TRAKOPOLIS®

EVOLVING VISIBILITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2018 and 2017.

# MESSAGE TO SHAREHOLDERS

## Highlights

### $1.2 million

in subscription revenue in the current quarter, representing a 22% increase compared to the same quarter in prior period.

### +32% Subscriber Base

in the current quarter, compared to the same quarter in prior period.

Dear Shareholders,

We are pleased to present our results for our second quarter ending June 30, 2018. Total revenue was $1.6 million, an increase of 1% compared to the same quarter in the prior period with subscription revenue up 22% compared to the prior period.

Our total number of subscribers continues to increase across all our major verticals. Our Monthly Recurring Revenue ("MRR") declined from the prior quarter due to a select few enterprise customers optioning to hibernate assets, reducing average revenue per unit. Hibernations are typically exercised for temporary periods and are reactivated upon request.

We continue to evolve our solution offering and layered on advanced analytics through Microsoft Power BI as well adopted new telematics standards for earth moving and construction machinery. Both additions to our solution offering align with our channel mobilization strategy.

During the quarter the Company migrated several existing customers and experienced good funnel activity in ELD solutions through the new partnership established in the first quarter. This partnership provides us with the industry leading ELD solution that compliments our current product offering in the transportation vertical for Small and Medium Sized Businesses ("SMB") and enterprise customers.

## Going Forward

The Company progressed several key enterprise deals in the sales funnel and began several new pilots across target verticals.  We continue to work with our current enterprise customers on evolving our solutions and increasing traction within this customer segment.

Given that our products and channel partners are established and gaining momentum it is prudent to apply more focus on channel mobilization and expansion. Operationally we will be focusing on a balanced approach to revenue growth and profitability.

Please review the MD&A for further financial comparisons and information.

Thank-you for your continued support and be sure to download our recently updated corporate presentation to learn more about our growth story by clicking the link below.

https://trakopolis-xniatba.netdna-ssl.com/wp-content/uploads/2016/08/TRAK_CorporatePresentation_Q2_web.pdf

Sincerely,

Brent Moore

**Brent Moore**
President & Chief Executive Officer
Trakopolis IoT Corp

## General

This Management's Discussion and Analysis ("MD&A") contains important information about our business and our performance for the three and six months ended June 30, 2018. This MD&A should be read in conjunction with the consolidated interim financial statements and accompanying notes.

All dollar amounts within this MD&A are presented in Canadian dollars unless otherwise stated. All percentage changes are calculated using the rounded numbers as they appear in the tables. This MD&A is current as of August 28, 2018 and was approved by the Board of Directors on that date. This MD&A includes forward-looking statements and assumptions. See "Forward-Looking Information" for more information. We, us, our, Trakopolis and the Company refer to Trakopolis IoT Corp. and its subsidiaries.

## Non-GAAP Financial Measures

This MD&A contains references to certain non-GAAP financial performance measures such as earnings before interest, tax, depreciation and amortization ("EBITDA"), adjusted EBITDA, subscribers and recurring revenue, which do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other entities. These non-GAAP financial performance measures should be viewed as a supplement to, not a substitute for, the Company's results of operations reported under IFRS. See "Non-GAAP Measures".

## Business Overview

Trakopolis IoT Corp., through its wholly owned subsidiary Trakopolis SaaS Corp., has developed a proprietary Software as a Service ("SaaS") solution called Trakopolis™. Trakopolis provides business intelligence to any organization that requires the location, status and relevant data on corporate assets such as equipment, devices, vehicles and people.

Trakopolis is SaaS company with proprietary, cloud-based solutions for real-time tracking, data analysis and management of corporate assets such as equipment, devices, vehicles and workers. The asset management platform works across a variety of networks and devices and we have a diversified revenue stream from many verticals including oil and gas, forestry, transportation, construction, rentals, urban services, mining and several others. Trakopolis enables the Internet of Things ("IoT") for end users and equipment manufacturers with our open, agnostic, enterprise grade platform. We differentiate ourselves primarily through our open collaborative technology strategy but also in our sales approach, contract flexibility and client care.

Trakopolis combines the IoT, telematics and a powerful Application Program Interface ("API") to create intuitive dashboards that give insight into core business operations such as fleet management, equipment utilization, maintenance and repair scheduling and worker health and safety.

The Trakopolis solution is an enterprise grade IoT platform which encompasses the following key enterprise features:

| | | |
|---|---|---|
| **GIS Overlays** (Geographic Info Systems) | **Microsoft Power BI** | **Custom IoT** |
| **API** (Application Program Interface) | **Multi OS Mobile** | **BYOND** (Bring your own network and device) |
| **Infrastructure & Compliance** | **Azure** | |

**API.** The Trakopolis platform was designed for fast and efficient data connection with third party platforms. Available real-time API connections allow customers the stable and flexible options they need for interfacing with other existing data systems. The Trakopolis platform is an advanced and open API, as well as comprehensive reporting and alerting infrastructure, allowing for custom development projects with enterprise clients and providing a customized experience with general configuration within Trakopolis.

**Cloud-based.** The hosting environment for Trakopolis was determined based on the overall quality of many cloud platform features. The Microsoft Azure Hosting provides Trakopolis customers with the security, scalability and performance that is critical for an enterprise level asset tracking system.

**Geographic Information Systems ("GIS").** Trakopolis has licensed datasets from GDM Pipelines for mapping oil and gas pipelines, wells, facilities, and rig roads. API integration with Google Maps enables our customers' GIS data to be overlaid, so that they can visualize equipment and personnel in remote locations with cell technology, or 'off-grid' using satellite.

**Power Business Intelligence from Microsoft.** Power Business Intelligence ("Power BI") is Microsoft's flagship analytics tool, designed to organize large data sets. Trakopolis taps into Power BI, and the Azure cloud platform, to create customized reports and predictive analysis from very large volumes of data.

**Sensor Reporting and Custom Alerts.** Trakopolis integrates multiple sensor types to deliver a full picture of a business process. Aside from conventional telematics, such as speed, direction of travel and engine diagnostics such as power surges and switches, Trakopolis can accommodate temperature, pressure, C02, smoke and other data. Any piece of data can be tagged for an alert, so that events such as speeding, excessive idle time, or geofence transgression can be monitored in real-time. Trakopolis can send alerts via email or text.

We believe that large enterprise customers represent the greatest market opportunity for the Company as the enterprise market is under-served. Our technology strategy targets enterprises who need greater functionality, security, analytics, configurability, integration and ability to include customized functionality. The Company has expanded our enterprise funnel across our entire product portfolio including opportunities that underscore our competitive and strategic focus into the IoT.

The Company sells through direct and channel efforts with partners such as Microsoft, Bell, Telus, and Honeywell who engage in lead generation and product collaboration. Channel enablement and expansion is a key strategic focus along with efforts to find additional large channel partners or value-added resellers.

### Q2 Operational Highlights

The following were key highlights in Q2 2018:

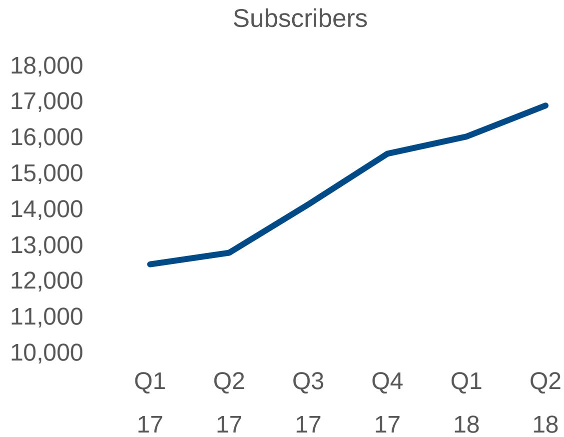
**Advanced Analytics** – Trakopolis released advanced analytics in the second quarter. Through embedding Microsoft Power Business Intelligence (BI), a cloud-based analytics service that enables anyone in an organization to visualize and analyze data faster and more effectively, helping customers gain a greater understanding of their business operations. Together with the processing power, scalability and security of the extensive Microsoft Azure platform, customers have a significant capacity for data processing and analysis.

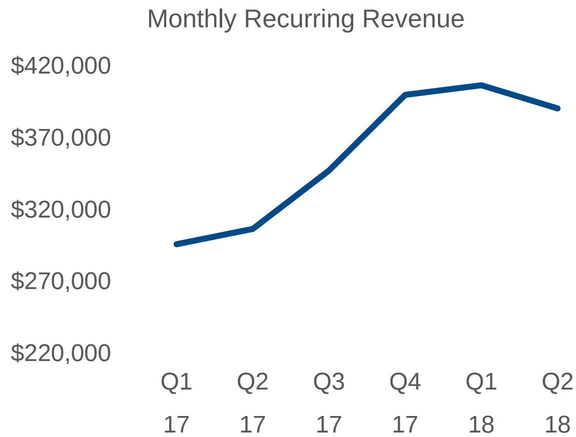
**Evolving Solutions - ISO -15143-3 Telematics Standard -** Trakopolis has adopted the Association of Equipment Management Professionals (AEMP) 2.0/ ISO-15143-3 telematics standard for earth-moving machinery and mobile road construction machinery. This standard normalizes the communication schema of data stored on servers and distributed over the internet to client applications. By adopting this standard, engine utilization, maintenance and health data collected from various fleet equipment can be recorded and stored in a manner that remains consistent regardless of the manufacturer. With this advance, customers receive more useful fleet engine data to inform their operations, maintenance and planning programs, no matter what make of equipment they use.

### Key Metrics

The Company considers subscriber growth, monthly recurring subscription revenue ("**MRR**"), average revenue per unit ("**ARPU**") and enterprise sales as key metrics in evaluating performance.

| Quarter | 17-Mar | 17-Jun | 17-Sep | 17-Dec | 18-Mar | 18-Jun |
|---|---|---|---|---|---|---|
| # Subscribers | 12,466 | 12,788 | 14,133 | 15,545 | 16,022 | 16,888 |
| Monthly Recurring Revenue | $295,921 | $306,595 | $347,296 | $400,466 | $406,620 | $390,498 |
| Average Revenue per Unit | $23.74 | $23.98 | $24.57 | $25.76 | $25.30 | $23.12 |

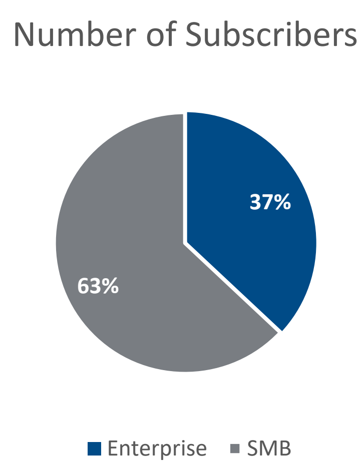



MRR declined from the prior period due to higher than normal hibernations from a select few enterprise customers as it related to the timing of projects and the need for activated units. Certain customers are offered hibernation rates that can be elected when assets are inactive for a temporary period and thus not a cancellation. This feature is offered to enterprises in verticals with business volatility such as rentals and leasing and project-based demand. This resulted in ARPU and MRR trending down for the 3 months ended June 30, 2018.

### Enterprise Subscribers

Enterprise customers represent an important market opportunity for Trakopolis and the product offering is built as an enterprise grade platform. Core to the Company's growth strategy is penetrating the enterprise segment across multiple verticals. Our channel partners and strategic partnerships complement our focus on enterprise. A comparison of enterprise subscribers versus subscribers in small and medium sized businesses ("**SMB**") is represented in the following chart:



## Financial Highlights

| | Three months ended June 30 | | | | Six months ended June 30 | | | |
|---|---|---|---|---|---|---|---|---|
| **(in thousands)** | **2018** | **2017** | **Change** | **Change** | **2018** | **2017** | **Change** | **Change** |
| | ($) | ($) | ($) | (%) | ($) | ($) | ($) | (%) |
| Revenue | 1,600 | 1,587 | 13 | 1% | 3,192 | 3,048 | 144 | 5% |
| Cost of sales | 740 | 776 | (36) | -5% | 1,389 | 1,473 | (84) | -6% |
| Gross profit | 860 | 811 | 49 | 6% | 1,803 | 1,575 | 228 | 13% |
| Gross Margin | 54% | 51% | | 3% | 56% | 52% | | 4% |
| Net loss | (1,100) | (1,298) | 198 | -18% | (2,375) | (1,987) | (388) | 16% |
| EBITDA[1] | (937) | (1,083) | 146 | -16% | (1,694) | (1,452) | (242) | 14% |
| Adjusted EBITDA[1] | (850) | (768) | (82) | 11% | (1,513) | (1,064) | (449) | 30% |
| Share Capital | 25,923 | 24,103 | | | 25,923 | 24,103 | | |
| Total Assets | 3,278 | 5,186 | | | 3,278 | 5,186 | | |
| Total Liabilities | 4,625 | 4,917 | | | 4,625 | 4,917 | | |

**1** Non-IFRS financial measures are defined in the Non-GAAP Measures section.

### Three months ended June 30, 2018 vs 2017

The Company generated revenue of $1.6 million for the three months ended June 30, 2018, a $13 thousand increase from the same period in 2017. Total revenue remained consistent compared to the same period in the prior year, with subscription revenue increasing due to a higher number of subscribers and hardware revenue declining compared to the prior year. Hardware sales were less during the period compared to the prior year primarily due to the Company's focus on the electronic logging device ("**ELD**") transition in which Company sales personnel assisted current customers in transitioning to the Company's new ELD solution. Sales resources were also active in the training and onboarding of a new channel partnership which is in its initial phases. It is anticipated these efforts will yield positive results in future periods. The gross margin percentage improved by 3% in the quarter compared to the prior year.

The Company recorded a net loss of $1.1 million for the three months ended June 30, 2018, a decreased loss of $198 thousand compared to the same period in 2017. The change in net loss is primarily a result of lower operating expenses which is largely due to decreased share-based compensation expense in 2018 compared to 2017.

EBITDA was negative $937 thousand for the three months ended June 30, 2018, an increase of $146 thousand compared to the same period in 2017. The increase is largely a result of decreased operating expenses as discussed above.

### Six months ended June 30, 2018 vs 2017

The Company generated revenue of $3.2 million for the six months ended June 30, 2018, a $144 thousand increase from the same period in 2017. The total revenue increased compared to the same period in The gross margin percentage improved by 4% in the period compared to the prior year. the prior year as a result of increased subscription revenue offset by lower hardware sales compared to prior year.

The Company recorded a net loss of $2.4 million for the six months ended June 30, 2018, an increased loss of $388 thousand compared to the same period in 2017. The change in net loss is a result of increased operating expenses which is largely attributable to Scientific Research and Experimental Development ("SR&ED") rebates received in the prior period of $402 thousand which was offset against expenses. The Company no longer receives cash SR&ED rebates as only private companies qualify for cash rebates, however is still eligible for SR&ED tax credits. In addition, the repayment of the previous long-term debt facility resulted in accelerating the amortization of the debt issuance costs which are recognized as interest expense and accelerated accretion on the warrants issued attached to the previous debt facility. The increased expenses during the period are, in part, offset by increased gross profit.

EBITDA was negative $1.7 million for the six months ended June 30, 2018, greater by $242 thousand compared to negative EBITDA in the same period in 2017. The increase is largely attributable to the cash SR&ED rebates received in the prior period of $402 thousand which was offset against expenses. The increased expenses during the period are, in part, offset by increased gross profit.

## Overall Performance

### Revenue and Gross Margin

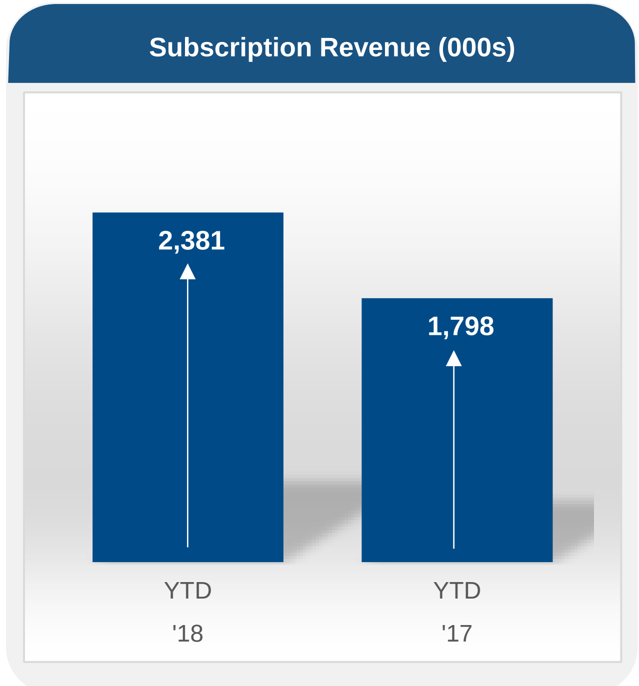
| | Three months ended June 30 | | | | Six months ended June 30 | | | |
|---|---|---|---|---|---|---|---|---|
| | 2018 | 2017 | Change | Change | 2018 | 2017 | Change | Change |
| (in thousands) | **($)** | **($)** | **($)** | **(%)** | **($)** | **($)** | **($)** | **(%)** |
| **Revenue** | | | | | | | | |
| Subscription | 1,168 | 909 | 259 | 22% | 2,381 | 1,798 | 583 | 24% |
| Hardware | 428 | 610 | (182) | -43% | 800 | 1,142 | (342) | -43% |
| Software development | - | 59 | (59) | 100% | - | 93 | (93) | 100% |
| Other | 4 | 9 | (5) | -125% | 11 | 15 | (4) | -36% |
| **Total** | 1,600 | 1,587 | 13 | 1% | 3,192 | 3,048 | 144 | 5% |
| **Cost of goods sold** | | | | | | | | |
| Subscription | 320 | 296 | 21 | 8% | 637 | 576 | 61 | 10% |
| Hardware | 420 | 480 | (60) | -14% | 752 | 897 | (145) | -19% |
| **Total** | 740 | 776 | (36) | -5% | 1,389 | 1,473 | (84) | -6% |
| **Gross profit** | | | | | | | | |
| Subscription | 848 | 613 | 235 | 28% | 1,744 | 1,222 | 522 | 30% |
| Hardware | 8 | 130 | (122) | -1525% | 48 | 245 | (197) | -410% |
| **Total**[1] | 856 | 743 | 113 | 13% | 1,792 | 1,467 | 325 | 18% |
| **Gross margin** | | | | | | | | |
| Subscription | 73% | 67% | - | 6% | 73% | 68% | - | 5% |
| Hardware | 2% | 21% | - | -19% | 6% | 21% | - | -15% |
| **Total**[1] | 54% | 49% | - | 5% | 56% | 50% | - | 6% |

1 Gross profit and gross margin does not include software and other revenues

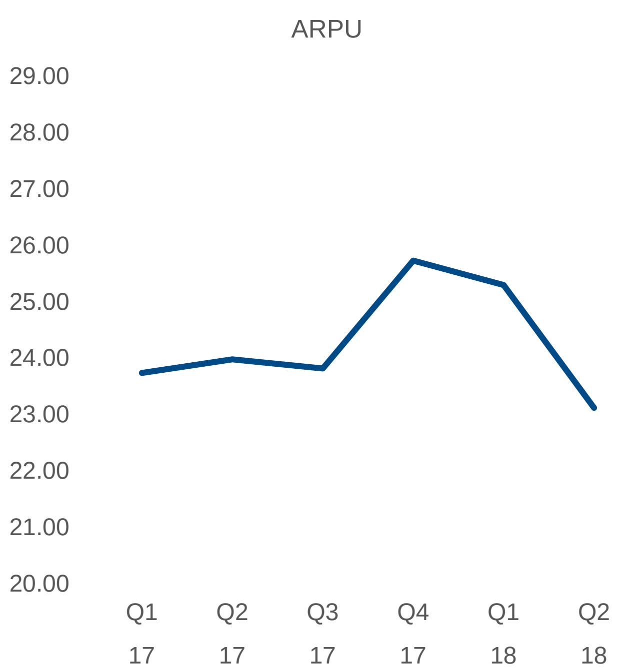
**Subscription Revenue**

Subscription revenue is recurring and is generated in the form of monthly service subscription fee charged for access to the Company's proprietary platform "Trakopolis" and revenues earned relating to data provided to customers via cellular and satellite networks. The Company offers monthly subscription packages that include access to Trakopolis and associated data plans based on customer needs.

Subscription revenue increased by $259 thousand and $583 thousand for the three and six months ended June 30, 2018, respectively, compared to the same periods in 2017. The increased subscription revenue is a result of growth in the Company's subscriber base.




**Customer metrics**




ARPU: Subscription revenue is impacted by ARPU. For the period ending June 30, 2018, ARPU decreased by $2.18 from $25.30 to $23.12 compared to the period ended March 31, 2018. The decrease in ARPU is a result of a select few enterprise customers electing to hibernate assets throughout the period. Hibernations is a feature offered to customers who require temporary flexibility in the number of active assets. Trakopolis is targeting to increase the subscription ARPU in future periods through expanding the Company's product feature set and product offering.

Churn: The Company's net growth in subscription revenue is a function of managing customers, subscriber retention and churn period over period. Annualized churn for the six-month period ended June 30, 2018 was 9.6%, an increase of 1.2% compared to the same period in the prior year. The increase was primarily due to ELD transition customers, with the transition completed and the new product partnership established in ELD, we anticipate churn returning to previous levels.

**Hardware Revenue**

The Company does not manufacture hardware, instead it integrates with proven products from sophisticated vendors to satisfy the evolving needs of its customers. Hardware sales have an attached subscription plan and thus are directly correlated with new subscription lines activated.

Hardware revenue decreased by $182 thousand and $342 thousand for the three and six months ended June 30, 2018 respectively, compared to the same periods in 2017. The decrease is primarily due to ELD transition during 2018. In Q1 2018 the Company discontinued its proprietary ELD solution and partnered with a North American market leading ELD company, as a reseller of their ELD solution in combination with Trakopolis. The ELD transition resulted in lower hardware sales during 2018 as Company staff assisted ELD customers to transition to the new ELD solution.

**Software Revenue**

Software revenue decreased by $59 thousand and $93 thousand for the three and six months ended June 30, 2018 respectively, compared to the same period in 2017 as there was no revenue generating software development projects during Q2 2018.

**Other Revenue**

Other revenue includes freight and interest revenue from guaranteed investment certificates.

**Operational Revenue Commentary**

*Sales Mix*

| | **Three months ended** | | **Six months ended** | |
|---|---|---|---|---|
| | June 30, 2018 | June 30, 2017 | June 30, 2018 | June 30, 2017 |
| **Percentage of total sales** | | | | |
| Subscription revenue | 73% | 57% | 75% | 59% |
| Hardware revenue | 27% | 38% | 25% | 38% |
| Software revenue | - | 4% | - | 3% |
| Other revenue | - | 1% | - | - |
| | 100% | 100% | 100% | 100% |

Subscription sales represented a larger portion of the sales mix for the three and six months ended June 30, 2018, compared to the same periods in 2017. The increased percentage of subscription sales during the period is a result of subscription revenue growth through expanded subscriber base.

*Revenue by Source*

The Company utilizes its dealer and channel partnerships as a major source of revenue generation and market penetration. This approach leverages our sales reach and provides opportunity to collaborate, integrate new products and expand our presence in other markets and other sectors. The table below summarizes the percentage of sales leads generated internally compared to dealer and channel partnerships. The table is calculated based on hardware sales leads and excludes subscription revenue.

| | Three months ended | | Six months ended | |
|---|---|---|---|---|
| | June 30, 2018 | June 30, 2017 | June 30, 2018 | June 30, 2017 |
| **Lead Source** | | | | |
| Direct Sales | 29% | 62% | 31% | 56% |
| Channel partners and dealers | 61% | 38% | 69% | 44% |
| **Total** | 100% | 100% | 100% | 100% |

*Revenue by Vertical*

The Company has a diversified customer base which is spread across multiple verticals. The Company is flexible and can service multiple industries through the customization of software to fit customer needs. The customizable software allows the Company to have a diverse market presence through an expanded customer base. Below is a summary of the industries in which the Company operates.

| | Three months ended | | Six months ended | |
|---|---|---|---|---|
| | June 30, 2018 | June 30, 2017 | June 30, 2018 | June 30, 2017 |
| Industry | | | | |
| Oil & Gas | 51% | 40% | 49% | 40% |
| Construction | 11% | 10% | 13% | 10% |
| Urban services | 11% | 10% | 12% | 11% |
| Transport | 9% | 9% | 8% | 11% |
| Rental & leasing | 7% | 11% | 7% | 10% |
| Utility | 7% | 10% | 7% | 10% |
| Mining | 2% | 2% | 2% | 2% |
| Forestry | 2% | 8% | 2% | 6% |
| | 100% | 100% | 100% | 100% |

*Enterprise Customers*

Our product and sales approach is focused on enterprise customers. We define enterprise clients as those who can track over 250 assets. This approach allows us to market a more comprehensive offering to enterprise clients. Proven products along with our API integration allows us to leverage our platform for an all-encompassing enterprise solution.

Enterprise sales will cause the largest volatility in hardware revenue due to the nature and size of the sale. Hardware revenue is generally an accurate predictor of subscription revenue growth in future periods. The greater economic benefit of enterprise sales is not realized on the initial hardware sale but rather the future recurring monthly subscription revenue.

A key strategy throughout 2018 is to compliment SMB sales with targeting enterprise customers who have a high volume of assets to maximize future subscription growth.

| | Three months ended | | Six months ended | |
|---|---|---|---|---|
| | June 30, 2018 | June 30, 2017 | June 30, 2018 | June 30, 2017 |
| **Sales by customer type** | | | | |
| Enterprise customers | 31% | 27% | 32% | 29% |
| Other customers | 69% | 73% | 68% | 71% |
| **Total** | 100% | 100% | 100% | 100% |

*Enterprise Partnerships*

The Company is currently engaged in several enterprise level partnerships each with opportunity to generate revenue for the Company. These partnerships are key in expanding our channel enablement strategy, and our geographical expansion, primarily into the US market. These partnerships include:

- Microsoft — *Commercial Partner Co-Sell Program*
- Honeywell — *Gas Detection Product*
- Bell Mobility — *Bill on Behalf National Partnership*
- Telus — *National Marketplace Bill on Behalf Partnership*
- The Driving Force — *White label re-seller for fleet management services*

### Gross Margin and Gross Profit

Hardware margins are directly correlated to volume, as larger volume orders are offered at discounted margins. The timing and size of one-time hardware sales tends to be somewhat uncertain and therefore creates periodic margin volatility. Gross margin on hardware revenue decreased 19% and 15% for the three and six months ended June 30, 2018 respectively, compared to the same periods in 2017. The decrease in gross margin is due primarily to the transition of our existing ELD customers from the current solution to the new ELD partnership solution which has lower gross margins.

Gross margin on subscription revenue increased 6% and 5% for the three and six months ended June 30, 2018 respectively, compared to the same periods in 2017. The subscription gross margin increased because of cost reductions realized through management of vendor relations, economies of scale and data optimization.

Total gross margin has increased 5% and 6% for the three and six months ended June 30, 2018 respectively, compared to the same periods in 2017. Total gross margin is dependent on the mix of hardware and subscription revenue in the period. Hardware sales generate lower gross margins than subscription revenue. The increase in overall gross margin is a result of the factors discussed above combined with a larger weighting of subscription sales which generate a higher gross margin.

## Operating Expenses

| | **Three months ended June 30** | | | | **Six months ended June 30** | | | |
|---|---|---|---|---|---|---|---|---|
| | 2018 | 2017 | Change | Change | 2018 | 2017 | Change | Change |
| (in thousands) | **($)** | **($)** | **($)** | **(%)** | **($)** | **($)** | **($)** | **(%)** |
| **Expenses** | | | | | | | | |
| General and administrative | 770 | 928 | (158) | -17% | 1,408 | 1,592 | (184) | -12% |
| Sales and marketing | 385 | 432 | (47) | -11% | 780 | 849 | (69) | -8% |
| Service and support | 155 | 186 | (31) | -17% | 317 | 340 | (23) | -7% |
| Technology | 488 | 373 | 115 | 31% | 991 | 269 | 722 | 268% |
| **Total expenses** | 1,798 | 1,919 | (121) | -6% | 3,496 | 3,050 | (446) | 15% |

### General and Administrative Expense ("G&A")

G&A expenses consist of employee salaries, benefits and share-based compensation related to finance and administration personnel and executives, professional fees, board of director fees and other overhead expenses. G&A expenses declined by $158 thousand, or 17% and $184 thousand, or 12% for the three and six months ended June 30, 2018 respectively compared to the prior year periods. This decrease is largely a result of lower share based compensation expense during 2018.

### Sales and Marketing Expense

Sales and marketing expenses include the salaries, benefits, commission and share-based compensation related to our direct sales team, advertising, promotions and other costs such as travel and meals. Sales and marketing expenses decreased by $47 thousand, or 11% and $69 thousand, or 8% for the three and six months ended June 30, 2018 respectively, compared to the prior year periods. This decrease is largely a result of lower share-based compensation expense as well as lower wages and salaries during 2018.

### Service and Support Expense

Service and support expenses include salaries, benefits, share-based compensation and other costs related to our customer and technical support, implementations and project management personnel. Service and support expenses decreased by $31 thousand, or 17% and $23 thousand or 7% for the three and six months ended June 30, 2018 respectively compared to the prior year periods. This decrease is largely a result of lower wages and salaries expense during 2018.

### Technology Expense

Technology expenses consist of employee salaries, share-based compensation, benefits and expenses related to product development activities and other expenses associated with software development and hardware integration. Through research and development, the Company continues to develop and evolve the Trakopolis platform to focus on scalability to align with subscriber growth projections.

Technology costs increased by $115 thousand, or 31% and $722 thousand, or 268% for the three and six months ended June 30, 2018, compared to the same periods in 2017. The increase is largely attributable to SR&ED rebates received in the prior period of $402 thousand which was offset against expenses as well as IRAP ("Industrial Research Assistance Program") funding received in 2017. The Company did not receive SR&ED rebates this year as only private companies qualify for the cash rebates. In addition, technology expenses increased due to higher hosting costs correlated with increased subscribers in 2018 compared to 2017 as well as increased wages and salaries expense in 2018.

### Finance and Other Expenses

| | **Three months ended June 30** | | | | **Six months ended June 30** | | | |
|---|---|---|---|---|---|---|---|---|
| | 2018 | 2017 | Change | Change | 2018 | 2017 | Change | Change |
| (in thousands) | **($)** | **($)** | **($)** | **(%)** | **($)** | **($)** | **($)** | **(%)** |
| Derivative liability fair value adjustment | 38 | (11) | 49 | -445% | 67 | 108 | (41) | -38% |
| Interest and debt on loans | 75 | 76 | (1) | -1% | 333 | 161 | 172 | 107% |
| Accretion expense | 5 | 73 | (68) | -93% | 171 | 121 | (50) | 41% |
| Loss on foreign exchange | 38 | - | 38 | 100% | 96 | - | 96 | 100% |
| **Total expenses** | 156 | 138 | 18 | 13% | 668 | 389 | 279 | 71% |

Finance expenses consist of derivative liability fair value adjustments, interest and debt on loans including amortization of debt issuance costs, accretion expense and foreign exchange gains or losses.

Finance expenses increased by $18 thousand or 13% for the three months ended June 30, 2018, compared to the same period in 2017.

Finance expenses increased by $279 thousand or 71% for the six months ended June 30, 2018, compared to the same period in 2017. The increase is primarily due to the Company entering into a new credit facility agreement and using the proceeds to repay and retire the previous obligation. This resulted in the company accelerating the amortization of the debt issuance costs which are recognized as interest expense as well as accelerated accretion on the warrants issued attached to the previous debt facility.

The loss on foreign exchange is recorded upon revaluation of the USD loan facility at each reporting date. The Company incurred a loss for the three and six months ended June 30, 2018 due to the weakening of the CAD/USD exchange rate.

## Quarterly Performance

The below table highlights selected financial information for each of the eight most recent quarters that, in management's opinion, have been prepared on a basis consistent with the accounting policies stated in the audited consolidated financial statements for the year ended December 31, 2017. The financial information presented reflects all adjustments which are, in the opinion of management, necessary for a fair presentation of results for the interim periods.

| | 2018 | | 2017 | | | | 2016 | |
|---|---|---|---|---|---|---|---|---|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1[1] | Q4 | Q3 |
| (in thousands) | **($)** | **($)** | **($)** | **($)** | **($)** | **($)** | **($)** | **($)** |
| Subscription | 1,168 | 1,213 | 1,158 | 988 | 909 | 889 | 842 | 793 |
| Hardware and other | 432 | 378 | 666 | 3,642[3] | 678 | 571 | 372 | 368 |
| Total revenue | 1,600 | 1,591 | 1,824 | 4,630 | 1,587 | 1,460 | 1,214 | 1,161 |
| | | | | | | | | |
| Gross profit | 860 | 943 | 910 | 765 | 776 | 763 | 640 | 647 |
| Gross margin | 54% | 59% | 50% | 17% | 49% | 52% | 53% | 56% |
| EBITDA[4] | (937) | (756) | (717) | (1,013) | (1,083) | (369) | (3,838)[2] | (1,169) |
| Net loss | (1,100) | (1,275) | (916) | (1,192) | (1,298) | (689) | (3,824) | (1,359) |
| Adjusted EBITDA[4] | (850) | (662) | (798) | (846) | (768) | (296) | (522) | (1,030) |

1 During the three months ended March 31, 2017, the Company received SR&ED rebates of $402 thousand.

2 During the three months ended December 31, 2016 the Company had reverse takeover ("RTO") transaction costs of $3.3 million.

3 During the three months ended September 31, 2017 the company had increased hardware sales as a result of units deployed through a strategic partnership in gas detection integration.

4 Refer to "Non-GAAP Measures".

The Company recorded a net loss of $1.1 million for the three months ended June 30, 2018. The net loss decreased compared to prior quarter due to decreased operating and finance expenses. The gross margin percentage decreased compared to prior quarter as a result of incurring a larger weighting of costs for the ELD transition to the new ELD solution during Q2 2018.

The Company recorded a net loss of $1.3 million for the three months ended March 31, 2018. The net loss increased compared to prior quarter due to increased finance expenses as a result of repayment of the prior debt facility. This is combined with lower hardware sales during the quarter as a result of the ELD transition in which sales personnel assisted customers in transition to the new ELD solution. The gross margin percentage increased during the first quarter of 2018 as a result of increased weighting of subscription sales in the revenue mix.

## Liquidity and Capital Resources

The Company's objective when managing capital is to ensure it has the appropriate capital structure to execute its strategic business plan while not creating risk to its ability to operate as a going concern. The Company's liquidity needs in short term and long term can be sourced multiple ways including: funds from operations, available cash balances, new debt instruments, equity issuances and government funding.

These condensed consolidated interim financial statements have been prepared using accounting policies applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. During the six-month period ended June 30, 2018, the Company incurred a loss of $2,374,997 and utilized funds amounting to $1,502,414 in its operations. In order to continue as a going concern, the Company must generate sufficient income and cash flows to repay its obligations, finance working capital and fund capital investments. The future of the Company is dependent on its ability to attain profitable operations, maintain compliance with covenants relating to its lending agreements, generate sufficient funds from operations, and continue receiving financial support from its shareholders and obtain new financing, if required. There is no certainty that the Company will raise these necessary funds from financing or operations. As a result of these factors, there is a material uncertainty that may result in significant doubt as to the ability of the Company to meet its obligations as they come due and continue as a going concern.

The condensed consolidated interim financial statements do not reflect adjustments that may be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for the consolidated financial statements, adjustments would be necessary to the carrying value of assets and liabilities, the reported revenues and expenses and the statement of financial position classification used.

As at June 30, 2018, the Company had working capital of $0.7 million a decrease of $0.9 million from December 31, 2017. As at June 30, 2018, the Company had a cash and cash equivalent balance of $1.6 million a decrease of $0.5 million from $2.1 million at December 31, 2017. The change was due to the following:

*Operating Activities*

The Company utilized funds amounting to $1.5 million in operations during the six months ended June 30, 2018. The funds are mainly related to cash used in operations of $1.7 million and cash generated from changes in non-cash working capital of $0.2 million.

*Investing Activities*

During the six months ended June 30, 2018, the Company had minimal cash flow impact due to investing activities.

*Financing Activities*

The Company had positive cash flows of $1.0 million from financing activities for the six months ended June 30, 2018. The cash flow is related to the new debt facility entered in during the period offset by the repayment of the previous debt facility.

### Debt

On February 14, 2018, the Company entered a new USD $3.5 million secured credit facility with California based Silicon Valley Bank. The credit facility consists of a 36-month term loan of USD $1.5 million (the "Term Loan") and an accounts receivable line of credit of up to USD $2 million (the "Revolving Line"). The Term Loan bears interest at a rate of US prime plus 1.5% and the Revolving Line bears interest at a rate ranging from US prime plus 1.75% to prime plus 2.25% based on certain operating metrics. The proceeds from the Term Loan have been used to repay and retire the Company's previous outstanding indebtedness. The loan facility is secured against all of the assets of the Company and its subsidiaries.

As part of the debt facility arrangement, the Company paid debt issuance costs of $81,726. As at June 30, 2018, $62,149 remained unamortized against the carrying value of the loan. These costs will be amortized over the remaining term of the loan.

Of the $1,755,733 outstanding at June 30, 2018, $658,400 is due for payment within the next twelve months.

The Company's loan facility is subject to the following covenants:

(i) Liquidity coverage ratio: A ratio of quick assets[1] to all obligations of co-borrowers to lender, in an amount equal to or greater than the amount set forth in the chart below for the corresponding measuring period:

(1) Quick assets is defined as cash, cash equivalents and accounts receivable

| Measuring Periods Ending | Required Liquidity Coverage Ratio |
|---|---|
| Effective Date through July 31, 2018 | 1.00:1.00 |
| August 31, 2018 through December 31, 2018 | 1.50:1.00 |
| January 1, 2019 and each month thereafter | 1.75:1.00 |

(ii) Tangible Net Worth(2): A tangible net worth of not less than the amounts set forth in the table below for the corresponding periods; which amounts shall (i) automatically increase by an amount equal to fifty percent (50%) of the net cash proceeds received by any co-borrower after the effective date from the sale of such co-borrower's equity securities or the incurrence of subordinated debt upon the receipt of such proceeds and (ii) increase quarterly by an amount equal to fifty percent (50%) of co-borrowers' quarterly net income, as of the last day of each quarter;

| Measuring Period Ending | Minimum Tangible Net Worth |
|---|---|
| January 31, 2018 through March 31, 2018 | ($665,000) |
| April 30, 2018 through May 31, 2018 | ($1,015,000) |
| June 1, 2018 through June 30, 2018 | ($465,000.00) |
| July 31, 2018 through September 30, 2018 | ($465,000.00) |
| October 31, 2018 through December 31, 2018 | ($815,000.00) |
| January 31, 2019 through March 31, 2019 | ($1,165,000.00) |
| April 30, 2019 through June 30, 2019 | ($1,515,000.00) |
| July 31, 2019 through September 30, 2019 | ($1,865,000.00) |
| October 31, 2019 through December 31, 2019 | ($2,215,000.00) |

(2) Tangible net worth is defined as aggregate value of total assets of co-borrowers and their subsidiaries less intangible assets less aggregate value of obligations that should, under IFRS, be classified as liabilities on co-Borrowers' consolidated statement of financial position, including all Indebtedness and current portion of subordinated debt permitted by the Lender to be paid by co-borrowers, but excluding all other subordinated debt plus aggregate value of subordinated debt.

(iii) Maximum accounts payable: The Company's accounts payable shall not at any time exceed $2,000,000 and critical vendors shall not at any time, exceed 15% of all of the Company's accounts payable over 90 days from the invoice date on a vendor by vendor basis.

(iv) Maximum inventory: Inventory on hand shall at no time exceed $500,000 in the aggregate without prior written approval from the lender.

(v) Term sheet milestone: The Company shall have a term sheet of $3,000,000 in either equity or subordinated debt by July 31, 2018.

A summary of the covenants as at June 30, 2018 is below:

| | Covenant | June 30, 2018 |
|---|---|---|
| Liquidity coverage ratio(1) | 1.00 | 1.56 |
| Tangible Net Worth(2) | $(465,000) | $(163,113) |
| Maximum accounts payable | $2,000,000 | $1,634,464 |
| Maximum inventory | $500,000 | $343,925 |

As at June 30, 2018, the Company was in compliance with all covenants related to its loan facility.

Subsequent to June 30, 2018, the Company and the lender amended the loan facility covenant calculation to reflect changes in the following covenants:

Liquidity coverage ratio:

| Measuring Periods Ending | Required Liquidity Coverage Ratio |
|---|---|
| June 30, 2018 through August 31, 2018 | 1.00:1.00 |
| September 1, 2018 through December 31, 2018 | 1.50:1.00 |
| January 1, 2019 and each month thereafter | 1.75:1.00 |

Tangible Net Worth

| Measuring Period Ending | Minimum Tangible Net Worth |
|---|---|
| July 31, 2018 | ($465,000) |
| August 31, 2018 through September 30, 2018 | ($900,000) |
| October 31, 2018 through December 31, 2018 | ($1,250,000) |
| January 31, 2019 through March 31, 2019 | ($1,600,000) |
| April 30, 2019 through June 30, 2019 | ($1,950,000) |
| July 31, 2019 through September 30, 2019 | ($2,300,000) |
| October 31, 2019 through December 31, 2019 | ($2,650,000) |

Term sheet milestone: The Company shall have a term sheet of $3,000,000 in either equity or subordinated debt by August 31, 2018.

On June 21, 2018 the Company completed a non-brokered private placement of units of the Company consisting of $1,000 principal amount of 8% unsecured subordinated convertible debentures 55.556 common shares in the capital of the Company per unit, raising gross proceeds to the Company of $1,100,000. Upon closing, the Company issued 61,112 common shares.

The convertible debentures mature on September 30, 2020 with interest payable quarterly in arrears on March 31, June 30, September 30 and December 31 of each year, with the first interest payment on September 30, 2018.

As part of the convertible debenture arrangement, the Company paid debt issuance costs of $51,040. As at June 30, 2018, $49,184 remained unamortized against the carrying value of the loan. These costs will be amortized over the remaining term of the loan.

The debentures are convertible into common shares at the option of the debenture holder at any time at the conversion price of $0.90 per common share. Additionally, the Company may force the conversion of the principal amount of the then outstanding debentures at the conversion price on not more than 60 days' and not less than 30 days' notice should the volume weighted average price of the Common Shares on the TSX Venture Exchange be greater than $1.15 for any period of 30 consecutive trading days preceding the date of the notice. The conversion feature was fair valued on the date of issuance at $164,862. This amount was allocated to the equity value of the convertible debenture.

The Company may prepay the debentures at any time, in whole or in part, by payment of any portion of the principal amount plus a premium of 5% plus accrued but unpaid interest on such portion of the principal amount being paid.

## Equity

The summary of the outstanding equity instruments and dilutive equity instruments is below:

| | June 30, 2018 | December 31, 2017 |
|---|---|---|
| Common shares | 26,152,405 | 26,069,379 |

(i) During the year ended June 30, 2018, the Company issued 21,914 common shares as equity based retention compensation to management in accordance with vesting schedules set out in executive employment contracts.

(ii) During the year ended June 30, 2018, the Company issued 61,112 shares upon issuance of subordinated convertible debentures.

## Non-GAAP Measures

**Identification of non-GAAP Financial Performance Measures**

This MD&A contains references to certain financial measures that do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other entities. These non-GAAP financial performance measures should be viewed as a supplement to, and not a substitute for, the Company's results of operations reported under IFRS. These financial measures are identified and defined below:

"Recurring Revenue" includes monthly software subscriptions, and resale of cellular and satellite data. Recurring revenue is recognized monthly as services are delivered and is derived from the subscription revenue category within the Company's financial statements. We believe that Recurring Revenue provides useful information to our investors because it shows the long-term nature of recurring service revenue.

A "Subscriber" is defined as a customer's individual asset which is monitored by a telematics device. A Subscriber is an important metric for our investors because it provides an indication of our ability to generate Recurring Revenue from providing recurring service to our customers.

"EBITDA" and "Adjusted EBITDA" are measures of our operating profitability. We believe that EBITDA and Adjusted EBITDA provide useful information to our investors because they exclude transactions not related to the core cash operating business activities, allowing meaningful analysis of the performance of our core cash operations.

EBITDA is an indicator of the financial results generated by our business activities excluding the impact of any financing activities, amortization and depreciation of property, equipment and intangible assets, and taxes.

Adjusted EBITDA is a further refinement of EBITDA to remove the effect of share-based compensation expense and one time expenses. As such, Adjusted EBITDA provides more meaningful continuity with respect to the comparison of our operating results over time.

EBITDA and Adjusted EBITDA are derived from the Consolidated Financial Statements. We believe that using these metrics enhances an overall understanding of the Company's results and we present them for that purpose.

### Reconciliation of non-GAAP financial performance measures

The following table provides a reconciliation of net loss under IFRS, as disclosed in the consolidated statements of operations and comprehensive loss, to EBITDA and Adjusted EBITDA:

| | **Three months ended** | | **Six months ended** | |
|---|---|---|---|---|
| | June 30, 2018 | June 30, 2017 | June 30, 2018 | June 30, 2017 |
| (in thousands) | | **($)** | | **($)** |
| Net loss | **(1,100)** | **(1,298)** | **(2,375)** | **(1,987)** |
| Add: | | | | |
| Amortization and depreciation expense | 7 | 76 | 13 | 145 |
| Finance expense | 156 | 138 | 668 | 390 |
| **EBITDA** | **(937)** | **(1,083)** | **(1,694)** | **(1,452)** |
| Add: | | | | |
| Gain on insured property and equipment | - | (24) | - | (24) |
| Share based compensation | 87 | 339 | 181 | 412 |
| **Adjusted EBITDA** | **(850)** | **(768)** | **(1,513)** | **(1,064)** |

### Critical Accounting Estimates

The preparation of consolidated financial statements in compliance with IAS 34 requires management to apply estimates and assumptions that affect the reported amount of assets, liabilities, revenues, and expenses as well as certain disclosures within the consolidated financial statements. It also requires management to exercise judgement in applying the Company's accounting policies. Estimates and other judgements are periodically evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Actual results could differ significantly from those estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The significant areas requiring estimates and assumptions in determining the reported amounts in the financial statements are as follows:

(i) Provision for onerous lease:

The Company recognizes the provision for current head lease on space not occupied by the Company. Management determines the net recoverable amount on the space and offsets this estimate against the head lease obligation. The carrying obligation is measured at each financial period.

(ii) Discount rate to fair value debt:

The Company will measure the fair value of debt where warrants and/or conversion features are attached. The Company estimates the discount rate based on current market rates for borrowing for a company of its size and nature. The discount rate is used to first calculate the financial liability with the residual amount applied to equity.

(iii) Share-based compensation:

In measuring the grant date fair value of share-based payments, the Company makes estimates of volatility, and expected life.

### Off-Balance Sheet Arrangements

As at June 30, 2018, The Company does not have any off-balance sheet arrangements other than operating leases.

### Related Party Transactions

During the three months ended June 30, 2018, the Company did not have any related party transactions.

## Subsequent Events

Subsequent to June 30, 2018, the Company and the lender amended the loan facility covenant calculation to reflect the changes in the covenant calculation.

## Risk and Uncertainties

(a) Unprofitable Operations:

The Company has incurred losses in recent periods. The Company may not be able to achieve or maintain profitability and may continue incurring significant losses in the future. In addition, the Company expects to continue increasing operating expenses as it implements initiatives to continue growing its business. If the Company's revenues do not increase at a higher proportion to offset these expected increases in costs and operating expenses, the Company may not generate profits.

(b) Dependence on Personnel:

Due to the technical nature of its business and the dynamic market in which the Company competes, the Company depends on its ability to attract and retain highly skilled developers and technology, engineering, managerial, marketing and sales personnel. The Company's future will depend in part on the continued services of each of its proposed executive officers and other key employees. Competition for qualified personnel in the industry in which the Company operates is intense. The Company believes that there are only a limited number of people with the requisite skills to serve in many key positions and it is difficult to hire and retain these people. The loss of one or more of these key personnel may have a significant adverse effect on the Company.

(c) Variable Revenues and Earnings:

The revenues and earnings of the Company may fluctuate from quarter to quarter, which could affect the market price of the Company's Shares. Revenues and earnings may vary quarter to quarter as a result of a number of factors, including the timing of releases of new products or services, the timing of substantial sales orders or deliveries, activities of the Company's competitors, cyclical fluctuations related to the evolution of wireless technologies, possible delays in the manufacture or shipment of current or new products, concentration in the Company's customer base, possible delays or shortages in component supplies, transition periods associated with the migration to new technologies, potential commoditization and saturation in certain markets, impairment of goodwill or intangible assets which may result in a significant change to earnings in the period in which an impairment is determined, and operating expenses that are generally fixed in the short-term and therefore difficult to rapidly adjust to different levels of business. Any of the factors listed above could cause significant variations to the Company's revenues, gross margin and earnings in any given quarter.

(d) Additional Financing:

In order to execute its strategy, the Company may require additional equity and/or debt financing to support on-going operations, to undertake capital expenditures, or to undertake business combination transactions or other initiatives. There can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable. The Company's inability to raise additional financing could limit the Company's growth and may have a material adverse effect upon its business, operations, results, financial condition or prospects.

If additional funds are raised through further issuances of equity or debt convertible into equity, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Company's shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities.

(e) Technology:

Telematics technologies will continue evolving and become more affordable to end users. Likely the telematics industry will mimic the cellular telephone industry in its growth and business model. However, it is uncertain if technology standards will be established to create compatibility amongst devices. Demand for increased message frequency combined with subscriber growth creates greater strain on server infrastructure. We anticipate the trend continuing as telematics users become more sophisticated. Scalability is paramount.

(f) Competition:

Given the size of the overall telematics market, the low barriers to entry and the difficulty differentiating, a number of competitive strategies may emerge. Some competitors may be turn-key providers; some may focus on market verticals or industries. Geographical reach and customer service may also play an important role in competitive landscape.

(g) Meeting Market Demand:

Given the market trends in telematics, the industry is poised for massive growth in the next few years as the technology becomes more affordable, applications become more unique and the market begins the mass adoption of telematics.

(h) Credit Risk:

Credit risk reflects the risk the Company may be unable to collect its accounts receivable. The Company was engaged in contracts with one party, of whom individually represented 13% of the Company's sales, and 18% of accounts receivable at June 30, 2018. The Company employs established credit approval and monitoring practices to mitigate the risk.

(i) Currency Risk:

Currency risk is the risk to the Company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company is exposed to foreign currency exchange risk on cash, accounts receivable, and accounts payable held in U.S. dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

(j) Cyber Security:

The Company relies on our information technology to process, transmit and store electronic information. A breach in the security of our information technology could expose our business to a risk of loss, misuse or interruption of critical information and functions. This could affect our operations, damage our assets, result in safety incidents, reputational harm, competitive disadvantage, regulatory enforcement actions and potential litigation, which could have a material adverse effect on our operations, financial position and results of operations.

(k) Product Liability:

A product liability could adversely impact the Company's business due to the cost of settlements and due to the costs of defending such claims. Although the Company carries product liability insurance, there is no assurance that such insurance will be sufficient or will continue to be available on reasonable terms.

## Forward-looking Information

This document contains forward-looking statements. Statements other than statements of historical fact contained in this document may be forward-looking, including, without limitation, management's expectations, intentions and beliefs concerning the growth, results of operations, performance, business prospects, and opportunities of the Company, the general economy, the future financial position or results of the Company, business strategy, growth opportunities, budgets, and projected costs and plans and objectives of the Company Investors can identify many of these statements by looking for words such as "believes", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words or the negative thereof. There can be no assurance that the plans, intentions or expectations upon which these forward-looking statements are based will occur. Forward-looking statements are subject to risks, uncertainties and assumptions and should not be read as guarantees or assurances of future performance. Accordingly, investors are cautioned not to place undue reliance on any forward-looking information contained in this document.

Statements containing forward-looking information reflect management's current beliefs and assumptions based on information in its possession as of the date of this document. Although management believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Statements containing forward-looking information involve significant known and unknown facts and uncertainties of both a general and specific nature, as well as numerous assumptions, including without limitation, assumptions relating to customer demand, expected growth and expected growth rates, the successful completion of equity and debt financings, the size of future equity financings, competitive advantages of the Company's products and services, costs of material and services, access to capital, access to qualified personnel, production capacity, and required capital expenditures.

Some of the factors that could affect future results and could cause results to differ materially from those expressed in the forward-looking statements contained herein include: reliance on key personnel, general economic conditions, The Company's limited operating history, industry conditions, currency fluctuations, competition from other industry participants, the lack of availability of qualified personnel or management, reliance on third party suppliers, dilution of interests of shareholders, and ability to access sufficient capital from internal and external sources. The information contained in this document may identify additional factors that could affect the operating results and performance of the Company

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this document are made as of the date of this document.