



TRAKOPOLIS®
EVOLVING VISIBILITY

MANAGEMENT'S DISCUSSION AND ANALYSIS
TRAKOPOLIS IOT CORP.
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018

August 22, 2019

MESSAGE TO SHAREHOLDERS

Highlights

+88% **Improvement in** **Operating Performance**

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

Operational Breakeven

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

Dear Shareholders,

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

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

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

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

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

Innovation, evolving solutions

Trakopolis continues to position itself as a true IIoT solution, well beyond the scope of traditional fleet management companies.

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

Trakopolis continues to position itself as a true IIoT solution, well beyond the scope of traditional fleet management companies. We have invested in strategic partnerships that position the Trakopolis platform to capture a very broad and complimentary market in 2019.

Going Forward

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

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



Sincerely,

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

Brent Moore
President & Chief Executive
Officer
Trakopolis IoT Corp

TRAKOPOLIS IOT CORP.

Management's Discussion and Analysis

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, 2019. This MD&A should be read in conjunction with the Company's 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 August 22, 2019 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, as applicable.

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 International Financial Reporting Standards ("**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 is a Software as a Service ("**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 Internet of Things, 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.

We believe that large enterprise customers represent the greatest market opportunity as that market is under-served. Our technology strategy targets enterprises who need greater functionality, security, analytics, configurability, integration and with the agile ability to include customized functionality. During 2018 we targeted our enterprise opportunities across our entire product portfolio including opportunities that underscore our competitive and strategic focus into the Industrial Internet of Things ("**IIoT**").

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

TRAKOPOLIS IOT CORP.

Management's Discussion and Analysis

Trakopolis expands its solution offering beyond GPS tracking. We have positioned our solutions, infrastructure and framework to be able to offer customers a technology partner. We have proven expertise in the following core functions of Trakopolis and service customers in multiple verticals.



GPS TRACK AND TRACE | GPS track and trace is the foundation of our solution offering. Fleet and Equipment management software with features like GIS overlays, RigRoads, Cycle Times and Asset Utilization drive ROI for meaningful business insights.



CUSTOM IOT SOLUTIONS | With 10 years' experience integrating hardware and software into our platform, we know how to acquire the data businesses need enabling them to get the insights to make better business decisions.



ADVANCED ANALYTICS | Trakopolis taps into Power BI, and the Azure cloud platform, to create customized reports and predictive analysis from very large volumes of data.



API INTEGRATION | 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.



HARDWARE INTEGRATION | Trakopolis' strength is taking the best of breed devices and integrating them into our platform allowing for unlimited data acquisition sources.



GEOGRAPHIC INFO SYSTEMS ("GIS") | API integration with Google Maps enables your own GIS data to be overlaid, so that you can visualize equipment and personnel in remote locations with cellular technology, or 'off-grid' using satellite.



ACCELERATING TECHNOLOGY GROWTH | Trakopolis has created a comprehensive partner network of tier one partners whose complementary technologies provide robust customizable solutions into one platform.



SENSOR REPORTS AND CUSTOM ALERTS | Trakopolis integrates multiple sensor types to deliver a full picture of a business process. Any piece of monitored data can be tagged for an alert, so that events can be monitored in real-time. Trakopolis can send alerts via email or text.

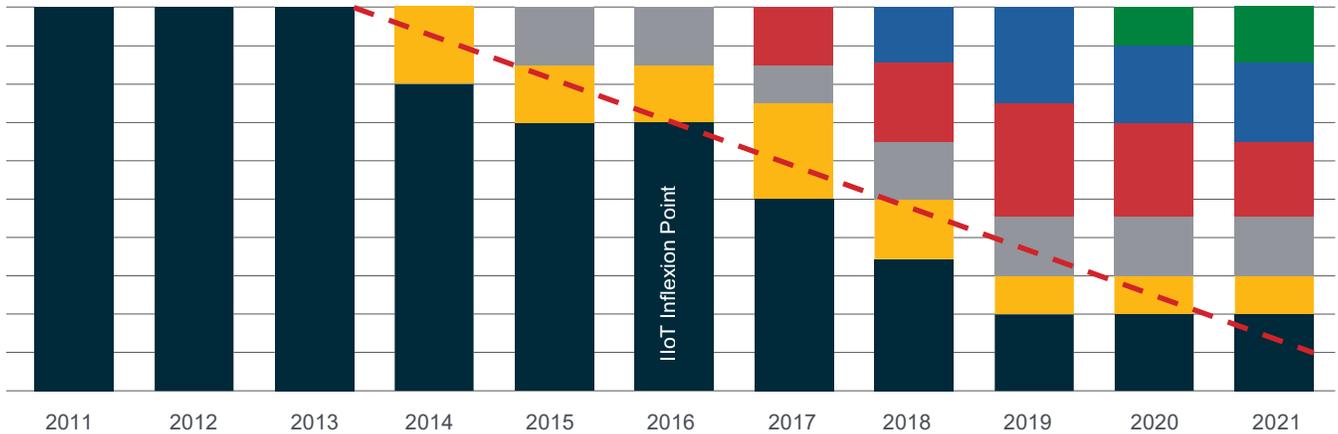


CLOUD BASED | Microsoft Azure Hosting provides Trakopolis customers with the security, scalability and performance that is critical for an enterprise level asset tracking system.

THE FUTURE OF THE INDUSTRIAL INTERNET OF THINGS (“IIoT”)

Trakopolis combines the Internet of Things, telematics and a powerful API to create intuitive dashboards that give insight into core business operations, such as fleet management, equipment utilization, maintenance and repair scheduling, and employee health and safety. As our customers’ requirements constantly evolve, Trakopolis will continue to grow our platform to meet the needs of the ever-changing technology landscape which we project will evolve as follows.

SEGEMENTED SOLUTION CATEGORIES



- Basic Asset Tracking:** Location and time of an asset displayed on map – basic telematics data. (dot on a map)
- Advanced Asset Tracking:** Basic asset tracking + custom features like geo-fences, analytics, driver behavior, engine diagnostics.
- Enterprise Asset Tracking:** Advanced asset tracking + audit and big data capabilities, advanced analytics.
- ELD with Advanced Asset Tracking:** Advanced asset tracking for all asset types + ELD data through advanced API integration.
- Connext Loneworker:** Consolidated solution of enterprise asset tracking with Loneworker and connected gas monitors.
- New IIoT TBD:** Solutions continue to evolve and the Trakopolis platform is designed to integrate and connect with other applications.

TRAKOPOLIS IOT CORP.

Management's Discussion and Analysis

Q2 OPERATIONAL AND FINANCIAL HIGHLIGHTS

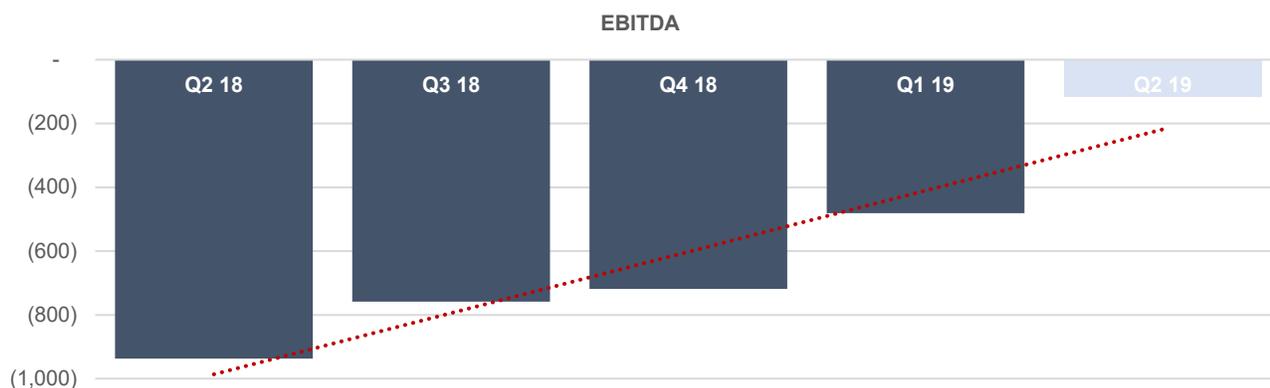
The following were key highlights of the Company's overall operational and financial performance in Q2 2019:

Significant EBITDA improvement – The Company realized significant improvements to EBITDA by reducing its operating expenses and stabilizing revenue and gross profit. The operating transition to EBITDA focus is a material adjustment that aligns our product portfolio, established sales channels and loyal customer base to drive recurring revenue growth in future quarters. The sales strategy and product portfolio are centered around our current customer demands and our strongest verticals. By accelerating the completion of specific R&D initiatives we enabled the reduction of significant expenses. In tandem, a variety of non-critical hosting, testing and licensing costs were eliminated creating a notable impact on the bottom line.

Following conversations with channel partners, pipeline review and a customer cohort analysis we concluded that recurring revenue growth could best be achieved with a smaller sales team focused firstly on our current customers and opportunities, then secondly by expanding new sales with our channel partners. This further enabled a reduction in marketing expenses and improved cost of customer acquisition ratios.

We continue to experience volatility in the oil and gas sector but believe our solution portfolio through 2019 will allow us to maintain a strong position in this vertical and provide a more predictability in future periods.

We have been very pleased with the success and speed of the operating adjustments and the improvements made to EBITDA and net loss. Recalibrating our overall strategy on opportunities where our competitive advantage is illustrated by existing customers, the company believes that it is positioned to achieve both operating profitability and continued revenue growth.



New Integrated Solution – The Company completed a *snowflake* data warehouse integration which allows scheduled bulk data exports to cloud hosted data warehousing. This integration is tailored to meet the needs of the enterprise segment of the market and was driven through current customer needs. *Snowflake* allows customers to discover, exchange and securely share data and was purpose built for the cloud to revolutionize data analytics and data warehousing.

This integration further our capabilities, experience and leadership in cloud computing, big data and digital transformation and pushes terabits of Trakopolis data into a powerful central depository so our customers can extract even greater insights to drive operational improvements.

TRAKOPOLIS IOT CORP.

Management’s Discussion and Analysis

Evolving Solutions – The Company made significant progress in commercializing solution portfolio in low valued asset tracking through Q2 2019. Low valued asset tracking opens up a new asset class for organizations to gain even greater visibility into operations.

Advancements in new network capabilities make it economically viable to track low valued assets and Trakopolis has partnered with key vendors in integrating products on both the LoRA and LTE-M networks. End users will be able to see traditional fleet and equipment assets with lower valued assets on one consolidated platform.

Through Q2 we completed software integration of LoRA gateways and sensors and also integrated and deployed hardware on the LTE-M network for field testing.



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. See Non-GAAP Measures for definitions of these metrics.

Key Metrics								
	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
# Subscribers	14,133	15,545	16,022	16,888	17,256	17,868	17,793	17,548
Monthly Recurring Revenue	\$347,296	\$400,466	\$406,620	\$390,498	\$388,644	\$398,772	\$400,012	\$419,892
ARPU Subscription	\$24.57	\$25.76	\$25.38	\$23.12	\$22.52	\$22.32	\$22.48	\$23.93



TRAKOPOLIS IOT CORP.

Management's Discussion and Analysis

The total number of subscribers declined slightly for the three months ending June 30, 2019, as a result subscriber growth being less than subscriber churn. Customer and subscriber churn were consistent with historical results, with subscriber churn at approximately 2% for the quarter (8% annualized). The Company offset the impact of this decrease through the second quarter with re-activations of hibernated subscriptions from key customers which contributed to the increase in monthly recurring revenue ("MRR") and increased average revenue per unit ("ARPU"). Hibernated subscriptions are a lower cost subscription plan offered to certain customers that require flexibility. Hibernations are typically temporary, and customers can elect to re-activate to active status at any point.

ENTERPRISE SEGMENT

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.

Enterprise customers represent

57%

of Monthly Recurring Revenue at June 30, 2019 compared to 44% in 2018

FINANCIAL SUMMARY

(in thousands)	Three months ended June 30				Six months ended June 30			
	2019	2018	Change	Change	2019	2018	Change	Change
	(\$)	(\$)	(\$)	(%)	(\$)	(\$)	(\$)	(%)
Revenue	1,460	1,600	(140)	-9%	2,960	3,192	(232)	-7%
Cost of sales	548	740	(192)	-26%	1,184	1,389	(205)	-15%
Gross profit	912	860	52	6%	1,776	1,803	(27)	-1%
Gross Margin	62%	54%	-	8%	60%	56%	-	4%
Net loss	(311)	(1,100)	789	-72%	(1,065)	(2,375)	1,310	-55%
EBITDA ¹	(116)	(937)	821	-88%	(598)	(1,694)	1,096	-65%
Adjusted EBITDA ¹	(98)	(850)	752	-88%	(562)	(1,513)	951	-63%
Share Capital	25,923	25,923	0	0%	25,923	25,923	0	0%
Total Assets	2,541	3,278	(737)	-22%	2,541	3,278	(737)	-22%
Total Liabilities	6,353	4,625	1,742	38%	6,367	4,625	1,742	38%

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

TRAKOPOLIS IOT CORP.

Management's Discussion and Analysis

Three months ended June 30, 2019 vs 2018

The Company generated revenue of \$1.46 million for the three months ended June 30, 2019, a 9% decrease from the same period in 2018. The 9% decrease from prior period was driven by a decrease in hardware sales which were 43% lower than the same period last year, the decrease in sales was in part a result of business and operational restructuring. The reduction in hardware sales resulted in modest subscription revenue growth for the three months ended June 30, 2019 compared to the prior year. Through the quarter there was increased sales activity in the enterprise segment.

The Company recorded a net loss of \$311 thousand for the three months ended June 30, 2019, an improvement of \$789 thousand or 72% compared to the same period in 2018. EBITDA was negative \$116 thousand for the three months ended June 30, 2019, an improvement of \$821 thousand or 88% compared to the same period in 2018. The improvement in net loss and EBITDA was primarily due to decreased operating costs as a result of expense and business optimization as well as a maturing product portfolio.

Six months ended June 30, 2019 vs 2018

The Company generated revenue of \$2.96 million for the six months ended June 30, 2019, a 7% decrease from the same period in 2018. The 7% decrease from prior period was driven by a decrease in hardware sales which were 30% lower than the same period last year and were in part a result of business and operational restructuring. The reduction in hardware sales combined with volatility in subscription revenue has resulted in flat subscription growth for the six months ended June 30. Enterprise customers with flexible subscription plans elected to hibernate (move assets to a lower cost plan, or, with certain enterprise accounts a zero-dollar plan) through periods in 2019.

The Company recorded a net loss of \$1.06 million for the six months ended June 30, 2019, an improvement of \$1.31 million compared to the same period in 2018. EBITDA was negative \$598 thousand for the six months ended June 30, 2019, an improvement of \$1.10 million compared to the same period in 2018. The improvement in net loss and EBITDA was primarily due to decreased operating costs as a result of expense and business optimization as well as a maturing product portfolio.

Our improvements to the net loss and EBITDA have been pleasing and a core financial objective is to drive the company toward sustainable operating profitability. We focused our sales and marketing efforts through the quarter on analyzing our current customer base and our established channel relationships with a view to drive subscription revenue growth. We developed a road map through the quarter that complements our target customer profile and target verticals and will continue to evolve our solution portfolio.

TRAKOPOLIS IOT CORP.

Management's Discussion and Analysis

OVERALL PERFORMANCE

REVENUE AND GROSS MARGIN

(in thousands)	Three months ended June 30				Six months ended June 30			
	2019	2018	Change	Change	2019	2018	Change	Change
	(\$)	(\$)	(\$)	(%)	(\$)	(\$)	(\$)	(%)
Revenue								
Subscription	1,209	1,168	41	4%	2,389	2,381	8	0%
Hardware	242	428	(186)	-43%	559	800	(241)	-30%
Other	9	4	5	125%	12	11	1	9%
Total Revenue	1,460	1,600	(140)	-9%	2,960	3,192	(232)	-7%
Cost of Goods Sold								
Subscription	327	320	7	3%	658	637	21	3%
Hardware	221	420	(199)	-47%	526	752	(226)	-30%
Total Cost of Goods Sold	548	740	(192)	-26%	1,184	1,389	(205)	-15%
Gross Profit¹								
Subscription	882	848	34	4%	1,731	1,744	(13)	-1%
Hardware	21	8	13	163%	33	48	(15)	-31%
Total Gross Profit	903	856	47	5%	1,764	1,792	(28)	-2%
Gross Margin¹								
Subscription	73%	73%	-	0%	72%	73%	-	1%
Hardware	9%	2%	-	7%	6%	6%	-	0%
Total Gross Margin	62%	54%	-	8%	60%	56%	-	3%

¹ Total gross profit and gross margin does not include other revenue

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. The Company considers subscription revenue a primary key performance indicator.

TRAKOPOLIS IOT CORP.

Management's Discussion and Analysis

Subscription revenue increased slightly by \$41 thousand and \$8 thousand for the three and six months ended June 30, 2019, respectively, compared to the same periods in 2018. Despite the relatively flat growth in subscription revenue over the comparable periods, subscription revenue did trend in the right direction month over month through Q2 2019. This was a result of increased ARPU and the reactivation of hibernated or flexible subscriptions. The Oil and Gas sector continues to create volatility in subscription revenue and the company anticipates flexible subscription features to be exercised by customers. A core financial performance driver with respect to subscription revenue is that the Company aligns its product road map and evolving solution portfolio to increase subscription revenue to both new and existing customers. Whilst the Company has experienced MRR and subscriber volatility throughout the six months ended June 30, 2019 the customer churn rate has been consistent with historical and industry results at less than 9%.

Key subscription revenue metrics:

- i) **Customer Churn:** The Company's net growth in subscription revenue is a function of managing customers and subscriber retention and churn period over period. Annualized churn for the twelve-month period ended June 30, 2019 was 8.9%, consistent with the prior year. The management of churn is accomplished through an increased focus on improving customer service and solutions offered to customers, increasing the lifetime of customers and offering fixed term agreements.
- ii) **ARPU:** Growth in subscription revenue is also impacted by the average revenue per unit, or ARPU. ARPU for the second quarter of 2019 increased by \$0.81 from \$23.12 to \$23.93 compared to the second quarter of 2018 to the same quarter in 2019. The increase is a result of the reactivation of hibernated subscriptions and a pricing increase. The Company has core initiatives focused on positioning products and solutions that increase ARPU through expanding solution features and collaboration with partners for bolt-on products. Revenue initiatives the Company is currently working on include:
 - i. Solution expansion into low valued asset tracking. This represents an opportunity to add a new asset class onto the Trakopolis platform for end users. Low valued asset tracking provides increased visibility and business intelligence into supply chain and yard management. Trakopolis will launch this solution initiative in the coming quarters and target both existing and new customers with a complementary solution offering to core solutions offered today.
 - ii. Connected Loneworker/Meshguard – The Company will expand and re-launch its solution offering for the connected gas market and include meshguard solutions that extend into the fixed gas market. This solution offering will yield higher ARPU due to the functionality and feature set and the associated data requirements.

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 and growth in recurring subscription revenues.

TRAKOPOLIS IOT CORP.

Management's Discussion and Analysis

Hardware revenue decreased by \$186 thousand and \$241 thousand for the three and six months ended June 30, 2019, respectively, compared to the same period in the prior year. The decrease in hardware sales is a result of restructuring sales resources as well resetting sales activity to align with target markets. Electronic Log Book ("ELD") solutions proved to be a challenging "go to market" endeavour through multi-layered channel selling, the associated cost of customer acquisition, longer sales cycle and product confusion all leading to inefficiencies in selling. During the second quarter the Company re-established its selling processes for both ELD and its overall solution portfolio through both direct and channel sales. In the later portion of the quarter, sales activity increased in target markets.

OTHER REVENUE

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

OPERATIONAL REVENUE COMMENTARY

i) Sales Mix

Percentage of total sales	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
Subscription revenue	82.81%	73.00%	80.70%	74.59%
Hardware revenue	16.58%	26.75%	18.89%	25.06%
Other revenue	0.61%	0.25%	0.41%	0.35%
	100%	100%	100%	100%

The Company is focused on increasing subscription revenue growth through increased hardware sales and increasing average revenue per unit through expanded features and functionality. The sales mix has an impact on gross profit and gross margin due to the gross margin differential between the revenue types. The higher the weighting of the subscription revenue, the higher the gross profit. The Company views the sales mix as an important indicator of current and future performance in both the short and long term. The short-term view targets a higher mix of hardware sales as that will directly correlate to increased subscription revenue in future periods. The long-term view is to have a higher weighting of subscription revenue yielding higher gross profit margins and creating sustainable predictable revenue and gross profit streams.

ii) Revenue by Lead 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 and 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.

TRAKOPOLIS IOT CORP.

Management's Discussion and Analysis

Revenue by lead source	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
Direct Sales	90%	39%	88%	31%
Channel & Dealer Sales	10%	61%	12%	69%
	100%	100%	100%	100%

The above table is calculated based on hardware sales leads and excludes subscription revenue. For the three months ended June 30, 2019, the increase in direct sales leads is due to increased sales activity in the period from existing customers. The percentage of channel leads specific to new business was slightly reduced in the second quarter, this was primarily a result of resetting the sales focus and re-establishing a strong product focus in target markets firstly through direct efforts and current customers, and secondly through channel engagement.

iii) Subscription Revenue by Vertical

The Company has a diversified customer base which is spread across multiple verticals. The Company 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.

Subscription revenue by vertical	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
Oil and Gas	46%	51%	49%	49%
Urban Services	11%	11%	11%	13%
Rentals and Leasing	13%	7%	9%	7%
Construction	13%	11%	11%	13%
Transport	7%	9%	7%	8%
Forestry	2%	2%	2%	2%
Other	8%	9%	11%	8%
	100%	100%	100%	100%

iv) Enterprise Customers

Our solution and sales approach are focused on enterprise customers. We define enterprise clients as those who can connect 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 allow us to leverage our platform for an all-encompassing enterprise solution.

TRAKOPOLIS IOT CORP.

Management's Discussion and Analysis

Enterprise sales will cause the largest volatility in revenue due to the nature and size of the hardware sale. A spike in hardware revenue is 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.

Strategically the Company targets to complement Small Medium Business (“SMB”) sales with targeting enterprise customers who have a high volume of assets to maximize future subscription growth. The following table is based on subscription revenue percentage for each customer type.

Revenue by customer type	Three months ended June 30		Six Months ended June 30	
	2019	2018	2019	2018
Enterprise customers	57%	31%	56%	32%
Other customers	43%	69%	44%	68%
	100%	100%	100%	100%

For the three and six months ended June 30, 2019 the enterprise customer segment has increased in percentage of subscription revenue. The enterprise segment creates volatility within subscription revenue due to the flexibility of hibernation options that are extended to certain customers, however the enterprise segment of our subscriber base represents significant growth opportunity. Enterprise accounts create long-term value with multi-year commitments and help guide the evolution of the solution offering through customizations.

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:

Strategic Partner	Partnership type
Honeywell	Gas detection solution
Bell	Bill on behalf national partnership
Driving Force	White label reseller
Telus	National marketplace partnership
Keep Truckin	Reseller partnership for ELD solutions
BeWhere	Integrated LTE-M solutions

TRAKOPOLIS IOT CORP.

Management's Discussion and Analysis

GROSS PROFIT AND GROSS MARGIN

The overall gross margin is dependent on the mix of hardware and subscription sales in the period. Hardware sales generate lower gross margins than subscription revenue. Hardware margins are directly correlated to volume, as larger volume orders are typically offered at reduced margins. The timing and size of one-time hardware sales are uncertain and therefore create periodic margin volatility.

Gross margin on subscription revenue was 73% for the three months ended June 30, 2019 and 72% for the six months ended June 30, 2019. This was consistent with the same periods in the prior year. Subscription gross margin is primarily effected by a) an increase in the number of hibernated subscriptions at a lower cost, resulting in lower subscription ARPU and b) an increase in the proportion of partner add on products at lower margins such as ELD. The Company also aims to drive further cost reductions against its core solution offering and to realize further cost optimization in its subscription plans with a goal to increased subscription gross margin in future periods.

Gross margin on hardware revenue was 9% and 6% for the three and six months ended June 30, 2019, respectively, compared with 2% and 6% in the prior year. The increase in margin for the three months ended June 30, 2019 compared to the prior year is due to ELD transition customers in 2018 that resulted in lower margins. The Company expects volatility in hardware margins as price adjustments, when required, are firstly focused on the hardware portion as these have a one-time impact.

OPERATING EXPENSES

Operating expenses are segmented into four categories based on function and include share-based compensation.

Operating expenses	Three months ended June 30				Six months ended June 30			
	2019	2018	Change \$	Change %	2019	2018	Change \$	Change %
General and administrative	384	771	(387)	-50%	928	1,408	(480)	-34%
Sales and marketing	172	385	(213)	-55%	398	780	(382)	-49%
Service and Support	93	155	(62)	-40%	217	317	(100)	-32%
Technology	378	487	(109)	-22%	830	991	(161)	-16%
	1,027	1,798	(771)	-43%	2,373	3,496	(1,123)	-32%

General and Administrative ("G&A") Expense

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 decreased by \$387 thousand or 50% and \$480 thousand or 34% for the three and six months ended June 30, 2019 compared to the same periods in 2018. The decrease in G&A expenses is primarily due to a decrease in wages and salaries as a result of the business optimization, a reduction in investor relations costs and a decrease in share-based compensation expense.

TRAKOPOLIS IOT CORP.

Management's Discussion and Analysis

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 expense decreased by \$213 thousand or 55% and \$382 thousand or 49% for the three and six months ended June 30, 2019 compared to the same period in 2018. The decrease in expense is due to lower sales commissions paid as a result of lower hardware sales in 2019, lower share-based compensation expense and a reduction in wages and salaries expense as a result of reducing the number of active sales reps. The reduction in sales personnel and revised sales strategy to focus on target markets also resulted in less travel and other sales related expenses.

Service and Support Expense

Service and support expense include salaries, benefits, share-based compensation and other costs related to our customer and technical support, implementations and project management personnel.

Service and support expense decreased by \$62 thousand or 40% and \$100 thousand or 32% for the three and six months ended June 30, 2019 compared to the same period in 2018. The decrease in service and support costs is due to lower wages and salaries expense specific to the service and support of ELD, these expenses did not recur in 2019 as the Company elected to partner in ELD as well as lower project-based costs specific to current customer opportunities.

Technology Expense

Technology expenses consist of employee salaries, share-based compensation, benefits and expenses related to product development activities, consultant fees and other expenses associated with software development and hardware integration.

Technology expense decreased by \$109 thousand or 22% and \$161 thousand or 16% for the three and six months ended June 30, 2019, respectively, compared with the same period in the prior year. The reduction was primarily due to lower costs associated with key product initiatives, as these initiatives are through the heavy investment R&D stage and a smaller team can bring them through to commercialization. Core to the strategy is focusing on set product initiatives that are directly aligned with sales and marketing focus and continued differentiation from traditional fleet and equipment tracking. The Company has also focused on optimizing platform costs and infrastructure, as a result of the completion of several key R&D initiatives we were able to reduce hosting costs through a reduction in the number of environments.

FINANCE EXPENSE

Finance expenses consist of interest on debt and loans, bank charges, other expense/income and accretion expense. Finance expenses increased by \$32 thousand for the three months ended June 30, 2019, compared to the same period in 2018. This was due to interest and accretion expense relating to the Term Loan (note 5 of the consolidated interim financial statements) and convertible debenture (note 6 of the consolidated interim financial statements). Finance expenses decreased by \$213 thousand for the six months ended June 30, 2019, primarily due to a translation-related foreign exchange gain on \$US dollar-based loans and favorable movement in the fair value of derivative liabilities.

TRAKOPOLIS IOT CORP.

Management's Discussion and Analysis

Finance expense	Three months ended June 30				Six months ended June 30			
	2019	2018	Change \$	Change %	2019	2018	Change \$	Change %
Derivative fair value (gain) loss	(40)	38	(78)	-205%	(45)	67	(112)	-167%
Interest on debt and loans	222	75	147	196%	447	333	114	34%
Other expense	16	-	16	100%	29	-	29	100%
Accretion interest	75	5	70	1400%	147	171	(24)	-14%
Loss(gain) on foreign exchange	(85)	38	(123)	324%	(124)	96	(220)	229%
	188	156	32	21%	454	667	(213)	-32%

QUARTERLY PERFORMANCE

The table below 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, 2018. 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.

	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18	Q4 17	Q3 17
(in thousands)								
Revenue								
Subscription	1,209	1,179	1,141	1,174	1,168	1,213	1,158	988
Hardware and other	251	320	419	373	432	378	666 ³	3,642 ³
Total revenue	1,460	1,499	1,560	1,547	1,600	1,591	1,824	4,630
Gross profit	912	864	855	921	860	943	910	765
Gross margin	62%	58%	55%	60%	54%	59%	50%	17%
EBITDA ¹	(116)	(481)	(719)	(759)	(937)	(756)	(717)	(1,013)
Adjusted EBITDA ¹	(98)	(463)	(668)	(676)	(850)	(662)	(798)	(846)
Net Loss	(311)	(754)	(1,058) ⁴	(810)	(1,100)	(1,275)	(916) ²	(1,192)

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

² Net Loss in Q4 2017 included gain of \$391 thousand on the derecognition of the ELOG intangible asset.

³ During the three months ended September 30, 2017 and December 31, 2017 the Company recognized hardware sales from a significant enterprise sale.

⁴ During the three months ended December 31, 2018 the Company incurred significant finance expenses associated with debt restructuring.

TRAKOPOLIS IOT CORP.

Management's Discussion and Analysis

The Company recorded a net loss of \$311 thousand for the three months ended June 30, 2019. The improvement in net loss from the same period in the prior year and from the prior quarter is a result of operating expense improvement. The Company successfully implemented business changes that resulted in a significant impact to improvement of the bottom line. Revenue volatility as a result of the oil and gas sector continues to present challenges and affects our targeted growth objectives. The Company has several product initiatives planned for the remainder of 2019 and into 2020 which aim to leverage our completed R&D and established strategic partnerships. The Company is targeting a reduction volatility in its business model through a streamlined solution offering, focusing direct and channel sales efforts on target customer segments and reduced operating expenses.

LIQUIDITY AND CAPITAL RESOURCES

The Company's objective when managing capital is to ensure that 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 in multiple ways including funds from operations, available cash balances, new debt instruments, equity issuances and government funding.

These consolidated financial statements have been prepared on 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, 2019, the Company incurred a loss of \$1.06 million and utilized funds amounting to \$604 thousand in its operations and had net current liabilities of \$2.7 million. 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, continue receiving financial support from its shareholders and to obtain new financing. 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.

On June 27th, 2019 the Company and Lender began discussions to restructure and amend the Term Loan ("Amendment Discussions"). One of the topics being considered as part of the Amendment Discussions is modification of certain of the covenants set forth in the Loan Agreement. In order to allow the parties to complete the Amendment Discussions, the Lender agreed by way of a letter agreement that during the period commencing on June 27th, 2019, the amount of the Company's minimum permitted liquidity would be \$700,000. Subsequent to the end of June 30, 2019 the Company and the Lender entered into an agreement to amend the Term Loan. See note 15 of the Financial Statements, Subsequent events.

The consolidated 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 these 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.

TRAKOPOLIS IOT CORP.

Management's Discussion and Analysis

As at June 30, 2019, the Company had working capital deficit of \$2.7 million, an increased deficit of \$0.9 million from December 31, 2018. As at June 30, 2019, the Company had a cash and cash equivalent balance of \$1.08 million, a decrease of \$887 thousand from \$1.97 million at December 31, 2018. The decrease in cash and cash equivalents was due to the following:

i) Operating activities

The Company utilized funds amounting to \$604 thousand in operations during the six months ended June 30, 2019. The funds are mainly related to cash used in operations of \$596 thousand and changes in non-cash working capital of \$8 thousand.

ii) Investing activities

During the period, the Company had no cash flow impact due to investing activities.

iii) Financing activities

During the six months ended June 30, 2019 The Company had cash outflows of \$275 thousand from financing activities relating to the repayment of principal and accrued interest pertaining to the Companies primary debt facility.

DEBT

As at June 30, 2019 the Company debt comprised of shareholder loans, convertible debt and a term loan.

a) Shareholder Loans

As at June 30, 2019, the shareholder loans are comprised of a \$50,000 convertible term loan due on February 8th, 2023 that has a 10% annual interest rate and a \$175,000 convertible term loan due on February 8th, 2023 that has a 10% annual interest rate. Both shareholder loans include a conversion feature that provide the lender the right to convert a full or partial amount of the principal outstanding at any point throughout the term of the loan at a 20% discount to the last 20 days weighted average price of the common shares. The conversion feature is classified as a derivative liability due to the variable number of common shares that could be realized at the time of conversion. As at June 30, 2019 the derivative liability was calculated at \$0 and is included in the current shareholder loan balance.

b) Term Debt

On November 15th, 2018 the Company terminated a credit facility with the Silicon Valley Bank ("SVB Facility") and replaced it with a 12-month USD \$3.0 million secured term loan (the "Term Loan"). The Term Loan bears interest at an annual rate of prime (US) plus 4.5%. In accordance with the terms of the Term Loan, the Company is not required to make any interest or principal repayments until maturity. The Company used the proceeds to pay out the SVB Facility and to fund certain Lender expenses in accordance with the terms of the Term Loan, with the remaining funds to be made available for general working capital purposes. The Term Loan is secured against all the assets of the Company and its subsidiaries and is due November 15th, 2019.

As part of the Term Loan arrangement, the Company paid debt issuance costs of \$641,436 of which \$373,695 were cash expenses and the remainder were in the form of warrants valued at \$267,741 as explained below. These costs will be amortized

TRAKOPOLIS IOT CORP.

Management's Discussion and Analysis

over the remaining term of the facility with the cash portion recognized as interest expense and the costs attributable to the warrants recognized as accretion expense. As at June 30, 2019, \$279,942 of the debt issuance costs remained unamortized and are netted against the carrying value of the facility. The provisions of the Term Loan provided for the issuance of 1,307,620 purchase warrants that allow for the Lender to purchase one common share at an exercise price of \$0.34 per common share and which expire on November 15, 2023. The fair value of each warrant was estimated on the date of grant using the Black-Scholes option pricing model. The estimated value of the warrants was calculated to be \$267,741 using the following assumptions:

- Risk free interest rate: 2.21%
- Expected volatility: 72%
- Expected life in years: 5
- Expected dividend yield: nil

At the time of issuance of the Term Loan, the Company was subject to the following covenants, whereby it shall not:

- i) Permit its Liquidity, as of any date, to be less than \$1,000,000: "Liquidity" means, with respect to the Company, the aggregate amount of cash and cash equivalents (excluding retirement accounts and personal and corporate lines of credit), each as reasonably determined by Lender, held in one or more deposit accounts or securities accounts subject to a control agreement and a first-priority perfected lien in favor of Lender.
- ii) Permit its in-force annual contract value to be less than the following amounts as at the last day of each of the following fiscal quarters of the Company:
 - 4th quarter of 2018 – USD \$3,500,000;
 - 1st quarter of 2019 – USD \$3,650,000;
 - 2nd quarter of 2019 – USD \$3,850,000; and
 - 3rd quarter of 2019 – USD \$4,000,000.
- iii) Permit its Net Retention Rate to be less than 90% as of the last day of any fiscal quarter of the Company. "Net Retention Rate" means, as measured for any month (a "Testing Month"), the quotient, expressed as a percentage, of (i) the monthly recurring revenue ("MRR") for the Testing Month from customers that have been active for more than twelve (12) full months, divided by (ii) the MRR for the corresponding month occurring one year prior to the Testing Month.

On March 15th, 2019, the Company and the Lender agreed to amend the Term Loan. The Company made a principal repayment of USD\$200,000 of which \$102,240 was applied against accrued interest and the remainder applied as a permanent reduction of the principal amount. The amendment to the loan agreement revised the covenants to as follows:

- i) Permit its Liquidity, as of any date, to be less than \$800,000: "Liquidity" means, with respect to the Company, the aggregate amount of cash and cash equivalents (excluding retirement accounts and personal and corporate lines of credit), each as reasonably determined by Lender, held in one or more deposit accounts or securities accounts subject to a control agreement and a first-priority perfected Lien in favor of Lender.

TRAKOPOLIS IOT CORP.

Management's Discussion and Analysis

- ii) Permit its in-force annual contract value to be less than the following amounts as at the last day of each of the following fiscal quarters of the Company:
- 4th quarter of 2018 – USD \$3,500,000;
 - 1st quarter of 2019 – USD \$3,575,000;
 - 2nd quarter of 2019 – USD \$3,775,000; and
 - 3rd quarter of 2019 – USD \$4,000,000.
- iii) Permit its Net Retention Rate to be less than 90% as of the last day of any fiscal quarter of the Borrower. "Net Retention Rate" means, as measured for any month (a "Testing Month"), the quotient, expressed as a percentage, of (i) the MRR for the Testing Month from customers that have been active for more than twelve (12) full months, divided by (ii) the MRR for the corresponding month occurring one year prior to the Testing Month.

On June 27th, 2019 the Company and Lender begun discussions to restructure and amend the Term Loan ("Amendment Discussions"). One of the topics being considered as part of the Amendment Discussions is modification of certain of the covenants set forth in the Loan Agreement. In order to allow the parties to complete the Amendment Discussions, the Lender agreed by way of a letter agreement that during the period commencing on June 27th, 2019, the amount of the Company's minimum permitted liquidity would be \$700,000. Subsequent to the end of June 30, 2019 the Company and the Lender entered into an agreement to amend the Term Loan. See note 15 of the Financial Statements, Subsequent events.

As at June 30, 2019 the Company was compliant with all financial covenants.

c) Convertible Debt

On June 21, 2018 the Company completed a non-brokered private placement of 1,100 units ("Units") comprised of \$1,000 unsecured subordinated convertible debentures bearing an interest rate of 8% and 55.556 common shares in the capital of the Company, raising gross proceeds of \$1,100,000. The common shares component of the Units were recognized as a financing fee and 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. The first interest payment was on September 30, 2018.

As part of the convertible debenture arrangement, the Company paid debt issuance costs of \$85,312 inclusive of the value of the common shares issued. As at June 30, 2019, \$45,815 remained unamortized and is netted against the carrying value of the debenture. 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 during the term of the debentures 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 \$163,702. 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.

TRAKOPOLIS IOT CORP.

Management's Discussion and Analysis

Subsequent to June 30, 2019, The Company, as per the terms of the convertible debenture has notified the debenture holders that future interest payments will be paid in the form of common shares at a price equal to the volume weighted average trading price for the 20 days ending on the fifth day prior to the date on which the interest payments are due. See note 15 of the Financial Statements, Subsequent events

EQUITY

Following is a summary of the outstanding equity instruments including common shares, warrants and options as at June 30, 2019 and 2018.

	June 30, 2019	December 31, 2018
	# shares	# shares
Common shares	26,152,405	26,152,405
Warrants	4,003,815	4,003,815
Options	2,453,475	2,453,475

Common shares and warrants issued in Q2 2019:

No common shares or warrants were issued in the second quarter of 2019

Share option plan:

The Company has a stock option plan to encourage ownership of the Company's common shares by its directors, officers, employees and other eligible service providers. The exercise price of each option equals the Company's stock price on the date of the grant. Stock option terms and vesting periods are specified in a stock option plan approved by the Board of Directors. The Board of directors has the full power to administer the issuance of options. Option activity is as follows:

	Number of share options	Weighted Average Exercise Price
Balance, December 31 2018	2,453,475	\$1.21
Exercisable at December 31, 2018	1,862,750	\$1.24
Issued	-	-
Balance, June 30 2019	2,453,475	\$1.21
Exercisable at June 30, 2019	2,431,779	\$1.20

Non-GAAP MEASURES

Identification of non-GAAP Financial Performance Measures

TRAKOPOLIS IOT CORP.

Management's Discussion and Analysis

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 June 30		Six months ended June 30	
	2019	2018	2019	2018
Net loss	(311)	(1,100)	(1,065)	(2,375)
Add:				
Amortization	6	7	13	13
Finance expense	189	156	454	668
EBITDA	(116)	(937)	(598)	(1,694)
Add:				
Share-based compensation	18	87	36	181
Adjusted EBITDA	(98)	(850)	(562)	(1,513)

CRITICAL ACCOUNTING ESTIMATES

TRAKOPOLIS IOT CORP.

Management's Discussion and Analysis

The preparation of consolidated financial statements 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) 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.

(ii) 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, 2019, the Company does not have any off-balance sheet arrangements other than operating leases.

RELATED PARTY TRANSACTIONS

The shareholder loans are held by a director of the Company and a relative of the director. During the period, the Company paid \$1,250 in interest expense to the director for interest owed on one of the shareholder loans and interest expense of \$4,375 to the relative of the director.

SUBSEQUENT EVENTS

- a) On August 2nd, 2019 the Company and the Lender ("Lender") agreed to amend the Term Loan ("Amending Agreement"). The Amending Agreement required the Company, by not later than August 7, 2019, to provide the Lender with a financing plan that contemplated full repayment of the senior secured credit facility by not later than September 30, 2019 which date is subject to extension by the Lender. That financing plan has been provided by the Company to the Lender. It was also a milestone to the Amending Agreement that the Company pursue an equity raise in the aggregate amount of not less than CAD\$3.0 million (the "Financing") and make a public announcement with respect to such Financing by no later than August 7, 2019. This milestone was met by the Company.

The Amending Agreement revised the liquidity covenant as follows:

The Company shall not:

TRAKOPOLIS IOT CORP.

Management's Discussion and Analysis

Permit its Liquidity, as of the dates below, not to be less than the minimum amount: "Liquidity" means, with respect to the Company, the aggregate amount of cash and cash equivalents (excluding retirement accounts and personal and corporate lines of credit), each as reasonably determined by lender, held in one or more deposit accounts or securities accounts subject to a control agreement and a first-priority perfected Lien in favor of lender.

- b. For the period beginning August 2nd, 2019 and ending August 31st, 2019 the minimum liquidity shall be \$700,000
- c. For the period beginning September 1, 2019 and ending September 15, 2019 the minimum liquidity shall be \$675,000
- d. For the period beginning September 16, 2019 and ending September 30, 2019 the minimum liquidity shall be \$650,000

A milestone requirement of the Term Loan Amending Agreement was for the Company liquidity to be at, or above \$800,000 on or before August 12, 2019. The Company raised \$74,000 CAD in the form of promissory notes prior to August 12, 2019 and achieved the liquidity milestone. The promissory notes bear a 10% annual interest payable, with the interest accruing until maturity. The promissory notes mature on November 15th, 2019 and can be extended 90 days by the Company upon written notice to the note holder.

- b) Subsequent to June 30, 2019, The Company, as per the terms of the convertible debenture has notified the debenture holders that future interest payments will be paid in the form of common shares at a price equal to the volume weighted average trading price for the 20 days ending on the fifth day prior to the date on which the interest payments are due.

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.

TRAKOPOLIS IOT CORP.

Management's Discussion and Analysis

(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 anticipated growth 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:

TRAKOPOLIS IOT CORP.

Management's Discussion and Analysis

Credit risk reflects the risk the Company may be unable to collect its accounts receivable. The Company has several larger enterprise customer accounts and contracts that collectively attribute to approximately 41% of the Company's total sales, and 43% of the accounts receivable balance.

(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

TRAKOPOLIS IOT CORP.

Management's Discussion and Analysis

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 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.

FURTHER INFORMATION

Additional information relating to the Company, including the Company's most recent Annual information form, is available on the Company's SEDAR company profile www.sedar.com and on the Company's website at www.trakopoliscorp.com