

TRAKOPOLIS[®]

EVOLVING VISIBILITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2018 and 2017.

MESSAGE TO SHAREHOLDERS

Highlights

\$1.59 million

in revenue in the current quarter, representing an 9% increase compared to the same quarter in prior period.

**+37% in
MRR**

in the current quarter, representing an 37% improvement compared to the same quarter in prior period.

Dear Shareholders,

We are pleased to present our results for our first quarter ending March 31st, 2018. Our revenue was \$1.59 million, an increase of 9% compared to the same quarter in the prior period. This increase is largely attributed to increased subscription revenue compared to prior year period.

More importantly our monthly recurring revenue (“MRR”) increased by 37% compared to the same quarter in the prior period and we anticipate that upward trend to continue as further channel mobilization efforts come to fruition.

Management is focused on key performance metrics that centre around boosting subscription revenue growth and average revenue per unit (ARPU), reducing churn, closing enterprise opportunities and channel mobilization. We consider these the key objectives for the Company in fiscal 2018 as we scale revenue, partnerships and business processes.

During the quarter the Company partnered with a North American market leading ELD company, as a reseller of their ELD solution in combination with Trakopolis. This partnership provides us with a proven ELD solution that compliments our current product offering in the transportation vertical for Small and Medium Sized Businesses (“SMB”) and enterprise customers.

In the quarter, the Company announced its participation in the Microsoft One Commercial Partner Co-Sell Ready Program. Through this program, the Company works with

Microsoft field sales teams in North America on targeted customer opportunities and related account planning activities.

The Company also continued to expand go-to-market efforts with a heavy industry partner positioning the Company further into international markets which further supports our technology and channel mobilization strategy.

Going Forward

We have been moving forward on the integration of over 30 unique wireless gas detection and specialized communication devices, consisting of the entire wireless portfolio of RAE Systems which is owned by Honeywell. This gives Trakopolis end to end capabilities in connected gas detection for customers beginning digital transformation with workers in hazardous environments.

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 focussing 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 months ended March 31, 2018. This MD&A should be read in conjunction with the consolidated 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 May 30, 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. Our 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:



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, allows for custom development projects with enterprise clients and provides 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, CO2, 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.

Q1 Operational Highlights

The following were key highlights of the Company’s overall operational achievements in Q1 2018:

Business Development – In Q1 2018 the Company announced expansion to participate in the Microsoft One Commercial Partner Co-Sell Ready Program. Through this program, the Company works with Microsoft field sales teams in North America on targeted customer opportunities and related account planning activities. The Company also had continued traction with a heavy industry partner positioning the Company further into the global market and highlighting the technology strategy. The Company’s continued investment into developing and establishing new channel partnerships provides expansion of the indirect sales force and an efficient model with which to scale sales activity.

Electronic Logging Device (“ELD”) – During Q1 2018 the Company discontinued the 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 partnership is with a proven ELD solution that compliments the current product offering in the transportation vertical for Small and Medium Sized Business (“SMB”) and enterprise customers. The solution provides an extended feature offering used with Trakopolis. The partnership allows the Company to optimize the R&D resources efficiently to continue building and improving the current product offering.

Evolving Solutions - The Company completed development, integration and initial field trials of the Honeywell mesh guard solution. This expands the Company’s product offering in connected gas solutions to industrial facilities and into the fixed gas market. The Company also completed the integration of a mobile tank monitoring solution with a leading supplier. This solution will be marketed to new and existing customers and offers a solution with real time sensor data of mobile gas and fluid monitoring as well as providing end users with advanced analytics for fluid management and compliance.

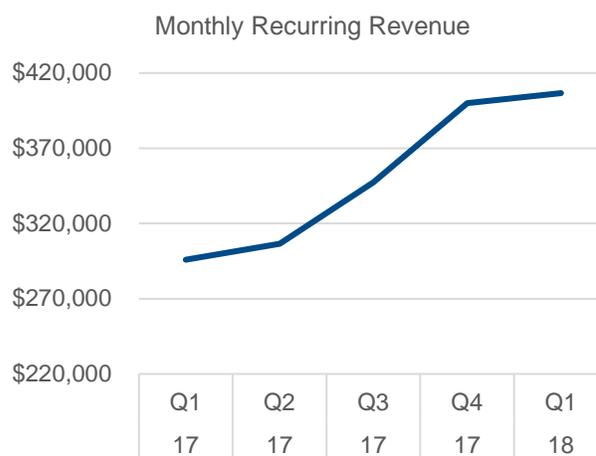
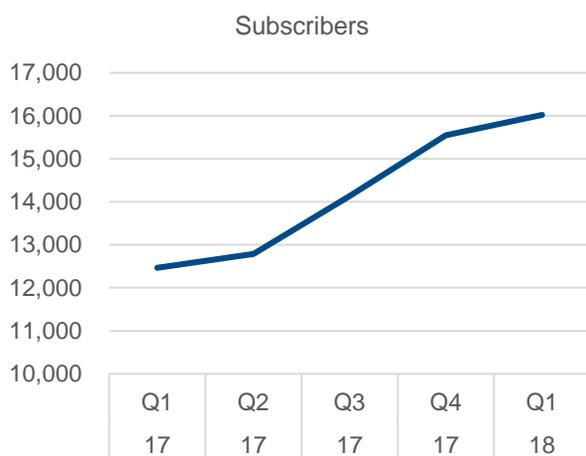
TRAKOPOLIS IOT CORP.

Managements' Discussion and Analysis

Key Metrics

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

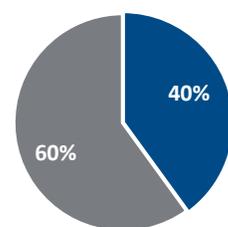
Quarter	17-Mar	17-Jun	17-Sep	17-Dec	18-Mar
# Subscribers	12,466	12,788	14,133	15,545	16,022
Monthly Recurring Revenue	\$295,921	\$306,595	\$347,296	\$400,466	\$406,620
Average Revenue per Unit	\$23.74	\$23.98	\$24.57	\$25.76	\$25.30



Enterprise Subscribers

Enterprise customers represent an important market opportunity for Trakopolis and the Trakopolis 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.

Number of Subscribers



■ Enterprise ■ SMB

Financial Highlights

Three Months Ended March 31, (in thousands)	2018	2017	Change	Change
	(\$)	(\$)	(\$)	(%)
Revenue	1,591	1,460	131	9%
Cost of sales	648	697	(49)	-7%
Gross profit	943	763	180	24%
Gross Margin	59%	52%	-	7%
Net (loss) income	(1,275)	(689)	(586)	85%
EBITDA ¹	(756)	(369)	(387)	105%
Adjusted EBITDA ¹	(662)	(296)	(366)	124%
Share Capital	25,859	23,995		
Total Assets	3,448	5,611		
Total Liabilities	4,002	4,418		

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

Three months ended March 31, 2018 vs 2017

The Company generated revenue of \$1.591 million for the three months ended March 31, 2018, a \$131 thousand increase from the same period in 2017. The 9% growth from prior period was driven by increased subscription revenue as a result of increased average revenue per unit and an increase in number of subscribers. Hardware sales were less during the period compared to the prior year primarily due to the ELD transition in which sales personnel assisted current customers in transitioning to the new ELD solution.

The Company recorded a net loss of \$1.275 million for the three months ended March 31, 2018, an increase of \$586 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 \$756 thousand for the three months ended March 31, 2018, a decrease of \$387 thousand compared to the same period in 2017. The decrease is largely attributable to cash SR&ED rebates received in the prior period of \$402 thousand which was offset against expenses.

Overall Performance
Revenue and Gross Margin

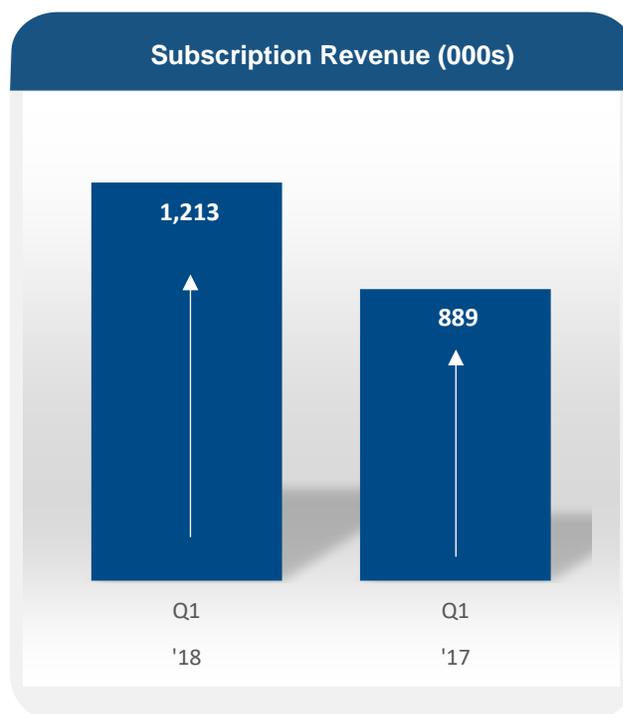
Three Months Ended March 31, (in thousands)	2018	2017	Change	Change
	(\$)	(\$)	(\$)	(%)
Revenue				
Subscription revenue	1,213	889	324	36%
Hardware revenue	372	532	(160)	-30%
Software revenue	-	33	(33)	-
Other revenue	6	6	-	-
	1,591	1,460	131	9%
Cost of goods sold				
Subscription cost of goods sold	317	280	37	13%
Hardware cost of goods sold	331	417	(86)	-21%
	648	697	(49)	-7%
Gross profit ¹				
Subscription	896	609	287	47%
Hardware	41	115	(74)	-64%
	937	724	213	30%
Gross margin ¹				
Subscription	74%	69%	-	5%
Hardware	11%	22%	-	-11%
	59%	50%	-	9%

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 \$324 thousand for the three months ended March 31, 2018, compared to the same period in 2017. The increased subscription revenue is a result of growth in the Company's subscriber base combined with increased ARPU.



ARPU



Customer metrics

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 three month period ended March 31, 2018 was 8.3%, an improvement of 1% compared to the same period in the prior year. The reduction is a result of increased focus on improving customer service and increasing the lifetime of customers. The Company considers subscription revenue a primary key performance indicator.

ARPU: Growth in subscription revenue is also impacted by ARPU. For the three month period ending March 31, 2018, ARPU decreased by \$0.46 from \$25.76 to \$25.30. The slight decrease in ARPU is a result of the economics of the ELD partnership. Trakopolis is targeting to increase the subscription ARPU in future periods through expanding the Company's product feature set and product offering.

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 \$160 thousand for the three months ended March 31, 2018, compared to the same period in 2017. The 30% decrease is due to the ELD transition during Q1 2018. During Q1 2018 the Company discontinued the 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 Q1 2018.

Software Revenue

Software revenue decreased by \$33 thousand for the three months ended March 31, 2018, compared to the same period in 2017 as there was no revenue generating software development performed during Q1 2018.

Other Revenue

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

Operational Revenue Commentary

Sales Mix

Three Months Ended March 31,	2018	2017
Hardware revenue	76%	37%
Subscription revenue	24%	61%
Software revenue	-	2%
Other revenue	-	-
Total revenue	100%	100%

Subscription sales represented a larger portion of the sales mix for the three months ended March 31, 2018, compared to the same period in 2017. The increased percentage of subscription sales during the period is a result of subscription revenue growth through expanded subscriber base and increased ARPU.

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 March 31,	2018	2017
Direct sales	64%	56%
Channel partners and dealers	36%	44%
	100%	100%

Revenue by Vertical

The Company has a diversified customer base which is spread across multiple vertical. 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 March 31, 2018	Three months ended March 31, 2017
Industry		
Oil & Gas	46%	39%
Urban services	13%	12%
Construction	10%	10%
Utility	9%	11%
Transport	9%	12%
Rental & leasing	8%	10%
Mining	3%	2%
Forestry	2%	4%
	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. New relationships with proven products and 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 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	Three months ended
Revenue	March 31, 2018	March 31, 2017
Enterprise customers	33%	32%
Other customers	67%	68%
	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 11% for the three months ended March 31, 2018, compared to the same period in 2017. The decrease in gross margin is due to the transition of our existing ELD customers from the current solution to the new ELD partnership solution.

Gross margin on subscription revenue increased 5% for the three months ended March 31, 2018, compared to the same period in 2017. The subscription gross margin increased in the quarter because of increased ARPU and from a reduction of costs of goods sold through management of vendor relations, economies of scale and data optimization.

Total gross margin has increased 9% for the three months ended March 31, 2018, compared to the same period 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 above discussions combined with a larger weighting of subscription sales which generate a higher gross margin.

Operating Expenses

Three Months Ended March 31, (in thousands)	2018	2017	Change	Change
	(\$)	(\$)	(\$)	(%)
General and administrative	638	664	(26)	-4%
Sales and marketing	395	416	(21)	-5%
Service and support	162	155	7	5%
Technology	503	(104)	607	584%
	1,698	1,131	567	50%

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 4% for the three months ended March 31, 2018 compared to the prior year period.

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 declined by 5% for the three months ended March 31, 2018 compared to the prior year period.

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 increased by \$7 thousand, or 5% for the three months ended March 31, 2018 compared to the prior year period.

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. The Company records the impact of government assistance from the Scientific Research and Experimental Development program as a reduction in technology costs in accordance with the Company's accounting policy for government assistance. Through research and development ("R&D") the Company continues to develop and evolve the Trakopolis platform to focus on scalability to align with subscriber growth projections.

Technology costs increased by \$607 thousand for the three months ended March 31, 2018, compared to the same period in 2017. The increase is largely attributable to SR&ED rebates received in the prior period of \$402 thousand which was offset against expenses. The Company did not apply for SR&ED this year as only private companies qualify for the cash rebates. In addition, the Company saw increased hosting costs correlated with increased subscribers in 2018 compared to 2017.

Finance and Other Expenses

Three Months Ended March 31, (in thousands)	2018	2017	Change	Change
	(\$)	(\$)	(\$)	(%)
Derivative liability fair value adjustment	29	119	(90)	-76
Interest and debt on loans	258	85	173	204
Accretion expense	166	47	119	253
Loss on foreign exchange	59	-	59	-
	512	251	261	104

Finance expenses consist of derivative liability fair value adjustments, interest and debt on loans, accretion expense and foreign exchange gains or losses. Finance expenses increased by \$261 thousand or 104% for the three months ended March 31, 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 months ended March 31, 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		
	Q1	Q4	Q3	Q2	Q1 ¹	Q4	Q3	Q2
(in thousands)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Subscription	1,213	1,158	988	909	889	842	793	809
Hardware and other	378	666	3,642 ³	678	571	372	368	332
Total revenue	1,591	1,824	4,630	1,587	1,460	1,214	1,161	1,141
Gross profit	943	910	765	776	763	640	647	704
Gross margin	59%	50%	17%	49%	52%	53%	56%	62%
EBITDA ⁴	(756)	(717)	(1,013)	(1,083)	(369)	(3,838) ²	(1,169)	(1,079)
Net loss	(1,275)	(916)	(1,192)	(1,298)	(689)	(3,824)	(1,359)	(1,231)
Adjusted EBITDA ⁴	(662)	(798)	(846)	(769)	(296)	(522)	(1,030)	(606)

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 \$1.275 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 quarter 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.

The 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 three month period ended March 31, 2018, the Company incurred a loss of \$1,274,625 and utilized funds amounting to \$710,231 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 to 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 March 31, 2018, the Company had working capital of \$0.7 million a decrease of \$0.9 million from December 31, 2017. As at March 31, 2018, the Company had a cash and cash equivalent balance of \$1.5 million a decrease of \$0.6 million from \$2.0 million at December 31, 2017. The change was due to the following:

Operating Activities

The Company utilized funds amounting to \$710 thousand in operations during the three months ended March 31, 2018. The funds are mainly related to cash used in operations of \$762 thousand and changes in non-cash working capital of \$52 thousand.

Investing Activities

During the period, the Company had minimal cash flow impact due to investing activities.

Financing Activities

The Company had cash flows of \$88 thousand from financing activities for the three months ended March 31, 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 into 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 March 31, 2018, \$74,933 remained unamortized against the carrying value of the loan. These costs will be amortized over the remaining term of the loan.

Of the \$1,880,375 outstanding at March 31, 2018, \$644,700 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 assets¹ 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:

Measuring Periods Ending	Required Liquidity Coverage Ratio
Effective Date through June 30, 2018	1.25:1.00
July 31, 2018 through December 31, 2018	1.50:1.00
January 1, 2019 and each month thereafter	1.75:1.00

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

- (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 June 30, 2018	(\$1,015,000)
July 31, 2018 through September 30, 2018	(\$1,015,000)
October 31, 2018 through December 31, 2018	(\$1,365,000)
January 31, 2019 through March 31, 2019	(\$1,715,000)
April 30, 2019 through June 30, 2019	(\$2,065,000)
July 31, 2019 through September 30, 2019	(\$2,415,000)
October 31, 2019 through December 31, 2019	(\$2,765,000)

(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 balance sheet, 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.

A summary of the covenants as at March 31, 2018 is below:

	Covenant	March 31, 2018
Liquidity coverage ratio ⁽¹⁾	1.25	1.48
Tangible Net Worth	\$(665,000)	\$(299,445)

As at March 31, 2018, the Company was in compliance with all covenants related to its loan facility.

Subsequent to March 31, 2018, the Company and the lender amended the loan facility covenant calculation to reflect the Company's de-recognition of the Electronic Logbook Software and its revised approach to the Electronic Logbook offering effective for the March 31, 2018 reporting date.

Equity

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

	March 31, 2018	December 31, 2017
Common shares	26,069,379	26,069,379

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 a 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 March 31, (in thousands)	2018 (\$)	2017 (\$)
Net loss	(1,275)	(689)
Add:		
Amortization	7	69
Finance Expenses	512	251
EBITDA	(756)	(369)
Add:		
Share based compensation	94	73
Adjusted EBITDA	(662)	(296)

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 March 31, 2018, The Company does not have any off-balance sheet arrangements other than operating leases.

Related Party Transactions

During the three months ended March 31, 2018, the Company did not have any related party transactions.

Subsequent Events

- (i) On April 10, 2018, the Company issued 21,914 common shares to executives under the retention share plan.

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. In particular, 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 approximately an insignificant amount of the Company's sales, and 15% of accounts receivable at March 31, 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.