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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16  
UNDER THE SECURITIES EXCHANGE ACT OF 1934**

For the month of **March, 2015**

Commission File Number: **001-36532**

**Sphere 3D Corp.**

(Translation of registrant's name into English)

**240 Matheson Blvd. East**

**Mississauga, Ontario L4Z 1X1**

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F    Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

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**SUBMITTED HERewith**

Exhibits

- 99.1 [Interim Financial Statements For the Six Months Ended June 30, 2014](#)
  - 99.2 [Management Discussion and Analysis](#)
  - 99.3 [Certification of Interim Filings - CEO](#)
  - 99.4 [Certification of Interim Filings - CFO](#)
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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**SPHERE 3D CORP.**

(Registrant)

Date: March 31, 2015

By: */s/ Kurt Kalbfleisch*

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Kurt Kalbfleisch  
Title: Senior Vice President and Chief Financial Officer

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**SPHERE 3D CORP.**

Condensed Consolidated Financial Statements (Unaudited)

For the Three and Six Months Ended June 30, 2014 and 2013

(Expressed in U.S. dollars)

Sphere 3D Corp. ("Sphere 3D") adopted accounting principles generally accepted in the United States of America ("U.S. GAAP") commencing with the annual financial statements for the year ended December 31, 2014, which are available under Sphere 3D's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com) <<http://www.sedar.com>> and on the EDGAR website at [www.sec.gov](http://www.sec.gov) <<http://www.sec.gov>>.

As a result of Sphere 3D adopting U.S. GAAP, Canadian securities regulations require that the Company refile its 2014 interim financial statements and notes thereto under U.S. GAAP, together with accompanying management's discussion and analysis and related certifications. The previously filed interim financial statements and accompanying management's discussion and analysis, as well as the previously filed annual audited consolidated financial statements as at and for the year ended December 31, 2013 and accompanying management's discussion and analysis, are available under Sphere 3D's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com) <<http://www.sedar.com>> and on the EDGAR website at [www.sec.gov](http://www.sec.gov) <<http://www.sec.gov>>.

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**SPHERE 3D CORP.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands of U.S. dollars, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
	(Unaudited)		(Unaudited)	
Net revenue:				
Product revenue	\$ 1,460	\$ —	\$ 2,284	\$ —
Service revenue	146	—	234	—
	<u>1,606</u>	<u>—</u>	<u>2,518</u>	<u>—</u>
Cost of product revenue	775	—	1,101	—
Cost of service revenue	127	—	194	—
Gross profit	<u>704</u>	<u>—</u>	<u>1,223</u>	<u>—</u>
Operating expenses:				
Sales and marketing	865	30	1,085	78
Research and development	—	5	—	21
General and administrative	2,755	515	3,820	1,093
	<u>3,620</u>	<u>550</u>	<u>4,905</u>	<u>1,192</u>
Loss from operations	(2,916)	(550)	(3,682)	(1,192)
Interest expense	(104)	—	(117)	—
Other income (expense), net	(31)	(1)	(30)	1
Net loss	<u>\$ (3,051)</u>	<u>\$ (551)</u>	<u>\$ (3,829)</u>	<u>\$ (1,191)</u>
Net loss per share:				
Basic and diluted	<u>\$ (0.13)</u>	<u>\$ (0.03)</u>	<u>\$ (0.17)</u>	<u>\$ (0.07)</u>
Shares used in computing net loss per share:				
Basic and diluted	<u>23,314</u>	<u>16,114</u>	<u>22,527</u>	<u>16,114</u>

See accompanying notes to condensed consolidated financial statements.

**SPHERE 3D CORP.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
(in thousands of U.S. dollars)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
	(Unaudited)		(Unaudited)	
Net loss	\$ (3,051)	\$ (551)	\$ (3,829)	\$ (1,191)
Other comprehensive income (loss):				
Foreign currency translation adjustments	483	(59)	205	(112)
Total other comprehensive income (loss)	483	(59)	205	(112)
Comprehensive loss	<u>\$ (2,568)</u>	<u>\$ (610)</u>	<u>\$ (3,624)</u>	<u>\$ (1,303)</u>

See accompanying notes to condensed consolidated financial statements.

**SPHERE 3D CORP.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in thousands of U.S. dollars)

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
<b>(Unaudited)</b>		
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 8,238	\$ 5,217
Accounts receivable	1,578	—
Inventories	148	128
Other current assets	1,133	1,082
Total current assets	11,097	6,427
Property and equipment, net	439	288
Intangible assets, net	16,839	1,646
Promissory note, related party	5,000	—
Total assets	\$ 33,375	\$ 8,361
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 743	\$ 132
Accrued liabilities	818	124
Accrued payroll and employee compensation	145	194
Deferred revenue	191	474
Total current liabilities	1,897	924
Long-term debt	5,000	—
Other long-term liabilities	3,841	—
Total liabilities	10,738	924
Commitments and contingencies (Note 9)		
Shareholders' equity:		
Common stock, no par value, unlimited shares authorized; 23,414 and 21,098 shares issued and outstanding as of June 30, 2014 and December 31, 2013, respectively	33,232	14,407
Accumulated other comprehensive income	68	(136)
Accumulated deficit	(10,663)	(6,834)
Total shareholders' equity	22,637	7,437
Total liabilities and shareholders' equity	\$ 33,375	\$ 8,361

See accompanying notes to condensed consolidated financial statements.

**SPHERE 3D CORP.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands of U.S. dollars)

	Six Months Ended	
	June 30,	
	2014	2013
	(Unaudited)	
<b>Operating activities:</b>		
Net loss	\$ (3,829)	\$ (1,191)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,232	95
Share-based compensation	1,803	45
Changes in operating assets and liabilities:		
Accounts receivable	(1,578)	—
Inventories	(19)	—
Accounts payable and accrued liabilities	1,458	(141)
Accrued payroll and employee compensation	(49)	—
Deferred revenue	(283)	—
Other assets and liabilities, net	(759)	18
Net cash used in operating activities	<u>(2,024)</u>	<u>(1,174)</u>
<b>Investing activities:</b>		
Loan to related party	(5,000)	—
Purchase of fixed assets	(280)	(27)
Purchase of intangible assets	(4,012)	—
Purchase of intangible assets internally generated	(963)	(70)
Net cash used in investing activities	<u>(10,255)</u>	<u>(97)</u>
<b>Financing activities:</b>		
Proceeds from issuance of warrants	9,380	—
Costs related to issuance of warrants	(830)	—
Proceeds from borrowings	5,000	—
Proceeds from exercised warrants	1,671	—
Proceeds from exercised options	77	—
Proceeds from issuance of common stock	—	148
Net cash provided by financing activities	<u>15,298</u>	<u>148</u>
Effect of exchange rate changes on cash	<u>2</u>	<u>(46)</u>
Net increase (decrease) in cash	3,021	(1,169)
Cash and cash equivalents, beginning of period	5,217	1,639
Cash and cash equivalents, end of period	<u>\$ 8,238</u>	<u>\$ 470</u>
Non-cash Investing and Financing Activities:		
Issuance of common shares for acquisition of intangible assets	<u>\$ 6,454</u>	<u>\$ —</u>
Contingent liability for the acquisition of intangible assets	<u>\$ 3,647</u>	<u>\$ —</u>

See accompanying notes to condensed consolidated financial statements.



**SPHERE 3D CORP.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**NOTE 1 — ORGANIZATION AND BUSINESS**

Sphere 3D Corp. (the “Company”) was incorporated under the *Business Corporations Act (Ontario)* on May 2, 2007 as T.B. Mining Ventures Inc.

Sphere 3D Corp. is a technology development company focused on establishing its patent pending emulation and virtualization technology. Over the last three years, Sphere 3D has designed a proprietary platform, namely Glassware 2.0™, for the delivery of applications from a server-based computing architecture. Through the creation of Glassware 2.0, software is made available from a central location irrespective of the device that is accessing the software. The Company's products enable the integration of virtual applications and virtual desktops, and allows organizations to deploy a combination of public, private or hybrid cloud strategies.

The Company may have to raise additional capital to fund operations until such point that revenues from products and technology are able to fund operations. If the Company is not able to raise sufficient capital then there is the risk that the Company will not be able to realize the value of its assets and discharge its liabilities.

**Merger Agreement**

On May 15, 2014, the Company entered into a definitive merger agreement (the “Merger Agreement”) with Overland Storage, Inc. (“Overland”), pursuant to which Overland and a wholly-owned subsidiary of Sphere 3D would combine (the “Transaction”). After completion of the Transaction, it is expected that current holders of Overland securities will own approximately 28.8% of Sphere 3D, on a fully diluted basis, as a result of their exchange of securities in the Transaction.

Under the terms of the Merger Agreement, the Company issued a total of 9,443,882 common shares (“Common Shares”) on closing, subject to adjustment, for all of the outstanding share capital of Overland (“Overland Shares”) on the basis of one Overland Share for 0.510594 Common Shares of Sphere 3D (the “Exchange Ratio”). In addition, Sphere 3D issued 1,467,906 warrants, 143,325 options and 505,321 restricted share units, or equivalents, in exchange for the outstanding convertible securities of Overland, calculated on the basis of the Exchange Ratio.

On May 14, 2014, the last trading day prior to the announcement of the transaction, the closing price of the Overland Shares, on the NASDAQ, was \$2.90 and the closing price of the Common Shares of Sphere 3D, on the TSX Venture Exchange (the “TSXV”), was C\$9.46 (or \$8.68). Based on the closing price of the Common Shares of Sphere 3D on May 14, 2014, the total consideration payable to holders of Overland shareholders has an implied value of approximately \$81.97 million or approximately \$4.43 per Overland Share.

**NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES**

**Principles of Consolidation**

The consolidated financial statements of the Company have been prepared by management in accordance with accounting principles generally accepted in the United States of America (“GAAP”), applied on a basis consistent for all periods. These consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly owned. All intercompany balances and transactions have been appropriately eliminated on consolidation.

**Reclassifications**

Certain prior year amounts have been reclassified to conform to the 2014 presentation.

**Use of Estimates**

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of provisions for litigation claims, deferred revenue, allowance for doubtful receivables, inventory valuation, warranty provisions, deferred income taxes, impairment assessments of property and equipment, intangible assets and goodwill. Actual results could differ from these estimates.

## **Foreign currency translation**

The Company uses the U.S. dollar as its reporting currency and Canadian dollar for its functional currency. Exchange gains or losses are included as part of other comprehensive income for the period and accumulated other comprehensive loss as part of shareholders' deficit.

## **Fair Value of Financial Instruments**

The authoritative guidance for fair value measurements establishes a three tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Our financial instruments include cash equivalents, accounts receivable, prepaid expenses, accounts payable, accrued expenses and long-term debt. Fair value estimates of these instruments are made at a specific point in time, based on relevant market information. These estimates may be subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. The carrying amount of cash equivalents, accounts receivable, prepaid expenses, accounts payable and accrued expenses are generally considered to be representative of their respective fair values because of the short-term nature of those instruments. Further, based on the borrowing rates currently available to us for loans with similar terms, we believe the fair value of long-term debt approximates its carrying value.

## **Intangible Assets**

Intangible assets acquired in a non-monetary exchange, the estimated fair values of the assets transferred (or the estimated fair values of the assets received, if more clearly evident) are used to establish their recorded values. Valuation techniques consistent with the market approach, income approach and/or cost approach are used to measure fair value.

Purchased intangible assets are amortized on a straight-line basis over their economic lives of four to nine years for developed technology, and eight years for capitalized development costs as we believe this method most closely reflects the pattern in which the economic benefits of the assets will be consumed. When the carrying value is not considered recoverable, an impairment loss for the amount by which the carrying value of an intangible asset exceeds its fair value is recognized, with an offsetting reduction in the carrying value of the related intangible asset. If our future results are significantly different from forecast, we may be required to further evaluate intangible assets for recoverability and such analysis could result in an impairment charge in a future period.

## **Impairment of Other Indefinite-Lived Intangible Assets and Long-Lived Assets**

Other indefinite-lived assets are tested for impairment on an annual basis at December 31, or more frequently if we believe indicators of impairment exist. Triggering events for impairment reviews may be indicators such as adverse industry or economic trends, restructuring actions, lower projections of profitability, or a sustained decline in our market capitalization. Other indefinite-lived intangible assets are quantitatively assessed for impairment, if necessary, by comparing their estimated fair values to their carrying values. If the carrying value exceeds the fair value, the difference is recorded as an impairment.

Long-lived assets, such as property and equipment and intangible assets subject to amortization, are reviewed for recoverability whenever events or changes in circumstances indicate the carrying value may not be recoverable. Our consideration includes, but is not limited to, (i) significant under-performance relative to historical or projected future operating results; (ii) significant changes in the manner of use of the assets or the strategy for the Company's overall business; (iii) significant decrease in the market value of the assets; and (iv) significant negative industry or economic trends.

When the carrying value is not considered recoverable, an impairment loss for the amount by which the carrying value of a long-lived asset exceeds its fair value is recognized, with an offsetting reduction in the carrying value of the related asset.

## **Revenue Recognition**

Revenue from sales of products is recognized when persuasive evidence of an arrangement exists, the price is fixed or determinable, collectability is reasonably assured and delivery has occurred. Under this policy, revenue on direct product sales, excluding sales to distributors, is recognized upon shipment of products to customers. These customers are not entitled to any 6 specific right of return or price protection, except for any defective product that may be returned under our standard product warranty.

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Generally, title and risk of loss transfer to the customer when the product leaves the Company's dock. Product sales to distribution customers are subject to certain rights of return, stock rotation privileges and price protection. Because we are unable to estimate its exposure for returned product or price adjustments, revenue from shipments to these customers is not recognized until the related products are in turn sold to the ultimate customer by the distributor. For products for which software is more than an incidental component, we recognize revenue in accordance with current authoritative guidance for software revenue recognition.

### **Research and Development Costs**

Research and development expenses include payroll, employee benefits, stock-based compensation expense, and other headcount-related expenses associated with product development. Research and development expenses also include third-party development and programming costs, localization costs incurred to translate software for international markets, and the amortization of purchased software code and services content. Such costs related to software development are included in research and development expense until the point that technological feasibility is reached, which for our software products, is generally shortly before the products are released to manufacturing. Once technological feasibility is reached, such costs are capitalized and amortized to cost of revenue over the estimated lives of the products. During the six months ended June 30, 2014 and 2013, \$1.2 million and 0.1 million, respectively, of development costs were capitalized.

### **Share-based Compensation**

We account for share-based awards, and similar equity instruments, granted to employees and non-employee directors under the fair value method. Share-based compensation award types include stock options. We use the Black-Scholes option pricing model to estimate the fair value of its option awards on the measurement date, which generally is the date of grant. The cost is recognized over the requisite service period (usually the vesting period) for the estimated number of instruments for which service is expected to be rendered.

Compensation expense associated with options with graded vesting is recognized pursuant to an accelerated method. Compensation expense associated with restricted stock is recognized over the vesting period using the straight-line method. We have not recognized, and do not expect to recognize in the near future, any tax benefit related to share-based compensation cost as a result of the full valuation allowance of our net deferred tax assets and its net operating loss carryforwards.

### **Recently Issued Accounting Pronouncements**

From time to time, new accounting pronouncements are issued by the FASB that are adopted by the Company as of the specified effective date. If not discussed, the Company believes that the impact of recently issued standards, which are not yet effective, will not have a material impact on the Company's consolidated financial statements upon adoption.

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements — Going Concern*. ASU 2014-15 provides that in connection with preparing financial statements for each annual and interim reporting period, an entity's management should evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued when applicable). ASU 2014-15 will be effective for the annual reporting period ending after December 15, 2016, and for annual and interim periods thereafter. Early application is permitted. The impact on our financial condition, results of operations and cash flows as a result of the adoption of ASU 2014-15 has not yet been determined.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 outlines a single comprehensive model for accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. ASU 2014-09 requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 will be effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. Early application is not permitted. The impact on our financial condition, results of operations and cash flows as a result of the adoption of ASU 2014-09 has not yet been determined.

In July 2013, the FASB, issued ASU No. 2013-11, *Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists*. ASU No. 2013-11 provides that an entity is required to present an unrecognized tax benefit, or a portion of an unrecognized tax benefit, in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. If a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. ASU No. 2013-11 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. The adoption of this guidance affected presentation only and, therefore, did not have a material impact on the Company's consolidated financial results.

### **NOTE 3 — INTANGIBLE ASSETS**

The following table summarizes purchased intangible assets (in thousands):

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
Developed technology	\$ 15,062	\$ —
Capitalized development costs	2,904	1,670
	<u>17,966</u>	<u>1,670</u>
Accumulated amortization		
Developed technology	(941)	—
Capitalized development costs	(186)	(24)
Total intangible assets, net	<u>\$ 16,839</u>	<u>\$ 1,646</u>

Amortization expense of intangible assets was \$1.1 million and 1,000 during the three months ended June 30, 2014 and 2013, respectively. Amortization expense of intangible assets was \$1.1 million and \$2,000 during the six months ended June 30, 2014 and 2013, respectively. Estimated amortization expense for intangible assets is approximately \$1.8 million for the remainder of fiscal 2014 and \$4.7 million, \$4.7 million, \$4.7 million, \$1.4 million and \$0.3 million in fiscal 2015, 2016, 2017, 2018 and 2019, respectively.

#### **Asset Purchase**

On March 21, 2014, the Company closed an Asset Purchase Agreement to acquire Virtual Desktop Implementation (“VDI”) technology of V3 Systems, Inc. On closing, the purchase price for the acquired assets of V3 Systems was \$14.4 million, which was paid by way of cash in the amount of \$4.2 million and by the issuance of 1,089,867 common shares at \$5.92. In addition, the Company may pay an earn-out, based on the achievement of certain milestones in revenue and gross margin related to the VDI technology, of up to an additional \$5.0 million. The estimated earn-out liability was \$3.6 million as of March 21, 2014. The earn-out is based on a sliding scale of revenue of up to \$12.5 million from the VDI technology (subject to minimum margin realization), which will be payable at the discretion of Sphere 3D in cash or common shares (up to a maximum of 1,051,414 common shares) to be priced at a 20-day weighted average price calculated at the time(s) the earn-out is realized. The earn-out period expires on June 21, 2015.

The identified intangible assets as of the date of the purchase agreement consisted of \$14.4 million of developed technology with a useful life of four years.

## **NOTE 4 — DEBT**

### *Convertible Notes - Related Party*

In March 2014, the Company issued a senior secured convertible debenture for \$5.0 million. Simple interest is payable, in cash or stock, at the Company's discretion, semi-annually at an annual rate of 8%. The note is convertible into common shares of the Company, at any time, at the option of the holders, at a conversion rate of \$7.50 per share, with a maturity date of March 21, 2018.

The Company has the option to pay accrued and outstanding interest either entirely in cash or shares of common stock. If the Company chooses to pay the interest in common stock, the calculation is based upon the number of shares of common stock that may be issued as payment of interest on the debenture and will be determined by dividing the amount of interest due by current market price as defined in the debenture agreement, which is the weighted average price per common share for the last 10 days on which the common shares traded, ending on the day before such date, on the exchange. Interest expense was \$0.1 million for the three and six months ended June 30, 2014.

The debenture contains customary covenants, including covenants that limit or restrict the Company's ability to incur liens, incur indebtedness, or make certain restricted payments. Upon the occurrence of an event of default under the debenture, the holder may declare all amounts outstanding to be immediately due and payable. The debenture specifies a number of events of default (some of which are subject to applicable grace or cure periods), including, among other things, non-payment defaults, covenant defaults, cross-defaults to other materials indebtedness, bankruptcy and insolvency defaults and material judgment defaults. As of June 30, 2014, the Company was in compliance with all covenants of the debenture.

## **NOTE 5 — SHARE CAPITAL**

### **Issued and Outstanding**

The Company had the following share capital issuance activity (in thousands):

<b>Shares outstanding</b>	<b>Number of Shares</b>	<b>Value</b>
Balance, December 31, 2013	21,098	\$ 14,407
Issuance of common shares on acquisition of intangible assets	1,090	6,454
Issued on exercise of warrants	1,105	1,671
Issued on exercise of options	121	77
Balance, June 30, 2014	<u>23,414</u>	<u>\$ 22,609</u>

### *Warrants Financing Agreement*

The Company entered into an agreement with a syndicate of investment dealers led by Cormark Securities Inc., and including Jacob Securities Inc. and Paradigm Capital Inc. (collectively, the "Underwriters") pursuant to which the Underwriters have agreed to purchase, on a bought deal basis, 1,176,500 special warrants of the Company ("Special Warrants") at a price of \$8.10 per Special Warrants (the "Issue Price"), resulting in gross proceeds of \$9.4 million to the Company (the "Offering"). Each Special Warrant is exercisable into one unit of the Company (a "Unit") with each Unit being comprised of one Common Share of the Company and one-half of a Common Share purchase warrant of the Company (a "Warrant"). Each whole Warrant is exercisable at an exercise price of \$10.95 for a period of two years from the closing date. The Company intended to register the shares issuable pursuant to exercise of the special warrants by July 31, 2014. Such registration was not completed by July 31, 2014, therefore the holders of the special warrants were entitled to 1.05 Units upon exercise.

The Underwriters have the option (the "Underwriters' Option") to arrange for the purchase of up to an additional 15% of Special Warrants (being up to 176,475 Special Warrants) sold under the Offering at the Issue Price. The Underwriters' Option shall be exercisable, in whole or in part, until the time of closing. The Underwriters shall be entitled to the same commission provided for below in respect of any Special Warrants issued and sold upon exercise of the Underwriters' Option.

The Underwriters are entitled to receive a cash commission equal to 6% of the gross proceeds of the Offering. The Company will also reimburse the Underwriters for reasonable fees and expenses incurred in connection with the Offering.

The Company incurred \$0.8 million in fees and commission during the three months ended June 30, 2014 related to the special warrant financing.

**NOTE 6 — NET LOSS PER SHARE**

Basic net loss per share is computed by dividing net loss applicable to common shareholders by the weighted-average number of shares of common stock outstanding during the period. Dilutive common stock equivalents are comprised of options granted under the Company's stock option plan, common stock purchase warrants, and convertible notes. For all periods presented, there is no difference in the number of shares used to calculate basic and diluted shares outstanding due to the Company's net loss position.

Anti-dilutive common stock equivalents excluded from the computation of diluted net loss per share were as follows (in thousands):

	Six Months Ended June 30,	
	2014	2013
Options outstanding	3,420	1,190
Common stock purchase warrants	1,474	4,262
Convertible notes	667	—
Convertible notes interest	213	—
VDI earn-out liability	1,051	—

**NOTE 7 — SHARE-BASED COMPENSATION**

**Share-Based Compensation Expense**

The Company recorded the following compensation expense related to its share-based compensation awards (in thousands):

	Three Months Ended		Six Months Ended	
	2014	2013	2014	2013
Sales and marketing	\$ 381	\$ —	\$ 448	\$ —
General and administrative	689	25	1,355	45
	\$ 1,070	\$ 25	\$ 1,803	\$ 45

There was \$0.1 million and \$0.3 million of share-based compensation capitalized as development costs for the three and six months ended June 30, 2014, respectively. There were no costs capitalized for the three and six months ended June 30, 2013.

**NOTE 8 — RELATED PARTY**

In July 2013, the Company entered into a supply agreement, and a technology license agreement, with Overland. As consideration for the transactions contemplated by the technology license agreement, the Company received \$250,000 in cash and shares of common stock with a value at the time of issuance of approximately \$250,000.

In connection with the July 2013 Overland transaction, Eric Kelly, formerly Overland's President and Chief Executive Officer, was appointed chairman of the board of directors of Sphere 3D. Mr. Kelly was also awarded an option to purchase up to 850,000 shares of common stock of Sphere 3D with an exercise price of approximately \$0.63.

The Company recognized \$0.3 million in revenue related to the license agreement during the three months ended June 30, 2014. The Company recognized \$0.5 million in revenue related to the license agreement during the six months ended June 30, 2014. The Company made purchases of \$0.6 million and 0.7 million from Overland related to the supply agreement during the three and six months ended June 30, 2014. Amounts included in other current assets and accounts payable under these agreements was \$26,000 and \$0.3 million as of June 30, 2014. Amounts included in other current assets and accounts payable under these agreements was \$0.4 million and \$0.1 million as of December 31, 2013.

On May 15, 2013, the Company agreed to loan Overland \$5.0 million to support its working capital requirements. The loan bears interest at the published prime rate (as defined in the agreement) plus 2% per annum payable semi-annually in arrears on November 15 and May 15 of each year. The loan is secured by a Promissory Note, repayable on May 15, 2018, and a security agreement, dated May 15, 2014, providing subordinated collateral security over Overland's inventory and holdings of common shares of Sphere 3D. The Company recognized \$25,000 in interest income from a promissory note from Overland during the three and six months ended June 30, 2014. Amounts included in other current assets for interest receivable was \$25,000 at June 30, 2014.

Legal services of 0.2 million and \$13,000 were provided by a legal firm affiliated with a director of the Company during the three months ended June 30, 2014 and 2013, respectively. Legal services of 0.2 million and \$30,000 were provided by a legal firm affiliated with a director of the Company during the six months ended June 30, 2014 and 2013, respectively. As of June 30, 2014 and December 31, 2013, accounts payable included \$0.2 million, for each period, due to related parties.

**NOTE 9 — COMMITMENTS AND CONTINGENCIES**

**Litigation**

From time to time, the Company may be involved in various lawsuits, legal proceedings, or claims that arise in the ordinary course of business. Management does not believe any legal proceedings or claims pending at June 30, 2014 will have, individually or in the aggregate, a material adverse effect on its business, liquidity, financial position, or results of operations. Litigation, however, is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm the Company's business.

*Proposed Merger*

In May 2014, we announced that we had signed an agreement and plan of merger with Overland. Since the merger was announced, four separate putative shareholder class action lawsuits were filed against us, Overland and all of its directors in the California Superior Court in and for the County of San Diego. Three of the lawsuits also named Cyrus Capital Partners, the majority shareholder of Overland, as a defendant. On June 25, 2014, the Superior Court entered an order providing for the consolidation of all cases relating to Overland's decision to enter into the merger agreement with Sphere 3D. These cases have been consolidated before a single judge and are referred to as *In re Overland Storage Inc., Shareholders Litigation*, Lead Case No. 37-2014-00016017-CU-SL-CTL. On July 30, 2014, the plaintiffs filed their consolidated amended complaint. The lawsuit alleges breaches of fiduciary duties and conflicts of interest against Overland's directors relating to the merger process, the terms of the merger agreement, and the consideration to be received by Overland's shareholders under the terms of the merger agreement. The lawsuit alleges that we and the other defendants aided and abetted the purported breaches of fiduciary duties by Overland's directors. The relief sought included an injunction prohibiting the consummation of the merger, rescission of the merger to the extent already implemented or rescissory damages, damages, and an award of attorneys' fees and costs.

While the Company believes that the lawsuits are without merit, and the Company specifically denies the allegations made in the lawsuits and maintains that it and the other defendants committed no wrongdoing whatsoever, to permit the timely consummation of the proposed merger, and without admitting the validity of any allegations made in the lawsuits, the Company concluded that it is desirable that the Consolidated Action and Merger Actions be resolved. The proposed settlement of the Consolidated Action and Merger Actions, which is subject to confirmatory discovery and court approval, provides for the release of all claims against the defendants relating to the proposed merger and the allegations in the Consolidated Action and Merger Actions. There can be no assurance that the settlement will be finalized or that the Superior Court will approve the settlement.

#### **NOTE 10 — SUBSEQUENT EVENTS**

On July 10, 2014, the Company issued 10,894 common shares in payment of interest owing on the convertible debenture, for the period ending June 30, 2014. The number of shares was calculated based on the closing price of the common shares, on the TSXV, on June 30, 2014.

On each of the dates July 17, 2014 and July 31, 2014, the Company advanced Overland Storage Inc. additional amounts of \$0.5 million to support its working capital requirements.

On July 18, 2014, the Company issued 52,801 common shares, valued at \$0.5 million, under the related party supply agreement with Overland Storage.

The Company has been informed by the Ontario Security Commission (“OSC”) that, due to the fact that (i) the short form prospectus, issued in connection to the Special Warrants, is the first prospectus filing by the Company post-Qualifying Transaction, and (ii) the materiality of the transaction with Overland, the OSC has taken the position that it will be reviewed under the long-form prospectus timing guidelines, as such, the Company was unable to file the final Prospectus by July 31, 2014, meaning that the Special Warrants will be convertible to 1.05 units per Special Warrant upon the filing of the final Prospectus.



SPHERE 3D CORP.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2014**

Sphere 3D Corp. is a virtualization technology solution provider. Sphere 3D's Glassware 2.0™ platform delivers virtualization of many of the most demanding applications in the marketplace today; making it easy to move applications from a physical PC or workstation to a virtual environment either on premise and/or from the cloud. Sphere 3D's V3 Systems division supplies the industry's first purpose built appliance for virtualization as well as the Desktop Cloud Orchestrator management software for Converged Infrastructure.

This Management's Discussion and Analysis includes the financial results of the Company, its wholly-owned subsidiaries, V3 Systems Holding, Inc., which was incorporated in the State of Delaware on January 14, 2014, S3D Acquisition Company, which was incorporated in the State of California on May 14, 2014, Sphere 3D Inc., which was incorporated under the Canada Business Corporation Act on October 20, 2009, and its wholly owned subsidiary, Frostcat Technologies Inc., which was incorporated under the Business Corporations Act (Ontario) on February 13, 2012.

The Company was incorporated under the *Business Corporations Act (Ontario)* on May 2, 2007 and is listed on the NASDAQ exchange under the trading symbol "ANY". The Company has its main and registered office at 240 Matheson Blvd. East, Mississauga, Ontario, L4Z 1X1.

**ADVISORY**

Sphere 3D Corp. ("Sphere 3D") adopted accounting principles generally accepted in the United States of America ("U.S. GAAP") commencing with the annual financial statements for the year ended December 31, 2014, which are available under Sphere 3D's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com) <<http://www.sedar.com>> and on the EDGAR website at [www.sec.gov](http://www.sec.gov)<<http://www.sec.gov>>.

As a result of Sphere 3D adopting U.S. GAAP, Canadian securities regulations require that the Company refile its 2014 interim financial statements and notes thereto under U.S. GAAP, together with accompanying management's discussion and analysis and related certifications. The previously filed interim financial statements and accompanying management's discussion and analysis, as well as the previously filed annual audited consolidated financial statements as at and for the year ended December 31, 2013 and accompanying management's discussion and analysis, are available under Sphere 3D's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com)<<http://www.sedar.com>> and on the EDGAR website at [www.sec.gov](http://www.sec.gov)<<http://www.sec.gov>>.

This Management's Discussion and Analysis ("MD&A") comments on the financial condition and operations of Sphere 3D Corp. ("Sphere 3D" or the "Company"), for the three and six months ended June 30, 2014 and updates our MD&A for fiscal 2013. The information contained herein should be read in conjunction with the Consolidated Financial Statements and Auditor's Report for fiscal 2013 and the unaudited Interim Consolidated Financial Statements for the three and six months ended June 30, 2014.

The Company prepares its interim consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). All financial information contained in this MD&A and in the unaudited consolidated interim financial statements has been prepared in accordance with US GAAP.

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The quarterly unaudited consolidated financial statements and this MD&A have been reviewed by the Company's Audit Committee and approved by its Board of Directors.

### **FORWARD LOOKING INFORMATION**

Certain statements in this MD&A constitute forward-looking statements that involve risks and uncertainties. Forward-looking statements, without limitation, may contain the words believes, expects, anticipates, estimates, intends, plans, or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions and Sphere 3D's actual results could differ materially from those anticipated. Forward looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. In the context of any forward-looking information please refer to risk factors detailed herein, as well as other information contained in the company's filings with Canadian securities regulators ([www.sedar.com](http://www.sedar.com)).

### **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's web-site at [www.sphere3d.com](http://www.sphere3d.com).

### **GENERAL DEVELOPMENT OF THE BUSINESS**

Sphere 3D is a technology company that delivers an application virtualization platform aimed at extending the life of software indefinitely. The Company's technology enhances the user experience of both legacy and current applications and empowers users to gain access to these applications from devices of their choosing.

Over the last five years, Sphere 3D has designed a proprietary platform, namely Glassware 2.0™, for the delivery of applications from a server-based computing architecture.

Through the creation of Glassware 2.0, software is made available from a central location irrespective of the device that is accessing the software. Legacy software can be run using Glassware 2.0 even if the operating system and the machine upon which it is run on is no longer sold or supported. Software publishers who invest millions of dollars to write software code can be assured that their software can be utilized for as long as it is required. With Glassware 2.0, new software released by publishers will be driven by new feature sets rather than the next release of the original OS upon which the software was written.

The Company has taken a unique approach in that it has built its technology platform without the use of a hypervisor and instead has designed its own microvisor. This required the Company to design Glassware 2.0 without resorting to layers of OS programming code. With the removal of the OS, Glassware 2.0 did not connect to hardware so additional code was written to access that hardware directly. Glassware 2.0 has a series of different emulators within its design so that any device can access a wide array of applications that sit on top of Glassware 2.0. This process is fundamentally different from other software that approximates the feature sets which management believes results in a quantum leap in functionality and a significant decrease in cost.

One of the additional benefits of this approach is the ability to deliver multiple application sessions on either a single server or through clusters of servers without the requirement to deliver complete VDI.

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Through Glassware 2.0™, the process for “porting” and “publishing” applications is streamlined to the point that it is practically automated, requiring very little administration input.

The Company’s technology eliminates the complexity associated with planning, implementation, licensing and support of virtualization and Cloud migration while expanding the ecosystem of applications available to users. Additionally, Glassware 2.0™ architecture and unique “application only” virtualization, coupled with complementary software and hardware designs from its recent acquisition of the VDI technology of V3 Systems (as described below), enables the Company and its partners to deliver flexibility within the industry and a wide array of deployment options.

Since inception, the Company has invested the majority of its capital in the design, development and testing of its technology, with the majority of employees and financial resources allocated to such functions. In 2013, the Company started to transition its focus from entirely a research and design organization to a commercial enterprise, through an increased investment in sales and marketing resources.

### **New Product Introductions**

The second quarter resulted in expanded utilization of the Company’s products and the introduction of new solutions that leverage Sphere 3D technology.

- Novarad Corporation, a leader in enterprise medical imaging solutions, introduced NovaGlass™, at the SIIM (Society for Imaging Informatics in Medicine) Conference in Long Beach, California in May 2014.

Designed to leverage Novarad PACS and RIS solutions, NovaGlass™ resides on enterprise grade appliances, utilizes Sphere 3D software, and provides users with access to full imaging features while significantly enhancing operating speeds and choice of workstations.

- The Company also announced their first converged solution for the MSP market in May 2014. The Sphere 3D Converged MSP Solution includes custom configurations of the V3 appliance, storage, industry-standard desktop virtualization, and Glassware 2.0.

The new solution has been in production with various clients since the initial part of this year and additional trials are underway and in planning stages with several MSP customers, including Telco’s and Data Centers.

The third quarter has further increased the product and solutions offerings with:

- the launch of Sphere 3D’s “V3” Hyper-Converged solution within Overland’s data management and protection product lines to address the Converged Infrastructure solutions market.
- the launch of the 2.5 update to Sphere 3D’s Desktop Cloud Orchestrator™ (DCO) software.

DCO v2.5 brings a new level of Optimized Desktop Allocation to the table, allowing virtual desktops to intelligently access additional resources, including 3D GPU or allocations of CPU and RAM. Based on policy, DCO v2.5 provides migratory access to virtual desktops which provide enhanced resources on a temporary basis and on demand.

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## **Continued Innovation**

Sphere 3D continues on its quest to redefine the boundaries of hardware through its “software defined everything” approach to computing. DLA Piper, on behalf of the Company, filed a provisional patent for the first microvisor runtime environment available on a chip. The latest IP creation is a culmination of years of miniaturization work with the intent of making Glassware 2.0 completely portable and available offline.

Glassware 2.0 has seen its architecture streamlined and gain efficiency continuously since the first iteration that required 8 individual hardware servers in 2010, to its current production state of availability on a single appliance.

The most recent progress of the Glassware 2.0 single chip architecture allowed Sphere 3D to showcase Glassware 2.0 *server* technology running on a single laptop for attendees at BriForum in London England, and Boston, as well as at VM World in San Francisco.

## **Corporate Highlights**

### ***NASDAQ Listing***

On April 14, 2014, Sphere 3D filed an application with NASDAQ OMX Group to list the Common Shares on the NASDAQ Global Market. On June 27, 2014, NASDAQ’s Listing Qualifications Department, approved the Company’s application to list the Common Shares and the Company’s Common Shares commenced trading on the NASDAQ on July 8, 2014 under the symbol “ANY”. Upon commencement of trading on the NASDAQ, the Common Shares ceased trading on the OTCQX. The Common Shares continue to trade on the TSXV.

### ***Merger Agreement with Overland***

On May 16<sup>th</sup>, 2014, the Company announced that it had entered into a definitive agreement to acquire Overland Storage, Inc. (NASDAQ:OVRL). Overland is a trusted global provider of unified data management and data protection solutions designed to enable small and medium enterprises, distributed enterprises, and small and medium businesses to anticipate and respond to data storage requirements.

Overland provides an integrated range of technologies and services for primary, nearline, offline, and archival data storage, and makes it easy and cost effective to manage different tiers of information over time, whether distributed data is across the hall or across the globe.

Overland SnapServer, RDX removable disk-based technology, SnapScale, SnapServer, SnapSAN, NEO Series and REO Series solutions are available through a channel of over 17,000 resellers, multiple distributors and OEMs in over 70 countries.

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### ***Special Warrant Offering***

On June 5, 2014, the Company closed a private placement financing of 1,176,500 special warrants of the Company, at a price of \$8.10 per Special Warrant, resulting in gross proceeds of \$9.4 million to the Company. Each Special Warrant entitles the holder thereof to receive, without the payment of any additional consideration, one unit of the Company comprised of 1.05 Common Shares and 0.525 of one Common Share purchase warrant. Each full Common Share purchase warrant will entitle the holder thereof to acquire (subject to adjustment in certain circumstances, as applicable), one Common Share at a price of \$10.95 per share at any time before 5:00 p.m. (Toronto time) on June 5, 2016.

### ***Filing of SEC Form 40-F***

On June 27, 2014, Sphere 3D announced that it has filed with the SEC a registration statement on Form 40-F to register the Common Shares under Section 12 of the U.S. *Securities and Exchange Act of 1934*, as amended. The Form 40-F entitles eligible Canadian issuers to register securities with the SEC pursuant to Section 12 of the U.S. *Securities Exchange Act of 1934*.

### **Future Developments**

Sphere 3D intends to continue to build its organization with a focus on revenue generation, marketing and a continuation of its aggressive technology innovation cycle.

The Company's core focus of providing access to fully functional software applications on otherwise incompatible devices has expanded to include the availability of enhanced performance on compatible devices.

Sphere 3D plans to increasingly market targeted services to enterprise level customers, to provide secure, fully functioning access to third party legacy software and/or operating systems without the requirement to rewrite them to the Cloud. Additionally, Sphere 3D will consider other possible strategic acquisitions that may enhance its technology offering and market position.

To support its marketing strategy, Sphere 3D intends to continue to increase its service delivery capacity within the scalable model it has already established, and add selective technology functionality to its platform to enhance specific vertical and/or client offerings.

With the announcement of the Merger Agreement, Sphere 3D and Overland have accelerated their efforts to develop an integrated application virtualization and data storage platform, as well as Converged Infrastructure solutions. It is expected that the combined businesses will accelerate Sphere 3D's go to market strategy and allow it to leverage Overland's robust third party reseller and OEM distribution model.

### **DESCRIPTION OF THE BUSINESS**

All of the Company's product development, sales, and marketing operations were conducted from its offices in Mississauga, Ontario, Canada, and since the first quarter of 2014, from various sales offices in the United States.

#### **Market Overview**

The market for the Company's products and services has experienced strong demand and management anticipates that such demand will continue for the foreseeable future.

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According to IHS Technology, enterprise businesses moving their IT services, applications and infrastructure to cloud-based architecture will cause market revenue in this segment to surge by a factor of three from 2011 to 2017.<sup>1</sup>

IHS reports “Global business spending for infrastructure and services related to the cloud will reach an estimated \$174.2 billion (in 2014), up a hefty 20 percent from \$145.2 billion in 2013. By 2017, enterprise spending on the cloud will amount to a projected \$235.1 billion, triple the \$78.2 billion in 2011.

Within the Cloud market, IDC is predicting that the cloud software market will surpass \$75 billion by 2017 attaining a five year compound annual growth rate of 22% in the forecast period<sup>2</sup> and according to Gartner, SaaS and cloud-based business application services revenue will grow from \$13.5 billion in 2011 to \$32.8 billion in 2016, at a compound annual growth rate of 19.5%.<sup>3</sup>

Wikibon’s research projects rapid market growth for Converged Infrastructure, expecting the total available market to reach \$402 billion by 2017 of which \$217 billion is comprised of Server, Storage, Networking and Infrastructure Software.

Additional research from IDC anticipates the overall spending on converged systems in the data center to grow at a compound annual growth rate (CAGR) of 54.7 percent, from \$2.0 billion in 2011 to \$17.8 billion in 2016 and that converged infrastructure will account for 12.8 percent of total storage, server, networking and software spending by 2016, up from only 3.9 percent in 2012.

Over the next 12 months, two additional significant trends are expected to benefit the Company: (i) within the next 12 months more than 50% of enterprises will prioritize building private internal Clouds (currently, the common approach that companies are using is by purchasing commercial software),<sup>4</sup> and (ii) Cloud applications will account for 90% of total mobile data traffic by 2018 while Mobile cloud traffic will grow 12-fold from 2013 to 2018, attaining a compound annual growth rate of 64%.<sup>5</sup>

## **Sales and Marketing**

The Company intends to focus the majority of sales efforts through an indirect sales channel in order to achieve the greatest possible impact with the least possible start-up costs. This indirect channel includes licensees, resellers, ISVs, OEMs and systems integrators. The Company has established a business relationships with Overland and through them access to distributors, resellers, ISVs and OEMs.

The Company’s software is delivered through both a SaaS model, with maintenance to end-user customers included and under a perpetual license; if software is sold as a perpetual license, the Company will require end-user customers to purchase maintenance contracts when they purchase software.

In establishing prices for the Company’s products, the Company considers the value of the products and solutions in comparison to other industry virtualization and hardware solutions and strives to deliver the lowest total cost of ownership where possible.

<sup>1</sup> IHS: Cloud- Related Spending by Businesses to Triple from 2011 to 2017 – February 4, 2014.

<sup>2</sup> IDC infographic sponsored by Cisco.

<sup>3</sup> Gartner Forecast Analysis: Enterprise Application Software, Worldwide, 2011-2016, 4Q12 Update, January 2013.

<sup>4</sup> The Forrester Wave™: Private Cloud Solutions, Q4 2013 by Lauren E. Nelson, November 25, 2013.

<sup>5</sup> Cisco Visual Networking Index: Global Mobile Data Traffic Forecast Update, 2013–2018. Source: FORBES, Roundup of Cloud Computing Forecasts And Market Estimates, 2014.

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The Company intends to invest throughout 2014 on communicating the benefits of Glassware 2.0™ while training Company licensees, resellers, ISVs and OEMs as well as educating the media and industry analysts about the unique value proposition associated with deploying the Company's technology as a virtualization platform.

During fiscal 2013, Sphere 3D shifted its focus to deliver any consumer centric solutions through a Business-to-Business-to-Consumer (B2B2C) approach. This strategic shift is primarily in response to demand from software publishers for application virtualization, the operational and financial efficiencies gained through this approach, and the requirement to focus resources on the considerable Business and Enterprise market opportunities currently available to the Company.

### **Competitive Conditions**

Management believes that the Sphere 3D's Glassware 2.0™ proprietary virtualization platform design and architecture is unique and innovative, such that any measurable competition is limited to somewhat similar technologies within the device and software emulation and virtualization market place.

While some of our competitors appear to have similar product offerings, management believes that Sphere 3D's products represent a significant advance in terms of functionality and usability.

### **Proprietary Protection**

Sphere 3D has designed and maintains its virtualization platform. The Company will be relying on a combination of patents, trademarks, trade secret and copyright laws, as well as contractual restrictions, to protect the proprietary aspects of its products and services. Although every effort is made to protect Sphere 3D's intellectual property, these legal protections may only afford limited protection. Sphere 3D intends to continue to selectively pursue patenting of further technology developed in the future.

Sphere 3D may continue to file for patents regarding aspects of its platform, services and delivery method at a later date depending on the costs and timing associated with such filings. The Company may make investments to further strengthen its copyright protection going forward, although no assurances can be given that it will be successful in such patent and trademark protection endeavours. Sphere 3D seeks to limit disclosure of its intellectual property by requiring employees, consultants, and partners with access to its proprietary platform and information to execute confidentiality agreements and non-competition agreements and by restricting access to Sphere 3D proprietary information. Due to rapid technological change, Sphere 3D believes that factors such as the expertise and technological and creative skills of our personnel, new services and enhancements to our existing services are more important to establish and maintain an industry and technology advantage than other available legal protections.

Despite Sphere 3D's efforts to protect its proprietary rights, unauthorized parties may attempt to copy aspects of its services or to obtain and use information that Sphere 3D regards as proprietary. The laws of many countries do not protect proprietary rights to the same extent as the laws of the United States or Canada. Litigation may be necessary in the future to enforce Sphere 3D's intellectual property rights, to protect Sphere 3D's trade secrets, to determine the validity and scope of the proprietary rights of others or to defend against claims of infringement. Any such litigation could result in substantial costs and diversion of resources and could have a material adverse effect on Sphere 3D's business, operating results and financial condition. There can be no assurance that Sphere 3D's means of protecting its proprietary rights will be adequate or that our competitors will not independently develop similar services or products. Any failure by Sphere 3D to adequately protect its intellectual property could have a material adverse effect on its business, operating results and financial condition.

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## SEGEMENTED INFORMATION

The Company's product development, sales, and marketing operations are conducted from its offices in North America. The Company's operations focus on one market segment, Cloud Computing and Virtualization, including the development, and sale of Sphere 3D's "Glassware 2.0™" virtualization platform, the V3 Desktop Cloud Orchestrator™ management software and Hyper-Converged Infrastructure.

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**SELECTED CONSOLIDATED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS**
*Periods Ended June 30, 2014 and 2013*
**Adjusted EBITDA**

The following table reconciles Adjusted EBITDA to Net profit (loss). This information is taken from and should be read in conjunction with Sphere 3D's financial statements and related notes:

In thousands (except per share)	Three Months ended June 30,		Six Months ended June 30,	
	2014 (unaudited)	2013 (unaudited)	2014 (unaudited)	2013 (unaudited)
Revenue	\$ 1,606	\$ -	\$ 2,518	\$ -
Cost of Sales	902	-	1,295	-
Gross Profit	704	-	1,223	-
Gross margin percent	43.8.0%	-	48.6%	-
Net loss for the period	(3,051)	(551)	(3,829)	(1,191)
Loss per share	\$ (0.13)	\$ (0.03)	\$ (0.17)	\$ (0.07)
Add back				
Stock based compensation	1,070	25	1,803	45
Amortization of intangibles	1,090	1	1,046	2
Amortization of property and equipment	57	47	150	93
Financial expenses	128	1	138	-
Merger agreement costs	326	-	324	-
Total	2,671	74	3,461	140
Adjusted EBIDA	\$ (380)	\$ (477)	\$ (368)	\$ (1,051)

**Adjusted EBITDA**

The term Adjusted EBITDA refers to Profit before deducting share-based payment expense, finance expense, foreign exchange gain (loss), non-cash loss (gain) on fair market value of financial instruments, depreciation and income taxes. We believe that Adjusted EBITDA provides useful supplemental information as an indication of the results generated by the Company's main business activities prior to taking into consideration how those activities are financed and taxed and also prior to taking into consideration share-based payment expense and the other items listed above. Accordingly, we believe that these measures may also be useful to investors in enhancing their understanding of the Company's operating performance.

AS AT (in thousands)	June 30 2014 (unaudited)	December 31 2013 (audited)
Current assets	\$ 11,097	\$ 6,427
Non-current assets	22,278	1,934
<b>Total assets</b>	<b>\$ 33,375</b>	<b>\$ 8,361</b>
Current liabilities	\$ 1,897	\$ 924
Non-current liabilities	8,841	-
<b>Total liabilities</b>	<b>\$ 10,738</b>	<b>\$ 924</b>
<b>Total equity</b>	<b>\$ 22,637</b>	<b>\$ 7,437</b>

Sphere 3D has not declared any dividends since its incorporation. Sphere 3D does not anticipate paying cash dividends in the foreseeable future on its Sphere 3D Shares, but intends to retain future earnings to finance internal growth, acquisitions and development of its business. Any future determination to pay cash dividends will be at the discretion of the board of directors of Sphere 3D and will depend upon Sphere 3D's financial condition, results of operations, capital requirements and such other factors as the board of directors of Sphere 3D deems relevant.

## Results of Operations (in thousands except per share information)

### Revenue

The Company generates and analyzes sales from the following segments:

1. **Hardware and Software Products.** A suite of emulation products, which includes Sphere 3D's Glassware 2.0™ application virtualization platform products and its VDI appliances, including software that powers the Sphere 3D hardware and enables network operators to remotely control and monitor the appliances in their network. The Company also provides hardware and software from other companies (3rd Party Products) when required to complete an end-to-end network solution.
2. **License fees –** License fees include the charges for the right to use both Sphere 3D and 3<sup>rd</sup> Party Software products, as well as exclusivity and special use licenses.
3. **Professional Services & Maintenance and Support.** Professional services and support typically include installation, project management and training, as well as basic and extended warranty and online support. These services can be provided by Sphere 3D or by third party companies who work for Sphere 3D. Support

With first sales of the Company's Glassware 2.0 technology, V3 appliances and DCO software in the first quarter of 2014, the Company has moved from a development stage enterprise into full commercialization. This has provided revenue from hardware, software, licensing and service and support.

## Revenue by Segment

The proportion of the total revenue attributable to each segment is outlined in the following table:

<i>In thousands</i>	Three Months ended June 30,		Six Months ended June 30,	
	2014 (unaudited)	2013 (unaudited)	2014 (unaudited)	2013 (unaudited)
Hardware and Software	\$ 1,264	\$ -	\$ 1,767	\$ -
License fees	254	-	-517	-
Service and Support	88	-	-234	-
Total	\$ 1,606	\$ -	\$ 2,518	\$ -

Revenue in the quarter increased by 74% over the first quarter of 2014. Management expects the revenue contribution from Hardware, Software and Services and Support to continue to growth as the Company continues its inroads in the Health, Education and Government sectors.

## Cost of Goods Sold

Cost of goods sold for the three and six months ended June 30, 2014 were \$902,000 and \$1,295,000, respectively, providing a gross margin of 43.8% and 48.6% respectively. Management expects that gross margins will fluctuate as it continues to introduce its products in various markets and takes an aggressive approach to pricing as part of its short term growth strategy.

## Expenses

Salaries and consulting for the three and six months ended June 30, 2014 were \$374,000 and \$551,000 respectively, compared to \$358,000 and \$729,000, respectively, for the three and six months ended June 30, 2013. The increase in expenses, was the result of the Company expanding its sales, marketing and support staff throughout fiscal 2013 and early 2014. The Company expects to add additional staff in sales, marketing and research & development during the remainder of fiscal 2014.

Stock based compensation for the three and six months ended June 30, 2014 were \$1,070,000 and 1,803,000 respectively, compared to \$26,000 and \$46,000, respectively, for the three and six months ended June 30, 2013. The increase in expenses, was the result of the Company issuing stock options as part of its ongoing hiring and staff retention processes. Charges for Stock based compensation are based on Black Scholes calculations, which result in higher expenses as the market price and the exercise price on the option awards increase.

General and administrative expenses were \$500,000 and \$726,000, respectively, for the three and six months ended June 30, 2014 compared to \$118,000 and \$320,000, respectively, for the three and six months ended June 30, 2013. General and administrative expenses increased significantly in the second quarter of 2014 as the Company accelerated its roll-out of new products and added a sales and support office in the United States.

Amortization of intangibles was \$1,090,000 and \$1,046,000, respectively, for the three and six months ended June 30, 2014 compared to \$1,000 and \$2,000 for the three and six months ended June 30, 2013.

Amortization of the acquired and developed technology commenced in the second quarter of 2014 and will continue through the expected useful life.

Amortization of property and equipment for the three and six months ended June 30, 2014 were \$57,000 and \$150,000 respectively, compared to \$47,000 and \$93,000 for the three and six months ended June 30, 2013. The Company expects to continue growing its capital asset base resulting in continued growth in amortization.

Financing expenses were \$128,000 and \$138,000, respectively, for the three and six months ended June 30, 2014 compared to \$1 and \$Nil for the three and six months ended June 30, 2013. Financing expenses included both realized and unrealized foreign exchange and holding gains along with interest costs and derivative liability costs related to the debenture financing entered into by the Company on March 21, 2014.

Merger agreement costs for the three and six months ended June 30, 2014 were \$326,000 and \$324,000 respectively, compared to \$Nil for the three and six months ended June 30, 2013. The costs related to the announced plan of merger between a wholly owned subsidiary of the Company and Overland Storage, Inc. and include legal, accounting and other costs.

The net loss for the three and six months ended June 30, 2014 was \$3,051,000 or \$0.13 per share and \$3,829,000 or \$0.17 per share, respectively, compared with a net loss in the three and six months ended June 30, 2013 of \$551,000 or \$0.03 per share and \$1,191,000 or \$0.07 per share, respectively. The increases in losses were mainly driven by non-cash or non-operating expenses incurred over the quarter. The Company expects to continue to have significant non-cash expenses going forward as recognizes the value of the acquired and developed technology.

### **Financial Position**

Sphere 3D's cash position increased during the six months ended June 30, 2014 by \$3,021,000 compared to a decrease of \$1,169,000 for the six months ended June 30, 2013.

Operating activities required cash of \$2,024,000, after adjustments for non-cash items and changes in other working capital balances, compared to \$1,174,000 during the six months ended June 30, 2013. The increase in use was mainly related to an increase in net working capital assets as revenue increased.

Investing activities required cash of \$10,255,000, related to the acquisition and development of technology and intangible assets, the acquisition of property and equipment to support Sphere 3D's ongoing development work and loans made to support Overland's working capital requirements as the merger arrangement is completed.

Financing activities generated \$15,298,000 during the six months ended June 30, 2014 compared to \$148,000 for the six months ended June 30, 2013. Financing activities included the sale of special warrants in June 2014, which will convert to Common Stock and Warrants upon final receipt of the Company's short form prospectus, the closing of the 4 year 8% debenture financing on March 21, 2014 and the ongoing exercise of options and warrants. The Company expects that it will continue to receive cash from warrant exercises through the remainder of the year.

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## Liquidity and Capital Resources

At June 30, 2014, Sphere 3D had cash of \$8,238,000 and working capital of \$9,200,000 compared to cash of \$5,217,000 and working capital of \$5,503,000 as at December 31, 2013.

### SUMMARY OF OUTSTANDING SHARES AND DILUTIVE INSTRUMENTS

The authorized capital of the Company consists of an unlimited number of common shares, of which 23,562,966 common shares were issued and outstanding as of the date of this MD&A.

Certain common shares of the Company are subject to escrow in accordance with TSXV policies. There are two separate escrow agreements in place which are subject to different rates of release. The following table summarizes the common shares that were issued by the Company and are subject to and held under each escrow and the dates of release therefrom:

	Surplus Share		Value Share		Total	
	Escrow Number	%	Escrow Number	%	Number	%
Balance at December 21, 2012	4,655,000	100	4,306,250	100	8,961,250	100
Released - December 27, 2012 <sup>(1)</sup>	232,750	5	430,625	10	663,375	7
Released - June 27, 2013	232,750	5	645,937	15	878,687	10
Released - December 27, 2013	465,500	10	645,937	15	1,111,437	13
Total subject to escrow at December 31, 2013	3,724,000	80	2,583,751	60	6,307,751	70
Released - June 27, 2014	465,500	10	645,937	15	1,111,437	13
Total subject to escrow at June 30, 2014	3,258,500	70	1,937,814	45	5,196,314	57
<b>Future releases</b>						
December 27, 2014	698,250	15	645,938	15	1,344,188	15
June 27, 2015	698,250	15	645,938	15	1,344,188	15
December 27, 2015	1,862,000	40	645,938	15	2,507,938	27
<b>Total future releases</b>	<b>3,258,500</b>	<b>70</b>	<b>1,937,814</b>	<b>45</b>	<b>5,196,314</b>	<b>57</b>

(1) Date of issuance of TSXV exchange bulletin announcing the commencement of trading of the Company's stock.

Escrowed shares are subject to release every six months from the date of the exchange bulletin, at the rate shown. Release rates can change if the Company were to move to the TSX Tier 1 Exchange. As well, if the operations or development of the Intellectual Property or the business are discontinued then the unreleased securities held in the QT Escrow will be cancelled.

The Company has warrants outstanding to purchase up to an aggregate of 1,454,144 common shares, and special warrants that upon final clearance of the Company's prospectus will result in the issuance of 1,235,325 Common Shares and 617,663 warrants, exercisable at \$10.79 per share for a period of 2 years.

The stock option plan (the "Option Plan") of the Company is administered by the Board of Directors, which is responsible for establishing the exercise price (at not less than the Discounted Market Price as defined in the policies of the TSX Venture Exchange) and the vesting and expiry provisions. The maximum number of common shares reserved for issuance for options that may be granted under the Option Plan is 20% of the number of common shares outstanding at the time of the record date for the last shareholders' meeting, or 4,625,000 Options. As of the date of this MD&A, Options granted under the Option Plan to purchase up to an aggregate of 3,345,000 common shares are issued and outstanding.

Assuming that all of the outstanding options and warrants are exercised, 30,215,098 common shares would be issued and outstanding on a fully diluted basis.

### Related Party Transactions

Related parties of the Company include the Company's key management personnel and independent directors.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise).

The compensation paid or payable to key management personnel is shown below (in thousands):

	June 30 2014	June 30 2013
Salaries, management fees and benefits	\$ 243,000	\$ 300,000
Share-based payments – management	65,000	19,000
Share-based payments – directors	116,000	14,000
	\$ 424,000	\$ 333,000

Legal services of \$211,000 (2013 - \$30,000) were provided by a legal firm affiliated with a director of the Company.

Amounts owing to a legal firm affiliated with a director of the Company and officers and directors of the Company at period end included in trade and other payables total \$182,000 (2013 - \$12,000).

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## Quarterly Information

### Quarterly Information (in thousands, except loss per share)

	Jun 2014	Mar 2014	Dec 2013	Sep 2013	Jun 2013	Mar 2013	Dec 2012	Sep 2012
<b>Revenue</b>	\$ 1,606	\$ 912	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Cost of sales</b>	902	393						
<b>Gross profit</b>	704	519						
<b>Expenses</b>	3,620	1,285	1,314	790	551	642	1,064	532
<b>Net loss</b>	\$ (3,051)	\$ (778)	\$ (1,328)	\$ (817)	\$ (551)	\$ (640)	\$ (1,064)	\$ (532)
<b>Loss per share</b>	\$ (0.13)	\$ (0.04)	\$ (0.07)	\$ (0.05)	\$ (0.03)	\$ (0.04)	\$ (0.08)	\$ (0.04)
<b>Weighted average number of shares</b>	23,314	21,692	19,868	17,188	16,114	16,114	13,737	11,870
		<b>Jun 2014</b>	<b>Mar 2014</b>	<b>Dec 2013</b>	<b>Sep 2013</b>	<b>Jun 2013</b>	<b>Mar 2013</b>	<b>Dec 2012</b>
<b>Cash</b>	\$ 8,238	\$ 6,461	\$ 5,217	\$ 1,355	\$ 470	\$ 1,036	\$ 1,639	
<b>Total assets</b>	\$ 33,375	\$ 24,646	\$ 8,361	\$ 2,512	\$ 1,808	\$ 2,512	\$ 3,222	
<b>Working capital</b>	\$ 9,200	\$ 6,446	\$ 5,503	\$ 1,788	\$ 535	\$ 1,060	\$ 1,735	

CERTIFICATION OF REFILED INTERIM FILINGS

This certificate is being filed on the same date that Sphere 3D Corp. (the "issuer") has refiled the interim financial report and interim MD&A for the interim period ended **June 30, 2014**.

I, **Eric Kelly, Chief Executive Officer of Sphere 3D Corp.**, certify the following:

**1. Review:** I have reviewed the interim financial report and interim MD&A (together, the "interim filings") of the issuer for the interim period ended **June 30, 2014**.

**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.

Date: March 31, 2015

*(signed) Eric Kelly*

Eric Kelly

Chief Executive Officer

**NOTE TO READER**

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reports for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.



CERTIFICATION OF REFILED INTERIM FILINGS

This certificate is being filed on the same date that Sphere 3D Corp. (the "issuer") has refiled the interim financial report and interim MD&A for the interim period ended **June 30, 2014**.

I, **Kurt Kalbfleisch, Chief Financial Officer of Sphere 3D Corp.**, certify the following:

**1. Review:** I have reviewed the interim financial report and interim MD&A (together, the "interim filings") of the issuer for the interim period ended **June 30, 2014**.

**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.

Date: March 31, 2015

*(signed) Kurt Kalbfleisch*

Kurt Kalbfleisch

Chief Financial Officer

**NOTE TO READER**

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of

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