

ICESoft Technologies Canada Corp.  
Interim Management Discussion and Analysis – Quarterly Highlights  
For the period ended September 30, 2020

## **MANAGEMENT’S DISCUSSION & ANALYSIS – QUARTERLY HIGHLIGHTS**

This Management’s Discussion & Analysis – Quarterly Highlights (“MD&A”) is intended to provide readers with supplemental information that management (“Management”) of ICESoft Technologies Canada Corp. (“ICESoft” or “ICESoft Technologies” or the “Corporation” or the “Company”), believes is required to gain an understanding of the financial results of the Corporation for the three and nine months ended September 30, 2020 and September 30, 2019 and to assess the Corporation’s future prospects.

Accordingly, certain sections of this report contain forward-looking statements and forward-looking information (collectively, “Forward-Looking Information”) as defined under applicable Canadian securities laws, which are based on current plans and expectations (see under the heading “Special Note Regarding Forward Looking Information”). Additional information relating to ICESoft is available under ICESoft’s profile on [www.sedar.com](http://www.sedar.com).

This MD&A, presented and dated as of November 25, 2020, should be read in conjunction with the audited consolidated financial statements and related notes for the years ended December 31, 2019, and December 31, 2018.

The Corporation’s consolidated financial statements have been prepared on a "going concern" basis, which presumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The operations of the Corporation have been primarily funded through private placements of equity and debt. The continued operations of the Corporation are dependent on the Corporation's ability to generate profitable operations in the future, to receive continued financial support from shareholders, and/or to complete sufficient equity and debt financings. In making its going concern assessment, management is aware of material uncertainties related to events and conditions that may cast significant doubt upon the Corporation’s ability to continue as a going concern. The 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 if the going concern assumption was inappropriate; these adjustments could be material.

All currency amounts in the accompanying financial statements and this MD&A are in Canadian dollars unless otherwise noted.

### **Special Note Regarding Forward-Looking Information**

Certain statements contained in this MD&A constitute "forward-looking statements". These statements, identified by words such as “plan,” “anticipate,” “believe,” “estimate,” “should,” “expect” and similar expressions include our expectations and objectives regarding our future financial position, operating results and business strategy. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of ICESoft to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; speed of market adoption; reliance on reseller and partners; limited operating history of ICESoft; market fluctuations; and retention of key personnel.

Forward-looking statements are based on a number of material factors and assumptions, including that: ICESoft shall be successful in its attempts to raise working capital in the near to medium term future; the market demonstrates ongoing adoption of new technologies; there is no material change to the competitive environment; and ICESoft will be able to access and retain sufficiently qualified technical, sales and marketing staff. While ICESoft considers these assumptions may be reasonable based on information currently available to it, these assumptions may prove to be incorrect. Actual results may

vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed in the section "Risk Factors".

New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on our business or the extent to which any factor, or combination of such factors, may cause actual results to differ materially from those contained in any forward-looking statement.

This MD&A includes market and industry data that has been obtained from third-party sources, including industry and market analyst publications. Management believes that this industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third-party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, we have not independently verified any of the data from third-party sources referred to in this MD&A or ascertained the underlying economic assumptions relied upon by such sources.

ICESoft advises shareholders to review the reports and documents it files from time to time with the securities regulatory authorities on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Corporate Structure**

ICESoft Technologies Canada Corp. (the "Company", or the "Corporation", or "ICESoft" or "ICESoft Technologies") was formed in 2001, incorporated under the Canada Business Corporations Act, and is domiciled in Canada. ICSOFT is a reporting issuer company.

ICESoft and its subsidiaries are providers of mobile rich Internet applications development solutions for desktop and mobile enterprise and provide comprehensive SaaS solutions to the mass notification and community engagement markets. The Company's head office is located at 261, 3553 31st Street NW, Calgary, Alberta, Canada, T2L 2K7. The consolidated financial statements of the Company as at and for the quarter ended September 30, 2020 and September 30, 2019, consist of the Company and wholly owned subsidiaries. ICSOFT wholly owns ICSOFT Technologies Holdings Ltd. and has a wholly-owned Delaware subsidiary, ICSOFT Technologies, Inc., which acts as the United States operating entity.

### **Basis of Presentation**

This review of the results of operations should be read in conjunction with the consolidated financial statements for the quarter ended September 30, 2020 and September 30, 2019 as well as the year ended December 31, 2019, and December 31, 2018. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements were approved and authorized for issue by the Board of Directors on August 20, 2020.

Certain supplementary measures in this MD&A do not have any standardized meaning as prescribed under IFRS and, therefore may not be comparable with calculation of similar measures for other entities and should be considered non-IFRS measures. These measures are described and presented in order to provide information regarding the Corporation's financial and operational results, liquidity and ability to generate funds to finance its operations. These measures are identified and presented where appropriate together with reconciliations to the equivalent IFRS measures; however, they should not be used as an alternative to IFRS measures because they may not be consistent with calculations of other companies. These non-IFRS measures and certain operational definitions used by the Corporation, are further explained below.

## **EBITDA and Adjusted EBITDA**

EBITDA refers to net income before interest, taxes, depreciation and amortization.

Adjusted EBITDA is calculated as EBITDA before costs and benefits associated with government assistance programs, capital raise commissions and financing expense, non-cash loss on debt extinguishment, share-based compensation and other non-cash expenses.

These measures do not have a standardized definition prescribed by IFRS and, therefore, may not be comparable to similar captioned terms presented by other users. Management believes that EBITDA and adjusted EBITDA are key indicators for the results generated by the Corporation's core business activities because they eliminate non-recurring items as well as the impact of finance and tax structure variables that exist between entities.

## **Communities Under Service**

A key metric used by Management is the number of Communities that are contracted to receive Voyent Alert! services. This metric shows overall Voyent Alert! service customer uptake.

## **Addressable Population**

Addressable Population represents the sum of the populations of all communities and regional districts covered by the Voyent Alert! service. It represents the maximum number of potential subscribers across the system.

## **Annualized Fees per Resident**

A key metric used by Management to monitor customer contract value is the Annualized Fees per Resident ("AFR"). It is determined as:

$$\frac{\text{Total Trailing 12 months fees from the Community}}{\text{Addressable Population of Community}}$$

## **Use of estimates and judgments**

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

## **Functional and presentation currency**

The financial statements are presented in Canadian dollars, which is the Company's presentation currency. The functional currency of ICEsoft Technologies Inc. is U.S. dollars and is translated to the presentation currency.

## **Basis of consolidation**

The financial information contained within this MD&A include the accounts of the Corporation and its subsidiaries. All intercompany transactions have been eliminated in the consolidated financial statements. Subsidiaries are those entities that the Corporation controls by having the power to govern the financial and operating policies of the entity. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Corporation controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Corporation

and are subsequently deconsolidated from the consolidated financial statements on the date that control ceases.

### **General Business Outlook**

ICESoft believes that its Voyent Alert! Service offers significant differentiation to conventional alerting services, and that this differentiation will continue to drive material adoption across the Canadian market throughout fiscal years 2020 and 2021 and beyond. The Company anticipates a service launch into U.S. markets by late 2020. The average subscription price per community is expected to climb as the service is adopted by increasingly larger communities over time and additional feature upsell opportunities become available.

During 2021, Management is planning to continue the expansion of its Voyent Alert! service into enterprise and corporate markets and to expand its community engagement and health and safety services offerings with the introduction of lone-worker monitoring capabilities and 311 community reporting services.

First revenues have already been realized in the enterprise sales sector.

Management believes that ICESoft's core/legacy business products and increasing Voyent Alert! sales will generate sufficient income and cashflow for ICESoft to remain solvent to meet its financial obligations, however 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 September 30, 2020 is uncertain. Until this time, management may have to raise funds by way of debt or equity issuances.

The onset of the COVID-19 pandemic has introduced considerable uncertainty into the Company's ability to forecast and/or to achieve key performance metrics. Through the first nine months of 2020, the Company has realized a reduction of legacy sales and legacy product subscription renewals of approximately \$240,000 less than 2019 levels. An additional reduction of \$40,000 - \$60,000 is expected through Q4 2020 as the impacts from the second wave of COVID-19 materializes. Little to none of the lost legacy income to date has been recovered, and Management's view is that this trend will continue through Q1 2021.

Voyent Alert! sales have seen some recovery through Q3 2020, with the Company extending coverage to 28 new communities over the period, up nearly 200% from Q3 2019. Despite these seemingly healthy growth numbers, the impact of COVID-19 continues to be a significant barrier to Voyent Alert! rollout. While Voyent Alert! contract "wins" continue to grow, a deeper analysis has shown that the new subscriptions are predominantly skewed towards more northern and smaller satellite communities that have been experiencing lesser impacts from the pandemic. Larger communities in which Voyent Alert! has been establishing a growing presence remain largely inaccessible and primarily focussed on their own COVID-19 response. Previously announced provincial level and large urban RFPs have largely been deferred out of the year. With the onset of the second wave of COVID-19, Management expects this trend to continue into the foreseeable future.

In 2019, Pre-Covid-19, the average community size for Voyent Alert! deals was 9,500 residents with a growth trajectory of approximately 20% quarter over quarter. For 2020 YTD (during COVID-19) the average community size per deal has dropped to 3,400 residents per deal, down 65% from pre-COVID-19 timeframes. Smaller deal sizes correspondingly result in lower subscription and usage fees. Management estimates a >\$250K impact to previously forecast Voyent Alert! 2020 sales.

In the medium term, ICESoft is forecasting a sales resurgence as the impact of COVID-19 begins to recede and community decision makers are free to turn their attention back to more day-to-day needs. Despite their smaller size, the northern and satellite community use of Voyent Alert! will create an advantage through referrals and increased exposure within larger communities as they begin to re-

engage post COVID-19. Increases in demo requests and higher prospect engagement are positive early indicators, but results have been intermittent to date.

Long-term, management believes that the current situation will serve to heighten community awareness of their need for public engagement tools and services. ICEsoft continues to realize robust growth in its mid-term sales pipeline.

ICEsoft has been managing its SG&A expenses and anticipates that it has the required capital to fully launch the Voyent Alert! product through to positive cashflow contribution and to maximize its business growth opportunities. Based on current conditions management has updated its assessment from its earlier Q2 2020 view with regards to the timeliness of COVID-19 resolution and now forecasts that a return to more historical market conditions won't be realized until Q2 2021 at the earliest.

Subject to the rate at which municipalities are able to re-engage through the second wave of COVID-19, Management is re-setting as an objective that by year-end 2020 the Voyent Alert! service shall have in excess of 200 communities under service with an total addressable population exceeding 1.0 million persons, an installed recurring subscription base of \$280,000 per year, capable of generating annualized sales (subscription and usage fees) of approximately \$550,000 per year once established and rolled out across its client communities.

## 2020 Key Milestones

<b>Business Objective</b>	<b>Description</b>	<b>Target Date</b>	<b>Q3 2020 Progress</b>
Voyent Sales	Secure 250 communities under service with forecast annualized sales exceeding CAD\$1,000,000	Q4 2020	161 communities are presently under service with an addressable population of 980,000 persons. Current subscription base of CAD \$225,000 / year. Forecast to grow to of CAD \$380,000 / year with account roll out and usage growth.
Voyent New Market Introduction	Secure initial Voyent Sales within market outside of Canada and within at least two secondary market verticals.	Q4 2020	Enterprise sales have been realized in both Q2 and Q3. Additional resources have been deployed to this objective for the remainder of the year.
Year End Revenue and Profitability	Achieve annual sales in excess of CAD\$1,800,000 with Adjusted EBITDA loss less than CAD (\$250,000).	Q4 2020	Negatively impacted due to drop in legacy product renewals attributed to COVID-19. Expectations are for sales on the order of CAD\$1,350,000 with Adjusted EBITDA loss of less than CAD(\$650,000)

## Summary of Financial and Operational Results

The following table summarizes select financial information for ICEsoft for the three months ended September 30, 2020 and September 30, 2019. All amounts expressed in \$CAD.

Summary Table of Financial and Operational Results	Three months ended		Nine months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Revenue	307,324	366,401	990,441	1,081,098
Operating Income (Loss)	(189,213)	(127,860)	(503,000)	(424,737)
Net Income (Loss)	(185,872)	(157,231)	(937,383)	(521,891)
Working Capital	(485,197)	(1,199,584)		
Total Assets	621,882	233,507		
Total Liabilities	1,663,141	2,748,744		
Net Income (Loss)	(185,872)	(157,231)	(937,383)	(521,891)
Add Back:				
Amortization of right-of-use asset	7,665	8,289	22,994	24,869
Financing Costs	6,778	27,892	47,185	82,751
<b>EBITDA</b>	<b>(171,429)</b>	<b>(121,050)</b>	<b>(867,204)</b>	<b>(414,271)</b>
Add Back:				
Stock based compensation	25,252	-	193,470	-
Loss on debt extinguishment	-	-	155,465	-
Capital raise expenses	-	-	93,213	-
<b>Adjusted EBITDA</b>	<b>(146,177)</b>	<b>(121,050)</b>	<b>(425,056)</b>	<b>(414,271)</b>

## Summary of Quarterly Results

The following table summarizes select financial information for ICEsoft for the following quarters. All amounts expressed in \$CAD.

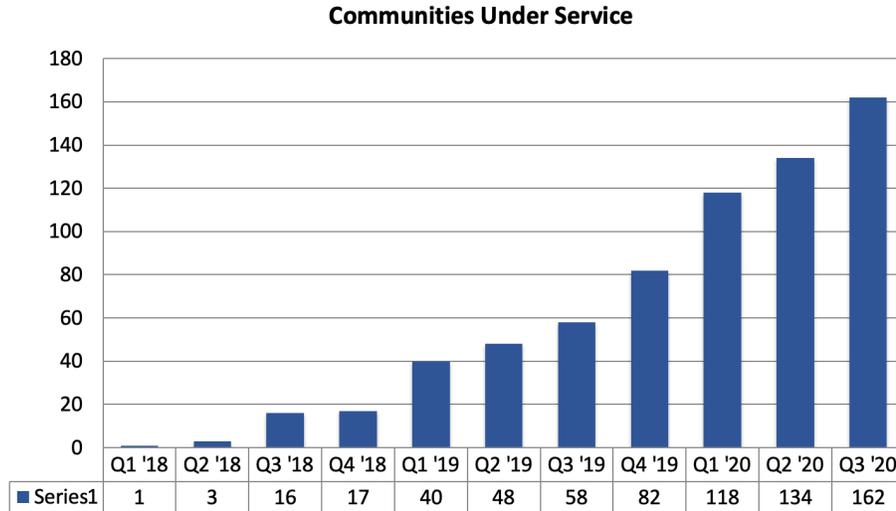
	Q3 2020 09-30	Q2 2020 06-30	Q1 2020 03-31	Q4 2019 12-31	Q3 2019 09-30	Q2 2019 06-30	Q1 2019 03-31	Q4 2018 12-31
Total Assets	621,882	969,714	1,247,360	165,283	233,507	229,297	592,179	132,246
Net working Capital	(485,197)	(354,138)	(264,824)	(1,742,405)	(1,199,584)	(1,127,261)	(1,445,561)	(2,210,763)
Deferred Revenue	680,492	813,540	857,986	728,899	839,332	861,484	988,203	829,602
Total Liabilities	1,663,141	1,869,550	2,226,879	2,733,087	2,748,744	2,640,995	3,007,383	2,781,998
Total Revenue	307,324	335,313	347,804	333,540	366,401	363,851	350,846	348,205
Net Income from Operations	(189,213)	(170,771)	(143,016)	(186,584)	(127,860)	(146,278)	(150,599)	(131,756)
Income (Loss) per share (basic and diluted)	(0.01)	-	-	-	-	-	-	(0.01)

\*Includes deferred revenue

## **RESULTS OF OPERATIONS**

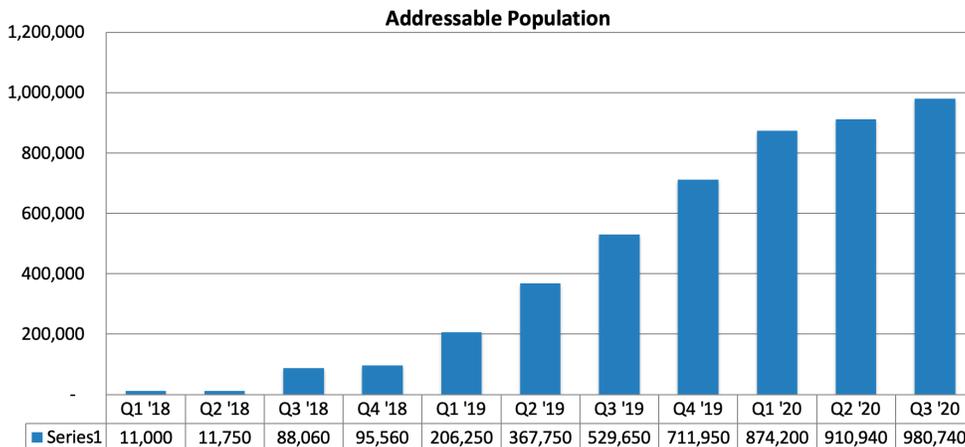
### **Communities Under Service**

Q3 2020 vs Q3 2019 saw an approximate 180% increase in communities under service from 58 to 162 communities. On a quarterly basis, Q3 2020 vs Q2 2020 saw an approximate 21% increase in communities onboarded over the quarter from 134 to 162. This service increase has largely been achieved largely through referrals from existing customers. Management intends to deploy increasing capital to Sales and Marketing initiatives and believes this growth rate in communities under service will continue as the COVID-19 crisis abates.



### **Addressable Population**

Q3 2020 vs Q3 2019 saw an increase in addressable population of 451,090 citizens representing a year over year increase of 85%. This represents a decrease from prior 2019 over 2018 growth rate which were in excess of 150%, and reflects the impact of COVID-19 on general sales activities. As mentioned above, since the advent of COVID-19, the average population of onboarded communities has dropped by 65% from 9,400 persons / community in 2019 to 3,400 persons per onboarded community in 2020. Larger prospects and communities continued to prioritize their COVID-19 response.



## Revenue and Sales

	Three Months Ended	
	September 30, 2020 \$	September 30, 2019 \$
<b>Revenue</b>	307,324	366,401

Q3 2020 vs Q3 2019 revenues declined by \$59,077 (16.1%). Revenue declines in Legacy business lines were partially supplemented from increased Voyent Alert! revenues.

	Three Months Ended	
	September 30, 2020 \$	September 30, 2019 \$
<b>Voyent Alert! Subscription Revenues</b>	46,434	20,839
<b>Voyent Alert! User Fees</b>	2,953	-
<b>Total Voyent Alert Revenues</b>	49,387	20,839

During Q3 2020 Voyent Alert revenues increased from \$20,839 in Q3 2019 to \$49,387 in Q3 2020 (137%) as ICEsoft continued to win early Voyent Alert! sales. By quarter end Q3 2020, the Corporation closed deals covering 162 municipalities.

These contracts include future client obligations to pay additional user/usage fees as municipality and district clients begin to use the features of Voyent Alert! to meet their needs. Management expects annual recurring revenues from the Voyent Alert! System to remain very sticky with little to no customers offboarding the system in the coming years. A 100% renewal rate has been experienced throughout 2020.

In reading the financial statements, the reader needs to be cognizant of the fact that in a subscription-based business, sales do not translate immediately into revenue over the reporting time period. The Company secures payment in advance of subscription-based sales; revenue is subsequently amortized and recognized over the term of the subscription. Unamortized amounts of the pre-paid subscription show up as a liability under Deferred Revenue on the balance sheet. As a consequence, quarterly revenue may drop or appear flat while product sales over the period increase. The long-term difference between sales and revenues is derived from multi-year contracts and management believes cash sales better represent the business activities than realized and deferred revenues.

As such Management believes it is important for investors to have visibility in cash sales and chooses to report this information. Readers should note that cash-based sales is not a IFRS measure.

	Three Months Ended	
	September 30, 2020 \$	September 30, 2019 \$
<b>Legacy Sales</b>	147,854	291,767
<b>Voyent Alert! Sales</b>	43,027	25,156
<b>Sales Total</b>	190,880	316,923

Legacy product sales in Q3 2020 were \$147,854 vs \$291,767 in Q3 2019 representing a decline of \$143,913 or 49.3%. The COVID-19 crisis which is impacting the decision-making process and renewal purchases of ICEsoft's legacy product clients. No material recovery of non-renewed legacy sales are forecast to be collected at this time.

In late February 2020 with the initial onset of COVID-19, Voyent Alert! sales momentum began to slow from a rate of 2 communities a week down to 1 community as key purchase decision makers became increasingly occupied in dealing with the COVID-19 crisis within their communities. Unlike the situation with legacy products, communication across the Voyent Alert! sales pipeline remains very high as does prospects commitment to purchase. Despite the impact of COVID-19, quarterly Voyent Alert sales increased from \$25,156 in Q3 2019 to \$43,027 in Q3 2020 for an increase of \$17,871 or 71%.

While COVID-19 continues to negatively impact near term subscription sales and deal sizes, overall system usage continues to grow. In total, 770 alerts were sent out to 271,690 users in Q3 2020, up from 740 alerts to 224,720 users in Q2 2020. This translates into an approximate 21% quarter over quarter growth in system usage.

A key metric Management uses for forecasting purposes and to monitor deal quality is Annualized Fees per Resident (“AFR”). It is determined as being:

Trailing 12 month fees from a Community / Addressable Population of Community.

Cumulative AFR as of Sept. 30, 2020 was CAD\$0.20/ Resident (inclusive of new deals + renewals). New Deal AFR as of Sept. 30, 2020 was CAD\$0.32 / Resident (inclusive of new deals). Current AFR numbers are forecast to grow to CAD\$0.47 / Resident over time as client communities complete their roll outs and start to accrue usage fees.

Feedback from clients during the COVID-19 crisis has highlighted the need for local government to have a communication service in place to effectively disseminate critical information to their communities. Management believes this will ultimately increase demand for services like Voyent Alert! and expects Voyent Alert! sales to accelerate further once the COVID-19 crisis abates.

There was no material shift in revenue across geographic regions.

#### Marketing, Operating, General & Admin Expenses

	<b>Three Months Ended</b>	
	<b>September 30, 2020</b>	<b>September 30, 2019</b>
	<b>\$</b>	<b>\$</b>
<b>Marketing, Operating, General and Admin Expenses</b>	496,537	494,261

During Q3 2020 SG&A costs remained relatively static, increasing \$2,276 (0.46%) compared to Q3 2019. Sales and Marketing costs increased \$26,713 (35%) as ICEsoft ramped up marketing efforts. Management forecasts that Voyent Alert! sales traction will push the business into a profitable net operating income position in the coming quarters; however, additional marketing expenses will be required to drive Voyent Alert! deeply into the market.

	<b>Three Months Ended</b>	
	<b>September 30, 2020</b>	<b>September 30, 2019</b>
	<b>\$</b>	<b>\$</b>
<b>Net Operating Loss</b>	(189,213)	(127,860)

The business saw net operating income decrease \$61,353 (48%) in Q3 2020 relative to the same period of the prior year. Much of the change is due to weaker Q3 2020 revenues due to the decline in legacy product sales and purchasing delays of Voyent Alert! due to COVID-19.

	<b>Three Months Ended</b>	
	<b>September 30, 2020</b>	<b>September 30, 2019</b>
	<b>\$</b>	<b>\$</b>
<b>Net Income (Loss)</b>	(185,872)	(157,231)

Included in net income / loss and comprehensive loss for the quarter ended September 30, 2020 includes the Canadian Emergency Wage Subsidies of \$35,008 (vs. nil in Q3 2019), financing expense of \$6,778 (vs. \$27,892 in Q3 2019), non-cash stock based compensation of \$25,252 (vs. nil in Q3 2019), and foreign exchange benefits of \$363 (vs. expenses of \$179 in Q3 2019).

### **Liquidity and Capital Resources**

No new changes to ICEsoft's liquidity and capital resources or financing requirements have taken place. Please review the annual MD&A for more details.

### **Shares Outstanding**

See note 8 to the financial statements for an overview of the shares outstanding and share capital of the Corporation. As of September 30, 2020, there were 80,116,026 common A shares outstanding.

### **Off-Balance Sheet Arrangements**

There are no off-balance sheet arrangements at this time.

### **Transactions with Related Parties**

See note 13 to the financial statements for a description of related party transactions.

### **Subsequent Events**

See note 15 to the financial statements for a description of subsequent events.

### **Risk Factors**

No new risks have been identified.