\$
Deferred revenue		
Opening balance	925,496	830,859
Sales collected	1,659,679	1,816,724
Recognized in revenue		
From opening balances	(827,086)	(880,685)
From additions in the period	(558,298)	(840,774)
Foreign exchange effect	18,979	(628)
Total deferred revenue	1,218,770	925,496
Less: current portion	(1,119,337)	(892,508)
Long-term portion	99,433	32,998

As at September 30, 2024, revenues allocated to remaining performance obligations from subscription contracts, extending through to end of 2026, total \$1,211,158. Of this amount, approximately \$457,103 is expected to be recognized in the remainder of 2024, \$692,014 is expected to be recognized in 2025 and \$62,041 is expected to be recognized in 2026.

5. CONVERTIBLE NOTES

The balance of convertible notes as of September 30, 2024 and December 31, 2023 is reconciled as follows:

	September 30, 2024	December 31, 2023
	\$	\$
Opening Balance	1,079,984	714,925
Modification of notes	-	(10,425)
Accretion	26,936	16,130
Interest accrued	115,060	143,019
Interest paid	(10,080)	(14,000)
Repayment of convertible note	(97,457)	
Additions Net of Equity Conversion Feature	220,000	230,335
Total debt outstanding	1,334,443	1,079,984
Less: current portion	(646,526)	-
Long-term portion	687,917	1,079,984

- (i) The convertible note with a face value of \$100,000 was extended for one year on each of December 31, 2020, November 15, 2021 and December 12, 2022. As part of the first loan extension in 2020, the note holder was entitled to 300,000 warrants which could be converted to common shares. There was no change to the expiry date of the warrants due to extensions. The 300,000 warrants are set to expire December 1, 2024. During the year ended December 31, 2022, 300,000 warrants were granted to the lender as compensation for the loan extension. The warrants have an expiry date of December 12, 2025, and are exercisable at \$0.06 per common share. The warrants are valued at \$Nil.

On December 31, 2023, the corporation the Corporation extended the maturity date by two

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years to December 12, 2025 and increase the interest rate to 15% per annum. During the year ended December 31, 2023, 200,000 warrants were granted to the lender as compensation for the loan extension. The warrants have an expiry date of December 10, 2027 and are exercisable at \$0.06 per common share.

The note is convertible to common shares at a conversion price of 0.15 per share. The convertible note is secured by all assets, including the intellectual property, of the Corporation.

- (ii) On September 21, 2022, the Corporation concluded a secured convertible note financing transaction raising gross cash proceeds of \$650,175 from various related parties. The issued secured convertible promissory notes bear simple interest at a rate of 15% per annum with for a term of 36 months from date of issuance. The notes bear a conversion feature allowing the note holder to convert all or part of the principal balance and accrued interest into common shares of the Corporation at a conversion price of \$0.05 per share. The convertible notes were fair valued using a discount rate of 18%. The resulting calculations allocated \$51,289 as the value of the equity conversion feature.
- (iii) On February 27, 2023, the Corporation concluded a secured convertible note financing transaction raising gross cash proceeds of \$100,000 and conversion of \$150,000 in prior debt from various related parties. The issued secured convertible promissory notes bear simple interest at a rate of 15% per annum with for a term of 36 months from date of issuance. The notes bear a conversion feature allowing the note holder to convert all or part of the principal balance and accrued interest into common shares of the Corporation at a conversion price of \$0.05 per share. The convertible notes were fair valued using a discount rate of 18%. The resulting calculations allocated \$77,616 as the value of the equity conversion feature.
- (iv) On August 29, 2024, the Corporation concluded a secured convertible note financing transaction raising gross cash proceeds of \$100,000 and conversion of \$120,000 in prior debt from various related parties. The issued secured convertible promissory notes bear simple interest at a rate of 15% per annum with for a term of 36 months from date of issuance. The notes bear a conversion feature allowing the note holder to convert all or part of the principal balance and accrued interest into common shares of the Corporation at a conversion price of \$0.05 per share. The convertible notes were fair valued using a discount rate of 18%. The resulting calculations allocated \$71,751 as the value of the equity conversion feature.

6. 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, 2021/22/23,	112,116,025	27,826,697

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Balance, September 30, 2024	112,116,025	27,826,697
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- (i) No new shares were issued during the nine months ended September 30, 2024 and FY 2023.

The weighted average number of common shares outstanding used to calculate basic and diluted loss per share is 112,116,026 for the nine months ended September 30, 2024 (nine months ended September 30, 2023 – 112,116,026). The Corporation excluded all convertible notes, warrants, and stock options from the calculation of diluted loss per share for the three months ended September, 2024 and 2023, as they would be anti-dilutive.

7. 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.

A summary of warrant transactions is as follows:

	Number of Warrants	Weighted average exercise price	Expiry Date
Outstanding at December 31, 2021	65,667,734	0.12	
Issued	300,000	0.06	Dec. 2025 March, April,
Expired	(29,939,818)	0.20	September 2022
Outstanding at December 31, 2022	36,027,917	0.09	
Issued	350,000	0.05	Feb., Dec 2027 March, April
Expired	(2,400,000)	0.20	September 2027
Outstanding at December 31, 2023	33,977,917	0.09	
Issued	650,000	0.05	February, March
Expired	(32,000,000)	0.20	September 2024
Outstanding at September 30, 2024	2,627,917	0.09	

No warrants were exercised during the three or nine months ended September 30, 2024 or the year ended December 31, 2023. The weighted average remaining life of all warrants outstanding at September 30, 2024 is 1.27 years (December 31, 2023 – 1.81 years).

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:

	Nine months ended Sept. 30, 2024	Year ended December 31, 2023
Exercise Price	\$0.08	\$0.08
Share Price	\$0.055	\$0.055
Dividend Yield	-	-
Forfeiture %	-	-
Risk-free interest rate	1.00%	1.00%

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Expected life of warrants	3 years	4 years
Expected volatility	100.00%	100.00%

8. 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.

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 the Canadian Securities Exchange (CSE), and the TSX Venture Exchange.

A summary of the Plan transactions for the nine months ended September 30, 2024 and for the year ended December 31, 2023 are as follows:

	September 30, 2024		December 31, 2023	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Outstanding at beginning of period	6,378,000	0.10	6,668,000	0.10
Granted	-	-	-	-
Expired	(5,925,000)	0.10	(290,000)	0.10
Outstanding at end of period	453,000	0.05	6,378,000	0.10
Exercisable at end of period	453,000	0.05	6,078,000	0.10

The weighted average remaining life of all options outstanding at September 30, 2024 is 1.75 years (December 31, 2023 – 0.58 years). No options were exercised during the three months ended September 30, 2024 or the year ended December 31, 2023.

9. FINANCE EXPENSE

	Three months ended		Nine months ended	
	September 30		September 30	
	2024	2023	2024	2023
			\$	\$
Interest on convertible notes	42,042	37,183	123,016	96,068
Interest on lease liability	-	-	-	-
Other finance expense	-	-	-	-
	42,042	37,183	123,016	96,068

Finance expense includes cash and non-cash interest of \$42,042 (2023 - \$37,183) on the convertible notes.

10. 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 September 30, 2024, key management compensation amounted to \$74,503 (three months ended September 30, 2023 - \$46,609), 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 \$423,549 at June 30, 2024 (June 30, 2023 - \$378,000).

Total personnel expenses for employees, consultants, directors and management included in expenses in the consolidated statement of loss and comprehensive loss total \$219,383 for the three months ended September, 2024 (three months ended September, 2023 - \$304,070), split between general and administrative, marketing and operations, and research and development expenses, based on work performed.

11. 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.

12. CORPORATE RESTRUCTURING / REDUCTION IN FORCE

In December 2022, the Corporation released its 2.0 upgrade to its Voyent Alert! product, which saw extensive usage and in-service validation throughout Q1 and early Q2. In May 2023 the Corporation underwent a restructuring and associated reduction in force resulting in a forecast monthly saving of approximately \$50,000 per month. In association with this action, the Corporation incurred a one time expense of \$332,902 related severance obligations. As of September 30, 2024 the outstanding liability associated with the restructuring has been reduced to \$57,380.