Interim Financial Statements of

RENOWORKS SOFTWARE INC.

For the three months ended March 31, 2022 and 2021

(Unaudited)

The auditors of RenoWorks Software Inc. have not performed a review of the condensed consolidated interim financial statements for the three-month period ended March 31, 2022 and March 31, 2021.

RENOWORKS SOFTWARE INC.

Condensed Interim Statements of Financial Position

As at March 31, 2022 and December 31, 2021
In Canadian dollars

	March 31, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 781,265	$ 1,189,346
Trade and other receivables	582,873	596,182
Prepaid expenses	38,732	20,204
Contract assets (note 7)	105,077	65,791
Loans receivable (note 13)	38,750	29,375
Total current assets	1,546,697	1,900,898
Non-current assets:		
Property, plant and equipment	84,066	77,256
Right-of-use asset	45,001	64,287
Contract assets (note 7)	63,869	114,611
Loans receivable (note 13)	47,657	57,033
Total assets	$ 1,787,289	$ 2,214,085
Liabilities and Shareholders’ Equity		
Current liabilities:		
Trade and other payables	$ 52,670	$ 167,445
Deferred revenue (notes 6 and 8)	1,175,003	1,177,494
Lease liability (note 10)	60,984	85,317
Total current liabilities	1,288,656	1,430,256
Non-current liabilities:		
Deferred revenue (notes 6 and 8)	196,798	212,053
Total liabilities	1,485,455	1,642,309
Shareholders’ equity		
Share capital (note 11)	8,009,894	7,989,894
Contributed surplus	1,038,716	996,112
Deficit	(8,746,776)	(8,414,230)
Total shareholders’ equity	301,834	571,776
Total liabilities and shareholders’ equity	$ 1,787,289	$ 2,214,085

Going concern (note 2(e))
Subsequent events (note 15)

See accompanying notes to the financial statements.

RENOWORKS SOFTWARE INC.

Condensed Interim Statements of Loss and Comprehensive Loss

Three-months ended March 31, 2022 and 2021
In Canadian dollars
(Unaudited)

	2022	2021
Revenue (note 6)	$ 1,315,917	$ 1,421,342
Cost of sales	492,873	494,928
Gross profit	823,044	926,414
Selling, general and administrative expenses	785,223	674,129
Research and development expenses	360,187	251,997
Total expenses	1,145,410	926,126
Income (loss) from operating activities	(322,366)	288
Net finance expense (note 9)	3,179	9,816
Foreign exchange loss	7,002	33,345
	10,180	43,161
Net loss and comprehensive loss	$ 332,546	$ 42,873
Earnings (loss) per share - basic and diluted	$ (0.01)	$ (0.00)
Weighted average shares outstanding – basic	38,976,288	36,610,974

See accompanying notes to the financial statements.
The interim financial information contained herein has not been reviewed by the Company’s Auditors.

RENOWORKS SOFTWARE INC.

Condensed Interim Statement of Changes in Shareholders' Equity (Deficiency)

Three months ended March 31, 2022 and 2021
In Canadian dollars

(Unaudited)

	Number of common shares	Share capital	Warrants	Contributed surplus	Deficit	Total equity/(deficiency)
Balance at January 1, 2020	36,610,507	$ 6,807,754	$ 140,682	$ 1,060,411	$ (7,805,270)	$ 203,577
Share-based compensation (note 12)	-	-	-	15,589	-	15,589
Conversion of warrants	4,158	2,211	(548)	-	-	1,663
Net income and comprehensive income	-	-	-	-	(42,873)	(42,873)
Balance at March 31, 2021	36,614,665	6,809,965	140,134	1,076,000	(7,848,143)	177,956
Balance at December 31, 2021	38,985,968	7,989,894	-	996,112	(8,414,230)	571,776
Exercise of share options (note 12)	66,667	20,000	-	-	-	20,000
Share-based compensation (note 12)	-	-	-	42,604	-	42,604
Net loss and comprehensive loss	-	-	-	-	(332,546)	(332,546)
Balance at December 31, 2021	39,052,635	$ 8,009,894	$ -	$ 1,038,716	$ (8,746,777)	$ 301,834

See accompanying notes to the financial statements.
The interim financial information contained herein has not been reviewed by the Company's Auditors.

RENOWORKS SOFTWARE INC.

Condensed Interim Statements of Cash Flows

Three months ended March 31, 2022 and 2021
In Canadian dollars
(Unaudited)

	2022	2021
Cash flows from operating activities:		
Net loss and comprehensive loss for the quarter	$ (332,546)	$ (42,873)
Adjustments for:		
Depreciation of property, plant and equipment	4,090	4,286
Depreciation of right-of-use asset	19,286	19,286
Finance expense (note 9)	297	1,037
Share-based compensation (note 12)	42,604	15,589
	(266,269)	(2,674)
Change in trade and other receivables	13,310	(152,626)
Change in prepaid expenses	(18,528)	(8,152)
Change in contract assets	11,456	6,437
Change in trade and other payables	(114,774)	(6,116)
Change in deferred revenue	(17,746)	177,867
	(392,551)	14,645
Interest paid (note 9)	(297)	(1,037)
Net cash from operating activities	(392,849)	13,608
Cash flows used in investing activities:		
Purchase of property, plant and equipment	(10,901)	(11,530)
Net cash used in investing activities	(10,901)	(11,530)
Cash flows from financing activities:		
Repayment of shareholder loan	-	(8,836)
Payment of lease liabilities (note 10)	(28,465)	(28,464)
Proceeds from Alberta Innovates Technology grant	-	75,000
Proceeds from exercise of share options (note 12)	20,000	-
Proceeds from exercise of warrants	-	1,663
Interest paid on lease (note 10)	4,132	8,779
Net cash from/(used in) financing activities	(4,332)	48,141
Net increase in cash and cash equivalents	(408,081)	50,219
Cash and cash equivalents, beginning of year	1,189,346	523,555
Cash and cash equivalents, end of year	$ 781,265	$ 573,774

See accompanying notes to the financial statements.
The interim financial information contained herein has not been reviewed by the Company's Auditors.

1. Reporting entity:

RenoWorks Software Inc. (“RenoWorks” or the “Company”) is a company registered in Alberta, Canada. The address of the Company’s registered office is 2721 Hopewell Place NE, Calgary, AB, T1Y 7J7. RenoWorks develops and distributes digital visualization software for the renovation and new home construction sectors. RenoWorks is a publicly-traded company listed on the TSX Venture Exchange under the symbol “RW”.

2. Basis of presentation:

(a) Statement of compliance:

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting.

Accordingly, certain information and footnote disclosures normally included in the annual financial statements prepared in accordance with IFRS, as issued by the International Accounting Standards Board (IASB) have been omitted or condensed. These unaudited condensed interim financial statements should be read in conjunction with the Company’s financial statements for the year ended December 31, 2021. There have been no changes to the Company’s significant accounting policies from those disclosed in the 2021 consolidated audited annual financial statements.

The condensed interim financial statements were authorized for issue by the Board of Directors on May 24, 2022.

(b) Basis of measurement:

These unaudited condensed interim financial statements have been prepared on the historical cost basis, except for certain financial assets as disclosed in note 4.

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars which is the Company’s functional currency.

(d) Use of estimates and judgments:

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

2. Basis of presentation (continued):

Information about critical estimates that have the most significant effect on the amounts recognized in the financial statements is included in Note 4: Determination of fair values.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the December 31, 2021 Financial Statements Note 3: Significant accounting polices. Determination of the separately identifiable performance obligations and the relative fair value and revenue recognition timing of the performance obligations is subject to critical judgements. Critical judgements are required to assess whether or not a deferred tax asset should be recognized for temporary tax differences

(e) Going concern:

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. The Company had a net loss of $332,546 for the three months ended March 31, 2022, and has a deficit of $8,746,777 at March 31, 2022 (2021 - $7,848,143).

These factors indicate the existence of material uncertainty that may cast significant doubt as to the ability of the Company to continue as a going concern.

Whether 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 March 31, 2022 is uncertain. Until this time, management may have to raise funds by way of debt or equity issuances or improve profitability.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

3. Significant accounting policies:

These unaudited condensed interim financial statements have been prepared in accordance with IFRS using the same accounting policies as outlined in Note 3 of the consolidated financial statements for the year ended December 31, 2021. The accounting policies have been applied consistently by the Company.

4. Determination of fair values:

A number of the Company's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Share-based payment transactions and warrants:

The fair values of the employee share options and warrants are measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, expected forfeiture rates and the risk-free interest rate (based on a government bond with a comparable term). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair values.

5. Future changes to accounting standards:

Accounting standards issued, but not yet effective.

IAS 1: Presentation of Financial Statements:

In February 2021, the International Accounting Standards Board issued amendments to IAS 1, Presentation of Financial Statements. The amendments will require the disclosure of material accounting policy information rather than disclosing significant accounting policies and clarifies how to distinguish changes in accounting policies from changes in accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023 although earlier application is permitted. The Company is currently assessing the impact of these amendments on the disclosure of our accounting policies.

6. Revenue by product:

	Three months ended March 31	
	2022	2021
Design services	$ 610,561	$ 746,734
Licensing and hosting	460,784	451,270
Libraries	133,097	127,527
Implementation	111,475	95,811
Total Revenue	$ 1,315,917	$ 1,421,342

Revenue by geographical area:

	Three months ended March 31	
	2022	2021
Canada	$ 50,984	$ 70,056
United States	1,261,798	1,346,106
Other	3,135	5,180
Total Revenue	$ 1,315,917	$ 1,421,342

For the three months ended March 31, 2022 31% (2021 - 41%) was earned from one major customer.

As at March 31, 2022, the Company expects to recognize revenue related to the implementation, licensing and hosting performance obligation, that are unsatisfied or partially unsatisfied of $1,371,801. Of this amount, $1,177,494 is expected to be recognized in 2022, $195,926 in 2023 and $64,475 in 2024.

7. Contract costs:

Contract costs consist of commissions paid on new contracts and costs incurred in advance to fulfil contracts. The changes in contract costs during the period consist of:

	March 31 2022	December 31 2021
Balance, beginning of year	$ 179,509	$ 179,509
Additions	23,641	124,153
Recognized in revenue		
From opening balances	(33,754)	(100,083)
From additions during the year	(450)	(23,177)
Balance, end of period	$ 168,946	$ 180,402
Current portion	105,077	65,791
Non-current portion	63,869	114,611
Total	$ 168,946	$ 180,402

8. Deferred revenue:

Timing differences between invoicing, cash collection and revenue recognition results in accounts receivable and deferred revenue on the statement of financial position. The changes in deferred revenue during the year consist of:

	March 31 2022	December 31 2021
Balance, beginning of year	$ 1,389,547	$ 970,835
Collected:	374,469	1,157,622
Recognized in revenue		
From opening balances	(74,352)	(454,921)
From additions during the year	(317,863)	(283,989)
Balance, end of year	$ 1,371,801	$ 1,389,547
Current portion	1,175,003	1,177,494
Non-current portion	196,798	212,053
Total	$ 1,371,801	$ 1,389,547

9. Finance income and finance cost

	Three months ended March 31	
	2022	2021
Interest on shareholder loan	$ -	$ 844
Lease interest	4,132	8,779
Other interest expense	297	200
Interest income	(1,250)	(7)
Net finance expense	$ 3,179	$ 9,816

10. Lease liabilities:

	March 31, 2022	December 31, 2021
Opening balance:	$ 85,317	$ 170,723
Less lease liability payments	(24,333)	(85,406)
Balance end of period	$ 60,984	$ 85,317

	March 31, 2022	December 31, 2021
Current lease liabilities	$ 60,984	$ 85,317
Total lease liabilities	$ 60,984	$ 85,317

Lease liability payments are due as follows:

	Interest	Principal	Total
2022	$ 4,367	$ 56,617	$ 60,984
	$ 4,367	$ 56,617	$ 60,984

11. Share capital and contributed surplus:

a) Share capital:

(i) Authorized:

Unlimited number of common shares
Unlimited number of preferred shares

(ii) Issued:

Common shares	March 31 2022	December 31 2021
Issued and outstanding at January 1	$ 7,989,894	$ 6,807,754
Issued via warrant exercise	-	721,806
Issued via option exercise	20,000	460,334
Issued and outstanding at March 31/December 31	$ 8,009,894	$ 7,989,894
Number of shares		
Shares issued and outstanding at January 1	38,985,968	36,610,507
Issued via option exercise	66,667	916,666
Issued via warrant exercise	-	1,458,795
Shares issued and outstanding at March 31/December 31	39,052,635	38,985,968

12. Share-based compensation:

The Company has an option program that entitles officers, directors, employees and certain consultants to purchase shares in the Company. Options granted are exercisable at the market price of the shares at the date of grant, have a five-year term and vest in accordance with the terms of the individual grants.

The number and weighted average exercise prices of share options are as follows:

	Number of options	March 31 2022 Weighted average exercise price	Number of options	December 31, 2021 Weighted average exercise price
Outstanding at January 1	2,620,000	$ 0.37	2,928,333	$ 0.33
Forfeited during the year	(30,000)	0.33	(161,667)	0.33
Expired during the year	-	-	(310,000)	0.31
Exercised during the year	(66,667)	0.30	(916,666)	0.31
Granted during the year	470,500	0.46	1,080,000	0.40
Outstanding at March31/December 31	2,993,833	$ 0.39	2,620,000	$ 0.37
Exercisable at March31/December 31	1,288,889	$ 0.36	1,080,000	$ 0.33

During the three months ended March 31, 2022, 66,667 options were exercised by employees of the company for proceeds totaling $20,000. The Company's weighted average share price at the time the options were exercised was $0.37

12. Share-based compensation (continued):

During the three months ended March 31, 2022 the Company issued 470,500 (2021 – 100,000) share options to employees of the Company. All of these options vest one-third annually over three years.

The fair value of the options issued to employees, consultants, directors, and officers was estimated using the Black-Scholes option-pricing model with the following weighted average inputs:

	2022	2021
Fair value per option	$0.22	$0.22
Share price	$0.46	$0.40
Exercise price	$0.46	$0.40
Expected life of options	5.0 years	5.0 years
Expected volatility	55%	66%
Forfeiture rate	10%	2%
Risk free rate of return	2.01%	0.95%

Expected volatility is based on the Company's historical volatility.

Share-based compensation of $42,604 was expensed during the first quarter of 2022 (2021 - $15,589).

The weighted average remaining lives of the Company's outstanding options as at March 31, 2022 is 3.4 years (December 31, 2021 – 3.3 years).

13. Related parties loans receivable:

Loans Receivable	March 31, 2022	December 31, 2021
Opening balance	$ 86,408	$ -
Loan amounts advanced	-	95,000
Employee benefit portion adjustment	-	(8,592)
Total Loans Receivable	$ 86,408	$ 86,408
Less current portion	38,750	29,375
Long term loans receivable	47,657	57,033

During the year ended December 31, 2021 the Company entered into non-interest bearing loan agreements totaling $95,000 with one officer and one director and officer of the Company. These loans were initially measured at their fair values, totaling $86,408 using an effective interest rate of 5% per annum. A total of $8,592 is included in prepaid expenses representing the employee benefit portion of the loan amount. The $75,000 loan is unsecured and is repayable via 24 equal payments of $3,125 beginning on October 12, 2022, while the $20,000 loan is unsecured and is repayable on September 30, 2022.

14. Government grants:

The Company received funding from various government programs in 2022 and 2021, one of which was the Alberta Innovates Technology grant. During the three months ended March 31, 2022 the Company received $32,959 (twelve months ended December 31, 2021 - $117,041) of funding which was recorded as a reduction to research and development costs. The Company also received $11,250 (2021- nil) of funding from the Industry Commercialization Associates program funded by Alberta Innovates. This funding was recorded as a reduction to general and administrative costs.

15. Subsequent event:

During the month of April 2022, the Company completed a private placement for gross proceeds of $805,000 issuing 1,610,000 units at $0.50 per unit. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each full warrant entitles the holder to purchase one common share at a price of $0.60 per common share at any time prior to eighteen months following the closing date of the private placement.