



MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2017

This Management's Discussion and Analysis ("MD&A") for Eguana Technologies Ltd. ("Eguana", or the "Company") is dated May 25, 2017 and should be read in conjunction with Eguana's condensed interim consolidated financial statements for the three and six months ended March 31, 2017 ("Q2 2017" and "YTD 2017") and for the three and six months ended March 31, 2016 ("Q2 2016" and "YTD 2016") and the annual consolidated financial statements for the years ended September 30, 2016 and 2015.

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, 2016.

OUTLOOK AND PRIORITIES

United States

Demand for the Company's AC Battery for residential solar storage installations is accelerating in Hawaii and is expected to be the primary driver of revenue growth for the Company over the balance of the year. With the resolution during the past Quarter of both interconnection and localised building permitting issues, the Company's expectation is that Hawaii will lead the US market in residential energy storage installations,

providing a roadmap for the other states, including California and New York. During the Quarter, Eguana's AC Battery became the only grid interactive lithium-ion based battery system approved by the Honolulu Department of Planning and Permitting's Material and Methods expedited approval process, shortening the installation approval timeframe from several months to a 5-minute web-based automatic approval. This change has accelerated our partner's sale processes, leading to the \$2.5 million order announced on May 2 with volume shipments expected to commence in June.

Early system sales also indicate that standard system sizes in the Hawaiian market will be larger than previously anticipated, increasing per sale revenue and contribution. 60% of the AC Battery's ordered to date have been 19.2kwh's or larger. Eguana's AC Battery is easily expanded in configurations of 6.5kwh's per module, without requiring additional power controls, providing Eguana with a direct competitive technology and cost per kilowatt hour, advantage in the market.

The Company's strategy is to build on its success in Hawaii to create global channel partnerships. The Company remains engaged with a Tier One solar manufacturer to optimize a residential micro-inverter plus storage solution utilizing the AC Battery and the partner's micro-inverter technology. Upon successful field trials through the third fiscal quarter, the Company expects to be promoted within the partner's global installer network.

The Company has completed first prototypes and verification testing of its commercial three-phase product. Final detailed design changes are being completed prior to submission for UL certification. The Company focused on versatility for the commercial market applications, creating a base product of 15kw/39kwh with expandable battery capacity up to 65kwh per system. For larger system requirements, the technology allows for multiple systems to be installed in parallel together. Market applications for the Commercial AC Battery range from demand response, peak load shaving, grid services, and electric vehicle infrastructure cost control. The Company has received early pilot orders for Commercial demonstrations in Alberta, Colorado, and Texas.

Early analysis of economic drivers for the Commercial AC Battery, which vary across North America, is indicating the Company's product will deliver attractive returns in these targeted geographies. Secondary value streams are also available for developers that build up a fleet, or fleets, of systems where capacity can be bid into growing demand response and other grid service markets. Specific regions of the New York commercial market are driven by demand charges which have rate structures nearing the cost currently seen in Southern California. The Company has begun development work with a real estate development group in New York and anticipates pilot demonstrations in the fall.

Ontario and Texas both charge customers based on their percentage contribution to the top four to five system wide load "peaks" of the year. By intelligently scheduling battery dispatch from a Commercial AC Battery storage system customer bills can be substantially reduced with additional room for savings and

revenue generated from demand charge reduction and demand response. Along with a previously scheduled demonstration planned in Texas, the Company is in the final stages of securing a pilot demonstration in Ontario for its Commercial AC Battery.

Electric vehicle infrastructure applications are a specific type of commercial load that is exposed to high demand charges. By integrating the Commercial AC Battery directly into the charging infrastructure, controls and networking, a complete solution can be delivered that reduces electricity bills to the network operator while providing the ability to deliver grid services from its fleet, without affecting vehicle charging performance. The Company has a demonstration pilot planned in July with a California electric vehicle infrastructure company.

Europe

The Company remains actively engaged with its German automotive partner for the development of a system targeting the residential market.

The Company is also in advanced discussions with a leading European distributor with coverage across all major demand regions for an indoor product which targets the self consumption market. Europe remains the largest residential energy storage global market and based on European market feedback, “paired” systems”, systems where installers are required to purchase separate non-integrated battery and power controls components, are underperforming due to installation complexity. Eguana’s factory integrated AC Battery has been designed to have a simple installation process in less than two hours.

Australia

Australia has a blend of both consumer driven self consumption based on high electricity rates, and utility driven grid support requirements. The Company’s first volume order, targeting the self consumption segment, was delayed in the quarter as its initial customer took longer than anticipated to finalize its energy storage initiatives. Alongside our partner, Itochu, discussions remain active completing first order details and timing, which is expected during the current quarter. The Company has completed product and installation training and will continue support functions, ensuring the successful volume launch.

The Company has also begun testing to validate the product’s grid support capabilities with an Australian utility and is currently engaged with several distributors looking to establish or improve their energy storage product line. It is widely accepted in the industry, and the view of the Company, that the Australian market will maintain the highest growth rate in the industry in 2017 as a result of increasing electricity prices, generalized grid instability, and decreases in the solar feed-in tariff program which promotes consumer generated energy self consumption.

OPERATING RESULTS

The following table sets forth a summary of the results of operations for the three and six months ended March 31, 2017 and 2016.

	Q2 2017	Q2 2016	YTD 2017	YTD 2016
Sales and engineering services	328,594	176,272	599,854	404,648
Cost of goods sold	325,075	160,154	384,814	461,443
Gross margin	3,519	16,118	215,040	(56,795)
Expenses				
General and administrative	778,473	363,030	1,147,248	825,793
Selling and marketing	191,997	208,090	415,676	437,484
Product research and development	81,207	230,127	354,290	366,134
Operations	119,083	104,602	256,964	228,805
	1,170,760	905,849	2,174,178	1,858,216
Loss before undernoted items	(1,167,241)	(889,731)	(1,959,138)	(1,915,011)
Financing costs	(98,047)	(431,998)	(199,635)	(586,942)
Gain (loss) on debentures	-	-	-	(18,433)
Other income	4,021	246	10,003	251
Net loss	(1,261,267)	(1,321,483)	(2,148,770)	(2,520,135)

Sales and engineering services

Sales and engineering services increased 186% for the three months in Q2 2017 as compared to Q2 2016. Product sales in Q2 2017 were \$275,284 and were primarily derived in Hawaii, as permitting hurdles have been resolved and installations under the self-supply program have begun. In Q2 2016, product revenue was primarily generated from the sale in the USA of residential AC Batteries and the sale of BiDirex subassemblies. In Q2 2017 the Company generated \$53,310 of sales through engineering services provided to its German automotive partner. No engineering service revenue was realized in 2016.

Sales and engineering services increased 148% for the six months ending March 31, 2017 as compared to YTD 2016. Product sales YTD 2017 were \$307,200. YTD 2016, product sales were primarily generated in the USA from residential AC Battery design wins, customers with new battery technologies who require inverters to commercialize their product and for the net zero community demonstrations. YTD 2017, the Company generated \$292,654 of sales through engineering services provided to its German automotive partner. No engineering service revenue was realized in 2016.

The Company expects to continue to see quarterly fluctuations in the 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

Gross margins were positive for the three months ended March 31, 2017 at 1.1% or \$3,519. Product sale margins were \$15,646 or 5.7%, however, this positive margin was offset by a write down of BiDirex sub-assembly inventory of \$50,697 due to customers for the first generation Bi-Direx platform transitioning to the Commercial AC Battery in anticipation of updated UL 1741 certification requirements. The net margin on product sales was (12.7%) or (\$35,051). Gross margin in Q2 2016 was 9.1% or \$16,118. The Q2 2016 margin was helped by an inventory write up of \$30,271 in the quarter. Q2 2017 gross margins from engineering services were 72.4% or \$38,570.

Gross margins were 35.9% or \$215,040 for the six months ended March 31, 2017. Product sales margins were 5.5% or \$16,811. When including the write down of inventory of \$50,697, the margin is (\$33,886) or (11.0%). YTD2017, product margins were (\$56,795) or (14.0%), which includes the inventory write down of \$50,697 noted above. YTD 2017 engineering service margins were \$248,926 or 85.1%.

Expenses

Operating costs in Q2 2017 were \$1,170,760, up from \$905,849 in Q2 2016.

- General and administrative expenses ("G&A") increased 114% in Q2 2017. The increase in G&A cost is primarily due to the recognition of a bad debt from a customer, share base payments for options issued to employees in FY 2016 and to the interim Chief Financial Officer at the beginning of the quarter and an increase in legal and professional fees largely related to ongoing litigation. 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, travel costs, and non-cash expenses for unrealized foreign exchange gains and losses and amortization.
- Selling and marketing costs in Q2 2017 remained relatively consistent with Q2 2016. Included in these costs are salaries and benefits of personnel employed in marketing and customer account relationships, travel, costs of trade shows and a portion of the Chief Technology Officer's ("CTO") salary.

- Product research and development costs in Q2 2017 decreased 73% from Q2 2016. The decrease is primarily due to the receipt of funds from a government grant for costs associated with the development of the Company's Commercial AC Battery product. Product research and development cost in Q2 2016 included costs associated with a customer's certification and finalizing the Residential AC Battery development. Included in product research and development 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 YTD 2017 were \$2,174,178, up from \$1,858,216 YTD 2016.

- General and administrative expenses increased 39% YTD 2017. The increase in G&A cost is primarily due the above noted bad debt expense and the increase in legal and professional fees largely related to ongoing litigation.
- Operations cost increased 12% YTD 2017. The increase in operations cost was related to casual labour costs which were not incurred in 2016. Included in this amount are salaries and benefits of employees directly allocated to this function and direct costs incurred to support manufacturing and supply chain activities.

Financing Costs

- Financing costs were down for the quarter and YTD 2017 when compared to the same periods in 2016. The decrease is primarily attributable to a decrease in interest associated with the debentures, and no amortization of financing fees.

Analysis of Use of Proceeds

The following table sets forth a comparison of planned use of proceeds from the June 30, 2016 equity financing with amounts expended to March 31, 2017.

	Planned	Incurred to Q2 2017
Repayment of debt	\$2,000,000	\$1,061,868
Hiring of new employees	600,000	54,033
Office relocation and capital improvements to research lab	500,000	-
Acquisition of production equipment	300,000	59,330
Marketing and business development initiatives	300,000	235,580
	<u>\$3,700,000</u>	<u>\$1,410,811</u>

Repayment of Eguana's debt is currently made on a quarterly basis.

Hiring of new employees and office relocation has been delayed due to delays in the Hawaiian and Australian market.

The remaining planned use of proceeds is expected to occur in the remainder of calendar 2017.

MANAGEMENT DISCUSSION OF FINANCIAL RESULTS

Operating activities	Q2 2017	Q2 2016	YTD 2017	YTD 2016
Net loss	(1,261,267)	(1,321,483)	(2,148,770)	(2,520,135)
Share-based payments	60,914	25,657	78,827	79,361
Finance costs	98,047	432,001	199,635	586,945
Amortization of capital assets	23,860	24,412	47,815	47,870
Loss on debentures	-	-	-	18,433
Warranty provision	976	2,348	1,193	6,383
Amortization of deferred lease	(3,900)	(3,900)	(7,800)	(7,800)
Write down (write up) of inventory	50,697	(30,271)	50,697	34,050
Bad debt expense	99,919	-	99,919	-
Unrealized foreign exchange loss (gain)	(4,257)	(8,268)	(53,307)	(3,443)
	(935,011)	(879,504)	(1,731,791)	(1,758,336)
Net change in non-cash working capital	1,064	167,486	(483,248)	(162,730)
Cash flow used in operations	(933,947)	(712,018)	(2,215,039)	(1,921,066)

Net Loss

Net loss for Q2 2017 decreased \$60,214 over the net loss in Q2 2016. The decrease in net loss is primarily attributable to lower finance costs. The decrease was partially offset by higher non-cash expenses including bad debt expense, inventory write down and share based payments.

Share-based Payments

Share-based payments were \$60,914 for the three months in Q2 2017, up from nil in Q2 2016. The share base payments were from options issued to employees in FY 2016 and to the interim Chief Financial Officer at the beginning of Q2 2017.

Finance Costs

Finance costs in Q2 2017 decreased \$333,954 over the finance costs in Q2 2016. The decrease in finance costs is primarily due to a decrease in interest on debentures and financing fees being fully amortized in 2016.

Bad Debt Expense

Bad debt expense in Q2 2017 includes an amount related to an accounts receivable from a customer who has declared bankruptcy.

SUMMARY OF QUARTERLY RESULTS

	2017			2016			2015		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	
Sales	328,594	271,260	9,036	284,980	176,272	228,376	1,367,075	1,552,853	
Net (loss)	(1,261,267)	(887,503)	(1,119,216)	(1,195,551)	(1,321,482)	(1,198,652)	(4,587,408)	(1,376,971)	
Per share (1)(2)	(0.01)	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)	(0.05)	(0.02)	

(1) Basic and diluted

(2) 2016 annual earnings per share is (\$0.03) which differs from the summary above because of rounding.

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 used in financing activities in Q2 2017 was \$298,678, and the Company used \$933,947 in operations during the quarter.

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 Q2 2017 was (\$906,928) (September 30 2016 – \$1,570,491).

The Company is required to repay \$717,166 in debentures, \$435,863 in other liabilities, \$205,648 in purchase obligations, and \$70,200 in lease obligations over the next 12 months.

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 (\$2,090,148 CAD) for unpaid invoices and interest, along with the option to claim an additional 903,584 Euros (\$1,276,674 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 (\$2,167,400 CAD) related to the cancellation of the above noted supply contract. The Company is disputing 799,000 Euros (\$1,128,900 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

The Company had \$1,429,500 of Series I, II and III debentures outstanding at the beginning of the 2017 fiscal year. During Q2 2017 Eguana repaid \$224,500. The Company has \$980,500 in principal outstanding as at March 31, 2017.

Term Loan Facility

During the year ended September 30, 2016, the Company repaid the outstanding line of credit with proceeds from the issuance of common shares in September 2015 and canceled the \$1,500,000 operating line of credit.

As a result of the canceling of the line of credit, certain warrants were subject to accelerated expiration and the deferred financing cost were fully amortized.

Shareholders' Equity and Shares Outstanding

As at May 25, 2017, 201,679,549 common shares are issued and outstanding. In addition, there are common share purchase warrants representing the right to acquire 17,406,184 common shares at an average exercise price of \$0.29 per share.

The Company has 7,299,583 employee stock options outstanding entitling the holders thereof to acquire up to 7,299,583 common shares. The weighted average exercise price of the vested options is \$0.31 per share.

The Company had no equity issuances during Q2 2017. In Q2 2016, EGT exercised its right to call the 747 LP Units issued on December 31, 2015 and issued 6,790,977 common shares.

Off-Balance Sheet Items

As at March 31, 2017, 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 Q2 2017, capital expenditures totaled \$36,327 (Q2 2016 - nil) and were primarily incurred with respect to the purchase of new lab equipment.

RELATED PARTY TRANSACTIONS

The Company had the following related party transaction:

	Three months ended		Six months ended	
	2017	2016	2017	2016
	\$	\$	\$	\$
General and administrative	95,750	54,000	159,138	108,000
Product research and development	14,623	11,591	27,616	23,182
Selling and Marketing	34,121	27,046	64,438	54,091
Operations	-	12,000	-	24,000
Total	144,494	104,637	251,192	209,273

Included in accounts payable and accrued liabilities is \$195,823 (March 2016 - \$257,412) due to directors and key management personnel.

During Q2 2017 the Company paid \$36,318 (Q2 2016 - \$56,640) to its former CEO as part of a settlement agreement and incurred \$25,829 (Q2 2016 - \$28,146) of accretion as the obligation matures.

In January 2017, the Company issued 200,000 stock options with an exercise price of \$0.27 to the Interim Chief Financial Officer. The options vested immediately and expire five years from the grant date. The fair value of the options was determined to be \$43,390.

In May 2017, the Company issued 200,000 options with an exercise price of \$0.2X to the Interim Chief Financial Officer. The options vested immediately and expire five years from the grant date. The fair value of the options was determined to be \$43,390.

RISK FACTORS AND RISK MANAGEMENT

Risk factors and risk management are detailed in the annual MD&A filed on SEDAR at www.sedar.com on January 27, 2017 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 of accounting 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 March 31, 2017, the Company had not achieved profitable operations since its inception and had accumulated a deficit of \$52,387,464 (March 2016 - \$47,923,927) and recognized a cash flow deficiency from operations for the six-month period ended March 31, 2017 of \$2,215,039 (March 2016 - \$1,921,066).

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.

The Company currently has working capital (deficit) of (\$906,928) (September 30, 2016 – \$1,570,491).

The ability 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 and enable the Company to continue operations. The ability to continue as a going concern may be adversely impacted by the loss of customers and falling sales per customer. To address its financing requirements, the Company may seek financing through the issuance of common shares, first preferred shares, units of EGT Limited Partnership and debentures. 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 for the period ending March 31, 2017. Significant accounting policies are disclosed in note 4 of the annual audited consolidated financial statements for the year ended September 30, 2016.

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 March 31, 2017:

(a) IFRS 9, Financial Instruments ("IFRS 9")

IFRS 9 reflects the first phase of the IASB's work on the replacement of IAS 39 "Financial Instruments, Recognition and Measurement". The standard revises and limits the classification and measurement models available for financial assets and liabilities to amortized cost or fair value. IFRS 9 is effective for annual periods on or after January 1, 2018.

(b) IFRS 15, Revenue from Contracts ("IFRS 15")

IFRS 15 was issued in May 2014 and 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.

(d) IAS 1, Presentation of Financial Statements ("IAS 1")

In December 2014, the IASB issued amendments to IAS 1, clarifying guidance on the concepts of materiality and aggregation of items in the financial statements, the use and presentation of subtotals in the statement of operations and comprehensive income or loss, and providing additional flexibility in the structure and disclosures of the financial statements to enhance understandability. The amendments to IAS 1 may be applied immediately, and become mandatory for annual periods beginning on or after January 1, 2016.

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.