

MESSAGE TO SHAREHOLDERS

Highlights

+88% Improvement in Operating Performance

EBITDA improved by 88% or \$821 thousand for the second quarter of 2019 compared to Q2 2018 and Net loss improved by 72% in the same comparable periods.

Operational Breakeven

Given the launch of several new products and implementation of expense reductions, the Company has been able to make material strides towards operational breakeven.

Dear Shareholders,

The Company has announced its second quarter results for 2019 and while I encourage you to review in detail our financial statements and MD&A for the period, I wanted to highlight a few achievements by our team.

Our bottom line and EBITDA improved significantly by 72% and 88% for the quarter ended June 30, 2019 compared to Q2 2018, we have set operational performance targets for 2019 that focus on leveraging our solution portfolio, established channels and current customer base to drive improved results in top and bottom line.

The enterprise segment of our customer base represents 57% of subscription revenue and is a key element in driving revenue growth for 2019. We have focused our innovation and sales efforts on addressing the needs of this underpenetrated market segment.

We have successfully progressed several key product initiatives through R&D which expand our platform capabilities enabling us to focus the remainder of fiscal 2019 on commercialization through both our channel partners and current customer base.

We believe our efforts to build an enterprise platform that is configurable in providing end-users a

Innovation, evolving solutions

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customized solution strengthens our position in the market and aligns with trends in the industrial internet of things (“IIoT”) marketplace.

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Going Forward

Now that we have launched important new products, we can concentrate our efforts on monetization. We have been very pleased with the success and speed of the operating adjustments and the improvements made to EBITDA and net loss. Recalibrating our overall strategy on opportunities where our competitive advantage is illustrated by existing customers positions the company to achieve both operating profitability and continued subscriber growth.

I want to thank you for your continued support as we grow the business.



Sincerely,

A handwritten signature in blue ink that reads "Brent Moore".

Brent Moore
President & Chief Executive
Officer
Trakopolis IoT Corp