

UNIVERSAL mCLOUD CORP.

MANAGEMENT'S DISCUSSION & ANALYSIS

This Management's Discussion and Analysis ("MD&A") of the financial condition and results of Universal mCloud Corp. (the "Company", "our" or "we") is for the three months and the nine months ended September 30, 2017. The information in this MD&A is current as of November 28, 2017, and should be read in conjunction with the interim consolidated financial statements and notes thereto for the three months and nine months ended September 30, 2017. This MD&A is dated November 29, 2017.

The Company's interim consolidated financial statements and notes thereto for the three months and nine months ended September 30, 2017 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and are recorded in Canadian dollars. Certain dollar amounts in this MD&A have been rounded to the nearest thousands of dollars.

Forward-Looking Information

This MD&A contains certain "forward-looking information" within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Such forward-looking information and forward-looking statements are not representative of historical facts or information or current condition, but instead represent only the Company's beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of the Company's control. Generally, such forward-looking information or 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", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or may contain statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "will continue", "will occur" or "will be achieved". The forward-looking information contained herein may include, but is not limited to, information concerning the future business prospects and potential revenue of the Company.

By identifying such information and statements in this manner, the Company is alerting the reader that such information and statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such information and statements.

An investment in securities of the Company is speculative and subject to a number of risks including, without limitation, the risks discussed under the heading "Risk Factors" on pages 29 to 46 of the Company's filing statement dated October 5, 2017. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in the forward-looking information and forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended.

In connection with the forward-looking information and forward-looking statements contained in this MD&A, the Company has made certain assumptions. Although the Company believes that the assumptions and factors used in preparing, and the expectations contained in, the forward-looking information and statements are reasonable, undue reliance should not be placed on such information and statements, and no assurance or guarantee can be given that such forward-looking information and statements will prove to be accurate, as actual results and future events could differ materially from those

anticipated in such information and statements. The forward-looking information and forward-looking statements contained in this MD&A are made as of the date of this MD&A, and the Company does not undertake to update any forward-looking information and/or forward-looking statements that are contained or referenced herein, except in accordance with applicable securities laws. All subsequent written and oral forward- looking information and statements attributable to the Company or persons acting on its behalf is expressly qualified in its entirety by this notice.

Overview

Results of Operations of Business Activities for the year ended for the interim period through September 30, 2017.

mCloud, Inc Balance Sheet	Total mCloud September30, 2017
Cash	\$47,090
Receivables	\$162,586
Inventory	\$74,084
Prepaid Expenses and Deposits	\$1,200
Deferred Offering Cost	\$1,129,254
Due from Related Party	\$40,002
<i>Total Current Assets</i>	<i>\$1,454,216</i>
Total Assets	\$3,992,660
Current Liabilities	\$4,453,087
Non-Current Convertible Debt	\$817,374
<i>Total Liabilities</i>	<i>\$5,270,461</i>
Share Capital	\$510,715
Current Retained Earnings	(\$1,788,516)
<i>Total Equity</i>	<i>(\$1,277,801)</i>
Total Liabilities and Equity	\$3,992,660

mCloud, Inc	
Income Statement	MCloud September 30, 2017
Revenue	\$390,281
Cost of Sales	\$195,209
Gross Profit	\$195,072
Operating Expenses	\$1,660,588
Operating Income/(Loss)	(\$1,465,516)
Other Income and Expenses	(\$323,000)
Net Income/(Loss)	(\$1,788,516)

Revenue

mCloud's revenues were \$297,422 for the quarter ended September 30, 2017. mCloud completed the acquisition of Field Diagnostic Services, Inc on June 15, 2017 and the financials are consolidated as of that date.

Below is Field Diagnostic Services, Inc performance for a full 9 months ending September 30, 2017.

Field Diagnostic Services, Inc	FDSI 30-Sep-17
Revenue	\$1,150,827
Cost of Sales	\$276,231
Gross Profit	\$874,596
Operating Expenses	\$1,234,084
Operating Income/ (Loss)	(\$359,488)
Other Expense/Income	\$375,364
Net Income	\$15,876

Cost of Sales and Gross Profit

Gross Profit on FDSI is 76% as it continues to be a high margin business.

Operating Expenses

General operating expense, which include sales, general administrative, and R&D expenses was \$723,185 at the end of September 30, 2017.

Impairment Expense

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. There were none as of September 30, 2017.

Interest Expense

No interest expense was incurred as of September 30, 2017.

Business Combination

On June 15, 2017, the Company acquired all of the issued and outstanding shares of Field, from arm's length parties, for an aggregate purchase price of \$4,207,867 (the "Acquisition").

Consideration given consists of:

- i. On the reverse take-over ("RTO") closing date (Note 18), an amount equal to cash of \$1,000,000 adjusted upwards by positive, or downward by negative, working capital;
- ii. Issuance of 1,228,501 common shares of the Company for an aggregate price of \$500,000 at a deemed price per share of \$0.407; and,
- iii. Contingent consideration is comprised of:
 - a. \$1,000,000, payable no later than April 30, 2018 if revenue for the year ended December 31, 2017 is equal to or greater than \$2,000,000;
 - b. \$200,000, payable no later than five business days on which the Company receives full or partial payment from the first sale of a computer application system that oversees and analyzes data ("Asset Care Platform") to a customer;
 - c. \$1,000,000, payable no later than five business days on which the Company's Asset Care Platform is monitoring 1,000 assets; and,
 - d. \$1,000,000, payable no later than five business days on which the Company's Asset Care Platform is monitoring 5,000 assets.

Management of the Company has made a preliminary determination of the fair value of the tangible and intangible assets acquired and liabilities assumed in the Acquisition. The fair value of the intangible assets has been measured provisionally and if new information obtained within one year of the date of the Acquisition about the facts and circumstances that existed at the date of the acquisition identifies adjustments to the amounts then the accounting for the Acquisition will be revised.

At the date of acquisition, management estimated the fair value of the contingent consideration to be \$992,626. The calculation was determined using management's best estimates of the time period in which the Asset Care Platform sales milestones are achieved, and the likelihood of achieving the \$2 million revenue target and was adjusted after considering the time value of money. The current portion of the contingent consideration is \$175,252 and, along with the \$1 million payable due on closing of the RTO, has been recorded within the current portion of business acquisition payable within the consolidated statement of financial position.

The final allocation of the fair value of the net assets acquired and aggregate consideration may be significantly different from the preliminary allocation as presented below:

Fair value of net assets acquired:

Net working capital deficiency, including cash balance of \$38,374	(50,282)
Property and equipment	25,076
Intangible assets	23,860
Deposits	18,413
Total net assets acquired	17,067

Consideration given:

Cash on RTO closing date	1,000,000
1,228,501 Common shares	500,000
Contingent consideration	992,626
Total Consideration:	2,492,626
Goodwill	2,475,559

From the period of acquisition to September 30, 2017, Field contributed revenue of \$297,422 and a net loss of \$262,781. Had Field been acquired on January 1, 2017, it would have contributed revenue of \$1,150,827 and a net loss of \$532,443 (except a one time accounting entry)

Depreciation and Amortization

Depreciation is recorded to recognize the cost of assets over their useful lives, using the straight-line method over the useful lives, see life table in note 4 of the audited financial statements in significant accounting policies.

Related Party Transactions

The Company has entered into a demand note receivable with a shareholder bearing interest at 2% per annum. As at September 30, 2017, \$40,002 was outstanding.

Transactions with related parties are in the normal course of operations and are initially recorded at fair value.

Non-recurring project investigation costs

During the nine months ended September 30, 2017, the Company incurred \$100,000 in research expenditures for its Asset Care wind solution software. These expenditures provided knowledge for the development of the Asset Care software, creating unique market capabilities which will be the focus of the Company going forward. It was determined that these expenditures did not qualify for capitalization as internally generated intangible assets, therefore have been expensed on the condensed interim consolidated statements of comprehensive loss.

Provision for Income Taxes

The Company has non-capital losses which are available for deduction against future taxable income and will expire through to 2033. Deferred tax assets are recorded only to the extent that future taxable income will be available against which the deferred can be offset. Management estimates future income using

forecast based on the best available current information. Based on the current estimates, no deferred tax asset has been recorded.

Net Loss and Comprehensive Loss

The Company recognized a net loss of \$1,788,516 which represented a basic loss per share of \$0.09.

Liquidity and Capital Resources

Capital Management

The Company's capital consists of share capital. The Company sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Company's objectives when managing capital are:

- i. to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and,
- ii. to maintain investor, creditor and market confidence in order to sustain the future development of the business.

Financial Instruments and Risk Management

The Company's activities expose it to a variety of financial risks. The Company is exposed to credit risk and liquidity risk because of holding certain financial instruments. The Company is not exposed to market risk (currency, interest rate, or other) as it does not hold financial instruments that exposed the Company to market risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by senior management, in particular, the Board of Directors.

Fair Value

The Company's financial instruments consist of cash, trade and other receivables, due from related party, trade payables and accrued liabilities, contingent consideration, and convertible notes. Aside from convertible notes and contingent consideration, the carrying amounts of these items approximate their fair value due to their short period to maturity. The carrying amounts of convertible notes do not approximate their fair value as the convertible notes are a derivative contract which will be settled with a variable number of equity instruments. Contingent consideration is carried at fair value

IFRS establishes a three-level hierarchy that prioritizes the inputs relative to the valuation techniques used to measure fair value. Fair values of assets and liabilities included in Level 1 of the hierarchy are determined by reference to quoted prices in active markets for identical assets and liabilities. Fair value of assets and liabilities in Level 2 are determined using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Fair value of assets and liabilities in Level 3 are determined based on inputs that are unobservable and significant to the overall fair value measurement. Accordingly, the Company has categorized its financial instruments carried at fair value into one of three different levels depending on the observability of the inputs employed in the measurement. The Company's cash balance is subject to level 1 valuation. The Company's convertible notes and contingent consideration are subject to level 2 valuation.

Credit risk

Credit risk arise when one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. Financial instruments that subject the Company to credit risk consist primarily of cash and trade and other receivables. The credit risk relating to cash balances is limited because the counterparty is a large commercial bank in the United States. The amounts reported for trade and other receivables in the statement of financial position is net of allowances for doubtful accounts and bad debts and the net carrying value represents the Company's maximum exposure to credit risk.

Trade and other receivables credit exposure is minimized by entering into transactions with creditworthy counterparties and monitoring the age and balances outstanding on an ongoing basis. Most of the Company's credit exposures are with counterparties in the utility industry and are subject to normal industry credit risk. Payment terms with customers are 30 days from invoice date.

Financial Instruments and Risk Management

At September 30, 2017, \$nil in trade and other receivables were written off due to doubts of their collectability.

The following table sets forth details of the aging profile of trade and other receivables and the allowance for doubtful accounts:

As at	September 30, 2017	December 31, 2016
Current (for less than 30 days)	104,424	-
31 – 60 days past due	16,590	-
61 – 90 days past due	39,179	-
Past due for greater than 90 days	2,393	-
Trade and other receivables	162,586	-

During the nine months ended September 30, 2017, 86% of revenues were generated from two customers, each with revenues greater than 10% of total revenues.

As at September 30, 2017, three customers accounted for 79% of trade and other receivables, each with balances greater than 10%.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company generally relies on funds generated from operations or key management to provide sufficient liquidity to meet budgeted operating requirements.

The following table sets forth details of the aging profile of financial liabilities as at September 30, 2017 based on their undiscounted cash flows:

	<1 year	1-2 years	>2years	Total
Trade payables and accrued liabilities	1,773,571	-	-	1,773,571
Convertible notes	650,000	-	-	650,000
Contingent consideration	2,149,719	2,000,000	-	4,149,719
	4,623,571	2,000,000	-	5,623,571

The Company has current assets of \$1,454,216 to satisfy current obligations of \$4,453,087 and therefore will have to generate sources of cash to satisfy liabilities as they come due.

Outstanding Share Data

As at the date of this Filing Statement, mCloud had the following classes of equity securities outstanding:

No. of Shares	
Common shares	20,183,309

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below are considered to be significant and have been applied consistently by the Company to all years presented in the financial statements.

Cash

Cash consists of bank balances and highly liquid short-term investments with a maturity date of less than 90 days which are convertible to known amounts of cash at any time by the Company without penalties.

Inventory

Inventory consist of handheld tools and parts and are stated at the lower of cost and net realizable value. Costs of inventory is determined on a first-in-first-out basis. Net realizable value represents the estimated selling price for inventory less all estimated costs of completion and costs necessary to make the sale.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Depreciation is recorded to recognize the cost of assets over their useful lives, using the straight-line method over the following useful lives:

Asset	Life
Computers and software	3 to 5 year
Office equipment and machinery	7 years
Leasehold improvements	5 years

When a property and equipment asset has significant components with different useful lives, each significant component is depreciated separately.

The estimated useful lives and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Repairs and maintenance costs that do not improve or extend productive life are recognized in profit or loss in the period in which the costs are incurred.

Intangible Assets

Patents

It is the Company's practice to seek patent protection on processes and products. The Company capitalizes the costs incurred for patent applications filed and pending approval. Patents are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the estimated useful life of 15 years. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Derecognition of Intangible Assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognized as an expense as incurred.

In the event that lease incentives, such as deferral of cash payments, are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable, net of sales tax, trade discounts, rebates and similar allowances.

Revenue is recognized when the criteria specific to each separately identifiable component is met and the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and,
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sale of Goods

Revenue from the sale of tools is recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods. Significant risks and rewards is transferred to the buyer when the goods are delivered and legal title has passed.

Rendering of Services

Efficiency Sharing

Efficiency sharing revenue represents performance incentives earned by the Company based on customers achieving defined HVAC operational efficiency levels. The Company receives a fee based on certain efficiency levels reached. Due to uncertainties surrounding the attainment of such levels, the Company recognizes efficiency sharing revenue upon receipt of performance reports or other information from the customer supporting the determination of amounts.

Training and Consulting

Revenue is recognized as the services are performed.

Cost of Sales

Cost of sales includes direct materials, direct labor, shipping and handling, and indirect overhead related to the sale of goods or rendering of services.

Share-based Compensation

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is recognized as share-based compensation, with a corresponding increase in equity, over the vesting period, based on the Company's estimate of equity instruments that will eventually vest.

At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to contributed surplus.

Taxation

Tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of comprehensive (loss) income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the way the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and Deferred Tax for the Period

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income (loss) profit or directly in equity, in which case the current and deferred tax are also recognized in other comprehensive income (loss) profit or directly in equity respectively.

Income (Loss) Per Share

Basic income (loss) per share is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of common shares outstanding during the year.

Diluted income (loss) per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares. The weighted average number of common shares outstanding is increased by the total number of additional common shares that would have been issued by the Company assuming exercise of all share options with exercise prices below the average market price for the year.