THIRD QUARTER – FISCAL YEAR 2016

MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis ("MD&A") provides a review of Immunotec Inc.'s results of operations, financial condition and cash flows for the three- and nine-month periods ended July 31, 2016 and 2015. In this MD&A, the "Company", "Immunotec", "we", "us", "our" and the "Group" refer to Immunotec Inc. and its subsidiaries. This discussion and analysis should be read in conjunction with the Company's unaudited interim consolidated condensed financial statements for the three- and nine-month periods ended July 31, 2016 and 2015, as well as the audited consolidated financial statements as of and for the year ended October 31, 2015.

All amounts in this MD&A are presented in thousands of Canadian dollars, except for the number of shares and options, or otherwise noted. Information contained herein includes all significant developments as of September 16, 2016, the date upon which the MD&A was approved by the Company's Board of Directors. All percentages reflected herein are calculated on whole dollar amounts as contained in the Company's financial records and financial statements and not on the rounded amounts as disclosed herein. Additional information relating to the Company is available on SEDAR at www.sedar.com.

Immunotec is a Canadian-based company that develops, manufactures, markets and sells research-driven nutritional products through direct-to-consumer sales channels in Canada, the United States, Mexico, the Dominican Republic, the United Kingdom and Ireland. The Company offers an extensive family of nutritional, skin care and wellness products targeting health, weight management, energy and performance. The Immunocal family of products is supported by over 40 published articles and supporting science in medical and scientific literature. Immunotec is headquartered near Montreal, Canada and operates two manufacturing and warehousing facilities in Blainville, Canada and Toluca, Mexico. Immunotec also operates customer service offices in Mexico City, Mexico and in Commerce, California, USA as well as at its head office.

1. RECENT DEVELOPMENTS

- February 2016 – Immunotec hosted two dynamic conventions for their Independent Consultants in Acapulco, Mexico and in Las Vegas, NV. Combined, more than 3500 Consultants celebrated Immunotec's 20th Anniversary.

- February 2016 – Immunotec launched Elasense™ a glutathione skin care collection supported by science and research that provides both short-term and long-term benefits. All products contain SynerG4™, an exclusive antioxidant complex comprised of four powerful natural ingredients; the master antioxidant glutathione, extracts of green tea, acai berry and cactus that work synergistically to produce amazing results.

- February 2016 – Immunotec announced that their flagship product, Immunocal®, and Immunocal Platinum® have been certified by the world-class anti-doping lab, LGC, and now carry the INFORMED-CHOICE.ORG logo. LGC is a recognized quality-assurance program that ensures a supplement is tested for banned substances.

- February 2016 – Immunotec announced three executive promotions. Mrs. Mimi Cohen was promoted to the position of Vice-President, Marketing, Mr. David Marshall was promoted to the position of Vice-President, Sales, Canada, the U.S., the UK and the Dominican Republic and, Mr. David Pelletier was promoted to the position of Vice-President, Regulatory Affairs, Quality Control & Product Development.

- April 2016 - Immunotec announced the renewal, for a five (5) year period, of its Supply and Manufacturing Agreement with Glanbia Nutritionals ("Glanbia"). This new contract replaces the previous agreement signed in May 2011.

- April 2016 - Immunotec reported the results of its Annual General Meeting of Shareholders held on April 27, 2016 ("AGM") and welcomed Mr. Mario Paradis to serve as a director of Immunotec and a member of the Audit Committee. Mr. Paradis is a member of the Canadian Chartered Professional Accountants (CPA) and current Vice-President and Chief Financial Officer of Neptune Technologies and Bioressources Inc. and of Acasti Pharma Inc. since 2015. Previously from 2008 to 2015, Mr. Paradis was Vice-President and Chief Financial Officer at Atrium Innovations Inc.

- May 2016 - Artemis Racing is pleased to announce that Immunotec will supply the team with its Immunocal® and Immunocal Platinum® products, as an Official Supporter of its Racing's 35th America's Cup challenge. Considering the physiological strain to which these sailors will be subjected, Immunocal® and Immunocal Platinum® will play an important role in helping them to maintain peak performance over the course of the program.

2. FINANCIAL PERFORMANCE

2.1 Financial condition

The unaudited interim consolidated condensed statements of financial position as of July 31, 2016 and October 31, 2015 are presented in the following table:

Financial condition

As at *(000's of C$)*	**July 31, 2016**	**October 31, 2015**
Cash and restricted cash	10,353	10,252
Inventories	6,172	5,907
Property, plant and equipment	6,191	6,188
Total assets	29,450	30,117
Long-term liabilities (including current portion)	2,523	2,941
Equity	15,942	14,448

Assets

The unaudited interim consolidated condensed statement of financial position as of July 31, 2016 shows cash and restricted cash of $10.4M, a slight increase compared to $10.3M as of October 31, 2015. Inventories as of July 31, 2016 were $6.2M compared to $5.9M as of October 31, 2015, an increase of $0.3M attributable to inventory build-up to support our expected increase in sales.

2.2 Results of operations

The unaudited interim consolidated condensed statements of operations for the three- and nine-month periods ended July 31, 2016 compared to the same period in 2015 are presented in the following table:

Results of operations

For the periods ended July 31, *('000s of C$, except for share and per share data)*	**Three-months**		**Nine-months**	
	2016	**2015**	**2016**	**2015**
Revenues	28,370	22,068	76,900	59,954
Cost of sales	7,674	5,369	19,527	14,237
Margin before expenses	20,696	16,699	57,373	45,717
Expenses	19,968	15,543	54,301	42,375
Operating income	728	1,156	3,072	3,342
Net finance (income) expenses	(94)	(256)	684	195
Income taxes	200	260	860	820
Net profit	622	1,152	1,528	2,327
Total comprehensive income	554	1,041	1,271	2,380
Total basic and diluted net profit per common share	0.009	0.017	0.022	0.034
Weighted average number of common shares oustanding during the period				
Basic	69,761,628	69,287,627	69,599,100	69,107,327
Diluted	69,955,567	69,292,329	69,674,106	69,111,209

Revenues for the three- and nine-month periods ended July 31, 2016 reached $28.4M and $76.9M compared to $22.1M and $60.0M during the same period in the previous year, an increase of $6.3M or 28.6% and $16.9M or 28.3%. In local currencies, the three- and nine-month growth was 54.1% and 40.8% in Mexico, 20.5% and 25.7% in the US and 5.2% and 6.4% in Canada.

Margins before expenses, as a percentage of revenues, decreased to 73.0% for the three-month period ended July 31, 2016 from 75.7% for the same period in the prior year. Margins before expenses decreased from 76.3% in the nine-month period ended July 31, 2015 to 74.6% for the nine-month period ended July 31, 2016. The decrease of 2.7% for the quarter and the decrease of 1.7% for the year are both predominately due to the devaluation of the Mexican Peso when converted to our reporting currency, the Canadian dollar.

Expenses for the three- and nine-month periods ended July 31, 2016 amounted to $20.0M and $54.3M compared to $15.5M and $42.4M in the previous year, an increase of $4.5M or 28.5% and $11.9M or 28.1%. This increase is consistent with the growth in revenues reported above. The main cost center "Field incentives" is a variable element, directly associated with the performance of network sales. As a percentage of revenues, expenses remained consistent at 70.4% for the three-month periods ended July 31, 2015 and July 31, 2016. For the nine-month period ended July 31, 2016, expenses as a percentage of revenues decreased slightly to 70.6% from 70.7% for the nine-month period ended July 31, 2015.

Net finance income decreased from $0.3M in the three-month period ended July 31, 2015 to $0.1M for the three-month period ended July 31, 2016. In the nine-month period ended July 31, 2016, net finance expenses increased to $0.7M from $0.2M for the nine-month period ended July 31, 2015. Both years were influenced by a variation of $(0.1M) for the three-month period ended July 31, 2016 and $0.5M for the nine-month period ended July 31, 2016 from foreign exchange fluctuations associated with the conversion of intercompany balances of foreign subsidiaries to the Canadian dollar.

Net profit for the three- and nine-month periods ended July 31, 2016 was $0.6M and $1.5M compared to $1.2M and $2.3M for the corresponding periods of the previous year. On a currency

Total comprehensive income for the three- and nine-month periods ended July 31, 2016 was $0.6M and $1.3M compared to $1.0M and $2.4M for the corresponding periods of the previous year.

Total basic and fully diluted net profit per common share for the three- and nine-month periods ended July 31, 2016 was $0.009 and $0.022 compared to $0.017 and $0.034 for the corresponding periods of the previous year.

Revenues and sponsoring[1]

Revenues and sponsoring [1]

For the periods ended July 31, *('000s of C$)*	**Three-months 2016**	**2015**	*Variation*	**Nine-months 2016**	**2015**	*Variation*
Network sales	26,383	20,139	*31.0%*	70,931	54,614	*29.9%*
Other revenue	1,987	1,929	*3.0%*	5,969	5,340	*11.8%*
	28,370	22,068	*28.6%*	76,900	59,954	*28.3%*
Network sales in key markets in local currency	**2016**	**2015**	*Variation*	**2016**	**2015**	*Variation*
Mexico *('000s of Mexican pesos)*	200,170	129,566	*54.5%*	494,614	350,928	*40.9%*
United States *('000s of US$)*	6,473	5,424	*19.3%*	17,872	14,271	*25.2%*
Canada *('000s of C$)*	3,020	2,887	*4.6%*	8,888	8,376	*6.1%*
Sponsoring[1] of new customers and consultants in key markets *(# of people)*	**2016**	**2015**	*Variation*	**2016**	**2015**	*Variation*
Mexico	22,469	14,557	*54.4%*	53,922	38,083	*41.6%*
United States	6,547	5,002	*30.9%*	16,686	12,610	*32.3%*
Canada	2,175	1,577	*37.9%*	6,173	4,600	*34.2%*
	31,191	21,136	*47.6%*	76,781	55,293	*38.9%*

Network sales are the Company's most important performance indicator as they are driven by product sales from our network of independent customers and consultants. Network sales for the three- and nine-month periods ended July 31, 2016 reached $26.4M and $70.9M compared to $20.1M and $54.6M for the corresponding periods of the previous year, an increase of $6.3M or 31.0% and $16.3M or 29.9%. In local currency, the Company recorded an increase in network sales in Mexico of 54.5% and 40.9%, in the United States of 19.3% and 25.2%, and, in Canada of 4.6% and 6.1% for the three- and nine-month periods ended July 31, 2016 relative to the corresponding periods of the previous year.

In the United States, the increase in network sales is the result of an increase in the sponsoring[1] of new consultants and customers. For the three- and nine-month periods ended July 31, 2016, the number of new independent consultants and customers in the United States increased by 30.9% and 32.3%. This increase primarily reflects the Company's continued success in attracting new customers and independent consultants throughout the United States.

Sponsoring activities in Mexico increased by 54.4% and 41.6% during the three- and nine-month periods ended July 31, 2016, over the same period in the previous year. This year's performance is a marked improvement over the previous year, which was adversely affected by the Company's obligation to apply a Value Added Tax of 16% in October of 2014. Management believes that the Mexican market has now adapted to this reality.

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[1] Refer to the "NON-GAAP MEASURES" section.

In Canada, the number of new customers and independent consultants increased by 37.9% and 34.2% for the three- and nine-month periods compared to the same periods of the previous year. This increase emanated predominantly from the Western provinces of Canada where more leadership activities took place.

Other revenue, which includes revenues of products sold to licensees in countries which do not have a network of independent consultants (export sales), shipping revenue and educational material purchased by our network of independent consultants, was $2.0M and $6.0M for the three- and nine-month periods ended July 31, 2016. This compares to $1.9M and $5.3M for the corresponding periods in the previous year, an increase of 3.0% and 11.8%, attributable predominantly to an increase in sales of educational material and shipping revenues.

Geographic distribution of revenues

Geographic distribution of revenues

For the periods ended July 31,	**Three-months**			**Nine-months**		
('000s of C$)	**2016**	**2015**	*Variation*	**2016**	**2015**	*Variation*
Mexico	14,927	10,856	*37.5%*	38,622	29,842	*29.4%*
Rest of North America	12,353	10,302	*19.9%*	35,264	27,716	*27.2%*
Other countries	1,090	910	*19.8%*	3,014	2,396	*25.8%*
	28,370	22,068	*28.6%*	76,900	59,954	*28.3%*

Mexico is the Company's largest market, representing 52.6% and 50.2% of revenues in the three- and nine-month periods ended July 31, 2016, compared to 49.2% and 49.8% in the same periods of the previous year. Mexican revenues were $14.9M and $38.6M in the three- and nine-month periods ended July 31, 2016 compared to $10.9M and $29.8M during the corresponding periods of the previous year, an increase of 37.5% and 29.4%.

Revenues in the rest of North America, which includes the combined Canadian and U.S. markets, amounted to $12.4M or 43.5% of total revenues and $35.3M or 45.9% of total revenues for the three- and nine-month periods ended July 31, 2016. This compares to $10.3M or 46.7% of total revenues and $27.7M or 46.2% of total revenues in the corresponding periods of the previous year. The increase in total revenues from the rest of North America was a result of improved sponsorship in both Canada and the U.S. along with favourable currency fluctuations related to the US dollar.

Revenues from other countries accounted for $1.1M or 3.9% of total revenues and $3.0M or 3.9% of total revenues for the three- and nine-month periods ended July 31, 2016 compared to $0.9M or 4.1% of total revenues and $2.4M or 4.0% of total revenues in the corresponding periods in 2015. Revenues from other countries include two European countries, 15 countries in Asia and Latin America where the Company does not have a network of independent consultants, and network sales in the Dominican Republic.

Key performance metrics[1]

Key performance metrics[1]

For the periods ended July 31, ('000s of C$)	Three-months 2016	Three-months 2015	Nine-months 2016	Nine-months 2015
Revenues	28,370	22,068	76,900	59,954
Margin before expenses	20,696	16,699	57,373	45,717
as a % of Revenues	**73.0%**	**75.7%**	**74.6%**	**76.3%**
Selling, general and administrative	4,587	3,982	13,289	11,649
as a % of Revenues	**16.2%**	**18.0%**	**17.3%**	**19.4%**
Product revenues[1]	27,460	21,230	74,189	57,639
Cost of sales	7,674	5,369	19,527	14,237
as a % of Product revenues[1]	**27.9%**	**25.3%**	**26.3%**	**24.7%**
Network sales	26,383	20,139	70,931	54,614
Field incentives	15,149	11,234	39,500	30,068
as a % of Network sales	**57.4%**	**55.8%**	**55.7%**	**55.1%**

During the three- and nine-month periods ended July 31, 2016, margin before expenses as a percentage of revenues amounted to 73.0% and 74.6% compared to 75.7% and 76.3% in the same periods of the previous year. The decrease in both the three- and nine-month periods' margin is due predominantly, to the fluctuation of exchange rates of both the US dollar and the Mexican peso when converted to the reporting, the Canadian dollar. When comparing results on a currency neutral basis, Management estimate that the recent devaluation of the Mexican pesos, despite being mitigated by the strengthening of the US dollar, resulted in a loss in margin before expenses of approximately $1.0M and $0.8M for the three- and nine-month periods ended July 31, 2016.

During the three- and nine-month periods ended July 31, 2016, the selling, general and administrative expenses as a percentage of revenues amounted to 16.2% and 17.3% as compared to 18.0% and 19.4% during the same periods of the previous year, reflecting a disciplined management of corporate expenses.

During the three- and nine-month periods ended July 31, 2016, cost of sales as a percentage of product revenues[1] amounted to 27.9% and 26.3% compared to 25.3% and 24.7% in the same periods of the previous year. As mentioned above, the strengthening of the US dollar had an impact on the cost of goods sold in Mexico but purchased and manufactured in the United States. Management constantly reviews its manufacturing strategies and implements, when appropriate, measures that can improve margins while maintaining high quality product

[1] Refer to the "NON-GAAP MEASURES" section

standards. During the third quarter of fiscal year 2016, management completed certain improvements to its Blainville facility in Canada which has thus increased throughput efficiency for our US and international production. Management expects to record certain savings and efficiency beginning in the fourth quarter of 2016.

Field incentives are the Company's most significant expense, consisting of commissions from product sales, performance bonuses and other promotional incentives provided to qualifying independent consultants. During the three- and nine-month periods ended July 31, 2016, field incentives amounted to $15.1M or 57.4% of network sales and $39.5M or 55.7% of network sales, compared to $11.2M or 55.8% of network sales and $30.1M or 55.1% of network sales during the same periods in the previous year.

Adjusted EBITDA[1] analysis

Calculation of adjusted EBITDA [1]

For the periods ended July 31,	**Three-months**		**Nine-months**	
('000s of C$)	**2016**	**2015**	**2016**	**2015**
Net profit	622	1,152	1,528	2,327
Add:				
Depreciation and amortization	165	170	511	492
Net finance (income) expenses	(94)	(256)	684	195
Other expenses	67	158	1,001	167
Income taxes	200	260	860	820
Adjusted EBITDA	960	1,484	4,584	4,001
as a % of Revenues	*3.4%*	*6.7%*	*6.0%*	*6.7%*

Adjusted EBITDA[1] for the three- and nine-month periods ended July 31, 2016 amounted to $1.0M or 3.4% of revenues and $4.6M or 6.0% of revenues compared to $1.5M or 6.7% of revenues and $4.0M or 6.7% of revenues for the same periods of the previous year. During the period ended July 31, 2016, the Company proceeded with certain changes to its marketing and sales management and also expensed incremental costs for professional fees associated with the finalization of the conclusive agreement procedures in Mexico, described below under section 4 – Contingencies; and expensed costs associated with a consent ruling in the State of California (CA), regarding three products that did not have the proper warning label in conformity with CA's proposition 65 settlement.

During the period ended July 31, 2016, the Company filed a criminal complaint with the General Prosecuting Office in the State of Chihuahua in Mexico, for facts associated with a fraud committed by independent consultants. For more

[1] Refer to the "NON-GAAP MEASURES" section.

information, please refer to the note 11 of the interim consolidated condensed financial statement.

Net finance expenses

Net finance (income) expenses

For the periods ended July 31, ('000s of C$)	Three-months 2016	Three-months 2015	Nine-months 2016	Nine-months 2015
Interest expense	34	31	142	97
Financing fees	-	59	-	59
Net foreign exchange (gain) loss	(128)	(346)	542	39
Net finance (income) expenses	(94)	(256)	684	195

Net finance (income) expenses are comprised of interest on long-term debt and on finance lease obligation, financing fees and foreign exchange (gain) loss. Both years were influenced by a variation from foreign exchange fluctuations associated with the conversion of intercompany balances of foreign subsidiaries.

Previous eight quarters ended July 31, 2016

Summary of the last eight quarters (in 000's of C$, except per share data)

	Revenues	Adjusted EBITDA¹ (in $ and % of revenues)		Net profit	Basic & diluted net profit per share
31/Jul/16	28,370	960	3.4%	622	0.01
30/Apr/16*	25,586	2,370	9.3%	568	0.01
31/Jan/16*	22,944	1,254	5.5%	338	0.00
31/Oct/15	24,804	2,079	8.4%	1,715	0.02
31/Jul/15	22,068	1,484	6.7%	1,152	0.02
30/Apr/15	19,968	1,394	7.0%	323	0.00
31/Jan/15	17,918	1,122	6.3%	852	0.01
31/Oct/14	23,310	1,171	5.0%	48	0.00

* Adjusted EBITDA¹ (in $ and % of revenues) has been modified to conform to the presentation adopted for the current period. Some costs had originally been recorded as Selling, general and administrative and they have been reclassified to Other expenses. The Company believes this presentation better reflects the nature of the expenses.

The Company has recorded improvements in revenues since the quarter ending January 2015.

Adjusted EBITDA[1] has maintained an average of 6.4% and a high of 9.3% attained in the quarter ended April 30, 2016.

Net profit, comprehensive income and total basic and diluted net profit per share

Net profit for the three- and nine-month periods ended July 31, 2016 totalled $0.6M and $1.5M compared to $1.2M and $2.3M for the corresponding periods in the previous year.

Total comprehensive income for the three- and nine-month periods ended July 31, 2016 totalled $0.6M and $1.3M compared to $1.0M and $2.4M for the corresponding periods in the previous year, reflecting the impact of the foreign currency translation of foreign subsidiaries.

Total basic and fully diluted profit per common share for the three- and nine-month periods ended July 31, 2016 was $0.009 and $0.022 compared to $0.017 and $0.034 for the corresponding periods one year earlier.

3. LIQUIDITY

As of July 31, 2016 the Company had a cash position of $10.4M, of which $0.6M was restricted security against long-term debt, compared to $10.3M as of October 31, 2015 where $0.6M was restricted cash.

Based on risk and uncertainties associated with its business model, the Company maintains a capital structure that allows it to finance its operations and support its growth. The Company periodically monitors its capital structure which it defines as long-term debt and equity. The Company expects it will be able to meet its contractual obligations and continue to fund its planned activities for the next fiscal year.

It should be noted that the Company is currently involved in legal proceedings regarding Mexican import taxation authorities, as further discussed in the "Contingencies" section below.

The interim consolidated condensed cash flow statements for the nine-month period ended July 31, 2016 and the comparative period in 2015 are presented below:

Consolidated statements of cash flows

For the nine-month periods ended July 31, *('000s of C$)*	**2016**	**2015**
Operating activities		
Net profit	1,528	2,327
Adjustments for items not affecting cash	1,294	(1,077)
Cash from operating activities prior to working capital variation	2,822	1,250
Net change in non-cash working capital	(1,272)	(298)
Net cash provided by operating activities	1,550	952
Investing activities	(496)	(629)
Financing activities	(417)	1,818
Net increase in cash during the period	637	2,141
Cash — Beginning of the period	10,252	6,787
Effect of foreign exchange rate fluctuations on cash	(536)	274
Cash — End of the period	10,353	9,202

Cash flow from operating activities

Net cash provided by operating activities amounted to $1.6M during the nine-month period ended July 31, 2016 compared to $1.0M for the corresponding period in the previous year.

Cash flow used in investing activities

The Company invested $0.5M in 2016 and $0.6M in 2015, primarily related to leasehold improvements and related investments in the existing facility in Blainville in 2016 and the new warehouse in Toluca, Mexico in February 2015.

Cash flow used in financing activities

During the nine-month period ended July 31, 2016, the repayments on long-term liabilities were $0.4M compared to $0.3M in the same period the previous year.

Off-Balance sheet arrangements

To date, the Company has not had any unconsolidated entities or financial partnerships, such as those referred to as “structured finance” or “special purpose” entities, which are established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. Other than the

Company's operating leases and the commitments disclosed in the annual consolidated financial statements, the Company has no other off-balance sheet transactions.

Related party transactions

For the three- and nine-month periods ended July 31, 2016 and 2015, there were no transactions except normal wage and salaries with related parties. No guarantees have been given to, or received from, any related parties.

4. CONTINGENCIES

In the normal course of business, the Company and its subsidiaries are subject of tax audits by government authorities in their respective countries. In certain of these audits, taxation authorities could propose different tax or commodity tax treatments which could result in additional amounts due, as well as related interest or penalties. The Company believes that the current tax treatments are correct and it has a reasonable defense for any allegations that additional amounts are owed. When appropriate, the Company contests notices of assessment and administrative or judicial decisions in this respect. At the moment, the Company is subject to the following taxation processes:

i. In December 2012 and January 2013, the Mexican Tax Administration Service ("MTAS") issued resolutions which denied the Company's Mexican subsidiary's refund requests for a number of favourable value added tax "VAT" balances in aggregate, totaling approximately $0.5M. The denials were based on the MTAS's evaluation that the Immunocal and Immunocal Platinum products were not destined for nutritional purposes and that a VAT tax rate of 16% should have been applied on the sale of such products. The Company filed an annulment lawsuit (first stage lawsuit) in lower tax court against these resolutions. The annulment was denied and the Company proceeded to the next level of appeal in the Collegiate Tribunals. In September 2014, the Fifteenth Collegiate Tribunal in Administrative Matters of the First Circuit denied the Company's request for this refund. Immunotec has challenged this decision and filed an appeal with the Mexican Supreme Court (third stage of appeal) but the reimbursement was denied during this fiscal year. As a result, the Company recorded during the year ended October 31, 2014 a provision for commodity tax provision of approximately $5.5M which was partially offset by the related recoverable amounts from taxation authorities covering prior months which are related to the above-mentioned appeal to the Supreme Court.

ii. During the fourth quarter of fiscal 2014 the MTAS requested information related to 134 of the Company's Mexican subsidiary's imports covering 100% of entries associated with Immunocal and Immunocal Platinum products into Mexico between June 2011 and July 2013. After some further discussions with the MTAS Auditors, Immunotec decided to file, on June 1st, 2015, a request for a conclusive agreement before the Mexican Tax Ombudsman (PRODECON as per its acronym in Spanish), proposing a settlement of the audit, under the following terms: (i) Immunotec would be compelled to pay the VAT over all of the imports under questioning by the MTA, plus inflation adjustments and surcharges; (ii) Since this is the first time Immunotec enters into a conclusive agreement, it should have the right to amnesty over 100% of the aforementioned penalties, pursuant to Article 69-G of the Mexican Federal Tax Code. The MTA was officially notified of the request for conclusive agreement and officially accepted the proposal for conclusive agreement. Immunotec, effectively, paid an amount of $2.7M (34.3M MXP). The conclusion for these event resulted in affecting the audited consolidated financial statements as at October 31, 2015, as follow: (i) the reversal of a portion of the 2014 provision for $1.0M (12.7M MXP) and Inflation surcharge and interest for a total of $1.0M (12.1M MXP) resulting in net gain of $0.05M (0.6M MXP); (ii) and a recoverable amount from foreign taxation of $1.8M (22.3M MXP). While administrative matters related to the conclusive agreement remain to be completed, management believes it has fulfilled its obligations under the conclusive agreement. The Company and its legal advisors believe that the outcome of the matter should not change once those administrative matters are finalized. If the Company is incorrect in its understanding of the outcome, the potential adjustments required could have a material impact on the financial situation of the Company, in particular of the Mexican subsidiary.

In view of the clear and persistent attempts by the MTA to tax VAT on the sale of nutritional supplements and after some negotiations with certain sectors of the industry, on March 26, 2015, a Presidential Decree was published in the Official Gazette, which grants amnesty of VAT triggered on the sale of nutritional supplements for all periods preceding January 2015, so long as taxpayers comply primarily with the two major requirements: (i) that taxpayers charge VAT over the sale of nutritional supplements as of January of 2015; and (ii) that taxpayers file an official form detailing the amount of nutritional supplements sold during those years preceding 2015. Immunotec did file the official form requested and started charging VAT in October 2014. The Company is therefore in compliance with this taxation position. As a result of this presidential decree, the Company believes that no retroactive liabilities could be incurred for VAT related to sale of its products.

5. NON-GAAP MEASURES

This MD&A contains non-GAAP measures which do not have a standardized meaning under International Financial Reporting Standards ("IFRS"). We use earnings before interest, taxes, depreciation and amortization ("EBITDA"), as this measure allows management to evaluate the operational performance of the Company. EBITDA does not have any standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers. EBITDA should not be considered an alternative to profit (loss) in measuring the Company's performance, nor should it be used as an exclusive measure of cash flow. This measure does not represent the funds available for the repayment of debt, the payment of dividends, reinvestment or other discretionary uses, and should not be considered in isolation or as substitutes for other measures of performance calculated according to IFRS.

Adjusted EBITDA, Product revenues and Sponsoring

Adjusted EBITDA corresponds to EBITDA as defined above less elements that management considers to be outside the scope of its normal activities and therefore not reflective of how management views performance measurement. Management believes that this metric is necessary in order to isolate commercial operations from items which it believes merit separate examination when assessing performance. Consistent improvement in adjusted EBITDA is one of management's primary objectives.

Product revenues are total revenues less shipping revenues of $27.5M and $74.2M for the three- and nine-month periods ended July 31, 2016 ($21.2M and $57.6M in corresponding periods of the previous year). Improving the ratio of product revenues to cost of sales is one of management's primary objectives. Management believes that this is an important metric for investors because of the impact the strengthening U.S. dollar has on the Company's overall performance.

Product revenues

For the periods ended July 31,	**Three-months**		**Nine-months**	
('000s of C$)	**2016**	**2015**	**2016**	**2015**
Revenues	28,370	22,068	76,900	59,954
Less: Shipping revenues	(910)	(838)	(2,711)	(2,315)
Product revenues	27,460	21,230	74,189	57,639

Sponsoring means the activity in which independent Consultants sponsor new Consultants and Customers; the sponsored Consultants themselves may sponsor new Consultants or Customers and so forth. This is referred to as a Consultant's "organization" or "downline". The Consultants are compensated for sales generated by their organization, based on their qualification and rank. Successful Independent Consultants assume the responsibility to train, support and communicate with their downline.

The Company uses these non-GAAP measures because they provide additional information on the performance of its commercial operations. Such tools are frequently used in the business world to analyze and compare the performance of businesses; however, the Company's definition of these metrics may differ from those of other businesses.

6. FINANCIAL INSTRUMENTS

Interest rate risk

The Company is exposed to interest rate risk on its cash, restricted cash and long-term debt and does not currently hold any financial instruments to mitigate this risk.

Currency risk

The Company is exposed to currency risks as transactions with customers outside Canada are predominantly denominated in U.S. dollars and Mexican pesos. These risks are partially offset by purchases and operating expenses incurred in U.S. dollars and in Mexican pesos. The Company's foreign subsidiaries are subject to foreign currency fluctuations on their net earnings and working capital items.

Liquidity risk

Liquidity risk is defined as the potential to be unable to meet a demand for cash or meet financial obligations as they become due. This risk is managed by establishing detailed cash forecasts, as well as operating and strategic plans. The Company's consolidated liquidity requires constant monitoring of expected cash inflows and outflows, which is achieved through detailed forecasts which assess the adequacy of cash resources to meet financial obligations as they come due. Liquidity adequacy is assessed in view of growth requirements and capital expenditures. Liquidity risk is managed to maintain sufficient liquid financial resources to fund the Company's operations and meet its commitments and obligations. In managing liquidity risk, the Company has access to its operating credit facilities.

7. DESCRIPTION OF SECURITIES

Capital stock

There have been no changes in the authorized capital of the Company.

Issued and outstanding

As of September 15, 2016, there were 69,761,378 common shares and 2,370,000 options to purchase common shares issued and outstanding.

8. ACCOUNTING ESTIMATES AND POLICIES

Critical accounting estimates and judgments

The preparation of the interim consolidated condensed financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Significant changes in the underlying assumptions could result in significant changes to these estimates. Consequently, management reviews these estimates on a regular basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about these significant judgments, assumptions and estimates that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are disclosed in note 2 c) of the audited consolidated financial statements for the year ended October 31, 2015.

Significant accounting policies

The preparation of the interim consolidated condensed financial statements in accordance with IFRS requires management to adopt accounting policies and to make certain estimates and assumptions that the Company believes are reasonable based upon the information available at the time these decisions are made. In preparing the interim consolidated condensed financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those applied in note 3 of the audited consolidated financial statements for the year ended October 31, 2015 which includes a discussion on accounting policies that are the most important in assisting, understanding and evaluating the Company's consolidated financial statements. Standards issued but not yet effective are consistent with those disclosed in the Company's audited consolidated financial statements for the year 2015, except for the following:

IFRS 16, Leases

In January 2016, the IASB issued IFRS 16, Leases, which supersedes IAS 17, Leases, and the related interpretations on leases: IFRIC 4, Determining whether an arrangement contains a lease, SIC 15, Operating Leases – Incentives and SIC 27, Evaluating the substance of transactions in the legal form of a lease. The new standard is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for companies that also apply IFRS 15, Revenue from Contracts with Customers. The Company is currently evaluating this standard and its impact on the consolidated financial statements.

9. RISKS AND UNCERTAINTIES

The Company is subject to certain risks and uncertainties inherent in the operation of its business. The Company attempts to mitigate these risks through a combination of risk management practices, insurance, quality control programs and systems of internal control.

Key operational risks and uncertainties include, but are not limited to, those listed below. Potential investors should carefully consider the risks described below, together with all of the information in Immunotec's publicly filed documents, before making an investment decision. If any of the following risks actually occurs, Immunotec's business, financial condition or results of operations could be adversely affected.

Investors in the Company's common shares should carefully consider the following risks, as well as the other information contained in the MD&A, the management proxy circular and the consolidated financial statements for the year ended October 31, 2015. The risks and uncertainties described below are not the only ones the Company faces. Additional risks and uncertainties, including those of which the Company is currently unaware, or currently deems immaterial, may also adversely affect the Company's business.

Regulatory and taxation matters, including VAT, transfer pricing, customs duties, and similar regulations and changes thereto

As a multinational corporation, the Company is subject to tax and regulatory compliance in the jurisdictions in which it operates. These include those related to collection and payment of VAT at appropriate rates and the appropriate application of VAT to each of our products, those designed to ensure that appropriate levels of customs duties are assessed on the importation of its products, and transfer pricing and other tax regulations designed to ensure that its intercompany transactions are consummated at prices that have not been manipulated to produce a desired tax result, that appropriate levels of income are reported as earned, and that it is taxed appropriately on such transactions. The Company may be subject to audits that are at various levels of review, assessment or appeal in a number of jurisdictions involving various aspects of VAT, customs duties, transfer pricing, income taxes, withholding taxes, sales and use and other taxes and related interest and penalties in material amounts. In some circumstances, additional taxes, interest and penalties are assessed and required to be paid in order to challenge the assessments. The Company reserves in the consolidated financial statements an amount that it believes represents a likely outcome estimate at this time of a possible resolution from a potential disputes, but if it is incorrect in its interpretation, it may have to pay a different amount which could potentially be material. Ultimate resolution of these matters can take several years, and the outcome is uncertain. If the taxation authorities in any of the jurisdictions in which the Company operates were to successfully challenge its transfer pricing practices or its positions regarding the payment of income taxes, customs duties, value-added taxes, withholding taxes, sales and use, and other taxes, it could become subject to higher taxes and its revenue and earnings could be adversely affected.

Furthermore, the imposition of new taxes, even pass-through taxes such as VAT, could have an impact on the Company' product pricing and could therefore have a potential negative impact on its business.

A change in applicable tax laws, treaties or regulations or their interpretation could result in a higher effective tax rate on the Company's worldwide earnings, and such change could materially affect its financial results.

Adverse publicity and product liability insurance

The size of the Company's distribution force and the results of its operations may be significantly affected by the public's perception of the Company and similar companies. This perception is dependent upon opinions concerning:

- the safety and quality of its products and ingredients;
- its independent consultants;
- its selling program; and
- the Direct Selling business model generally.

Adverse publicity concerning any actual or purported failure of the Company or of its independent consultants to comply with applicable laws and regulations regarding product claims and advertising product safety and quality, good manufacturing practices, the regulation of its Direct to consumer marketing material, the licensing of its products for sale in its target markets or other aspects of its business, whether or not resulting in enforcement actions or the imposition of penalties, could have an adverse effect on the goodwill of the Company and could negatively affect its ability to attract, motivate and retain independent consultants, which would negatively impact its ability to generate revenue. The Company cannot ensure that all of its independent consultants will comply with applicable legal requirements relating to the advertising, labelling, licensing or distribution of its products.

Adverse publicity relating to the Company, its products or its operations, including its Direct Selling business model or the attractiveness or viability of the financial opportunities provided thereby could have a negative effect on its ability to attract, motivate and retain independent consultants, and its financial condition and operating results could be materially affected.

Immunotec currently has general liability insurance, including product liability and clinical trial liability insurance. There is no guarantee that this insurance will cover all potential claims or be of a sufficient amount of coverage to protect against losses due to liability. Moreover, liability claims arising from a serious adverse event could increase its costs through higher insurance premiums and deductibles, and could make it more difficult to secure adequate insurance coverage in the future. A product liability claim or product recall could have a material adverse effect on the Company's business and financial condition.

Relationship with and ability to influence independent consultants

The Company depends upon independent consultants to attract new and retain current customers for a significant portion of its sales. To increase its revenue, the Company must increase the number of customers through either the productivity of its existing independent consultants or by attracting new independent Consultants. Therefore, its success depends in significant part upon its ability to attract, retain and motivate a large base of independent Consultants. The loss of a significant number of them for any reason could negatively impact sales of its products and could impair its ability to attract new ones. In its efforts to attract and retain independent consultants, the Company competes with other Direct to consumer organizations. The Company's operating results could be harmed if it's existing and new products do not generate sufficient interest to retain existing customers and attract new independent consultants.

The Company's independent consultants, including its sales leaders, may voluntarily terminate their business relationship with it at any time. The loss of a group of leading sales leaders, together with their down-line sales organizations, or the loss of a significant number of consultants for any reason, could negatively impact sales of its products to established customer bases, impair its ability to attract new consultants, and harm its financial condition and operating results.

As the Company's sales of products are made through a Direct to consumer business model comprised of many thousands of independent consultants, the Company does not have full influence over the independent consultants. Accordingly, the Company is not in a position to directly provide the same direction, motivation and oversight as it would if consultants were its own employees. As a result, there can be no assurance that its consultants will participate in its marketing strategies or plans, accept the introduction of new products into their strategies or generate as many sales as any other independent consultant.

The Company has prepared and provided information and guidelines designed to govern the conduct of its independent consultants and to protect the goodwill associated with its business. While enforcement of these policies and procedures requires a multi departmental effort due to the large number of consultants and their independent status, violations by its independent consultants of applicable law or of its policies and procedures in dealing with customers could reflect negatively on its products and operations and harm its business reputation.

International operational risks, including compliance and foreign exchange risk

Approximately 88.6% and 87.6% of the Company's revenues for the three and nine-month periods ended July 31, 2016 were generated outside of Canada, exposing its business to risks associated with foreign operations. For example, a foreign government could impose trade or foreign exchange restrictions or increased tariffs, or otherwise limit or restrict its ability to import products into a country, any of which could negatively impact its operations. The Company is also exposed to risks associated with foreign currency fluctuations. From time to time, management may engage in transactions to protect a portion of its liquidities against risks associated with foreign currency fluctuations. The Company cannot be certain that any hedging activity which may be undertaken or any expected natural hedges will effectively reduce its exchange rate exposure. Additionally, the Company may be negatively impacted by conflicts with or disruptions caused or faced by its third party importers, as well as conflicts between such importers and local governments or regulating agencies. The Company's operations in some markets also may be adversely affected by political, economic and social instability in foreign countries. As the Company continues to focus on expanding its existing international operations, these and other risks associated with international operations may increase, which could harm its financial condition and operating results. Finally, the Company's foreign subsidiaries are subject to foreign currency fluctuations on their net earnings and working capital items.

The Company is subject to direct regulation by domestic and foreign governmental agencies in countries where the Company has network sales. The Company's marketing objectives are contingent, in part, upon compliance with regulatory requirements and obtaining regulatory approvals where necessary for the sale of certain of its products.

The Company is also subject to direct regulation by domestic and foreign governmental agencies in connection with the operation of its Direct Selling program.

In addition, the Company may be subject to regulations and taxes under local, provincial, state and federal laws, including requirements regarding customs, duties, cross-border issues, occupational safety, laboratory practices, environmental protection and hazardous substance control, and may be subject to other present and future local and foreign regulations.

Changes in government regulations could also have an adverse effect on the business and financial condition of the Company.

Operational and infrastructure risks

As a company conducting business in multiple jurisdictions, many of which are in developing countries, we are exposed to many operational risks that may have a significant negative impact on our operations and financial results. Such risks include the risk of fraud or unauthorized transactions by employees, independent consultants or others, and operational or human error. Given the large volume of transactions we process on a daily basis, certain errors may be repeated or compounded before they are discovered and rectified. Failures of our internal processes, employees or systems, including any of our financial, accounting or other data processing systems, could lead to financial loss and damage our reputation. In addition, our ability to conduct business may be adversely affected by a disruption to the infrastructure that supports our operations.

Dependence on increased penetration of existing markets

The success of the Company's business is to a large extent contingent on its ability to further penetrate existing markets and to a much less extent enter into new markets. The Company's ability to further penetrate existing markets or to expand its business into additional countries, to the extent it believes that it has identified attractive geographic expansion opportunities in the future, is subject to numerous factors, many of which are beyond its control.

In addition, government regulations in both its domestic and international markets can delay or prevent the introduction, or require the reformulation or withdrawal, of some of its products, which could negatively impact its business, financial condition and results of operations.

The Company's growth will depend upon improved training and other activities that enhance the retention of independent consultants in its markets. While the Company has recently experienced significant growth in certain of its markets, it cannot guarantee that such growth levels will continue in the immediate or long-term future. If the Company is unable to continue to expand into new markets or further penetrate existing markets, its operating results could suffer.

Compensation plan payout increases with increased product sales

Total compensation payout to consultants, as a percentage of the Company's revenues, is subject to volatility due to a number of factors, but mostly due to bonuses associated with new business development "Business Builder" bonuses and "moving up" bonuses paid for rank advancement and leadership development as provided for in the sales incentive program. Although difficult to forecast, these bonuses are key to maintaining the momentum of the business. Consequently, margins may be affected as sales increase based on the percentage of new business relative to total business.

Competition

The Company's market for its products is intensely competitive and subject to rapid technological changes. Larger competitors with longer operating histories and greater financial, marketing and other resources could develop and market new products which could render its existing products less competitive.

Due to the high level of competition in the Company's industry, it might fail to retain its customers and independent consultants, which would harm its financial condition and operating results. In addition, because the industry in which it operates is not particularly capital intensive or otherwise subject to high barriers to entry, it is relatively easy for new competitors to emerge who could compete with it for its independent consultants and customers. In addition, the fact that its independent consultants may easily enter and exit its Direct Selling program contributes to the level of competition that it faces. The Company's ability to remain competitive therefore depends, in significant part, on its success in attracting and retaining independent consultants through an attractive compensation plan, the maintenance of an attractive product portfolio, and other incentives and a stable working relationship with the Company and its employees. The Company cannot ensure that its programs will be successful, and if they are not, its financial condition and operating results could be materially affected.

Changing consumer preferences and demands

The Company's business is subject to changing consumer trends and preferences. The Company's continued success depends in part on its ability to anticipate and respond to these changes, and it may not respond in a timely or commercially appropriate manner to such changes. Furthermore, its industry is characterized by rapid and frequent changes in demand for products and new product introductions and enhancements. The Company's failure to accurately predict these trends could negatively impact consumer opinion of its products, which in turn could harm its customer and distributor relationships and cause the loss of sales. The success of its new product offerings and enhancements depends upon a number of factors, including its ability to:

- accurately anticipate customer needs;
- innovate and develop new products or product enhancements that meet these needs;
- successfully commercialize new products or product enhancements in a timely manner;
- price its products competitively;
- manufacture and deliver its products in sufficient volumes and in a timely manner; and
- differentiate its product offerings from those of its competitors.

If the Company does not introduce new products or make enhancements to meet the changing needs of its customers in a timely manner, some of its products could be rendered obsolete, which could negatively impact its revenues, financial condition and operating results.

Product concentration

The Company's Immunocal products constitute a significant portion of its revenues. If consumer demand for this product decreases significantly, or if it ceases offering this product without a suitable replacement, then its financial condition and operating results will be materially affected.

Key personnel

The future success of the Company will depend, in large part, upon its ability to retain its key management personnel, to attract and retain additional qualified marketing, sales and technical personnel, as well as independent consultants to form part of its Direct Selling program. The Company may not be able to enlist, train, retain, motivate and manage the required personnel. Competition for these types of personnel is intense. Failure to attract and retain personnel, particularly marketing, sales and technical personnel as well as independent consultants, could make it difficult for the Company to manage its business and meet its objectives.

Reliance on key suppliers

The Company's business is heavily dependent upon its key suppliers, for the provision of raw materials for contract manufacturing services, as well as for other services such as information technology support. If the Company were, for any reason, to be unable to maintain a business relationship with one or more of its key suppliers, its business and financial condition could be materially adversely affected. To date, the Company has not experienced any difficulty in obtaining adequate supplies or services from its key suppliers; however, it cannot assure that its outside contract manufacturers and suppliers will continue to reliably supply products and services at the levels of quality and quantity which it requires.

Information technology infrastructure

The Company's ability to provide products and services to its customers and independent consultants depends on the performance and availability of its core transactional systems. While the Company continues to invest in its information technology infrastructure, there can be no assurance that there will not be any significant interruptions to such systems or that the systems will be adequate to meet all of its future business needs.

The most important aspect of the Company's information technology infrastructure is the system through which it records and tracks the sales of its independent consultants and the various incentives earned. The Company may encounter errors in its software or inadequacies in the software and services supplied by its vendors, although to date none of these errors or inadequacies has had a meaningful adverse impact on its business. Any such errors or inadequacies which the Company may encounter in the future could result in substantial interruptions to its services and could damage its relationships with, or cause it to lose, its independent consultants if the errors or inadequacies impair its ability to track sales and pay incentives, which could materially harm its financial condition and operating results. Such errors may be expensive or difficult to correct in a timely manner, and the Company could have little or no control over whether any inadequacies in software or services supplied to it by third parties are corrected, if at all.

Anyone that is able to circumvent the Company's security measures could misappropriate confidential or proprietary information, including that of third parties such as its independent consultants, cause interruption in its operations, damage its computers or otherwise damage its reputation and business. The Company could need to expend significant resources to protect against security breaches or to address problems caused by such breaches. Any actual security breaches could damage the Company's reputation and expose it to a risk of loss or litigation and possible liability under various laws and regulations. In addition, employee error or malfeasance or other errors in the storage, use or transmission of any such information could result in a disclosure to third parties. If this should occur, the Company could incur significant expenses addressing such problems. These risks are heightened by the fact that the Company collects and stores distributor and vendor information.

Compliance with laws and governmental regulations

In the Company's domestic and foreign markets, the formulation, manufacturing, packaging, labelling, distribution, importation, exportation, licensing, sale and storage of its products may be affected by extensive laws, governmental regulations, administrative determinations, court decisions and similar constraints. There can be no assurance that the Company or its independent consultants are in compliance with all of these regulations. The failure to comply with these regulations or new regulations could disrupt the sale of the Company's products, or lead to the imposition of significant penalties or claims and could negatively impact its business. In addition, the adoption of new regulations or changes in the interpretations of existing regulations may result in significant compliance costs or discontinuation of product sales and may negatively impact the marketing of the Company's products, resulting in significant loss of sales revenues.

Governmental regulations in countries where the Company plans to commence or expand operations may prevent or delay entry into those markets. In addition, the Company's ability to sustain satisfactory levels of sales in its markets may depend in significant part on its ability to introduce additional products into such markets. However, governmental regulations in the Company's markets, both domestic and international, can delay or prevent the introduction, or require the reformulation or withdrawal, of certain of its products. Any such regulatory action, whether or not it results in a final determination adverse to it, could create negative publicity, with detrimental effects on sales.

Intellectual property

The Company relies on the protection of its patents and intellectual property rights for its success. Policing unauthorized use of its patents and other intellectual property is extremely difficult and expensive. There can be no assurance that the Company's patents or trademarks would be held valid or enforceable by a court, or that a competitor's product could be found to infringe such patents or trademarks.

The worldwide financial and economic environment

Various aspects of the current worldwide financial and economic environment could potentially impact on the Company, its liquidity, its access to capital, its operations and its overall financial condition. The notes that economic and financial markets are fluid and that it cannot ensure that there will not be in the near future a material deterioration in its sales or liquidity. While the Company's current credit facility can also be used to support its current liquidity requirements, increases in interest rates could negatively affect the cost of financing its operations if its future borrowings were to be undertaken.

Technical obsolescence and product development

The Company's industry is characterized by rapidly changing technology, shifting industry standards and the frequent introduction of new products. The introduction of new products embodying new technologies and the emergence of new industry standards may render the Company's products obsolete or less marketable. The process of developing the Company's products is extremely complex and requires significant continuing development efforts. The Company's failure to develop new technologies and products and the obsolescence of existing technologies could adversely affect its business and financial condition.

Research and development in the industry in which the Company operates is highly speculative and involves a high degree of risk. The marketability of any product which may be developed by the Company could be affected by numerous factors beyond the Company's control, including:

- proprietary rights of third parties or competing products or technologies may preclude commercialization;
- requisite regulatory approvals may not be obtained; and
- other factors may become apparent during the course of research, up scaling or manufacturing which may result in the discontinuation of research or other critical projects.

Legal challenges to the Direct Selling program

The Company's Direct Selling program is subject to a number of regulations administered in Canada and in each of the foreign markets in which it operates. The Company is subject to the risk that, in one or more markets, its Direct Selling program could be found not to be in compliance with applicable laws or regulations. Regulations applicable to Direct Selling organizations generally are directed at preventing fraudulent or deceptive schemes, often referred to as "pyramid" or "chain sales" schemes, and focusing on the sale of products to end consumers. The ambiguity surrounding these laws can also affect the public perception of the Company. The failure of its Direct Selling program to comply with the applicable laws and regulations could negatively impact its business in a particular market or in general and could adversely affect its share price. The failure of other Direct

Selling companies could negatively impact the perception of its business or industry in general and could adversely impact its share price.

Taxation relating to independent consultants

The Company's independent consultants are typically subject to taxation in their respective jurisdictions, and in some instances, legislation or governmental agencies could impose an obligation on it to collect taxes, such as VAT and social contributions, and to maintain appropriate records. In addition, the company is subject to the risk, in some jurisdictions, of being responsible for social security, withholding or other taxes with respect to payments to its consultants.

In addition, in the event that local laws and regulations or the interpretation of local laws and regulations change to require the Company to treat its independent consultants as employees, or that they are deemed by local regulatory authorities in one or more of the jurisdictions in which the Company operates to be its employees rather than independent consultants under existing laws and regulations, it may be held responsible for social contributions, withholding and related taxes in those jurisdictions plus any related assessments and penalties, which could harm its financial condition and operating results.

Manufacturing facilities

The Company in part relies on having properly validated, fully functioning manufacturing facilities of sufficient size in which to produce its products for market. Should systems fail, or a disaster strike, the ability to produce products would be negatively affected which, in turn, would affect revenue generation. The Company does not currently have backup manufacturing capacity for some of its key products. As a result, it would be forced to turn to external manufacturers should an unexpected event occur.

Volatility of share prices

Share prices are subject to change because of numerous different factors related to Company activity, including reports of new information, changes in the Company's financial situation, the sale of shares in the market and an announcement by the Company or any of its competitors concerning technological innovation. There is no guarantee that the market price of Company's shares will be protected from material share price fluctuations in the future.

10. ONGOING INFORMATION AND CONTROLS RELATED TO THE COMMUNICATION OF INFORMATION

Disclosure controls and procedures

Disclosure controls and procedures have been established by the Company to ensure that financial information disclosed by the Company in this MD&A, the related annual consolidated financial statements and its interim filings are properly recorded, processed, summarized and reported to its Audit Committee, its Board of Directors and its shareholders.

Internal controls over financial reporting

As an issuer on the TSX Venture Exchange, the CEO and the CFO are not required to certify that they have designed and evaluated the effectiveness of disclosure controls and procedures and internal controls over financial reporting. Instead, the Company files a Certification of Annual Filings – Venture Issuer Basic Certificate that certifies the performance of a review of the information, no knowledge of misrepresentations and the fair presentation of the information in the annual filings.

About forward-looking statements

This document contains forward-looking statements, which reflect our current expectations regarding future events. Forward-looking statements may include words such as "anticipate", "believe", "could", "expect", "foresee", "goal", "guidance", "intend", "may", "objective", "outlook", "plan", "seek", "should", "strive", "target", and "will". The cautionary statements made in this report should be read as applying to all related forward-looking statements wherever they appear in this report. The Company's future results could differ materially from those discussed here. Factors that could cause or contribute to these differences include those discussed under the "Risks and Uncertainties" section above. Given these uncertainties and risk factors, readers are cautioned not to place undue reliance on any forward-looking statement. We disclaim any obligation to update any such factors or to publicly announce any revisions to any of the forward-looking statements contained herein to reflect future results, events or development, unless required to do so by a governmental authority or by applicable law.

About material information

This MD&A includes information that we believe to be material to investors after considering all circumstances, including potential market sensitivity. We consider information and disclosures to be material if they result in, or would reasonably be expected to result in, a significant change in the market price or value of our securities, or where it is likely that a reasonable investor would consider the information and disclosures to be important in making an investment decision. The Company is a reporting issuer under the securities legislation of all of the provinces of Canada. The Company is therefore required to file or provide continuous disclosure information such as interim and annual financial statements, MD&A's, proxy circulars, annual reports, material change reports and press releases with the appropriate securities regulatory authorities. Copies of these documents may be obtained free of charge upon request from the office of the CFO of the Company, or on the Company's website at www.immunotec.com, or on the SEDAR database at www.sedar.com.

Other information on the Company

The Company files its consolidated financial statements, its reports, its press releases and such other required documents on the SEDAR database and on the Company's website at www.immunotec.com. The common shares of the Company are listed on the TSX Venture Exchange under the ticker symbol IMM.

Patrick Montpetit

Patrick Montpetit CPA, CA, CF

Vice-President and Chief Financial Officer

September 16, 2016