

**HIT TECHNOLOGIES INC. (TSXV: HIT)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020
DATED: October 30, 2020**

This management's discussion and analysis ("MD&A") provides a review of the Company and should be read in conjunction with the annual audited consolidated financial statements for the year ended June 30, 2020, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). These consolidated financial statements along with additional information relating to the Company, including the Filing Statement dated May 27, 2015 (the "Filing Statement"), are available at www.sedar.com.

This MD&A contains "forward-looking information" that are based on expectations, estimates and projections as of the date of this MD&A. Often, but not always, such forward-looking information can be identified by the use of forward-looking words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information in this MD&A. Many of such risks and uncertainties are beyond the control of the Company. Please refer to the non-exhaustive list of risks and uncertainties included in this MD&A and the Company's Filing Statement.

While the Company anticipates that subsequent events and developments may cause its views to change, it will not update this forward-looking information, except as required by law. This forward-looking information should not be relied upon as representing the views of the Company as of any date subsequent to the date of this MD&A. The Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those current expectations described in forward-looking information. However, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended and that could cause actual actions, events or results to differ materially from current expectations. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.

All amounts are presented in Canadian dollars unless otherwise indicated.

The words "we", "our", "us", "Company", and "HIT" refer to HIT Technologies, Inc., together with its predecessors, subsidiaries, and/or the management and employees of the Company.

Selected Quarter and Year End Information

	Q4 Fiscal 2020	Q4-Fiscal 2019	YTD June 30, 2020	YTD June 30, 2019
Revenue	\$151,634	\$751,860	\$717,109	\$2,638,689
% Increase (decrease) over Prior Year	(80%)	51%	(73%)	168%
Gross Margin	\$58,682	\$287,946	\$406,690	\$1,271,236
Gross Margin %	39%	38%	57%	48%
Operating Expenses (excluding non-cash and cost of sales % change over Prior Year	\$136,505 (62%)	\$359,848 (24%)	\$952,064 (43%)	\$1,671,131 25%
Adjusted EBITDA (Loss) ¹	(\$77,823)	\$(78,743)	(\$545,374)	\$(421,283)
% change over Prior Year	(1)%	(77%)	(38%)	(60%)
Net (Loss)	(\$502,411)	(496,638)	(\$1,405,482)	(\$1,127,092)
Per share, Basic ²	(0.10)	(0.10)	(0.29)	(0.23)
			June 30, 2020	June 30, 2019
Cash and Cash Equivalents			\$8,999	\$114,696
Inventory			\$61,060	\$311,733
Net Working Capital (Deficiency)			(\$3,147,192)	(\$404,998)
Total Assets			\$246,039	\$677,452
Accounts Payable and Accrued Liabilities			\$979,648	\$660,055
Total Liabilities			\$3,393,231	\$2,424,420

¹ Adjusted EBITDA (Loss) is not a generally accepted measure of performance under IFRS. Investors are cautioned that Adjusted EBITDA should not be construed as an alternative to net income (loss) attributable to shareholders determined in accordance with IFRS as an indicator of the Company's performance. The Company's method of calculating this performance measure may differ from other companies and they may not be comparable to measures used by other companies. A quantitative reconciliation of this non-IFRS measure is included in the section entitled "Reconciliation of net loss to Adjusted EBITDA (Loss)" in this MD&A.

The following summarizes HIT's historical financial results during the last eight most recently completed financial quarters.

	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sept 30, 2019	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018
Revenue	\$151,634	\$88,913	\$119,347	\$357,215	\$751,860	\$597,165	\$989,052	\$300,612
Adjusted EBITDA Gain/(Loss)	(\$77,823)	(\$84,969)	(\$206,798)	(\$169,506)	(\$78,743)	(\$40,312)	\$48,125	(\$350,353)
Loss and comprehensive loss	(\$502,411)	(\$243,176)	(\$381,353)	(\$278,542)	(\$496,638)	(\$120,443)	(\$96,791)	(\$413,220)
Basic and diluted loss per share ²	(0.10)	(0.05)	(0.08)	(0.06)	(0.10)	(0.02)	(0.03)	(0.09)

² Net loss, basic loss, and diluted loss per share has been adjusted to reflect the twenty for one share consolidation that was effective on July 3, 2020.

- June 30, 2020: Revenue increased to \$151,634 from \$88,913 in the prior quarter ended March 31, 2020. Loss and comprehensive loss increased to \$502,411 from \$243,176 compared to the preceding quarter. Adjusted EBITDA was consistent. Loss increased due to impairment of fixed assets of \$56,862, intangible assets \$67,857 and inventory \$203,612.
- March 31, 2020: Revenue decreased to \$88,913 from \$119,347 in the three months ended December 31, 2019 and was fairly consistent with the prior quarter. Loss and comprehensive loss decreased to \$243,176 from \$381,353 for the preceding quarter, a decrease of \$138,177. In the prior quarter, the Company recorded a loss on impairment of inventory \$39,959 and had decreased selling marketing expenses of \$78,118 and decreases in general and administrative expenses of \$64,059. Decreases are consistent lack of capital and decreased overall spending.

- December 31, 2019: Revenue decreased to \$119,347 from \$357,215 for the three months ended September 30, 2019, a decrease of \$237,868. Total gross margin decreased from \$219,970 to \$73,157. The decrease is attributable to large reductions in marketing expenses, selling and marketing expense decreased by \$97,461 as compared to the prior quarter. The Company incurred a loss and comprehensive loss of \$381,353 as compared to a loss of \$278,542 in the preceding quarter mainly related to the decrease in sales.
- September 30, 2019: Revenue decreased to \$357,215 from \$751,860 for the three months ended June 30, 2019, a decrease of \$394,645. Total gross margin decreased from \$285,065 to \$219,970. The decrease is attributable to large reductions in marketing expenses, selling and marketing expense decreased by \$102,075 as compared to the prior quarter. The Company incurred a loss and comprehensive loss of \$278,542 as compared to a loss of \$496,638 in the preceding quarter.
- June 30, 2019: Revenue increased to \$751,860 from \$597,165 for the three months ended March 31, 2019, an increase of \$154,695. Net loss increased to \$496,638 from \$120,443 and included non-recurring losses due to the write-down of intangible assets of \$193,899 and a loss on debt modification of \$104,476.
- March 31, 2019: Revenue decreased to \$597,165 from \$989,052 for the three months ended December 31, 2018, a decrease of \$391,764. Net loss increased to \$120,443 from \$96,791.
- December 31, 2018: Revenue increased to \$989,052 from \$300,612 for the three months ended September 30, 2018. Increases in sales are attributable to the benefits of improved sales channels, such as Best Buy USA, and increases in direct sales from its new product line. This quarter also benefited from the holiday season and seasonal sales promotions, such as Black Friday.

Business Update:

Overall revenues are down as the Company has cut marketing spend and not invested in new products or inventory after Apple's new devices launched in the first quarter of fiscal 2019. Given the Company's ongoing difficulty in raising growth capital it has begun looking at strategic alternatives including acquisitions.

On June 24, 2020 the Company announced that it has entered into a binding letter of intent, dated for reference June 8, 2020, pursuant to which, subject to regulatory approval including that of the TSX Venture Exchange, the Company has agreed to acquire all of the issued and outstanding securities of Carbeeza Ltd. ("Carbeeza"). Carbeeza is a privately owned Alberta-based company in the business of the delivering a proprietary, web-based (cloud hosted) application enabling consumers, finance entities, and vehicle dealers to facilitate a fully informed interaction. Carbeeza is an automotive sales platform powered by AI that connects consumers and dealers together, allowing both parties the ability to make better decisions, faster.

The recent outbreak of the coronavirus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company's business activities. The extent to which the coronavirus may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time.

Business Overview

HIT Technologies Inc, designs, manufactures and distributes a suite of premium cases for Apple iPhones under the brand HITCASE. HITCASE's offerings are elegantly designed, protective everyday iPhone cases. HITCASE is a force-multiplier for the iPhone, protecting and making iPhones creatively easier and more fun to use. The HITCASE brand has been developed on these promises. The Company's mission is to build a premium brand and products that are synonymous with high quality, beautiful design, adventure and creativity.

On July 3, 2020, the Company effected a share consolidation on a twenty for one basis. As such, the Company's issued and outstanding shares of common stock were decreased on the basis of twenty old shares for one new share. The consolidated financial statements give retroactive effect to such share consolidation named above and all share, per share, option, and warrant outstanding amounts have been adjusted accordingly.

FINANCIAL PERFORMANCE REVIEW AND ANALYSIS

Operational Summary for Q4 Fiscal 2020:

- Generated sales of \$151,634 in Q4-F2020, compared to \$751,860 in Q4 Fiscal 2019, a decrease of 80% primarily driven by large reductions in marketing expenses during the quarter.
- Gross margin of \$58,682 in Q4-F2020, compared to \$287,946 generated in Q4 of last fiscal year. The gross margin percent was consistent at 39% compared to 38% in Q4 fiscal 2019.
- During the quarter, the Company reduced its operating expenditures (excluding non-cash items and cost of sales) to \$136,505, a 62% decrease from Q4-F2019. This is mainly due to reductions in marketing, and research and development related expenses due to the Company's conservative approach to operational spending during the quarter as it reconsiders its strategy for generating capital, as well as a significant decrease in payroll expenses.
- Reported an Adjusted EBITDA loss of \$77,823 for Q4-F2020, a 1% increase from EBITDA loss of \$78,743 in Q4-F2019, driven by significant decreases in gross revenue.
- Closed the quarter with working capital deficiency of \$3,147,192, including cash and cash equivalents of \$8,999 and inventory of \$61,060, at June 30, 2020.

Performance Overview

During the quarter ended June 30, 2020 due to lack of available growth capital the Company reduced marketing spend to minimal levels and has not invested in inventory design updates for the latest Apple iPhones.

Revenue

	Q4-FY20	Q4-FY19	%+/-	YTD FY 2020	YTD FY 2019	%+/-
Revenues	\$151,634	\$751,860	(80%)	\$717,109	\$2,638,689	(73%)

Q4-F2020 compared to Q4-F2019

HIT generates revenue from direct to consumer sales using the HITCASE website and Amazon sales platforms.

Revenue for the quarter ended June 30, 2020 decreased 80% from the corresponding quarter in the prior year. The decrease in revenue primarily relates to the lack of growth capital available to support the business and subsequent reduction in marketing and inventory spend.

YTD-Fiscal 2020 compared to YTD-Fiscal 2019

Revenue for the year ended June 30, 2020 of \$717,109 decreased 73% from \$2,638,689 for the corresponding period in the prior year. YTD-FY19 sales decreased primarily for the same reasons described for Q4-FY20 above.

Gross margin percent and Cost of Sales:

	Q4-FY20	Q4-FY19	%+/-	YTD FY 2020	YTD FY 2019	%+/-
Cost of Sales	92,952	463,914	(80%)	310,419	1,367,453	(77)%
Gross margin %	39%	38%	1%	57%	48%	18%

Q4-F2020 compared to Q4-F2019

Cost of sales in Q4-F2020, decreased 80% compared to Q4 of last year, while gross margin remained consistent increasing from 1% from the prior quarter. Decrease in cost of sales is consistent with the decrease in sales for the comparative quarter.

YTD-FY20 compared to YTD FY19

Cost of sales for the year ended June 30, 2020 decreased by 77% as compared to the year ended June 30, 2019 fairly consistent with the decrease in sales. Gross margin for the current year was 57%, an increase of 18% as compared to the prior year. The current year has a much higher portion of direct sales when compared to the Company's reliance on retailers in the comparative period.

Operating Expenses (excluding non-cash items)

	Q4-FY 2020	Q4-FY 2019	+/-%	YTD 2020	YTD 2019	+/-%
General and administrative	114,960	44,492	158%	589,269	685,701	(14%)
Sales and marketing	20,804	297,460	(93%)	333,919	919,947	(64%)
Research and development	741	17,896	(96%)	28,876	65,483	(56%)
Total operating expenses	136,505	359,848	(62%)	952,064	1,671,131	(43%)

Q4-FY20 compared to Q4-FY19

Operating expenses (excluding non-cash items) for Q4-FY20 totaled \$136,505 compared to \$359,848 in Q4-FY19, a decrease of 62% as the Company's discretionary expenditures on marketing, and research and development have been significantly reduced as part of the Company's capital management strategy. General and administrative expenses in Q4-FY20 increased by 158% relative to the prior period primarily due to a \$92,000 recovery in previously accrued professional services fees in Q4-FY19.

YTD-FY20 compared to YTD-FY19

Operating expenses (excluding non-cash items) for YTD-FY20 totaled \$952,064 compared to \$1,671,131 in YTD-FY19, a decrease of 43%. Sales and marketing, and research and development decreased for the same reasons as described above for Q4-FY2020. General and administrative expenses in FY20 decreased 10% compared to FY19 as the Company lowered payroll expenses, and advisory and legal expenses.

Net Loss**Net loss for Q4-FY2020 compared to net loss for Q4-FY2019**

The Company recorded a net loss of \$502,411 (\$0.10 loss per share) compared to \$496,638 (\$0.10 loss per share) for Q4-FY2019. Increases in net loss related to lower contributions to overhead costs from reduced sales activities during the quarter, offset by reductions in the overall cost basis at the Company for reasons outlined above.

Net loss for FY20 compared to net loss for FY19

The Company recorded a net loss of \$1,405,482 (\$0.29 loss per share) compared to \$1,127,092 (\$0.23 loss per share) for FY19.

Reconciliation of net loss to Adjusted EBITDA (Loss)

	Q4-FY20	Q4-FY19	YTD 2020	YTD 2019
Loss and comprehensive loss for the period	(502,411)	(496,638)	(1,405,482)	(1,127,092)
Add back:				
Share based compensation	-	3,847	5,258	89,304
Depreciation	15,949	22,147	72,110	75,766
Finance costs	99,581	93,536	401,182	258,274
Write down of inventory	203,612	-	243,571	-
Non-cash gains and losses	(19,273)	104,476	13,268	88,576
Loss on property and equipment impairment	56,862	-	56,862	-
Loss on intangible asset impairment	67,857	193,889	67,857	193,889
Adjusted EBITDA (Loss)	(77,823)	(78,743)	(545,374)	(421,283)

Financial Condition

The following table identifies the balances as at June 30, 2020 and June 30, 2019.

	June 30, 2020	June 30, 2019
Cash	\$8,999	\$114,696
Other current assets	\$237,040	\$412,601
Long term assets	\$-	\$188,402
Total assets	\$246,039	\$715,699
Accounts payable and accrued liabilities	\$979,648	\$660,055
Total liabilities	\$3,393,231	\$2,462,667
Shareholder Equity/(Deficit)	(\$15,819,401)	(\$14,413,919)

Liquidity and Financial Position

The Company had a net working capital deficiency of \$3,147,192 at June 30, 2020 compared to net working capital deficiency of \$404,998 at June 30, 2019. The decrease in net working capital primarily reflects the decline in inventory held across period end, as well as increases in current liabilities as the Company increases repayment periods with vendors as part of the Company's capital management strategy and convertible debentures became current

In addition to the Company's cash balance, other significant components of net working capital at June 30, 2020 include Inventory of \$61,060, prepaid expenses and deposits of \$35,118 and accounts payable and accrued liabilities of \$979,648. Accounts payable and accrued liabilities balance was up from \$660,055 at June 30, 2019. The Company continues to slow its payment of trade payables to manage its cash flow.

Cash flow used in operations

The Company used cash of \$610,769 in operations for the year ended June 30, 2020 compared to \$957,716 for corresponding period of the prior year. The decreased use of cash primarily reflects the Company's slow down in payment of trade payables to manage cashflow.

Cash flow from financing activities

Cash flow from financing activities was \$513,500 for the year ended June 30, 2020 compared to cash from financing activities of \$946,000 for the corresponding period of the prior year.

During the year ended June 30, 2020, the Company entered into five loan transactions in the form of secured promissory notes in amounts totaling \$476,500. The secured promissory notes bear interest at 15% per annum and are payable on demand. The Company also received a loan from the federal government of Canada through the Canada Emergency Business Account ("CEBA") for an additional loan of \$37,000.

Total liabilities were \$3,393,231 at June 30, 2020 compared to \$2,424,420 at June 30, 2019. The increase in total liabilities is primarily due to the issuance of secured promissory notes payable, receipt of the CEBA loan and accrual of interest on the convertible notes during the period.

Cash flow used in investing activities

During the year ended June 30, 2020, the Company used cash of \$8,428 for investing activities compared to the corresponding period in the prior year when the Company used cash of \$147,182 for investing activities. The decrease relates to significant reductions in cash spent acquiring fixed assets during the year ended June 30, 2020 when compared to the comparable period in the previous year.

Total assets amounted to \$246,039 at June 30, 2020 compared to \$677,452 as at June 30, 2019. The decrease in total assets was primarily due to a reduction in inventory on-hand across the period-end, and depreciation and impairment of the Company's fixed asset and intangible asset base.

The Company had shareholders' deficit of \$15,819,401 at June 30, 2020 compared to shareholders' deficit of \$14,413,919 as at June 30, 2019. The increase in shareholders' deficit is due to operating losses incurred during the year.

Going Concern Assumption

The consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. For the year ended June 30, 2020, the Company has incurred a loss of \$1,405,482, negative cash flows from operating activities of \$610,770, and has accumulated deficit of \$15,819,401 at June 30, 2020. These conditions indicate the existence of a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern.

Management is of the opinion that through additional external financing, the Company will have the working capital to meet its liabilities and commitments as they become due. There is a risk that these measures will not be sufficient, and that additional financing will not be available on a timely basis or on terms acceptable to the Company.

The consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements. These adjustments could be material.

Transactions with Related Parties

Key management includes Directors, the Chief Executive Officer ("CEO") Brooks Bergreen and the Chief Financial Officer ("CFO") Alex McAulay, who have the authority and responsibility for the planning, directing and controlling the activities of the Company. The compensation paid to these key management personnel for the year ended June 30, 2020 and 2019 is outlined below:

	2020	2019
	\$	\$
Salaries and management fees	180,000	116,926
Stock-based compensation	-	43,782

As at June 30, 2020, accounts payable and accrued liabilities included \$163,542 (2019 - \$4,978) relating to key management personnel compensation.

During the year ended June 30, 2020, the Company incurred accounting fees of \$46,230 (2019 - \$Nil) paid to ACM Management Inc., a company owned by the Company's CFO.

Commitments

Contractual Agreements

The Company has no long-term commitments.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements.

Subsequent Events

On July 3, 2020, the Company effected a share consolidation on a twenty for one basis. As such, the Company's issued and outstanding shares of common stock were decreased on the basis of twenty old shares for one new share. The consolidated financial statements give retroactive effect to such share consolidation named above and all share, per share, option, and warrant outstanding amounts have been adjusted accordingly.

On August 6, 2020, the Company entered into agreements to assign total debt amounts of \$132,109 for a payment of \$36,925.

On October 4, 2020, 460,000 warrants expired unexercised.

On October 20, 2020, the Company closed a non-brokered private placement for 1,250,000 units for gross proceeds of \$200,000. Each unit consists of one common share and one warrant. Each warrant is exercisable into one common share at \$0.40 per share for a period of 24 months.

Financial Risk Management

The Company has determined that the carrying value of its short-term financial assets and liabilities, including, trade accounts receivable, government assistance receivable, accounts payable and accrued liabilities approximate their fair value because of the relatively short periods to maturity of these instruments. The Company may be exposed to certain financial risks, including credit risk, currency risk, interest rate risk and liquidity risk.

Critical Accounting Policies

The preparation of the consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The Company's core operations are subject to a number of critical estimates, such as collectability of trade accounts receivables, valuation of inventory including provisions for obsolete or impaired inventory, and provisions for returned product which include regular judgment by management based on historical experience and assumptions on current facts. Deviations from management estimates could have adverse and material effects on sales and cost of goods sold, and asset valuations reported in the consolidated financial statements.

The reported amounts and note disclosures reflect management's best estimates of the most probable set of economic conditions and planned course of action. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Information about such critical judgments in the application of accounting policies that have significant effect on the amounts recognized in the Company's audited consolidated financial statements is included in significant accounting policies Note 2 to the Company's audited consolidated financial statements for the year ended June 30, 2020. Changes in these estimates and assumptions could have a significant impact on the Company's consolidated financial statements.

New accounting standards adopted

The following new accounting standards were adopted by the Company during the year:

Leases

The IASB adopted IAS 16 - Leases in January 2016, effective for financial years beginning on or after January 1, 2019. The new standard requires a lessee to recognize a "right-of-use" asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The lessee recognizes depreciation of the right-of-use asset and interest on the lease liability and also classifies cash repayments of the lease liability into a principal portion and an interest portion. Assets and liabilities are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.

Effective for its financial year ending June 30, 2020, the Company is required to reflect an asset and related liability for any relevant lease. Adoption of this standard has not resulted in material impact to the consolidated financial statements as the Company is not party to any long-term leases over which the standard would apply. The Company has used the practical expedient on adoption of IFRS 16 for leases with terms less than 1 year, and it is the Company's policy not to recognize low value leases with carrying values below \$5,000.

Outstanding share information

At October 30, 2020, the Company has 4,859,560 common shares outstanding, and 97,895 options outstanding.

The Company has warrants outstanding to acquire 2,374,975 common shares. The warrants have exercise prices of \$1.00 per share and expiration dates ranging from April 11, 2021 to October 20, 2022.

The Company has secured convertible notes with a face value of \$1,908,500 outstanding. Convertible notes with a face value of \$216,000 matured on November 07, 2019. Convertible notes with a face value of \$32,500 matured on May 11, 2020. Convertible notes with a face value of \$460,000 matured on October 04, 2020. Convertible notes with a face value of \$1,032,631 can be converted by the holders into 542,192 common shares on or before April 11, 2021. Convertible notes with a face value of \$167,369 can be converted by the holders into 93,644 common shares if converted on or before April 17, 2021. All conversion rights associated with all of these secured convertible debentures contain standard antidilutive provisions.

Risks and Uncertainties

An investment in the Company's Common Shares involves a high degree of risk. Investors should carefully consider the cautionary statement under the caption "Forward-Looking Statements" in the beginning of this MD&A and the other information included herein, before purchasing the Company's Common Shares. The risks described in these financial reports are not the only ones that the Company faces. Additional risks that are not yet known or considered immaterial at this time could also impair the Company's business, financial condition or results of operations in the future. In such case, the trading price of the Company's Common Shares could decline and cause investors to lose all or a portion of their investment. A more complete discussion of the risks and uncertainties facing the Company appears in the Filing Statement.

Ability to Predict and Manage Rate of Growth and Profitability – Due to the unpredictability of the Company’s emerging category of action cameras, HIT may not be able to accurately forecast the rate of adoption of its products and hence its sales growth. HIT bases its current and future expense levels and its investment plans on estimates of future sales growth. HIT may not be able to adjust its spending quickly enough if the rate of product adoption by the marketplace falls short of its expectations. As a result, HIT’s operating results may fluctuate significantly on a quarterly and annual basis. HIT anticipates that further investment will be required to address increases in the customer base, further development of the offerings, as well as expansion into new geographic areas. Further growth will require HIT to continue to hire, train and manage new employees as needed. If new hires perform poorly, or if HIT is unsuccessful in hiring, training, managing and integrating these new employees, or if HIT is not successful in retaining existing employees, the Company’s business may be harmed. In addition, HIT may build out its sales and marketing teams in an attempt to increase sales growth. Such growth may not match or exceed the increase of operations costs associated with such hiring, training, managing and integrating of such employees. In order to finance continued operations of the Company, HIT is dependent on its ability to generate future cash flows and obtain additional financing. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company.

Competition – The existing and anticipated markets for HIT’s products are highly competitive. Barriers to enter the market are generally low and additional companies may enter the market with competing products as the size and visibility of the market opportunity continues to increase. Existing industry participants may also develop or improve their own offerings to achieve cost efficiencies and deliver additional value. Many of HIT’s competitors have longer operating histories, greater name recognition, greater financial, technical, marketing, management, service, support, and other resources than HIT currently does. They may be able to respond more quickly than HIT can to new or changing opportunities, technologies, standards, or customer requirements.

A failure to introduce new and enhanced products or to respond to technological change or customer demands could have a material adverse effect on HIT’s business, financial condition and results of operations. There can be no assurance that HIT will be able to respond effectively to changes in technology or customer demands. Moreover, there can be no assurance that HIT’s competitors will not develop competitive products or that any such products will not have an adverse effect on HIT’s business, financial condition or results of operations.

Reliance on Key Personnel – HIT’s future performance depends in part upon attracting and retaining key technical, sales, marketing and management personnel. There can be no assurance that HIT can retain these personnel and continue to recruit required talent quickly enough and with the skills required to enable HIT to execute on its business plans. In addition, periodic changes to the organizational structure and compensation plans for HIT’s sales organization may be disruptive and may impact on sales cycle or alter the average cost of sales. The inability to obtain key employees or the loss of the services of HIT’s key employees could have a material adverse effect on the Company’s business, operating results and financial condition.

Volatility in HIT’s Share Price – The trading price of HIT’s common shares will likely be subject to wide fluctuations in the future. This may make it more difficult for investors to resell their common shares when they want at prices that they find attractive. Increases in HIT’s common share price may also increase the Company’s compensation expense pursuant to its existing director, officer and employee compensation arrangements. Fluctuations in HIT’s common share price may be caused by events unrelated to the Company’s operating performance and beyond the Company’s control. Factors that may contribute to fluctuations include, but are not limited to:

- Revenue or results of operations in any quarter and year failing to meet, or exceeding, the expectations, published or otherwise, of the investment community;
- Changes in recommendations or financial estimates by industry or investment analysts;
- Changes in management or the composition of the Company’s board of directors;
- Outcomes of litigation or arbitration proceedings;
- Announcements of technological innovations or acquisitions by the Company or by its competitors;
- Introduction of new features or significant customer wins or losses by the Company or by its competitors;
- Developments with respect to the Company intellectual property rights or those of its competitors;
- Fluctuations in the share prices of other companies in the technology and emerging growth sectors;
- General market conditions;
- Foreign exchange rates; and

- Other risk factors as set out in this report.

If the market price of the Company's common shares drops significantly, shareholders could institute securities class action lawsuits against HIT, regardless of the merits of such claims. Such a lawsuit could cause the Company to incur substantial costs and could divert the time and attention of the Company's management and other resources from its business.

Foreign Exchange – The Company's reporting and functional currency is the Canadian dollar. HIT's revenue is expected to be denominated in US and Canadian dollars. However, HIT's manufacturing costs are in US Dollars. As a result, the Company is exposed to fluctuations in the Canadian dollar exchange rate for which it has not entered into foreign exchange hedges. A significant fluctuation of the Canadian dollar relative to the U.S. dollar could materially impact the profitability of the Company.

Reliance on the iPhone – The Company's offerings are built specifically for the iPhone market, and are dependent upon the iPhone continuing to advance its camera capability. While the iPhone is currently a premium product with high volume and strong market demand, the Company cannot predict whether such success will continue into the future. In addition, new versions of the iPhone are generally released every year and it is unknown by HIT as to whether the form factor will continue to lend itself to HIT's protective cases. Should the iPhone wane in demand, the form factor be changed to a format that HIT cannot protect, or Apple Inc. discontinue manufacture of the iPhone, it would jeopardize the viability of HIT.

Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com and at its corporate website, www.hitcase.com