MANAGEMENT'S DISCUSSION AND ANALYSIS

TRAKOPOLIS IOT CORP.

For the three months ended March 31, 2017

General

This Management's Discussion and Analysis ("MD&A") contains important information about our business and our performance for the three months ended March 31, 2017. This MD&A should be read in conjunction with the unaudited consolidated financial statements and accompanying notes.

All dollar amounts within this MD&A are presented in Canadian dollars unless otherwise stated. All percentage changes are calculated using the rounded numbers as they appear in the tables. This MD&A is current as of May 1, 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 IFRS and may not be comparable to similar measures presented by other entities. These non-GAAP financial performance measures should be viewed as a supplement to, not a substitute for, the Company's results of operations reported under IFRS. See "Non-GAAP Measures".

Business Overview

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

Our Strategy

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, government and several others. Trakopolis enables the internet of things for end users and OEM's 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 a world class, comprehensive, enterprise grade, Internet of Things ("IoT") Platform that includes features like;

- Hardware agnostic – unlimited choices
- IoT Platform – designed to connect all assets
- Advanced Application Program Interface ("API") – experts in integration
- Customer driven development
- Cloud based – unlimited scale, hosted Microsoft cloud
- Power Business Intelligence ("BI") Integration – user based advanced analytics
- Custom IoT solutions
- Fleet tracking and driver score card
- Integration services
- Mobile – smart phones and tablets
- Honeywell ConneXt Lone Worker
- Engine diagnostics
- GIS mapping and lease road routing
- CanHAUL – transportation freight matching app
- Asset tracking with comprehensive reporting

In the last 3 months, the Company has continued training new staff members, finished beta testing the Honeywell ConneXt Lone Worker product, integrated and tested the third party software product, advanced new potential channel partnerships, increased subscriber growth and general sales velocity, increased sales funnel for both of our new products, retired debt and improved business processes.

We have begun selling two new products, each with large addressable markets that create new revenue generating opportunities for the company and further differentiate us from other competitors.

- On November 14, 2016, the Company completed the acquisition of all rights from a third party ELOG capability provides Trakopolis with a complete platform to allow fleet operators to comply with the Federal Motor Carrier Association ("FMCSA's") announced Electronic Logging Device ("ELD") mandate in the United States, which is expected to come into effect in 2017. The Company expects a similar requirement in Canada to follow. The ELD mandate requires commercial vehicle drivers that are required to keep Records of Duty Status ("RODS") logs to transition to ELOG-based records over the two-year transition period beginning in December 2017.

- Honeywell's ConneXt Lone Worker product helps companies ensure the safety of workers in the energy, utility and construction industries, whose employees often work in remote locations out of cell phone range. The solution includes a wearable, wireless gas detector, a satellite uplink for the worker's vehicle and Cloud-based technology from Trakopolis to optimize field operations. The technology also enables workers to alert the company immediately if they become injured and need help – even if they are out of cell phone range.

The Company sells through direct and channel efforts with partners such as Bell, Driving Force, Telus, InsureMy 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.

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, government and several others.

We believe that large enterprise customers represents the greatest market opportunity given it is underpenetrated. While we will always sell to SMB's ("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.

The Company has a long-held strategy to focus on building world class software and go to market with channel partners. Collaboration is key to our success and leverages established sales channels and best in class technology partnerships that create exponential opportunity for Trakopolis.

As part of our growth plans we have hired sales staff in the target markets of Atlantic Canada, Pennsylvania and Texas. These regions have customers in target verticals where our unique products are well received and partner support and traction.

Financial Highlights

Three Months Ended March 31, (in thousands)	2017	2016	Change	Change
	($)	($)	($)	(%)
Revenue	1,460	1,271	189	15%
Cost of sales	697	574	123	21%
Gross profit	763	697	66	9%
Gross Margin	52%	55%	-	-3%
Net (loss) income	(689)	(318)	(371)	71%
EBITDA[1]	(369)	(163)	(206)	120%
Adjusted EBITDA[1]	(296)	45	(341)	-733%
Share Capital	23,995	12,624	-	-
Total Assets	5,611	1,152	-	-
Total Liabilities	4,418	4,522	-	-

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

Three months ended March 31, 2017 vs 2016

The Company generated revenue of $1.46 million for the three months ended March 31, 2017, a $189 thousand increase from the same period in 2016. The 15% growth from prior period was driven by increased hardware sales from units deployed through a strategic partnership in gas detection integration.

The Company recorded a net loss of $689 thousand for the three months ended March 31, 2017, an increase of $371 thousand compared to the same period in 2016. The net loss arises from increased sales and marketing, operations and general and administrative expenses during the quarter compared to the prior year as a result of implementing the Company's growth plan.

EBITDA was negative $369 thousand for the three months ended March 31, 2017, an increase of $206 thousand compared to the same period in 2015. The decrease in EBITDA in the period is due to increased sales and marketing, operations and general and administrative expenses offset by increased revenues compared to the same period in 2016.

Overall Performance

Revenue and Gross Margin

Three Months Ended March 31, (in thousands)	2017	2016	Change	Change
	($)	($)	($)	(%)
Revenue				
Hardware revenue	532	423	109	26%
Subscription revenue	889	844	45	5%
Software revenue	33	0	33	-
Other revenue	6	4	2	65%
	1,460	1,271	189	15%
Cost of goods sold				
Hardware cost of goods sold	417	317	100	31%
Subscription cost of goods sold	280	256	24	9%
	697	573	124	21%
Gross profit [1]				
Hardware	115	105	10	9%
Subscription	608	588	20	3%
	723	693	30	4%
Gross margin [1]				
Hardware	22%	25%	-	-3%
Subscription	68%	70%	-	-2%
	50%	55%	-	-5%

1 Gross profit and gross margin include software and other revenues

Hardware Revenue

The Company does not manufacture hardware, instead it integrates with proven products from sophisticated vendors to satisfy the evolving needs of customers.

Hardware revenue increased by $109 thousand for the three months ended March 31, 2017, compared to the same period in 2016. The 26% growth in hardware revenue is driven from the Company realizing increased sales from new units deployed through a strategic partnership in gas detection integration and increased enterprise sales.

Subscription Revenue

Subscription revenue is recurring and is generated in the form of monthly service fee subscriptions 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 $45 thousand for the three months ended March 31, 2017, compared the same period in 2016. The 5% growth is primarily due to having an increased customer base resulting from increased hardware sales during 2016.

Software revenue

Software development revenue is associated with a strategic partnership in power monitoring, highlighting the strategic focus on industry diversity and the IoT approach. The revenue is generated from providing customer specific customized software development.

The software revenue increased by $33 thousand for the three months ended March 31, 2017, compared to the same period 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 Margin and Gross Profit

Gross margin on hardware revenue decreased 3% for the three months ended March 31, 2017, compared to the same period in 2016. Hardware margins are directly correlated to volume, as larger volume orders offered at discounted margins. The timing and size of one-time hardware sales tends to be somewhat uncertain and therefore creates periodic margin volatility. The decrease in gross margin is due to larger volume orders offered at reduced margin. This is due to the Company's increased focus on enterprise customers and enterprise sales which are typically larger volume sales.

Gross margin on subscription revenue decreased 2% for the three months ended March 31, 2017, compared to the same period in 2016. Overall subscription gross margin has remained consistent compared to prior period with the variance due to large volume sales with subscription pricing discount provided.

Total gross margin has decreased 5% for the three months ended March 31, 2017, compared to the same period in 2016. Total gross margin is dependent on the mix of hardware and subscription revenue in the period. Hardware sales generate lower gross margins than subscription revenue. The decrease in overall gross margin is a result of the above discussions combined with a larger weighting of hardware sales which generate a lower gross margin.

Sales mix

Three Months Ended March 31,	2017	2016
Hardware revenue	37%	34%
Subscription revenue	61%	66%
Software revenue	2%	-
Other revenue	-	-
Total revenue	100%	100%

Hardware sales represented a larger portion of the sales mix for the three months ended March 31, 2017, compared to the same period in 2016. The increased percentage of hardware sales during the period is expected to translate into increased subscription revenue growth going forward through the addition of new subscriptions.

Revenue by Source

The Company utilizes its dealer and channel partnerships as a major source of revenue generation and market penetration. This approach leverages our sales reach and provides opportunity to collaborate and integrate new products and expand our presence in other markets and other sectors. Below summarizes the percentage of sales by generated internally compared to dealer and channel partnerships.

Three Months Ended March 31,	2017	2016
Direct sales	56%	64%
Channel partners and dealers	44%	36%
	100%	100%

Revenue by vertical

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

Oil and Gas was the most predominant change in revenue by vertical, the launch of the Honeywell ConneXt Lone Worker product was the primary driver of such change with initial sales recognized in the quarter.

	Three months ended March 31, 2017	**Three months ended** March 31, 2016
Industry		
Oil & Gas	39%	28%
Construction	10%	14%
Forestry	4%	8%
Utility	11%	11%
Transport	12%	16%
Mining	2%	2%
Rental & leasing	10%	8%
Urban services	12%	13%
	100%	100%

Enterprise Customers

Our product and sales approach is focused on enterprise clients. We define enterprise clients as those who are able to 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 allow us to leverage our platform for an all-encompassing enterprise solution. The Trakopolis solution capitalizes on the IOT revolution, evidenced by partnerships such as ConnectX Lone Worker product with Honeywell Analytics. Below summarizes the percentage of sales occurring to enterprise customers and other customers compared to total sales:

Three Months Ended March 31,	2017	2016
Enterprise customers	32%	21%
Other customers	68%	79%
	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*
- InsureMy — *Intact Insurance supported time based insurance Joint Venture*

Operating Expenses

Three Months Ended March 31, (in thousands)	2017	2016	Change	Change
	($)	($)	($)	(%)
General and administrative	664	543	121	22%
Sales and marketing	416	279	137	49%
Operations	155	97	58	60%
Technology	(104)	(59)	(45)	76%
	1,131	860	271	32%

General and Administrative Expense ("G&A")

General and administrative 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 increased by $121 thousand or 22% for the three months ended March 31, 2017, compared to the same period in 2016. The increase for is primarily due to increased investor relations, legal and other costs as a result of being a public company.

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 $137 thousand or 49% for the three months ended March 31, 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 and direct sales force.

Operations Expense

Operations expense include salaries, benefits and share-based compensation related to our customer and technical support, implementations and project management personnel. Operations expense increased by $58 thousand or 60% for the three months ended March 31, 2017, compared to the same period in 2016. The increased operational costs a result in the Company's ongoing efforts to provide improved technical and customer support to customers.

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 decreased by $45 thousand or 76% for the three months ended March 31, 2017, compared to the same period in 2016. The decrease is due to lower subcontracting costs associated with a reduced allocation of resources on software infrastructure compared to prior period.

Finance Expenses

Three Months Ended March 31, (in thousands)	2017	2016	Change	Change
	($)	($)	($)	(%)
Derivative liability fair value adjustment	119	-	119	-
Interest and debt on loans	79	124	(45)	(36%)
Other interest and bank charges	6	1	5	500%
Accretion expense	47	26	21	81%
	251	151	100	(66%)

Finance expenses consist of derivative liability fair value adjustments, interest and debt on loans, bank charges and other interest (not on debt and loans) and accretion expense. Finance expenses increased by $100 thousand or 66% for the three months ended March 31, 2017, compared to the same period in 2016. The increase for is primarily due the derivative liability fair value adjustment offset by reduced interest rate associated to long and short term loans.

Quarterly Performance

The below table highlights selected financial information for each of the eight most recent quarters that, in management's opinion, have been prepared on a basis consistent with the accounting policies stated in the audited consolidated financial statements for the year ended December 31, 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		
(in thousands)	Q1[1]	Q4	Q3	Q2	Q1[1]	Q4	Q3	Q2
Subscription	889	842	793	809	844	884	885	858
Hardware and other	571	367	372	332	427	236	337	384
Total revenue	1460	1209	1165	1141	1271	1120	1222	1242
Gross Profit	763	640	652	704	697	586	701	783
Gross Margin	52%	53%	56%	62%	55%	52%	57%	63%
EBITDA[2]	(369)	(3,838)	(1,103)	(1,079)	(163)	(943)	(1,433)	(792)
Net loss	(689)	(3,824)	(1,292)	(1,231)	(318)	(1,093)	(1,554)	(1,063)
Adjusted EBITDA[2]	(296)	(522)	(974)	(606)	45	(698)	(661)	(629)

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

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

The Company recorded a net loss of $689 for the three months ended March 31, 2017. The net loss arises from a derivative fair value adjustment, increased sales and marketing, operations and general and administrative expenses during the quarter compared to the prior year as a result of implementing the Company's growth plan. Excluding the non-cash expenses and fair value adjustment, adjusted EBITDA is negative $296.

Liquidity and Capital Resources

The Company's objective when managing capital is to ensure it has the appropriate capital structure to execute its strategic business plan while not creating risk to its ability to operate as a going concern. The Company's liquidity needs

in short term and long term can be sourced multiple ways including: funds from operations, available cash balances, new debt instruments, equity issuances and government funding such as the Scientific Research and Experimental Development (SR&ED) grants.

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 three month period ended March 31, 2017, the Company incurred a loss of $688,532 and utilized funds amounting to $551,554 in its operations. In order to continue as a going concern, the Company must generate sufficient income and cash flows to repay its obligations, finance working capital and fund capital investments. The future of the Company is dependent on its ability to attain profitable operations, maintain compliance with covenants relating to its lending agreements, generate sufficient funds from operations, and continue receiving financial support from its shareholders and to obtain new financing, if required. There is no certainty that the Company will raise these necessary funds from financing or operations. As a result of these factors, there is a material uncertainty that may result in significant doubt as to the ability of the Company to meet its obligations as they come due and continue as a going concern.

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

As at March 31, 2017, the Company had working capital of $2.7 million a decrease of $600 thousand from December 31, 2016. As at March 31, 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 change was due to the following:

Operating activities

The Company utilized funds amounting to $552 thousand in operations during the three months ended March 31, 2017. The funds are mainly related to cash used in operations of $323 thousand and changes in non-cash working capital of $228 thousand.

Investing activities

The Company had no cash movement as a result of investing activities during the period.

Financing activities

The Company had a cash outflow of $564 thousand from financing activities for the three months ended March 31, 2017. The outflow is mainly related to the principal repayment of debt. During the period 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% interest repayments as well as $403 thousand of SR&ED tax credits used to reduce the debt facility.

Debt

As at March 31, 2017 the Company's long term debt consisted of a principal loan with $1.7M outstanding at 11% annual interest with a maturity date of April 28, 2019. The Company is required to make principal payments of 2% of the principal balance on a monthly basis, monthly interest payments and assign any 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 three months ended March 31, 2017, the Company has received $403 thousand from the SR&ED tax incentive program. These funds were used to reduce the Company's current institutional debt facility. Under the terms of the debt agreement, the Company has reached the maximum principal payments over the trailing twelve month period and will not be required to make any further principal repayments until November 2017.

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

(i) Working capital shall be at least $500,000

(ii) The ratio of Current Assets to Principal amount outstanding (under all the Concurrent Promissory Notes), each calculated as at the relevant testing date and expressed as a percentage shall be equal to or greater than the percentages set forth below:

Issue - December 31, 2016	Jan 31, 2017 - March 31, 2017	April 30, 2017 - June 30, 2017	July 31, 2017 - December 31, 2017	January 31, 2018 - June 30, 2018	July 31, 2018 - Maturity
65%	75%	85%	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 to the average monthly net loss over the preceding three month period adjusted for hardware gross margin, non-cash items and debt repayment. To calculate adjusted net income the hardware gross margin during the 3 month period will be subtracted from net income 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 and debt repayment subtracted. Non-cash items include amortization, accretion, fair value adjustments and stock based compensation.

A summary of the covenants as at March 31, 2017 is below:

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

		Covenant		March 31, 2017
Minimum Working Capital (1) (2)(3)(4)	$	500,000	$	2,083,325
Minimum Current Assets to Principal outstanding (2)(3)(4)		75%		239%
Minimum cash runway		9x		10.98x

(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 March 31, 2017, the Company was in compliance with all covenants related to its loan facility.

Equity

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

	March 31, 2017	December 31, 2016
Common shares	23,336,262	23,194,629

During the three months ended March 31, 2017, the Company issued 38,934 common shares upon redemption of RSUs and 102,699 common shares as equity based retention compensation to management.

Restricted share units

As at December 31, 2016, the Company received notification that 203,396 RSUs will be redeemed for a cash settlement of $100,000, and common shares having an aggregate value of $100,000. During the three months ended March 31, 2017, the company settled 25,424 RSUs for $25,000 and 25,424 RSUs for 38,934 common shares related to the settlement.

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 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 costs associated with the RTO transaction. 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 audited consolidated statements of operations and comprehensive loss. We believe that using these metrics enhances an overall understanding of the Company's results and we present them for that purpose.

Reconciliation of non-GAAP financial performance measures

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

Three Months Ended March 31, (in thousands)	2017 ($)	2016 ($)
Net loss	(689)	(318)
Add:		
Amortization	69	4
Finance Expenses	251	151
EBITDA	(369)	(163)
Add:		
Share based compensation	73	208
Adjusted EBITDA	(296)	45

Critical Accounting Estimates

The preparation of consolidated annual financial statements in compliance with IFRS 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 March 31, 2017, The Company does not have any off-balance sheet arrangements other than operating leases.

Related Party Transactions

During the three months ended March 31, 2017, the Company did not have any related party transactions.

Subsequent Events

Subsequent to March 31, 2017, the Company issued 84,774 common shares of which 57,021 were issued in relation to retention shares to executives and 27,753 common shares were issued for vested RSUs.

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 to incur significant losses in the future. In addition, the Company expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, the Company may not be profitable.

(b) Dependence on Personnel:

Due to the technical nature of its business and the dynamic market in which the Company competes, The Company's success 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 success 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 or the Company's sales, operations, technological development and profits.

(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 securities 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 to improve 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 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 will emerge. Some competitors will be turn-key providers; some will focus on market verticals or industries. Geographical reach and customer service will 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 five 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 recover accounts receivable. The Company was engaged in contracts with one party, of whom individually represented approximately 20% of the Company's sales, and an insignificant amount of accounts receivable at the year end. The Company employs established credit approval and monitoring practices to mitigate the risk.

(i) Internal Controls:

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. However, internal controls over financial reporting are not guaranteed to provide absolute assurance with regard to the reliability of financial reporting and financial statements.

(j) 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.

(k) Liquidity risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial obligations. The Company is exposed to this risk mainly in respect of working capital deficits and net losses.

(l) Fair Value:

The carrying values of cash, accounts receivable, investment tax credits (SR&ED), accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments. The difference in fair value and carrying value of shareholder loans and long-term debt is due to the significant difference in interest rates that arises due to the attachment of equity features such as warrants and conversion optionality.

(m) Fair value hierarchy:

Under IFRS, fair values are recorded on the consolidated statement of financial position are classified under a fair value hierarchy that reflects the significant inputs used in making the measurements. Level 1 inputs use quoted prices (unadjusted) in active markets for identical assets and liabilities. Level 2 inputs use inputs other than quoted prices in level 1 that are observable for the asset or liability either directly or indirectly. Fair values using level 3 inputs are inputs for the assets that are not based on an observable market data.

The Company fair values shareholder loans and long-term debt at the date of inception with the fair value of these instruments determined using level 3 inputs.

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.