# iSIGN Media Solutions Inc.

**Management's Discussion & Analysis**
**For the Year Ended April 30, 2019**

This Management Discussion and Analysis ("MD&A") provides relevant information on the operations and financial condition of iSIGN Media Solutions Inc. (the "Company" or "iSIGN") for the year ended April 30, 2019. This MD&A should be read in conjunction with the audited consolidated financial statements for the years ended April 30, 2019 and 2018. This discussion contains forward-looking information that is qualified by reference to and should be read in conjunction with the Caution Regarding Forward Looking Statements below.

This MD&A provides information that the management of iSIGN believes is important to assess and understand the results of operations and financial condition of the Company. Our objective is to present readers with a view of iSIGN from management's perspective by interpreting the material trends and activities that affect the operating results, liquidity and financial position of iSIGN. All monetary amounts unless otherwise specified are expressed in Canadian dollars.

Additional information relating to iSIGN is available on SEDAR, at www.sedar.com. The common shares of the Company are listed for trading on the TSX Venture Exchange under the trading symbol ISD-V. In addition, iSIGN is listed on the OTC under the trading symbol ISDSF. For more information on the Company, please visit our website at www.isignmedia.com.

This MD&A is current as of August 27, 2019.

iSIGN's audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

**Caution Regarding Forward-Looking Statements**

Readers are cautioned that actual results may differ materially from the results projected in any "forward-looking" statements included in the foregoing report, which involve a number of risks or uncertainties. This MD&A contains "forward-looking statements" and "forward-looking information" within the meaning of the applicable Canadian securities legislation. Forward-looking statements are not historical facts and include statements regarding the Company's planned development activities, anticipated future profitability, losses, revenues, expected future expenditures, the Company's intention to raise new financing, sufficiency of working capital for continued operations and other statements regarding anticipated future events and Company's anticipated future performance.

Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "continue", "anticipates" or "does not anticipate", or "believes" or variation of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". All forward-looking statements are based on our beliefs and assumptions based on information available at the time the assumption was made. While iSIGN considers its assumptions to be reasonable and appropriate based on the current information available, there is a risk that they may not be accurate. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievement of iSIGN to be materially different from those expressed or implied by such forward-looking statements, including but not limited to risks related to the integration of acquisitions, as well as those factors discussed in the section entitled "Risk Factors" in this MD&A. Before making any investment decisions and for a detailed discussion of the risks, uncertainties and environment associated with our business, fully review the section entitled "Risk Factors" in this MD&A.

**Caution Regarding Forward-Looking Statements – continued**

Although management has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. iSIGN does not undertake to update any forward-looking statements that are incorporated by reference herein, except as required by law.

**Background**

iSIGN is a Software-as-a-Service ("SaaS") company with technology and hardware that allows for security and safety messaging as well as commercial messaging in proximity. Creators of the Smart suite of products, a patented interactive proximity marketing technology, iSIGN provides the technology and hardware to enable end-users to deliver messages to mobile devices, with real-time reporting and analytics and data gathering and storage capabilities that can be monetized. The Company continues to develop new software, while improving our products with key input from our major clients and partners.

iSIGN's core technology is patent protected, having received from the United States Patent and Trademark Office Patent No US 8,781,887 B2 for the Company's "method and system for out-of-home proximity marketing and for delivering awareness information" on July 15, 2014.

iSIGN has received patent pending status for the Company's 'Assembly for Transmitting Message to Smartphone Users in a Territorially Delimited, Targeted Zone' (Push Sensor technology) in early June 2017 for Canada (#2,965,064), and in mid-October 2017 for the United States (#20180359327). This technology is a non-app and non-download method for integrating messaging and coupon solutions with Google Chrome and Apple Passbook, with additional integration for Google Wallet and Apple Pay expected when messaging/coupons drives purchasing, allowing for the seamless interaction with all mobile devices, especially Smartphones, including iPhones, was received. The Company will be pursuing applications in other countries.

iSIGN's hardware products consists of: (i) the Smart Antenna, a commercially built, all-weather and waterproof unit that utilizes Bluetooth® and Wi-Fi to deliver messages and rich media content within a scalable 100 meter/300 foot radius; and (ii) iSIGN POD wireless devices, a beacon-like unit with a major point of difference in a very material manner. iSIGN's PODs use a unique and exclusive 'app enable' that allows for the download of the 'enabler' only one-time to receive all messages. iSIGN has two versions of the POD devices, one that allows for proximity messaging only and the other that allows for messaging to be delivered to recipients regardless of their location and distance from the unit. Additionally, iSIGN has its Smart Player, a prototype unit that in addition to the Smart Antenna features includes digital signage player functionality, manages the content on digital signage, allows for wireless connectivity and increases the number of simultaneous connections with mobile devices.

Regardless of the hardware unit used, we gather information on the messaging sent, accepted, rejected or ignored, in full privacy and do not collect or store information that is personal and private in nature. As our technology can be used for clients' loyalty programs, we have the ability to gather and store individuals' personal information should the individual choose to disclose their private information as a condition of joining the loyalty program.

iSIGN has added wireless connectivity as an option for its Smart Antennas by entering into an agreement with Mtrex Network Solutions Inc. ("MTREX"), a leading provider of secure, global wireless connectivity solutions. While the MTREX modem can be used as a separate device, iSIGN's intent is to integrate MTREX' modems into the Smart Antenna. Adding the modem to our Smart Antenna allows for the use of our hardware in areas where there is no fixed data network or in cases of clients' preference for wireless connectivity, which is important to achieve planned

***Background – continued***

installations of our hardware into vehicles of all types – buses, subways, trucks and emergency vehicles for example.

Completion of the Company's Security Alert Messaging ("SAM") solution, recently enhanced by the addition of Android and Apple apps, was completed in August 2017. SAM is a unique and exclusive proximity-based security and safety alert system, allowing alerts and messages to be delivered by a variety of methods, including email, text message and direct to a device's notification bar. This sophisticated software solution can be integrated onto any iSIGN Smart Antenna network or stand-alone location. The addition of SAM to an iSIGN Smart Antenna network offers a very high value-added dual function – commercial messaging by the Smart Antenna and security messaging by SAM – commerce and safety in one exclusive package. The system was conceived to offer immediate instruction to the public in the event of any type of natural or man-made disaster to mitigate confusion and avoid injury and potential loss of life. This is achieved by utilizing virtually all methods of messaging to mobile devices to ensure timely individual and mass receipt of security/safety notices.

iSIGN's SAM is hyper-location based, meaning the location using our technology has full control over the sending of security alerts to individuals who have registered for the receipt of messaging. SAM provides for messages to be sent in many ways, based on how individuals register themselves for alerts – text messages; via downloaded iSIGN SAM apps for Android and Apple mobile phones; emails; etc. It also allows for integration into existing security systems as well as for advising first responders of issues.

SAM can also be used to deliver 'normal' messaging to its registrants, a feature that is of great interest to end-users who are looking to communicate with its employees to alert them of work-related matters, such as where to report to work and what work-related documents to bring that day, thus increasing work-place efficiencies.

Data is central to iSIGN's value proposition. Data has become the most valuable resource of the 21$^{st}$ century. The ability to "attract, interact and transact" captures the essence of the value that we offer in any situation.

From a technology perspective, our SaaS solutions have the capability to measure and record data that had previously been regarded as invisible. i.e. how many people passed that location at what time and how long did they dwell? Data itself has real value and the ability to mine that data is critical to any business.

From a commercial perspective, iSIGN solutions have the ability to generate offers in real time, at the point of decision. It incorporates the context of geolocation, time and when integrated with a loyalty program, incredibly personalized offers which in turn drive greater loyalty.

From a social perspective, there is a need for government agencies and organizations to be able to communicate with large numbers of people to advise them of safety and security concerns. The solution is also able to provide data on the presence of people with a smart phone – a useful feature for first responders who may be attempting to locate people who cannot announce their location or situation.

While Commercial messaging requires the use of iSIGN's hardware, SAM is a cloud-based software system that does not require hardware to deliver security alerts and other communications. Alerts and messages are delivered to those individuals who have registered to receive these communications. SAM can be integrated with Smart Antennas to deliver security messaging to those individuals who haven't registered for safety messaging but are in proximity to our hardware units.

For economic reasons, the Company utilizes resellers as their sales force and has resellers located globally. These resellers are promoting the Company's technology for both commercial proximity marketing messaging and for security and safety messaging to mobile devices.

***Background – continued***

iSIGN and its resellers are confident that the Company's proven ability to deliver messaging to mobile devices will result in contracts with end-clients for both security and commercial purposes.

iSIGN's goal is to become the leading interactive proximity security and mobile marketing solution worldwide.

Visit our website at www.isignmedia.com to view various videos on the Company and its technology.

**Outlook**

The Company expects that the concerns over public safety and security will drive revenue in an assortment of channels. Public safety and security are on-going issues, especially in the United States, where numerous instances of shootings in public areas (schools, transportation hubs, concerts, etc.) sadly seems to be never ending.

iSIGN's technology has been presented to a number of potential end-clients including cities who are desirous of using varied technology to become 'Smart' Cities; airports and other transportation centres; shopping malls; schools and school boards; government offices, agencies and departments; property management companies; mining companies, sports teams and hotels and casinos to name a few channels.

Our SAM technology has been generally reviewed by various US and Canadian insurance brokers and companies who have acknowledged in writing that the use of SAM would result in insurance cost rebates/premium reductions. This is important in that it helps in the calculation of a Return on Investment ("ROI") for potential end users.

iSIGN's technology was introduced to Hi-Tek Media ("Hi-Tek"), a Nevada based marketing company, in the late summer of 2018.

Hi-Tek purchased 20 Smart Antennas to test the viability of installing iSIGN's hardware and utilizing the Company's technology in a mobile environment. In mid-March of 2019 once they satisfied themselves that messaging could be delivered and received from a mobile installation, Hi-Tek announced their intention to launch a mobile and fixed location digital network they branded under the of name of Omni Veil, powered purely by iSIGN technology and hardware. Further, they announced their intent to complete a partnership agreement with iSIGN by the start of April and issued a purchase order for 1,000 Smart Antenna purchase order to be delivered between April and December 31, 2019 and for 1,000 SAM licenses, with the SAM licenses to be delivered by the end of calendar 2019. Hi-Tek and iSIGN subsequently signed a three-year reseller agreement, with a commencement date of April 1, 2019.

Hi-Tek's stated immediate intention is to provide the mobile Smart Antenna solution along with typical stationary installations in hotels, casinos and other municipal structures for both commercial and security alert messaging throughout Las Vegas. Our reseller and its partners recognize that these installations fit within the city's plans to become a digital safe city.

The precursor of the launch of the Omni Veil network, was the branding of iSIGN's app-enabler under the name of Omni Veil and its acceptance into both Google and Apple app stores. The Omni Veil app was available in the Google store May 1 and in Apple's App Store on July 12 for download. With this step completed, Hi-Tek has expanded its promotion of the Omni Veil network with its various nationwide and regional advertisers including, but not limited to, insurance companies and beverage firms. Additionally, Hi-Tek is promoting its network to various companies and organizations to grow and expand their network locations and revenues.

Subsequent to the Company's year-end, Hi-Tek announced their first step is the launch of its Omni Veil network in Nevada, with its second stage to be the expansion into Texas, Illinois, Florida and Massachusetts. Planned expansion includes 11 states by the end of calendar 2019. Their target markets include major nationally known brands,

***Outlook - continued***

professional sports teams, medical offices, hotels and casinos, government agencies, tourist areas and major retailers.

While iSIGN has other potential installations that are in varying stages of discussion and trials, none have yet progressed to the stage of issued purchase orders.

Generally, the opportunities discussed under the 'Outlook' section are on a best efforts basis and there is no guarantee that any of these potential deals will be successful and result in significant future revenues.

**Selected Annual Information**

| | For the Fiscal Years ended April 30, | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| Total revenue | $ 25,767 | $ 18,600 | $ 204,628 |
| Net loss | 1,383,260 | 1,235,575 | 6,668,032 |
| Basic and diluted loss per share | 0.01 | 0.01 | 0.06 |
| Total assets | 191,462 | 119,610 | 389,146 |
| Total non-current financial liabilities | 302,337 | 318,080 | 289,133 |

**Financial Highlights**

*Summary Results*

The following table details the financial highlights for the fiscal years ended April 30, 2019 and 2018:

| | **2019** | **2018** | **Increase/(Decrease)** |
|---|---|---|---|
| **Revenues** | | | |
| Sales | $ 25,767 | $ 15,517 | $ 10,250 |
| Services | - | 3,083 | (3,083) |
| **Total Revenue** | 25,767 | 18,600 | 7,167 |
| **Gross Profit/(Loss)** | 5,121 | (15,625) | 20,746 |
| **Expenses** | | | |
| Selling and marketing | 48,391 | 9,589 | 38,802 |
| General and administration | 918,800 | 722,002 | 196,798 |
| Depreciation – property and equipment | 1,733 | 4,261 | (2,528) |
| Amortization – intangibles | 3,698 | 3,698 | - |
| Research and development | 16,600 | 99,500 | (82,900) |
| Bad debt allowance | - | 161,022 | (161,022) |
| Interest | 215,656 | 169,165 | 46,491 |
| Accretion interest | 201,703 | 56,713 | 144,990 |
| **Total expenses** | 1,406,581 | 1,225,950 | 180,631 |
| **Net loss before income tax** | $ (1,401,460) | $ (1,241,575) | $ (159,885) |
| Deferred tax recovery | 18,200 | 6,000 | 12,200 |
| **Net Loss and comprehensive loss for the year** | $ (1,383,260) | $ (1,235,575) | $ (147,685) |

**Financial Highlights *- continued***

*Summary Results - continued*

In the year ended April 30, 2019, total revenues increased by $7,167 over the comparable period in the prior fiscal year, while the net loss increased by $147,685 to $1,383,260. The loss per share in both fiscal years was $0.01.

*Discussion - Financial Results*

*Revenues*

- Sales – are derived from the sale of Smart Antennas and related ancillary equipment.
- Services – are derived from monthly recurring data management/broadcasting/security fees.

*Gross Margin*

- Gross margin is impacted by revenue volumes, as well as by standard on-going monthly costs that are independent of sales volumes, such as data storage and the purchase of directly expensed ancillary hardware.

*Interest and accretion interest*

- Interest increased due to the Company's increased debt levels, primarily with entities deemed to be insiders of the Company.

*Research and development*

- Research and development costs are dependent on projects that are underway and the timing of incurred costs.

*Amortization and depreciation*

- Amortization and depreciation are fully dependent on remaining asset life and capital assets purchased during each fiscal year.

Discussion on other financial line items is presented in the 'Results' section of the Management, Discussion and Analysis.

**Business, Products and Strategy**

The Company's SaaS technology consist of security alert messaging, known as SAM and proximity-based commercial mobile messaging to mobile devices.

The Company's SAM solution is a sophisticated software solution for security and safety messaging system, that is hyper-location based, meaning the location using iSIGN's technology has full control over the sending of security alerts to individuals who have registered to receive them. SAM can be integrated onto any iSIGN Smart Antenna network or used as a stand-alone option. The integration of SAM into an iSIGN Smart Antenna network offers a very high value-added dual function – commercial mobile messaging by the Smart Antenna and security messaging by SAM – commerce and safety in one exclusive package. SAM can utilize virtually all methods of messaging (SMS, email, push and Wi-Fi messaging, digital signage, mobile apps and phone calls) to mobile devices to ensure timely individual and mass delivery of security/safety notices. Ownership of the IP is entirely with iSIGN, who is marketing this system to the Company's resellers as well as to other companies and market channels.

SAM's back-end system allows clients full control their own messaging – the actual message content and the sending of the message; details concerning each message, such as the importance of the message; delivery method details, etc. The back-end system gathers and stores all the information related to the messaging registrants, such as names,

**Business, Products and Strategy – continued**

cell phone numbers, email addresses, etc. as well as the tracking of messages that have been sent through the system, methods used and the receipt of messages by individual, etc.

Additionally, SAM can be used to simply communicate with anyone who has registered to receive SAM messages and alerts, thus making SAM an excellent tool for communicating to staff and/or customers.

iSIGN's commercial mobile messaging, requiring the Company's Smart Antenna and PODs, separately or combined, is an interactive proximity-marketing technology utilizing Bluetooth® and Wi-Fi to deliver relevant and timely messaging to any screen or mobile device, within a pre-set range. iSIGN serves rich media, permission-based messages free of charge to consumers that can drive immediate brand engagement, increased customer loyalty and deliver higher Return on Investment ("ROI") on marketing dollars spent while at all time respecting the individual's privacy.

The Company's back-end system for commercial messaging gathers and records the interaction of mobile devices with iSIGN technology. This data is entirely anonymous with regards to shoppers' privacy, as it does not collect or store any information of a personal nature, such as mobile phone number, name, email address, etc., while collecting and storing potentially valuable information that is both preference based and predictive on a variety of interactions with shoppers' mobile devices. This reporting of shopper metrics delivers business intelligence and insights into consumer behaviors that can help brands make better business decisions and measure their marketing efforts in real-time.

iSIGN's hardware, used to delivery commercial messaging is the Smart Antenna, Smart POD and PODX. These units can be used either in combination or as entirely separate units. Additionally, iSIGN has designed and built prototypes of a device it calls the Smart Player, which utilizes iSIGN's patented technology.

Both the Smart Antenna and the Smart Player have been designed and constructed to exacting commercial-grade requirements. Both are fully waterproof, all weather units capable of withstanding extreme weather temperatures, ranging from -40° to +185° Fahrenheit. Both can deliver messages to mobile devices utilizing Wi-Fi and Bluetooth® technology simultaneously, in full video with audio or, in simple static form. iSIGN can report on the interaction of consumers with the messaging in real-time. Both products communicate with Smartphones with Bluetooth® capabilities as well as with iPhones, iPads and other Wi-Fi capable devices and support wireless connectivity.

Smart Antennas and Smart Players appear as a free and open access point, a technique very familiar to mobile device users. Users simply connect with the unit and view content, which can include coupons, product info, videos, and games, within the web browser that is available on their phone. Content can be interactive and supports user polling and loyalty membership management.

The Smart Player combines media and customer engagement tools into a single solution. iSIGN's Smart Player combines digital signage and mobile messaging with real-time measurement of shopper responses, delivered in a cost-effective package that distributes marketing messages to all screens and devices – whether mobile or stationary - in proximity to a location. In addition, the Smart Player adds wireless connectivity that traditional digital players do not offer. Each Smart Player can manage two digital signs as well as content, combining network management software and wireless connectivity for easy and fast installations. The Smart Player also incorporates the messaging ability of the Smart Antenna to message all mobile devices that come within its set proximity and retrieve customer responses for real-time or future analysis.

***Business, Products and Strategy – continued***

iSIGN's revenue streams include: (i) data management/broadcasting of commercial messaging, including iSIGN's standard Analytic Reporting, charged monthly for the duration of each contract; (ii) data management/broadcasting of security alert messaging, including iSIGN's standard Analytic Reporting, charged monthly for the duration of each contract; (iii) the sale, by either outright purchase or lease, of our hardware; (iv) licensing agreements, for the integration of our hardware and technology into other companies' hardware; (v) data and analytic sales to our data reseller, Unacast and other third parties, as well as charges for non-standard Analytic Reporting to our clients; (vi) content creation, custom integration of customer loyalty data bases and additional API or software development; and, (vii) potentially, advertising revenue derived from hardware installations.

iSIGN's current business model is to use selected regional resellers as its sales force to present and sell its technology and hardware.

While iSIGN believes that international markets have the potential for sizable revenues and will continue to respond to international requests for product information and possible reseller status, the Company's primary focus and efforts are directed at the Americas. iSIGN's expectations are that this is where the most immediate and largest growth potential will come from.

iSIGN now has in place: patented technology that enables both security and commercial messaging to be delivered to mobile devices; a software solution that addresses a major need in today's world – proximity-based security and safety – that is desired by many channels (airports, transportation hubs, schools and campuses; shopping malls and cities); the all-weather Smart Antenna, capable and proven of being able to deliver messages to mobile devices via Bluetooth® and Wi-Fi; and hardware units both in place and being installed.

The Company's belief is that the ability to generate security and safety messaging as well as commercial messaging will make it easier to generate interest from end-users, resulting in sales and revenues.

As stated earlier, data is central to iSIGN's value proposition. The ability to "attract, interact and transact" captures the essence of the value that we offer in any situation. Data has become the most valuable resource of the 21$^{st}$ century. It is gathered and used to generate revenue by social media companies and bloggers; internet shopping giants such as Amazon and others.

*Marketing and Pricing*

Revenues for the Company's SAM messaging and data management services will be generated by the charging of a registration fee for each person who registers to receive security and safety messages.

Revenues from the Company's commercial broadcasting and data management services will be generated by the charging of a daily fee per Smart Antenna.

In December 2018, iSIGN transitioned its standard pricing model to pure SaaS pricing - a monthly rate that incorporates hardware with commercial mobile messaging. This pricing change is designed to make entry into the proximity-based mobile marketing channel more manageable and cost efficient for potential clients by eliminating the need for up-front capital expenditures.

Should a client prefer to purchase or lease our Smart Antennas, we will accommodate such requests.

***Business, Products and Strategy – continued***

*Marketing and Pricing - continued*

Once the use of our technology and hardware expands, the volume of information that we gather from the interaction of mobile devices with our technology grows. With this information coming from a variety of locations, we will have the ability to sell our anonymous and personal and other data to our data partner, Unacast, and potentially other data companies.

As estimated by Dr. J. Tanner of Baylor University/Hankamer School of Business, the minimum commercial value of our data insights is $0.20 per insight.

Experts from Baylor University/Hankamer School of Business have stated that iSIGN's data has potential commercial value ranging from $0.20 for simple mobile insights to upwards of $4 for mobile insights integrated with point-of-sale information. The Company has shared samples of data/insights with its significant business partner that packages and sells data to global marketing customers and generally, the commercial value ranges have been confirmed as realistic. iSIGN utilizes cloud storage for its data, so that as the Company's amassed data grows in the future, it can facilitate access of significantly more data to its data-partners and customers.

The true value of iSIGN's data will come once the Company can link its mobile data with data from clients' POS systems. Dr. Tanner estimated that this resulting data could increase the commercial value of context-based insights to a range of $1.40 to $2.00 per linked-insight. If integrated into customers' loyalty programs, where customers' permission-based identifications are included, these insights could have a commercial value range of $3 to $4 per integrated insight.

iSIGN now has a relationship with Conservaco, LLC ("Conservaco"), a US based digital marketing agency providing a full complement of services including, public relations, branding, video production, YouTube video programming, website development, SEO, graphics design, social media creation to clients globally. Conservaco will be working with iSIGN to market, brand and promote the Company's technology and its ability to provide security and commercial messaging.

*Opportunities in proximity marketing have emerged as the logical intersection of various trends:*

The first trend is the emergence and acceptance of the Smartphone and other mobile devices. Smartphones and mobile devices are now extremely commonplace in today's society. People always have one or more of their devices with them and use them constantly as they can provide immediate access to the world via the internet. Through their mobile devices, they conduct research, connect and share with others, and in many cases, make purchasing decisions.

Secondly, there is the growing realization that there is a need to be able to provide security and safety messaging to mobile devices in proximity to any specific location to enhance public safety. Public safety and security are on-going issues, especially in the United States, due to the numerous instances of shootings at public locations - schools, transportation hubs, concerts, etc.

The third trend is the expanding commercialization of consumer data reflecting shopping behaviour linked to digital/mobile incentives.

The final trend is digital signage, which provides a dynamic opportunity for retailers to promote their brands, their products, and their services via the full power of a multimedia solution.

***Business, Products and Strategy – continued***

*Technology Development Strategy - Research and New Product Development*

iSIGN's core patented technology, 'Method and System for Out-of-Home Proximity Marketing and for Delivering Awareness Information of General Interest' received its initial patent in the United States in July 2014.

Additionally, the Company has received patent pending status from Canada and the United States for its 'Assembly for Transmitting Message to Smartphone Users in a Territorially Delimited, Targeted Zone' ("Push Sensor") solution for integrating messaging/coupon solutions with Google Chrome and Apple Passbook on a non-app, non-download basis. Additional integration with Google Wallet and Apple Pay is expected when messaging/coupons drives purchasing. This development allows for seamless interaction with all mobile devices, especially smartphones, including iPhones. Filings in other jurisdictions will follow in due course.

The Company has commenced preliminary development of the Point-of-Sale Data Acquisition ("PDAQ") software program that allows purchase data from clients' POS systems to be related to the mobile data gathered by iSIGN hardware in real time will help to bring about this potential increase in data valuation.

The Company continues to formally partner with other companies to expand its business. In addition to key players such as IBM, who have stated that the Company's technology is their preferred source of proximity marketing content, iSIGN's business partners include Baylor University, Verizon Wireless, TELUS, Conservaco and Unacast. The Company will continue to pursue business relationships to expand and grow its business in the North American and other markets.

**Performance Drivers**

*External factors that exist outside management's ability to control and are significantly key to the success in our business*

As iSIGN strictly provides the technology and hardware to enable end-users to deliver proximity messages and security/safety alerts to mobile devices, we primarily rely on resellers/sales agents to use their contacts to arrange for introductions and demonstrations of our solutions.

The technology solutions that we sell are unique in the marketplace. Neither the companies that we approach, nor their staff have had prior experience with iSIGN technology and back-end or to similar systems. As they are unique, each potential customer we deal with wants a trial period or to run a pilot project. These trials/pilots allow our potential clients and their staff time in which they can discover and work with the system; experiment with the creating and sending of messaging; see the messages being delivered and the time it takes to deliver them; view the back-end system and reports; experiment with the location of hardware units to ensure best coverage and delivery of messaging; compare revenue add per advertised brand; determine ROI, etc.

Additionally, the clients that we are approaching are large multinational companies; government bodies and agencies; and other such entities that have organizational structures that result in the need for conversations and discussions with several different layers/departments prior to reaching the decision makers, which can take place over considerable periods of time.

iSIGN does not have the ability to drive potential end users to increase the speed with which they review and access our technology or to affect their determination of the needs for our technology.

**Performance Drivers - continued**

*External factors that exist outside management's ability to control and are significantly key to the success in our business - continued*

The ability to use iSIGN's technology and Smart Antennas to send security and safety messages to mobile devices in proximity and capably of being used with virtually all methods of messaging to warn people of emergency situations is a development that addresses a growing need in today's world.

There is a growing concern over personal safety in public locations, from airports and other transportation facilities to shopping malls, schools, government offices and generally wherever people gather due to the almost daily incidents of shooting, bombings, etc. that are taking place in the world. These events are driving interest in our SAM solution from a variety of sources including airports, other transportation systems, cities, and government security agencies.

In this sphere of influence, a sudden, serial group of diverse incidents would trigger a demand from lawmakers to acquire services and technology to respond, and when it ultimately happens, iSIGN must be in position to capitalize upon the urgency of the need.

*Internal factors which define the Company's performance indicators leading to revenue growth capability*

Of major importance to potential clients for commercial mobile messaging, is the ability of iSIGN's technology to gather data from the interaction of individuals' mobile devices with iSIGN's hardware and its ability to report on the various pieces of data that the Company's technology stores, relevant to each pushed advertisement or message.

iSIGN stores all its gathered raw data in cloud storage, which is virtually infinite. Data gathering will increase exponentially as networks of Smart Antenna installations expand. iSIGN is privacy respectful and our technology does not violate any current privacy issues.

**Resources and Capabilities**

The Company must pay competitive salaries and benefits to attract and maintain key management and employees. In addition, key employees will participate in bonuses when the Company reaches profitability. No bonuses have been paid by the Company to date. The Company has a stock option plan that is approved by its shareholders, which is used to provide incentives to employees and management.

Summarized below are details of the Company's key management who are responsible for the development and implementation of the Company's strategy in marketing and technology.

Management

*Chief Executive Officer*
Joe Kozar assumed his position on March 1, 2017. Joe's background is the tech field. He has been and is involved with many high-tech companies covering a broad range of solutions. His educational background is the engineering field, with his main focus being electronic design. Joe sits on several boards and is involved with venture capital investing.

*President*
Alex Romanov assumed his current position on June 15, 2018. Alex is an accomplished business executive with a history of identifying opportunities and turning them into high growth and profitable enterprises. Alex has diverse experience in a variety of industries such as consumer electronics, communication, digital imaging, video gaming,

**Resources and Capabilities – continued**

Management - continued

and e-commerce. Alex was the CEO and President of Alpine Electronics in Canada for 17 years, building the company to over $50 million in revenue with over 50% of the Canadian market share by 1995. After Alpine, Alex became founder and CEO and major shareholder of Royal Oak Marketing and was responsible for over 100 employees and $120 million in revenue. Royal Oak Marketing was sold for $29 million to an American concern. Alex then co-founded Spherex Inc., which developed and marketed an Xbox gaming audio system. Spherex was then sold to another U.S. concern in 2005. Alex has been a senior iSIGN executive since September 2009.

*Chief Financial Officer*
Bruce Reilly assumed his current role with iSIGN in December 2013. Bruce is a graduate of the University of Toronto with a Bachelor of Commerce degree and is a Chartered Accountant (1985) and an Arthur Anderson & Co. alumnus (1986). For the past twenty plus years Bruce has successfully developed and managed a chartered accounting firm operating in the Greater Toronto Area. During that time, he has acquired a broad range of experience with a primary focus on public companies.

*Chief Technology Officer*
Mark Janke is a graduate of the Alberta Institute of Technology and the University of Alberta with a Bachelor of Science in Electrical Engineering. He has a wealth of experience in developing solutions within a variety of verticals including biomedical, automation and mobile advertising. Prior to 2000, Mark managed a team at Universal Dynamics that was responsible for development of sophisticated model-based control software for limekilns, breweries and other cost sensitive systems. After 2000, Mark managed the Field Applications group at Intrinsyc Software. Mark's team at Intrinsyc was responsible for system architecture, development, testing and customer support for mobile applications including biomedical devices, gaming systems and a variety of other platforms. Mark left Intrinsyc in 2005 and continued supporting mobile device development projects as a private consultant and as the founder of Deviceworx Engineering Inc. Mark joined iSIGN in 2009 and leads a team in improving iSIGN's groundbreaking Interactive Marketing Solution ("IMS").

Technology

*Head Developer*
Chris Losari is a graduate of the University of British Columbia with a Bachelor of Applied Science in Electrical Engineering. After graduating, Chris worked for Research In Motion in Waterloo, Ontario. From there, he joined Polycom Canada, based in Vancouver, British Columbia. Chris has been with iSIGN since its inception and developed the first version of iSIGN's IMS software system. Chris has over 7 years of experience in development of marketing solutions that leverage the Bluetooth Object Push Profile and Object Exchange protocol.

Liquidity and Capital Resources

*Private Placements*

The Company requires additional capital to continue its operations, and to continue to pursue specific opportunities, until it can sustain itself by revenues.

*Cash Resources*

The Company's cash resources increased by $85,569 in the fiscal year ended April 30, 2019, compared with an increase of $26,444 in the comparable period of the prior year.

**Resources and Capabilities – continued**

*Cash Resources - continued*

| | For the years ended April 30, 2019 | 2018 |
|---|---|---|
| Net cash used in operating activities | $ (800,517) | $ (780,556) |
| Net cash used in investing activities | (1,553) | - |
| Net cash provided by financing activities | 887,639 | 807,000 |
| Cash increase | $ 85,569 | $ 26,444 |

Net cash used in operating activities - the variances reflect the various non-cash items recorded during the year ended April 30 of both fiscal years, as well as generally reduced costs in fiscal 2019 versus fiscal 2018.

Net cash used in investing activities – reflects the timing of the purchase of property and equipment and intangible assets.

Net cash provided by financing activities - reflects the timing of the proceeds of loans, advances, convertible notes and the exercise of stock options and warrants.

*Cash and Working Capital*

| | April 30, 2019 | April 30, 2018 | Increase (decrease) in working capital |
|---|---|---|---|
| Cash and cash equivalents | $ 93,305 | $ 7,736 | $ 85,569 |
| Current assets | $ 127,089 | $ 51,359 | $ 75,730 |
| Current liabilities | 4,196,201 | 3,966,972 | (229,229) |
| Working capital deficit | $ (4,069,112) | $ (3,915,613) | $ (153,499) |

The Company's cash balances increased to $93,305 from the April 30, 2018 year-end of $7,736 primarily due to the receipt of funds from convertible notes and advances. The increase in current assets to $127,089 from the April 30, 2018 year-end of $51,359 is primarily the increase in cash. The increase in current liabilities to $4,196,201 from the April 30, 2018 year-end of $3,966,972 primarily reflects the closing of a convertible note payable; the movement of a convertible note payable from non-current liabilities and the receipt of an advance, partially offset by the reduction in accounts payable and accrued liabilities, including the re-classification of statute-barred accounts payable to non-current liabilities.

The working capital deficit at April 30, 2019 increased by $153,499 to $4,069,112 from the April 30, 2018, year-end deficit of $3,915,613.

The Company continues to expend cash over and above its revenues. This will continue until the Company achieves breakeven. The Company continues to depend heavily on debt and equity financing to fund its operating losses.

The Company will be consuming its cash resources at approximately $170,000 - $190,000 per fiscal quarter for its operating activities. The Company's cash reserves will enable the Company to operate into the Company's second quarter of fiscal 2020.

**Resources and Capabilities – continued**

*Cash Resources - continued*

The table below details the Company's current liabilities and long-term contractual commitments on a cash basis, as of April 30, 2019:

| | Total | Under 1 Year | 1 – 3 Years | After 3 Years $ |
|---|---|---|---|---|
| Trade accounts payable and accrued liabilities | $ 1,497,454 | $ 1,497,454 | $ - | - |
| Advances | 150,000 | 150,000 | - | - |
| Note payable | 660,700 | 660,700 | - | - |
| Convertible notes | 2,010,639 | 2,010,639 | - | - |
| Operating leases | 45,629 | 32,127 | 13,502 | - |
| Total | $ 4,364,422 | $ 4,350,920 | $ 13,502 | $ - |

**Results**

*Expenses for the Fiscal Years Ended April 30, 2019 and 2018*

The following tables and discussions provide more in-depth detail on the Company's expenses as required by National Instrument 51-102 for venture exchange companies with minimal revenues.

| | For the Fiscal Years ended April 30, 2019 | | 2018 | | Increase (decrease) |
|---|---|---|---|---|---|
| Hardware | $ 4,265 | 20.7% | $ 14,611 | 42.7% | $ (10,346) |
| Contractual services | 16,753 | 81.1% | 17,706 | 51.7% | (953) |
| Shipping and packaging | (372) | (1.8%) | 1,908 | 5.6% | (2,280) |
| Total - Cost of Sales | $ 20,646 | 100.0% | $ 34,225 | 100.0% | $ (13,579) |

Hardware costs recorded in the both fiscal years are the costs for ancillary equipment, which is directly expensed as purchased, as opposed to being carried as inventory. Contractual services consist of third-party costs for the cloud storage of data gathered by our Smart Antennas and the costs to program and provision Smart Antennas prior to shipment. Shipping and packaging costs are a function of the timing of purchases of shipping supplies and freight costs for the shipping of sold hardware, net of client payments for their shipping charges.

| | For the Fiscal Years ended April 30, 2019 | | 2018 | | Increase (decrease) |
|---|---|---|---|---|---|
| Travel, tradeshows and promotional | $ 46,368 | 95.8% | $ 5,536 | 57.7% | $ 40,832 |
| Benefits | - | -% | 3,728 | 38.9% | (3,728) |
| Third party commissions | 2,023 | 4.2% | - | - | 2,023 |
| Other | - | -% | 325 | 3.4% | (325) |
| Total - Selling and marketing | $ 48,391 | 100.0% | $ 9,589 | 100.0% | $ 38,802 |

**Results - continued**

*Expenses for the Fiscal Years Ended April 30, 2019 and 2018 - continued*

Travel, tradeshows and promotional costs is a function of timing. Included in the costs recorded in fiscal 2019 are costs related to iSIGN's promotional advertising in airports. Third party commissions represent commissions earned by resellers.

| | For the Fiscal Years ended April 30, 2019 | | 2018 | | Increase (decrease) |
|---|---|---|---|---|---|
| Salaries | $ 69,909 | 7.6% | $ 69,935 | 9.7% | $ (26) |
| Benefits | 2,117 | 0.2% | 6,018 | 0.8% | (3,901) |
| Contractual services | 213,689 | 23.3% | 230,557 | 31.9% | (16,868) |
| Share-based compensation | 18,875 | 2.1% | 11,475 | 1.6% | 7,400 |
| Travel and auto | 20,596 | 2.2% | 20,805 | 2.9% | (209) |
| Office costs | 199,584 | 21.7% | 175,018 | 24.2% | 24,566 |
| Occupancy and operating costs | 66,921 | 7.3% | 69,350 | 9.6% | (2,429) |
| Professional | 144,448 | 15.7% | 126,800 | 17.6% | 17,648 |
| Consulting | 142,999 | 15.6% | 27,134 | 3.8% | 115,865 |
| Directors' fees | 67,133 | 7.3% | 78,000 | 10.8% | (10,867) |
| Other (income)/expense | (27,471) | (3.0)% | (93,090) | (12.9)% | 65,619 |
| Total - General and administration | $ 918,800 | 100.0% | $ 722,002 | 100.0% | $ 196,798 |

Contractual services reflect reductions in hours worked by our tech staff. Share-based compensation is a function of the timing of the granting of stock options and their related vesting periods. Office costs is primarily a function of timing of the purchase of various supply items and the increased charges of late payment fees. Professional costs are primarily a function of the timing of costs incurred with the Company's corporate lawyer, transfer agent and TSX filing fees. Consulting costs reflects the costs related to iSIGN's updated website and promotion programs. Directors' fees are a function of the number of directors during the comparable periods. Other (income) expense is a function of writing off monies owed to the Company's President when the Company closed a shares for debt transaction with officers, directors and employees in July 2018, partially off-set by currency losses due to variances in exchange rates during the comparable periods.

*Rolling Eight Quarters Analysis*

The following table details the last eight consecutive quarters, revenues, gross profit (loss) gross margin percentage, and major expense categories.

**Results - continued**

*Rolling Eight Quarters Analysis - continued*

| Quarters ending (unaudited) | Q4 F2019 30-Apr 2019 $ | 31-Jan 2019 $ | 31-Oct 2018 $ | 31-July 2018 $ | Q4 F2018 30-Apr 2018 $ | 31-Jan 2018 $ | 31-Oct 2017 $ | 31- July 2017 $ |
|---|---|---|---|---|---|---|---|---|
| Revenue - sales | 6,790 | 4,156 | 1,354 | 13,467 | 2,694 | 8,769 | 768 | 3,286 |
| Revenue - service | - | - | - | - | - | - | 2,964 | 119 |
| **Total revenue** | 6,790 | 4,156 | 1,354 | 13,467 | 2,694 | 8,769 | 3,732 | 3,405 |
| Cost of sales | 7,326 | 4,394 | 4,221 | 4,705 | 13,995 | 5,427 | 8,900 | 5,903 |
| **Gross profit (loss)** | (536) | (238) | (2,867) | 8,762 | (11,301) | 3,342 | (5,168) | (2,498) |
| Gross margin | (7.9)% | (5.7)% | (211.7)% | 65.1% | (419.5)% | 38.1% | (138.5)% | (73.4)% |
| Selling and marketing | 21,802 | 24,566 | - | 2,023 | (185) | 72 | 8,572 | 1,130 |
| General and administration | 241,808 | 250,995 | 220,595 | 205,402 | 256,132 | 101,745 | 158,863 | 205,262 |
| Bad debt (recovery) | - | - | - | - | 161,022 | - | - | - |
| Depreciation | 692 | 348 | 348 | 345 | 412 | 563 | 2,314 | 972 |
| Amortization | 924 | 926 | 924 | 924 | (348,167) | 924 | 292,450 | 58,491 |
| Research and development | 10,000 | - | - | 6,600 | - | - | 21,555 | 77,945 |
| Accretion interest | 152,757 | 25,029 | - | 23,917 | 56,713 | - | - | - |
| Interest | 58,082 | 52,318 | 67,578 | 37,678 | 21,721 | 58,107 | 52,402 | 36,935 |
| **Total operating expense** | 486,065 | 354,182 | 289,445 | 276,889 | 147,648 | 161,411 | 536,156 | 380,735 |
| **Net Loss** | (486,601) | (354,420) | (292,312) | (268,127) | (158,949) | (158,069) | (541,324) | (383,233) |
| Deferred tax recovery | 18,200 | - | - | - | 6,000 | - | - | - |
| Net loss and comprehensive loss | (468,401) | (354,420) | (292,312) | (268,127) | (152,949) | (158,069) | (541,324) | (383,233) |
| **Basic and diluted loss per share** | (0.003) | (0.003) | (0.002) | (0.002) | (0.002) | (0.001) | (0.005) | (0.004) |

Revenue - sales for all periods relates to the sale of Smart Antennas and ancillary hardware.
Revenue - service for all periods relates to commercial broadcasting/data management fees.

Gross Profit (Loss) for all periods reflect the mix of sales and service revenues during each quarter, revenue volumes and fixed costs relating to data storage.

Selling and marketing fluctuations in all periods are impacted by the timing of costs for promotion and travel. The October 2017 quarter also reflected the recording of one-time only costs.

**Results - continued**

*Rolling Eight Quarters Analysis - continued*

General and administrative fluctuations in all periods were impacted by the fluctuations in the exchange rate of the Canadian dollar vs the US dollar. July 2018 was also impacted by the write off of monies owed to the Company's President when the Company closed a shares for debt transaction with officers, directors and employees in July 2018. The quarters from July 2018 through January 2019 are also impacted by the costs of designing the Company's new website.

In the April 2018 quarter, the Company set up an allowance related to its year-end receivables. The allowance will be reversed as payments are received.

Research and development costs during the July, October 2017 and July, April 2018 periods reflect costs incurred in the development of the Company's various technology development projects.

Interest and accretion interest recorded in all quarters is impacted by the various interest bearing fundings that the Company entered into during these periods.

*Common shares - outstanding share data*

| | As at August 27, 2019 | As at April 30, 2019 | As at April 30, 2018 |
|---|---|---|---|
| Basic common shares | 122,387,616 | 122,387,616 | 111,468,952 |
| Convertible securities: | | | |
| Issue warrants | 17,250,871 | 17,250,871 | 20,743,870 |
| Issued stock options | 1,800,000 | 1,800,000 | 4,325,000 |
| Convertible notes – potential share issuance | 22,727,012 | 22,727,012 | 12,756,523 |
| Convertible notes – potential warrant issuance | 22,727,012 | 22,727,012 | 12,756,523 |
| **Fully diluted common shares** | 186,892,511 | 186,892,511 | 162,050,868 |

Significant ownership concentration of issued and outstanding shares at April 30, 2019:

| | Number of Shares | Percentage of Issued Shares |
|---|---|---|
| Korona Group | 13,426,501 | 11.0% |
| Alex Romanov | 13,297,674 | 10.9% |
| Cancore Enterprise Inc. | 6,924,587 | 5.7% |
| Ron Leman | 4,307,692 | 3.5% |
| Tesar Inc. | 4,700,000 | 3.8% |
| | 42,656,454 | 34.9% |

***Results – continued***

*Off-Balance Sheet Arrangements*

The Company has not entered into any off-balance sheet arrangements.

*Management's Estimates*

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant management estimates include allowance for doubtful accounts, useful lives of capital and intangible assets, impairment of assets and share-based payments. Actual results could differ materially from those estimates. There have been no changes to critical accounting estimates in the current reporting period.

*Transactions with Related Parties*

During the fiscal years 2019 and 2018, the Company entered into the following related party transactions. The outstanding amounts included in accounts payable and accrued liabilities are unsecured, non-interest bearing with no fixed terms of repayment.

- Recorded the fees of the President to a company owned by him. During the year ended April 30, 2019, the Company expensed fees totaling $120,000 (April 30, 2018 - $120,000) and fixed allowance of $17,760 (April 30, 2018 – $17,760). The amount outstanding in trade accounts payable at April 30, 2019 was $Nil (April 30, 2018 - $197,603). In the event of termination of this agreement for any reason other than just cause, a penalty of $34,440 would be owed.

- Recorded the fees of the Chief Financial Officer to a company controlled by him. During the year ended April 30, 2019, the Company expensed fees totaling $36,000 (April 30, 2018 - $36,000). The amount outstanding in trade accounts payable at April 30, 2019 was $Nil (April 30, 2018 - $63,777).

- On March 13, 2015, the Company entered into a secured $100,000 note with Korona Group Ltd., a company controlled by the Company's Chief Executive Officer, at an interest rate of 8% compounded monthly, due and payable July 30, 2015. On June 15, 2015, the Company repaid $40,000 to the note holder. The Company and the note holder agreed to extend the $60,000 note to December 31, 2018. Total interest expense on the note for the year ended April 30, 2019 amounted to $6,487 (April 30, 2018 - $5,992) and the accrued interest payable included in accounts payable at April 30, 2019 was $2,746 (April 30, 2018 - $18,159).

- On May 7, 2015, the Company issued a secured convertible promissory note in the amount of $360,000, due May 7, 2016 and bearing an interest rate of 10% to 1454602 Ontario Inc., a company controlled by two shareholders both of whom are considered to be insiders of the Company due to ownership in excess of 10% of the common shares of the Company.

  Effective May 7, 2016, this note was replaced with a new convertible promissory note for the same amount and interest rate, due May 7, 2019. Total interest expense for these notes for the year ended April 30, 2019 amounted to $36,000 (April 30, 2018 - $36,000) and the accrued interest payable included in accounts payable at April 30, 2019 was $107,408 (April 30, 2018 – $71,408).

***Results – continued***

*Transactions with Related Parties - continued*

- During the year ended April 30, 2019, the Company recorded directors' fees of $67,133 (April 30, 2018 – $78,000). Included in accounts payable and accrued liabilities are unpaid directors' fees at April 30, 2019 of $123,410 (April 30, 2018 – $168,313).

- Contracted with QDAC Inc., a company under the significant influence of the Company's Chief Executive Officer and insider of the Company, to undertake the manufacture of the Company's hardware. The amount outstanding in trade accounts payable at April 30, 2019 was $905,627 (April 30, 2018 - $743,388). Included in trade accounts payable at April 30, 2019 are late payment fees of $464,403 (April 30, 2018 - $328,359), of which late payments charges of $128,242 (April 30, 2018 - $110,562) are recorded in Office costs under General and Administration.

- Incurred share-based compensation relating to stock options granted to Directors and Officers, based upon the vesting of stock options granted. During the year ended April 30, 2019, the Company expensed non-cash costs of $3,125 (April 30, 2018 - $3,125).

- On September 22, 2016, the Company entered into a $79,000 secured convertible promissory note, with 1454602 Ontario Inc., a company controlled by two shareholders, both of whom are considered to be insiders of the Company due to diluted ownership in excess of 10% of the common shares of the Company. The note, due September 22, 2017, bears an interest rate of 10%, is convertible at $0.095 per share, with a warrant priced at $0.15 exercisable for a period of two years from date of conversion. Total interest expense on the Note for the year ended April 30, 2019 amounted to $7,900 (April 30, 2018 - $7,900) and the accrued interest payable included in accounts payable at April 30, 2019 was $3,268 (April 30, 2018 - $13,255).

- On October 13, 2016, the Company entered into 2 secured convertible promissory notes, totaling $139,000 due October 13, 2017 bearing an interest rate of 10%, is convertible at $0.10 per share, with a warrant priced at $0.15 exercisable for a period of two years from date of conversion. One of the note holders, 1454602 Ontario Inc., is a company controlled by two shareholders both of whom are considered to be insiders of the Company due to diluted ownership in excess of 10% of the common shares of the Company. The other note holder, Unicare Inc., is a company partially controlled by a shareholder, who is considered to be an insider of the Company due to undiluted ownership in excess of 10% of the common shares of the Company. Total interest expense on these Notes for the year ended April 30, 2019 amounted to $13,900 (April 30, 2018 - $13,900) and the accrued interest payable included in accounts payable at April 30, 2019 was $5,750 (April 30, 2018 - $21,422).

- On October 24, 2016, the Company entered into a $75,000 secured convertible promissory with Cancore Enterprise, a company controlled by a shareholder, who is considered to be an insider of the Company due to diluted ownership in excess of 10% of the common shares of the Company. The note due October 31, 2017, bears an interest rate of 10% per annum, is convertible at $0.12 per share, with a warrant priced at $0.18 exercisable for a period of two years from date of conversion. Total interest expense on the Note for the year ended April 30, 2019 amounted to $7,500 (April 30, 2018 - $7,500) and the accrued interest payable included in accounts payable at April 30, 2019 was $3,103 (April 30, 2018 - $7,558).

- On September 5, 2017, the Company completed a shares for debt transaction by issuing 1,456,966 common shares at a price of $0.08 to Directors, Officers and employees of the Company in payment of fees and salaries totaling $116,557

***Results – continued***

*Transactions with Related Parties - continued*

- On September 5, 2017, the Company completed a shares for debt transaction by issuing 1,456,966 common shares at a price of $0.08 to Directors, Officers and employees of the Company in payment of fees and salaries totaling $116,557.

- On September 5, 2017, the Company converted advances received during the period of February to August 2017 into a promissory note with Korona Group Ltd., a company controlled by the Company's Chief Executive Officer, in the amount of $600,700. The note matures on August 31, 2018. A share bonus of 1,126,312 common shares was issued by the Company in lieu of interest payments. The bonus was calculated as being 15% of the note and was converted into shares at a conversion rate of $0.08.

  On January 21, 2019, this note was extended to January 31, 2020. A warrant bonus of 6,007,000 warrants was issued by the Company in lieu of interest payments. The exercise price of the warrants is $0.10, expires January 31, 2020 and cannot be extended.

- On February 28, 2018, the Company converted advances received during the period of August 2017 to January 2018 into a convertible promissory note with Korona Group Ltd., a company controlled by the Company's Chief Executive Officer, in the amount of $285,000. The note matures on February 26, 2019, is convertible at $0.07 a share, with a warrant priced at $0.105 for two years from the date of conversion. Total interest expense on the Note for the year ended April 30, 2019 amounted to $28,500 (April 30, 2018 - $15,667) and the accrued interest payable included in accounts payable at April 30, 2019 was $44,167 (April 30, 2018 - $15,667.

- On June 27, 2018, the Company entered into a secured convertible promissory note with Korona Group Ltd., a company controlled by the Company's Chief Executive Officer in the amount of $297,639 that matures June 27, 2019, bearing an interest rate of 10% per annum, due upon maturity. Included in this note were advances received during March 2018. The note is convertible into common shares of the Company at $0.08, with a warrant exercisable at $0.12 per share for a period of two years. Total interest expense on the Note for the year ended April 30, 2019 amounted to $26,856 (April 30, 2018 - $789) and the accrued interest payable included in accounts payable at April 30, 2019 was $27,645 (April 30, 2018 - $789).

- During July 2018, the Company received advances of $150,000 from Korona Group Ltd., a company controlled the Company's Chief Executive Officer. Total interest expensed on the Note and carried in accounts payable at April 30, 2019 was $12,123 (April 30, 2018 - $Nil).

- On July 13, 2018, the Company completed a shares for debt transaction by issuing 6,860,420 common shares at a price of $0.10 to Directors, Officers and employees of the Company in payment of fees and salaries totaling $686,042.

- On September 14, 2018, the Company entered into a $300,000 secured convertible promissory note with Cancore Enterprises, a company controlled by a shareholder, who is considered to be an insider of the Company due to diluted ownership in excess of 10% of the common shares of the Company. The note matures September 14, 2019 and bears an interest rate of 10% per annum, due upon maturity. The note is convertible into common shares of the Company at $0.10, with a warrant exercisable at $0.15 per share for a period of two years. Total interest expensed on the Note and carried in accounts payable at April 30, 2019 was $19,644 (April 30, 2018 - $Nil).

***Results – continued***

*Transactions with Related Parties - continued*

- On December 21, 2018, the Company completed a shares for debt transaction by issuing 1,016,423 common shares at a price of $0.08 to various companies that are either wholly or partially owned and controlled by the Company's Chief Executive Officer and another shareholder, who is considered to be an insider of the Company due to diluted ownership in excess of 10% of the common shares of the Company.

**Financial Instrument Risk Factors**

*Fair value*

The Company uses the following methods and assumptions to estimate the fair value of each class of financial instruments:

> The carrying amounts of cash, restricted cash, accounts receivable, other receivables, bank indebtedness, accounts payable and accrued liabilities, notes payable, convertible notes payable and advances approximate fair value due to the short-term maturity of these financial instruments.
>
> The Company had no financial instruments to classify within the fair value hierarchy as at April 30, 2019 and 2018.

*Interest rate risk*

The Company has cash and restricted cash balances with rates that fluctuate with the prevailing market rate. The Company's current policy is to invest excess cash in cash accounts or short-term interest-bearing securities issued by Canadian chartered banks. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company's notes payable and convertible notes payable bear interest at fixed interest rates.

*Credit risk*

Credit risk is the risk of financial loss associated with the counterparty's inability to fulfill its payment obligations in accordance with the terms and conditions of its contract with the Company. Credit risk arises from cash and deposits with banks as well as credit exposure to outstanding receivables.

The Company's credit risk arises primarily from the Company's trade receivable. The carrying amount of financial assets represents the maximum credit exposure to the Company. The Company's exposure to trade credit risk as at April 30, 2019 was $Nil (April 30, 2018 - $Nil) net of allowances.

The Company may also have credit risk relating to cash and restricted cash, of $93,305 and $10,000 (April 30, 2018 - $7,736 and $10,000), respectively, which it manages by dealing with highly rated financial institutions.

*Liquidity risk*

Liquidity risk is the risk that the Company will experience difficulty in meeting its obligations that are associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet financial obligations when they fall due, from its funding sources, such as equity and debt issuances. The Company continues to actively pursue new equity financing to ensure that it will have funds available to meet liabilities when they fall due.

**Financial Instrument Risk Factors**

**Risks and Uncertainties**

Any investment in the Company's securities is speculative due to the nature of its business and its general stage of development. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

In addition to the usual risks associated with investment in a business, investors should carefully consider the following risk factors:

- No History of Profits

  iSIGN has not earned profits to date and there is no assurance that iSIGN will earn profits in the future, or that profitability, if achieved, will be sustained. The success of iSIGN ultimately depends upon its abilities to generate significant revenues to finance operations as opposed to external funding. There is no assurance that future revenues will be sufficient to generate the funds required to continue operations without external funding. If the Company does not have sufficient capital to fund its operations, it may be required to forego certain business opportunities.

- Future Capital Requirements

  iSIGN will require additional financing to grow and expand its operations. Additional financing could include the incurrence of debt and the issuance of additional equity securities, which could result in substantial dilution to existing shareholders. It is possible that required future financing will not be available, or if available, will not be available on favourable terms. If adequate funds are not available, or are not available on acceptable terms, iSIGN may not be able to take advantage of opportunities or otherwise respond to competitive pressures and remain in business. There can be no assurances that iSIGN will be able to raise additional capital if its capital resources are exhausted.

- Management of Growth

  Any expansion of iSIGN's business may place a significant strain on its financial, operational and managerial resources. There can be no assurance that the Company will be able to implement and subsequently improve its operations and financial systems successfully and in a timely manner to manage any growth it experiences. There can be no assurances that iSIGN will be able to manage growth successfully. Any inability of iSIGN to manage growth successfully could have a material adverse effect on the Company's business, financial condition and operational results.

- Proximity Advertising Medium

  Although there is a large and growing amount of interest in this field from both the advertising community and digital sign companies, it is still new and relatively untested. There can be no assurances that advertisers will accept proximity messaging as an acceptable advertising medium or that they will increase their advertising spending to include this medium or divert some of their existing advertising budget to this medium.

**Risks and Uncertainties – continued**

- Our sales efforts require significant time and effort and could hinder our ability to expand our customer base and increase revenue

  Attracting new customers requires substantial time and expense and the Company cannot assure that it will be successful in establishing new relationships or maintaining or advancing our current relationships. For example, it may be difficult to identify, engage and market to customers who do not currently perform mobile marketing or advertising or are unfamiliar with our current services or platform. Further, many of our potential customers typically require input from one or more internal levels of approval. As a result, during our sales effort, iSIGN must identify multiple people involved in the purchasing decision and devote a sufficient amount of time to presenting our products and services to those individuals. The newness and complexity of our services, including our software as a service model, often requires us to spend substantial time and effort assisting potential customers in evaluating our products and services, including providing demonstrations and benchmarking against other available technologies, as well as trial periods. This process can be costly and time consuming. The Company expects that our sales process will become less burdensome as our products and services become more widely known and used. However, if this change does not occur, the Company will not be able to expand its sales effort as quickly as anticipated and our sales will be adversely affected.

- Technology

  iSIGN currently holds patent pending applications in Canada and the United States, and its core technology is patented in the United States. Despite precautions that iSIGN may take to protect its rights, third parties may copy or obtain and use our intellectual property and other proprietary information without our authorization or they may develop similar or superior technologies. iSIGN enters into confidentiality agreements with its employees, clients, prospective clients and others. However, these agreements may not provide meaningful protection of our technologies in the event of unauthorized use or disclosure. Policing unauthorized use of intellectual property is difficult and the cost of enforcing our rights by way of litigation may be prohibitive. iSIGN's success will partially depend upon its ability to obtain, enforce and maintain patent protection for its intellectual property worldwide.

- Competition

  iSIGN's competition for advertising dollars, are the more traditional forms of advertising - television, the print mediums (magazines and newspapers), radio and out-of-home advertising – that advertisers immediately consider when they think of communicating with potential consumers. Additionally, the Company has competition in the proximity-marketing field itself, from the iBeacon. As stated in the Background section, there are many differences between our products and the iBeacon, with the chief difference being that our product operates without the need for an app to be downloaded and activated to receive messaging. As there is no app download, the individual does not have to give us any personal information about themselves.

- Creating New Product Features

  iSIGN's ability to grow its revenue and client base will be impacted to a degree, by its ability to create and/or to react to the desire for additional features and functions for its technology.

- Vulnerability to Economic Conditions

  iSIGN is dependent upon the economic environments in which it operates. Demand for iSIGN's product could be adversely affected by economic conditions in the countries in which iSIGN's clients operate. iSIGN's business may be sensitive to external factors such as events that may adversely affect the economy and consumer spending. There can be no assurance that such factors may not have an adverse effect upon iSIGN's business.

**Risks and Uncertainties - continued**

- Dependence on Key/Qualified Personnel

  The Company's success is dependent on the abilities, experience and efforts of its senior staff. The experience of these individuals, as well as new employees that iSIGN attracts to our organization, will be an important factor contributing to iSIGN's continued success and growth. While iSIGN has entered into employment agreements with its senior management and staff, should these persons be unable or unwilling to continue their employment with the Company, the loss of one or more of these individuals could have an adverse effect upon iSIGN's operations and business prospects. In particular, the loss of our Vice President, Operations and Sales would severely affect business prospects. There can be no assurance that iSIGN will not experience employee turnover in the future, or that iSIGN's staffing costs will not increase. There is no assurance that the Company will be able to continue to hire and retain a sufficient number of qualified personnel. The Company does not presently carry "key man" insurance policies on any of its officers, directors or employees.

**Subsequent Events**

On May 3, 2019 the Company extended the expiry date of the 677,777 warrants issued in May 2015 to May 11, 2020. These warrants are held by individuals who are both officers and directors.

**Approval**

The Audit Committee and the Directors of iSIGN Media Solutions Inc. have approved the disclosures in this MD&A and the accompanying audited consolidated financial statements for the year ended April 30, 2019.