General

The following managementôs discussion and analysis (ñMD&Aò) of the financial condition and results of operations of ZTEST Electronics Inc. (ñZTESTò or the ñCompanyò) constitutes managementôs review of the factors that affected the Companyôs interim condensed consolidated financial and operating performance for the three months ended September 30, 2019. The MD&A was prepared as of November 28, 2019 and was approved by the Board of Directors on November 28, 2019. It should be read in conjunction with the unaudited interim condensed consolidated financial statements of the Company for the three months ended September 30, 2019, and the audited consolidated financial statements for the year ended June 30, 2019, including the notes thereto. Unless otherwise stated, all amounts discussed herein are denominated in Canadian dollars.

Additional information about the Company can be found at www.sedar.com.

The Company

ZTEST is located at 523 McNicoll Avenue, Toronto, Ontario. Through its wholly-owned subsidiary, Permatech Electronics Corporation (ñPECò), the Company operates a single business segment designing, developing, and assembling printed circuit boards and other electronic equipment. The Companyôs shares trade on the Canadian Securities Exchange under the symbol "ZTE".

The Company held its annual general meeting on January 8, 2019 resulting in the election, or re-election, of the Board members, with the exception of Zachery Dingsdale who was appointed to the Board November 2019. The inaugural meeting of the Board was held immediately following the annual general meeting, during which the Officers of the Company were reappointed and the subcommittee noted below was formed.

Name	Position(s)
Steve Smith [1]	Chairman, President & Chief Executive Officer
K. Michael Guerreiro [1*]	Director (Independent), Director of PEC, Director of Conversance Inc.
Brendan Purdy [1]	Director (Independent)
Zachery Dingsdale	Director (Independent)
Michael D. Kindy, CPA, CA	VP Finance & Chief Financial Officer
William R. Johnstone, LLB	Corporate Secretary
Wojciech Drzazga	Director and Officer of PEC
John Perreault	Officer of PEC
William J. Brown	Director of PEC

[*] Acts as Committee Chair
[(1)] Member of the audit committee

Corporate Performance

The first quarter of the 2020 fiscal year provided mixed results. As an example, revenues were less than had been realized in recent periods but gross margins improved. Furthermore, cash flows from operations improved but liquidity ratios and capital under management both declined. Although these results may appear inconsistent, the overall assessment of the quarter is that it was modestly positive.

Revenues for the first quarter were $880,703, which is a lower total than was reported in each of the five preceding fiscal quarters. However, during this quarter we saw labour costs included in the cost of product sales decline while materials inventory, work in process and finished goods each rose. A decline in labour costs tells us that labour efficiency rose. An increase in materials inventory tells us that future production is scheduled while an increase in work in process and finished goods indicates that customer deliveries are imminent. A decline in revenues is not a positive result but the implied negativity is certainly tempered by these positive factors.

Gross margins, when expressed as a percentage of revenues, have been observed to be declining in recent periods, and a focal point for management. The gross margins realized in the first quarter of 2020 were greater than reported for the first quarter of 2019, even though revenues declined. The results from a single quarter are not a trend but they may signal the cessation of a negative trend, or suggest that implemented changes are having a desired effect.

Corporate Performance - continued

Although gross margins improved the Company has reported a loss for the first quarter of 2020. Losses produce a decline in capital under management and typically produces negative cash flows. In Q1 2019 the net loss, adjusted for non-cash items, equated to an $88,233 use of cash. This use of cash declined to $57,252 in the current quarter. This modest improvement was then augmented by positive cash flow generated from non-cash working capital items which allowed the utilization of the bank operating loan to be reduced by 50% while adding modestly to cash on hand.

This improved cash flow would have translated into virtual maintenance of the Companyœs working capital position if not for the implementation of IFRS 16 ï Leases at the start of the fiscal period. The Company has leased its operating facility for many years, and has disclosed the details of its commitment for the lease payments required over the remaining term of that lease. Under IFRS 16 that former commitment is now reported on the balance sheet as a liability, with the amount due in the next 12 months being included in current liabilities. The Company has reported a decline in working capital of $104,407 in the first quarter with $101,079 of that decline being directly attributable to the current portion of the newly recognized lease liability.

Although the first quarter has been assessed as modestly positive management continues working to generate growth in revenues and profitability and to enhance liquidity and capital under management. The following data may provide some additional insights relative to the Companyœs operating performance and financial position:

	For the fiscal years ended:		
	June 2019	June 2018	June 2017
Total Revenues	4,399,062	3,686,132	3,754,883
Net loss from operations	(274,085)	(856,314)	(203,576)
Per share - basic	(0.013)	(0.046)	(0.014)
Net loss for the year	(344,186)	(883,756)	(497,880)
Per share - basic	(0.017)	(0.047)	(0.035)
Total assets	2,268,045	2,226,121	1,783,512
Total long-term financial liabilities	-	3,291	42,784
Total liabilities	943,985	783,898	862,688

	For the fiscal quarters ended:			
	Sept. 2019	June 2019	Mar. 2019	Dec. 2018
Total Revenues	880,703	1,269,697	1,065,043	1,097,839
Net income (loss) from operations	(98,229)	5,518	(102,068)	(73,351)
Per share - basic	(0.005)	0.000	(0.005)	(0.004)
Net income (loss) for the period	(120,642)	(11,385)	(127,279)	(87,749)
Per share - basic	(0.006)	(0.001)	(0.006)	(0.004)
Total assets	2,314,453	2,268,045	2,463,838	2,373,935
Total long-term financial liabilities	54,201	-	-	-
Total liabilities	1,111,035	943,985	1,128,394	1,004,124

	For the fiscal quarters ended:			
	Sept. 2018	June 2018	Mar. 2018	Dec. 2017
Total Revenues	966,483	1,010,852	729,743	800,502
Net income (loss) from operations	(104,184)	(12,076)	(741,021)	(148,014)
Per share - basic	(0.005)	(0.001)	(0.038)	(0.008)
Net income (loss) for the period	(116,203)	(29,583)	(750,957)	(148,013)
Per share - basic	(0.006)	(0.001)	(0.038)	(0.008)
Total assets	2,287,820	2,226,121	2,224,813	1,399,349
Total long-term financial liabilities	-	3,291	13,164	23,037
Total liabilities	956,800	783,898	753,008	544,242

There were no cash dividends paid or accrued during any of the periods noted above.

Results of Operations

In recent periods the Company has been experiencing a decline in gross margin as a percentage of periodic revenues and efforts were being made to remedy this. The gross margin for the most recent quarter was greater in value than it had been in the comparable period ended September 2018, even though revenues were almost 9% lower. As a percentage of revenue, the gross margin rose almost 4%, from more than 26% at September 2018, to over 30% for the recent quarter. One fiscal quarter will not serve as confirmation that the steps taken have remedied the previous situation. Management will continue to strive for enhanced margins and interprets the Q1 results as being a disruption of the recent trend and affirmation that recent efforts are generating favourable results. The different elements of cost of product sales, and the changes realized, were as follows:

Three month periods ended September 30	2019	2018	Change
Raw materials and supplies consumed	$ 405,783	$ 453,501	$ (47,718)
Labour costs incurred	194,211	199,736	(5,525)
Depreciation	11,836	14,760	(2,924)
Repairs and maintenance	5,879	7,946	(2,067)
Other costs	24,020	28,867	(4,847)
Net change in finished goods and work in process	(27,896)	6,897	(34,793)
Total cost of product sales	$ 613,833	$ 711,707	$ (97,874)

The cost of raw materials and supplies consumed equated to 46.1% of periodic revenues for the first quarter of 2020 which is modestly lower than the 46.9% cost that was incurred in Q1 2019. It is noted virtually every period that these costs are incurred at our customersô discretion, since they also have the option of providing their own materials. This discretion means there is no true correlation between revenues and these costs however a cost reduction of 10%, in a period when revenues declined almost 9%, indicates that there has been little change in customer sentiment. Management consistently promotes the benefits customers may derive from the Companyôs provision of the raw materials and supplies necessary to complete the assembly of their products, but has no control over this choice.

The cost of labour incurred in any given period is reflective of the Companyôs continual efforts to match, as closely as possible, labour supply with current and expected future demand. As an element of this supply management it is common for labour supply costs to move in the same direction as revenues, albeit at a slower pace. This common result was realized this period as labour supply costs declined almost 3%.

The net change in finished goods and work in process is a measure of the change in labour costs included in inventory. This cost must be combined with labour supply costs to determine the net labour costs included in cost of product sales. These aggregate costs declined from $206,633 in 2018 to $166,315 in 2019, representing a reduction of over 19%. As noted previously, the Company continually strives to match labour supply and demand and results like those achieved in the recent quarter can only arise in a period where this matching has occurred at a rate that exceeds the average.

Depreciation is a function of time and the carrying value of the manufacturing equipment in use. No significant additions have been necessary in recent years so depreciation costs continued to decline. Management continually evaluates equipment needs and monitors the equipment market for opportunities, but there are no major equipment additions currently being investigated.

Repairs and maintenance costs and other costs are incurred on an as-needed basis without any specific correlation with revenues. These costs are closely monitored and are within management expectations.

Results of Operations - continued

Selling, general and administrative expenses, and the changes realized, were as follows:

Three month periods ended September 30	2019	2018	Change
Employee and consultant compensation	$ 250,448	$ 246,359	$ 4,089
Occupancy costs	70,746	68,369	2,377
Professional fees	13,174	14,659	(1,485)
Shareholder services	3,250	3,250	-
Insurance	8,072	7,928	144
Other costs	9,204	12,899	(3,695)
Total selling, general and administrative	$ 354,894	$ 353,464	$ 1,430

Employee and consultant compensation costs, which include salaries, benefits, consulting fees, and independent directorsô fees, rose 1.6% in comparison to the 2018 fiscal quarter with each of the individual elements being quite comparable from one period to the other. There have been no changes in personnel or consultants between the two periods so the consistency of the results was anticipated.

Occupancy costs underwent a change in the current period. In prior periods the monthly base rental payments were accumulated here but with the adoption of IFRS 16 these lease payments are now applied as a reduction of the Companyøs lease liability. Occupancy costs is now charged with the depreciation arising form the right-of-use asset that was capitalized as a result of this office lease. The lease payments made in the quarter were $26,936 and the depreciation charge was $25,700, for a net difference of $1,236. Under the Companyøs previous accounting policy, occupancy costs, and the measured change, would have been $1,236 greater in the current period. The increase in costs for the current period, whether the $1,236 is considered or not, is attributed to fluctuations in utility rates and usage, property tax rates, and other common area costs associated with the facility. The Companyøs facility lease runs through March 2021 and occupancy costs are expected to remain generally comparable throughout that lease term.

Professional fees are comprised of fees for legal services and a prorated portion of the estimated cost of the upcoming audit of the annual financial statements. Each of these component elements have remained consistent from 2018 to 2019.

Shareholder services, insurance expense and other costs are all closely monitored, are within management expectations, and are consistent from period to period.

The Companyøs cost of borrowing, and the changes realized, were as follows:

Three month periods ended September 30	2019	2018	Change
Interest expense ï long term	$ 5	$ 509	$ (504)
Interest expense ï other	1,428	2,488	(1,060)
Interest expense ï lease liability	2,319	-	2,319
Financing fees	3,469	3,205	264
Total financing expenses	$ 7,221	$ 6,202	$ 1,019

The Company had a single long-term debt instrument outstanding that matured close to the start of the current period such that there was virtually no expense incurred. With no long-term debt at this time there will be no expense for the foreseeable future.

Interest expense ï other represents interest arising from the use of the Companyøs operating line as well as miscellaneous interest charges incurred. The Company made less use of its bank operating line in the recent fiscal quarter leading to the reduction in interest costs.

Results of Operations - continued

As noted previously, the company adopted IFRS 16 Leases effective July 1, 2019. In accordance with this new accounting policy, the Company recognized a lease liability based on the present value of the remaining lease payments. The resulting lease liability is then subjected to interest accretion over the life of the lease. Prior to July 31, 2019 there was no lease liability recognized and as a result there is no similar expense in the comparative period.

The Company entered into an agreement with a related party whereby it may offer to sell specific accounts receivable to that related party. If the related party accepts then they assume all collection risks associated with that receivable in exchange for a discount from the face value of the receivable. The discount is accounted for as financing fees at the time of the sale.

Liquidity

At September 30, 2019, the Company had working capital of $104,407 (June 30, 2019 ï $292,444) and current financial assets of $427,043 (June 30, 2019 ï $591,575) available to settle current financial liabilities of $1,056,834 (June 30, 2019 ï $943,985). The Company also has access to a $250,000 bank operating line, of which $75,000 (June 30, 2019 ï $150,000) had been drawn as of September 30, 2019.

In addition to satisfying the cost of operations the Company must also address the payment or other settlement of the following amounts as at September 30, 2019:

	Due by Sept. 2020	Due by Sept. 2021	Due after Sept. 2021	Total Due
Lease liability	$ 107,743	$ 80,807	$ -	$ 188,550

Capital Resources

The Company has not issued any securities, or completed any financing transactions, since June 30, 2019.

The Company has a $250,000 commercial line of credit from which $75,000 (June 30, 2019 - $150,000) was drawn as at September 30, 2019. The loan bears interest at the TD Bank prime lending rate plus 2.5%, is due upon demand, and is secured by a general security agreement covering the assets of PEC.

Related Party Transactions

The Company had transactions during the period with key management personnel and with 1114377 Ontario Inc., a company controlled by the spouse of a Director of Permatech Electronics Corporation. These include consulting fees paid to Steve Smith (President and CEO), consulting fees paid to Michael D. Kindy (CFO), Directorsô fees paid to independent Directors, salaries and benefits paid to Wojciech Drzazga and John Perreault as officers of Permatech Electronics Corporation, legal fees paid to a legal firm in which William R. Johnstone (Corporate Secretary) is a partner, financing fees paid to 1114377 Ontario Inc., and share-based payments related to key management personnel. Compensation rates are agreed to by the related parties and are predicated upon prevailing market rates. The following expenses, involving these related parties, have arisen during the reporting periods:

Three month periods ended September 30	2019	2018
Consulting fees (1)	$ 49,500	$ 41,400
Directorsô fees (1)	7,770	12,225
Salaries and benefits (1)	66,755	66,247
Legal fees (2)	6,924	7,722
Financing fees	3,469	3,205
Cash based expenditures	$ 134,418	$ 130,799
Share-based payments	$ -	$ -

(1) Charged to net income as an element of employee and consultant compensation.
(2) Charged to net income as an element of professional fees.

Related Party Transactions - continued

The following balances due to related parties are reported as an element of accounts payable and accrued liabilities as at September 30 of each year:

	2019	2018
Consulting fees payable	$ 312,519	$ 175,119
Directorsô fees payable	$ 53,742	$ 31,957
Salaries and benefits payable	$ 15,781	$ 10,273
Legal fees payable	$ 36,387	$ 13,467
Financing fees payable	$ -	$ 2,319

The following stock options have been issued to Directors and/or Officers of the Company, or Permatech Electronics Corporation, and were outstanding as at September 30, 2019:

Description	Expiry Date	Number of Common Shares
Stock options @ $0.05 per share	Mar. 3, 2021	400,000
Stock options @ $0.95 per share	Jan. 12, 2023	550,000

During the period ended September 30, 2019, 200,000 stock options held by a director of Permatech Electronics Corporation expired.

Convertible Instruments and Other Securities

The Company has the following securities issued and outstanding:

Shares issued	Quantity	Amount
Common shares as at September 30, 2019, and as at the date of this document	21,103,696	$23,394,174

In addition to the shares issued and outstanding, the Company has issued share purchase warrants and stock options as incentives to various parties. The following list itemizes the common shares that have been reserved to satisfy the exercise of warrants and options:

Shares reserved	Expiry Date	Number of Common Shares
Common shares to be issued for Class A shares (1)		8,246
Stock options @ $1.10 per share	Jan. 2020	312,500
Warrants @ $0.30 per share	June 2020	23,800
Warrants @ $0.40 per share	June 2020	220,000
Warrants @ $0.30 per share	July 2020	15,400
Warrants @ $0.40 per share	July 2020	170,000
Stock options @ $0.05 per share	Mar. 2021	400,000
Warrants @ $0.06 per share	Dec. 2021	2,900,000
Stock options @ $0.15 per share	Dec. 2021	50,000
Stock options @ $0.95 per share	Dec. 2021	550,000
Shares reserved as at Sept. 30, 2019, and as at the date of this document		4,649,946

(1) Following the 2013 conversion of Class A Special Shares to common shares, 8,246 common shares remain reserved to be issued if and when the remaining Class A shareholders identify themselves to the Company.

<u>Convertible Instruments and Other Securities - continued</u>

Fully diluted number of shares	Quantity
Shares issued as at Sept. 30, 2019, and as at the date of this document	21,103,696
Shares reserved as at Sept. 30, 2019, and as at the date of this document	4,649,946
Fully diluted position Sept. 30, 2019, and as at the date of this document	25,753,642

Additional disclosures relative to stock options are as follows:

	Average Common Shares Under Option		Weighted Price per Option	Average Expiry Date
Balance at June 30, 2019	1,200,000	$	0.52	Oct. 12, 2021
Expired during the period	(200,000)		0.35	Jul. 9, 2019
Balance as at Sept. 30, 2019, and as at the date of this document	1,000,000	$	0.50	Mar. 26, 2022

No stock options were granted during the periods presented. As at the date of this document the following stock options, each of which has vested, are outstanding:

	Common Shares Under Option		Exercise Price	Expiry Date
Granted March 3, 2016	400,000 (1)	$	0.05	Mar. 3, 2021
Granted December 21, 2016	50,000	$	0.15	Dec. 21, 2021
Granted January 12, 2018	550,000 (1)	$	0.95	Jan. 12, 2023
Total stock options outstanding	1,000,000			

(1) Directors and/or Officers of the Company hold these options.

The Company has no ability to cause these options to be exercised.

Additional disclosures relative to share purchase warrants are as follows:

	Number of Warrants		Weighted Average Price per Warrant	Weighted Average Expiry Date
Balance at June 30, 2019, September 30, 2019, and as at the date of this document	3,641,700	$	0.19	Aug. 16, 2021

The following weighted average assumptions were used to calculate the fair value of warrants issued during the periods ended:

	Sept. 30 2019	June 30 2019
Dividend yield	None issued	Nil
Risk free interest rate (%)	None issued	1.76 ï 1.84
Expected stock volatility (%)	None issued	116.25 ï 116.52
Expected life (years)	None issued	1.5

Convertible Instruments and Other Securities - continued

As at the date of this document the following share purchase warrants are outstanding:

	Number of Warrants		Exercise Price	Expiry Date
Issued Dec. 15, 2016	2,900,000	$	0.06	Dec. 15, 2021
Issued Jan. 30, 2018	312,500	$	1.10	Jan. 31, 2020
Issued Dec. 28, 2018	220,000	$	0.40	June 28, 2020
Issued Dec. 28, 2018	23,800	$	0.30	June 28, 2020
Issued Jan. 31, 2019	170,000	$	0.40	July 31, 2020
Issued Jan. 31, 2019	15,400	$	0.30	July 31, 2020
Total share purchase warrants outstanding	3,641,700			

Changes in Accounting Policy

The Companyѕ accounting policies typically change only when there is a change in IFRS. Effective July 1, 2019 the Company adopted IFRS 16, Leases which eliminates the classification of leases as either operating leases or finance leases and provides a single lessee accounting model, specifying how leases are recognized, measured, presented, and disclosed.

The Company occupies its operating facility under a lease that, requires monthly lease payments of $$8,979 until expiry March 2021. A refundable deposit of $35,000 was paid at the inception of the lease. This lease was previously classified as an operating lease in accordance with IAS 17, with the lease deposit reported as an asset, lease payments charged to net income as occupancy costs, and disclosure of the remaining lease payments as a commitment. The Company adopted IFRS 16 using the modified retrospective approach where comparative amounts are not restated.

Upon adoption of IFRS 16, the Company recognized a lease liability and a right-of-use asset. The lease liability was initially recorded at the present value of the remaining lease payments, discounted using the Companyѕ incremental borrowing rate which was determined to be prime plus 1.75% or 5.7%. The lease liability was subsequently reduced by the lease payments paid and interest, imputed at the discount rate, was added to the obligation. The right-of-use asset was initially recorded at cost, determined to be equal to the present value of the remaining lease payments plus the deposit paid at the inception of the lease. Subsequent to initial recording, the right-of-use asset is measured using the cost model where cost is reduced by any accumulated depreciation and any accumulated impairment losses and is adjusted for any remeasurement of the lease liability. Depreciation is calculated on a straight-line basis over the remaining term of the lease and charged to net income as an element of occupancy costs. There have been no impairment losses and no remeasurement of the lease liability.

Right-of-use asset

Cost recognized upon adoption of IFRS 16	$	214,897
Depreciation recorded as an element of occupancy costs		(25,700)
Balance at September 30, 2019	$	189,197

Lease liability

Present value of lease payments remaining upon adoption of IFRS 16	$	179,897
Lease payments paid during period		(26,936)
Interest imputed at 5.7%		2,319
Balance at September 30, 2019		155,280
Less current portion		(101,079)
Balance at September 30, 2019	$	54,201

Risk Factors

Events seemingly unrelated to the Company, or to its industry, may adversely affect its finances or operations in ways that are hard to predict or defend against. For example, credit contraction in financial markets may hamper the Company's ability to access credit when needed or rapid changes in foreign exchange rates may adversely affect its financial results. Finally, a reduction in credit, combined with reduced economic activity, may adversely affect businesses and industries that constitute a significant portion of the Company's customer base. As a result, these customers may need to reduce their purchases, or the Company may experience greater difficulty in collecting amounts due from them. Any of these events, or others caused by uncertainty in world financial markets, may have a material adverse effect on the Company's business, operating results, and financial condition.

In addition to the foregoing, the Company is exposed to credit risk, concentration of credit risk, liquidity risk, and currency risk. The Company's primary risk management objective is to protect earnings and cash flow and, ultimately, shareholder value. Risk management strategies, as discussed below, are designed and implemented to ensure that the Company's risks and the related exposure are consistent with its business objectives and risk tolerance. There have been no changes to the risk management strategies during the current period.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its accounts receivable. To help mitigate this risk, management actively manages and monitors its receivables and obtains pre-payments where warranted. It has been determined that all outstanding amounts are collectible. No bad debts were recorded in the periods ended September 30, 2019 or September 30, 2018.

Concentration of credit risk

Concentration of credit risk arises when one or more customers, defined as a major customer, individually account for 10% or more of the Company's revenues during a reporting period. During the current period the Company had 2 major customers which represented 17% and 15%, respectively, of total revenues. In the comparative period, there were 2 major customers representing 13% and 12% of revenues. Amounts due from major customers represented 6% of accounts receivable at September 30, 2019 (Sept. 30, 2018 - 19%). The loss of a major customer, or significant curtailment of purchases by such customer, could have a material adverse effect on the Company's results of operations and financial condition. The Company monitors the relationship with all customers closely and ensures that every customer is subject to the same risk management criteria.

Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. At September 30, 2019 the Company had current financial assets of $427,043 (June 30, 2019 - $591,575) available to settle current financial liabilities of $1,056,834 (June 30, 2019 - $943,985). The Company manages its liquidity risk through the management of its capital *(note 13)* which incorporates the continuous monitoring of actual and projected cash flows to ensure that it has sufficient liquidity to meet its operating commitments without incurring unacceptable losses or risking damage to the Company's reputation.

Market risks

The Company is exposed to interest rate risk due a bank operating loan that has a floating interest rate as well as currency risk related to accounts receivable, accounts payable, customer deposits, and nominal amounts of cash and prepaid expenses, denominated in US dollars. Market risks give rise to the potential for future cash flows to fluctuate because of changes in interest rates or foreign exchange rates. Market risks are closely monitored and attempts are made to match foreign cash inflows and outflows. During the current period the Company has reported a foreign exchange loss of $1,863 (Sept. 30, 2018 – gain of $1,897).

Risk Factors - continued

Sensitivity to market risks

At September 30, 2019, the Company had:

- A bank operating loan in the amount of $75,000 (June 30, 2019 - $150,000) which bears interest predicated upon the TD Bank prime lending rate. Based upon the current amount due on the operating loan, a 1% increase in the TD Bank prime lending rate, as at the financial reporting date, would result in additional interest expense ï other of $750 over the next 12 month period.
- US$60,298 (June 30, 2019 ï US $74,831) included in accounts receivable. A 10% increase in the value of the Canadian dollar relative to the US dollar would result in a reduction of $1,995 in future cash inflow.
- US$120,524 (June 30, 2019 ï US $155,987) included in accounts payable. A 10% decrease in the value of the Canadian dollar relative to the US dollar would result in an increase of $3,990 in future cash outflow.
- US$12,826 (June 30, 2019 ï US $Nil) included in customer deposits. A 10% decrease in the value of the Canadian dollar relative to the US dollar would result in an increase of $425 in future cash outflow.

Based upon observations of recent market trends management believes that each of these outcomes is possible.

Forward-looking Information

Certain statements in this MD&A may constitute ñforward-lookingò statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and its subsidiary, or the industry in which they operate, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this report, the words ñestimateò, ñbelieveò, ñanticipateò, ñintendò, ñexpectò, ñplanò, ñmayò, ñshouldò, ñwillò, the negative thereof or other variations thereon or comparable terminology are intended to identify forward-looking statements. Such forward-looking statements reflect the current expectations of the management of the Company with respect to future events based on currently available information and are subject to risks and uncertainties that could cause actual results, performance or achievements to differ materially from those expressed or implied by those forward-looking statements, such as reduced funding, long sales cycles, currency and interest rate fluctuations, increased competition and general economic and market factors and including the risk factors summarized above under the heading ñRisk Factorsò. New risk factors may arise from time to time and it is not possible for management of the Company to predict all of those risk factors or the extent to which any factor or combination of factors may cause actual results, performance or achievements of the Company to be materially different from those expressed or implied in such forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

Although the forward-looking statements contained in this MD&A are based upon what management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements contained in this MD&A speak only as of the date hereof. The Company does not undertake or assume any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by law.