

ICESoft Technologies Canada Corp.  
Interim Management Discussion and Analysis – Quarterly Highlights  
For the period ended March 31, 2019

## **MANAGEMENT’S DISCUSSION & ANALYSIS – Annual 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 the “Corporation”), believes is required to gain an understanding of the financial results of the Corporation for the quarters ended March 31, 2019 and March 31, 2018 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 May 30, 2019, should be read in conjunction with the audited consolidated financial statements and related notes for the years ended December 31, 2018, and December 31, 2017.

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 on-going 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 of 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 carefully 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 was domiciled in Canada. ICESoft is a reporting issuer company incorporated under the Canada Business Corporations Act ("CBCA"), and is domiciled in Canada.

ICESoft and its subsidiaries are commercial Java open source technology companies and providers of mobile rich Internet applications development solutions for desktop and mobile enterprise. The Company's head office is located at 370, 3553 31st Street NW, Calgary, Alberta, Canada, T2L 2K7.

The consolidated financial statements of the Company as at and for the quarter ended March 31, 2019 and 2018, consist of the Company and wholly owned subsidiaries. ICESoft wholly owns ICESoft Technologies Holdings Ltd. and has a wholly-owned Delaware subsidiary, ICESoft 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 March 31, 2019, and March 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 May 29, 2019.

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 associated with capital raise commissions and stock-based compensation.

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.

## **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 2019 and 2020. The Company anticipates a service launch into US markets by end of Q3 2019. The average subscription price per community/customer is expected to increase over time as (1) it achieves significant price increases upon subscription renewals and (2) its service is adopted by increasingly larger communities over time.

During 2019 Management is expecting to launch variants of its Voyent Alert! Service into one or more secondary market verticals. First revenues are expected to be realized in 2019.

Management believes that ICEsoft's core/legacy business products will continue to generate sufficient income and cash flow for ICEsoft to remain solvent to meet its financial obligations, although the organization is becoming increasingly challenged to do so based on legacy products alone as the market for ICEsoft's legacy products is maturing in nature and should be expected to decline further over time.

ICEsoft anticipates that a minimum of CAD\$350,000 either debt or equity-based financing will be required to see its Voyent Alert! product ramp through to positive cash flow contribution and maximize its business growth opportunities.

### Review of 2019 Key Milestones

<b>Business Objective</b>	<b>Description</b>	<b>Target Date</b>	<b>Q1 Progress</b>
Voyent Sales	Secure 100 communities under service with forecast annualized income exceeding CAD\$500,000	Q4 2019	On Track. 39 Communities under service as of Q1'19
Voyent New Market Introduction	Secure initial Voyent Sales within market outside of Canada and within at least one secondary market vertical.	Q3 2019	No Change
Secure Listing Approvals	Secure unconditional approval for listing on a recognized Canadian exchange.	Q2 2019	Application submitted
Increase available working capital	Increase working capital by minimum CAD\$350,000	Q2 2019	Achieved as of April 2019
Year End Revenue and Profitability	Achieve annual sales in excess of CAD\$1,600,000 with Adjusted EBITDA >CAD(\$350,000).	Q4 2019	On Track

## Summary of Financial and Operational Results

The following table summarizes select financial information for ICEsoft Technologies Canada Corp. for the most recently completed fiscal quarters ending at the end of March 31, 2019 and March 31, 2018. All amounts expressed in \$CAD.

<b>Summary Table of Financial and Operational Results</b>	<b>Quarterly</b>	
	<b>Three Months Ended</b>	<b>Three Months Ended</b>
	<b>Mar 31, 2019</b>	<b>Mar 31, 2018</b>
	<b>\$</b>	<b>\$</b>
Revenue	350,846	445,027
Operating Income (Loss)	(150,599)	17,973
Net Income (Loss)	(179,068)	(10,607)
Working Capital	(1,138,021)	(2,038,311)
Total Assets	592,179	256,508
Total Liabilities	3,007,383	2,949,237
Net Income (Loss)	(179,068)	(10,607)
Add Back:		
Financing Costs	28,126	22,884
<b>EBITDA</b>	<b>(150,942)</b>	<b>12,277</b>
Add Back:		
Stock based compensation	0	3,121
Capital raise commissions	0	3,000
<b>Adjusted EBITDA</b>	<b>(150,942)</b>	<b>18,398</b>

### Summary of Quarterly Results

The following table summarizes select financial information for ICEsoft Technologies Canada Corp. for the most recently completed quarters ending at the end of March 31, 2019. All amounts expressed in \$CAD.

	Q1 2019-03-31	Q4 2018-12-31	Q3 2018-09-30	Q2 2018-06-30	Q1 2018-03-31	Q4 2017-12-30	Q3 2017-09-30	Q2 2017-06-30
Total Assets	592,179	132,246	337,835	281,023	256,508	177,123	148,561	201,322
Net working Capital*	(1,138,021)	(2,210,763)	(1,770,156)	(2,022,258)	(2,038,311)	(2,654,034)	(2,767,479)	(2,770,933)
Deferred Revenue	988,203	829,602	868,086	924,996	959,557	799,229	969,150	1,070,080
Total Liabilities*	3,007,383	2,781,998	2,798,707	2,976,123	2,949,237	2,831,157	2,916,040	2,972,255
Total Revenue	350,846	348,205	352,644	348,554	445,027	439,814	414,473	432,273
Net Income from Operations	(150,599)	(131,756)	(31,936)	(100,603)	17,973	(36,749)	(45,765)	(77,445)
Income (Loss) per share (basic and diluted)	-	-	-	-	-	-	-	-

\*includes deferred revenue

### RESULTS OF OPERATIONS

#### Revenue and Sales

	Three Months Ended	
	March 31, 2019 \$	March 31, 2018 \$
<b>Revenue</b>	350,846	445,027
<b>Sales</b>	514,589	543,335

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.

Q1 2019 vs. Q1 2018 – Year over year revenues declined by \$94,181 (21%) primarily due to a decline in the Company’s maturing legacy business. However, during Q1 2019 ICEsoft collected sales of \$514,589, more than \$160,000 more than the reported revenues. The sales numbers reflect that increased early Voyent Alert! related sales are now compensating for the observable decline in legacy product sales. When contrast against Q1 2018 sales of \$543,335, it represents a sales decline of only \$28,745 (5%). The difference between sales and revenues is due to the period over which the sales are amortized.

Importantly, during Q1 2019, ICEsoft won an additional 8 Voyent Alert! related contracts covering 22 new municipalities. Although these sales may appear immaterial, contributing \$43,900 to sales and \$3,900 CAD in realized revenues; these contracts include future significant client obligations to pay additional user/usage fees, as municipality and district clients begin to utilize the features of the Voyent Alert! service to meet their needs. Management expects the contracts to begin to generate annual recurring revenues from Voyent Alert! system commencing Q2 2019 and also anticipates very customer retention rates in the coming years.

There was no material shift in revenue across geographic regions.

### Operating, General & Admin Expenses

	<b>Three Months Ended</b>	
	<b>March 31, 2019</b>	<b>March 31, 2018</b>
	<b>\$</b>	<b>\$</b>
<b>Cost of Sales, Operating, General and Admin Expenses</b>	501,445	427,054

Q1 2019 vs. Q1 2018 G&A increased by \$74,391 (17%). Increased expenses over the period were nearly all related to increased sales and marketing related investments. ICEsoft remains exceptionally lean, but investors can expect G&A costs to increase as it further expands the Voyent sales force, develop product for new business verticals, and as it begins to provide customer service to new Voyent customers. G&A and R&D expenses remained relatively flat during the period, while sales and marketing expenses increased by nearly double as the company ramped up sales efforts.

	<b>Three Months Ended</b>	
	<b>March 31, 2019</b>	<b>March 31, 2018</b>
	<b>\$</b>	<b>\$</b>
<b>Net Operating Income</b>	(150,599)	17,973

The business saw net operating income weaken \$168,572 in Q1 2019 relative to the same period of the prior year. This is due to the expansion of resources to begin selling Voyent product to a wider audience.

	<b>Three Months Ended</b>	
	<b>March 31, 2019</b>	<b>March 31, 2018</b>
	<b>\$</b>	<b>\$</b>
<b>Cash Based Net Operating Income</b>	13,144	116,281

Management believes that given the nature of a SaaS-based enterprise such as ICEsoft, cash sales are a more accurate reflection of topline business activity. As such sales less the cash based cost of goods sold and cash based operating costs will allow a reader to arrive at a cash based net operating income figure. ICEsoft reported positive cash-based net operating income for the period of Q1, 2019. This measure does not have a standardized definition prescribed by IFRS and, therefore, may not be comparable to similar captioned terms presented by other users. That said, Management believes cash sales less cash expenses is an accurate reflection of the businesses quarterly performance.

	<b>Three Months Ended</b>	
	<b>March 31, 2019</b>	<b>March 31, 2018</b>
	<b>\$</b>	<b>\$</b>
<b>Net Income (Loss)</b>	(179,068)	(10,607)

Included in net income / loss and comprehensive loss for the quarter ended March 31, 2019 is interest expense of \$28,126 vs \$22,884 in Q1 2018.

#### **Stock Based Compensation**

See note 12 on the financial statements for an update to ICEsoft's stock based compensation.

#### **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 10 on the financial statements for an overview of the shares outstanding and share capital of the Corporation. As of May 17, 2019 there are 51,725,739 common A shares outstanding.

#### **Foreign Exchange Gains and Losses**

See note 19(d) on the financial statements for description of foreign exchange impacts to the Corporation.

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

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

#### **Transactions with Related Parties**

See note 17 on the financial statements for a description of related party transactions.

#### **Capital Management**

See note 18 on the financial statements for the capital structure of the corporation.

**Subsequent Events**

There are no material subsequent events

**Significant Accounting Judgments, Estimates and Assumptions**

See note 4 on the financial statements for accounting judgments, estimates, and assumptions.

**Changes in Accounting Standards**

See note 3 and 4 on the financial statements for changes in accounting standards.

**Risk Factors**

No new risks have been identified.