TRAKOPOLIS®
EVOLVING VISIBILITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2017 and 2016

TRAKOPOLIS®
IoT Corp.

MESSAGE TO SHAREHOLDERS

Highlights

$4.63 million

in revenue in the current quarter, representing an 299% increase quarter-over-quarter.

+26% in MRR

in the current quarter, representing an 8% improvement quarter-over-quarter.

Execution

Our team successfully implemented the new ConneXt LoneWorker™ across 19 cities and 6 states which we completed in the first week of October and cemented our position as the leaders in active connected gas solutions in the field.

Dear Shareholders,

We are pleased to present our 2017 third quarter results. While I encourage you to review in detail our financial statements and MD&A for the period, I wanted to highlight a few significant achievements by our team.

You will see that our revenue grew to $4.63 million, an increase of 299% compared to the same quarter in the prior year. This increase is largely due to a successful enterprise implementation realized during the quarter.

More importantly, our monthly recurring revenue (MRR) increased by 26% compared to the same quarter in the prior year and we anticipate that upward trend to continue in the fourth quarter.

We also continued to stabilize our operating costs, resulting in a reduction in net loss from $1.36 million in the prior year period to $1.19 million in the current quarter, representing an 8% improvement quarter-over-quarter and a 12% improvement over the prior year period. What makes this more impressive is that we achieved this while growing the company, including expanding our head count by 28%.

The Trakopolis team successfully rose to the challenge of onboarding a large customer across 19 cities in 6 states while training nearly 1500 field workers / end users, thereby cementing our position as the global leader in deployed connected gas detection solutions.

With 90% of one-time hardware sales and one-time operational costs associated with the roll out captured in our third quarter results, our gross margin for the quarter was understandably impacted. With only 20% of the contracted MRR from this customer recognized in the period, the full impact of this account will contribute significantly to monthly recurring revenue going forward.

Management is focused on key performance metrics that centre around boosting recurring revenue growth and average revenue per unit (ARPU), reducing customer churn, closing enterprise opportunities and channel partner mobilization. We consider these the key objectives for the Company over the next two quarters and we were pleased with our progress against these metrics in the third quarter.

Our electronic logging device (ELD) product launch was successful resulting in over 300 total active ELD subscribers by the end of the quarter, including another enterprise win. Industry commentary from analysts and peers suggests that sales velocity relating to the ELD mandate has yet to reach its apex, potentially setting the stage for brisk uptake in future periods.

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In the quarter we completed the successful negotiation and execution of a strategic partnership with Mullen Group Ltd., one of the leading suppliers of trucking and logistics services in Canada, to advance the ongoing development of a logistics platform which incorporates load sharing technology developed by Trakopolis.

The Company also closed a brokered private placement for gross proceeds of $2,025,000 CAD that included institutional participation from three firms, one strategic investor and the independent directors. We have already begun to deploy these funds to support our growth plan and we expect to see the results of those investments in future periods.

Going Forward

We are moving forward on the integration of over 30 unique wireless gas detection and specialized communication devices, consisting of the entire wireless gas detection portfolio of RAE Systems, a subsidiary of Honeywell.

Given that our products and channel partners are established and gaining traction, we believe it is prudent to shift our focus to channel mobilization and expansion. Operationally we will be focussing on a balanced approach to revenue growth and profitability.

I want to thank you for your continued support as we grow the business. Please be sure to click the link below and check out our recently updated corporate presentation to learn more.

http://trakopoliscorp.com/wp-content/uploads/2016/08/TRAK_CorporatePresentation_November01-2017.pdf

Sincerely,

Brent Moore
President & Chief Executive Officer
Trakopolis IoT Corp

General

This Management's Discussion and Analysis ("MD&A") contains important information about our business and our performance for the three and nine months ended September 30, 2017. This MD&A should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and accompanying notes for the three and nine months ended September 30, 2017.

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 October 30, 2017, 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 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 for end users and Original Equipment Manufacturer ("OEM") with our open, agnostic, enterprise grade platform. We differentiate ourselves primarily from our open collaborative technology strategy but also in our sales approach, contract flexibility and client care.

Trakopolis is combining Internet of Things ("IoT"), telematics and 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. Trakopolis 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.
>
> **Microsoft Power BI.** Trakopolis is fully integrated with Microsoft's advanced analytics tool, Power Business Intelligence ("BI"). Power BI works with organizations' data to customize reporting and provide enhanced business intelligence. It identifies predictive trends and allows users to make better business decisions.
>
> **Cloud-based.** The hosting environment for Trakopolis was determined based on the overall quality of many cloud platform features. The selection of Microsoft Azure Hosting provides Trakopolis customers with the security, scalability and performance that is critical for an enterprise level asset tracking system.
>
> **Geographic Information System Overlays ("GIS")**. Using the Google Map Engine, Trakopolis has developed an easy way for customers to integrate their own private or public mapping data into the asset

tracking platform. Allowing imports of large or small GIS data files lets customers quickly establish useful geofencing zone data and customized map visualizations in combination with the Trakopolis asset tracking map. Through an enterprise relationship with Google, Trakopolis has the ability to overlay customized mapping that enhances the customer experience. Overlays come from multiple sources, including proprietary customer data and available licensed sources.

We believe that large enterprise customers represent the greatest market opportunity given it is underpenetrated. We will target large enterprise customers to compliment selling to SMBs ("small medium business"). In many verticals. Our technology strategy targets enterprises who need greater functionality, security, analytics, configurability, integration and with the agile ability to include customized functionality. Over the last six months, we have 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 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.

Operational Highlights Q3 2017

The following were key highlights of the Company's overall operational achievements in Q3 2017:

Enterprise Roll Out – The Company completed the vast majority of the implementation associated with the enterprise sale of the connected lone worker solution. The Company completed installations of over 1200 units across 19 cities in 6 states in the 3-month period. The full impact of the enterprise connected gas sale on subscription revenue will be realized in Q4 with the implementation coming to close in the first week of October. The success of the implementation highlights the need for enterprise grade software to complement the needs of larger operations, some key statistics from the roll out:

- 30,000 geo-fences uploaded
- 3,000 alerts configured
- 49,000 GIS data points uploaded
- 400,000 data points received daily

New Product Sales Success – The Company successfully launched and experienced early sales success in the Trakopolis ELD (Electronic Logging Device) product. The results in the quarter included the winning of an enterprise customer bringing the total active ELD subscribers to over 300. The Company expects the impact of the Q3 hardware sales to be reflected in the following quarter subscription revenue.

Continued traction in enterprise segment – The Company continues to expand its sales activity and sales success in the enterprise segment, with enterprise representing over 50% of the active subscriptions for Trakopolis. New product offerings in Connected gas and ELD, and the successful implementation of such offerings represent substantial growth opportunities in enterprise for the Company.

Key highlights of the Company's financial performance for Q3 2017:

Investment in enterprise – Consistent with the Company's growth strategy is to target and execute sales to enterprise customers. Sales to enterprise customers typically yield a lower gross margin in hardware and require higher cash investment than typical sales and also incur short term operational costs during the implementation. The return of such investment is recognized in monthly recurring subscription revenue over the contracted term. Investment in enterprise sales provides short term volatility in "one-time" hardware revenue and gross margins but the long-term impact is predictable monthly subscription revenue.

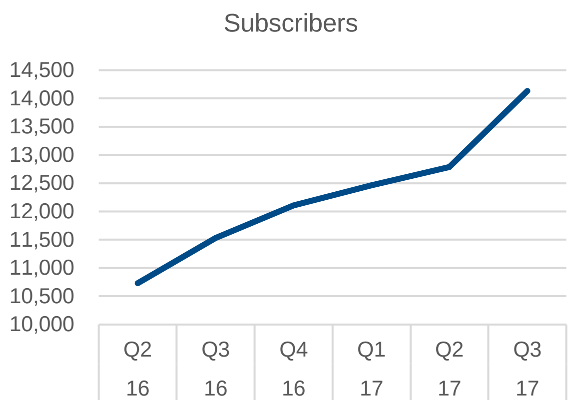
Top line revenue growth – The Company top line revenue growth increased by 299% in Q3 2017 compared to the same period in the prior year, this was due to the recognition of hardware sales associated with the enterprise connected gas sale of the connected gas solution. The weighting of the hardware skewed gross margins from typical and this is expected to normalize in the following quarter. The impact of the enterprise connected gas sale is not fully recognized in subscription revenue as not all subscription lines were activated for the entire quarter.

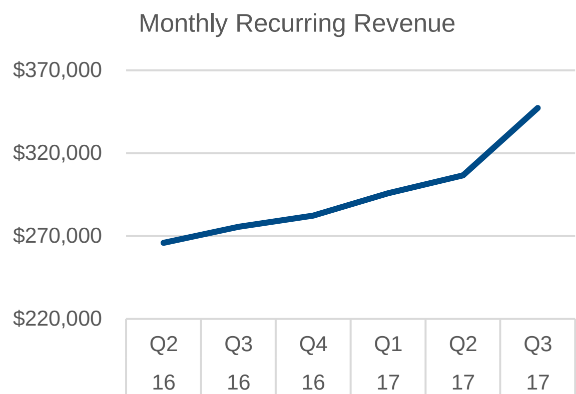
Operating expenses stabilize – Following the reverse takeover transaction completed in October 2016, operating expenses have stabilized, and the Company has started to realize results from the implementation of the growth strategy along with the investment into sales, marketing and new product launches.

Key Metrics

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

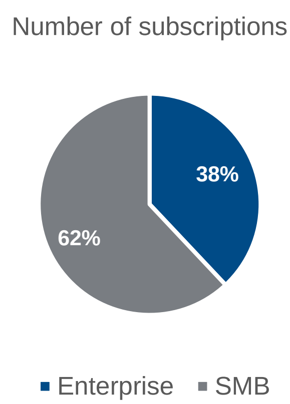
Quarter	16-Jun	16-Sep	16-Dec	17-Mar	17-Jun	17-Sep
# Subscribers	10,731	11,531	12,105	12,466	12,788	14,133
Monthly Recurring Revenue	$265,915	$275,642	$282,265	$295,921	$306,595	$347,296
Average Revenue per Unit	$24.78	$23.90	$23.32	$23.74	$23.98	$24.57





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 target on enterprise.



Financial Highlights

	Three months ended September 30				Nine months ended September 30			
(in thousands)	**2017**	**2016**	**Change**	**Change**	**2017**	**2016**	**Change**	**Change**
	($)	($)	($)	(%)	($)	($)	($)	(%)
Revenue	4,630	1,161	3,469	299%	7,678	3,573	4,105	115%
Cost of sales	3,865	514	3,351	652%	5,338	1,528	3,810	249%
Gross profit	765	647	118	18%	2,340	2,045	295	14%
Gross margin	17%	56%		(39%)	30%	57%		(27%)
Net (loss) income	(1,192)	(1,359)	167	12%	(3,179)	(2,908)	(271)	(9%)
EBITDA[1]	(1,013)	(1,169)	156	13%	(2,465)	(2,412)	(53)	(2%)
Adjusted EBITDA[1]	(846)	(1,030)	184	18%	(1,910)	(1,738)	(172)	(10%)
Share capital	25,859	12,756			25,859	12,756		
Total assets	7,203	1,986			7,203	1,986		
Total liabilities	6,164	7,365			6,164	7,365		

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

Three months ended September 30, 2017 vs 2016

The Company generated revenue of $4.6 million for the three months ended September 30, 2017, a $3.5 million increase from the same period in 2016. The 299% growth from prior period was driven by increased hardware sales and from units deployed through a strategic partnership in gas detection integration combined with increased subscription revenue generated from growth in the subscriber base.

The Company recorded a net loss of $1.2 million for the three months ended September 30, 2017, a decreased loss of $167 thousand compared to the same period in 2016. The decreased loss arises from increased gross profit combined with decreased operating expenses during the quarter compared to the same period in 2016.

Adjusted EBITDA was $(846) thousand for the three months ended September 30, 2017, this is an improvement of $184 thousand or 18% compared to the same period in 2016. The improved Adjusted EBITDA is due to increased gross profit combined with decreased operating expenses during the quarter compared to the same period in 2016.

Nine months ended September 30, 2017 vs 2016

The Company generated revenue of $7.7 million for the nine months ended September 30, 2017, a $4.1 million increase from the same period in 2016. The 115% growth from prior period was driven by increased hardware sales and from units deployed through a strategic partnership in gas detection integration combined with increased subscription revenue generated from growth in the subscriber base.

The Company recorded a net loss of $3.1 million for the nine months ended September 30, 2017, an increase of $271 thousand compared to the same period in 2016. The net loss arises largely from increased sales and marketing, and operations expenses during the nine months ended September 30, 2017, compared to the same period in 2016, as a result of implementing the Company's growth plan.

Adjusted EBITDA was $(1.9) million for the nine months ended September 30, 2017, a decrease of $172 thousand or 10% compared to the same period in 2016. The decrease in adjusted EBITDA in the period is largely due to increased sales and marketing and operations expenses during the nine months ended September 30, 2017, compared to the same period in 2016, as a result of implementing the Company's growth plan. This is offset by increased gross profit generated from higher revenue during the nine months ended September 30, 2017, compared to the same period in 2016.

Overall Performance

Revenue and Gross Margin

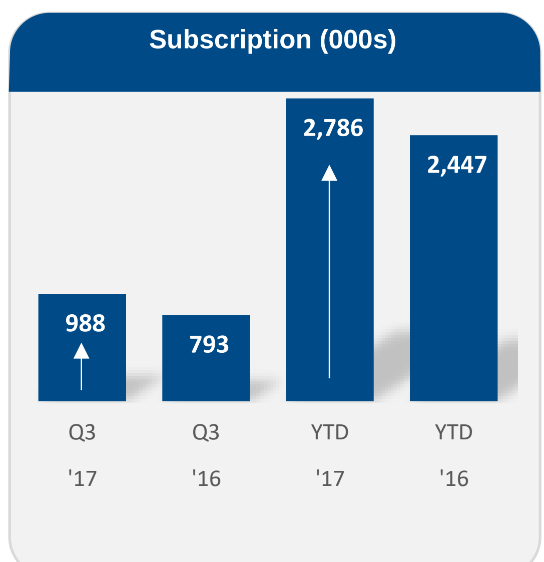
	Three months ended September 30				Nine months ended September 30			
	2017	2016	Change	Change	2017	2016	Change	Change
(in thousands)	**($)**	**($)**	**($)**	**(%)**	**($)**	**($)**	**($)**	**(%)**
Revenue								
Subscription	988	793	195	25%	2,786	2,447	339	14%
Hardware	3,606	359	3,247	904%	4,748	1,085	3,663	338%
Software development	34	5	29	580%	127	31	96	310%
Other	2	4	(2)	(50%)	17	10	7	70%
Total	4,630	1,161	3,469	299%	7,678	3,573	4,105	115%
Cost of goods sold								
Subscription	422	222	200	90%	998	759	239	31%
Hardware	3,443	292	3,151	1,079%	4,340	769	3,571	464%
Total	3,865	514	3,351	652%	5,338	1,528	3,810	249%
Gross margin								
Subscription	566	571	(5)	(1%)	1,788	1,688	100	6%
Hardware	163	67	96	143%	408	316	92	29%
Total[1]	729	638	91	14%	2,196	2,004	192	10%
Gross margin percentage								
Subscription	57%	72%		(15%)	64%	69%		(5%)
Hardware	5%	19%		(14%)	9%	29%		(21%)
Total[1]	16%	54%		(2%)	5%	9%		(4%)

1 Total gross profit and gross margin does not include software development or 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.

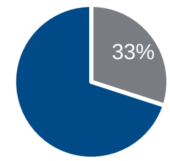
Subscription revenue increased by $195 thousand or 25% growth, and $339 thousand or 14% growth for the three months ended September 30, 2017 respectively, compared to the same periods in 2016. The increased subscription revenue is a result of growth in subscriber base.



Enterprise subscription revenue

During the period $44 thousand USD was recognized in subscription revenue from the enterprise connected gas hardware sale. In future quarters, over the term of the contract, the Company expects to recognize an average of $135 thousand USD per quarter from the enterprise connected gas sale. The expected increase in subscription revenue in future quarters is a result of all hardware being installed and subscriptions being activated.

Enterprise Subscription % Recognized in Q3



Customer metrics

(i) 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 nine-month period ended September 30, 2017 was 7%, this a is an improvement of 3% from the annualized customer churn of 10% as at September 30, 2017. 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.

(ii) ARPU: Growth in subscription revenue is also impacted by ARPU. For the nine-month period ending September 30, 2017, ARPU remained consistent compared to the same period in prior year. Trakopolis is positioned to increase the subscription ARPU in future periods through expanding the Company's product feature set and product offering with ELDs and Connected Gas detection.

Hardware Revenue

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

Hardware revenue increased by $3.2 million or 904%, and $3.7 million or 338% for the three months and nine months ended September 30, 2017 respectively, compared to the same periods in 2016. This is a result of the Company realizing increased sales and from new units deployed through a strategic partnership in gas detection integration. The hardware sales during the three months ended September 30, 2017, were largely weighted towards the end of the quarter and as such, the impact of the sales has not fully been realized within subscription revenue during the quarter. It is expected that the full impact of the hardware sales during the third quarter will begin being realized within subscription revenue during the fourth quarter.

Software Development Revenue

Software development revenue is generated from custom development requests from existing customers, new customers and strategic partners. Software development is undertaken with an expectation to realize future hardware sales and subscription revenue.

Through the three and nine months ended September 30, 2017, software development revenue relates to a strategic partnership in power monitoring and custom transportation software, highlighting the strategic focus on industry diversity and the IIoT ("Industrial Internet of Things") approach.

The software revenue increased by $29 thousand or 611%, and $96 thousand or 313% for the three months and nine months ended September 30, 2017 respectively, compared to the same periods in 2016. This is driven by increased demand for customized software development.

Other Revenue

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

Gross Profit and Gross Margin

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

Gross margin on subscription revenue was 57% for the three months ended September 30, 2017 and 64% for the nine months ended September 30, 2017. The software gross margin during the period was negatively affected due to data overages from a new product launch which is related to the enterprise connected gas sale completed during the period. The Company is currently in negotiations with the data provider for a credit related to the overages but as at September 30, 2017, no conclusion has been made regarding the discussion. The Company is not forecasting overages during the fourth quarter and expects subscription gross margin to appropriate historical levels. A key financial objective of the Company is to increase subscription gross margin in future periods through vendor relations, expanding subscriber base, expanding the product feature set and data management.

Gross margin on hardware revenue was 5% for the three months and 9% for the nine months ended September 30, 2017 compared to 19% and 29% for the same periods in 2016. The decrease in hardware gross margin is a result of sales to enterprise customers being recognized during the period. Enterprise sales are high volume sales which provide the hardware at discounted pricing to obtain the future recurring subscription revenue from the high-volume sales. During the period, part of the subscription revenue was realized from the increased hardware sales, however, the full impact of the increased hardware sales will begin to be realized within subscription revenue during the fourth quarter.

Sales Mix

	Three months ended		**Nine months ended**	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Percentage of total sales				
Subscription revenue	21%	68%	36%	69%
Hardware revenue	78%	32%	62%	30%
Software revenue	1%	0%	2%	1%
Other revenue	0%	0%	0%	0%
	100%	100%	100%	100%

The Company is focused on increasing subscription revenue growth through increased hardware sales. Hardware sales represented a larger portion of the sales mix for the three and nine months ended September 30, 2017, compared to the same period in 2016 as a result of large enterprise customer deployments in the periods. The increased percentage of hardware sales during the period is expected to translate into increased subscription revenue growth going forward as hardware sales have an attached monthly subscription.

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.

	Three months ended		Nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Lead Source				
Direct Sales	12%	69%	21%	67%
Channel partners and dealers	88%	31%	79%	33%
Total	100%	100%	100%	100%

The above table is calculated based on hardware sales leads and excludes subscription revenue. For the three and nine months ended September 30, 2017, the increase in channel partners and dealer leads, is due to an enterprise connected gas sale through our channel partner.

Subscription Revenue by Vertical

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

	Three months ended		Nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Industry				
Oil & Gas	44%	43%	42%	42%
Utility	13%	10%	12%	11%
Urban services	11%	12%	11%	12%
Construction	10%	10%	10%	12%
Rental & leasing	9%	9%	11%	10%
Transport	7%	8%	7%	8%
Mining	3%	4%	4%	3%
Forestry	3%	3%	3%	2%
	100%	100%	100%	100%

Enterprise Customers

Our product and sales approach is focused on enterprise customers. We define enterprise clients as those who can track over 250 assets. This approach allows us to market a more comprehensive offering to enterprise clients. 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. The 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.

A key strategy throughout 2017 is to compliment Small Medium Business ("SMB") sales with targeting enterprise customers whom have a high volume of assets to maximize future subscription growth.

	Three months ended		Nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Sales by customer type				
Enterprise customers	82%	22%	61%	21%
Other customers	18%	78%	39%	79%
Total	100%	100%	100%	100%

Enterprise Partnerships

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

- Honeywell Life Services — *Gas Detection Product*
- The Driving Force — *White label re-seller for fleet management services*
- Bell Mobility — *Bill on Behalf National Partnership*
- Telus — *National Marketplace Bill on Behalf Partnership*

Operating Expenses

	Three months ended September 30				Nine months ended September 30			
	2017	2016	Change	Change	2017	2016	Change	Change
(in thousands)	**($)**	**($)**	**($)**	**(%)**	**($)**	**($)**	**($)**	**(%)**
Expenses								
General and administrative	682	1,056	(374)	(35%)	2274	2611	(337)	(13%)
Sales and marketing	409	315	94	30%	1257	880	377	43%
Operations	227	94	133	141%	568	278	290	104%
Technology	459	351	108	31%	728	688	40	6%
Total expenses	1,777	1,816	(39)	(2%)	4,827	4,457	370	8%

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 $374 thousand or 35% for the three months ended September 30, 2017, compared to the same period in 2016. The decrease is due to increased legal and professional fees recognized in the prior period related to issuance of preference shares, debt restructuring, and general corporate matters related to the reverse takeover transaction that occurred in October, 2016.

The decrease in G&A during the nine months ended September 30, 2017, compared to the same period in 2016 is consistent with the above discussion.

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 increased by $94 thousand or 30% for the three months ended September 30, 2017, compared to the same period in

2016. The increase is from implementing the Company's growth plan. The growth plan focuses on increasing sales presence through marketing and expanded salesforce. We have invested and continue to invest, in these costs as we further expand our domestic infrastructure and expand into the USA market. The expansion within North America is facilitated through our partners, direct sales force and enterprise customers.

The increase in sales and marketing during the nine months ended September 30, 2017, compared to the same period in 2016 is consistent with the above discussion.

Operations Expense

Operations expense include salaries, benefits, share-based compensation and other costs related to our customer and technical support, implementations and project management personnel. Operations expense increased by $133 thousand or 141% for the three months ended September 30, 2017, compared to the same period in 2016. The increase in operational costs is a result of increased staffing for junior hardware and software developers. Developers are engaged in provisioning and software development related to the purchase order received from an enterprise customer of 1,500 units of Honeywell's ConneXt Lone Worker gas detection solution. This is combined with increased travel costs for the operations team to complete the implementation of the enterprise hardware.

The increase in operations expense during the nine months ended September 30, 2017, compared to the same period in 2016 is consistent with the above discussion.

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. The Company records the impact of government assistance from the Scientific Research and Experimental Development program ("SR&ED") 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 and to focus on scalability to align with subscriber growth projections.

Technology costs increased by $108 thousand or 31% for the three months ended September 30, 2017, compared to the same period in 2016. The increase is due to increased hosting costs because of an increased subscriber base, increased Service Organization Control ("SOC") audit costs to be SOC 2 compliant and increased salary costs from an expanded technology team focusing on product development.

The increase in technology expenses during the nine months ended September 30, 2017, compared to the same period in 2016 is consistent with the above discussion.

Finance Expense

	Three months ended September 30				**Nine months ended September 30**			
	2017	2016	Change	Change	2017	2016	Change	Change
(in thousands)	**($)**	**($)**	**($)**	**(%)**	**($)**	**($)**	**($)**	**(%)**
Expenses								
Derivative liability fair value adjustment	(8)	-	(8)	100%	100	-	100	100%
Interest on debt and loans	79	72	7	10%	234	317	(83)	(26%)
Other expense	10	6	4	67%	17	9	8	89%
Accretion expense	23	107	(84)	(79%)	143	156	(13)	(8%)
Total expenses	104	185	81	44%	494	482	12	2%

Finance expenses consist of interest on debt and loans, bank charges, other expense (income) and accretion expense. Finance expenses decreased by $81 thousand for the three months ended September 30, 2017, compared to the same period in 2016. The decrease for is primarily due to lower accretion during the period from the adjustment in the estimated timing of cash flows for the Electronic Logbook payable.

Finance expenses increased by $12 thousand for the nine months ended September 30, 2017, compared to the same period in 2016. The increase is primarily due the derivative liability fair value adjustment offset by reduced interest rate associated to long and short-term loans.

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 period ended December 31, 2016. 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.

	2017			2016				2015
	Q3	Q2	Q1[1]	Q4	Q3	Q2	Q1[1]	Q4
(in thousands)	**($)**	**($)**	**($)**	**($)**	**($)**	**($)**	**($)**	**($)**
Subscription	988	909	889	842	793	809	844	884
Hardware and other	3,642	678	571	367	372	332	427	236
Total revenue	4,630	1,587	1,460	1,209	1,161	1,141	1,271	1,120
Gross profit	765	776	763	640	647	704	697	586
Gross margin	17%	49%	52%	53%	56%	62%	55%	52%
EBITDA[2]	(1,013)	(1,083)	(369)	(3,838)	(1,169)	(1,079)	(163)	(943)
Net loss	(1,192)	(1,298)	(689)	(3,824)	(1,359)	(1,231)	(318)	(1,093)
Adjusted EBITDA[2]	(846)	(769)	(296)	(522)	(1,030)	(606)	45	(698)

[1] During the three months ended March 31, 2017 and 2016, the Company received SR&ED rebates of $403 thousand and $479 thousand respectively.

[2] Refer to "Non-GAAP Measures".

The Company recorded a net loss of $1.2 million for the three months ended September 30, 2017. The net loss arises from increased sales and marketing and operations expenses during the period as a result of implementing the Company's growth plan. Excluding the non-cash expenses Adjusted EBITDA is $(846) thousand.

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 condensed consolidated interim 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 nine-month period ended September 30, 2017, the Company incurred a loss of $3.2 million and utilized funds amounting to $2.2 million 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, 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.

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 these condensed consolidated interim 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 September 30, 2017, the Company had working capital surplus of $2.5 million, a decrease of $0.8 million from December 31, 2016. As at September 30, 2017, the Company had a cash and cash equivalent balance of $3.2 million a decrease of $1.1 million from $4.3 million at December 31, 2016. The decrease in cash and cash equivalents was due to the following:

Operating activities

The Company utilized funds amounting to $2.2 million in operations during the nine months ended September 30, 2017. The funds are mainly related to cash used in operations of $2.0 million and changes in non-cash working capital of $0.2 million

Investing activities

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

Financing activities

The Company had a cash inflow of $1.1 million from financing activities for the nine months ended September 30, 2017. The inflow is mainly related to the subscription receipt offering offset by the principal repayment of debt. During the period, the Company completed a subscription receipt offering issuing 2,249,988 common shares at a value of $0.90 per share for gross proceeds of $2.0 million. The Company incurred $257 thousand of cash expenses in financial transaction costs associated with the issuance of new shares for the subscription receipt offering. The Company repaid $460 thousand of the institutional debt and $52 thousand of shareholder loans. The repayment of institutional debt was a result of the monthly 2% debt repayments as well as $403 thousand of SR&ED tax credits used to reduce the debt facility. Additionally, the Company used $100 thousand for restricted share units redeemed for cash related to a director settlement agreement entered in 2016.

Debt

As at September 30, 2017, the Company's long term debt consisted of a principal loan with $1.7 million outstanding at 11% annual interest with a maturity date of April 28, 2019. The carrying value of the debt is $1.4 million. The Company is required to make principal payments of 2% of the principal balance on a monthly basis, monthly interest payments and assign any Scientific Research and Experimental Development ("SR&ED") rebates received in cash against the principal balance. If the combined SR&ED and 2% monthly repayments are equal to or greater than 24% of the principal amount, no further payments shall be required until the trailing twelve months principal payments are less than 24% of the principal amount as of the applicable payment date. If the SR&ED rebates received and applied to reduce the outstanding facility balance in any twelve-month period are less than 10% of the outstanding principal at the beginning of the specified period, the Company shall make an additional payment at the end of that period.

During the nine months ended September 30, 2017, the Company received $402 thousand from the SR&ED tax incentive program. These funds were used to repay the long term debt. Under the terms of the debt agreement, the Company has reached the maximum principal repayments over the trailing twelve-month period and will not be required to make any further principal repayments until November 2017.

Of the $1.7 million outstanding at September 30, 2017, $348 thousand is due for principal repayment within the next twelve months.

The Company's long term debt facility requires compliance with the following financial covenants:

(i) Working capital shall be at least $500 thousand at the end of each calendar month:

(ii) The ratio of Current Assets to Principal amount outstanding expressed as a percentage, shall be equal to or greater than the percentages set forth below:

July 31, 2017 - December 31, 2017	January 31, 2018 - June 30, 2018	July 31, 2018 - Maturity
100%	110%	125%

(iii) At the time of relevant testing date, the Company's cash runway must be equal to or greater than 9x the average trailing 3-month period monthly (including the month in which the testing date falls) burn rate. Burn is equal to the average monthly net loss, if any, over the preceding three-month period adjusted for hardware gross margin, non-cash items and debt repayment. To calculate adjusted net income (loss), the hardware gross margin during the 3-month period will be subtracted from net income (loss), and the monthly average hardware gross margin from the previous twelve months will be added, the non-cash items will be added back to net income (loss) and debt repayments subtracted. Non-cash items include amortization, accretion, fair value adjustments and stock based compensation.

A summary of the financial covenants compliance as at September 30, 2017 is below:

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

	Financial covenant	September 30, 2017
Minimum Working Capital(1) (2)(3)(4)	$500,000	$1,897,627
Minimum Current Assets to Principal outstanding(2)(3)(4)	100%	336%
Minimum cash runway	9x	11.36x

(1) Working Capital is defined as Current Assets minus Current Liabilities.

(2) Current Assets is defined as cash, cash equivalents and accounts receivable.

(3) Accounts Receivable is defined as all accounts receivable, notes receivable and other debts due or accruing to the Company excluding any amounts overdue by more than 90 days or amounts that the Company reasonably determines are uncollectible.

(4) Current Liabilities is defined as accounts payable and amounts to be paid to creditors within twelve (12) months from the applicable date.

As at September 30, 2017, the Company was in compliance with all applicable covenants related to its long term debt facility.

Equity

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

	September 30, 2017	December 31, 2016
Common shares	26,069,379	23,194,629

(i) During the nine months ended September 30, 2017, the Company issued 402,244 common shares upon redemption of RSUs.

(ii) During the nine months ended September 30, 2017, the Company issued 197,375 common shares as equity based retention compensation to management in accordance with vesting schedules set out in executive employment contracts.

(iii) During the nine months ended September 30, 2017, the Company issued 5,499 common shares for warrants exercised.

(iv) During the nine months ended September 30, 2017, the Company completed a subscription receipt offering issuing 2,249,988 common shares at a value of $0.90 per share for gross proceeds of $2.0 million.

(v) The Company paid the agents a corporate finance fee in connection with the subscription receipt offering, comprised of 19,444 commons shares issued at $0.90 per share, recognizing share issuance cost of $17,500

(vi) The Company incurred $630 thousand in financial transaction costs associated with the issuance of new shares for the subscription receipt offering, of which $257 thousand were cash expenses. The remaining are noncash items relating to warrants issued. In accordance with Company's accounting policy, the Company deducted the costs against the equity value issued.

Warrants

During the period, the Company issued 1,124,993 warrants as a financing fee upon completion of the private placement. Each purchase warrant entitles the holder to acquire one common share at $1.20 per share and expires on September 6, 2019. The fair value of each warrant was estimated on the date of the grant using the Black-Scholes option pricing model. The estimated value of the warrants is recorded as a share issuance cost and was calculated to be $315 thousand using the following assumptions:

- Risk free interest rate: 1.35%
- Expected volatility: 72%
- Expected life in years: 2
- Expected dividend yield: nil

During the period, the Company issued 110,868 warrants as a financing fee upon completion of the private placement. Each purchase warrant entitles the holder to acquire one common share at $0.90 per share and expires on September 6, 2019. The fair value of each warrant was estimated on the date of the grant using the Black-Scholes option pricing model. The estimated value of the warrants is recorded as a share issuance cost and was calculated to be $39 thousand using the following assumptions:

- Risk free interest rate: 1.35%
- Expected volatility: 72%
- Expected life in years: 2
- Expected dividend yield: nil

Restricted share units

As at December 31, 2016, the Company received notification that 203,396 RSUs will be redeemed for a cash settlement of $100 thousand, and common shares having an aggregate value of $100 thousand. During the nine months ended September 30, 2017, the Company settled 101,698 RSUs for $100 thousand and 101,698 RSUs for 119,867 common shares related to the settlement.

In addition to the above settlement, during the nine months ended September 30, 2017, the Company issued 282,577 common shares for 282,577 RSUs.

During the nine months ended September 30, 2017, 12,362 RSUs were forfeited by a former director.

Stock option plan

On May 5, 2017, the Company authorized for issuance 1,270,000 and issued an aggregate of 920,000 stock options, of which 820,000 stock options were granted to directors or officers of the Company. The options vest one third on the grant date, one third January 1, 2018 and one third January 1, 2019. Each option represents the right to purchase one common share of the Company at an exercise price of $1.19 per share for a period of five years from the grant date. The options were valued using the following assumptions:

- Stock price as of grant date: $1.19
- Risk free interest rate: 0.89%
- Expected volatility: 72%
- Expected dividend yield: nil
- Weighted average fair value per option: $0.70

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 Condensed Consolidated Interim 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		Nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
(in thousands)	**($)**	**($)**	**($)**	**($)**
Net loss	(1,192)	(1,359)	(3,179)	(2,908)
Add:				
Amortization and depreciation expense	75	5	220	14
Finance expense	104	185	494	482
EBITDA	**(1,013)**	**(1,169)**	**(2,465)**	**(2,412)**
Add:				
Loss (gain) on insured property and equipment	1	-	(23)	-
Share based compensation	166	139	578	674
Adjusted EBITDA	**(846)**	**(1,030)**	**(1,910)**	**(1,738)**

Critical Accounting Estimates

The preparation of condensed consolidated interim 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 share value, volatility, and expected life.

Off-Balance Sheet Arrangements

As at September 30, 2017, the Company does not have any off-balance sheet arrangements other than operating leases.

Related Party Transactions

During the nine months ended September 30, 2017, the Company did not have any related party transactions.

Subsequent events

Subsequent to September 30, 2017, the Company has granted options to acquire an aggregate of 720,000 common shares of the Company to directors, officers, select employees and consultants of the Company, with an exercise price of $0.90 per common share, exercisable for a period of five years.

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 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:

Credit risk reflects the risk the Company may be unable to collect its accounts receivable. During the nine months ended September 30, 2017, The Company was engaged in contracts with a customer, that individually attributes to approximately 42% of the Company's total sales, and 60% accounts receivable remained outstanding.

(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 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.