



## **iSIGN Media Solutions Inc.**

**Management's Discussion & Analysis  
For the Six Months Ended October 31, 2017 and 2016**

## **ISIGN MEDIA SOLUTIONS INC.**

### Management's Discussion & Analysis

For the Six Months Ended October 31, 2017

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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 six months ended October 31, 2017. This MD&A should be read in conjunction with the audited consolidated financial statements for the years ended April 30, 2017 and 2016. 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](http://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 also listed on the OTC under the trading symbol ISDSF. For more information on the Company, please visit our website at [www.isignmedia.com](http://www.isignmedia.com).

This MD&A is current as of December 29, 2017.

iSIGN's unaudited consolidated condensed interim 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.

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### **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**

Proximity marketing has existed for many years – store window displays of goods and products, sandwich boards and people handing out flyers in front of stores are prime examples. While variations of these types of proximity marketing are still in use today, the realization is that a better proximity marketing method would be to market to the one communication device that almost 100% of people have with them whenever they are out – their mobile phone. The personal, always-on nature of mobile allows marketers to reach their customers anywhere anytime.

The Company completed its Smart Antenna platform development in late February of 2012. The first delivery of units was received from its supplier in May 2012. During 2014, prototype units of our Smart Player were manufactured and passed the full testing and feature review process as conducted by our Quick Service Restaurant (“QSR”) reseller for whom the units were designed.

Both the Smart Antenna and Smart Player were designed and constructed to exacting commercial-grade requirements. Both products are fully waterproof, all weather units capable of withstanding extreme weather temperatures, ranging from -40° to +185° Fahrenheit, that can deliver messages to mobile devices simultaneously utilizing Wi-Fi and Bluetooth® technology, in full video with audio or, in simple static form with the ability to report on the interactive 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.

The Smart Antenna appears as a free and open access point to mobile device users. Users simply connect to the Smart Antenna 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 unique, 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.

Our back-end system gathers and records the interaction of mobile devices with our 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 potentially valuable information that is both preference based and predictive on a variety of interactions with shoppers' mobile devices. Information that is collected, includes, but is not limited to the make and model of the mobile device; time of entering and exiting the broadcast area of each of our devices; total dwell zone; day and date of interactions with our hardware; and messages accepted and rejected.

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#### ***Background – continued***

On May 16, 2014, the United States Patent and Trademark Office granted patent status (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". This has allowed iSIGN to move forward with certain companies and organizations who, although interested in the Company's technology, were concerned over the lack of patent protection. The Patent was issued on July 15, 2014.

On September 13, 2016, iSIGN announced the signing of a two-year exclusive agreement with Unacast, to be iSIGN's international data reseller. Unacast is the world's largest network of beacon and proximity companies, connecting the physical world to the digital world. Unacast enables scalable global solutions for retailers and brands to use proximity data for online retargeting and attribution. Unacast connects their Proximity Solutions Providers ("PSP") to global ad platforms to enable digital ad retargeting based on accurate and deterministic physical behaviour. Unacast is the first company to enable a scalable way for retailers and brands to retarget customers online based on accurate behavior in the physical space.

In November 2016, iSIGN received its final approval as an authorized reseller to the United States Government. Receiving this status allows the Company to sell its patented technology and hardware to US government agencies and departments, including military bases.

In March 2017, iSIGN's application to join the Canadian Association of Defence and Security Association was accepted. Membership in this organization of over 800 companies from across Canada that provide innovative world-class products and services gives us access to services and business-building opportunities that will help to showcase iSIGN and its technology, as well as connect us to the Canadian Defence and Security community.

During April 2017, the Company completed its Canadian patent filing for its Push Sensor software, 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. This method allows for the seamless interaction with all mobile devices, especially Smartphones, including iPhones.

Patent pending status for the Push Sensor software was received for Canada in early June 2017. On October 16, 2017, patent pending status for the United States was received. The Company will be pursuing applications in other countries.

During the last quarter of fiscal 2017, the Company commenced work on its Security Alert Messaging ("SAM") solution. SAM is a unique and exclusive proximity-based security and safety alert system for all levels of public, government and educational channels. This sophisticated software solution can be integrated onto any iSIGN Smart Antenna network or stand-alone location. The addition of SAM to any 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 initially 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. Development of this software, enhanced by the addition of Android and Apple apps, was completed in August 2017.

iSIGN fully owns the IP for this software and is marketing this system to its resellers and their clients, as well as to other companies and market channels. These developments will help to keep iSIGN in its lead position as a mobile proximity security alert system.

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### ***Background – continued***

iSIGN's goal is to become the leading interactive proximity mobile marketing/security solution for advertisers, retailers and service providers worldwide, while becoming the world standard for proximity mobile marketing and data capture.

iSIGN has successfully transitioned from a strict SaaS company to a SaaS company with a data-gathering product 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 has a strong focus on data that collects shopper preferences so that brands can deliver targeted messaging and personalized offers to consumers' mobile devices, in-location and in real-time, to deliver business intelligence and insights into emerging consumer behaviors that can help brands make better business decisions and measure their marketing efforts. Utilizing Bluetooth® and Wi-Fi to deliver relevant and timely messaging to any screen or mobile device, iSIGN serves rich media, permission-based messages free of charge to consumers that can drive immediate brand engagement, increased customer loyalty and deliver higher ROI on marketing dollars spent.

Visit our website at [www.isignmedia.com](http://www.isignmedia.com) various videos on the Company and its software.

### **Outlook**

While certain of iSIGN's resellers report that they are making progress with client trials and expect to announce sales within the near future, the Company anticipates that its immediate results will be impacted most significantly by Rich Multimedia Technologies ("RMT") a telecommunications and advertising company focusing on airports and We Build Apps, LLC ("WBA"), a digital marketing firm that specializes in app and mobile marketing development.

WBA has contracted with a major mall complex (retail stores, restaurants, outdoor concert venues, office towers and residential apartment buildings) located outside of Cleveland, with 18 million visitors annually to its approximately 78-acre site to use 500 Smart Antennas to broadcast advertising messages.

The contract is for a renewable three-year period; grants exclusivity throughout the complex' entire site to iSIGN's technology and hardware for commercial and security messaging, including the premises of its retail and commercial tenants; and allows for installation at the other 26 properties owned and/or managed by the site's property manager once the iSIGN/WBA network is installed, activated and functioning for mobile security alerts and commercial messaging.

The revenue potential of this single installation is approximately \$2.7 million Cdn., over the life of the three-year contract, with the revenue generated from hardware sales and monthly commercial data/broadcasting fees.

As reported by WBA, installation of the electrical grid required for what will be the world's first smart mall and community is now complete. This grid covers approximately 1.8 million sq. ft., including retail stores, dwellings and offices. The system, with Smart Antenna proximity messaging at the core of its messaging, will also include wayfinding and security. The system will service up to 20 million people per year (shoppers, residents, office employees, visitors and tourists). Metrics from the operation of the initial 100 Smart Antennas shipped and being installed on site are expected near term.

WBA has incorporated a number of non-iSIGN technologies into their contract with the mall. They are currently working on converging these multiple solutions into a single unified back-end managements and reporting system, that co-ordinates, handles and manages these divergent software technology systems.

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#### ***Outlook - continued***

WBA has completed two other trials: (i) Barons Bus Lines ("Barons"), a charter bus company that has been in business for over 85 years and operates in 70 communities in Ohio and 6 nearby states, specializing in college campuses and underserved cities; and (ii) Cleveland Jet Center, which is affiliated with approximately 300 other private airports in North America.

The Barons trial was designed to gather data on the number of riders and their acceptance or rejection of the Barons offers that have been broadcast. The next step would be the installation into multiple buses to gather ridership information on the full line, as a starting point to enticing advertisers.

The Cleveland Jet Center trial involved the broadcasting of announcements, flight schedules and various promotional messages.

While the metrics from both were well received, WBA has placed these projects on hold while they concentrate their efforts on completing the shopping complex installation. This decision has taken as completion of this first site will lead to substantial Smart Antenna installations into the other 26 properties, managed by the shopping mall's management company.

RMT is both a reseller and licensee of our technology.

As a licensee, RMT will be responsible for all costs related to integration redesign, as well as the purchase and integration of Smart Antenna components into RMT's Tele-Digital Store Front Kiosk ("Kiosks") at RMT's factory in China. RMT will also be responsible for the costs of all necessary revisions necessary to iSIGN's back-end reporting system, customization and dashboard changes and functionality integration. The agreement calls for iSIGN to review and approve the integration and any back-end reporting changes. The licensing fee the Company will receive is \$3 US per day per Kiosk, to be recognized as Kiosks are installed and activated.

As a reseller of our hardware and technology they are promoting our hardware and technology to their contacts from the airport channel for use both at airports and other locations. RMT expects to utilize our hardware outside of their Kiosks to expand their in-airport concession relationships with stores located within the airports that RMT operates in.

RMT has received 100 standard Smart Antennas, modified by replacing our standard stick antenna with the required airport approved loop Antenna and installed into their existing Kiosks at the Palm Springs, Orange County (John Wayne) and Denver International airports. It is expected that additional Smart Antennas with loop antennas will be ordered and delivered to complete the retro-fit of their existing Kiosks.

Installations commenced in late May 2017 and were completed at the end of June 2017. The units are being used to identify traffic count in the area where RMT's kiosks are located. Neutral and generic messages are being broadcast and have generated acceptance rates of 41.8%. This acceptance rate is attributed to the messaging being in an airport environment where the audience is 'captive' waiting for the arrival and departure of flights.

RMT's content partner for their Kiosks, ReachMe.TV, signed a ten-year strategic alliance with CBS Television Stations in June 2017 to coincide with their launch of ReachMe.TV's In-Airport Entertainment Network. This new mobile entertainment network will be in 70 airports in the United States and Canada, reaching in excess of 70 million viewers a month. ReachMe.TV was quoted as saying that this partnership allows them to focus on the building and programming of their network, while working with CBS Television Stations to package programming and advertising in new and unique ways.

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#### ***Outlook – continued***

In early July 2017, at the request of ReachMe.TV, we forwarded several Smart Antennas to them for programming and eventual in-site testing of content at in-airport (non-Kiosk) locations in New York City and on the eastern sea-coast.

RMT has reported they have received interest in our technology from several large multi-national companies due to the airport installations, with discussions on the use of our technology both at the airport and in other non-airport locations.

In addition, RMT is currently working and finalizing several possible contracts involving our Smart Antennas and commercial messaging and SAM technology for installation in Mexico, including bus transit systems, transportation, shopping malls, major retailers and airports in multiple cities. RMT has issued a purchase order for Smart Antennas to be installed into bus systems in Mexico and airports in the United States. Initially these networks will involve commercial messaging only, with SAM messaging to be added once fees are confirmed with the end-client.

WBA has partnered with RMT to approach airports in the State of Ohio for the use of RMT's Kiosks integrated with iSIGN's Smart Antenna and technology.

With the completion of SAM, we have been introducing this innovative software to our resellers. Webinars have been held with several of our resellers as well as with specifically selected potential end users. In addition to the webinars, our resellers have been discussing and reviewing SAM within their channels and territories, including airports, Department of Homeland Security, malls, school campuses, oil refineries and the mining industry.

It is iSIGN's position, that it has successfully gathered together the components required for success: (i) a patented technology with hardware that has been fully field tested and proven to work dependably in all conditions; that gathers and stores data that is of value to advertisers and third party data aggregators; (ii) a software solution that addresses a major need in today's world – proximity-based security and safety; (iii) site locations that want proximity marketing solutions installed; (iv) inventoried Smart Antennas that will allow us to respond quickly to requests for the projects that are under discussion; (v) a low cost sales force (i.e. resellers); (vi) a major data reseller; and, (vii) a major US university with a background in business and data, willing and anxious to work with us on developing our data inventory.

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.

#### **Financial Highlights**

##### *Summary Results*

In the six months ended October 31, 2017, revenues decreased by \$27,822 from the comparable period in the previous fiscal year. The loss before taxes, depreciation and amortization ("EBITDA"), decreased by \$162,089 to \$480,993 at October 31, 2017 from \$643,082 at October 31, 2016. The net loss from operations for the six months ended October 31, 2017 decreased by \$190,755, to \$924,557 from the comparable period in the prior fiscal year. The loss per share at October 31, 2017 was \$0.009, compared to \$0.010 at October 31, 2016.

##### *Discussion - Financial Results*

###### Revenues

- Sales – revenues are derived from the sale of Smart Antennas.
- Services – revenues are derived from monthly recurring data management/broadcasting fees.

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### ***Financial Highlights - continued***

#### *Summary Results - continued*

##### Gross Margin

- Gross margin is impacted by revenue volumes and product mix recorded during the quarters, as well as by standard on-going monthly costs that are independent of quarterly sales volumes and product mix, such as data storage.

##### Interest

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

##### Amortization and depreciation

- Amortization decreased due to the Company's having taken a valuation allowance on its technology and data network development costs at the end of fiscal 2017. This allowance can be reversed in future periods as the Company's cash flows support such an adjustment.

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

The following table details the financial highlights for the six months ended October 31, 2017 and 2016:

	<b>2017</b>	<b>2016</b>	<b>Increase/(Decrease)</b>
<b>Revenues</b>			
Sales	\$ 4,054	\$ 25,113	\$ (21,059)
Services	3,083	9,846	(6,763)
	<u>7,137</u>	<u>34,959</u>	<u>(27,822)</u>
<b>Gross Margin</b>	<u>(7,666)</u>	<u>19,048</u>	<u>(26,714)</u>
<b>Expenses</b>			
Selling and marketing	9,702	500	9,202
General and administration	364,125	661,630	(297,505)
Depreciation – property and equipment	3,286	3,243	43
Amortization – intangibles	350,941	444,973	(94,032)
Research and development	99,500	-	99,500
Interest	89,337	24,014	65,323
	<u>916,891</u>	<u>1,134,360</u>	<u>(217,469)</u>
<b>Net Loss and comprehensive loss</b>	<u>\$ (924,557)</u>	<u>\$ (1,115,312)</u>	<u>\$ (190,755)</u>

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### **Financial Highlights - continued**

#### *Summary Results - continued*

The Company carries a sufficient inventory of its Smart Antennas that will enable it to react quickly to requests for units from its resellers or direct clients for immediate shipment for installation.

	<b>October 31, 2017</b>	<b>April 30, 2017</b>
<b>Balance beginning of year</b>	\$ 1,162,622	\$ 1,270,239
Transferred from property and equipment	-	3,154
Transferred to cost of sales	(2,132)	(110,771)
<b>Balance end of period</b>	<b>\$ 1,160,490</b>	<b>\$ 1,162,622</b>

### **Business, Products and Strategy**

iSIGN's revenue streams include: (i) the sale, by either outright purchase or lease, of our hardware; (ii) data management/broadcasting of commercial messaging, including iSIGN's standard Analytic Reporting, charged monthly for the duration of each contract; (iii) data management/broadcasting of security alert messaging, including iSIGN's standard Analytic Reporting, charged monthly for the duration of each contract; (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; (v) content creation, custom integration of customer loyalty data bases and additional API or software development; and, (vi) potentially, advertising revenue derived from hardware installations.

iSIGN's business model is to use resellers as its sales force to present and sell its technology and hardware. Currently, iSIGN has active resellers operating in: (i) the US; (ii) Canada; (iii) Australia (also servicing New Zealand); (iv) Rumania (also servicing Hungary, Bulgaria, Croatia); (v) Abu Dhabi (serving the Middle East and North Africa); (vi) Portugal and Spain; and (vii) Chile. These resellers have purchased Smart Antennas for use with their client base.

In addition, iSIGN is working with a consulting company to assist iSIGN with business development to expand sales and distribution to companies that are headquartered in Japan, as well as their subsidiaries and affiliates in North America.

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

The Company has completed the development of its innovative proximity-based SAM software, a security and safety messaging solution. This sophisticated software solution can be integrated onto any iSIGN Smart Antenna network or stand-alone location. The integration of SAM to any 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 will utilize virtually all methods of messaging to mobile devices to ensure timely individual and mass receipt 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.

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

iSIGN has introduced SAMs to their resellers and specifically selected potential end users. Webinars have been held with several resellers and their selected potential end users with good reviews received from all. iSIGN's resellers are discussing SAM within their channels and territories, including airports, Department of Homeland Security, malls, school campuses, oil refineries and in the mining industry.

As iSIGN's hardware is installed and operating, our technology gathers and stores the interaction of mobile devices with our technology. The data gathered is entirely anonymous with regards to shoppers' privacy, as it contains absolutely no personal information whatsoever, while collecting potentially valuable information that is both preference based and predictive on a variety of interactions with shoppers' mobile devices, including but not limited to, the make and model of the mobile device; day, date and time of entering and exiting our broadcast zone; total dwell time within the range of each of our hardware devices; day and date of interactions with our hardware; and messages accepted and rejected.

iSIGN now has in place: patented technology that enables 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 Smart Antennas currently in place and being installed.

The Company's belief is that the recognition of our 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.

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

The first trend is the swift advent of mobile culture. Today's consumers increasingly leverage mobile phones as a de facto portal to the world; the primary interface available anywhere at any time. Through their mobile devices, they conduct research, connect and share with others, and in many cases, make purchasing decisions.

The second 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.

Third, the expanding commercialization of consumer data reflecting shopping behaviour linked to digital/mobile incentives.

Finally, there is the growing need to be able to provide security and safety messaging to mobile devices in proximity to enhance public safety.

### ***Marketing and Pricing***

The Company provides qualified clients two options for the acquisition of our services. The first is the outright purchase of our hardware with monthly payments for the data management/broadcast fee. The second option is the leasing of Company's products, subject to credit approval by the independent third-party leasing company with whom iSIGN has established a relationship.

iSIGN's initial revenues will come from the sale/leasing of our hardware devices and then from the monthly broadcasting/data fee that is charged as hardware devices are installed and activated for message broadcasting.

As the Company gathers substantial data from the interaction of mobile devices with the Company's hardware and technology in a variety of locations, we will have the ability to sell our anonymous data to our data partner, Unicast.

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

#### *Marketing and Pricing - continued*

Presently, our gathered data is from the interaction of consumers and shoppers with our Smart Antennas and the offers being broadcasted. 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 our 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.

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

#### *Technology Development Strategy - Research and New Product Development*

iSIGN's core 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. Applications have been filed for Canada and various other countries. The Company will be expanding its patent applications to other countries.

iSIGN has completed the development of its SAM software and related data retrieval back-end system with Loyalty interface. The solution will utilize virtually all methods of messaging to mobile devices to ensure timely individual and mass receipt of security/safety notices. IP ownership is entirely with iSIGN.

In addition, the Company has received confirmation of 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 the 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 our hardware in real time will help to bring about this potential increase in data valuation.

Currently, this development is on hold, as the Company considers the SAM and Push Sensor solutions to be of more importance to the Company currently.

The Company is of the opinion that these developments will help to keep iSIGN in its lead position as a mobile proximity provider of both commercial and security alert messaging systems.

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

#### *Outsourcing and Strategic Business Relationships*

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 our technology is their preferred source of proximity marketing content, the Company has partnered with Baylor University, Verizon Wireless, TELUS and Unacast. The Company will continue to pursue business relations to expand and grow its business in the North American and other markets.

The Company has signed agreements with several companies to act as resellers and distributors for our technology and hardware in various countries and regions: United States; Canada; Australia and New Zealand; India; MENA; Eastern Europe; Chile; Spain and Portugal.

The Company continually receives and evaluates requests from companies located around the world inquiring about the possibility of becoming an iSIGN reseller. These requests highlight the interest that our technology is receiving due to interviews, articles, press releases and website priority posts to promote our technology and hardware as well as the overall proximity-marketing field.

#### **Performance Drivers**

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

Over the past few years, various studies and reports have been written about the 'Mobile Marketplace'. Generally, these articles have been predicting a bright future for what they have called mobile marketing. iSIGN promotes itself as proximity marketing, as our hardware is installed at the point of origin of where the message being broadcasted from. The Company feels that this makes our mobile broadcasting more relevant to shoppers and will result in greater shopper acceptance of our messaging. A sampling of the above-mentioned reports follows:

- ✚ the Proximity market will be worth \$52.46 billion by 2022 (Unacast).
- ✚ data monetization and proximity retargeting continue to be the fastest growing proximity services (Unacast).
- ✚ 50% of global airports are planning to capitalize on proximity data within the next 3 years (Unacast).
- ✚ 84% of global airports will be running a pilot of implementing proximity technology for 2019 (SITA, a global IT provider).
- ✚ by the end of 2016, there were 207.1 million Smartphone users in the US, up from 189.0 million in 2015, with the number projected to be 264.3 million at the end of 2021 (Statista).
- ✚ 95% of retailers list consumer engagement as a top priority (Business Intelligence).
- ✚ only 3% of retailers have the technology to identify customers once they have entered the store – 75% of retailers are planning to enable this in the next 3 years (Business Intelligence).
- ✚ 62% of retailers are planning mobile marketing (Business Intelligence).
- ✚ 61% of retailers are planning for real-time analytics (Business Intelligence).
- ✚ 65% of retailers are planning real-time retail for point-of-sales systems (Business Intelligence).
- ✚ 73% of consumers are happy to have location based (relevant) notifications of deals sent to their mobile devices (Business Intelligence).
- ✚ 94% of Smartphone users look for local information on their phones and act as a result (Deloitte Consulting).
- ✚ 32% of retailers say the biggest impact on their business will be the use of in-store mobile technology engagement and communication (Deloitte Consulting).
- ✚ by 2018, onsite customer searches on mobile and online, are projected to generate \$1.8 trillion in purchases (Deloitte Consulting).

## **ISIGN MEDIA SOLUTIONS INC.**

Management's Discussion & Analysis

For the Six Months Ended October 31, 2017

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### ***Performance Drivers – continued***

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

- ✦ by 2018, onsite customer searches on mobile and online, are projected to generate \$1.8 trillion in purchases (Deloitte Consulting).
- ✦ 78% of shoppers are most influenced by price and promotions (Deloitte Consulting).
- ✦ in March 2015, it was reported that 87% of millennials always have their Smartphone at their side, day and night and 84% of teenagers aged 13-17 own a mobile phone (Chief Marketing Officer Council World Wide).
- ✦ Flurry Insights reported on November 18, 2014 (Mobile to Television: We Interrupt this broadcast (Again), mobile has passed television as America's first screen, with the average American consumer spending 2 hours and 57 minutes on their mobile devices, a 9.3% increase within the preceding 9-month period. The time spent on television meanwhile, remained flat at 2 hours and 48 minutes, according to the US Bureau of Labor Statistics.
- ✦ mobile ads have a profound effect on building store traffic in grocery, drug and mass channels. Consumers exposed to mobile ads for consumer-packaged goods products showed a 75% increase in store visits over a control group of similar segments (NinthDecimal).
- ✦ Social Media Hat states "99% of apps only get used once. Unless your app does something amazing that no one else's does, then the reality is it will be downloaded, opened and forgotten about."
- ✦ according to The Good Push Index, Urban Airship's landmark study on push notifications, 70% of an app's users will defect after 30 days if the brand does nothing to engage with them.
- ✦ among 500 consumers who have used a digital coupon within the past 3 months, 59% have stated that digital coupons and coupon codes are most likely to influence their purchase decision, compared with other types of digital promotions. Of these, one-third will redeem the coupon immediately (Forrester Research).
- ✦ a recent MobileMarketingDaily article quotes Mike Andrews, chief scientist for Forensiq a digital ad fraud detection firm, as saying in-app fraud could surpass \$1 billion globally in 2015. The company's study details the nature and scope of ad fraud in mobile, including a new type of mobile fraud called "mobile device hijacking."

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

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.

Of major important to potential clients for commercial 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.

iSIGN stores all its gathered raw data in cloud storage, which is virtually infinite. Data gathering will increase exponentially as our network of Smart Antenna installations expands. Examples of data includes: (i) messaging to and from mobile devices including number of unique mobile devices, dwell-time, frequency of return visits and messages accepted, rejected and ignored, call-to-action/coupons downloaded and acted upon; and eventually, (ii) point-of-sale data.

## **ISIGN MEDIA SOLUTIONS INC.**

Management's Discussion & Analysis

For the Six Months Ended October 31, 2017

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### ***Performance Drivers – continued***

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

All collected data is completely anonymous and cannot be used to identify an individual. iSIGN is privacy respectful and our technology does not violate any 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 in the tech field. He has been and is involved with many high-tech companies covering a broad range of solutions. His educational background is in the engineering field, with a main focus on electronic design. Joe sits on several boards and is involved with venture capital investing.

##### *Vice President, Sales and Operations*

Alex Romanov assumed his current position on March 1, 2017. 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, 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 iSIGN's Chief Executive Officer since November 2007 and has successfully restructured the company, positioning it for rapid growth worldwide.

##### *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.

#### Technology

##### *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

## ISIGN MEDIA SOLUTIONS INC.

Management's Discussion & Analysis  
For the Six Months Ended October 31, 2017

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### *Resources and Capabilities – continued*

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 ground breaking Interactive Marketing Solution ("IMS").

#### *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 \$84,786 in the six months ended October 31, 2017 compared with an increase of \$96,878 in the comparable period of the prior year.

	<b>For the six months ended October 31,</b>	
	<b>2017</b>	<b>2016</b>
Net cash used in operating activities	\$ (717,844)	\$ (338,242)
Net cash used in investing activities	-	(189,000)
Net cash provided by financing activities	802,630	624,120
Cash increase	\$ 84,786	\$ 96,878

Net Cash used in Operating Activities - the variances reflect the various non-cash items recorded during the six months ended October 31 of both fiscal years and the transfer of costs into Intangible Assets as Data Network Development during the six months ended October 31, 2016.

Net Cash used in Investing Activities - the results during the six months ended October 31, 2016 reflects the transfer of costs into Data Network Development costs.

Net Cash provided by Financing Activities - reflects the timing of the proceeds of private placements, loans, advances, convertible notes and the exercise of stock options and warrants.

**ISIGN MEDIA SOLUTIONS INC.**

Management's Discussion & Analysis  
 For the Six Months Ended October 31, 2017

**Resources and Capabilities – continued***Cash and Working Capital*

	<b>October 31, 2017</b>	<b>April 30, 2017</b>	<b>Increase (decrease) in working capital</b>
Cash and cash equivalents	\$ 90,078	\$ 5,292	\$ 84,786
Current assets	\$ 1,509,379	\$ 1,475,558	\$ 33,821
Current liabilities	3,744,975	3,356,928	(388,047)
Working capital deficit	\$ (2,235,596)	\$ (1,881,370)	\$ (354,226)

The Company's cash balances increased to \$90,078 from the April 30, 2017 year-end of \$5,292 mainly due to the receipt of advances. The increase in current assets to \$1,509,379 from the April 30, 2017 year-end of \$1,475,558 is primarily the increase in Cash and Prepaid expenses, partially offset by a decrease in Other receivables and Sale taxes recoverable. The increase in current liabilities to \$3,744,975 from the April 30, 2017 year-end of \$3,356,928 primarily reflects the receipt of Advances and related conversion into Notes Payable, partially offset by the reduction in Accounts payable and accrued liabilities and Bank indebtedness.

The working capital deficit at October 31, 2017 increased by \$354,226 to \$2,235,596 from the April 30, 2017, year-end deficit of \$1,881,370.

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 \$180,000 - \$200,000 per fiscal quarter for its operating activities. The Company's cash reserves and collection of receivables will enable the Company to operate through the Company's third quarter of fiscal 2018.

The table below details the Company's current liabilities and long term contractual commitments on a cash basis, as of October 31, 2017:

	<b>Total</b>	<b>Under 1 Year</b>	<b>1 – 3 Years</b>	<b>After 3 Years</b>
Trade accounts payable and accrued liabilities	\$ 2,119,639	\$ 2,119,639	\$ -	\$ -
Advances	291,000	291,000	-	-
Note payable	660,700	660,700	-	-
Convertible notes	568,000	568,000	-	-
Operating leases	92,627	15,537	77,090	-
Total	\$ 3,731,966	\$ 3,654,876	\$ 77,090	\$ -

## ISIGN MEDIA SOLUTIONS INC.

### Management's Discussion & Analysis

For the Six Months Ended October 31, 2017

#### Results

##### *Expenses for the Six Months Ended October 31, 2017 and 2016*

The following tables and discussion provides 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 Six Months ended October 31,				Increase
	2017		2016		(decrease)
Hardware	\$ 3,306	22.3%	\$ 14,800	93.0%	\$ (11,494)
Contractual services	9,926	67.1%	-	-%	9,926
Shipping and packaging	1,571	10.6%	1,111	7.0%	460
Total - Cost of Sales	\$ 14,803	100%	\$ 15,911	100%	\$ (1,108)

Hardware costs include the cost of Smart Antennas being sold and the purchase of ancillary equipment. Contractual services consist of third party costs for the storage of data gathered by our Smart Antennas and the costs to program and provision Smart Antennas prior to their shipment.

	For the Six Months ended October 31,				Increase
	2017		2016		(decrease)
Travel, tradeshow and promotional	\$ 5,360	55.2%	\$ -	-%	\$ 5,360
Other	4,342	44.8%	500	100.0%	3,842
Total - Selling and marketing	\$ 9,702	100%	\$ 500	100%	\$ 9,202

Travel, tradeshow and promotional costs are a function of timing. Other spending in the current period reflect one-time only costs.

	For the Six Months ended October 31,				Increase
	2017		2016		(decrease)
Salaries	\$ 34,980	9.6%	\$ 26,969	4.10%	\$ 8,011
Benefits	3,253	0.9%	2,693	0.4%	560
Contractual services	114,320	31.4%	120,900	18.3%	(6,580)
Share-based compensation	11,475	3.2%	163,667	24.7%	(152,192)
Travel and auto	11,782	3.2%	6,728	1.0%	5,054
Office costs	85,615	23.5%	91,386	13.8%	(5,771)
Occupancy and operating costs	35,391	9.7%	27,366	4.1%	8,025
Professional	60,211	16.5%	94,012	14.2%	(33,801)
Consulting	13,882	3.8%	11,000	1.7%	2,882
Directors' fees	38,000	10.4%	42,000	6.4%	(4,000)
Other (income)/expense	(44,784)	(12.2)%	74,909	11.3%	(119,693)
Total - General and administration	\$ 364,125	100%	\$ 661,630	100%	\$ 297,505

## **ISIGN MEDIA SOLUTIONS INC.**

Management's Discussion & Analysis  
For the Six Months Ended October 31, 2017

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### ***Results – continued***

#### *Expenses for the Three Months Ended July 31, 2017 and 2016 - continued*

All categories are affected by the timing of fiscal 2017's non-transfer of costs into Intangible assets. Share-based compensation is a function of the timing of the granting of stock options and their related vesting periods. Office costs reflects the closing of the Company's Florida office in the fall of 2016 and the timing of the incurrence of various expenses, partially offset by increased charges of late payment fees. Professional costs decreased predominantly as a result reduced legal, audit, transfer agent and TSX filing fee costs, partially offset by increased patent/trademark costs. Directors' fees reflect a timing difference in relation to the replacement for director who resigned their positions. Other (income) expense is a function of fluctuating exchange rates during the comparable three-month periods.

#### *Rolling Eight Quarters Analysis*

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

Gross Profit for the January 2016 through October 2017 quarters reflect the mix of sales and service revenues during each quarter, revenue volumes and fixed costs relating to data storage. The quarters from January 2016 through January 2017 were also impacted by the transfer of costs into Intangible Assets for Data Network Development. The April 30, 2017 quarter reflects the expensing of these transfers recorded in the previous fiscal 2017 quarters.

Selling and marketing fluctuations in all quarters from January 2016 through January 2017 are impacted by the timing of the incurrence of various costs and the transfer of costs into Intangible Assets for Data Network Development. The April 2017 quarter reflects the expensing of these transfers recorded in the previous fiscal 2017 quarters and was also impacted by the timing of the incurrence of various costs. The October 2017 quarter reflects the recording of one-time only costs.

The General and administrative costs in all quarters from January 2016 through January 2017 are impacted by the transfer of costs into Intangible Assets for Data Network Development. The January 2016 quarter was also impacted by the reversal of cost accruals deemed to be no longer required. The April 2016 quarter was impacted by suppliers' late payment charges and the recording of exchange loss. The July 2016 quarter was impacted by share-based compensation and by increased exchange losses. The October 2016 quarter was impacted by costs for the Company's AGM as well as by suppliers' late payment charges. The January 2017 quarter was impacted by suppliers' late payment charges and the recording of exchange loss. The April 2017 quarter reflects the expensing of the transfers recorded in the previous fiscal 2017 quarters into Intangible Assets for Data Network Development back into expenses. The July and October 2017 quarters were impacted by the improvement in the exchange rate of the Canadian dollar vs the US dollar.

In the January and April 2016 quarters, the Company collected upon amounts previously set-up as a bad debt allowance related to the Company's digital signage resellers.

Research and development costs during the April, July and October 2017 quarters reflect costs incurred in the development of the Company's Security Alert Messaging software and Push Sensor development.

In accordance with the Company's accounting policies, Impairment losses were recorded in April 2016 for the goodwill related to the Graphic business combination.

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

**ISIGN MEDIA SOLUTIONS INC.**

## Management's Discussion &amp; Analysis

For the Six Months Ended October 31, 2017

**Results – continued***Rolling Eight Quarters Analysis - continued*

Valuation allowance in the April 2017 quarter reflects the adjustment required to the Company's internally-built intangible assets required under IFRS policies. This allowance may be adjusted in future periods as the Company's cash flows support such a movement.

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

Quarters ending (unaudited)	Q2 F2018				Q2 F2017			
	31-Oct	31-Jul	30-Apr	31-Jan	31-Oct	31-Jul	30-Apr	31-Jan
	2017	2017	2017	2017	2016	2016	2016	2016
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue - sales	768	3,286	169,572	-	11,372	13,741	13,858	58,694
Revenue - service	2,964	119	97	-	-	9,846	9,002	625
<b>Total revenue</b>	<b>3,732</b>	<b>3,405</b>	<b>169,669</b>	<b>-</b>	<b>11,372</b>	<b>23,587</b>	<b>22,860</b>	<b>59,319</b>
Cost of sales	8,900	5,903	136,209	-	7,391	8,520	59,943	40,674
<b>Gross profit (loss)</b>	<b>(5,168)</b>	<b>(2,498)</b>	<b>33,460</b>	<b>-</b>	<b>3,981</b>	<b>15,067</b>	<b>(37,083)</b>	<b>18,645</b>
Gross margin	(138.5)%	-	19.7%	-	35.0%	63.9%	(162.2)%	31.4%
Selling and marketing	8,572	1,130	53,842	255	251	249	739	1,861
General and administration	158,863	205,262	480,318	184,536	230,377	431,253	472,219	78,900
Bad debt (recovery)	-	-	-	-	-	-	(10,570)	(2,500)
Depreciation	2,314	972	1,109	1,672	1,622	1,621	2,177	2,176
Amortization	292,450	58,491	203,737	222,485	222,488	222,485	720,321	38,428
Research and development	21,555	77,945	32,500	-	-	-	-	-
Loss/(Gain) on disposal of property	-	-	(258)	-	-	-	-	-
Impairment – goodwill	-	-	-	-	-	-	165,000	-
Interest	52,402	36,935	47,426	22,894	13,597	10,417	10,327	10,345
<b>Total operating expense</b>	<b>566,156</b>	<b>380,735</b>	<b>818,674</b>	<b>431,842</b>	<b>468,335</b>	<b>666,025</b>	<b>1,360,213</b>	<b>129,210</b>
<b>Loss before extraordinary gain and income tax</b>	<b>(541,324)</b>	<b>(383,233)</b>	<b>(785,214)</b>	<b>(431,842)</b>	<b>(464,354)</b>	<b>(650,958)</b>	<b>(1,397,296)</b>	<b>(110,565)</b>
Valuation allowance	-	-	(2,821,738)	-	-	-	-	-
<b>Net loss and comprehensive loss</b>	<b>(541,324)</b>	<b>(383,233)</b>	<b>(3,606,952)</b>	<b>(431,842)</b>	<b>(464,354)</b>	<b>(650,958)</b>	<b>(1,397,296)</b>	<b>(110,565)</b>

## ISIGN MEDIA SOLUTIONS INC.

Management's Discussion & Analysis  
For the Six Months Ended October 31, 2017

### Results – continued

#### Common shares - outstanding share data

	As at October 31, 2017	As at April 30, 2016
Basic common shares	110,973,447	108,390,169
Convertible securities:		
Issued warrants	20,743,870	23,443,870
Issued stock options	4,325,000	5,666,667
Convertible notes – potential share issuance	8,685,095	8,685,095
Convertible notes – potential warrant issuance	8,685,095	8,685,095
<b>Fully diluted common shares</b>	<b>153,412,507</b>	<b>154,870,896</b>
Significant ownership concentration at October 31, 2017:		<b>Percentage of Issued Shares</b>
Alex Romanov – VP, Sales and Operations; director	11,747,674	10.6%
Ron Leman	4,307,692	3.9%
Korona Group Ltd.	13,354,750	12.0%
Cancore Enterprise Inc.	6,775,152	6.1%
Tesar Inc.	4,700,000	4.2%
	<b>40,885,268</b>	<b>36.8%</b>

#### Changes in Internal Controls and Assessment of Financial Information Controls and Procedures

The Company made no changes to its internal controls at the Board of Directors' meeting held subsequent to the Company's September 19, 2016 Annual General Meeting. The Company previously reviewed the Company's internal controls and procedures and determined that they are appropriate for the Company's current needs in December 2013.

Disclosure controls and procedures ("DCP") are intended to provide reasonable assurance that information required are disclosed, processed, summarized and reported within the time periods specified by securities regulations, and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ("ICFR") are intended to provide assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

TSX Venture listed companies are not required to provide representations in their annual and interim filings related to the establishment and maintenance of DCP and ICFR, as defined in Multinational Instrument MI 52-109.

In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of: (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

## **ISIGN MEDIA SOLUTIONS INC.**

Management's Discussion & Analysis  
For the Six Months Ended October 31, 2017

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### ***Results – continued***

#### *Changes in Internal Controls and Assessment of Financial Information Controls and Procedures - continued*

The issuers' certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificate regarding absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DCP and ICFR as defined in MI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

#### *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*

All related party transactions are recorded at the exchange amount, which is the amount of consideration established and agreed to by both parties. In the normal course of operations, the Company:

- records the monthly fees of our Vice President, Sales and Operations to a company that he owns.
- records the monthly fees of our Chief Financial Officer to a company that he owns.
- entered into secured convertible notes with shareholders of the Company.
- entered into secured notes payable with a company controlled by the Company's Chief Executive Officer.
- entered into an advance with a company controlled by the Company's Chief Executive Officer.
- records directors' fees and from time to time issues stock options to the directors, thus incurring non-cash share-based compensation costs.
- entered into a shares for debt transaction with the Company's directors as well as with the Company's Vice President, Sales and Operations and with a company controlled by two shareholders who are considered to be insiders of the Company due to diluted ownership in excess of 10% of the common shares of the Company.
- during the year ended April 30, 2015 entered into a secured note with a shareholder of the Company, who is currently the Company's Chief Executive Officer and during fiscal 2016, made a partial repayment of the loan.
- received non-interest-bearing advances with no terms of repayment from a shareholder.
- entered into convertible promissory notes with companies controlled by shareholders who are considered to be insiders of the Company due to diluted ownership in excess of 10% of the common shares of the Company.

### **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.

## **ISIGN MEDIA SOLUTIONS INC.**

### Management's Discussion & Analysis

For the Six Months Ended October 31, 2017

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#### ***Risks and Uncertainties - continued***

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.
- **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.

## **ISIGN MEDIA SOLUTIONS INC.**

### Management's Discussion & Analysis

For the Six Months Ended October 31, 2017

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#### ***Risks and Uncertainties - continued***

- **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.
- **Technology**

iSIGN currently holds patent pending applications in Canada, China, Singapore and Malaysia, and its cored 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.
- **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.
- **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. The Company encourages you to visit our website at [www.isignmedia.com](http://www.isignmedia.com), for comparison of our Smart Antenna to the iBeacon, found under About Us/Reports and Info graphics, as well as our white paper on privacy, found under About Us/White Papers.
- **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.

## **ISIGN MEDIA SOLUTIONS INC.**

Management's Discussion & Analysis

For the Six Months Ended October 31, 2017

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### ***Risks and Uncertainties - continued***

- **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.

### **Approval**

The Audit Committee and the Directors of iSIGN Media Solutions Inc. have approved the disclosures in this MD&A and the accompanying unaudited condensed interim consolidated financial statements for the six months ended October 31, 2017.