INTRINSYC TECHNOLOGIES CORPORATION

QUARTERLY REPORT

FIRST QUARTER FISCAL 2019

For the Three Months ended March 31, 2019 and 2018

Chief Executive Officer Letter

Dear Fellow Shareholder:

Intrinsyc reported revenue of US$6.1 million (CDN$8.2 million), with adjusted EBITDA of US$155,559 (CDN$206,816). Revenue was down 14% from the previous quarter and up 1% over the same period in the prior year.

We had delays, both in the expected launch of 2 new development platforms and production client orders due primarily to component shortages and client financing that negatively impacted Q1 revenue. We believe that these issues will be resolved during the second quarter through the introduction of the new development platforms which are expected to add over $2 million in revenue over the next 12 months and the production launch of 5 new client products that will use the Company's edge computing modules. These developments should lead to revenue growth in the second half of 2019.

Intrinsyc is helping to take Internet of Things products to the next level - building artificial intelligence or advanced analytics directly into the devices and systems where insights are needed in real-time. Known as Edge Computing, this trend is creating opportunities for businesses seeking to deliver enhanced levels of service across a wide range of industries; autonomous vehicles, intelligent cameras, smart home hubs, smart cities, robotics, and industry 4.0 applications, to name a few. A report from Tractica estimates that AI edge device shipments will increase from 161.4 million units in 2018 to 2.6 billion units worldwide annually by 2025. Intrinsyc's portfolio of computing modules with their high-performance multi-core processors and built-in artificial intelligence capabilities are ideal platforms for creating the next-generation of intelligent Internet of Things products.

Intrinsyc continued to expand its portfolio of edge computing solutions with two new products introduced in the first quarter.

*We launched t*he Open-Q™ 660 µSOM (micro System on Module) and Development Kit, *designed for use in 4K Cameras, Gaming, Digital Signage, and other Consumer and Industrial IoT Devices. Intrinsyc's Open-Q™ 660 µSOM is an ideal platform to power the growing demand for devices capable of artificial intelligence and machine learning*

Also introduced during the quarter was the Open-Q™ 835 µSOM (micro System on Module), a Premium-Tier System on Module based on Qualcomm Technologies' SDA835. *Intrinsyc's Open-Q™ 835 µSOM is Intrinsyc's most advanced embedded computing module; enabling the highest combination of computing performance, thermal efficiency and power optimization. Next-generation premium-tier IoT devices, like VR/AR head-mounted displays, IP cameras, enterprise tablets, medical imaging systems, and other devices will benefit from this high-performance production-ready computing module.*

We expect the Open-Q™ 660 and 835 µSOMs to be designed into new client products and begin generating revenue immediately.

Qualcomm continues to be a valuable technology partner, providing substantial marketing support to the company. Intrinsyc was invited by Qualcomm to present at the Embedded World Conference in Nuremberg, Germany, in February. During the event Intrinsyc presented several of its edge computing solutions, including voice-controlled applications for smart homes and other IoT applications.

Select highlights from the first quarter 2019 are as follows:

<u>Quarterly Business Highlights</u>

- In early January, we announced orders from multiple clients that are in aggregate valued at $748,000. Orders were received from a combination of existing and new clients. The largest order was a product development services project for an outdoor surveillance camera valued at $375,000. In addition to the camera project, clients are utilizing Intrinsyc's advanced-performance, Open-Q computing modules and expert product development services to build a variety of innovative Industrial and Consumer IoT devices.

- Announced the availability of the following edge computing platforms:
  - Open-Q™ 835 µSOM (micro System on Module) and Development Kit.
  - Open-Q™ 660 µSOM (micro System on Module) and Development Kit.
- We increased our design wins of companies developing their products or shipping commercial devices using our computing modules, from 59 to 62. Clients in production remained constant at 24, as we had 3 new production clients, offset by 3 clients with discontinued products.

Financial Highlights

Three Month Comparative Results

The Company reported first quarter revenue of US$6.1 million (CDN$8.2 million), down 14% over the prior period of US$7.1 million (CDN$9.4 million) but up 1% over the same period in the prior year of US$6.1 million (CDN$7.7 million).

Gross margin in the first quarter of fiscal 2019 was 32%, which was lower than the 35% gross margin in the prior quarter and 33% gross margin in the same period in the prior year. The decrease in gross margin over the prior quarter was due to a decrease in service revenue which has a higher gross margin. EBITDA was as follows:

	Three months ended March 31, 2019		Three months ended December 31, 2018 (Restated)		Three months ended March 31, 2018 (Restated)	
	US$	**CDN$**	**US$**	**CDN$**	**US$**	**CDN$**
Operating income (loss)	($32,178)	($42,780)	$485,712	$641,332	$153,003	$195,503
Add back: Other operating expenses	187,737	249,597	179,699	237,275	196,791	248,882
EBITDA	**$155,559**	**$206,817**	**$665,411**	**$878,607**	**$349,794**	**$442,385**

The Company had net loss of US$171,855 (CDN$225,414), and loss per share of US$0.01 (CDN$0.01) compared to net loss of US$675,274 (CDN$898,139) or US$0.03 (CDN$0.04) loss per share in the prior quarter and net income of US$159,566 (CDN$198,467) or US$0,01 (CDN$0.01) earnings per share in the same period in the prior year.

Financial Position as at March 31, 2019

Working capital as of March 31, 2019 was US$10.1 million (CDN$13.0 million) inclusive of cash and short-term investments of US$4.2 million (CDN$5.4 million). This is compared to net working capital of US$10.3 million (CDN$14.1 million) as at December 31, 2018 inclusive of cash and short-term investments of US$6.0 million (CDN$8.1 million).

Looking Forward

Due to delays and cancellations in some client products we expect that revenue in the first half of 2019 will be relatively flat compared to the previous year, with growth returning in the second half. In response to our slow down in growth and focus on our bottom-line results, we are making prudent adjustments to our operating expenses.

Going forward we are focused on improving on our sales execution, expanding our client base and helping our clients successfully launch their products using Intrinsyc's edge computing modules. We will also continue to introduce new products developed in collaboration with our strategic technology partner, Qualcomm Technologies.

In April, we introduced the Snapdragon™ 855 HDK. The 855 HDK is designed to support the ecosystem of technology companies and application providers looking to utilize the advanced features of the Snapdragon 855. This is Qualcomm's latest generation technology and pushes the boundaries of computing and power performance; with innovations in immersive multimedia, artificial intelligence, and security.

We believe that the Company has a bright future and that our share price does not fully reflect the Company's value. We have been active in getting our story communicated to new potential investors, following up our participation at the Roth Investor Conference in March, with the Spring Investor Conference in April and Planet Microcap conference in May. Further reflecting our confidence, the Company has purchased over 1.5 million shares through a NCIB program begun in September 2017.

I appreciate your support as we continue to execute on our growth strategy and focus on delivering long-term value for shareholders.

Yours sincerely,

"Tracy Rees"

President and Chief Executive Officer
May 14, 2019

INTRINSYC TECHNOLOGIES CORPORATION

For the Three Months ended March 31, 2019

Part I. Financial Information

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indication that financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee of the Board of Directors of the Company and the Board of Directors of the Company.

The Company's independent auditors have not performed a review of these interim condensed consolidated financial statements in accordance with the standards established by the Canadian Professional Accountants of Canada for a review of interim financial statements by an entity's auditors.

"George Reznik"
Chief Financial Officer
May 14, 2019

INTRINSYC TECHNOLOGIES CORPORATION

Interim Condensed Consolidated Statements of Financial Position

(Unaudited and Expressed in U.S. Dollars)

As at	**March 31, 2019**	**December 31, 2018 (Restated – see Note 3))**	**January 1, 2018 (Restated - see Note 3)**
ASSETS			
Current assets			
Cash and cash equivalents *(note 19)*	$ 3,144,243	$ 3,939,763	$ 4,989,154
Short-term investments *(note 19)*	1,015,756	2,027,579	2,260,089
Trade and other receivables *(notes 4 and 14)*	3,706,433	5,265,076	4,799,625
Loan to customer *(note 5)*	-	-	1,799,250
Inventory *(note 6)*	6,376,129	4,631,387	4,257,027
Prepaid expenses	221,161	313,952	159,784
	14,463,722	16,177,757	18,264,929
Non-Current Assets			
Prepaid expenses	40,896	22,623	27,417
Investment in customer *(note 5)*	653,019	653,019	-
Equipment *(note 7)*	391,197	407,706	362,700
Intangible assets *(note 8)*	290,818	241,288	118,591
Right-of-use asset *(note 9)*	1,347,977	1,247,471	1,411,647
Total assets	$ 17,187,629	$ 18,749,864	$ 20,185,284
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade and other payables	$ 3,942,770	$ 5,415,376	$ 4,938,065
Deferred revenue	288,575	313,164	694,088
Lease liability – current *(note 12)*	170,922	130,919	130,674
	4,402,267	5,859,459	5,762,827
Non-Current Liabilities			
Lease liability *(note 12)*	1,349,946	1,293,260	1,548,717
Total liabilities	5,752,213	7,152,719	7,311,544
Shareholders' equity			
Share capital *(note 11)*	107,202,120	107,367,137	108,899,883
Other capital reserves – share based payments	10,854,866	10,679,723	10,330,897
Deficit	(106,714,006)	(106,542,151)	(106,449,476)
Translation of operations reserve	92,436	92,436	92,436
Total shareholders' equity	11,435,416	11,597,145	12,873,740
Total liabilities and shareholders' equity	$ 17,187,629	$ 18,749,864	$ 20,185,284

Commitments and contingencies *(note 13)*

See accompanying notes to consolidated financial statements

Approved on behalf of the Board:

"George Duguay"
Director

"Michael Bird"
Director

INTRINSYC TECHNOLOGIES CORPORATION
Interim Condensed Consolidated Statements of Operations
(Unaudited and Expressed in U.S. dollars)

For the	Three months ended March 31, 2019	Three months ended March 31, 2018 (Restated – See Note 3)
Revenues *(note 15)*	$ 6,134,211	$ 6,062,423
Cost of sales *(note 15)*	4,163,243	4,074,610
	1,970,968	1,987,813
Expenses		
Sales and marketing	601,986	640,306
Research and development	427,005	396,722
Administration	786,418	600,991
Other operating expenses *(note 17)*	187,737	196,791
	2,003,146	1,834,810
Operating income (loss)	(32,178)	153,003
Other expenses (earnings)		
Foreign exchange loss (gain)	67,703	(8,650)
Interest and other expense (income) *(note 5)*	57,609	(20,628)
	125,312	(29,278)
Income (loss) before income taxes	(157,490)	182,281
Income tax expense	14,365	22,715
Net income (loss) and comprehensive income (loss) for the period	(171,855)	159,566
Income (loss) per share (basic) *(note 11(f))*	($0.01)	$0.01
Income (loss) per share (fully diluted) *(note 11(f))*	($0.01)	$0.01
Weighted average number of shares outstanding – basic *(note 11(f))*	20,080,733	21,041,223
Weighted average number of shares outstanding – fully diluted *(note 11(f))*	20,080,733	21,615,200

See accompanying notes to consolidated financial statements

INTRINSYC TECHNOLOGIES CORPORATION

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity

(Unaudited and Expressed in U.S. Dollars)

	Share Capital	Other Capital Reserves – Share Based Payments	Deficit (Restated – See Note 3)	Translation of Operations Reserve	Total Shareholders' Equity
Balance, January 1, 2019	$107,367,137	$ 10,679,723	($ 106,542,151)	$ 92,436	$ 11,597,145
Net loss for the period	-	-	(171,855)	-	(171,855)
Issued upon exercise of stock options	13,708	-	-	-	13,708
Reclassification upon exercise of stock options	10,197	(10,197)	-	-	-
Shares repurchased and cancelled under Normal Course Issuer Bid	(188,922)	-	-	-	(188,922)
Share-based compensation	-	76,090	-	-	76,090
Issue of RSUs for settlement of past performance *(note 20)*	-	109,250	-	-	109,250
Balance, March 31, 2019	$107,202,120	$ 10,854,866	($106,714,006)	$ 92,436	$ 11,435,416
Balance, January 1, 2018	$108,899,883	$ 10,330,897	($106,287,119)	$ 92,436	$ 13,036,097
Impact of IFRS 16	-	-	(162,357)	-	(162,357)
Balance, January 1, 2018 (Restated)	$108,899,883	$ 10,330,897	($ 106,449,476)	$ 92,436	$ 12,873,740
Net income for the period	-	-	159,566	-	159,566
Issued upon exercise of stock options	3,004	-	-	-	3,004
Reclassification upon exercise of stock options	2,300	(2,300)	-	-	-
Shares repurchased and cancell under Normal Course Issue Bid	(240,277)	-	-	-	(240,277)
Share-based compensation	-	114,258	-	-	114,258
Balance, March 31, 2018	$108,664,910	$ 10,442,855	($106,289,910)	$ 92,436	$ 12,910,291

See accompanying notes to consolidated financial statements

INTRINSYC TECHNOLOGIES CORPORATION
Interim Condensed Consolidated Statements of Cash Flows
(Unaudited and Expressed in U.S. Dollars)

For the	Three months ended March 31, 2019	Three months ended March 31, 2018 (Restated – See Note 3)
Cash provided by (used in):		
Operating Activities		
Net income (loss) for the period	($ 171,855)	$ 159,566
Adjustments to reconcile net loss to net cash flows:		
Depreciation of equipment *(note 7)*	25,642	21,064
Amortization of intangible assets *(note 8)*	39,879	20,425
Amortization of right-of-use asset *(notes 9)*	46,126	41,044
Share-based compensation	76,090	114,258
Accrued interest on customer loan	-	(11,250)
Finance change on lease payments	9,281	11,077
Unrealized foreign exchange	26,130	(12,983)
	51,293	343,201
Working capital adjustments:		
Trade and other receivables	1,560,166)	1,172,920
Inventory	(1,744,742)	1,082,475
Prepaid expenses	74,518	6,996
Trade and other payables	(1,423,604)	(2,416,959)
Deferred revenue	(24,589)	(186,328)
	(1,558,251)	(340,896)
Cash provided by (used in) operating activities	(1,506,958)	2,305
Investing Activities		
Redemption (purchase) of short-term investments	1,042,480	230,070
Purchase of equipment *(note 7)*	(9,133)	(15,797)
Purchase of intangible assets *(note 8)*	(89,409)	(26,119)
Cash provided by investing activities	943,938	188,154
Financing Activities		
Issuance of common shares	13,708	3,004
Repurchase and cancellation of shares *(note 11(e))*	(188,921)	(240,276)
Lease payments *(note 12)*	(42,938)	(42,762)
Cash used in financing activities	(218,151)	(280,034)
Increase (decrease) in cash and cash equivalents	(781,171)	(89,575)
Foreign exchange effect on cash and cash equivalents	(14,349)	(58,869)
Cash and cash equivalents, beginning of the period	3,939,763	4,989,154
Cash and cash equivalents, end of the period	$ 3,144,243	$ 4,840,710
Supplementary information		
Interest received	*$ 29,542*	*$ 26,709*

1. REPORTING ENTITY

Intrinsyc Technologies Corporation (formerly Intrinsyc Software International, Inc.) ("Intrinsyc" or the "Company") is a public company domiciled in Canada and incorporated on August 31, 1992 under the laws of Alberta and continued under the Company Act (British Columbia) on July 19, 1995. Articles of Continuance were filed under the Canada Business Corporations Act on May 1, 2003 to continue the Company federally and change the name of the Company from Intrinsyc Software, Inc. to Intrinsyc Software International, Inc. Articles of Amendment were filed under the Canada Business Corporations Act on June 17, 2014 to change the name of the Company to Intrinsyc Technologies Corporation. The Company's principal business office is Suite 300, 885 Dunsmuir Street, Vancouver, British Columbia, V6C 1N5 and its registered office is Suite 1700, 1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9.

The Company is an Internet of Things ("IoT") product development company, offering hardware development kits, computing modules, proprietary software products, and engineering design and development services. These solutions are focused on the fast growing high-performance IoT product market; including; augmented and virtual reality, drones, robotics, digital signage, automotive, IP cameras, medical systems, wearable technology, and many others. The Company provides value by enabling device makers and technology suppliers to deliver compelling, next generation mobile and embedded wireless devices with faster time to market, higher quality, and differentiating innovation.

The interim condensed consolidated financial statements of the Company, as at, and for the three months ended March 31, 2019 and March 31, 2018 comprise the Company and its subsidiaries (together referred to as the "Company" and individually as "Company entities").

2. BASIS OF PRESENTATION

Statement of Compliance

These interim condensed consolidated financial statements, which have been approved by the Board of Directors on May 13, 2019, have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"). These interim condensed consolidated financial statements have been prepared using the historical cost basis and the same accounting policies as those disclosed in the Company's annual financial statements as at and for the year ended December 31, 2018 (except for the adoption of new accounting standards effective January 1, 2019 – see below). Accordingly, these interim condensed consolidated financial statements do not include all disclosures required for annual financial statements and should be read in conjunction with the Company's annual financial statements as at and for the year ended December 31, 2018 (which were prepared in accordance with International Financial Reporting Standards, or "IFRS").

3. SIGNIFICANT ACCOUNTING POLICIES

New Standards and Interpretations Adopted

The Company applied, for the first time, IFRS 16 - *Leases* which require restatement of previous financial statements. The nature and effect of these changes are disclosed below.

IFRS 16 - Leases

The standard supersedes the current IAS 17, Leases (IAS 17) standard. IFRS 16 introduces a single accounting model for lessees and for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee will be required to recognize a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company applied IFRS 16 with a date of initial application of January 1, 2019. As a result, the Company has changed its accounting policy for lease contracts as detailed below.

The Company applied IFRS 16 using the full retrospective approach. Consequently, it has restated the comparative information and a third statement of financial position as at the beginning of the earliest comparative period is presented. As a result of adopting IFRS 16, the Company has recognized a significant increase to both assets and liabilities on the Consolidated Statements of Financial Position, as well as a decrease to operating costs (for the removal of rent expense for leases), an increase to depreciation (due to depreciation of the right-of-use asset), and an increase to finance costs (due to accretion of the lease liability). The details of the changes in accounting policies are disclosed below.

Definition of a Lease

Previously, the Company determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Company assesses whether a contract is or contains a lease based on the definition of a lease. Under IFRIC 4, the Company assessed a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
- the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
- the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
- facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied the definition of a lease under IFRS 16 to contracts entered into or changed on or after January 1, 2019.

As a Lessee

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for most leases.

The Company decided to apply recognition exemptions to short-term leases of office space in Taiwan and India.

The cumulative impact on amounts recognized in the Company's interim condensed consolidated statements of financial position as at January 1, and December 31, 2018, is shown below:

(Unaudited and Expressed in U.S. Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interim Condensed Consolidated Statement of Financial Position	**January 1, 2018– As reported prior to IFRS 16 transition**	**Adjustments**	**January 1, 2018 – As restated after IFRS 16 transition**
Equipment	$ 345,618	$ 17,082	$ 362,700
Right-of-Use asset	$ -	$ 1,411,647	$ 1,411,647
Trade and other payables	$ 5,026,370	($ 88,305)	$ 4,938,065
Lease liability – current portion	$ -	$ 130,674	$ 130,674
Lease liability	$ -	$ 1,548,717	$ 1,548,717
Deficit	($ 106,287,119)	($ 162,357)	($ 106,449,476)

Interim Condensed Consolidated Statement of Financial Position	**December 31, 2018– As reported prior to IFRS 16 transition**	**Adjustments**	**December 31, 2018 – As restated after IFRS 16 transition**
Equipment	$ 379,010	$ 28,696	$ 407,706
Right-of-Use asset	$ -	$1,247,471	$ 1,247,471
Trade and other payables	$ 5,492,892	($ 77,516)	$ 5,415,376
Lease liability – current portion	$ -	$ 130,919	$ 130,919
Lease liability	$ -	$1,293,260	$ 1,293,260
Deficit	($ (106,471,655)	($ 70,496)	($106,542,151)

The cumulative impact on amounts recognized in the Company's interim condensed consolidated statement of changes in shareholders equity as at January 1, and December 31, 2018, is shown below:

Interim Condensed Consolidated Statement of Changes in Shareholders' Equity	**As reported prior to IFRS 16 transition**	**Adjustments**	**As restated after IFRS 16 transition**
Deficit – January 1, 2018	($ 106,287,119)	($ 162,357)	($ 106,449,476)
Deficit – December 31, 2018	($ 106,471,655)	($ 70,496)	($ 106,542,151)

The impact on amounts recognized in the Company's interim condensed consolidated statement of operations for the three months ended March 31, 2018, is shown below:

(Unaudited and Expressed in U.S. Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interim Condensed Consolidated Statement of Operations	**Three months ended March 31, 2018– As reported prior to IFRS 16 transition**	**Adjustments**	**Three months ended March 31, 2018 – As restated after IFRS 16 transition**
Cost of sales	$ 4,105,063	($ 30,453)	$ 4,074,610
Sales and marketing	$ 643,118	($ 2,812)	$ 640,306
Research & development	$ 397,425	($ 703)	$ 396,722
Administration	$ 609,186	($ 8,195)	$ 600,991
Other operating expenses	$ 158,651	$ 38,140	$ 196,791
Operating income	$ 148,980	$ 4,023	$ 153,003
Foreign exchange gain	$ 33,820	($ 42,470)	$ (8,650)
Interest income	($ 31,704)	$ 11,076	($ 20,628)
Income (Loss) before income taxes	$ 146,864	$ 35,417	$ 182,281
Net income and comprehensive income for the period	$ 124,149	$ 35,417	$ 159,566

The impact on amounts recognized in the Company's interim condensed consolidated statement of cashflows for the three months ended March 31, 2018, is shown below:

Interim Condensed Consolidated Statement of Cash Flows	**March 31, 2018– As reported prior to IFRS 16 transition**	**Adjustments**	**March 31, 2018 – As restated after IFRS 16 transition**
Net income for the period	$ 124,149	$ 35,417	$ 159,566
Amortization of equipment	$ 23,968	($ 2,904)	$ 21,064
Amortization of right-of-use asset	$ -	$ 41,044	$ 41,044
Trade and other payables	($ 2,419,936)	$ 2,977	($ 2,416,959)
Unrealized foreign exchange	$ 31,866	($ 44,849)	($ 12,983)
Finance charge on lease payments	$ -	$ 11,077	$ 11,077
Lease payments	($ -	($ 42,762)	($ 42,762)

There is no material impact to basic and fully diluted earnings per share.

Prior to adopting IFRS 16, the total minimum operating lease commitments as at December 31, 2018 were $1,320,328. The weighted average discount rate applied to the total lease liabilities recognized on transition was 3.00%. The difference between the total of the minimum lease payments set out in Note 12(a) to the Company's 2018 Annual Financial Statements and the total lease liabilities recognized on transition was a result of:

- the inclusion of lease payments beyond minimum commitments relating to reasonably certain renewal periods or extension options that had not yet been exercised as at December 31, 2018; partially offset by
- the effect of discounting on the minimum lease payments; and

(Unaudited and Expressed in U.S. Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

- certain costs to which we are contractually committed under lease contracts but which do not qualify to be accounted for as a lease liability

Right-of-use assets and lease liabilities

The Company has recorded a right-of-use asset and a lease liability for all existing leases at the lease commencement date, which is January 1, 2018 for the purposes of the Company's adoption. The lease liability has been initially measured at the present value of all lease payments that remain to be paid at the commencement date. Lease payments included in the measurement of the lease liability only include fixed payments.

After transition, the right-of-use asset will initially be measured at cost, consisting of:

- the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or restore the site on which it is located; less
- any lease incentives received.

The right-of-use asset will typically be depreciated on a straight-line basis over the lease term, unless the Company expects to obtain ownership of the leased asset at the end of the lease. The lease term will consist of:

- the non-cancellable period of the lease;
- periods covered by options to extend the lease, where we are reasonably certain to exercise the option; and
- periods covered by options to terminate the lease, where we are reasonably certain not to exercise the option.

4. TRADE AND OTHER RECEIVABLES

	March 31, 2019	December 31, 2018	January 1, 2018
Trade and other receivables	$ 3,340,518	$ 4,980,813	$ 4,640,131
Less: Allowance for doubtful accounts	-	-	(128,197)
Unbilled revenue	365,915	284,263	287,691
	$ 3,706,433	**$ 5,265,076**	**$ 4,799,625**

Included in trade and other receivables balance as at January 1, 2018 was an amount of $60,000 which was payable by a customer that had not been fully insured with Export Development Canada ("EDC" – see Note 13) by the Company. An allowance for the full amount had been taken and was included in Allowance for Doubtful Accounts as at January 1, 2018. During 2018, the Company only received only one (1) of the agreed upon payments reduced Trade and Other Receivables and Allowance for Doubtful Accounts by $45,000 as the customer went out of business.

At March 31, 2019, unbilled revenue on open contracts accounted for using the percentage of completion method amounted to $365,915 (December 31, 2018 - $284,263; January 1, 2018- $287,691). In addition, the remaining

4. TRADE AND OTHER RECEIVABLES (continued)

contractual amounts on fixed price contracts were $1,088,667 as at March 31, 2019 (December 31, 2018 - $1,991,051; January 1, 2018 - $1,599,799). The Company will recognize this revenue as the contracts are completed, which is expected to occur over the next 8-12 months.

5. INVESTMENT IN CUSTOMER

On October 1, 2014, the Company announced that it invested in Stream TV Networks, Inc. (“Stream TV”), a current customer of Intrinsyc, an amount of $1,500,000 in the form of a subordinated, secured convertible promissory note bearing interest at three percent (3%) per annum with a maturity date of December 31, 2015 (the “Note”). Interest is payable on the earlier of (i) December 31, 2015 or (ii) when converted to Stream TV shares. Stream TV committed to acquire a minimum of $3,000,000 in Intrinsyc products and services over the next twelve months.

The Note was initially convertible into the securities of Stream TV, at the sole option of Stream TV, subject to the execution of an equity financing of a minimum of $15 million by Stream TV (the “Qualified Financing”). The Note was convertible into the class of securities sold in the Qualifying Financing at the share price issued in the Qualifying Financing.

The Company had determined that a reasonable market interest rate for a loan with the features of the Stream TV convertible loan and for pre-commercial entities in the emerging technology sector would be 12%. The Company recognized the difference as a deferred discount.

On December 10, 2015, the Company announced that the arrangements were amended to increase the purchase commitment by Stream TV to $4,500,000 in Intrinsyc product, services and royalties to be generated on or before March 31, 2016, which Stream TV met. In addition, the subordinated, secured convertible promissory note was amended to remove the conversion feature and to extend the maturity date from December 31, 2015 to June 30, 2016.

On June 28, 2016, the Company announced that the arrangements were further amended, to increase the purchase commitment to $6,000,000 in Intrinsyc products, services and royalties to be generated on or before December 30, 2016, which Stream TV has met. In addition, the subordinated, secured promissory note, valued at $1.5 million, has been further amended to extend the maturity date from June 30, 2016 to December 30, 2016.

On December 29, 2016, the Company announced that the subordinated, secured promissory note, with a principal amount of $1.5 million, has been further amended to extend the maturity date from December 30, 2016 to March 30, 2017. In consideration for the extension Intrinsyc received 30,000 warrants convertible into Class A common shares in Stream TV. at a strike price of $5 per share, on a 1 for 1 basis for a period of up to 5 years. The warrants may only be exercised if Stream TV becomes subject to a liquidity event defined in the warrant agreement as liquidation, dissolution, or winding up of Stream TV, whether voluntary or involuntary, or an Initial Public Offering (“IPO”) or sale of the Stream TV by either stock or assets that is at least a change of control transaction. To date, none of these warrants have been exercised.

On February 2, 2017, the Company announced that the subordinated, secured promissory note, valued at $1.5 million, has been further amended to extend the maturity date from March 30, 2017 to February 1, 2018. In consideration for the extension Intrinsyc received 120,000 warrants convertible into Class A common shares in Stream TV at a strike price of $5, on a 1 for 1 basis for a period of up to 5 years. The exercise of these warrants is also subject to the same terms as the warrants received December 29, 2016. To date, none of these warrants have been exercised. In addition, Stream TV committed to acquire a minimum of $2,000,000 in Intrinsyc products, services, and royalties to be purchased or generated between February 1, 2017 and February 1, 2018 (which Stream TV has only committed to approximately $700,000).

(Unaudited and Expressed in U.S. Dollars)

5. INVESTMENT IN CUSTOMER (continued)

On February 1, 2018, the Company announced that the subordinated, secured promissory note, valued at $1.5 million, has been further amended to extend the maturity date from February 1, 2018 to April 2, 2018.

On April 2, 2018, the Company announced that the subordinated, secured promissory note, valued at $1.5 million, had been further amended to extend the maturity date from April 2, 2018 to May 2, 2018.

On May 2, 2018, the Company announced that it made a strategic equity investment in Stream TV Networks through the conversion of the subordinated, secured promissory note and interest accrued for a total amount of $1,661,384 into 415,346 common shares (which is less than 1% ownership in Stream TV). The amount was reclassified as Investment in Customer. In addition, the parties also signed an amendment to the Master Services Agreement in which Stream TV agrees to provide a commitment of $1,500,000 in services to be purchased directly or through connected party referrals during the eighteen (18) month period beginning May 1, 2018.

The Company revalued the investment as at December 31, 2018, with the decline in the fair value being recorded as Interest and Other Expenses (Income) in the Company's Statements of Operations for the year ended December 31, 2018. In the event that Stream TV does not raise a minimum of $25 million within the two-year period subsequent to the Equity Investment conversion date of May 2, 2018, the Equity Investment will revert back to become a Note Payable to Intrinsyc. In the event that Stream TV raises a minimum of $25 million within the two year period subsequent to the Equity Investment conversion date of May 2, 2018 at a lower valuation than the conversion of the Note into the Equity Investment by Intrinsyc on May 2, 2018 and Stream TV's two primary debtors also convert their loans into equity at this time, Stream TV will issue additional shares to Intrinsyc based upon lower valuation of the equity valuation completed by Stream TV.

The Company fair valued the Warrants using a modified Black Scholes calculation with the fair value on the date of inception being $30,000 as at December 31, 2018 and $153,000 as at December 31, 2017. The value of the Warrants was included in the Investment in Customer (formerly Loan to Customer) on the Statement of Financial Position with the decline in the fair value being recorded as Interest and Other Expenses (Income) on the Company's Statements of Operations for the year ended December 31, 2018.

The Company has assessed the investment for impairment at the end of the current reporting period and concluded that no loss event has occurred since the conversion of the Note to an equity investment in Stream TV. However, the Company acknowledges that there is uncertainty regarding the valuation of the equity investment due to the uncertainty inherent to the fact that Stream TV is a pre-commercial entity in an emerging technology sector. Further, the Company assessed that there was no revaluation of the investment and Warrants as at March 31, 2019.

6. INVENTORY

	March 31, 2019	December 31, 2018	January 1, 2018
Parts	$ 3,535,933	$ 1,955,270	$ 2,436,372
Finished goods	2,840,196	2,676,117	1,820,655
	$ 6,376,129	**$ 4,631,387**	**$ 4,257,027**

During the three months ended March 31, 2019, the Company charged $3,118,542 (three months ended March 31, 2018: $3,109,231) of inventory related amounts to cost of sales.

(Unaudited and Expressed in U.S. Dollars)

7. EQUIPMENT

The following table presents details of movement in the carrying value of equipment by type:

Cost

	Computers and Equipment	Furniture and Fixtures	Leasehold Improvements	Total
Balance, January 1, 2018	**$ 1,923,381**	**$ 923,213**	**$ 911,182**	**$ 3,757,776**
Additions	42,597	98,413	-	141,010
Balance, December 31, 2018	**$ 1,965,978**	**$ 1,021,626**	**$ 911,182**	**$ 3,898,786**
Additions	9.133	-	-	9,133
Balance, March 31, 2019	**$ 1,975,111**	**$ 1,021,626**	**$ 911,182**	**$ 3,907,919**

Accumulated Depreciation

	Computers and Equipment	Furniture and Fixtures	Leasehold Improvements (Restated – see Note 3)	Total
Balance, January 1, 2018	**($ 1,792,928)**	**($ 834,960)**	**($ 767,188)**	**($ 3,395,076)**
Depreciation	(46,093)	(35,267)	(14,644)	(96,004)
Balance, December 31, 2018	**($ 1,839,021)**	**($ 870,227)**	**($ 781,832)**	**($ 3,491,080)**
Depreciation	(10,035)	(11,946)	(3,661)	(25,642)
Balance, March 31, 2019	**($ 1,849,056)**	**($ 882,173)**	**($ 785,493)**	**($ 3,516,722)**

Net Book Value

	Computers and Equipment	Furniture and Fixtures	Leasehold Improvements	Total
Balance, January 1, 2018 (Restated – see Note 3)	$ 130,453	$ 88,253	$ 143,994	**$ 362,700**
Balance, December 31, 2018 (Restated – see Note 3)	$ 126,957	$ 151,399	$ 129,350	**$ 407,706**
Balance, March 31, 2019	$ 126,055	$ 139,453	$ 125,689	**$ 391,197**

(Unaudited and Expressed in U.S. Dollars)

8. INTANGIBLE ASSETS

The following table presents details of movement in the carrying value of the intangible assets which only consists of acquired software technology:

	March 31, 2019	December 31, 2018	January 1, 2018
Beginning Balance	**$ 241,288**	**$ 118,591**	**$ 111,851**
Purchases	89,409	217,419	87,964
Amortization	(39,879)	(94,722)	(81,224)
Ending Balance	**$ 290,818**	**$ 241,288**	**$118,591**

9. RIGHT-OF-USE ASSET

The following table presents details of movement in the carrying value of the right-of-use asset:

	March 31, 2019	December 31, 2018	January 1, 2018
Beginning Balance	**$ 1,247,471**	**$ 1,411,647**	**$ 1,575,823**
Purchases	146,632	-	-
Amortization	(46,126)	(164,176)	(164,176)
Ending Balance	**$ 1,347,977**	**1,247,471**	**$ 1,411,647**

10. LINE OF CREDIT

On March 6, 2018, the Company entered into a line of credit agreement with its bank for up to CDN$4.4 million. The line bears interest at chartered bank's prime lending rate +1.11% with no standby charge and does not include any covenants for the Company. Borrowings under this facility must not exceed the aggregate of the following, less Potential Prior-Ranking Claims:

a) 75% of Eligible Canadian/US Accounts Receivable;
b) 90% of Eligible EDC Accounts Receivable;
c) 65% of Eligible Foreign Accounts Receivable; and
d) to a maximum of $750,000.00, 50% of the lesser of cost or net realizable value of Unencumbered Inventory.

As of March 31, 2019, outstanding borrowings were CDN $nil.

11. SHARE CAPITAL

Authorized

Unlimited number of preference shares without par value; and
Unlimited number of common shares without par value.

(Unaudited and Expressed in U.S. Dollars)

11. SHARE CAPITAL (continued)

Issued and outstanding

[a] Preference Shares

There are no preference shares outstanding as at March 31, 2019.

[b] Common Shares

	Number of common shares	Amount
Outstanding, January 1, 2018	**21,060,988**	**$108,899,883**
Issued upon exercise of stock options	195,088	88,196
Reclassification upon exercise of stock options	-	67,241
Repurchase and cancellation of shares under Normal Course Issuer Bid	(969,200)	(1,688,183)
Outstanding, December 31, 2018	**20,286,876**	**$107,367,137**
Issued upon exercise of stock options	22,333	13,708
Reclassification upon exercise of stock options	-	10,196
Repurchase and cancellation of shares under Normal Course Issuer Bid	(438,700)	(188,921)
Outstanding, March 31, 2019	**19,870,509**	**$107,202,120**

[c] Stock options

The Company has a rolling incentive stock option plan. Under the terms of the Company's stock option plan, the Board of Directors may grant options to directors, officers, employees, consultants and service providers equal to the lower of: (i) up to 10% of issued and outstanding common shares of the Company from time to time less one share; and, (ii) 3,750,000 common shares. The plan provides for the granting of options at the closing price of the Company's stock on the day prior to the grant date. Options granted generally vest over three years with the first one-third vesting at the first anniversary date of the grant and the balance vesting in equal amounts at the end of each quarter thereafter. There are no cash settlement alternatives. The Company does not have a past practice of cash settlement for these share options.

The Company determines the term of each option at the time it is granted, with options generally having a five-year term. As of March 31, 2019, the Company was entitled to grant 1,987,049 incentive stock options under the plan of which 1,676,306 have been granted.

A summary of the Company's share option activity for the three months ended March 31, 2019 is as follows:

11. SHARE CAPITAL (continued)

	Outstanding options	
	Number of options	**Weighted average exercise price (in Canadian dollars)**
Outstanding, January 1, 2018	**1,317,229**	**$ 1.22**
Options granted	458,950	1.36
Options exercised	(195,088)	0.59
Options forfeited	(57,775)	1.80
Outstanding, December 31, 2018	**1,523,316**	**$ 1.32**
Options granted	211,000	1.50
Options exercised	(22,333)	0.82
Options forfeited	(32,552)	1.50
Expired	(3,125)	0.80
Outstanding, March 31, 2019	**1,676,306**	**$ 1.35**

The following table summarizes the share options outstanding as at March 31, 2019:

Options outstanding				Options exercisable	
Range of exercise price (in Canadian dollars)	**# of common shares**	**Weighted average remaining contractual life**	**Weighted average exercise price (in Canadian dollars)**	**# of options exercisable**	**Weighted average exercise price (in Canadian dollars)**
$ 0.72 - $ 0.88	251,737	0.26	$ 0.80	251,737	$ 0.80
$ 0.89 - $ 0.91	363,337	1.18	$ 0.89	363,337	$ 0.89
$ 0.92 - $ 1.34	387,650	3.79	$ 1.32	188,710	$ 1.30
$ 1.35 - $ 2.29	673,582	3.84	$ 1.81	271,231	$ 2.03
	1,676,306	**2.72**	**$ 1.35**	**1,075,015**	**$ 1.23**

The weighted average fair value of stock options granted during the three months ended March 31, 2019 was CDN $0.69 per share (three months ended March 31, 2018 - CAD $0.71).

The total stock-based compensation related to stock options for the three months ended March 31, 2019 was $49,096. The total stock-based compensation related to stock options for the three months ended March 31, 2018 was $62,554.

The fair value of each option granted was estimated on the date of grant using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

	Three Months ended March 31, 2019	**Three Months ended March 31, 2018**
Expected life (in years)	3.9	4.0
Risk-free interest rate	1.58%	1.95%
Volatility	59.46%	69.82%
Dividend yield	0.00%	0.00%

(Unaudited and Expressed in U.S. Dollars)

11. SHARE CAPITAL (continued)

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome either.

[d] Restricted Share Units ("RSUs")

The Company adopted a restricted share unit plan (the "RSU Plan") which was approved by its shareholders on May 16, 2017. The aggregate maximum number of shares available for issuance from treasury under the RSU Plan shall not exceed 500,000 shares. The 500,000 RSUs are a separate pool from the Company's incentive stock option plan. The grant-date fair value of the restricted share units equals the fair market value of the corresponding shares at the grant date. The fair value of these equity-settled awards is recognized as compensation expense over the period that related services are rendered with a corresponding increase in equity. The total amount expensed is recognized over the vesting period on a tranche basis, which is the period over which all the specified vesting conditions should be satisfied.

A summary of the Company's RSU activity for the three months ended March 31, 2019 is as follows:

	Number of RSUs
Outstanding, January 1, 2018	**219,000**
RSUs granted	-
RSUs exercised	-
RSUs forfeited	-
Outstanding, December 31, 2018	**219,000**
RSUs granted	97,895
RSUs exercised	-
RSUs forfeited	-
Outstanding, March 31, 2019	**316,895**

The outstanding RSUs vest over three years as to one third on each anniversary of the grant date. Compensation for the three months ended March 31, 2019 was $26,994 ($51,704 for the three months ended March 31, 2018). As of March 31, 2019, 73,000 RSUs have vested.

The weighted average fair value of RSUs granted during the three months ended March 31, 2019 was CDN $1.50 per share. There were no RSUs granted during the three months ended March 31, 2018.

[e] Normal Course Issuer Bid ("NCIB")

On September 29, 2017, the Company received approval from the TSX regarding the notice filed by the Company to establish a normal course issuer bid ("NCIB") program to purchase, for cancellation, up to 500,000 common shares or approximately 2.4% of Intrinsyc's issued and outstanding common shares, as at September 21, 2017. The NCIB program commenced on October 4, 2017 and terminated on October 3, 2018.

(Unaudited and Expressed in U.S. Dollars)

11. SHARE CAPITAL (continued)

On September 27, 2018, the Company received approval from the TSX regarding the notice filed by the Company to extend its normal course issuer bid ("NCIB") program to purchase, for cancellation, up to 1,793,294 common shares or approximately 8.6% of Intrinsyc's issued and outstanding common shares, as at September 25, 2018. The NCIB program extension commenced on October 4, 2018 and will terminate on October 3, 2019, or on such earlier date as the Company may complete its purchases pursuant to a Notice of Intention filed with the TSX.

In connection with the NCIB program, the Company established an automatic repurchase plan (the "Plan") with its designated broker to allow for purchases of its common shares during certain pre-determined black-out periods, subject to certain parameters as to price and number of shares. Outside of these pre-determined black-out periods, common shares will be repurchased in accordance with management's discretion, subject to applicable law. Intrinsyc may vary, suspend or terminate the Plan only if it does not have material non-public information and the decision to vary, suspend or terminate the Plan is not taken during a pre-determined blackout period. The Plan constitutes an "automatic plan" for purposes of applicable Canadian securities legislation and has been reviewed by the TSX.

As a result of entering into the Plan, the Company has recorded a corresponding liability. As at March 31, 2019, the liability was up to a maximum of $433,277 (CDN$578,988) as compared to $659,566 (CDN$ 899,780) as at December 31, 2018 and $18,296 (CDN$ 22,952) as at January 1, 2018.

During three months ended March 31, 2019, the Company had purchased and cancelled 438,700 common shares for $503,157 (CDN$671,061).

[f] Income (loss) per share

	Three Months ended March 31, 2019	Three Months ended March 31, 2018
Weighted average number of shares outstanding – basic	20,080,733	21,041,223
Dilutive effects of exercisable options	-	573,977
Weighted average number of shares outstanding – fully diluted	**20,080,733**	**21,615,200**

Due to the Company having a net loss for the three months ended March 31, 2019, there are no dilutive effects of exercisable options.

12. LEASES

Currently, the Company leases its Vancouver, BC facility (of approximately 12,000 square feet of office space) until October 31, 2022. In addition, it leases approximately 400 square feet until June 30, 2019 well as space of approximately 2,400 square feet until April 30, 2022 (both of these offices are in Taipei, Taiwan). The Company also rents office space in Bangalore, India on a month to month basis. Lease payments of the smaller Taiwan office, Indian office as well as variable operating costs of the long term leases are expensed (see Note 13 – Commitments and Contingencies). Below is a summary of the activity related to the Company's lease liabilities:

(Unaudited and Expressed in U.S. Dollars)

12. LEASES (continued)

	March 31, 2019	December 31, 2018	January 1, 2018
Maturity Analysis – contractual undiscounted cash flows			
Less than one year	$ 214,403	$ 167,382	$ 174,035
One to five years	1,530,539	1,434,490	1,741,947
Total undiscounted lease liabilities	**$1,744,942**	**$1,601,872**	**$1,915,982**
Lease liabilities included in Consolidated Statements of Financial Position	**$1,520,868**	**$1,424,179**	**$1,679,391**
Current	$ 170,922	$ 130,919	$ 130,674
Non-current	$1,349,946	$1,293,260	$1,548,717

Amounts Recognized in Statements of Operations	Three months ended March 31, 2019	Three months ended March 31, 2018
Finance charge on lease payments	$ 9,281	$11,077
Variable lease payments expensed	40,487	41,399
Short-term lease payments expensed	33,633	14,784
Total amounts recognized in Statements of Operations	**$83,401**	**$67,260**

Total lease payments made during the three months ended March 31, 2019 was $42,938 (three months ended March 31, 2018 - $42,762).

13. COMMITMENTS AND CONTINGENCIES

[a] The aggregate of minimum lease payments as at March 31, 2019 for the remainder of 2019 and subsequent years is as follows and reflect the payments of the short term lease in Taiwan as well as the variable operating costs of the long term leases in Taiwan and Vancouver:

2019	$ 160,775
2020	185,466
2021	185,466
2022	140,671
	$ 672,378

[b] The Company warrants that its software and hardware products will operate substantially in conformity with product documentation and that the physical media will be free from defect. The specific terms and conditions of the warranties are generally ninety days. The Company accrues for known warranty issues if a loss is probable and can be reasonably estimated, and accrues for estimated incurred but unidentified warranty issues based on historical activity. To date, the Company has had no material warranty claims.

[c] The Company may be subject to a variety of claims and suits that arise from time to time in the ordinary course of business. Although management currently believes that resolving claims against the Company, individually or in aggregate, will not have a material adverse impact on the Company's financial position, results of operations, or

13. COMMITMENTS AND CONTINGENCIES (continued)

cash flows, these matters are subject to inherent uncertainties and management's view of these matters may change in the future. To date, there are no claims or suits outstanding against the Company.

14. EXPORT DEVELOPMENT CANADA

On July 31, 2009, the Company entered into an agreement with EDC whereby EDC agreed to provide 90% insurance coverage for the Company's invoiced sales for a premium of between CDN$0.76 to CDN$1.41 per CDN$100 of monthly invoiced sales (certain customers are excluded from this coverage). The initial policy period was from July 1, 2009 to June 30, 2010 with an automatic yearly renewal unless the policy is terminated by the Company (the policy has been renewed until June 30, 2019). The maximum liability coverage at any one time is CDN$185,000 for domestic sales and CDN$7,000,000 for sales outside of Canada. As of March 31, 2019, 87% of trade receivables were covered by EDC insurance (December 31, 2018 - 85% and January 1, 2018 – 74%).

During the three months ended March 31, 2018, the Company recorded total premiums of $51,743 (March 31, 2018 - $46,324) (CDN $68,793; March 31, 2018 – CDN $58,586) in sales and marketing.

15. SEGMENTED INFORMATION

Operating segments

*-

The Company currently has the following two operating segments:

1. Embedded Computing Hardware segment includes the sales of the Company's proprietary computer modules and development kits. The Company offers original equipment manufacturers ("OEMs") off-the-shelf and customized embedded computing modules; and

2. Services and Software segment includes turnkey product design and development services, as well as other engineering services and device software, including royalties. As well, it includes revenue generated from software products including: J-Integra® Enterprise Interoperability Software ("EIS"), and RapidRIL Telephony Software, including maintenance and support agreements for these products. These products and services are sold to OEMs, original device manufacturers ("ODMs"), technology providers, and other companies.

Corporate includes all operating expenses of the Company.

Information regarding the operations of each operating segment is included below. Performance is based on revenue less cost of sales.

A breakdown of revenues and cost of sales for each operating segment for the three months ended March 31, 2019 and March 31, 2018 is as follows:

(Unaudited and Expressed in U.S. Dollars)

15. SEGMENTED INFORMATION (continued)

Three months ended March 31, 2019	Embedded Computing Hardware	Services and Software	Corporate	Total
Revenue	$ 4,064,447	$ 2,069,764	$ -	$ 6,134,211
Cost of sales	3,202,656	960,587	-	4,163,243
	861,791	1,109,177	-	1,970,968
Operating expenses	-	-	2,003,146	2,003,146
Operating profit (loss)	**$ 861,791**	**$ 1,109,177**	**($2,003,146)**	**($ 32,178)**

Three months ended March 31, 2018 (Restated – see Note 3)	Embedded Computing Hardware	Services and Software	Corporate	Total
Revenue	$ 4,051,059	$ 2,011,364	$ -	$ 6,062,423
Cost of sales	3,190,110	884,500	-	4,074,610
	860,949	1,126,864	-	1,987,813
Operating expenses	-	-	1,834,810	1,834,810
Operating income (loss)	**$ 860,949**	**$ 1,126,864**	**($1,834,810)**	**$ 153,003**

Geographic information

The Company's equipment is located as follows:

	March 31, 2019	December 31, 2018 (Restated – see Note 3)	January 1, 2018 (Restated – see Note 3)
Canada	$ 373,512	$ 387,864	$ 340,173
Taiwan	11,684	13,282	15,569
India	6,002	6,560	-
United States	-	-	6,959
Total	**$ 391,198**	**$ 407,706**	**$ 362,700**

The Company earned revenues attributed to the following geographic regions based on the location of the customer:

(Unaudited and Expressed in U.S. Dollars)

15. SEGMENTED INFORMATION (continued)

	Three Months ended March 31, 2019	Three Months ended March 31, 2018
United States	$ 3,902,336	$ 4,090,448
Asia Pacific	1,202,111	1,049,885
Europe	518,642	383,983
Canada	510,260	537,240
Other	862	867
	$ 6,134,211	**$ 6,062,423**

Significant customers

In each respective period, revenues from customers which amounted to 10% of more of the Company's revenues accounted for the following percentage of the Company's total revenues and accounts receivable, as indicated below:

	% Revenues for the Three Months ended March 31, 2019	% of Accounts Receivable at March 31, 2019	% Revenues for the Three Months ended March 31, 2018	% of Accounts Receivable at March 31, 2018
Customer 1	38%	28%	27%	40%

Receivables owing from Customer 1 are fully covered by EDC insurance in the event of payment default.

16. EXPENSES BY NATURE

Total salaries and wages as well as other personnel related expenses included in Cost of Sales and Expenses for the three months ended March 31, 2019 were $2,264,755 compared to $2,018,974 during the three months ended March 31, 2018.

17. OTHER OPERATING EXPENSES

Other operating expenses consist of the following:

	Three months ended March 31, 2019	Three months ended March 31, 2018 (Restated – see Note 3)
Depreciation of equipment *(note 7)*	$ 25,642	$ 21,064
Amortization of intangible assets *(note 8)*	39,879	20,425
Amortization of right-of-use asset *(note 9)*	46,126	41,044
Share-based compensation – options *(note 10(c))*	49,096	62,554
Share-based compensation – RSUs *(note 10(d))*	26,994	51,704
	$ 187,737	**$ 196,791**

(Unaudited and Expressed in U.S. Dollars)

18. CAPITAL DISCLOSURES

The Company's objectives for managing capital are:

- To safeguard the Company's ability to continue as a going concern, so that it can provide adequate returns for shareholders and benefits for other stakeholders.
- To maintain a capital base so as to maintain investor, creditor, customer and market confidence.

The Company considers the items included in equity as capital. The Company manages the capital structure and makes adjustments to it (by either issuing new shares or buying back shares) in the light of changes in economic conditions and the risk characteristics of the underlying assets.

19. FINANCIAL INSTRUMENTS

[a] Financial assets and liabilities

Financial instruments are measured at amortized cost or fair value. Fair value represents the estimated amounts at which financial instruments could be exchanged between knowledgeable and willing parties in an arm's length transaction. Determining fair value requires management judgment. The following financial instruments are all measured at amortized cost. The fair value of each (with the exception of the investment in customer) approximates its carrying value due to their short-term nature. The fair value of the investment in customer is determined using implied valuations from financing rounds. Therefore, it is treated as a Level 1 financial asset with the fair value equating its carrying value.

The carrying values and fair values of financial assets (liabilities) are summarized as follows:

	March 31, 2019		December 31, 2018 (Restated)		March 31, 2019 (Restated)	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets						
Cash and cash equivalents	$ 3.144.243	$ 3.144.243	$ 3,939,763	$ 3,939,763	$ 4,989,154	$ 4,989,154
Short-term investments	$ 1.015.756	$ 1.015.756	$ 2,027,579	$ 2,027,579	$ 2,260,089	$ 2,260,089
Trade and other receivables	$ 3.706.433	$ 3.706.433	$ 5,265,076	$ 5,265,076	$ 4,799,625	$ 4,799,625
Loan to customer	$ -	$ -	$ -	$ -	$ 1,646,250	$ 1,646,250
Investment in customer	$ 623.019	$ 623.019	$ 623,019	$ 623,019	$ -	$ -
Warrants	$ 30,000	$ 30,000	$ 30,000	$ 30,000	$ 153,000	$ 153,000
Financial Liabilities						
Trade and other payables	($3.942.769)	($3.942.769)	($5,415,376)	($5,415,376)	($4,938,065)	($4,938,065)
Lease liability – current	($ 170,922)	($ 170,922)	($ 130,919)	($ 130,919)	($ 130,674)	($ 130,674)
Lease liability	($1,349,946)	($1,349,946)	($1,293,261)	($1,293,261)	($1,548,717)	($1,548,717)

19. FINANCIAL INSTRUMENTS (continued)

[b] Risk Management

Disclosures relating to exposure to risks, in particular credit risk, liquidity risk, foreign currency risk, and interest rate risk are provided below.

[i] Credit Risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's financial instruments that are exposed to concentrations of credit risk are primarily cash and cash equivalents, short-term investments and trade and other receivables. The Company limits its exposure to credit risk with respect to cash and cash equivalents by investing available cash, from time to time, in short-term deposits with Canadian financial institutions. With respect to trade and other receivables, the Company engages EDC to perform ongoing credit evaluations of Intrinsyc's customers' financial condition and requires letters of credit or other guarantees whenever deemed necessary.

Trade and other receivables were aged as follows:

	March 31, 2019	December 31, 2018	January 1, 2018
Current	$ 3,086,280	$ 4,864,701	$ 3,913,053
31-60 days	272,123	173,195	94,977
Over 60 days	348,030	227,180	791,595
	$ 3,706,433	**$ 5,265,076**	**$ 4,799,625**

[ii] Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet liabilities when due. The contractual maturity of the majority of accounts payable is within one month.

Trade and other payables were aged as follows:

	March 31, 2019	December 31, 2018 (Restated – see Note 3)	January 1, 2018 (Restated – see Note 3)
Current	$ 2,894,193	$ 4,649,784	$ 4,234,247
31-60 days	503,928	755,946	401,523
Over 60 days	544,648	9,646	302,295
	$ 3,942,769	**$ 5,415,376**	**$ 4,938,065**

[iii] Foreign Currency Risk

Although substantially all of the Company's revenues are received in U.S. dollars, the Company incurs operating costs primarily attributable to its services business and has outstanding trade and other payables denominated in Canadian dollars and other foreign currencies. Fluctuations in the exchange rates between these currencies could have a material effect on the business, financial condition and results of operations. The

19. FINANCIAL INSTRUMENTS (continued)

Company maintains certain assets, inclusive of a portion of its treasury investments, in Canadian dollars which are translated to its U.S. dollar functional currency resulting in an unrealized foreign exchange gain or loss. With all other variables remaining constant, assuming a 10% weakening of the Canadian dollar versus the U.S. dollar would have had the following impact on net loss as follows in the table below. An assumed 10% strengthening of the Canadian dollar versus the U.S. dollar would have had an equal but opposite effect on the amounts shown below:

Source of net earnings/loss variability from changes in foreign exchange rates	**Three Months ended March 31, 2019**	**Three Months ended March 31, 2018 (Restated – see Note 3)**
Statement of Financial Position exposure	($100,420)	($233,978)
Net Cost of Sales/Operating Expenses (net exposure)	193,382	196,205
Net exposure	**$ 92,962**	**($ 37,773)**

A 10% change in the New Taiwanese dollar to U.S. dollar exchange rate would have an approximate $9,200 impact on net income for the three months ended March 31, 2019 (three months ended March 31, 2018 – $8,100).

A 10% change in the rupee to U.S. dollar exchange rate would have no material impact on net income for the three months ended March 31, 2019 (three months ended March 31, 2018 - $nil).

[iv] Interest Rate Risk

The Company's exposure to interest rate fluctuations is primarily interest earned on its cash and cash equivalents as well as its short-term investments. During the three months ended March 31, 2019, the Company earned $24,161 of interest income on its cash and cash equivalents as well as its short-term investment. An increase or decrease of 100 basis points in the average interest rate earned during the period would have adjusted net earnings by approximately $51,000. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

20. RELATED PARTY TRANSACTIONS

Related parties include key management, the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

The remuneration of directors and key management of the Company for the three months ended March 31, 2019 and 2018 are as follows:

	Three months ended March 31, 2019	**Three months ended March 31, 2018**
Short-term compensation	$ 617,823	$ 349,919
Share-based payments	191,341	$ 103,716
	$ 809,164	**$ 453,635**

(Unaudited and Expressed in U.S. Dollars)

20. RELATED PARTY TRANSACTIONS (continued)

Short-term compensation for the three months ended March 31, 2019 included the Company's annual performance corporate bonus totalling an amount of $437,000 to its management, of which 75% was paid in cash with the remining 25% being paid out through the granting of 97,895 RSUs. The amount of $437,000 had been previously accrued for as operating expense during the year ended December 31, 2018.

Short-term compensation for the three months ended March 31, 2018 included the Company's annual performance corporate bonus totalling an amount of $90,000 which was paid in cash to its management during the three months ended March 31, 2018 which had been previously accrued for as operating expense during the year ended December 31, 2017.

There were no amounts owing to related parties as at March 31, 2019 and December 31, 2018.

The directors and key management were awarded 157,000 options under the Company's stock option plan during the year ended December 31, 2018.

The directors and key management were awarded 185,000 stock options under the Company's stock option plan during the three months ended March 31, 2018. There were no RSUs granted during the three months ended March 31, 2018.

21. EMPLOYEE RETIREMENT SAVINGS CONTRIBUTIONS

	Three months ended March 31, 2019	Three months ended March 31, 2018
Benefit costs	$ 61,733	$ 56,852

The Company matches employees' retirement savings contributions to retirement plans as part of the employee benefits plan. Employees have the option of having the funds transferred to their individual retirement savings plans on a semi-monthly basis or on a periodic basis (most employees have the funds transferred on a semi-monthly basis).

INTRINSYC TECHNOLOGIES CORPORATION

Management's Discussion and Analysis of Financial Condition and Results of Operations

For the Three Months Ended March 31, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis has been prepared by management as of May 13, 2019 and should be read in conjunction with the audited consolidated financial statements of Intrinsyc Technologies Corporation (the "Company" or "Intrinsyc") and related notes thereto for the year ended December 31, 2018 (prepared in accordance with International Financial Reporting Standards or "IFRS"). All amounts are presented in United States (U.S.) dollars unless otherwise noted. Additional information about the Company, including the Company's Annual Information Form ("AIF"), is available on SEDAR at www.sedar.com.

DISCLAIMER FOR FORWARD-LOOKING STATEMENTS

The following Management's Discussion and Analysis contains statements which, to the extent that they are not recitations of historical fact, may constitute forward-looking information under applicable Canadian securities legislation. Such forward-looking statements or information includes financial and other projections as well as statements regarding the Company's future plans, objectives, performance, revenues, growth, profits, operating expenses or the Company's underlying assumptions. The words "may", "would", "could", "will", "likely", "expect", "anticipate", "intend", "plan", "forecast", "project", "estimate" and "believe" or other similar words and phrases may identify forward-looking statements or information. Persons reading this Management's Discussion and Analysis are cautioned that such statements or information are only predictions, and that the Company's actual future results or performance may be materially different. Factors that could cause actual events or results to differ materially from those suggested by these forward-looking statements include, but are not limited to: the need to develop, integrate and deploy software solutions to meet its customers' requirements; the possibility of development or deployment difficulties or delays; the dependence on its customers' satisfaction; the timing of entering into significant contracts; its customers' continued commitment to the deployment of the Company's solutions; the risks involved in developing integrated software solutions and integrating them with third-party products and services; reliance on products manufactured by other companies for resale or distribution and reliance on third-party suppliers; the performance of the global economy and growth in software industry sales; market acceptance of the Company's products and services; customer and industry analyst perception of the Company and its technology vision and future prospects; the success of certain business combinations engaged in by the Company or by its competitors; possible disruptive effects of organizational or personnel changes; technological change; new products and standards; risks related to acquisitions and international expansion; reliance on large customers; concentration of sales; international operations and sales; management of growth and expansion; dependence upon key personnel and hiring; reliance on a limited number of suppliers; risks related to the Company's competition; the Company's not adequately protecting its intellectual property; risks related to product defects and product liability; currency exchange rate risk; and including, but not limited to, other factors described in the Company's reports filed on SEDAR, including its financial statements and management's discussion and analysis for the year ended December 31, 2018, and those referred to under the heading "Risk Factors". In drawing a conclusion or making a forecast or projection set out in the forward-looking information, the Company takes into account the following material factors and assumptions in addition to the above factors: the Company's ability to execute on its business plan; the acceptance of the Company's products and services by its customers; the timing of execution of outstanding or potential customer contracts by the Company; the sales opportunities available to the Company; the Company's subjective assessment of the likelihood of success of a sales lead or opportunity; the Company's historic ability to generate sales leads or opportunities; and that sales will be completed at or above the Company's estimated margins. This list is not exhaustive of the factors that may affect the Company's forward-looking information. These and other factors should be considered carefully, and readers should not place undue reliance on such forward-looking information. All forward-looking statements made in this Management's Discussion and Analysis are qualified by this cautionary statement and there can be no assurance that actual results or developments anticipated by the Company will be realized. The Company disclaims any intention or obligation to update or revise forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

OVERVIEW

The Company was incorporated under the laws of Alberta on August 31, 1992 under the name I.T.C. Microcomponents Inc. and continued under the laws of British Columbia on July 19, 1995. The Company changed its name to Intrinsyc Software, Inc. on June 16, 1997. Articles of Continuance were filed under the Canada Business Corporations Act on May 1, 2003 to continue the Company federally and change the name of the Company from Intrinsyc Software, Inc. to Intrinsyc Software International, Inc. On June 17, 2014, the Company changed its name to Intrinsyc Technologies Corporation. The Company's principal business office is Suite 300, 885 Dunsmuir Street, Vancouver, British Columbia, V6C 1N5 and its registered office is Suite 1700, 1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9. The Company is listed on the Toronto Stock Exchange ("TSX") under the trading symbol ITC.

The Company is a product developer and provides software, engineering services, and integrated solutions that enable high-performance Internet of Things products. Solutions span the development life cycle from concept to production and help device makers create compelling products with faster time-to-market.

CORPORATE SUMMARY

The Company provides solutions for the development and production of Internet of Things ("IoT") devices. The Company's embedded computing products include embedded development kits, vertical market reference designs and development platforms, mobile application development platforms, and production-ready embedded computers.

These products, combined with Intrinsyc's engineering services, help device makers and silicon vendors deliver IoT products with faster time-to-market, as well as improved innovation and quality. Additionally, the Company has legacy proprietary software that provides a bridge between Java and COM based computing platforms under the brand, J-Integra®.

The Company began selling its embedded computing modules based on Snapdragon technology from Qualcomm Technologies Inc., in 2013. Since that time, we expanded our client base with new design wins for these computing modules and they are now a substantial percentage of the Company's revenue.

The Company's business segments are described below.

Embedded Computing Hardware

The Embedded Computing Hardware segment includes the sales of the Company's proprietary computer modules, development kits, and related hardware technology.

- Production-ready embedded computing products include the Open-Q™ line of System on Modules ("SOM") and Single Board Computers ("SBC"); including the Open-Q™ 805, Open-Q™ 212A, Open-Q™ 410, Open-Q™ 820, Open-Q™ 835, Open-Q™ 835 µSOM, Open-Q™ 624A, Open-Q™ 626, Open-Q™ 2100 SOM, Open-Q™ 2500 SOM, Open-Q™ 600 SBC, Open-Q™ 660 µSOM and the Open-Q™ 605 SBC. The Open-Q™ family of products are based on Snapdragon™ technology from Qualcomm® Technologies Inc. The Company recently introduced the Open-X™ 8M SOM. The Open-X™ product line is based on i.MX processors from NXP Semiconductor, BV. The Company sells these solutions as production-ready computing products and also makes custom variants of these products that are tailored specifically to client requirements.

- Embedded hardware development kits ("HDK") include the, Open-Q™ 805 HDK, DragonBoard 810™, Open-Q™ 820 HDK, Open-Q™ 2100, Open-Q™ 626 HDK, Open-Q™ 660 HDK, Open-Q 835 HDK, and Open-Q™ 845 HDK, Open-Q™ 670 HDK, and Snapdragon™ 855 HDK.

- Vertical market reference designs and development kits include the Snapdragon™ 820 Automotive Development Platform (“ADP”), Snapdragon™ Flight, Qualcomm Flight™ Pro reference platform, Open-Q™ 410 Wearable Computing Reference Design, and two that are targeted for smart home applications, the Open-Q™ 212A and Open-Q™ 624A development kits.

- In addition, the Company frequently designs, develops, and manufactures complementary peripheral boards that add additional functionality to Open-Q™ and Open-X SOMs and development kits.

The Company is building an expanding base of customers and prospects for the Open-Q™ and Open-X™ family of SOMs and custom embedded computing modules. Intrinsyc’s customers build a diverse set of intelligent connected products, including many new and exciting emerging categories such as: smart glasses and other wearable technology, robotics, digital signage, and more. As these customers increase sales of their products, Intrinsyc will benefit from repeat sales of our computing modules and/or design royalties. By working with a range of customers, from startups to well established entities, Intrinsyc can take advantage of the growth opportunities in these emerging device sectors, while limiting its exposure to any single new consumer or industrial product. The shared success business model being employed allows Intrinsyc to better align with our customers’ business and product initiatives, while enjoying the potential for greater revenue and margin upside. The Company’s revenue could vary significantly from one quarter to the next due to the timing of customer production requirements.

Intrinsyc’s computing modules are manufactured by two strategic manufacturing partners: one is based in North America to support quicker production lead times and smaller volume requirements, and the other based in China to support higher volume, lower cost, requirements. Computing modules are shipped to Intrinsyc or directly to the customer based on order size and customer requirements. Typically, larger volume orders would be shipped fully manufactured and tested from Intrinsyc’s contract manufacturer in China. The Company’s strategic manufacturing partners allow Intrinsyc to respond quickly to customer requirements and scale revenue without additional investment in facilities or personnel resources. Scaling revenue without a commensurate increase in operating expenses should allow the Company to generate greater profit growth.

Services and Software

The Company provides design and development services to silicon vendors, OEMs and ODMs building embedded and IoT devices. The Company’s capabilities in these areas are a product of over 20 years of embedded device development experience. As a result, the Company has developed core competencies in the areas of Board Support Package (“BSP”) and device driver development, power management, electrical, mechanical, and Radio Frequency (“RF”) design, testing and certification; all of which are complex and essential elements required to design and develop embedded and IoT devices.

The Company has cross platform capabilities on the key operating systems currently in the market for embedded and IoT devices: Microsoft Windows, QNX, Linux and Android operating systems.

The Company employs both a fixed fee pricing model and a time and materials pricing model for engineering services. Additionally, the Company may defer fees for product design or development services and collect fees in the form of per unit royalties.

Services and Software provided by the Company are as follows:

- Turnkey product development from concept through production, including development of product specifications, electrical, mechanical and RF design, BSP and driver development, and product test and certification services for OEMs developing embedded and IoT devices;

- Conducting feasibility studies, requirements analyses and architecture designs;

- Providing detailed technical training and support programs to OEMs;
- BSP and driver development;
- Electrical, Mechanical and RF Design;
- Field Programmable Gate Array ("FPGA") Design and Development;
- Camera Driver Development and Tuning;
- Power management services for OEMs designing small form factor products which are needed to improve battery life while simultaneously increasing applications and features that drive growth in power utilization;
- Embedded and IoT application development;
- RapidRIL™ Telephony Software and wireless integration services;
- J-Integra, a scalable, high-performance middleware solution for connecting Java directly to .NET, COM, and Exchange objects.

SIGNIFICANT EVENTS FOR THE FIRST QUARTER 2019

Financial Events

- Revenue decreased by 14% from the three months ended December 31, 2018, and increased by 1% from the three months ended March 31, 2018. The decrease over the prior period was due to decreased revenues in both of the Company's business segments. The slight increase over the same period in the prior year was due to a slight increase in revenues attributable to both of the Company's business segments.
- Expenses (excluding other operating expenses)[1] decreased by 2% from the three months ended December 31, 2018 due primarily to decreased travel expenses and professional fees but increased by 11% from the three months ended March 31, 2018 due to increased research and development expenses in addition to employee related costs (inclusive of performance bonus).
- Net loss for the three months ended March 31, 2019 was $171,855 compared to net loss of $675,274 during the three months ended December 31, 2018 and net income of $159,566 for the three months ended March 31, 2018.
- Cash used in operations was $1,506,958 during the three months ended March 31, 2019 compared to cash provided by operations of $120,780 for the three months ended December 31, 2018 and cash provided by operations of $2,305 for the three months ended March 31, 2018.
- During the three months ended March 31, 2019 the Company had purchased and cancelled 438,700 common shares for CDN$671,061
- Retained the services of ROTH Capital Partners, LLC ("ROTH") as a financial advisor with a mandate to accelerate strategic growth opportunities for the Company.

[1] Expenses (excluding other operating expenses) is a non-IFRS measure that does not have a standard meaning and may not be comparable to a similar measure disclosed by other issuers (it includes Sales and Marketing, Research and Development, and Administration expenses but excludes Other Operating Expenses). This measure does not have a comparable IFRS measure and is used by the Company to manage and evaluate its cash operating expenses.

- From March 17-19, 2019, the Company’s CEO, Tracy Rees and CFO, George Reznik, participated in the 31st Annual ROTH Conference.

Business Highlights

- In January 2019, the Company announced orders from multiple clients that are in aggregate valued at $748,000. Orders were received from a combination of existing and new clients. The largest order was a product development services project for an outdoor surveillance camera valued at $375,000. In addition to the camera project, clients are utilizing Intrinsyc’s advanced-performance, Open-Q computing modules and expert product development services to build a variety of innovative Industrial and Consumer IoT devices.

- Announced the availability of the following products:

    - Open-Q™ 835 µSOM (micro System on Module) and Development Kit.

    - Open-Q™ 660 µSOM (micro System on Module) and Development Kit.

SELECTED QUARTERLY INFORMATION

The information in the tables below has been derived from the Company’s unaudited interim condensed consolidated financial statements (excluding EBITDA[2]). The Company’s quarterly operating results have varied substantially in the past and may vary substantially in the future. Accordingly, the information below is not necessarily indicative of results for any future quarter. Prior reported numbers have been restated to account for the impact of IFRS 15 and 16 (additional details on IFRS 15 and 16 are discussed in Critical Accounting Policies and Estimates section in this MD&A).

Consolidated Statements of Financial Position

(in US$ '000's)	March 31, 2019	December 31, 2018 (Restated)	September 30, 2018 (Restated)	June 30, 2018 (Restated)	March 31, 2018 (Restated)	December 31, 2017 (Restated)	September 30, 2017 (Restated)	June 30, 2017 (Restated)
Cash and cash equivalents	$3,144	$3,940	$5,413	$5,446	$4,841	$4,989	$4,547	$5,405
Short-term investments	$1,016	$2,028	$2,015	$2,019	$2,010	$2,260	$3,132	$2,297
Working capital	$10,061	$10,318	$11,157	$10,740	$12,505	$12,502	$12,536	$12,545
Total assets	$17,234	$18,450	$19,527	$19,081	$17,494	$20,185	$18,292	$17,132
Shareholders' equity	$11,435	$11,597	$13,373	$13,008	$12,910	$12,874	$12,460	$12,306

[2] EBITDA or Earnings before Interest, Taxes, Depreciation and Amortization is a non-IFRS measure that does not have a standardized meaning and may not be comparable to a similar measure disclosed by other issuers. EBITDA referenced here relates to operating income (loss) inclusive of revenue reclassified as interest income (as per IFRS) less other operating expenses. The closest comparable IFRS financial measure is Operating Income (Loss). This measure is used by the Company to manage and evaluate the cash operating income (loss) of the business.

Consolidated Statements of Operations

(in US$ '000's, except earnings per share)	Three months ended March 31, 2019	Three months ended December 31, 2018 (Restated)	Three months ended September 30, 2018 (Restated)	Three months ended June 30, 2018 (Restated)	Three months ended March 31, 2018 (Restated)	Three months ended December 31, 2017 (Restated)	Three months ended September 30, 2017 (Restated)	Three months ended June 30, 2017 (Restated)
Revenue	$6,134	$7,098	$6,089	$6,432	$6,062	$6,782	$4,819	$4,584
Add: Stream TV revenue recognized as finance interest income	-	-	-	-	-	-	34	34
Cost of sales	4,163	4,590	3,747	4,247	4,075	4,411	3,360	3,030
Gross margin	1,971	2,508	2,342	2,185	1,987	2,371	1,493	1,588
Expenses:								
Sales and marketing expenses	602	553	648	656	640	668	606	661
Research and development expenses	427	419	315	376	397	375	282	352
Administration expenses	786	871	825	661	601	715	505	441
EBITDA	156	665	554	492	349	613	100	134
Other expenses (earnings)	314	1,329	232	375	167	158	63	190
Income tax expense	14	11	8	8	23	-	21	4
Net income (loss)	($172)	($675)	$314	$109	$159	$455	$16	($60)
Net income (loss) per share (basic and fully diluted)	($0.01)	($0.04)	$0.02	$0.00	$0.01	$0.02	$0.00	$0.00

FINANCIAL RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2019

The following analysis of the results of operations for the three months ended March 31, 2019 includes comparisons to the three months ended December 31, 2018 and March 31, 2018 (which has been restated to account for the impact of IFRS 16).

Revenue

The Company currently segregates revenue into two segments:

- Embedded Computing Hardware segment includes the sales of the Company's proprietary computer modules and development kits. The Company offers OEMs off-the-shelf and customized embedded computing modules.

- Services and Software segment includes turnkey product design and development services, as well as other engineering services and device software, including royalties. As well, it includes revenue generated from software products including: J-Integra® Enterprise Interoperability Software ("EIS"), and RapidRIL Telephony Software, including maintenance and support agreements for these products. These products and services are sold to OEMs, original device manufacturers ("ODMs"), technology providers, and other companies.

Revenue by Source	**Three months ended March 31, 2019**	**%**	**Three months ended December 31, 2018**	**%**	**Three months ended March 31, 2018)**	**%**
Services and Software	$ 2,069.764	34%	$ 2,474,502	35%	$ 2,011,364	33%
Embedded Computing Hardware	4.064.447	66%	4,623,566	65%	4,051,059	67%
Total revenue	**$ 6.134.211**	**100%**	**$ 7,098,068**	**100%**	**$ 6,062,423**	**100%**

Revenue decreased by 14% from the three months ended December 31, 2018 and increased by 1% from the three months ended March 31, 2018. The decrease over the prior period was due to decreased revenues attributable to both of the Company's reporting business segments. The slight increase over the same period in the prior year was due to a slight increase in revenues attributable to both of the Company's reporting business segments.

Services and Software revenue was approximately $2.1 million during the three months ended March 31, 2019 as compared to approximately $2.5 million for the three months ended December 31, 2018 and approximately $2.0 million for the three months ended March 31, 2018. This decrease over the prior period was due to lower service revenue related to the development of customer products based on the Company's Embedded Computing products. The increase over the same period in the prior year was due to higher service revenue related to the development of customer products based on the Company's Embedded Computing products.

Total revenues attributable to the Company's Embedded Computing Hardware decreased by 12% during the three months ended March 31, 2019 compared to the three months ended December 31, 2018 but was consistent compared to the three months ended March 31, 2018. The decrease over the prior quarter was due to decreased sales of Development Kits and embedded computing modules.

To date, the Company has had a significant portion of its revenue derived from its largest customer. In each respective period, revenues from customers which amounted to 10% or more of the Company's revenues accounted for the following percentages of the Company's total revenues:

	Three months ended March 31, 2019	**Three months ended December 31, 2018**	**Three months ended March 31, 2018**
Revenue	$2,311,438	$2,142,005	$1,608,056
Percentage of total revenue	**38%**	**30%**	**27%**

There was one (1) customer that accounted for 38% of the total revenue for the three months ended March 31, 2019 as compared to one (1) customer that accounted for 30% of the total revenues for the three months ended December 31, 2018 and one (1) customer that accounted for 27% of the total revenues for the three months ended March 31, 2018.

The Company earned revenues attributed to the following geographical regions based on the location of the customer:

	Three months ended March 31, 2019	**%**	**Three months ended December 31, 2018**	**%**	**Three months ended March 31, 2018**	**%**
United States	$ 3,902,336	64%	$ 4,816,922	68%	$ 4,090,448	67%
Asia Pacific	1,202,111	20%	913,389	13%	1,049,885	17%
Europe	518,642	8%	1,083,038	15%	383,983	6%
Canada	510,260	8%	283,100	4%	537,240	9%
Other	862	<1%	1,619	<1%	867	<1%
	$ 6,134,211	**100%**	**$ 7,098,068**	**100%**	**$ 6,062,423**	**100%**

The Company continues to generate the majority of its revenue from the United States market but there has been an increase in revenues from the Asia Pacific region.

Gross Margin[3]

Gross margins vary by revenue segment, with aggregate gross margin being typically in the range of 35% to 55% for Services and Software segment and 15% to 25% for Embedded Computing segment. As a result, the overall gross margin is a blend of the margins attributable to each respective business segment.

[3] Gross Margin is a non-IFRS measure that does not have a standard meaning and may not be comparable to a similar measure disclosed by other issuers. Gross Margin referenced here relates to revenues less cost of sales. This measure does not have a comparable IFRS measure and is used by the Company to manage and evaluate the operating performance of the Company.

	Three months ended March 31, 2019	%	Three months ended December 31, 2018 (Restated)	%	Three months ended March 31, 2018 (Restated)	%
Revenues	$ 6,134,211	100%	$ 7,098,068	100%	$ 6,062,423	100%
Cost of sales	4,163,243	68%	4,589,756	65%	4,074,610	67%
Gross margin	**$ 1,970,968**	**32%**	**$ 2,508,312**	**35%**	**$ 1,987,813**	**33%**

The Company's cost of sales includes Canadian and New Taiwan Dollar as well as Indian Rupee denominated costs which are translated into the Company's U.S. functional currency. Gross margin for the three months ended March 31, 2019 was 32%, which was lower than the 35% gross margin for the three months ended December 31, 2018 and lower than the 33% gross margin for the three months ended March 31,2018. Decrease in gross margin over the comparative periods was due to a decrease in service revenue, which has a higher gross margin.

Expenses

	Three months ended March 31, 2019	Three months ended December 31, 2018 (Restated)	Three months ended March 31, 2018 (Restated)
Sales and marketing	$ 601,986	$ 552,945	$ 640,306
Research and development	427,005	419,304	396,722
Administration	786,418	870,652	600,991
Other operating expenses	187,737	179,699	196,791
Total expenses	**$ 2,003,146**	**$ 2,022,600**	**$ 1,834,810**
As a percentage of total revenue	**33%**	**28%**	**30%**

Expenses during the three months ended March 31, 2019 were slightly lower than the three months ended December 31, 2018. This was due to a decrease in commissions, travel, professional fees and marketing and promotion activities.

Expenses during the three months ended March 31, 2019 were higher than the three months ended March 31, 2018. This was due to increased product development and technical support expenses, commissions, professional fees and employee related costs.

Sales and Marketing

	Three months ended March 31, 2019	Three months ended December 31, 2018 (Restated)	Three months ended March 31, 2018 (Restated)
Sales and marketing	$ 601,986	$ 552,945	$ 640,306
As a percentage of total revenue	**10%**	**8%**	**11%**

The Company had a total of eleven (11) employees and independent sales agents in Sales and Marketing as at March 31, 2019 which is consistent with the eleven (11) employees and contractors as at March 31, 2018. Sales and marketing expense consists primarily of salaries and related personnel costs, sales commissions, consulting fees, trade show expenses, marketing collateral, advertising costs and facilities.

The decrease in sales and marketing expense over the previous three months ended March 31, 2018 decrease in travel and marketing and promotional activities. The increase over the prior period was primarily due to increased employee related costs.

Research and Development

	Three months ended March 31, 2019	Three months ended December 31, 2018 (Restated)	Three months ended March 31, 2018 (Restated)
Research and development	$ 427,005	$ 419,304	$ 396,722
As a percentage of total revenue	**7%**	**6%**	**7%**

Research and development expenses relate primarily to salaries and related benefit costs, and also include materials related to the development of the Company's embedded computing products. Research and development costs for the three months ended March 31, 2019 were higher than the prior periods due to increased product development costs.

Administration

	Three months ended March 31, 2019	Three months ended December 31, 2018 (Restated)	Three months ended March 31, 2018 (Restated)
Administration	$ 786,418	$ 870,652	$ 600,991
As a percentage of total revenue	**13%**	**12%**	**10%**

Administration expenses include executive and administrative staff, facilities, public company costs, insurance, corporate variable compensation accruals, accounting, legal and strategic consulting fees as well as various general administrative costs.

The increase over the period ended March 31, 2018 was primarily due to an increase in employee related costs (inclusive of an increase to the current year performance bonus) as well as an increase in professional fees. The decrease over the prior quarter was due primarily to a decrease in the performance bonus.

Other Operating Expenses

	Three months ended March 31, 2019	Three months ended December 31, 2018 (Restated)	Three months ended March 31, 2018 (Restated)
Depreciation of equipment	$ 25,642	$ 28,889	$ 21,064
Amortization of intangible assets	39,879	26,529	20,425
Amortization of right-of-use asset	46,125	41,044	41,044
Share-based compensation	76,091	83,237	114,258
Total other operating expenses	**$ 187,737**	**$ 179,699**	**$ 196,791**

EBITDA

EBITDA was $155,559 for the three months ended March 31, 2019 compared to $665,411 for the three months ended December 31, 2018 and $349,794 for the three months ended March 31, 2018.

	Three months ended March 31, 2019	Three months ended December 31, 2018 (Restated)	Three months ended March 31, 2018 (Restated)
Operating income (loss)	($ 32,178)	$ 485,712	$ 153,003
Add back: Other operating expenses	187,737	179,699	196,791
EBITDA	**$ 155,559**	**$ 665,411**	**$ 349,794**

Other Expenses (Earnings)

	Three months ended March 31, 2019	Three months ended December 31, 2018 (Restated)	Three months ended March 31, 2018 (Restated)
Foreign exchange loss (gain)	$ 67,703	$ 6,371	($ 8,650)
Interest and other expenses (income)	57,609	1,143,912	(20,628)
Total other expenses (earnings)	**$ 125,312**	**$ 1,150,283**	**($ 29,278**

Other expenses for the three months ended March 31, 2019 were attributable to a foreign exchange loss of $67,703, in addition to interest and other expenses of $57,609. Other expenses for the three months ended December 31, 2018 were attributable to a foreign exchange loss of $6,371, revaluation of the customer investment of $1,038,365 and revaluation of warrants of $123,000 offset by interest and other income of $17,453. Other earnings for the three months ended March 31, 2018 were attributable to a foreign exchange gain of $8,650 interest income of $20,628. The Company maintains certain assets, inclusive of a portion of its treasury investments, in Canadian dollars which are translated into its U.S. dollar functional currency which accounted for the majority of the foreign exchange loss reported above due to the weakening of the Canadian dollar as at March 31, 2019 over the prior periods.

Net Income (Loss)

	Three months ended March 31, 2019	Three months ended December 31, 2018 (Restated)	Three months ended March 31, 2018 (Restated)
Operating income (loss)	($ 32,178)	$ 485,712	$ 153,003
Total other expenses (earnings)	125,312	1,150,283	(29,278)
Income tax expense	14,365	10,703	22,715
Net income (loss)	**($ 171,855)**	**($ 675,274)**	**$ 159,566**
Earnings (loss) per share (basic and fully diluted)	**($0.01)**	**($0.04)**	**$0.01**

Net loss for the three months ended March 31, 2019 was $171,855 or $0.01 loss per share compared to net loss for the three months ended December 31, 2018 of $675,274 or $0.04 loss per share and to net income for the three months ended March 31, 2018 $159,566 or $0.01 earnings per share.

LIQUIDITY AND CAPITAL RESOURCES

The Company's near-term cash requirements relate primarily to operations, working capital and general corporate purposes. Based on the current business plan, the Company believes cash and cash equivalents, along with its short-term investments will be sufficient to fund the Company's operating requirements for the next twelve months. The Company updates its forecasts on a regular basis and will consider additional financing sources as appropriate.

As at March 31, 2019, the Company had cash and cash equivalents totalling approximately $3.1 million and short-term investments totalling approximately $1.0 million with working capital[4] of approximately $10.1 million, as compared to cash and cash equivalents of approximately $3.9 million and short-term investments totalling approximately $2.0 million with working capital of approximately $10.3 million as at December 31, 2018.

[4] Working Capital is a non-IFRS measure that does not have a standardized meaning and may not be comparable to a similar measure disclosed by other issuers. This measure does not have a comparable IFRS measure. Working capital as referenced herein is defined as current assets less current liabilities. The Company believes that the inclusion of this non-IFRS financial measure provides investors with an alternative presentation useful to investors' understanding of the Company's core operating results and trends.

Three Months ended March 31, 2019

Cash provided by (used in):	Three months ended March 31, 2019	Three months ended December 31, 2018 (Restated)	Three months ended March 31, 2018 (Restated)
Operating activities	($ 1,506,958)	$ 107,167	$ 2,305
Investing activities	943,938	(291,894)	188,154
Financing activities	(218,151)	(1,226,220)	(280,034)
Foreign exchange effect on cash and cash equivalents	(14,349)	(62,648)	(58,869)
Increase (decrease) in cash and cash equivalents	**($ 795,520)**	**($ 1,473,595)**	**($ 148,444)**

Cash provided by (used in) operating activities for comparable periods was attributable to the Company's financial performance.

During the three months ended March 31, 2019, cash provided by investing activities was related to the redemption of short-term investments offset by the purchase of equipment and intangible assets. During the three months ended December 31, 2018, cash used in investing activities was related to the redemption and subsequent repurchase of short-term investments in addition to the purchase of equipment and intangible assets**.** During the three months ended March 31, 2018, cash provided by investing activities was related to the redemption of short-term investments offset by the purchase of equipment and intangible assets.

Cash used in financing activities in all periods consisted of the exercise of employee stock options offset by the repurchase and cancellation of shares under the Company's Normal Course Issuer Bid ("NCIB") as well as principal lease payments.

STAFFING LEVELS

The following table summarizes the Company's headcount, consisting of employees and contractors, by functional group:

	As at March 31, 2019	As at December 31, 2018	As at March 31, 2018
Service engineers	28	40	40
Sales and marketing	11	11	11
Research and development	31	25	20
Administration	17	17	14
Total	**87**	**93**	**85**

Effort spent to develop new proprietary products was classified as research and development.

COMMITMENTS

The aggregate of minimum lease payments as at March 31, 2019 for the remainder of 2019 and subsequent years is as follows::

2019	$ 160,775
2020	185,466
2021	185,466
2022	140,671
	$ 672,378

Currently, the Company leases its Vancouver, BC facility (of approximately 12,000 square feet of office space) until October 31, 2022. In addition, it leases approximately 400 square feet until June 30, 2019 well as space of approximately 2,400 square feet until April 30, 2022 (both of these offices are in Taipei, Taiwan). The above commitments reflect the payments of the short term lease in Taiwan as well as the operating costs of the long term leases in Taiwan and Vancouver (See Note 3 of the Condensed Consolidated Financial Statements regarding accounting treatment of lease payments under IFRS 16).

ACCOUNTS RECEIVABLE INSURANCE

On July 31, 2009, the Company entered into an agreement with Export Development Canada ("EDC") whereby EDC agreed to provide 90% insurance coverage for the Company's invoiced sales for a premium of between CDN$0.76 to CDN$1.41 per CDN$100 of monthly invoiced sales (certain customers are excluded from this coverage). The initial policy period was from July 1, 2009 to June 30, 2010 with an automatic yearly renewal unless the policy is terminated by the Company (the policy has been renewed until June 30, 2019). The maximum liability coverage at any one time is CDN$185,000 for domestic sales and CDN$7,000,000 for sales outside of Canada. As of March 31, 2019, 87% of trade receivables were covered by EDC insurance (December 31, 2018 - 85% and January 1, 2018 – 74%)

During the three months ended March 31, 2019, the Company recorded total premiums of $51,743 (March 31, 2018 - $46,324) (CDN $68,793; March 31, 2018 – CDN $58,586) in sales and marketing.

TRANSACTIONS WITH RELATED PARTIES

Related parties include key management, the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

The remuneration of directors and key management of the Company for the three months ended March 31, 2019 and 2018 are as follows:

	Three months ended March 31, 2019	**Three months ended March 31, 2018**
Short-term compensation	$ 617,823	$ 349,919
Share-based payments	191,341	$ 103,716
	$ 809,164	**$ 453,635**

Short-term compensation for the three months ended March 31, 2019 included the Company's annual performance corporate bonus totalling an amount of $437,000 to its management, of which 75% was paid in cash with the remining 25% being paid out through the granting of 97,895 RSUs. The amount of $437,000 had been previously accrued for as operating expense during the year ended December 31, 2018.

Short-term compensation for the three months ended March 31, 2018 included the Company's annual performance corporate bonus totalling an amount of $90,000 which was paid in cash to its management during the three months ended March 31, 2018 which had been previously accrued for as operating expense during the year ended December 31, 2017.

There were no amounts owing to related parties as at March 31, 2019, December 31, 2018 and January 1, 2018.

The directors and key management were awarded 157,000 options under the Company's stock option plan during the three months ended March 31, 2019.

The directors and key management were awarded 185,000 stock options under the Company's stock option plan during the three months ended March 31, 2018. There were no RSUs granted during the three months ended March 31, 2018.

INVESTMENT IN CUSTOMER

On October 1, 2014, the Company announced that it invested in Stream TV Networks, Inc. ("Stream TV"), a current customer of Intrinsyc, an amount of $1,500,000 in the form of a subordinated, secured convertible promissory note bearing interest at three percent (3%) per annum with a maturity date of December 31, 2015 (the "Note"). Interest is payable on the earlier of (i) December 31, 2015 or (ii) when converted to Stream TV shares. Stream TV committed to acquire a minimum of $3,000,000 in Intrinsyc products and services over the next twelve months. This loan was classified as Loan to Customer.

The Note was initially convertible into the securities of Stream TV, at the sole option of Stream TV, subject to the execution of an equity financing of a minimum of $15 million by Stream TV (the "Qualified Financing"). The Note was convertible into the class of securities sold in the Qualifying Financing at the share price issued in the Qualifying Financing.

The Company had determined that a reasonable market interest rate for a loan with the features of the Stream TV convertible loan and for pre-commercial entities in the emerging technology sector would be 12%. The Company recognized the difference as a deferred discount.

On December 10, 2015, the Company announced that the arrangements were amended to increase the purchase commitment by Stream TV to $4,500,000 in Intrinsyc product, services and royalties to be generated on or before March 31, 2016, which Stream TV met. In addition, the subordinated, secured convertible promissory note was amended to remove the conversion feature and to extend the maturity date from December 31, 2015 to June 30, 2016.

On June 28, 2016, the Company announced that the arrangements were further amended, to increase the purchase commitment to $6,000,000 in Intrinsyc products, services and royalties to be generated on or before December 30, 2016, which Stream TV has met. In addition, the subordinated, secured promissory note, valued at $1.5 million, has been further amended to extend the maturity date from June 30, 2016 to December 30, 2016.

On December 29, 2016, the Company announced that the subordinated, secured promissory note, with a principal amount of $1.5 million, has been further amended to extend the maturity date from December 30, 2016 to March 30, 2017. In consideration for the extension, Intrinsyc received 30,000 warrants convertible into Class A common shares in Stream TV. at a strike price of $5 per share, on a 1 for 1 basis for a period of up to 5 years. The warrants may only be exercised if Stream TV becomes subject to a liquidity event defined in the warrant agreement as liquidation, dissolution, or winding up of Stream TV, whether voluntary or involuntary, or an Initial Public Offering ("IPO") or sale of Stream TV by either stock or assets that is at least a change of control transaction. To date, none of these warrants have been exercised.

On February 2, 2017, the Company announced that the subordinated, secured promissory note, valued at $1.5 million, has been further amended to extend the maturity date from March 30, 2017 to February 1, 2018. In consideration for the extension, Intrinsyc received 120,000 warrants convertible into Class A common shares in Stream TV at a strike price of $5, on a 1 for 1 basis for a period of up to 5 years. The exercise of these warrants is also subject to the same terms as the warrants received on December 29, 2016. To date, none of these warrants have been exercised. In addition, Stream TV committed to acquire a minimum of $2,000,000 in Intrinsyc products, services, and royalties to be purchased or generated between February 1, 2017 and February 1, 2018 (which Stream TV has only committed to approximately $700,000).

On February 1, 2018, the Company announced that the subordinated, secured promissory note, valued at $1.5 million, has been further amended to extend the maturity date from February 1, 2018 to April 2, 2018.

On April 2, 2018, the Company announced that the subordinated, secured promissory note, valued at $1.5 million, had been further amended to extend the maturity date from April 2, 2018 to May 2, 2018.

On May 2, 2018, the Company announced that it made a strategic equity investment in Stream TV Networks through the conversion of the subordinated, secured promissory note and interest accrued for a total amount of $1,661,384 into 415,346 common shares (which is less than 1% ownership in Stream TV). The amount was reclassified as Investment in Customer. In addition, the parties also signed an amendment to the Master Services Agreement in which Stream TV agreed to provide a commitment of $1,500,000 in services to be purchased directly or through connected party referrals during the eighteen (18) month period beginning May 1, 2018.

The Company revalued the investment as at December 31, 2018, with the decline in the fair value being recorded as Interest and Other Expenses (Income) in the Company's Statements of Operations for the year ended December 31, 2018. In the event that Stream TV does not raise a minimum of $25 million within the two-year period subsequent to the Equity Investment conversion date of May 2, 2018, the Equity Investment will revert back to become a Note Payable to Intrinsyc. In the event that Stream TV raises a minimum of $25 million within the two year period subsequent to the Equity Investment conversion date of May 2, 2018 at a lower valuation than the conversion of the Note into the Equity Investment by Intrinsyc on May 2, 2018 and Stream TV's two primary debtors also convert their loans into equity at this time, Stream TV will issue additional shares to Intrinsyc based upon lower valuation of the equity valuation completed by Stream TV.

The Company fair valued the Warrants using a modified Black Scholes calculation with the fair value on the date of inception being $30,000 as at December 31, 2018 and $153,000 as at December 31, 2017. The value of the Warrants was included in the Investment in Customer (formerly Loan to Customer) on the Statement of Financial Position with the decline in the fair value being recorded as Interest and Other Expenses (Income) on the Company's Statements of Operations for the year ended December 31, 2018.

The Company has assessed the investment for impairment at the end of the current reporting period and concluded that no loss event has occurred since the conversion of the Note to an equity investment in Stream TV. However, the Company acknowledges that there is uncertainty regarding the valuation of the equity investment due to the uncertainty inherent to the fact that Stream TV is a pre-commercial entity in an emerging technology sector. Further, the Company assessed that there was no revaluation of the investment and Warrants as at March 31, 2019.

SUBSEQUENT EVENTS

None.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

These consolidated financial statements of the Company, approved by the Board of Directors on May 13, 2019, have been prepared in accordance with International Financial Reporting Standards ("IFRS") and their interpretations adopted by the International Accounting Standards Board ("IASB").

Revenue Recognition

Revenue from contracts with customers, is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. To recognize revenue, a company would apply the following five steps:

- Identify the contract(s) with the customer.
- Identify the performance obligations in the contract(s).
- Determine the transaction price.
- Allocate the transaction price.
- Recognize revenue when a performance obligation is satisfied

The Company currently has two (2) business segments: Embedded Computing Hardware segment and Services and Software segment. The Company does not incur any costs to obtain a contract or costs to fulfil a contract that are eligible for capitalization.

<u>Embedded Computing Hardware Segment</u>

The Company sells embedded computing hardware (which includes both product development kits and production hardware products). Revenue is recognized when control of the hardware is transferred to the customer. This usually occurs when the hardware has been delivered to the customer. The transaction price is documented on the contract or purchase order and agreed to by the customer. Payment is either made before shipment is made or due at the time of shipment, as such a receivable is recognized as the consideration is unconditional (if payment is received after shipment). If payment received before shipment, advance payment is booked to deferred revenue and recognized once control of the hardware is transferred to the customer. Only the passage of time is required before payment is due (usually payment terms or Net 30-45 days).

The Company generally provides warranties for general repairs of defects that existed at the time of sale, as required by law, for production hardware products. As such, most warranties are assurance-type warranties which the Company continues to account for under IAS 37- Provisions, Contingent Liabilities and Contingent Assets..

<u>Services and Software Segment</u>

Services

The Company enters into contracts to provide services on the following basis:

- Time & Materials - services consist of revenues from software modification, consulting, implementation, training and integration services. These services are set forth separately in the contractual arrangements such that the total price of the customer arrangement is expected to vary depending on the actual time and materials incurred based on the customer’s needs.

- Fixed Price - arrangements to render specific consulting and software modification services which tend to be more complex.

The Company will continue to recognize service revenue over time, using an input method to measure progress towards complete satisfaction of the service similar to the previous accounting policy, because the customer simultaneously receives and consumes the benefits provided by the Company. The Company uses labour hours expended which it believes is appropriate for the nature of the contract and the pattern of delivery of the performance obligation. The transaction price is documented on the contract or purchase order and agreed to by the customer. Payment is due at the time services are rendered and as such a receivable is recognized as the consideration is unconditional and only the passage of time is required before payment is due (usually payment terms or Net 30-60 days).

Software

The Company currently sells software licenses of its legacy software solution, enterprise interoperability software (“EIS”) either on a perpetual basis or on a term-based basis as well as post contract customer support (“PCS”). It currently recognizes revenue from the sale of term-based or perpetual licenses at the time the software when control of the software has been transferred to customer. This usually occurs when the software licenses have been emailed to the customer. The transaction price is documented on the sales invoice and agreed to by the customer. Payment is generally due at the time of shipment, as such a receivable is recognized as the consideration is unconditional and only the passage of time is required before payment is due (payment terms are generally Net 30 days). Standalone selling price is observable in transactions without multiple performance obligations.

Post Contract Support (“PCS”)

PCS revenue associated with software licenses is recognized rateably over the term of the PCS period, which typically is one year. Any unrecognized revenue is recorded in deferred revenue. PCS revenue includes software license updates that provide customers with rights to unspecified software product upgrades, maintenance releases and patches released during the term of the PCS period. Payment is generally due at the beginning of the contract period as such a receivable is recognized as the consideration is unconditional and only the passage of time is required before payment is due (payment terms are generally Net 30 days). Standalone selling price is observable in renewal transactions for PCS renewals and current standalone pricing for initial PCS contracts.

The Company's multiple-element sales arrangements include arrangements where software licenses and the associated post contract customer support ("PCS") are sold together. The total transaction price is allocated to each performance obligation on the basis of the relative stand-alone selling price of each distinct good or service with revenue being recognized based on the type of revenue (software license or PCS). Standalone selling price is observable in transactions without multiple performance obligations.

Impact of Previously Adopted Standards

The impact on the quarterly financial results as a result of adopting IFRS 15 – *Revenue from Contracts with Customers:*

Consolidated Statements of Financial Position

(in US$ '000's)	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Cash and cash equivalents	$-	$-	$-	$-	$-	$-	$-	$-
Short-term investments	$-	$-	$-	$-	$-	$-	$-	$-
Working capital	$-	$-	$-	$-	$-	$35	$67	$73
Total assets	$-	$-	$-	$-	$-	$-	$-	$-
Shareholders' equity	$-	$-	$-	$-	$-	$35	$67	$73

Consolidated Statements of Operations

(in US$ '000's, except earnings per share)	Three months ended March 31,	Three months ended December 31, 2018	Three months ended September 30, 2018	Three months ended June 30, 2018	Three months ended March 31, 2018	Three months ended December 31, 2017	Three months ended September 30, 2017	Three months ended June 30, 2017
Revenue	-	$-	$-	$-	$-	($32)	($6)	$10
Add: StreamTV revenue recognized as finance interest income	-	-	-	-	-	-	-	-
Cost of sales	-	-	-	-	-	-	-	-
Gross margin	-	-	-	-	-	(32)	(6)	10
Expenses:								
Sales and marketing expenses	-	-	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-	-	-
Administration expenses	-	-	-	-	-	-	-	-
EBITDA	-	-	-	-	-	(32)	(6)	10
Other expenses (earnings)	-	-	-	-	-	-	-	-
Income tax expense	-	-	-	-	-	-	-	-
Net income (loss)	-	$-	$-	$-	$-	($32)	($6)	$10
Net income (loss) per share (basic and fully diluted)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00

New Standards Adopted in 2019

The Group applies, for the first time, IFRS 16 - *Leases* that require restatement of previous financial statements. The nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed consolidated financial statements of the Company

IFRS 16 - Leases

IFRS 16 – *Leases* supersedes the current IAS 17, Leases (IAS 17) standard. IFRS 16 introduces a single accounting model for lessees and for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee will be required to recognize a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments. The accounting treatment for lessors will remain largely the same as under IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019. The Company has applied the full retrospective transition method. Additional information regarding the impact of the adoption of IFRS 15 (which the Company concluded is material) is presented in Note 3 of the interim condensed consolidated financial statements. The impact on the quarterly financial results are as follows:

Consolidated Statements of Financial Position

(in US$ '000's)	March 31, 2019	December 31, 2018 (Restated)	September 30, 2018 (Restated)	June 30, 2018 (Restated)	March 31, 2018 (Restated)	December 31, 2017 (Restated)	September 30, 2017 (Restated)	June 30, 2017 (Restated)
Cash and cash equivalents	$-	$-	$-	$-	$-	$-	$-	$-
Short-term investments	$-	$-	$-	$-	$-	$-	$-	$-
Working capital	$-	($53)	($53)	($48)	($45)	($7)	$27	$36
Total assets	$-	$976	$1,314	$1,353	$1,391	$1,429	$1,467	$1,505
Shareholders' equity	$-	($71)	($136)	($103)	($127)	($162)	($164)	($93)

Consolidated Statements of Operations

(in US$ '000's, except earnings per share)	Three months ended March 31, 2019	Three months ended December 31, 2018 (Restated)	Three months ended September 30, 2018 (Restated)	Three months ended June 30, 2018 (Restated)	Three months ended March 31, 2018 (Restated)	Three months ended December 31, 2017 (Restated)	Three months ended September 30, 2017 (Restated)	Three months ended June 30, 2017 (Restated)
Revenue	-	-	-	-	-	-	-	-
Add: Stream TV revenue recognized as finance interest income	-	-	-	-	-	-	-	-
Cost of sales	-	(28)	(28)	(29)	(30)	(30)	(30)	(28)
Gross margin	-	28	28	29	30	30	30	28
Expenses:								
Sales and marketing expenses	-	(2)	(2)	(3)	(3)	(3)	(3)	(3)
Research and development expenses	-	(1)	(1)	(1)	0	(1)	(1)	(1)
Administration expenses	-	(9)	(10)	(8)	(8)	(8)	(8)	(8)
EBITDA	-	40	41	41	41	42	42	40
Other expenses (earnings)	-	(25)	73	18	6	41	113	87
Income tax expense	-	-	-	-	-	-	-	-
Net income (loss)	-	$65	($32)	$23	$35	$1	($71)	($47)
Net income (loss) per share (basic and fully diluted)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00

New Standards and Interpretations Not Yet Adopted

Standards issued but not yet effective up to the date of issuance of the Company's consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company is currently assessing the impact of the following standards on the consolidated financial statements and intends to adopt these standards when they become effective.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Financial instruments are measured at amortized cost or fair value. Fair value represents the estimated amounts at which financial instruments could be exchanged between knowledgeable and willing parties in an arm’s length transaction. Determining fair value requires management judgment. The following financial instruments are all measured at amortized cost. The fair value of each (with the exception of the investment in customer) approximates its carrying value due to their short-term nature. The fair value of the investment in customer is determined using implied valuations from financing rounds. Therefore, it is treated as a Level 1 financial asset with the fair value equating its carrying value.

The carrying values and fair values of financial assets (liabilities) are summarized as follows:

	March 31, 2019		December 31, 2018 (Restated)		Iarch 31, 2018 (Restated)	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets						
Cash and cash equivalents	$ 3.144.243	$ 3.144.243	$ 3,939,763	$ 3,939,763	$ 4,989,154	$ 4,989,154
Short-term investments	$ 1.015.756	$ 1.015.756	$ 2,027,579	$ 2,027,579	$ 2,260,089	$ 2,260,089
Trade and other receivables	$ 3.706.433	$ 3.706.433	$ 5,265,076	$ 5,265,076	$ 4,799,625	$ 4,799,625
Loan to customer	$ -	$ -	$ -	$ -	$ 1,646,250	$ 1,646,250
Investment in customer	$ 623.019	$ 623.019	$ 623,019	$ 623,019	$ -	$ -
Warrants	$ 30,000	$ 30,000	$ 30,000	$ 30,000	$ 153,000	$ 153,000
Financial Liabilities						
Trade and other payables	($3.942.769)	($3.942.769)	($5,415,376)	($5,415,376)	($4,938,065)	($4,938,065)
Lease liability – current	($ 170,922)	($ 170,922)	($ 130,919)	($ 130,919)	($ 130,674)	($ 130,674)
Lease liability	($1,349,946)	($1,349,946)	($1,293,261)	($1,293,261)	($1,548,717)	($1,548,717)

Disclosures relating to exposure to risks, in particular credit risk, liquidity risk, foreign currency risk, and interest rate risk are provided below.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's financial instruments that are exposed to concentrations of credit risk are primarily cash and cash equivalents, short-term investments and trade and other receivables. The Company limits its exposure to credit risk with respect to cash and cash equivalents by investing available cash, from time to time, in short-term deposits with Canadian financial institutions and commercial paper with a rating not less than R1. With respect to trade and other receivables, the Company engages EDC to perform ongoing credit evaluations of Intrinsyc's customers' financial condition and requires letters of credit or other guarantees whenever deemed necessary.

Trade and other receivables were aged as follows:

	March 31, 2019	December 31, 2018	January 1, 2018
Current	$ 3,086,280	$ 4,864,701	$ 3,913,053
31-60 days	272,123	173,195	94,977
Over 60 days	348,030	227,180	791,595
	$ 3,706,433	**$ 5,265,076**	**$ 4,799,625**

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet liabilities when due. The contractual maturity of the majority of accounts payable is within one month.

Trade and other payables were aged as follows:

	March 31, 2019	December 21, 2018 (Restated	January 1, 2018 (Restated)
Current	$ 2,894,193	$ 4,649,784	$ 4,234,247
31-60 days	503,928	755,946	401,523
Over 60 days	544,648	9,646	302,295
	$ 3,942,769	**$ 5,415,376**	**$ 4,938,065**

Foreign Currency Risk

Although substantially all of the Company's revenues are received in U.S. dollars, the Company incurs operating costs primarily attributable to its services business and has outstanding trade and other payables denominated in Canadian dollars and other foreign currencies. Fluctuations in the exchange rates between these currencies could have a material effect on the business, financial condition and results of operations. The Company maintains certain assets, inclusive of a portion of its treasury investments, in Canadian dollars which are translated to its U.S. dollar functional currency resulting in an unrealized foreign exchange gain or loss. With all other variables remaining constant, assuming a 10% weakening of the Canadian dollar versus the U.S. dollar would have had the following impact on net loss as follows in the table below. An assumed 10% strengthening of the Canadian dollar versus the U.S. dollar would have had an equal but opposite effect on the amounts shown below:

Source of net earnings/loss variability from changes in foreign exchange rates	**Three Months ended March 31, 2019**	**Three Months ended March 31, 2018 (Restated)**
Statement of Financial Position exposure	($100,420)	($233,978)
Net Cost of Sales/Operating Expenses (net exposure)	193,382	196,205
Net exposure	**$ 92,962**	**($ 37,773)**

A 10% change in the New Taiwanese dollar to U.S. dollar exchange rate would have an approximate $9,200 impact on net income for the three months ended March 31, 2019 (three months ended March 31, 2018 – $8,100).

A 10% change in the rupee to U.S. dollar exchange rate would have no material impact on net income for the three months ended March 31, 2019 (three months ended March 31, 2018 - $nil).

Interest Rate Risk

The Company's exposure to interest rate fluctuations is primarily interest earned on its cash and cash equivalents as well as its short-term investments. During the year ended December 31, 2018, the Company earned $24,161 of interest income on its cash and cash equivalents as well as its short-term investments. An increase or decrease of 100 basis points in the average interest rate earned during the period would have adjusted net earnings by approximately $51,000. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

DISCLOSURE OF OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preference shares. As of May 13, 2019, the Company has 19,851,359 common shares issued and outstanding and no preference shares issued and outstanding.

The Company has instituted a rolling incentive stock option plan whereby shares reserved for issuance under the plan shall reflect the lesser of (i) 10% less 1 share of the issued and outstanding common shares of the Company from time to time; and (ii) 3,750,000 common shares. As of May 13, 2019, the Company is entitled to grant incentive stock options for 1,985,134 common shares under the Company's stock option plan, of which 1,665,908 have been granted.

The Company has adopted a restricted share unit plan (the "RSU Plan") which was approved by its shareholders on May 16, 2017. The aggregate maximum number of shares available for issuance from treasury under the RSU Plan shall not exceed 500,000 shares. The fair value of these equity-settled awards is recognized as compensation expense over the period that related services are rendered with a corresponding increase in equity. The total amount expensed is recognized over the vesting period on a tranche basis, which is the period over which all the specified vesting conditions should be satisfied. As of May 13, 2019, the Company has granted 316,895 RSUs.

On September 29, 2017, the Company received approval from the TSX regarding the notice filed by the Company to establish a normal course issuer bid ("NCIB") program to purchase, for cancellation, up to 500,000 common shares or approximately 2.4% of Intrinsyc's issued and outstanding common shares, as at September 21, 2017. The NCIB program commenced on October 4, 2017 and terminated on October 3, 2018 with 495,100 commons shares being purchased and cancelled by the Company.

On September 27, 2018, the Company received approval from the TSX regarding the notice filed by the Company to extend its NCIB program to purchase, for cancellation, up to 1,793,294 common shares or approximately 8.6% of Intrinsyc's issued and outstanding common shares, as at September 25, 2018. The NCIB program extension commenced on October 4, 2018 and will terminate on October 3, 2019, or on such earlier date as the Company may complete its purchases pursuant to a Notice of Intention filed with the TSX

In connection with the NCIB program, the Company established an automatic repurchase plan (the "Plan") with its designated broker to allow for purchases of its common shares during certain pre-determined black-out periods, subject to certain parameters as to price and number of shares. Outside of these pre-determined black-out periods, common shares will be repurchased in accordance with management's discretion, subject to applicable law. Intrinsyc may vary, suspend or terminate the Plan only if it does not have material non-public information and the decision to vary, suspend or terminate the Plan is not taken during a pre-determined blackout period. The Plan constitutes an "automatic plan" for purposes of applicable Canadian securities legislation and has been reviewed by the TSX.

As of May 13, 2019, the Company had purchased and cancelled 1,048,200 common shares under the NCIB extension.

RISKS AND UNCERTAINTIES

An investment in the securities of the Company may be regarded as speculative due to the Company's stage of development. Risk factors relating to the Company could materially affect the Company's future results and could cause them to differ materially from those described in forward-looking statements relating to the Company. Prospective investors should carefully consider these risks.

The following are some of the risks that are associated with the Company's business and operations and should be carefully considered by any potential investor in the Company's shares:

General Economic Conditions May Weaken

Global economic conditions are currently relatively positive. However economic conditions may weaken at some time in the future. The Company sells its products primarily in North America and is most keenly impacted by fluctuations in market conditions in this region. However, it also sells products to customers in more than 60 countries. Deteriorating economic conditions in Europe or Asia could negatively impact revenue and operating results.

Additional Financing

Even though the Company has been profitable since 2015, it has a history of operating losses and uses cash raised in equity markets to partially fund working capital. If adequate funds are not available when required or on acceptable terms, the Company may be required to delay, scale back or terminate its sales and marketing efforts, and may be unable to continue operations. There can be no assurance that the Company will be able to obtain the additional financial resources required to compete in its markets on favorable commercial terms or at all. Any equity offering may result in dilution to the ownership interests of shareholders and may result in dilution of the value of such interests.

Research and Development

The research and development activities of the Company may be funded by its customers through engineering services provided in addition to the Company's investment in research and development activities. If the Company fails to develop new products, incurs delays in developing new products, or if the product the Company develops are not successful, the Company's business could be harmed. Even if the Company does develop new products which are accepted by its target markets, the Company cannot assure that the revenue from these products will be sufficient to justify the Company's investment in research and development. The Company is highly dependent on a strategic partner and some customers to subsidize development of new products. There can be no assurance that its strategic partners or customers will continue to support the Company's product development initiatives.

Dependence on Suppliers

There are a limited number of suppliers, or in some cases, only one supplier, for some of the components that our contract manufacturers use in the Company's products, and any disruption or delay in supply could adversely impact its financial performance. Because its suppliers have other customers, they may not have sufficient capacity to meet all of the Company's needs during periods of excess demand. The recent global economic contraction has caused many of Intrinsyc's suppliers to reduce their manufacturing capacity. As the global economy improves, suppliers are experiencing and may continue to experience supply constraints until they expand capacity to meet increased levels of demand. These supply constraints may adversely affect the availability and lead times of components for Intrinsyc's products. Increased lead times mean that we may have to order materials earlier and in larger quantities. Further, supply constraints will likely result in increased expediting and overall procurement costs as the Company attempts to meet customer demand requirements. In addition, these supply constraints may affect the Company's ability, as well as our contract manufacturers' ability, to meet customer demand and thus result in missed sales opportunities and a loss of market share, negatively impacting revenue and the Company's overall operating results.

History of Losses

Even though the Company has been profitable since 2015, it has a history of operating losses, and there can be no assurance that the Company will be profitable in the future. As at March 31, 2019, the Company had an accumulated deficit of approximately $106.7 million. The Company's prospects must be considered in the context of the implementation stage of its current strategy, the risks and uncertainties it faces, and the inability of the Company to accurately predict its results of sales and marketing initiatives. There can be no assurances that implementation of the Company's strategy will result in the Company sustaining profitable operations.

Stock Price Volatility

The market price for the common shares of the Company fluctuates significantly, and these fluctuations tend to be exaggerated if the trading volume is low. The market price of the common shares may rise or fall in response to announcements of technological or competitive developments, acquisitions or strategic alliances by the Company or its competitors, the gain or loss by the Company of significant orders or broad market fluctuations

Product Development and Technological Change

The market for the Company’s products and services is characterized by rapidly changing technology, evolving industry standards and frequent new product introductions. To be successful, the Company will need to enhance existing products and to introduce new products and features in response to changing standards, customer requirements, and technological innovations by others.

The process of developing new products and solutions and enhancing existing products and solutions is complex, lengthy, costly and uncertain. If the Company fails to anticipate our customers' changing needs or emerging technological trends, its market share and results of operations could materially suffer. The Company must make long-term investments, develop or obtain appropriate know-how and intellectual property and commit significant resources before knowing whether its predictions will accurately reflect customer demand for its products and solutions. If the Company is unable to adapt its products to new technological industry standards, to extend its core technologies into new applications or new platforms or to anticipate or respond to technological changes, the market's acceptance of its products and solutions could decline and the Company’s results could suffer. Additionally, any delay in the development, production, marketing or offering of a new product or application or an enhancement to an existing product or application could result in customer attrition or impede Intrinsyc’s ability to attract new customers, causing a decline in the Company’s revenue or earnings and weakening its competitive position.

Sales and Marketing and Strategic Alliances

The Company’s strategic alliances with operating system vendors, semiconductor manufacturers, and independent software vendors are a key part of the Company’s overall business strategy. The Company cannot, however, be certain that it will be successful in developing new strategic relationships or that the Company’s strategic partners will view such relationships as significant to their own business or that they will continue their commitment to the Company in the future. The Company’s business, results of operation, financial condition and stock price may be materially adversely affected if any strategic partner discontinues its relationship with the Company for any reason. Additionally, the Company at times relies on the voluntary efforts of its strategic partners rather than compliance with contractual obligations, and there are at times no minimum performance requirements. Therefore, the Company cannot be certain that these relationships will be successful.

Dependence on a Small Number of Customers

The Company’s revenue is dependent, in large part, on significant contracts from a limited number of customers. During the three months ended March 31, 2019, 38% of the Company’s consolidated revenue was attributable to its largest customer. Revenue derived from current and future large customers may continue to represent a significant portion of total revenue. The inability to continue to secure and maintain a sufficient number of large contracts would have a material adverse effect on the business, financial condition, operating results and cash flows of the Company. Moreover, the success of the Company will depend in part upon its ability to obtain orders from new customers, as well as the financial condition and success of its customers and general economic conditions.

Length of Sales Cycle

The typical sales cycle of the Company’s products and services is lengthy and unpredictable, and involves significant investment decisions by prospective customers, as well as education of those customers regarding the use and the benefits of the Company’s products and services. A design win, which is defined as tangible evidence of a client beginning the process of developing their product utilizing one of the Company’s standard or custom computing modules, often takes between six and twelve months.

Not all new design wins lead to production, and even if they do, the timing of such production may not occur as the Company or its customers had estimated, or the volumes derived from such projects may not be as significant as the Company had estimated, which could have a substantial negative impact on its anticipated revenue and profitability. The Company’s product revenue expectations are highly dependent upon achieving successful design wins, moving those design wins to volume production as well as the market success of our customers' end products. The time between when the Company achieves a design win with a customer and when it begins shipping to that customer at production levels generally has been shortened with the Company's standards-based model. However, with many new design wins, customers require Intrinsyc to assist them with the design process. In addition, customers may require significant time to integrate Intrinsyc's products into their applications. The design process and the integration of customer specific applications can take six to eighteen months, and in some circumstances can take as long as 36 months. After that, there is an additional time lag from the start of production to achieving peak revenue. Not all design wins lead to production, and the Company may incur costs for designs that do not enter production. Even if a design win does lead to production, the volumes derived from such projects may be less than the Company had originally estimated. Customer projects related to design wins are sometimes canceled or delayed or can perform below original expectations, which can adversely impact anticipated revenue and profitability. In particular, the volumes and time to production associated with new design wins depend on the adoption rate of new technologies among end users. Program delays or cancellations could be more frequent during times of meaningful economic downturn.

Customer Credit Risk

Historically, the Company has offered very limited credit terms to our customers. As its customer base expands, as orders increase in size, the Company expects to offer increased credit terms and flexible payment programs to its customers. Doing so may subject the Company to increased credit risk, higher accounts receivable with longer days outstanding, and increases in charges or reserves, which could have a material adverse effect on its business, results of operations and financial condition.

Visibility of Future Customer Demand

The Company generally does not obtain firm, long-term purchase commitments from its customers, and frequently does not have visibility as to their future demand. Customers also cancel requirements, change engineering or other service requirements, change production quantities, delay production or revise their forecasts for future orders for a number of reasons that are beyond the Company's control. Cancellations, reductions or delays by a significant customer, or by a group of customers, could seriously harm the Company's operating results and negatively affect its working capital levels. Such cancellations, reductions or delays have occurred from time to time and may continue to occur.

Selling Price Erosion

Average selling prices of computing products typically are higher at the time of introduction of new products, which utilize the latest technology and tend to decrease over time as such products become commoditized and are ultimately replaced by even newer generation products. The Company cannot predict the timing or amount of any decline in the average selling prices of its products that it may experience in the future. In some instances, its agreements with distributors limit the ability to reduce prices unless it can make such price reductions available to them, or price protect their inventory. If the Company is unable to decrease per unit manufacturing costs faster than the rate at which average selling prices continue to decline, its business, financial condition and results of operations will be harmed.

Intellectual Property Protection

The Company's ability to compete may be affected by its ability to protect its intellectual property. It relies primarily on a combination of copyright, trademark, patent and trade secret laws, confidentiality procedures and contractual provisions to protect its intellectual property. While the Company believes that its products and technologies are adequately protected against infringement, there can be no assurance of effective protection. Monitoring and identifying unauthorized use of the Company's technology is difficult, and the prohibitive cost of litigation may impair the Company's ability to prosecute any infringement. The commercial success of the Company will also depend upon its products not infringing any intellectual property rights of others and upon no claims for infringement being made against the Company. The Company believes that it is not infringing any intellectual property rights of third parties, but there can be no assurance that such infringement will not occur. An infringement claim against the Company by a third party, even if it is invalid, could have a material adverse effect on the Company because of the costs of defending against such a claim.

Competition

Because of intense market competition, the Company may not be able to grow or maintain current revenue to succeed. The Company faces competition in the design of embedded computing solutions from a number of sources globally, including its own customers, many of whom have the ability to design embedded computing solutions by utilizing their own internal resources. Intrinsyc could also lose market share if customers who currently outsource to Intrinsyc elect to in-source all or a portion of the design process in the future. The markets in which the Company operates are fragmented, with a few large, international companies competing both against each other and a large number of small and medium-sized companies that focus on a more select group of products and customers. Some of the current and potential competitors have a number of significant advantages over Intrinsyc, including:

- a longer operating history;
- greater name recognition and marketing power;
- preferred vendor status with our existing and potential customers;
- significantly greater financial, technical, personnel, sales and marketing and other resources, which allow them to respond more quickly to new or changing opportunities, technologies and customer requirements;
- broader product and services offerings to provide more complete solutions; and
- lower cost structures.

Consolidation among Intrinsyc's competitors could also result in the formation of larger competitors with greater market share and greater financial and technological resources than Intrinsyc and further increase competition in the markets it serves. Some of the Company's products are built upon processor technology acquired from Qualcomm Technologies, Inc. This technology is becoming more broadly available to Intrinsyc's competitors and there are an increasing number of competitive products being introduced to the market.

International Business Operations

The Company continues to operate internationally. International sales and the related infrastructure support operations carry certain risks and costs such as the administrative complexities and expenses of administering a business abroad; complications in both compliance with and also unexpected changes in regulatory requirements, foreign laws, international import and export legislation, trading policies, tariffs and other barriers; potentially adverse tax consequences; and uncertainties of law and enforcement relating to the protection of intellectual property and unauthorized duplication of software. There can be no assurance that these factors will not be experienced in the future by the Company or that they will not have a material adverse impact on the Company's business, results of operations and financial conditions.

Foreign Exchange Risk

Although substantially all of the Company's revenues are received in U.S. dollars, the Company incurs operating costs primarily attributable to its services business and has outstanding trade and other payables denominated in Canadian dollars and other foreign currencies. The Company attempts to mitigate this risk by denominating many of its payment obligations in U.S. dollars. The Company maintains certain assets, inclusive of a portion of its treasury investments, in Canadian dollars. Fluctuations in the exchange rates between these currencies could have a material effect on the business, financial condition and results of operations of the Company.

Insufficient, Excess or Obsolete Inventory

As a result of the Company's strategy to provide greater choice and customization of our products to its customers, it is required to maintain a high level of inventory of components. If the Company fails to maintain sufficient inventory, it may not be able to meet demand for its products on a timely basis, and sales may suffer. If the Company overestimates customer demand, the Company could experience excess inventory of its products and be unable to sell those products at a reasonable price, or at all. As a result, the Company may need to record higher inventory reserves. In addition, from time to time the Company assumes greater inventory risk in connection with the purchase or manufacture of more specialized components in connection with higher volume sales opportunities. The Company expects that it will experience write-downs from time to time in the future related to existing and future commitments.

If the Company is later able to sell inventory with respect to which it has taken a reserve at a profit, it may increase the quarterly variances in operating results. Historically, the Company has written off obsolete inventory. Excess or obsolete inventory levels for these or other reasons could result in unexpected expenses or increases in reserves against potential future charges which would adversely affect the Company's business and financial results.

Potential Fluctuations in Quarterly Results

The Company's quarterly operating results may vary significantly depending on factors such as the timing of new product introductions and changes in pricing policies by the Company and its competitors, market acceptance of new and enhanced versions of the Company's products and the timing of orders from its hardware customers. Because the Company's operating expenses are based on anticipated revenues and a high percentage of the Company's expenses are relatively fixed in the short term, variations in the timing of recognition of revenues can cause significant fluctuations in operating results from quarter to quarter and may result in unanticipated quarterly earnings shortfalls or losses. The Company may in the future experience lower profit margins as a result of an increased focus on a hardware-based business model to the extent that revenue from the sales of machine to machine and embedded computing modules may account for a greater percentage of the Company's revenues in future quarters. The market price of the Company's common shares may be highly volatile in response to such quarterly fluctuations.

Dependence on Key Personnel

The Company's future success depends largely on its ability to attract and retain talented employees. The Company is highly dependent on a limited number of key personnel to maintain customer and strategic relationships. Loss of key personnel could have an adverse effect on these relationships and negatively impact the Company's financial performance. The Company's future results of operations will depend in part on the ability of its officers, management and other key employees to implement and expand operational, customer support and financial control systems and to expand, train and manage its employee base. The Company's future performance will also depend to a significant extent on its ability to identify, attract, train and retain highly skilled sales, technical, marketing and management personnel. If the Company were to lose the services of any key personnel, the Company may encounter difficulties finding qualified replacement personnel.

Acquisitions

The Company has, and from time to time in the future may, acquire businesses, products or technologies that it believes complement or expand its existing business. Acquisitions of this type involve a number of risks, including the possibility that the operations of the acquired business will not be profitable or that the attention of the Company's management will be diverted from the day-to-day operation of its business. An unsuccessful acquisition could reduce the Company's margins or otherwise harm its financial condition. Any acquisition could result in a dilutive issuance of equity securities, the incurrence of debt and the loss of key employees. The Company cannot ensure that any acquisitions will be successfully completed or that, if one or more acquisitions are completed, the acquired businesses, products or technologies will generate sufficient revenues to offset the associated costs of the acquisitions or other adverse effects.

Product Liability

The Company's license agreements with its customers typically contain provisions designed to limit the Company's exposure to potential product liability claims. There can be no assurance that such provisions will protect the Company from such claims. The Company does not maintain product liability insurance. A successful product liability claim brought against the Company could have a material adverse effect upon the Company's business, results of operations and prospects.

Investment in Customer

The Company acknowledges that there is uncertainty regarding the valuation of the equity investment in Stream TV due to the uncertainty inherent to the fact that Stream TV is a pre-commercial entity in an emerging technology sector.

Shareholder Rights Plan

The Company has implemented a Shareholder Rights Plan (the "SRP"). The SRP provides for substantial dilution to an acquirer making a take-over bid for the common shares of the Company unless the bid meets the requirements described in the SRP. This could discourage a potential acquirer from making a take-over bid and make it more difficult for a third party to acquire control of the Company, even if such acquisition or bid would be beneficial to the Company's shareholders.

Management of Growth

The Company's future results of operations will depend in part on the ability of its officers and other key employees to implement and expand operational, customer support and financial control systems and to expand, train and manage its employee base. The Company's future performance will also depend to a significant extent on its ability to identify, attract, train and retain highly skilled sales, technical, marketing and management personnel. Substantial growth in the Company's hardware initiatives may require the Company to raise additional capital through the issuance of additional shares or securing financing. There can be no assurance that the Company would be able to secure additional funding through these activities.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS

The Chief Executive Officer and Chief Financial Officer have designed disclosure controls and procedures to provide reasonable assurance that material information relating to the Company is made known to them by others within the Company. The Chief Executive Officer and Chief Financial Officer have also designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and preparation of the financial statements in accordance with IFRS.

The Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures and assessed the design of the Company's internal controls over financial reporting in accordance with *Internal Control - Integrated Framework 2013*, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). This evaluation identified no instances in which internal controls did not operate in an effective manner. Nonetheless, the Company has further strengthened its internal control processes to mitigate future potential material financial statement misstatements and other internal control violations during the three months ended March 31, 2019.

Because of the inherent limitations in a control system, any control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that it will prevent or detect all misstatements, due to error or fraud, from occurring in the financial statements. As the Company has a limited number of personnel, management has concluded that a weakness exists in the design of internal controls over financial reporting caused by a lack of adequate segregation of duties. This weakness has the potential to result in material misstatements in the Company's financial statements and should also be considered a weakness in its disclosure controls and procedures. Management has concluded that taking into account the present stage of the Company's development and the best interests of its shareholders; the Company does not have sufficient size and scale to warrant the hiring of additional personnel to correct this weakness at this time. To help mitigate the impact of this weakness and to ensure quality financial reporting, supervisory controls are exercised by management and the Audit Committee is vigilant in its' oversight.

The Chief Executive Officer and Chief Financial Officer of the Company conducted an evaluation of the disclosure controls and procedures as required by National Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings" issued by the Canadian Securities Administrators. They concluded that as at March 31, 2019, the Company's disclosure controls and procedures were effective to provide reasonable assurance that material information regarding required disclosures was made known to them on a timely basis.

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS

I, Tracy Rees, Chief Executive Officer of Intrinsyc Technologies Corporation certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A (together, the "interim filings") of Intrinsyc Technologies Corporation (the "issuer") for the interim period ended March 31, 2019.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. ***Responsibility:*** The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, for the issuer.

5. ***Design:*** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer(s) and I have, as at the end of the period covered by the interim filings

a. designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

- i. material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and
- ii. information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

b. designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

5.1 ***Control framework:*** The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is the COSO internal framework (Committee of Sponsoring Organizations of the Treadway Commission).

5.2 ***ICFR – material weakness relating to design:*** N/A

5.3 ***Limitation on scope of design:*** N/A.

6. ***Reporting changes in ICFR:*** The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on January 1, 2019 and ended on March 31, 2019 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: May 14, 2019
"Tracy Rees"
Tracy Rees
Chief Executive Officer

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS

I, George Reznik, Chief Financial Officer of Intrinsyc Technologies Corporation certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A (together, the "interim filings") of Intrinsyc Technologies Corporation (the "issuer") for the interim period ended March 31, 2019.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. ***Responsibility:*** The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, for the issuer.

5. ***Design:*** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer(s) and I have, as at the end of the period covered by the interim filings

a. designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

   i. material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

   ii. information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

b. designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

5.1 ***Control framework:*** The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is the COSO internal framework (Committee of Sponsoring Organizations of the Treadway Commission).

5.2 ***ICFR – material weakness relating to design:*** N/A

5.3 ***Limitation on scope of design:*** N/A.

6. ***Reporting changes in ICFR:*** The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on January 1, 2019 and ended on March 31, 2019 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: May 14, 2019
"George Reznik"
George Reznik
Chief Financial Officer