

iLOOKABOUT Corp.

Management's Discussion and Analysis of Financial Condition and Results of Operations for the nine months ended September 30, 2019 (the "Period")

The information set forth below has been prepared as at November 27, 2019, and is derived from, and should be read in conjunction with, iLOOKABOUT Corp.'s (iLA or the Company) unaudited condensed interim consolidated financial statements for the nine months ended September 30, 2019 (the Reporting Date), including the accompanying notes (the Interim Financial Statements), which can be found on SEDAR at www.sedar.com. This Management Discussion and Analysis (MD&A) is intended to assist in understanding the dynamics of the Company's business and key factors underlying its financial results. The Company's Annual Information Form (AIF) can also be found on SEDAR at www.sedar.com.

The Interim Financial Statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (IAS 34) using accounting policies consistent with International Financial Reporting Standards (IFRS). By their nature, the Interim Financial Statements do not include all the information required for full annual financial statements, and so should be read in conjunction with the Company's 2018 audited annual consolidated financial statements prepared in accordance with IFRS, which can be found on SEDAR at www.sedar.com. With the exception of new accounting policies that were adopted January 1, 2019 (see Changes in Accounting Policies section below), the Interim Financial Statements were prepared using the accounting policies disclosed in the annual financial statements.

All dollar figures referred to herein are Canadian dollars unless otherwise stated. For narrative purposes, all dollar amounts, with the exception of per share amounts, have been presented in thousands of dollars.

Company Overview

ILA is a transformational data analytics organization that provides transparency to the valuation of real estate assets.

ILA provides software and data licenses and technology managed services to the real estate industry, serving primarily the property lending and property tax sectors, both public and private, in the United States (US) and Canada.

The Company's primary offerings are noted below.

Software and Data Licenses:

FusionOMS

Fusion OMS is a web-based platform that enables collaborative next-generation real property valuation solutions to enterprises by leveraging a US nationwide repository of public record and multiple listing service data and providing high velocity automated workflows and interactive reporting.

FusionOMS was developed by Clarocity Inc. and its subsidiaries (Clarocity), which was acquired by ILA in July 2019, see "Significant Developments" section herein for further details.

GeoViewPort™

GeoViewPort (GVP) is a web-based platform that empowers the real property assessment industry with a leading-edge desktop review tool. GVP enables assessment professionals to simultaneously generate customized portals to view multiple elements related to a property, including street level imagery, aerial imagery, advanced mapping tools, property valuation details, comparable property analysis, and structural characteristics, amongst others. GVP's architecture has been built to support a full suite of add-on tools and services including workflow management and mobile functionality.

Real Property Tax Analytics

Real Property Tax Analytics (RPTA) is a web-based platform that analyzes property assessments by leveraging real property data to deliver insightful comparable modeling and predictive valuations using proprietary algorithms.

Integration with the Appeals Management module, which assists public entities in the management of property assessment appeals, has been completed and is now being offered as an additional application available for licensing on the RPTA platform.

Other Software Applications

The Company has developed and/or supports web-based map applications, which leverages much of the architecture and data rendering techniques utilized within GVP, to service constituents of the property tax assessment and appraisal process, including property assessors/appraisers, taxpayers and other public stakeholders.

Data Commercialization

ILA has developed products and services for clients looking to commercialize their data through the delivery of reports and individual data requests to users through secure ecommerce transactions or by account. In addition to standardized reports, the Company also provides customized reports through an assisted fulfillment process.

Technology Managed Services:

Valuation Management Solutions

The Company provides real estate valuation solutions by leveraging its proprietary technology, FusionOMS, to deliver full-spectrum appraisal and broker price opinion services. This offering commenced upon ILA's acquisition of Clarocity in July 2019.

Property Tax Solutions

The Company provides property tax solutions utilizing the RPTA platform, including the Appeals Management module, to support clients that require a facilitated experience to the Company's technology, and support services focused on the real property assessment sector.

ILA's Common Shares are traded on the TSX Venture Exchange (TSXV) under the symbol ILA and on the US OTCQB under the symbol ILATF.

Significant developments during the third quarter of 2019:

- In July 2019, the Company completed the acquisition of Clarocity Inc. including its wholly owned subsidiaries, Clarocity Valuations Services LLC and Valuation Vision Inc. (collectively, Clarocity). As a result, the Company now holds 100% of the outstanding shares of Clarocity Inc., Clarocity Valuation Services LLC and Valuation Vision Inc. Based in Carlsbad, California, Clarocity provides real estate valuation solutions and platform technologies. Government-sponsored entities, financial institutions, and investors rely on Clarocity's proprietary solutions to value assets, fund loans, and securitize portfolios. Clarocity provides a full spectrum of appraisal and alternative valuation solutions to the US market. Further details of this acquisition are provided in the Company's Interim Consolidated Financial Statements for the three and nine months ended September 30, 2019.

Significant developments subsequent to the third quarter of 2019:

- In October 2019, the Company completed a financing arrangement with Bank of Montreal's Technology & Innovation Banking Group ("BMO"). The facility consists of a \$1.5 million three-year term loan (the Term Loan) and a \$1.5 million revolving credit facility (the Operating Facility) which together with the Term Loan are referred to herein as, the "Facilities").

The Facilities are secured by assets of ILA, which primarily consists of intellectual property and accounts receivable. Pursuant to the agreed upon conditions of the Facilities, the Company drew down the full amount of the Term Loan on closing and can draw down additional funds as required on the Operating Facility.

With respect to the Term Loan, ILA is required to pay interest only for the first twelve months of the term, and thereafter pay equal monthly instalments of principal and interest over the final two years of the loan. The Company may, at its discretion, repay the balance of the Term Loan in whole or in part at any time after twenty-four (24) months following the closing date without penalty or obligation for future interest payments otherwise payable had the Term Loan not been repaid.

Interest is set at Bank of Montreal's Prime Rate plus 2.5% per annum for the Operating Facility, and at Bank of Montreal's Prime Rate plus 4.0% per annum for the Term Loan. The Facilities contain customary financial and restrictive covenants.

Changes in Accounting Policies

IFRS 16 - Leases

Effective January 1, 2019, the Company adopted IFRS 16, which specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all major leases. IFRS 16 supersedes previous accounting standards for leases, including IAS 17, Leases and IFRIC 4 ó Determining whether an arrangement contains a lease. As a result of adopting IFRS 16, the Company has recognized a significant increase to both assets and liabilities on the Consolidated Statements of Financial Position, as well as a decrease in rent expense, with a corresponding increase in amortization (due to depreciation of the right-of-use assets) and increase in finance costs (due to accretion of the lease liability).

The Company's accounting policy under IFRS 16 is as follows:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected to apply the practical expedient of not recognizing right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognized as an expense on a straight-line basis over the lease term.

Impact of adoption of IFRS 16

Effective January 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach and accordingly the information presented for 2018 has not been restated. It remains as previously reported under IAS 17 and related interpretations.

On initial application, the Company has elected to record right-of-use assets based on the corresponding lease liability. Right-of-use assets and lease obligations of \$1,179 were recorded as of January 1, 2019, with no net impact on retained earnings (deficit). When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 4.5%.

The Company has elected to apply the practical expedient to account for leases for which the lease term ends within 12 months of the date of initial application as short-term leases.

The following table reconciles the Company's operating lease obligations at December 31, 2018, as previously disclosed in the Company's consolidated financial statements, to the lease obligations recognized on initial application of IFRS 16 at January 1, 2019 (presented in thousands of Canadian dollars):

Operating lease commitments at December 31, 2018	\$	722
Discounted using the incremental borrowing rate at January 1, 2019	\$	670
Non-lease components included within operating lease commitments		(134)
Recognition exemption for short term leases		(2)
Extension options reasonably certain to be exercised		645
Lease obligations recognized at January 1, 2019	\$	1,179

IFRIC 23 Uncertainty over Income Tax Treatments

On June 7, 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Early application was permitted. The interpretation clarifies the accounting for income tax treatments (current and deferred tax) that have yet to be accepted by tax authorities. The Company adopted the Interpretation in its financial statements effective January 1, 2019. Adoption of the Interpretation did not have a material impact on the financial statements.

Use of Non-GAAP Financial Measures

Management has included two non-GAAP financial measures to supplement information contained in this MD&A. These non-GAAP measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to similar measures employed by other reporting issuers. The non-GAAP measures contained in this MD&A are:

- (a) Adjusted Working Capital, which is defined and calculated by the Company as current assets less current liabilities, excluding items that are not financial assets or financial liabilities. Management believes Adjusted Working Capital provides meaningful information with respect to the liquidity of the Company. A reconciliation of working capital to Adjusted Working Capital is provided in the section entitled "*Liquidity and Capital Resources – Adjusted Working Capital*".
- (b) Adjusted EBITDA, which is defined and calculated by the Company as earnings (loss) before interest, taxes, depreciation/amortization of property and equipment, intangible assets and right-of-use assets, share-based compensation expense and other costs or income that are: (i) non-operating; (ii) non-recurring; and/or (iii) related to strategic initiatives. The Company classifies income or costs as non-recurring if income or costs similar in nature are not reasonably expected to occur within the next two years nor have occurred during the prior two years, and such costs are significant. Management believes Adjusted EBITDA provides meaningful information with respect to the financial performance and value of the Company, as items that may obscure the underlying trends in the business performance are excluded. A reconciliation of earnings (loss) to Adjusted EBITDA is provided in the section entitled "*Overall Performance and Results of Operations – Adjusted EBITDA Reconciliation*."

These measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of financial performance prepared in accordance with IFRS.

Overall Performance and Results of Operations

Summary of Quarterly Results

The financial information set forth below is derived from, and should be read in conjunction with, ILAG's Interim Financial Statements for the three and nine months ended September 30, 2019 (the "Reporting Date"), which can be found on SEDAR at www.sedar.com.

(In thousands of Canadian dollars, except per share amounts)	Three months ended ¹				Year ended
	March 31	June 30	Sept 30	Dec 31	Dec 31
Fiscal 2019					
Revenue	\$ 2,634	\$ 2,512	\$ 4,811		
Loss	(26)	(359)	(799)		
Comprehensive loss	(23)	(344)	(164)		
Earnings (loss) per share - basic	-	-	-		
Earnings (loss) per share - diluted	-	-	-		
Adjusted EBITDA, Unaudited ²	\$ 476	\$ 258	\$ 143		
Fiscal 2018³					
Revenue	\$ 2,392	\$ 2,323	\$ 2,226	\$ 2,271	\$ 9,212
Earnings (loss)	147	(390)	(521)	394	(370)
Comprehensive income (loss)	117	(405)	(507)	397	(397)
Earnings (loss) per share - basic	-	-	(0.01)	-	-
Earnings (loss) per share - diluted	-	-	(0.01)	-	-
Adjusted EBITDA, Unaudited ²	\$ 326	\$ 225	\$ 171	\$ 351	\$ 1,073
Fiscal 2017³					
Revenue	\$ 1,974	\$ 2,424	\$ 2,432	\$ 2,337	\$ 9,167
Earnings (loss)	(58)	(178)	134	(136)	(238)
Comprehensive income (loss)	(52)	(157)	175	(140)	(174)
Earnings (loss) per share - basic	-	-	-	-	-
Earnings (loss) per share - diluted	-	-	-	-	-
Adjusted EBITDA, Unaudited ²	\$ 82	\$ 276	\$ 271	\$ 505	\$ 1,135

¹ Quarterly results are Unaudited.

² Adjusted EBITDA is a non-GAAP measure and is defined above in "Use of Non-GAAP Financial Measures".

³ Effective January 1, 2019, the Company adopted IFRS 16 using the modified retrospective method. Under this method, the comparative information is not restated. See "Changes in Accounting Policies" above.

Adjusted EBITDA Reconciliation

The following tables present reconciliations of Earnings (loss) to Adjusted EBITDA, for the periods presented.

(In thousands of Canadian dollars)	Three months ended ¹				Year ended
	March 31	June 30	September 30	December 31	December 31
Fiscal 2019					
Loss	\$ (26)	\$ (359)	\$ (799)		
Add back (deduct):					
Amortization of property and equipment	26	27	47		
Amortization of intangible assets	57	61	437		
Amortization of right-of-use assets ³	45	46	94		
Gain on derivative asset	-	-	(213)		
Finance (income) costs	10	10	134		
Share-based compensation expense	46	125	20		
Costs or income related to non-operating items, non-recurring items and/or strategic initiatives ¹	318	348	423		
Adjusted EBITDA, Unaudited ²	\$ 476	\$ 258	\$ 143		
Fiscal 2018³					
Earnings (loss)	\$ 147	\$ (390)	\$ (521)	\$ 394	\$ (370)
Add back (deduct):					
Amortization of property and equipment	22	24	26	31	103
Amortization of intangible assets	59	58	57	57	231
Finance (income) costs	(15)	(15)	(15)	(11)	(56)
Share-based compensation expense	15	174	129	93	410
Costs or income related to non-operating items, non-recurring items and/or strategic initiatives ¹	99	374	494	(212)	755
Adjusted EBITDA, Unaudited ²	\$ 326	\$ 225	\$ 171	\$ 351	\$ 1,073
Fiscal 2017³					
Earnings (loss)	\$ (58)	\$ (178)	\$ 134	\$ (136)	\$ (238)
Add back (deduct):					
Amortization of property and equipment	35	28	28	16	108
Amortization of intangible assets	58	57	58	59	232
Finance (income) costs	-	-	(11)	(14)	(24)
Share-based compensation expense	47	134	47	153	380
Costs or income related to non-operating items, non-recurring items and/or strategic initiatives ¹	-	235	15	427	677
Adjusted EBITDA, Unaudited ²	\$ 82	\$ 276	\$ 271	\$ 505	\$ 1,135

¹ Quarterly results are Unaudited.

² Adjusted EBITDA is a non-GAAP measure and is defined above in "Use of Non-GAAP Financial Measures".

³ Effective January 1, 2019, the Company adopted IFRS 16 using the modified retrospective method. Under this method, the comparative information is not restated. See "Changes in Accounting Policies" above.

Discussion of Results of Operations

(In thousands of Canadian dollars)	Unaudited			
	Three months ended		Nine months ended	
	September 30, 2019	September 30, 2018 ¹	September 30, 2019	September 30, 2018 ¹
Revenue	\$ 4,811	\$ 2,226	\$ 9,956	\$ 6,941
Direct operating expenses	2,471	781	3,963	2,246
Gross margin	2,340	1,445	5,993	4,695
Other operating expenses:				
Technology and operations	1,395	671	2,588	1,706
Selling and business development	422	270	858	735
General and administration	1,596	1,002	3,928	3,129
	3,413	1,943	7,374	5,570
Loss from operations	(1,073)	(498)	(1,381)	(875)
Gain on derivative asset	213	-	213	-
Finance income (costs)	(134)	15	(154)	45
Foreign exchange gain (loss)	195	(38)	138	65
Loss for the period	\$ (799)	\$ (521)	\$ (1,184)	\$ (765)
Other comprehensive income (loss):				
<i>Items that will not be reclassified to income (loss) for the period:</i>				
Change in fair value of investment	711	-	657	-
Foreign exchange gain (loss) on the translation of foreign operations	(76)	14	(3)	(31)
Comprehensive loss for the period	\$ (164)	\$ (507)	\$ (530)	\$ (796)
Adjusted EBITDA, Unaudited²	\$ 143	\$ 171	\$ 877	\$ 722

¹ Quarterly results are Unaudited.

² Adjusted EBITDA is a non-GAAP measure and is defined above in "Use of Non-GAAP Financial Measures".

Revenue

Nature of Services and Geographic Information:

The Company generates revenue from the provision of software and data licenses and technology managed services in the US and Canada.

(In thousands of Canadian dollars)	Unaudited			Unaudited		
	Three months ended			Three months ended		
	September 30, 2019			September 30, 2018		
	United States	Canada	Total	United States	Canada	Total
Software and data licenses	\$ 367	\$ 1,642	\$ 2,009	\$ 369	\$ 1,549	\$ 1,918
Technology managed services	2,492	310	2,802	94	214	308
Total	\$ 2,859	\$ 1,952	\$ 4,811	\$ 463	\$ 1,763	\$ 2,226

(In thousands of Canadian dollars)	Unaudited			Unaudited		
	Nine months ended			Nine months ended		
	September 30, 2019			September 30, 2018		
	United States	Canada	Total	United States	Canada	Total
Software and data licenses	\$ 1,136	\$ 5,170	\$ 6,306	\$ 1,090	\$ 4,613	\$ 5,703
Technology managed services	2,695	955	3,650	397	841	1,238
Total	\$ 3,831	\$ 6,125	\$ 9,956	\$ 1,487	\$ 5,454	\$ 6,941

Revenue increased to \$4.81 million from \$2.23 million for the three months ended September 30, 2019 and 2018, respectively, and to \$9.96 million from \$6.94 million for the nine months ended September 30, 2019 and 2018, respectively. These increases were primarily attributable to an increase in technology managed services.

Technology managed services is composed primarily of valuation management solutions provided by Clarocity which was acquired by the Company in July 2019.

US-based revenue increased to \$2.86 million from \$463 thousand for the three months ended September 30, 2019 and 2018, respectively, and to \$3.83 million from \$1.49 million for the nine months ended September 30, 2019 and 2018, respectively. These increases were primarily due to the acquisition of Clarocity in July 2019 whose revenues are primarily US-based.

Significant Customers:

Customers representing more than 10% of revenue are classified as significant customers.

For the three months ended September 30, 2019, the Company had two significant customers; one represented 26% and the other represented 22% of total revenue. For the three months ended September 30, 2018, the Company had one significant customer; representing 54% of total revenue.

For the nine months ended September 30, 2019, the Company had two significant customers; one represented 40% and the other represented 11% of total revenue. For the nine months ended September 30, 2018, the Company had one significant customer; representing 52% of total revenue.

Gross margin

Direct operating expenses included in the calculation of gross margin primarily include fees for subcontracted services to generate revenue, third-party data licensing fees, image capture and processing costs, and human resource costs including commissions which are directly attributable to specific sales.

Gross margin increased to \$2.34 million from \$1.45 million for the three months ended September 30, 2019 and 2018, respectively, and to \$5.99 million from \$4.70 million for the nine months ended September 30, 2019 and 2018, respectively. These increases are primarily attributable to the increases in revenue noted in the “*Revenue*” section above, offset to some extent by increases in direct operating expenses required to support the related revenue.

Comprehensive loss

Comprehensive loss for the three months ended September 30, 2019 was \$164 thousand, as compared to \$507 thousand for the three months ended September 30, 2018. The improvement in results for the comparative period are noted below.

- Increase in gross margin of approximately \$895 thousand for the reasons noted in the “*Gross Margin*” section above;
- Increase in the fair value of an equity investment, including foreign exchange on such investment, of approximately \$711 thousand;
- Increase in value of derivative asset of approximately \$213 thousand;
- Increase in foreign exchange gain, other than on the investment noted above, of approximately \$142; and
- Decrease in share-based compensation expense of approximately \$108 thousand.

The above noted improvements in the Company’s results for the comparative period were reduced by the variances noted below.

- Increase in human resource related costs, excluding share-based compensation expense and accrued management bonuses, of approximately \$814 thousand attributable primarily to the acquisition of Clarocity in July 2019, of which the most significant operating expenses are human resource related, and to support new product development and strategic initiatives;
- Increase in amortization expense, other than amortization included in cost of sales, of approximately \$490 thousand which is primarily attributable to the amortization of intangible assets acquired through the acquisition of Clarocity, and to the amortization of right-of-use assets upon the adoption of IFRS 16 *Leases* effective January 1, 2019 using the modified retrospective method under which the comparative information is not restated;
- Increase in accrued management bonuses of approximately \$202 thousand which were accrued upon closing of the business acquisition;
- Increase in finance costs net of finance income of approximately \$149 thousand which is primarily attributable to accretion of the equity component of the convertible debentures issued as a component of the consideration paid for the acquisition of Clarocity, and the recognition of interest expense upon the adoption of IFRS 16 *Leases* effective January 1, 2019 using the modified retrospective method under which the comparative information is not restated; and
- Various other fluctuations represented a net increase in operating expense of approximately \$72 thousand.

Comprehensive loss for the nine months ended September 30, 2019 was \$530 thousand, as compared to \$796 thousand for the nine months ended September 30, 2018. The improvement in results for the comparative period are noted below.

- Increase in gross margin of approximately \$1,298 thousand for the reasons noted in the “*Gross Margin*” section above;

- Increase in the fair value of an equity investment, including foreign exchange on such investment, of approximately \$657 thousand;
- Increase in value of derivative asset of approximately \$213 thousand;
- Decrease in share-based compensation expense of approximately \$126 thousand;
- Increase in foreign exchange gain, other than on the investment noted above, of approximately \$101; and
- Various other fluctuations represented a net decrease in operating expense of approximately \$91 thousand.

The above noted improvements in results for the comparative period were reduced by the variances noted below.

- Increase in human resource related costs, excluding share-based compensation expense and accrued management bonuses, of approximately \$1.23 million attributable primarily to the acquisition of Clarocity in July 2019, of which the most significant operating expenses are human resource related, and to support new product development and strategic initiatives;
- Increase in amortization expense, other than amortization included in cost of sales, of approximately \$587 thousand which is primarily attributable to the amortization of intangible assets acquired through the acquisition of Clarocity, and to the amortization of right-of-use assets upon the adoption of IFRS 16 *Leases* effective January 1, 2019 using the modified retrospective method under which the comparative information is not restated;
- Increase in accrued management bonuses of approximately \$202 thousand which were accrued upon execution of the business acquisition; and
- Increase in finance costs net of finance income of approximately \$199 thousand which is primarily attributable to accretion of the equity component of the convertible debentures issued as part of the consideration paid for the acquisition of Clarocity, and the recognition of interest expense upon the adoption of IFRS 16 *Leases* effective January 1, 2019 using the modified retrospective method under which the comparative information is not restated.

Adjusted EBITDA

(In thousands of Canadian dollars)	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	September 30, 2019	September 30, 2018¹	September 30, 2019	September 30, 2018¹
Income (loss) for the period	\$ (799)	\$ (521)	\$ (1,184)	\$ (765)
Add back (deduct):				
Amortization of property and equipment	47	26	100	72
Amortization of intangible assets	437	57	555	174
Amortization of right-of-use assets ¹	94	-	186	-
Gain on derivative asset	(213)	-	(213)	-
Finance (income) costs	134	(15)	154	(45)
Share-based compensation expense	20	129	191	317
Costs (income) related to non-operating items, non-recurring items and/or strategic initiatives	423	495	1,088	969
Adjusted EBITDA, Unaudited²	\$ 143	\$ 171	\$ 877	\$ 722

¹ Quarterly results are Unaudited.

² Adjusted EBITDA is a non-GAAP measure and is defined above in “*Use of Non-GAAP Financial Measures*”.

³ Effective January 1, 2019, the Company adopted IFRS 16 using the modified retrospective method. Under this method, the comparative information is not restated. See “*Changes in Accounting Policies*” above.

Adjusted EBITDA decreased to \$143 thousand from \$171 thousand for the three months ended September 30, 2019 and 2018, respectively. For the nine months ended September 30, 2019, Adjusted EBITDA increased to \$877 thousand as compared to \$722 thousand for the same period of the prior year.

Included in the calculation of Adjusted EBITDA for the three and nine months ended September 30, 2019 are non-operating items, non-recurring items and/or costs to support strategic initiatives, totaling approximately \$423 thousand and \$1.09 million, respectively. These adjustments included in the calculation of Adjusted EBITDA relate primarily to (i) legal and other professional fees; and (ii) human resource related costs. These costs were primarily incurred to support new product development and other corporate initiatives, including the acquisition of Clarocity, undertaken to position the Company for future growth.

Outstanding Share Data and Dividends

As at September 30, 2019, the Company had:

- 108,651,784 Common Shares issued and outstanding;
- 4,397,124 Deferred Share Units convertible into an equal number of Common Shares;
- Warrants outstanding to purchase 20,000,000 Common Shares, exercisable at prices ranging from \$0.20 to \$0.40 per share;
- Options outstanding to purchase 6,882,100 Common Shares, exercisable at prices ranging from \$0.13 to \$0.335 per share; and
- \$8,700 convertible debentures, with a conversion price of \$0.30 per share.

The Company did not declare any dividends in the Period.

There were no share related transactions subsequent to the Period.

Liquidity and Capital Resources

Adjusted Working Capital

Adjusted Working Capital (a non-GAAP measure; see section entitled “*Use of Non-GAAP Financial Measures*” above) is defined and calculated by the Company as current assets less current liabilities (as shown on the consolidated Statement of Financial Position), excluding items that are not financial assets or financial liabilities. Management believes Adjusted Working Capital provides more meaningful information with respect to the liquidity of the Company than does Working Capital.

Changes in Adjusted Working Capital (in thousands of Canadian dollars) are presented in the table below.

(In thousands of Canadian dollars)	September 30, 2019 ¹	December 31, 2018 ²
Working Capital (GAAP measure)	\$ 117	\$ 4,471
Less: Prepaid expenses and other current assets	(725)	(373)
Less: Contract assets, current portion	(115)	(110)
Add: Unearned revenue, current portion	1,001	2,198
Adjusted Working Capital (Non-GAAP measure)	\$ 278	\$ 6,186

¹ Quarterly results are Unaudited.

² Effective January 1, 2019, the Company adopted IFRS 16 using the modified retrospective method. Under this method, the comparative information is not restated. See “*Changes in Accounting Policies*” above.

The most significant changes were as follows:

- A decrease in cash of approximately \$897 thousand, which was primarily attributable to advances made to Clarocity Corporation, the parent company of Clarocity Inc., under a secured promissory note (the "Clarocity Note");
- A decrease in the note receivable of approximately \$973 thousand upon the Clarocity Note being cancelled as a component of the consideration paid for the Company's acquisition of Clarocity;
- An increase in accounts payable and accrued liabilities of approximately \$3.7 million primarily due to the assumption of trade payables upon the acquisition of Clarocity and increased accrued liabilities related to transaction costs and unpaid management acquisition bonuses; and
- Effective January 1, 2019, the Company adopted IFRS 16 - *Leases* using the modified retrospective method. Under this method, the comparative information is not restated, which resulted in the recognition of a current lease obligation of approximately \$377 thousand as at September 30, 2019 as compared to a balance of nil as at December 31, 2018.

Cash Flows

Cash flows provided by and used in operating, financing and investing activities for the nine months ended September 30, 2019 and 2018 are presented below.

(In thousands of Canadian dollars)	Unaudited	
	Nine months ended	
Cash flow provided by (used in)	September 30, 2019	September 30, 2018 ¹
Operating activities	\$ (309)	\$ (480)
Financing activities	(172)	199
Investing activities	(1,111)	(196)
Cash obtained from acquisition	699	-
Effect of exchange rate fluctuations on cash	(4)	46
	\$ (897)	\$ (432)

¹ Effective January 1, 2019, the Company adopted IFRS 16 using the modified retrospective method. Under this method, the comparative information is not restated. See "Changes in Accounting Policies" above.

The changes in cash sources and uses for the nine months ended September 30, 2019 as compared to the same period in the prior year are explained below.

- (i) The decrease in cash used in operating activities is primarily attributable to the collection of tax credits receivable in the third quarter of 2019 of approximately \$907 thousand, but which source of cash was largely offset by expenditures required to support Clarocity, which was acquired by the Company in July 2019, and changes in other non-cash operating assets and liabilities.
- (ii) The increase in cash used for financing activities primarily related to the repayment of lease obligations, with no comparative amount for the same period of the prior year, due to the adoption effective January 1, 2019, of IFRS 16 "Leases" using the modified retrospective method. Under this method, the comparative information is not restated. In the first three quarters of 2018, cash provided by financing activities was primarily the result of proceeds received by the Company from the exercise of warrants by the Chair and Chief Executive Officer of the Company.
- (iii) The increase in cash used for investing activities primarily related to the advance of funds by the Company under a secured note receivable, which note was forgiven upon the acquisition of Clarocity in July 2019 as a component of consideration. For the same period of the prior year, cash used in investing activities primarily related to the purchase of equipment and leasehold improvements.
- (iv) The Company acquired cash of approximately \$699 thousand upon the acquisition of Clarocity in July 2019.

As noted in the “*Significant Developments Subsequent to the Period*” section above, in October 2019, the Company completed a financing arrangement with Bank of Montreal’s Technology & Innovation Banking Group. The facility consists of a \$1.5 million term loan and a \$1.5 million revolving credit facility, both of which mature in October 2022.

The following are the carrying amounts and the remaining contractual cash outflows of financial liabilities and commitments at September 30, 2019.

As at September 30, 2019	Carrying Amounts	Contractual cash outflows				
		Total	within 1 year	1 - 2 years	2 - 5 years	More than 5 years
Accounts payable and accrued liabilities	\$ 4,675	\$ 4,675	\$ 4,675	\$ -	\$ -	\$ -
Debt financing of vehicles	-	-	-	-	-	-
Lease commitments ¹	2,244	2,678	484	522	1,386	286
Purchase commitments	-	4,468	323	311	907	2,927
	\$ 6,919	\$ 11,821	\$ 5,482	\$ 833	\$ 2,293	\$ 3,213

As at December 31, 2018	Carrying Amounts	Contractual cash outflows				
		Total	within 1 year	1 - 2 years	2 - 5 years	More than 5 years
Accounts payable and accrued liabilities	\$ 984	\$ 984	\$ 984	\$ -	\$ -	\$ -
Debt financing of vehicles	6	6	6	-	-	-
Lease commitments	-	722	187	243	292	-
Purchase commitments	-	4,669	239	311	907	3,212
	\$ 990	\$ 6,381	\$ 1,417	\$ 553	\$ 1,199	\$ 3,212

¹ Contractual cash flows in relation to leases are undiscounted, include non-lease components (i.e. common area maintenance expenses) and include periods covered by an option to extend if the Company is reasonably certain to exercise that option.

The purchase commitments included in the table above are comprised primarily of annual, fixed-base fees under a consulting agreement with Yeoman & Company Paralegal Professional Corporation, disclosed in the section below entitled “*Transactions with Related Parties*”. Committed payments for the period of October 2019 to December 2034 total \$4.35 million.

In addition to the above-noted contractual cash flows, the Company expects to incur future capital expenditures, primarily with respect to replacement of its image capture equipment and expansion of its computer hardware which hosts the Company’s imagery. Image capture equipment, which includes vehicles, cameras and lenses, is replaced as this equipment is depleted or the purchase of improved equipment is determined to be appropriate. The extent of these capital expenditures will be based on the Company’s planned future image capture activities and the age of existing equipment. The Company expects that capital expenditures required in the remainder of 2019 will be approximately \$75 thousand.

Transactions with Related Parties

Consulting services:

To provide for ongoing support and development of certain software purchased from Yeoman & Company Paralegal Professional Corporation (the "YCP"), the Company entered into a consulting agreement with YCP (the "Consulting Agreement") that expires in December 2034. The Consulting Agreement provides for an annual fee of \$265 thousand, with annual increases in line with any increases in the Consumer Price Index, plus 15% of consideration received by the Company from end customers (the "YCP Fees") for use of this software. For the three and nine months ended September 30, 2019, the Company paid \$118 thousand and \$348 thousand, respectively (three and six months ended June 30, 2018 of \$66 thousand and \$271 thousand, respectively) to YCP under the Consulting Agreement, which was included in direct operating expense and technology expense. Two of the principals of YCP are the sons of the Chair and Chief Executive Officer of the Company.

Real Property Rental:

One of the premises occupied by the Company is rented on a month to month basis from a related company owned, in part, by a director of the Company. For the three and nine months ended September 30, 2019, the Company paid rent to the related company of \$3 thousand and \$9 thousand, respectively (three and six months ended June 30, 2018 - \$3 thousand and \$9 thousand, respectively), which is included in general and administration expense.

Consolidated Entity:

As required under the *Law Society Act* (Ontario) and applicable regulations, MTAG Paralegal Professional Corporation is a separate professional corporation. The Chair and Chief Executive Officer of the Company, a paralegal licensed in the Province of Ontario, is the sole shareholder of this professional corporation; however, the Company controls the entity through contractual arrangements, which provide, among other things, that all economic benefit or loss resulting from the entity will be received or borne by the Company.

These transactions are in the normal course of operations and are measured at the transaction amount, being the amount of consideration established and agreed to by the related parties.

Off-Balance Sheet Arrangements

As at September 30, 2019, the Company had no off-balance sheet arrangements, such as guaranteed contracts, contingent interests in assets transferred to an entity, derivative instrument obligations or any instruments that could trigger financing, market or credit risk to the Company, and the Company does not expect to enter into any in the near to mid-term.

Financial Instruments

The Company's financial instruments consist of cash, trade and other receivables, equity investment, accounts payable and accrued liabilities, lease obligations and convertible debentures. Management does not believe that these financial instruments expose the Company to any significant interest, currency or credit risks.

Forward-Looking Statements

This MD&A contains certain forward-looking statements within the meaning of applicable securities laws and regulations, related to, amongst other things, expected future events and anticipated financial and operating results of the Company. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "anticipate", "plan", "foresee", "believe" or "continue" or the negatives of these terms or variations of them or similar terminology. Forward-looking statements are based on Management's expectations as at the date of this MD&A and are subject to various known and unknown risks and uncertainties that may cause the Company's actual results in future periods to differ materially from those expressed or implied in this MD&A. While Management considers the assumptions upon which such forward-looking statements are based to be reasonable and appropriate in light of the current information available to it, there is risk that such assumptions may not be correct or complete.

Certain factors that could cause actual results to differ materially from those expressed or implied in any forward-looking statements included in this MD&A include, but are not limited to, risks associated with general economic conditions, risks associated with the Company's stage of development, operational risks (such as risks involved in developing new products and services, product performance warranties, risks associated with doing business with partners, risks from regulatory and legal proceedings, risks relating to the Company's dependence on certain customers, and human resource risks), financing risks (such as risks relating to liquidity and access to capital markets or debt financing) and market risks (including foreign currency fluctuations and changing interest rates). Readers are cautioned that the foregoing list of factors that may affect future growth, results and performance is not exhaustive and undue reliance should not be placed on forward-looking statements. Additional information about some of these risk factors can be found in the Company's Annual Information Form which is incorporated herein by reference and can be found at www.sedar.com. Unless otherwise required by applicable securities laws, the Company expressly disclaims any intention, and assumes no obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Additional Information

Additional information relating to ILA, including the Company's 2018 Annual Consolidated Financial Statements and Annual Information Form for the year ended December 31, 2018, can be found on SEDAR at www.sedar.com.