ICEsoft Technologies Canada Corp.
Management Discussion and Analysis
For the quarters ended March 31, 2026 and 2025

MANAGEMENT DISCUSSION & ANALYSIS

This Management Discussion and Analysis ("MD&A") is intended to provide readers with the information that management ("Management") of ICEsoft Technologies Canada Corp. ("ICEsoft" or the "Corporation") believes is required to gain an understanding of the financial results of the Corporation for the quarter ended March 31, 2026, and to assess the Corporation's future prospects.

Accordingly, certain sections of this report contain forward-looking statements and forward-looking information (collectively, "Forward-Looking Information") as defined under applicable Canadian securities laws, which are based on current plans and expectations (see under the heading "Special Note Regarding Forward-Looking Information"). Additional information relating to ICEsoft is available under ICEsoft's profile on www.sedarplus.ca.

This MD&A, presented and dated as of May 30th, 2026, should be read in conjunction with the unaudited consolidated financial statements and related notes for the periods ended March 31, 2026, and December 31, 2025 (the "consolidated financial statements").

The Corporation's consolidated financial statements have been prepared on a "going concern" basis, which presumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The operations of the Corporation have been primarily funded through private placements of equity and debt. The continued operations of the Corporation are dependent on the Corporation's ability to generate profitable operations in the future, to receive continued financial support from shareholders, and/or to complete sufficient equity and debt financings. In making its going concern assessment, management is aware of conditions that indicate the existence of a material uncertainty that may cast significant doubt upon the Corporation's ability to continue as a going concern. The consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the going concern assumption was inappropriate; these adjustments could be material.

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

Special Note Regarding Forward-Looking Information

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

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

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

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

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

ICEsoft advises shareholders to carefully review the reports and documents it files from time to time with the security’s regulatory authorities on SEDAR+ at www.sedarplus.ca

Corporate Structure

The Corporation was incorporated on May 10, 2002 under the Canada Business Corporations Act. ICEsoft and its subsidiaries are providers of community alerting and engagement solutions sold under a Software as a Service (SaaS) model, as well as enterprise middleware solutions for desktop and mobile enterprise. The Corporation’s primary products consist of ICEfaces, its legacy Clickware product and Voyent Alert!, its community alerting SaaS product.

ICEsoft’s head office is located at 340, 600 Crowfoot Cres. N.W., Calgary, Alberta, Canada, T3G 0B4.

The consolidated financial statements of the Corporation as at and for the period ended March 31, 2026 and 2025 consist of the Corporation and its wholly owned subsidiaries. ICEsoft wholly owns ICEsoft Technologies Holdings Ltd, which acts as the Corporation’s main Canadian operating entity; and wholly owns ICEsoft Technologies Inc, incorporated in the State of Delaware, which is the United States operating entity.

Basis of Presentation

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements were approved and authorized for issue by the Board of Directors on May 30th, 2026.

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

EBITDA

EBITDA refers to earnings before interest, taxes, depreciation and amortization. EBITDA removes the non-cash share-based compensation.

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

Annual Recurring Revenue Stream

ICEsoft products and services are typically realized as either a Software as a Service (SaaS) or, as a recurring support and maintenance fee. Combined, these are realized as "Annual Recurring Revenue".

Basis of consolidation

All intercompany transactions have been eliminated in the consolidated financial statements. Subsidiaries are those entities that the Corporation controls by having the power to govern the financial and operating policies of the entity. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Corporation controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Corporation and are subsequently deconsolidated from the consolidated financial statements on the date that control ceases.

Core Business

An established enterprise software portfolio

ICEsoft is an enterprise software company supplying medium to large scale multi-national corporations and small to mid-sized North American Municipalities for over 10 years. Its current products include:

> **Voyent Alert!:** Voyent Alert! is a multi-purpose communication service designed specifically to meet the needs of small to medium sized communities, regional districts, and business enterprises. It serves both as a critical event notification service as well as a day-to-day community engagement tool. Registration is fully anonymous, and the service provides each message recipient with enriched / customized communications including information such as their distance from an event, its direction, time to intercept, recommended direction of evacuation, or even turn by turn directions to get to a shelter. The service is designed to augment provincial and federal notification systems by providing localized and user specific communications. Communications are disseminated through mobile applications, SMS/Text, Email, and Voice as well as social media channels. Voyent Alert! is provided as a SaaS solution. As of year-end 2025 Voyent Alert! is servicing approximately 850 communities across North America.
>
> **ICEfaces:** ICEfaces is a presentation layer technology solution which facilitates rich application development in both desktop and mobile environments. ICEfaces leverages responsive web-design techniques that detect the nature of the platform accessing the web-application, allowing automatic reformatting of the content being served to that particular appliance. This results in considerable savings to the enterprise in both time and cost of development. ICEfaces supports a wide range of infrastructure software in the industry. ICEfaces is licensed using a commercial open-source solution. The open-source technology has been used by over 20,000 enterprises and 150,000 developers world-wide. The ICEfaces market is mature and is expected to realize slow and continual decline over the next several years.

Production and Sales

All of ICEsoft's products are developed, maintained, and distributed in electronic format. Engineering services, consulting, support, and training services are provided on an on-demand basis or as part of pre-purchased product subscriptions. Services are typically of a nature that they can be carried out remote from the client site.

Voyent Alert! utilizes a SaaS pricing model with annual subscription fees being paid up front. Pricing consists of a base subscription fee plus additional user and service usage fees that are calculated and billed quarterly or semi-annually in arrears.

ICEsoft's legacy products are typically sold on an annual subscription basis. Subscription and planned SaaS fees are pre-paid for a given subscription term.

Market for Products

ICEsoft's Voyent Alert! service product is presently being sold largely in Canada. Within the municipal government sector ICEsoft has identified an addressable market of approximately 11,000 small to medium sized communities (i.e. populations < 250,000 persons) across Canada and the US. The Corporation began expansion into the US market in 2021.

The majority of ICEsoft's commercial license sales for legacy products come from the United States (app. 60%) and Europe (app. 30%). End users of ICEsoft's free-to-use products see significant deployment in China, India, and Brazil, all regions where ICEsoft has faced historical challenges in commercialization.

Specialized Skills and Knowledge

ICEsoft has retained employees and contractors with specialized skill and knowledge in presentation layer technologies, web protocols, distributed application development, and high availability architectures. In particular, these employees and consultants have unique knowledge regarding sophisticated enterprise grade application development and deployment configurations and mobile app design.

Intellectual Property

ICEsoft takes active steps to secure its intellectual property. It has secured copyrights and trademarks as required. ICEsoft has two patents granted and issued.

Significant Contracts

ICEsoft is not substantially dependent on a contract to sell a major part of its products or to purchase a major part of its goods or services.

Changes to Contracts

ICEsoft does not believe that its business will be materially affected by renegotiation or termination of contracts or sub-contracts in the current fiscal year.

Competitive Conditions

Notable competitors to the ICEsoft's Voyent Alert! product include companies such as Everbridge, Athoc/Blackberry, PEASI, RAVE Mobile Safety, and Alert Media. These companies participate predominantly in the mass notification or enterprise alerting sectors with a primary focus being on servicing large urban centers and organizations. Messaging tends to be text-based and generic in nature with a focus on static location alerting.

ICEsoft's market focus has been on small to medium sized municipalities with an emphasis on enriched and personalized communications.

During 2025 and Q1 2026, ICEsoft / Voyent Alert continued to realize an approximate 80% win rate when placed in competitive bid situations or RFPs and is regularly called upon to displace other incumbent solutions.

ICEsoft sells its legacy products and services globally into the Rich Internet Application market. It is one of the top three open-source providers of presentation layer technologies to the Java EE developer community. The market is maturing in nature.

Within the addressable market, ICEsoft's competitors (to its core product offering) are split between vertically integrated solutions from large middleware providers such as Oracle or RedHat and smaller cross platform independents.

General Business Outlook

ICEsoft believes that its Voyent Alert! service offers significant differentiation to conventional alerting and community engagement services, and that this differentiation will continue to drive material adoption across the Canadian market throughout 2026 and 2027. Voyent Alert's sales footprint represents a 15%+ market share of Canadian communities with populations of 250,000 persons or less.

The Corporation launched into the U.S. market in Q1 2021 and realized first sales in Q2 2021. While the US market presents with added competitors, and slower sales cycles, the launch profile and initial adoption rate are tracking closely to roll out trends initially realized in Canada.

Management continues to expand Voyent Alert! into enterprise and corporate markets. In addition, Management plans to expand its community engagement and health and safety services offerings with features in demand with its existing client base and that will serve to increase the average contract value once available.

Selected Information

The following table summarizes select financial information for ICEsoft for the most recently completed quarter ending March 31, 2026, and March 31, 2025.

	Quarterly Three months ended	
Summary Table of Financial and Operational Results	**March 31, 2026**	**March 31, 2025**
Revenue	514,200	512,779
Operating Income (Loss)	42,224	32,458
Net Income (Loss)	(32,516)	(46,829)
Working Capital	(1,604,408)	(2,471,323)
Total Assets	399,961	277,131
Total Liabilities	3,787,836	3,421,871
Net Income (Loss)	(32,516)	(46,829)
Add Back:		
Amortization of property and equipment	287	412
Amortization of right-of-use asset	-	-
Financing Costs	68,823	49,536
EBITDA	**36,594**	**3,119**

Summary of Quarterly Results

The following table summarizes select financial information for ICEsoft for the most recently completed quarters ending at the end of March 31, 2026.

	Q1 2026-03-31	Q4 2025-12-31	Q3 2025-09-30	Q2 2025-06-30	Q1 2025-03-31	Q4 2024-12-31	Q3 2024-09-30	Q2 2024-06-30
Assets	399,961	196,259	238,950	256,382	277,131	232,924	302,939	417,562
Net Working Capital	(1,604,408)	(1,771,187)	(2,667,428)	(2,628,178)	(2,471,323)	(2,555,733)	(2,152,041)	(1,406,029)
Deferred Revenue	1,298,808	1,084,684	1,138,670	1,231,309	1,195,072	1,170,540	1,268,399	1,268,399
Liabilities	3,787,836	3,543,208	3,465,079	3,399,944	3,421,871	3,334,976	3,234,278	3,327,119
Revenue	514,200	511,956	508,440	514,795	512,779	501,300	491,250	472,284
NOI*	42,224	(418,808)	(45,230)	36,762	32,458	(83,321)	41,325	30,350
Loss per share (basic and diluted)	0.00	(0.01)	0.00	0.00	0.00	0.00	0.00	(0.00)

*Net Operating Income

RESULTS OF OPERATIONS

Revenue and Annual Recurring Revenue

The Corporation ended Q1 2026 with approximately $2.2 million in annual recurring revenue. Management anticipates this number will continue to grow with ongoing expansion of its Voyent Alert! service.

	Three Months Ended	
	March 31, 2026 $	March 31, 2025 $
Revenue	514,200	512,779

Q1 2026 vs. Q1 2025 revenues increased by $1,421 (0%). Over that period, legacy revenue decreased by 31,613 from $218,214 in Q1 2025 to $186,601 Q1 2026 (14.5% decrease). 2026 Voyent revenue increased from $294,565 in Q1 2025 by $33,034 to 327,599 in Q1, 2026. An annual growth rate of 11%.

There was no material shift in revenue across geographic regions.

Cost of Goods Sold / Information Services

	Three Months Ended	
	March 31, 2026	March 31, 2025
	$	$
Cost of Goods Sold	131,975	171,738

In 2021, ICEsoft started reporting the cost of goods sold as these costs represent costs associated with providing the subscription services. Cost of goods sold includes commission, web and server hosting, alert transmission fees, data base costs as well as specialized software tools to develop, expand, and support the Voyent Alert! and ICEfaces subscription services.

During Q1 2026, cost of goods sold decreased to $138,225 from $131,975 in 2025 (4.7%). The increase was a result in commissions associated with increased sales in quarter over Q1, 2025. Information services decreased from $105,420 in 2025 to $101,959 in 2026. Additional related cost reductions were rolled out in March, 2026. At the same time, overall system usage increased by 28% year over year from 2.35M notifications processed and sent in Q1 2025 to over 3.00M notifications processed and sent in 2026.

Research and Development, General & Administrative, Sales, Marketing, and Operations Expenses, and Share-Based Payments

	3 Months Ended	
	March 31, 2026	March 31, 2025
	$	$
Research and Development, General & Administrative, Sales, Marketing and Operations Expenses and Share-Based Payments and Depreciation of Property and Equipment	333,751	348,346

General operating expenses related to research and development, general and administrative, sales, marketing and operations, and share-based payments decreased in 2026 compared to 2025 by $14,595 (4.2%).

Income (Loss) Before Other Items and Net Loss

	Three Months Ended	
	March 31, 2026	March 31, 2025
	$	$
Net Operating Income (Loss)	42,224	32,458

The business saw net income before other items improve by $9,766 or 30% in 2026 relative to 2025. This improvement is largely due to continued increase in Voyent subscription revenues and internal initiatives to target reductions in costs of sales (i.e. hosting and alert transmission cost reductions).

	Three Months Ended	
	March 31, 2026 $	March 31, 2025 $
Net Loss and Comprehensive Loss	(32,516)	(46,829)

Included in net loss for the Quarter ended March 31, 2026 is interest and financing expenses of $68,823 (2025 - $49,536), and other expenses of $9,877 (2025 – $20,560), approximately $6,000 of which was due to malicious hack attempts that have subsequently been resolved.

Liquidity and Capital Resources

ICEsoft is able to generate sufficient amounts of cash in the short and long term from its existing portfolio of legacy products to remain solvent, provided it continues to moderate its deployment of resources to new product development. It is forecast that ICEsoft's cash flow will continue to improve over time as the recurring revenue stream from Voyent Alert! continues to grow.

Aside from ongoing, day to day operational requirements ICEsoft has no additional commitments for new capital expenditures.

There are no formal additional capital resources currently in place that are available to ICEsoft.

Capital Management

Management closely monitors cash flow requirements. The Corporation is actively pursuing sales and commercialization efforts of Voyent Alert!. The Corporation's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development and sales of its new product releases; however, it should be noted that the Corporation remains at an early stage of its Voyent Alert! commercialization initiatives and the Corporation will continue to be dependent on its ability to manage cash on hand.

The management of capital includes convertible notes and the components of shareholders' deficiency, comprised of share capital, equity position of convertible notes, share-based payment reserve, warrants reserve, foreign currency translation reserve, and deficit.

The Corporation strives to maximize the value associated with shareholders' equity. In order to achieve this objective, the Corporation may, from time to time, issue shares, issue new debt, dispose of assets or adjust its spending. ICEsoft manages its working capital through timely collection of receivables, controlling exposure to future commitments and securing favorable terms from suppliers. In order to preserve cash, the Corporation does not currently pay dividends. ICEsoft is not subject to externally imposed capital requirements and the Corporation's overall strategy with respect to managing its capital structure is:

- To safeguard the Corporation's ability to continue as a going concern
- To maintain appropriate cash reserves on hand to meet ongoing development and operating costs

Shares Outstanding

See note 6 of the consolidated financial statements for an overview of the shares outstanding and share capital of the Corporation. As of May 30, 2026 there are 112,116,025 Class A common shares outstanding. There are also 8,850,000 stock options outstanding with an average strike price of $0.05.

All options are out of the money and anti-dilutive. There are 850,000 warrants outstanding with an average strike price of $0.05. All warrants are out of the money and anti-dilutive. As of March 31, 2026, there is $1,120,175 secured convertible notes outstanding with the option to convert to common shares at $0.06 per unit. No additional notes have been issued subsequent to year end December 31, 2025. The option to convert is out of the money and anti-dilutive.

Off-Balance Sheet Arrangements

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

Transactions with Related Parties

See note 10 of the consolidated financial statements for a description of related party transactions.

Significant Accounting Judgments, Estimates and Assumptions

See note 2 of the consolidated financial statements for a description of significant accounting judgments, estimates, and assumptions.

Risk Factors

An investment in ICEsoft is speculative and involves a high degree of risk. Accordingly, prospective investors should carefully consider the specific risk factors set out below, in addition to the other information contained in this document, before making any decision to invest in ICEsoft. The directors consider the following risks and other factors to be the most significant for potential investors in ICEsoft, but the risks listed do not necessarily comprise all those associated with an investment in ICEsoft. Additional risks and uncertainties not currently known to the directors may also have an adverse effect on ICEsoft's business.

Additional requirements for Capital

Additional financing may be required if ICEsoft is to be successful developing its business. No assurances can be given that ICEsoft will be able to raise the additional capital that it may require for its anticipated future development. Any additional equity financing may be dilutive to investors and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to ICEsoft, if at all. If ICEsoft is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion.

Failure of information technology system

ICEsoft's operations could suffer as a result of a failure of its information technology system infrastructure. ICEsoft's business will be dependent upon an information technology infrastructure to effectively manage and operate several key business functions, including order processing, customer service, installation and payments. These systems and operations are vulnerable to damage and interruption from fires, earthquakes, telecommunications failures, and other events. They are also subject to break-ins, sabotage, intentional acts of vandalism and similar misconduct. Any such errors or inadequacies in the software that may be encountered could adversely affect operations, and such errors may be expensive or difficult to correct in a timely manner.

Competition

ICEsoft has experienced, and expects to continue to experience, competition from a number of companies. ICEsoft's competitors may announce new products, services or enhancements that better meet the needs of customers or changing industry standards. Increased competition may cause price reductions, reduced gross margins and loss of market share, any of which could have a material adverse effect on ICEsoft's business, results of operations and financial condition.

Many of the Corporation's competitors and potential competitors have significantly greater financial, technical, marketing and/or service resources. Many of these companies also have a larger base of users, longer operating histories or greater brand recognition than ICEsoft. Customers of ICEsoft are particularly concerned that their suppliers will continue to operate and provide upgrades and maintenance over a long-term period. ICEsoft's smaller size may be considered negatively by prospective customers. Even if competitors of ICEsoft provide products with more limited system functionality than those of ICEsoft, these products may incorporate other capabilities of interest to some customers and may be appealing due to a reduction in the number of different types of systems used to operate such customers' businesses. Further, competitors of ICEsoft may be able to respond more quickly than ICEsoft to changes in customer requirements and devote greater resources to the enhancement, promotion, and sale of their products.

Market uncertainty

ICEsoft's success depends to a significant degree on its ability to develop the market and gain acceptance for its products and services. There is no assurance that a significant market will develop for ICEsoft's principal products and services. There can be no assurances that the additional commercial applications and markets for ICEsoft's products will develop as currently contemplated. To manage such development ICEsoft must continue to expand its existing resources and management information systems and must attract, train, and motivate qualified marketing, management, technical, and administrative personnel. There can be no assurance that ICEsoft will be able to achieve these goals.

Maturing market

A major contributor to ICEsoft's revenue stream sources from one of its core product offerings, ICEfaces. ICEfaces leverages a widely adopted technology infrastructure known as Java Enterprise Edition (Java EE) developed by Oracle. Java EE is characterized as a maturing technology. The Java EE market has largely saturated over the past years and ICEsoft's growth opportunity resides in securing a greater portion of the already mature market sector. Any negative material change in the size of the addressable Java EE market would result in negative impact on revenue streams sourcing from ICEsoft's core product offering.

Management of growth

ICEsoft may be subject to growth-related risks including pressure on its internal systems and controls. ICEsoft's ability to manage its growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of ICEsoft to deal with this growth could have a material adverse impact on its business, operations, and prospects. While management believes that it will have made the necessary investments in infrastructure to process anticipated volume increases in the short term, ICEsoft may experience growth in the number of its employees and the scope of its operating and financial systems, resulting in increased responsibilities for ICEsoft's personnel, the hiring of additional personnel and, in general, higher levels of operating expenses. In order to manage its current operations and any future growth effectively, ICEsoft will also need to continue to implement and improve its operational, financial and management information

systems and to hire, train, motivate, manage, and retain its employees. There can be no assurance that ICEsoft will be able to manage such growth effectively, that its management, personnel or systems will be adequate to support ICEsoft's operations, or that ICEsoft will be able to achieve the increased levels of revenue commensurate with the increased levels of operating expenses associated with this growth.

High degree of product concentration

Substantially all of ICEsoft's currently anticipated revenues will be derived from a limited number of products and services that are ancillary to the products and services provided by third parties. Consequently, ICEsoft's performance will depend on market acceptance of those third-party products and services, as well as establishing market acceptance for its own products and services and enhancing the performance of such products and services to meet the evolving needs of customers. ICEsoft, like other entities involved in a rapidly evolving new industry, faces the risk that ICEsoft's products and services may not prove to be commercially successful or may be rendered obsolete by technological developments. There can be no assurances that ICEsoft will establish and maintain a position at the forefront of emerging technological trends. Any reduction in anticipated future demand or anticipated future sales of these products or any increase in competition could have a material adverse effect on ICEsoft's business prospects, operating results, or financial condition.

Product failures and mistakes

ICEsoft's products and services incorporate complex software and it encourages employees to quickly develop and help it launch new and innovative features. Its software has contained, and may now or in the future contain, errors, bugs or vulnerabilities. Some errors in its software code may only be discovered after the product or service has been released. Any errors, bugs or vulnerabilities discovered in its code after release could result in significant costs of correcting the failure or mistake, damage to its reputation, loss of users, or liability for damages, any of which could adversely affect its business and operating results.

Technological obsolescence

Competitors and new companies could launch new products. In order to remain on the cutting edge of technology, ICEsoft may need to launch a new generation of products and services. Whether it is competition from development companies or a merger or acquisition of existing companies, competition within certain software industry sectors offering solutions similar to what ICEsoft offers could increase. Some of ICEsoft's competitors have significantly greater financial, technical, distribution, and marketing resources than ICEsoft. Technological progress and product development could make ICEsoft's products obsolete or reduce their value.

Mobile devices and third-party operating systems

Mobile devices are increasingly being used and if our products and services do not operate as effectively when accessed through these devices it could harm the business. ICEsoft is dependent on the interoperability of its platform with third-party mobile devices and mobile operating systems as well as web browsers that it does not control. Any changes in such devices, systems or web browsers that degrade the functionality of its platform or give preferential treatment to competitive services could adversely affect usage of its products and services. Effective mobile functionality is integral to our long-term development and growth strategy. In the event that ICEsoft's merchants and customers have difficulty accessing and using products and services on mobile devices, ICEsoft's business and operating results could be adversely affected.

Pricing policies

The competitive market in which ICEsoft operates could force it to reduce its prices. If its competitors offer large discounts on certain products and services in order to gain market share or sell products and services, ICEsoft may need to lower its prices and offer other favorable terms in order to compete successfully. Such changes could reduce profit margins and have an unfavorable impact on its operating results. Some of ICEsoft's competitors could offer products and services that compete with theirs as part of a long-term pricing strategy or offer price guarantees or product implementation. With time, these practices could limit the prices ICEsoft may charge for its products and services. If ICEsoft cannot offset these price reductions with a corresponding increase in sales volume or decreased expense, the decreased revenues from products and services could unfavorably affect its profit margins and its operating results.

Patent infringement

While ICEsoft believes that its products and operations do not violate the intellectual property rights of third parties, other parties could bring legal actions against ICEsoft claiming damages and seeking to enjoin the marketing and sale of ICEsoft's products for allegedly conflicting with patents held by them. Any such litigation could result in substantial cost to ICEsoft and diversion of effort by its management and technical personnel. If any such actions are successful, in addition to any potential liability for damages, ICEsoft could be required to obtain a license in order to continue to market the affected products. There can be no assurance that ICEsoft would prevail in such action or that any license required under any such patent would be available on acceptable terms, if at all. Failure to obtain needed patents, licenses or proprietary information held by others may have material adverse effect on ICEsoft's business. In addition, if ICEsoft were to become involved in such litigation, it could consume a substantial portion of ICEsoft's time and resources.

Labour and key personnel

ICEsoft depends on the services of its key management personnel. The loss of one of these people could have a significantly unfavorable impact on ICEsoft, its operating results, and its financial position. The success of ICEsoft is largely dependent upon its ability to identify, hire train, motivate, and retain highly skilled management employees, engineers, technical employees, and sales and marketing personnel. Competition for its employees can be intense, and ICEsoft cannot ensure that it will be able to bring in and retain highly skilled technical and management personnel in the future. Its ability to bring in and retain management and technical personnel and the necessary sales and marketing employees could have an unfavorable impact on its growth and future profitability. The Corporation may be obligated to increase the compensation paid to current or new employees, which could substantially increase operating expenses.

Lack of control in transactions

ICEsoft's business plan relies in part on retaining other companies to perform a variety of resale services. ICEsoft may not be in a position to control or direct the activities of the parties with whom it transacts business. Success of the Corporation may be subject to, among other things, the success of such other parties, with each being subject to their own risks.

Reliance on third party services and app store distribution

ICEsoft relies on certain technology services provided to it by third parties, and there can be no assurance that these third-party service providers will be available to the Corporation in the future on acceptable commercial terms or at all. If ICEsoft were to lose one or more of these service providers, it may not be able to replace them in a cost effective manner, or at all. This could harm the business and results of operations of the Corporation.

In addition, ICEsoft's future product technology relies in part on the deployment of ICEsoft's application code onto end user mobile appliances. This deployment is typically achieved via

app stores associated with the different mobile platforms. ICEsoft does not control these app stores, their acceptance criteria or ultimately approval of their deployment. Rejection of ICEsoft's mobile application or utility by app store administrators would negatively impact ICEsoft's technology adoption and rollout.

ICEsoft may be subject to litigation

ICEsoft may be involved in disputes with other parties in the future, which may result in litigation. If ICEsoft is unable to resolve these disputes favorably, it may have a material adverse impact on ICEsoft's financial condition.

Failure to secure intellectual property

ICEsoft's products leverage a variety of proprietary rights that enable its competitive positioning and are critical to its success. ICEsoft has been protecting its Intellectual Property through copyright, trademark and patent applications. Because the Intellectual Property associated with ICEsoft's technology is evolving and rapidly changing, current intellectual property rights may not adequately protect the Corporation. ICEsoft may not be successful in securing or maintaining proprietary or future patent protection for the technology used in its systems or services, and protection that is secured may be challenged and possibly lost. ICEsoft generally enters into confidentiality or license agreements, or has confidentiality provisions in agreements with ICEsoft's employees, consultants, strategic partners and clients and controls access to and distribution of its technology, documentation and other proprietary information. ICEsoft's inability to protect its Intellectual Property adequately for these and other reasons could result in weakened demand for its systems or services, which would result in a decline in its revenues and profitability.

Use of "open source" software

ICEsoft's solutions incorporate and are dependent to a significant extent on the use and development of "open source" software and ICEsoft intends to continue our use and development of open source software in the future. Such open source software is generally licensed by its authors or other third-parties under open source licenses and is typically freely accessible, usable and modifiable. Pursuant to such open source licenses ICEsoft may be subject to certain conditions, including requirements that ICEsoft offer its proprietary software that incorporates the open source software for no cost, that it make available source code for modifications or derivative works it creates based upon, incorporating, or using the open source software, and that ICEsoft license such modifications or derivative works under the terms of the particular open source license. If an author or other third party that uses or distributes such open source software were to allege that ICEsoft had not complied with the conditions of one or more of these licenses, ICEsoft could be required to incur significant legal expenses defending against such allegations and could be subject to significant damages, enjoined from the sale of ICEsoft's solutions that contained or are dependent upon the open source software and required to comply with the foregoing conditions, which could disrupt the distribution and sale of some of ICEsoft's solutions. Litigation could be costly for ICEsoft to defend, have a negative effect on ICEsoft's operating results and financial condition or require ICEsoft to devote additional research and development resources to change ICEsoft's platform.

Any requirement to disclose our proprietary source code, termination of open source license rights or payments of damages for breach of contract could be harmful to ICEsoft's business, results of operations or financial condition, and could help ICEsoft's competitors develop products and services that are similar to or better than ICEsoft's.

In addition to risks related to license requirements, usage of open source software can lead to greater risks than the use of third-party commercial software, as open source licensors generally do not provide warranties, controls on the origin or development of the software, or remedies

against the licensors. Many of the risks associated with usage of open source software cannot be eliminated and could adversely affect ICEsoft's business.

Advertising and search traffic

The promotions marketing industry is very dynamic with new technology and services being introduced by a range of players from larger established companies to start-ups on a frequent basis. ICEsoft's success in part requires that it is successful in conceiving and executing a variety of marketing campaigns into its targeted verticals. Desired wide scale adoption of ICEsoft's newest products is in part dependent upon ICEsoft successfully leveraging social media marketing techniques and campaigns. Failure to conceive and/or successfully execute on required marketing activities could negatively impact ICEsoft's forecast results and operations.

ICEsoft depends in part on internet search engines, such as Google, Bing and Yahoo!, to drive traffic to its website. For example, when a user types an inquiry into a search engine, ICEsoft relies on a high organic search result ranking of its webpages in these search results to refer the user to its website. However, ICEsoft's ability to maintain high organic search result rankings is not within its control. ICEsoft's competitors' search engine optimization, or SEO, efforts may result in their websites receiving a higher search result page ranking than ICEsoft's, or internet search engines could revise their methodologies in a way that would adversely affect ICEsoft's search result rankings. If internet search engines modify their search algorithms in ways that are detrimental to ICEsoft, or if ICEsoft's competitors' SEO efforts are more successful than ICEsoft's, the growth in ICEsoft's user base could slow. ICEsoft's website has experienced fluctuations in search result rankings in the past, and it anticipates similar fluctuations in the future. Any reduction in the number of users directed to ICEsoft's website through search engines could harm its business and operating results.

Foreign exchange

As ICEsoft looks to expand and monetize its user base internationally, it will become exposed to the effects of fluctuations in currency exchange rates. Since ICEsoft conducts business in currencies other than Canadian dollars, but reports its operating results in Canadian dollars, it faces exposure to fluctuations in currency exchange rates. Consequently, exchange rate fluctuations between the Canadian dollar and other currencies could have a material impact on ICEsoft's operating results.

Insurance coverage

ICEsoft does not have insurance to adequately protect against risks associated with its business and operations, nor is it intended that ICEsoft will purchase any such insurance for the foreseeable future. It is not always possible to fully insure against business and other risks and ICEsoft may decide to not take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, it could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of ICEsoft.

No dividend History

No dividends have been paid by ICEsoft to date. ICEsoft anticipates that for the foreseeable future it will retain future earnings and other cash resources for the operation and development of its business. Payment of any future dividends will be at the discretion of ICEsoft's board of directors' after taking into account many factors, including ICEsoft's financial condition and current and anticipated cash needs.

Government Regulation

Government regulations influence the design, components or operation of ICEsoft's products. New regulations and changes to current regulations are always possible and, in some jurisdictions, regulations may be introduced with little or no time to bring related products into compliance with these regulations. ICEsoft's failure to comply with these regulations may prevent us from selling our products in a certain country. In addition, these regulations may increase our cost of supplying products by forcing us to redesign existing products or to use more expensive designs or components. In these cases, ICEsoft may experience unexpected disruptions in its ability to supply customers with products, or it may incur unexpected costs or operational complexities to bring products into compliance. This could have an adverse effect on ICEsoft's results of operations and increase the volatility of its financial results.

Impact of Recently Launched Government Alerting Services

Recently launched government alerting services, provincial and federal, such as Alert Ready could negatively impact sales and lengthen sales cycles. The Alert Ready system addresses large scale threat-to-life incidents such as Tsunamis, Earthquakes etc. It leverages the telecom infrastructure to deliver a text-based warning to end users mobile devices. Some of the communities within ICEsoft's target market may view this as a viable alternative to more detailed, community administrated solutions making it more difficult for ICEsoft to sell into them. The same argument holds in that the presence of this system may negatively impact potential investors view of the opportunity making it more difficult for ICEsoft to raise the working capital it requires.

Impact of Tariffs and US Government Downsizing

The recent application of tariffs in Q1, 2025 in both the US and Canadian markets have had impact on sales and collection efforts and are expected to continue doing so into the foreseeable future. The Corporation has had a small proportion of new sales cancelled or deferred by Canadian municipalities who are citing reduced operating budgets due to anticipated impacts of the tariffs. Collections from US Government clients have been exceeding 50-60 days (with some still outstanding). Cited reasons for the delay have been major staffing reductions in accounts payable and other administrative positions. Impacted clients have had payable terms extended to 60 days and been advised that further delays may incur penalty charges.

Outlook

Strong referrals continue to drive down sales cycle times and by association cost of customer acquisition. Client retention across both product categories remains very high, and opens the door to upsell opportunities within the installed base at a later time..

In 2026, ICEsoft will continue to focus on driving both direct and indirect costs downwards with the objective of growing its earnings and positive cash flow operations throughout the fiscal year. Cost reductions in hosting and transmission related expenditures will continue to be a development focus through a combination vendor negotiations, and engineering program initiatives design to reduce support, training, and variable costs associated with message transfer. New feature development will focus on those features identified by enterprise prospects and RFP opportunities.