

ICESoft Technologies Canada Corp.  
Interim Management Discussion and Analysis – Quarterly Highlights  
For the three months ended March 31, 2017

## **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 the “Corporation”), formerly Stinton Exploration Ltd (“Stinton”), believes is required to gain an understanding of the financial results of the Corporation for the quarter ended March 31, 2017 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 23, 2017 is supplemental in nature and should be read in conjunction with the consolidated financial statements and related notes for the quarter ended March 31, 2017 and with the full MD&A provided with the audited financial statements for year-end December 31, 2016.

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 listing statement 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.

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.

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 may have on our business. 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. Although the associated industry 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. The Company completed a reverse takeover of Stinton Exploration Ltd ("Stinton"), a reporting issuer, on September 24, 2015. Stinton was incorporated under the Canada Business Corporations Act on September 1, 2010. Following the reverse takeover on November 19, 2015, Stinton changed its name to ICESoft Technologies Canada Corp. 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 year ended, December 31, 2016 consist of the Company and wholly owned subsidiaries. ICESoft wholly owns ICESoft Technologies Holdings Ltd., which was amalgamated under the CBCA and which 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, 2017. 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 18, 2017.

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 non-recurring business costs associated with acquisition, share-based compensation, accretion of convertible notes, and gain on fair value of derivative liability.

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 and 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**

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. However, the market for ICEsoft's legacy products is maturing in nature as evidenced by the Q1 2017 and 2016 full year declining revenues and should be expected to decline further over time.

ICEsoft anticipates that additional financing sources, either debt or equity-based will be required in order to complete its new product development initiatives and maximize its business growth opportunities. It is Management's opinion that in order to access these resources the Company must first evidence initial market success and sales with its Voyent product.

### **Key Milestones**

<b>Business Objective</b>	<b>Description</b>	<b>Target Date</b>	<b>Q1 Progress</b>
Establish first Voyent sales	Secure initial sales for Voyent, likely within the small to medium sized municipality, oil and gas or insurance markets.	Q3 2017	ICEsoft currently has multiple small to medium sized municipalities and other firms evaluating Voyent.
Secure Voyent strategic partnership	ICEsoft plans to secure a strategic partnership to allow it to hone the Voyent product with preparation for a broader launch into its developer community.	Q3 2017	ICEsoft has initiated potential partner discussions.
Increase available working capital	ICEsoft will undertake to increase its available working capital by \$1M+ sourced from a combination of public and private markets.	Q1-Q4 2017	ICEsoft is developing a financing strategy to execute once Voyent sales are evident.

Launch Voyent to ICEsoft's broad developer community	ICEsoft plans for a broad market launch of Voyent to its installed developer community. Targeted launch collateral will be prepared before the launch, including tutorials, documentation, demos and videos as well as lead customer case studies from strategic partnerships and testimonials.	Q4 2017	Items 1 and 2 above need to be completed first.
Increased subscription sales	ICEsoft plans to close an incremental \$147,000 CAD in sales from ICEfaces and ICEpdf during 2017.	Q4 2017	ICEsoft has landed \$60,000 CAD from 10 new customers in Q1 2017

### **Summary of Financial and Operational Results**

The following tables set forth consolidated financial data prepared in accordance with IFRS for the quarter ended March 31, 2017.

<b>Summary Table of Financial and Operational Results</b>	<b>March 31, 2017 \$</b>	<b>March 31, 2016 \$</b>
Revenue	467,415	532,357
Operating Loss	(56,359)	(122,013)
Net Loss	(85,600)	(133,027)
Working Capital	(2,725,991)	(2,631,384)
Total Assets	236,638	287,420
Total Liabilities	2,962,629	3,084,200
Cash provided by operating activities before changes to working capital	(72,080)	(208,564)
Net Loss	(85,600)	(133,027)
Add Back:		
Financing Costs	20,796	28,762
<b>EBITDA</b>	<b>(64,803)</b>	<b>(104,264)</b>
Add Back:		
One Time Costs Associated with Going Public	0	(13,108)
Stock based compensation	13,519	0
Warrant based financing charges	0	108,944
Gain/Loss on cancelled debt & trades payable	(5,200)	0
Gain on conversion of debenture	0	(184,483)
<b>Adjusted EBITDA</b>	<b>(56,484)</b>	<b>(192,911)</b>

## Summary of Quarterly Results

The following table summarizes select financial information for ICEsoft Technologies Canada Corp. for the prior one most recently completed quarters ending at the end of March 31, 2017. All amounts expressed in \$CDN.

	<b>Q1 03/31/2017</b>	<b>Q4 12/31/2016</b>	<b>Q3 09/30/2016</b>	<b>Q2 06/30/2016</b>	<b>Q1 03/31/2016</b>	<b>Q4 12/31/2015</b>	<b>Q3 09/30/2015</b>	<b>Q2 06/30/2015</b>
Total Assets	236,638	234,832	328,186	318,318	287,420	239,327	276,818	306,758
Net working Capital*	(2,725,991)	(2,662,743)	(2,431,379)	(2,247,303)	(2,631,384)	(3,970,061)	(3,516,973)	(2,993,761)
Deferred Revenue	1,191,653	1,219,345	1,360,139	1,404,691	1,410,981	1,359,044	1,216,091	1,155,597
Total Liabilities*	2,962,629	2,897,575	2,759,565	2,851,191	3,084,200	4,393,251	3,793,791	3,548,336
Total Revenue	467,415	475,563	461,201	459,000	532,357	500,037	531,114	498,806
Net loss from Operations	(56,359)	(184,666)	(87,852)	(198,979)	(122,013)	(408,721)	(93,721)	52,881
Income (Loss) per share (basic and diluted)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.11)	(0.05)	(0.02)

## RESULTS OF OPERATIONS

### Revenue and Sales

**Three Months Ended**  
**March 31, 2017    March 31, 2016**  
**\$                                  \$**

<b>Revenue</b>	<b>467,415</b>	<b>532,357</b>
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In reading the quarterly financials, 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.

That said, Q1 2017 vs Q1 2016 saw a decline in revenues of \$64,942 or 12%. Q1 2017 vs Q4 2016 revenues declined by \$8,148 or 2%. Much of this reduction in revenues (\$45,880 Q1 2017 / Q1 2016) came from the strategic decision to reduce lower margin consulting services. At the same time deferred revenues declined by \$219,328 Q1 2017/Q1 2016 (16%) and declined by \$27,692 Q1 2017/Q4 2016 (2%). The market for legacy products continues to mature. Revenues from core legacy business dropped by \$19,064 or 4% Q1 2017 vs. Q1 2016 in line with management expectations. There was no material shift in revenue across geographic regions.

## Operating, General & Admin Expenses

Summary Table of Operations	Three Months Ended	
	March 31, 2017	March 31, 2016
	\$	\$
General & Administrative Expenses	137,320	188,567

G&A costs in Q1 were reduced across all three categories – Research and Development, General and Administrative and Sales and Marketing. In total costs were reduced \$51,247 or 27% Q1 2017 vs. Q1 2016 as the effects of recent reductions in staffing began to materialize. ICEsoft is beginning to make headway with Voyent sales, however should sales not materialize in the coming months, management will take further action to reduce costs and become profitable on the legacy business.

Summary Table of Operations	Three Months Ended	
	March 31, 2017	March 31, 2016
	\$	\$
Net Operating Income	(56,359)	(122,013)

The business saw net operating income improve \$65,654 in Q1 2017 relative to the same period of the prior year as the impacts of the restructuring took hold.

Summary Table of Operations	Three Months Ended	
	March 31, 2017	March 31, 2016
	\$	\$
Net Loss	(85,600)	(133,027)

Included in net loss and comprehensive loss for the quarter ended March 31, 2017 is a still significant interest expense of \$20,796 vs March 31, 2016 of \$28,762. Also a \$13,519 non-cash expense associated with vesting stock options impacts the quarterly loss.

## Stock Based Compensation

See note 12 and 13 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.

## Foreign Exchange Gains and Losses

See note 16(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 13 on the financial statements for a description of related party transactions.

**Commitments**

See note 14(a) on the financial statements for outstanding commitments the corporation faces.

**Subsequent Events**

No material subsequent events took place after March 31, 2017 and before the issuance of the financial statements.

**Significant Accounting Judgments, Estimates and Assumptions**

See note 4 on the financial statements for a description of significant accounting judgments, estimates and assumptions.

**Changes in Accounting Standards**

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

**Risk Factors**

No new risks have been identified.