



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2018

This Management's Discussion and Analysis ("MD&A") for Eguana Technologies Inc. ("Eguana", or the "Company") is dated August 23, 2018 and should be read in conjunction with Eguana's condensed interim consolidated financial statements for the three and nine months ended June 30, 2018 ("Q3 2018" and "YTD 2018") and for the three months and nine months ended June 30, 2017 ("Q3 2017" and YTD 2017) and the annual consolidated financial statements for the years ended September 30, 2017 and 2016.

The condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless otherwise indicated, all references to \$ in this MD&A are to Canadian dollars. References to US\$ or US dollars herein are to United States dollars.

Please read the Advisory Section of this MD&A which provides information on forward looking information and other information. Additional information relating to the Company, including Eguana's Consolidated Financial Statements, the Company's most recently completed Annual Information Form, news releases, and other required filing documents is available on SEDAR at www.sedar.com. The aforementioned documents are issued and made available in accordance with legal requirements but are not incorporated by reference into this MD&A.

OVERVIEW

A detailed overview of the Company's core business, the market for Eguana's products, and the Company's business strategy is provided in the MD&A for the financial year ended September 30, 2017.

Strategy and Outlook

Eguana's vision is to be a global leader in residential and small commercial grid tied energy storage systems. Strategically, the Company continued its transition into global distribution channels with product launches of the fully integrated Evolve, Elevate and Enduro product solutions at the Munich Electrical Energy Storage (EES) show. Each solution delivers market specific value including Eguana's patented auto recovery, pre-charge circuitry, and remote diagnostic capability. By simplifying the installation processes and providing online product knowledge and certification training, the Company has delivered a class of products suited for distribution models.

AC coupled systems have maintained the leadership position within residential energy storage applications versus DC coupled systems, currently holding approximately 60% of the global market share. The Company expects to see this percentage increase as the solar power retrofit markets gain traction in Germany and the US. The Company remains committed to its AC coupled configurations opening both retrofit and new installation market opportunities.

Eguana's third fiscal quarter results were driven by product shipments of its residential Evolve product solution and engineering services in relation to its partnership with Mercedes Benz Energy. As a result, the Company achieved its third straight quarter with revenues in excess of \$1 million with a +600% increase versus the same quarter a year ago. The transition to the distributor and solar dealer direct networks has resulted in new orders exceeding \$3 million, with shipments expected to complete this calendar year.

Demand for fully integrated energy storage systems continues to rise across the U.S. mainland and the Caribbean islands as homeowners look to increase autonomy from the power grid while maximizing solar investments. The Company has seen widespread acceptance of its Evolve product solution across these markets with the addition of 12 new solar dealers and distributors. The Company has also completed certification of its 3-phase commercial product for the U.S. market with initial shipments into the California market completed in June. Three systems will be installed within a single big box retailer to take advantage of time of use rates and demand charge reduction. The Company has received additional interest from European and Australian partners to trial commercial systems.

In international markets Australia continues to be a significant growth region for residential energy storage solutions, with recent market forecasts showing upwards of 40,000 systems to be installed in 2019. As part of its Mercedes Benz Energy distribution pipeline conversion, the Company has signed additional distributors for that region. The Evolve product is fully certified to meet all Australian regulations and the Company has had systems operational in Australia for several months.

In June Eguana also launched its Enduro product for the European market. The product has been designed to simplify the installation process for installers while limiting after-sales service through remote diagnostic controls. Germany remains the global leader in residential installations and the Company has partnered with multiple distributors in Europe, including Germany.

The Company continues to expand its sales and technical sales capability in the North American markets and will increase capability in international markets throughout the balance of the calendar year.

Q3 2018 OPERATING RESULTS

The following table sets forth a summary of the results of operations for the three and nine months ended June 30, 2018 and 2017.

| | Q3 2018 | Q3 2017 | YTD 2018 | YTD 2017 |
|----------------------------------|-----------|-------------|-------------|-------------|
| Sales and engineering services | 1,355,668 | 178,887 | 3,778,169 | 778,741 |
| Cost of goods sold | 499,167 | 172,874 | 2,561,631 | 557,688 |
| Gross margin | 856,501 | 6,013 | 1,216,538 | 221,053 |
| Expenses | | | | |
| General and administrative | 346,214 | 509,225 | 1,574,338 | 1,656,473 |
| Selling and marketing | 349,091 | 180,948 | 943,703 | 596,624 |
| Product research and development | 78,791 | 260,252 | 874,177 | 614,542 |
| Operations | 134,643 | 113,397 | 445,681 | 370,361 |
| | 908,739 | 1,063,822 | 3,837,899 | 3,238,000 |
| Loss before undernoted items | (52,238) | (1,057,809) | (2,621,361) | (3,016,947) |
| Financing costs | (168,061) | (85,368) | (526,808) | (285,003) |
| Other income | 76 | 1,866 | 320 | 11,869 |
| Net loss | (220,223) | (1,141,311) | (3,147,849) | (3,290,081) |

Sales and engineering services

Deliveries of the Evolve and the newly launched Elevate energy storage systems to Eguana's expanding customer list, resulted in an increase in product sales of \$116,596 when compared to the three-month period ended June 30, 2017.

Additionally, contract negotiations with Mercedes Benz Energy during the quarter ended June 30, 2018 resulted in revenue of \$1,060,185, their endorsement as a preferred energy storage solution and a transfer of their global energy storage system sales pipeline. A similar fee did not exist in the same quarter in 2017.

For the nine-month period ended June 30, 2018, product sales were \$2,717,984 representing a +550% increase over the product sales for the same period in 2017. Sales of engineering services that were provided to its German automotive partner were \$292,654 in the nine-month period ended June 30, 2017.

The Company expects to continue to see quarterly fluctuations in revenues generated from the Company's various markets, sales regions and sales channels due to variability associated with the timing of customer purchase decisions.

Gross margin

For the three months ended June 30, 2018, product sales resulted in a positive gross margin of \$10,548 as compared to a gross margin on product sales of \$6,013 in Q3 2017. The fee from the German Automotive Partner resulted in a margin of \$845,953 as the Company incurred customer specific engineering and material cost.

Gross margins for energy storage systems were 13.6% or \$370,585 for the nine months ended June 30, 2018. Energy storage system gross margins for the same period in 2017 were (5.7%) or (\$27,873). YTD 2017 engineering service margins were \$248,926 or 85.1%.

Energy storage system gross margins are in line with management's expectations as battery costs globally have increased due to higher raw material cost. Management anticipates improvements in margins with higher volume sales, ongoing cost reduction activities and higher selling prices.

Expenses

Operating costs for the three months ended June 30, 2018 were \$908,739, down from \$1,063,822 for the same period in 2017.

- General and administrative expenses ("G&A") decreased by \$163,011 in Q3 2018 as compared to Q3 2017. The decrease in G&A cost is primarily due to a decrease in legal expenses, share based compensation and a foreign currency gain in Q3 2018 versus a foreign currency loss in Q3 2017. G&A expenses consist primarily of salaries (including the value of stock options for all employees), employee benefits and overhead expenses that are not otherwise allocated to other categories, occupancy, all professional fees, investor relations costs, travel costs, unrealized foreign exchange gains and losses and amortization.
- Selling and marketing costs in Q3 2018 increased as compared to Q3 2017. The increase was primarily due to higher travel cost, the addition of new sales and customer support staff and additional marketing expenses. Included in these costs are salaries and benefits of personnel employed in marketing and customer account relationships, travel, costs of trade shows, a portion of the Chief Technology Officer's ("CTO") and the Chief Executive Officer's ("CEO") that relate to business development.
- Product research and development costs decreased by \$181,461 in Q3 2018 as compared to Q3 2017. The decrease is largely due to the allocation of engineering services and the related material cost to cost of goods sold that were required for the white labeled product for the German Automotive partner. Included are costs associated with prototype development and certification, market analysis in support of new product definition, salaries and benefits of the engineering group, and a portion of the CTO compensation.

Operating costs for the nine months ended June 30, 2018 were \$3,837,899, up from \$3,238,000 for the nine months ended June 30, 2017.

- General and administrative expenses decreased by \$82,135 for the nine months ended 2018. The decrease in G&A cost is primarily due to lower legal cost and a bad debt expense incurred in Q3 2017 which did not exist in 2018. The decrease was partially offset by higher share based payments in 2018.
- Selling and marketing costs for the nine months ended June 30, 2018 increased as compared to the nine months ended June 30, 2017. The increase was primarily due to higher travel cost associated with increased business development, the addition of new sales and customer support staff and marketing expenses.
- Product research and development costs increased 42% for the nine months ended 2018. The development costs were higher due to an increased number of projects completing and transitioning into prototyping and certification stages and the receipt of a larger grant in 2017 than in 2018. The increase was offset by the allocation of engineering services and the related material cost to cost of goods sold that were required for the white labeled product for the German Automotive partner.
- Operating costs increased for the nine months ended June 30, 2018 due to higher overhead allocations resulting from increased production activity.

Financing Costs

Financing costs in Q3 2018 were up \$82,693 as compared to Q3 2017, primarily due to the accretion of long term liabilities and change in fair value on the derivative liability which were offset by the elimination of the accretion on debentures.

Financing cost for the nine-month period ended June 30, 2018 were higher than the same period in 2017 due to difference between the carrying value and the redemption value of the debentures that were repaid, the accretion of long term liabilities and change in fair value on the derivative liability. The financing cost were partially offset by lower accretion on debentures.

MANAGEMENT DISCUSSION OF FINANCIAL RESULTS

| Operating activities | Q3 2018 | Q3 2017 | YTD 2018 | YTD 2017 |
|---|----------------|------------------|--------------------|--------------------|
| Net loss | (220,223) | (1,141,311) | (3,147,849) | (3,290,081) |
| Share-based payments | 38,480 | 58,994 | 278,561 | 137,821 |
| Finance costs | 168,061 | 85,368 | 526,808 | 285,003 |
| Amortization of capital assets | 29,563 | 25,723 | 94,236 | 73,538 |
| Warranty provision | 1,407 | 9,951 | 47,373 | 11,144 |
| Amortization of deferred lease inducement | - | (3,900) | (7,800) | (11,700) |
| Write down of inventory | - | - | - | 50,697 |
| Bad debt expense | - | 982 | - | 100,901 |
| Unrealized foreign exchange (gain) loss | (16,472) | 27,083 | 90,887 | (26,224) |
| | 816 | (937,110) | (2,117,784) | (2,668,901) |
| Net change in non-cash working capital | 166,887 | 464,930 | (990,960) | (18,318) |
| Cash flow used in operations | 167,703 | (472,180) | (3,108,744) | (2,687,219) |

Net Loss

Net loss for Q3 2018 decreased \$921,088 over the net loss in Q3 2017. The decrease is primarily due to the revenue from the termination of a sales contract. The decrease was partially offset by higher finance cost and operating cost.

Net loss for the nine-month period ended June 30, 2018 decreased when compared to the same period. The decrease in net loss is primarily attributable to the revenue from the termination of a sales contract and increased sales activity. The decrease was offset by higher operating costs related to product development and marketing cost, and a change in foreign exchange rates which resulted in a foreign exchange loss.

Share-based Payments

Share-based payments were \$278,561 in the nine-month period ended June 30, 2018, up from \$137,821 from the same period in 2017. The option expense in 2018 primarily relates to 1,810,000 options that were granted to employees, officers and directors. 600,000 of the options vested immediately with an expiry of October 24, 2022. The remaining options vest in three equal tranches with the first to vest immediately and the remainder over two years with an expiry of October 24, 2027.

Finance Costs

Financing cost for the nine-month period ended June 30, 2018 were higher than the same period in 2017 due to difference between the carrying value and the redemption value of the debentures that were repaid, the accretion of long term debt and change in fair value on the derivative liability resulting from the loan issued in December 2017. The financing cost were partially offset by lower accretion on debentures.

Unrealized Foreign Exchange (Gain) Loss

Unrealized foreign exchange loss in 2018 resulted from an unfavourable shift in foreign exchange rates during the period. In 2017 the change in foreign exchange rates were favourable and resulted in the recognition of a gain.

Summary of Quarterly Results

| | 2018 | | | | 2017 | | | 2016 |
|---------------|-----------|-------------|-------------|-------------|-------------|-------------|-----------|-------------|
| | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 |
| Sales | 1,355,668 | 1,103,774 | 1,318,727 | 75,169 | 178,887 | 328,594 | 271,260 | 9,036 |
| Net (loss) | (220,223) | (1,725,937) | (1,201,689) | (1,212,696) | (1,141,311) | (1,261,267) | (887,503) | (1,119,216) |
| Per share (1) | (0.00) | (0.01) | (0.01) | (0.01) | (0.01) | (0.01) | - | (0.01) |

(1) Basic and diluted

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

The Company manages its capital with the prime objectives of safeguarding the business as a going concern, creating investor confidence, maximizing long-term returns and maintaining an optimal structure to meet its financial commitments and to strengthen its working capital position. At present, the capital structure of the Company is primarily composed of shareholders' equity. The Company's strategy is to access capital, primarily through equity issuances, asset based lending, and other alternative forms of debt financing. The Company actively manages its capital structure and makes adjustments relative to changes in economic conditions and the Company's risk profile.

Cash received from financing activities in Q3 2018 was \$334,402, and the Company generated \$167,702 from operations during Q3 2018.

Working capital represents the Company's current assets less its current liabilities. The Company's liquidity, as measured by the Company's working capital deficit at the end of Q3 2018 was \$2,186,977 (Q3 2017 – \$906,928).

As at June 30, 2018 the Company had net liabilities of \$3,459,888 which increased from \$2,524,499 in the same quarter in the previous year, primarily due to the issuance \$1,500,000 USD in long term debt, along with the related derivative liability and decreasing current assets.

The Company has recorded \$3,525,074 in accounts payables and accrued liabilities, of which \$1,225,171 is in dispute. In addition, the Company has \$744,804 in long-term debt, \$195,284 in other liabilities, and \$76,875 in lease obligations payable over the next 12 months.

No unusual trends or fluctuations are expected outside the ordinary course of business.

The Company is currently in a dispute with a prior customer as a result of the cancellation of a supply contract. A claim has been prepared to recover 1,479,332 Euros (\$2,268,378 CAD) for unpaid invoices and interest, along with the option to claim an additional 903,584 Euros (\$1,385,537 CAD) for European inventories purchased to fulfil this contract. Litigation is inherently uncertain and while legal counsel advises that the Company has a strong case, the receivable is being carried on the books at near zero. A favorable outcome in the dispute would increase the current assets of the Company.

The above noted prior customer has made warranty claims related to the Company's first generation, 3-phase Comfort series product. Management believes this claim is without merit and that any product failures are tied directly to a fundamental system failure in the design for which the customer was solely responsible.

The Company's former contract manufacturer submitted a claim in the Court of Queen's Bench in Alberta against Eguana for 1,534,000 Euros (\$2,352,205 CAD) related to the cancellation of the above noted supply contract. The Company is disputing 799,000 Euros (\$1,225,171 CAD) of the amount the contract manufacturer has claimed. The Company has recorded in its financial statements the undisputed amount, therefore a successful defense of the claim submitted by the former contract manufacturer would have no impact on the Company's liquidity. The Company has counter claimed the contract manufacturer for 6.8 million Euros.

Outstanding Debt

In December 2017, the Company issued \$1,500,000 USD of debt, bearing an interest rate of 12.5% per annum which will be repaid in equal instalments starting in July 2018 for 30 months. As part of the loan, the Company issued 2,951,733 warrants which convert into an equal number of shares with an exercise price of \$0.17 and an expiry date of December

20, 2022. Subsequent to quarter end, the Company drew an additional \$750,000 USD bearing an interest rate of 12.5% per annum which will be repaid in equal instalments starting in February 2019 for 30 months. As at June 30, 2018, 2,582,767 warrants were exercisable and the remaining warrants will vest when the Company draws the additional \$1,500,000 USD. The exercisable warrants are exchangeable for \$875,000 USD after the earlier of a liquidity event or September 30, 2021.

Providing certain criteria are met, the Company has the option to draw another \$750,000 USD from the lender.

Subsequent to quarter end, the Company entered into a loan agreement for general working capital for \$1,300,000 with its largest shareholder, DHCT II Luxembourg SARL. The loan would be repaid one month after the final loan payment to Western Technology Investment is made. The loan bears interest at a fixed annual rate of 8%. The interest is paid at the same time the loan is repaid.

As consideration for the advance of the Loan, which has a second priority lien on all the assets of the Eguana and its material subsidiaries, the Company has issued common shares purchase warrants, entitling the Lender to purchase an aggregate of up to 1,238,095 common share at a price of \$0.21 per common share for a period of three (3) years from the date of the loan.

The Company had \$586,667 of Series II and III debentures outstanding at the beginning of the 2018 fiscal year. In December 2017, the Company called all of the outstanding debentures at par and repaid principal of \$586,667, accrued interest of \$3,906 and royalties of \$7,265 was also paid.

Shareholders' Equity and Shares Outstanding

As at August 23, 2018, 220,171,735 common shares are issued and outstanding. In addition, there are common share purchase warrants representing the right to acquire 24,327,763 common shares at an average exercise price of \$0.26 per share outstanding. 368,966 of the warrants have not yet met their vesting conditions.

The Company has 8,619,583 stock options outstanding entitling the holders thereof to acquire up to 8,619,583 common shares. 5,150,833 stock options have vested as of today's date. The weighted average exercise price of the vested options is \$0.24 per share.

During Q3 2018, 1,960,254 warrants were exercised at a price of \$0.22 and the equivalent number of common shares were issued. Subsequent to quarter end, 306,807 warrants were exercised at a price of \$0.22 and the equivalent number of common shares were issued.

Off-Balance Sheet Items

As at June 30, 2018, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on Eguana's financial condition, results of operations, liquidity or capital expenditures.

CAPITAL EXPENDITURES

In Q3 2018, capital expenditures totaled \$42,042 (Q3 2017 - \$1,272) and were primarily incurred with respect to the expansion of the company's facility to increase production capacity.

RELATED PARTY TRANSACTIONS

The Company had the following related party transaction:

| Salaries and benefits | Three months ended | | Nine months ended | |
|----------------------------------|--------------------|---------|-------------------|---------|
| | 2018 | 2017 | 2018 | 2017 |
| General and administrative | 70,550 | 96,250 | 211,650 | 264,388 |
| Product research and development | 59,314 | 14,623 | 177,943 | 98,559 |
| Selling and marketing | 14,620 | 34,121 | 43,861 | 42,240 |
| | 144,484 | 144,994 | 433,454 | 405,187 |

Included in accounts payable and accrued liabilities is \$314,767 (September 30, 2017 - \$215,481) due to directors and key management personnel.

Share based expenses to officers and a director was \$12,521 and \$175,471 for the three and nine months ended June 30, 2018 (June 30, 2017 - \$43,390 for three and nine months).

During nine-month period ended June 30, 2018 the Company paid \$115,008 (2017 - \$115,008) to its former CEO as part of a settlement agreement and incurred \$71,063 (2017 - \$79,852) of accretion as the obligation matures.

RISK FACTORS AND RISK MANAGEMENT

Our risk factors and risk management are detailed in the annual MD&A filed on SEDAR at www.sedar.com on January 29, 2018 and have not materially changed since that time.

Going Concern

The condensed interim consolidated financial statements were prepared on a going concern basis. The going concern basis assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

At June 30, 2018, the Company had not achieved profitable operations since its inception and had an accumulated deficit of \$57,889,319 (June 30, 2017 - \$53,528,774) and recognized a cash flow deficiency from operations for the nine-month period ended June 30, 2018 of \$3,108,744 (2017 - \$2,687,219). Whether and when the Company can attain profitability and positive cash flows from operations is uncertain. The lack of profitable operations and cash flow deficiency may cast significant doubt on the Company's ability to continue as a going concern.

At June 30, 2018, the Company had a working capital deficit of \$2,186,977 (September 30, 2017 – \$725,408).

The ability of the Company to continue as a going concern is dependent on completing equity or debt financings and generating profitable operations in the future in order to meet liabilities as they come due. The ability to continue as a going concern may be adversely impacted by the loss of customers and/or declining sales per customer. To address its financing requirements, the Company may seek financing through the issuance of common shares, preferred shares, units of EGTLP, debentures or other securities of the Company or its subsidiaries. The outcome of these matters cannot be predicted at this time.

ACCOUNTING POLICIES

There have been no changes to the Company's critical accounting estimates and policies in Q3 2018. Significant accounting policies are disclosed in note 4 of the annual audited consolidated financial statements for the year ended September 30, 2017.

Accounting Pronouncements Issued but Not Adopted

The IASB has issued the following new and revised standards and amendments, which are not yet effective for the period ended June 30, 2018:

(a) IFRS 9, Financial Instruments (“IFRS 9”)

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project; classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.

(b) IFRS 15, Revenue from Contracts (“IFRS 15”)

IFRS 15 was issued in May 2014 and amended in April 2016 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after January 1, 2018. Early adoption is permitted.

(c) IFRS 16, Leases (“IFRS 16”)

IFRS 16 was issued in January 2016 and it replaces IAS 17 “Leases”, IFRIC 4 “Determining whether an Arrangement contains a Lease”, SIC-15 “Operating Leases-Incentives” and SIC-27 “Evaluating the Substance of Transactions Involving the Legal Form of a Lease”. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

The company is currently evaluating the impact of adopting the standards noted above.

ADVISORY SECTION

Forward-Looking Statements

This MD&A contains forward-looking information and forward-looking statements (collectively, "forward-looking statements") within the meaning of applicable securities laws that and are based on certain assumptions and analysis made by the Company's management as of the date of this MD&A. Forward-looking statements include, without limitation, statements with respect to investment objectives and strategy, the development plans of the Company, regulatory changes, availability of customers, market penetration, the Company's intentions, results of operations, levels of activity, future capital and other expenditures (including the amount, nature and sources of funding thereof), business prospects and opportunities, construction timetables, extent of solar resource usage and future growth and performance opportunities. The words "believes", "expects", "expected", "plans", "may", "will", "projects", "anticipates", "estimates", "would", "could", "should", "endeavours", "seeks", "predicts", "intends", "potential", "opportunity", "target" or variations of such words of similar expressions thereto and the negatives thereof, identify forward-looking statements. In particular, this MD&A includes forward-looking statements with respect to the future dynamics and size of the solar PV and energy storage market and segments thereof; statements concerning the Company's expectations of future relationships as well as the size of the market for power electronics; statements concerning the Company's sales; and statements concerning factors which management believes may be relevant in assessing whether the Company's plans are achievable.

Forward-looking statements are necessarily based upon management's perceptions of historical trends, current conditions and expected future developments, as well as a number of specific factors and assumptions that, while considered reasonable by the Company as of the date of such statements, outside of the Company's control and are inherently subject to significant business, economic and competitive uncertainties and contingencies which could result in the forward-looking statements ultimately being entirely or partially incorrect or untrue.

Certain forward-looking statements contained in this MD&A about prospective results of operations, financial position or cash flows may constitute "future oriented financial information", is based on assumptions about future events, is given as at the date hereof and including economic conditions and proposed courses of action, based on management's assessment of the relevant information currently available. Readers are cautioned that such financial outlook information contained in this MD&A should not be used for purposes other than for which it is disclosed herein.

Forward-looking statements contained in this MD&A are based on various assumptions, including, but not limited to the following: (i) the Company's ability to achieve its growth strategy; (ii) the demand for the Company's products and fluctuations in future revenues; (iii) the Company's business model and assumptions; (iv) expectations of growth in the industry in which the Company operates and the markets in which the Company's products are sold; (v) sufficiency of current working capital to support future operating and working capital requirements; (vi) the stability of general

economic and market conditions; (vii) currency exchange rates and interest rates; (viii) equity and debt markets continuing to provide the Company with access to capital; (ix) the Company's continued compliance with third party intellectual property rights; and (x) that the risk factors noted above, collectively, do not have a material impact on the Company's business, operations, revenues and/or results. By their nature, forward-looking statements are subject to known and unknown risks and uncertainties, many of which are beyond the Company's control, that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved.

There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are provided for the purpose of providing information about management's expectations and plans relating to the future. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law. All of the forward-looking statements contained in this MD&A are qualified by these cautionary statements.