

ICESoft Technologies Canada Corp.
Condensed Consolidated Interim Financial Statements
(\$CAD) (Unaudited)
For the period ended June 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 ICSOFT Management team.

ICESoft Technologies Canada Corp.
Condensed Consolidated Interim Statements of Financial Position
(\$CAD)
As at June 30, 2024

	(Unaudited) June 30, 2024 \$	(Audited) December 31, 2023 \$
ASSETS		
Current Assets		
Cash	182,991	70,871
Accounts receivable	212,179	107,456
Prepaid expenses and deposits	13,676	25,874
Total Current Assets	408,846	204,201
Property and equipment	8,716	10,332
TOTAL ASSETS	417,562	214,533
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	903,098	1,012,952
Current portion of deferred revenue (note 4)	874,205	892,508
Current portion of convertible notes (note 5)	37,572	
Total Current Liabilities	1,814,875	1,905,459
Deferred revenue (note 4)	394,194	32,998
Convertible notes (note 5)	1,118,050	1,079,984
Total Liabilities	3,327,119	3,018,431
Shareholders' Deficiency		
Share capital (note 6)	27,826,697	27,826,697
Equity portion of convertible notes (note 5)	77,028	77,028
Warrants (note 7)	343,656	343,656
Reserves (note 8)	4,685,621	4,685,621
Foreign currency translation reserve	(2,010,600)	(1,944,392)
Deficit	(33,831,959)	(33,792,508)
Total Shareholders' Deficiency	(2,909,557)	(2,803,898)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY	417,562	214,533

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 June 30

	Three months ended		6 Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	\$	\$	\$	\$
Revenues (note 3)				
Subscription income	458,612	435,480	902,277	857,075
Other	13,672	13,897	21,414	14,896
Total Revenue	472,284	449,377	923,691	871,971
Cost of Revenue				
Information services	112,772	123,826	221,963	282,437
Commissions and bonus	32,801	-	95,348	-
Total Cost of Revenue	145,573	123,826	317,311	282,437
Total Gross Profit	326,711	325,551	606,380	589,534
Operating Expenses				
Research and development	124,529	189,257	248,576	438,311
General and Administrative	87,710	71,963	146,405	160,052
Sales, Marketing and Operations	83,120	96,224	168,408	195,847
Share-based payments	194	-	388	-
Depreciation of property and equipment	808	-	1,616	-
Total Operating Expenses	296,361	357,444	565,393	794,210
Net Operating Income (Loss)	30,350	(31,893)	40,987	(204,676)
Other Income (Expense)				
Other Income	1,636	-	1,637	1,625
One-time Restructuring Cost	-	(332,881)	-	(332,881)
Finance expense (note 9)	(40,547)	(39,723)	(80,974)	(1,950)
Total Other Income (Expense)	(38,911)	(372,604)	(79,337)	(375,476)
Net Loss	(8,561)	(404,497)	(38,350)	(580,152)
Other Comprehensive Income (Loss)				
Items which may be subsequently reclassified to profit or loss				
Translation of foreign operations	(66,978)	-	(66,208)	-
Comprehensive loss	(75,539)	(404,497)	(104,558)	(674,028)
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 June 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	-	-	5,647	775	-	-	6,422
Expiration of warrants	-	-	(35,821)	35,821	-	-	-
Net Loss and Comprehensive Loss	-	-	-	-	(580,152)	-	(580,152)
Balance June 30, 2023	27,826,697	73,670	373,860	4,649,025	(33,681,687)	(1,946,571)	(2,300,539)
Balance December 31, 2023	27,826,697	77,028	343,656	4,685,621	(33,792,503)	(1,944,392)	(2,803,898)
Convertible Notes Issued	-	-	-	-	-	-	-
Expiration of Warrants	-	-	-	-	-	-	-
Net Loss and Comprehensive Loss	-	-	-	-	(38,350)	(66,208)	(104,558)
Balance June 30, 2024	27,826,697	77,028	343,656	4,685,621	(33,830,853)	(2,010,600)	(2,908,451)

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 June 30		Six months ended June 30	
	2024	2023	2024	2023
	\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss	(8,561)	(404,794)	(38,350)	(580,152)
Add back (deduct) items not involving cash:				
Finance expense	40,547	-	80,974	1,950
Amortization of property and equipment	808	808	1,616	1,616
Stock-based compensation	194	-	388	-
	32,988	(403,689)	44,628	(576,586)
Changes in non-cash working capital items:				
Accounts receivable	(51,893)	33,093	(104,723)	(57,976)
Prepaid expenses and deposits	8,826	(45,416)	12,198	(33,434)
Accounts payable and accrued liabilities	(64,885)	11,757	(109,853)	(224,804)
Severance liability		279,533	-	279,533
Deferred revenue (note 4)	160,636	18,681	342,903	233,831
Net cash used in operating activities	85,672	(106,041)	185,153	(470,588)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from Convertible Debt	-	37,257	-	192,829
Interest paid	(6,230)	-	(6,230)	-
Net cash generated by financing activities	(6,230)	37,257	(6,320)	-
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	(64,524)	-	(66,803)	-
Change in cash for the period	14,919	(68,784)	112,120	(186,607)
Cash, beginning of the period	168,072	202,526	70,871	320,349
Cash, end of the period	182,991	133,742	182,991	133,742

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 June 30, 2024 and December 31, 2023 and for the periods ended June 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 June 30, 2024, the Corporation had negative net working capital of \$1,406,029 (December 31, 2023 - \$1,701,258) and an accumulated deficit of \$33,831,959 (December 31, 2023 - \$33,792,508). The Corporation incurred a net loss during the six months ended June 30, 2024 of \$104,558 (six months ended June 30, 2023 - \$580,152).

The Corporation has been able to generate positive cash flows from operations over each of the prior quarters. 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 June 30, 2024 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 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

Interpretations Committee (IFRIC's).

The Financial Statements were approved and authorized for issue by the Board of Directors on **August 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		Six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Revenue by major category				
ICEfaces & Related Legacy				
Subscription income	208,737	259,869	423,372	523,577
Voyent Alert				
Subscription income	249,875	175,611	478,905	333,499
Customizations and upgrades				
Usage fees	13,672	13,897	21,414	14,895
Total	472,284	449,377	923,691	871,971

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.

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

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

	June 30, 2024 \$	December 31, 2023 \$
Deferred revenue		
Opening balance	925,496	830,859
Sales collected	1,234,513	1,816,724
Recognized in revenue		
From opening balances	(794,750)	(880,685)
From additions in the period	(107,527)	(840,774)
Foreign exchange effect	10,667	(628)
Total deferred revenue	1,268,399	925,496
Less: current portion	(874,205)	(892,508)
Long-term portion	394,194	32,998

As at June 30, 2024, revenues allocated to remaining performance obligations from subscription contracts, extending through to end of 2026, total \$1,207,543. Of this amount, approximately \$820,769 is expected to be recognized in the remainder of 2024, \$498,130 is expected to be recognized in 2025 and \$380 is expected to be recognized in 2026.

5. CONVERTIBLE NOTES

The balance of convertible notes as of June 30, 2023 and March 31, 2023 is reconciled as follows:

	June 30, 2023 \$	December 31, 2023 \$
Opening Balance	1,079,984	714,925
Modification of notes	-	(10,425)
Accretion	894	16,130
Interest accrued	80,974	143,019
Interest paid	(6,230)	(14,000)
Additions Net of Equity Conversion Feature	-	230,335
Total debt outstanding	1,118,050	1,079,984
Less: current portion	(37,572)	-
Long-term portion	1,155,622	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 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.

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
Balance, June 30, 2024	112,116,025	27,826,697

- (i) No new shares were issued during the six month ended June 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 six months ended June 30, 2024 (six months ended June 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 June 30, 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
Expired	(29,939,818)	0.20	March, April, September 2022
Outstanding at December 31, 2022	36,027,917	0.09	
Issued	350,000	0.05	Feb., Dec 2027
Expired	(2,400,000)	0.20	March, April September 2027
Outstanding at December 31, 2023	33,977,917	0.09	
Issued	650,000	0.05	February, March
Outstanding at June 30, 2024	34,627,917	0.09	

No warrants were exercised during the three or six months ended June 30, 2024 or the year ended December 31, 2023. The weighted average remaining life of all warrants outstanding at June 30, 2024 is 1.29 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:

	Six months ended June 30, 2023	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%
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

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(\$CAD) (Unaudited)
For the period ended June 30, 2024

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 six months ended June 30, 2024 and for the year ended December 31, 2023 are as follows:

	June 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	(4,425,000)	0.10	(290,000)	0.10
Outstanding at end of period	1,953,000	0.07	6,378,000	0.10
Exercisable at end of period	1,725,000	0.09	6,078,000	0.10

The weighted average remaining life of all options outstanding at June 30, 2024 is 0.3 years (December 31, 2023 – 0.58 years). No options were exercised during the three months ended June 30, 2024 or the year ended December 31, 2023.

9. FINANCE EXPENSE

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
			\$	\$
Interest on convertible notes	40,574	37,257	80,974	68,426
Interest on lease liability	-	-	-	-
Other finance expense	-	-	-	1950
	40,574	37,257	80,974	70,376

Finance expense includes cash and non-cash interest of \$40,574 (2023 - \$37,257) 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 June 30, 2024, key management compensation amounted to \$70,214 (three months ended June 30, 2023 - \$43,477), 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 \$429,484 at June 30, 2024 (June 30, 2023 - \$379,808).

Total personnel expenses for employees, consultants, directors and management included in expenses in the consolidated statement of loss and comprehensive loss total \$219,480 for the three months ended June, 2023 (three months ended June, 2023 - \$314,020), 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 an 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 June 30, 2024 the outstanding liability associated with the restructuring has been reduced to \$88,022.

13. SUBSEQUENT EVENTS

In August, 2024, the Corporation announced its intent to assume up to CAD \$100,000 of secured convertible promissory notes with provisions to migrate an additional CAD \$120,000 in existing debt to the new debt instrument through one or more closings.

The issued convertible promissory notes (the "Promissory Notes") shall bear simple interest at 15% per annum. Interest will accrue and carry for the term. The term of the Promissory Notes shall be for 36 months, and the note holders shall have the right to convert, at their discretion, all or part of the outstanding note principal and accrued interest into Common shares of the Company at \$0.05 /share.

The Company anticipates that President and CEO, Brian McKinney, shall participate in the Debt Financing through debt settlement. Total aggregate insider participation is not expected to exceed CAD \$220,000.