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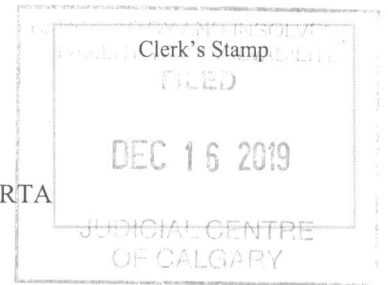
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COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY



AND IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED

APPLICANTS

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF TRAKOPOLIS IoT CORP.

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF TRAKOPOLIS SaaS CORP.

DOCUMENT

**SECOND REPORT OF ALVAREZ & MARSAL CANADA INC.  
IN ITS CAPACITY AS TRUSTEE UNDER THE  
NOTICE OF INTENTION TO MAKE A PROPOSAL**

**DECEMBER 13, 2019**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

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## **LISTING OF APPENDICES TO THE SECOND REPORT OF THE PROPOSAL TRUSTEE**

APPENDIX A	Actual to Forecast Cash Flow – November 7, 2019 to December 6, 2019
APPENDIX B	Updated Cash Flow Forecast for the period ending February 7, 2020

## INTRODUCTION

1. On November 7, 2019 and November 9, 2019, Trakopolis IoT Corp. (“**Trak IoT**”) and Trakopolis SaaS Corp. (“**Trak SaaS**”), respectively, filed a Notice of Intention to Make a Proposal (“**NOI**” or the “**Filing**”) pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the “**BIA**”) and a stay of proceedings was obtained on that date (the “**Filing Date**”). Alvarez & Marsal Canada Inc. consented to act as Trustee under the Proposal (“**A&M**” or the “**Proposal Trustee**”). For purposes of this second report of the Proposal Trustee (the “**Second Report**” or “**this Report**”), Trak IoT and Trak SaaS are together referred to as the “**Company**”. Capitalized terms not defined in this Second Report are as defined in the First Report.
2. On December 6, 2019, an order was granted by this Honourable Court to extend the initial stay period ending on December 7, 2019 to December 16, 2019 (the “**First Stay Extension Order**”).
3. The purpose of this Second Report of the Proposal Trustee is to provide this Honourable Court and interested parties with information in respect of the following:
  - a) the Company’s ongoing restructuring efforts to date;
  - b) the activities of the Company and the Proposal Trustee during these proceedings;
  - c) the actual to forecast cash flow results for the period of November 7, 2019 to December 6, 2019 (the “**Reporting Period**”);
  - d) the updated cash flow projections (the “**Updated Forecast**”) from December 7, 2019 through February 7, 2020 (the “**Forecast Period**”);
  - e) the Company’s execution of a letter of intention with a confidential bidder (the “**LOI**”) with respect to the purchase of the assets of Trak SaaS and Trak IoT on December 9, 2019;

- f) information and the Proposal Trustee's updated recommendation with respect to the Company's application for the approval of the proposed Administration Charge, the Financial Advisor Charge and the ranking of the previously granted D&O Charge by this Honourable Court on December 6, 2019;
- g) extending the time for filing a proposal pursuant to section 50.4(9) of the BIA to January 24, 2020; and
- h) the Proposal Trustee's overall recommendations.

## **TERMS OF REFERENCE**

- 4. In preparing this Second Report, the Proposal Trustee has relied upon unaudited financial information and other information provided by the Company and other third parties. The Proposal Trustee has not performed an audit, review or other verification of such information. An examination of the financial forecast as outlined in the Chartered Professional Accountants of Canada Handbook has not been performed.
- 5. Future oriented financial information relied upon in this Report is based on the Company's assumptions regarding future events and actual results achieved will vary from this information and the variations may be material.
- 6. All references to dollars are in Canadian currency unless otherwise noted.

## **LIMITATION IN SCOPE OF REVIEW**

- 7. The Second Report has been prepared by the Proposal Trustee pursuant to the rules and regulations set out in the BIA. The BIA provides that the Proposal Trustee shall incur no liability for any act or omission pursuant to its appointment or fulfillment of its duties, save and except for gross negligence or wilful misconduct on its part.
- 8. This Second Report is not and should not be construed or interpreted as an endorsement, comment or recommendation to any creditor, prospective investor, or

any persons to advance credit and/or goods and services or to continue to provide credit and/or goods and services or to lend monies to the Company during these proceedings and/or at any other time.

9. The Proposal Trustee has not audited or reviewed the assets of the Company, and with respect to such assets, has relied to a significant degree upon information provided by the Company.
10. The Trustee is specifically not directed or empowered to take possession of the assets of the Company or to manage any of the business and affairs of the Company.

## **BACKGROUND**

11. Trak IoT is a publicly traded software company (TSX Venture Exchange: Trak.V) with proprietary, cloud-based solutions for real-time tracking, data analysis and management of corporate assets such as equipment, devices, vehicles and workers. The Company's asset management platform works across a variety of networks and devices. The Company has a diversified revenue stream from many verticals including oil and gas, forestry, transportation, construction, rentals, urban services, mining, government and others.
12. Further background and information in respect of the Company's operations and restructuring during the NOI proceedings is included in the prior report filed by the Proposal Trustee and other material, which has been posted on the Proposal Trustee's website at [www.alvarezandmarsal.com/Trakopolis](http://www.alvarezandmarsal.com/Trakopolis) (the "**Website**").

## **ACTIVITIES OF THE COMPANY AND THE PROPOSAL TRUSTEE**

13. Since the First Report, the Proposal Trustee and the Company's management ("**Management**") have engaged in the following activities:
  - a) Reviewing the Company's receipts and weekly disbursements made by the Company and comparing the same to the Company's initial 13-Week Cash Flow Forecast;

- b) Assisting management in the preparation of the actual results to forecast cash flows for the 4-week period from November 7, 2019 to December 6, 2019 (the “**Reporting Period**”), as attached as Appendix A;
- c) Assisting the Company to update its 13-Week Cash Flow Forecast to reflect certain timing and permanent variances experienced in the Reporting Period to February 7, 2019 (the “**Updated Forecast**”), as attached as Appendix B;
- d) Multiple discussions held between the Proposal Trustee, its legal counsel and the Company’s legal counsel relating to matters relevant to the NOI proceedings;
- e) Multiple communications and dialogue held with ESW and its counsel regarding file-related matters, offers obtained by the Company, the selection and execution of the LOI and considering the various concerns regarding expediency and timing of the NOI process, while addressing ESW’s concern to be paid out in full; and
- f) ongoing monitoring of the Company’s financial affairs and other activities by the Proposal Trustee.

## **ONGOING RESTRUCTURING EFFORTS TO DATE**

### **General**

- 14. The Company continued to operate its business in the normal course, while the Company, with the assistance of its counsel and the Proposal Trustee, sought and addressed interest from interested parties for the purchase of the Company’s shares and/or assets, or refinancing opportunity.
- 15. On or about December 6, 2019, the Company received three offers from credible parties. Review and analysis were done by the Company and the Proposal Trustee on these three offers. The Company, with the assistance of its counsel and the

- involvement of the Proposal Trustee and its, spent significant amount of time and resources negotiating and attempting to obtain the best possible offer that would have all priority creditors and ESW paid out in full, with as much proceeds as possible to be made available to unsecured creditors.
16. The Company selected and signed the LOI with the confidential bidder on December 10, 2019. The LOI, as discussed in greater detail in the Supplemental Affidavit of Mr. Burchell sworn December 13, 2019, was for the purchase of all assets of Trak SaaS and Trak IoT for a significant amount, with very few conditions to close. This LOI would allow for the full payout of priority payables and ESW's obligations (as agreed to by ESW on the amount to be paid) and it is expected that there will be substantial recovery to unsecured creditors. There will be no (or little) to recover to the Trak SaaS shareholders. The LOI is subject to final negotiation of definitive agreements between the confidential bidder and the Company, and the Court's approval.
  17. The Company's Updated Forecast indicates that the Company will be able to sustain sufficient cashflow from operations during the requested extension period, and therefore not require interim financing at this time, as discussed further in this Second Report.

## **Sale and Marketing Process**

### Overview

18. As previously discussed in the First Report, the Company initiated a strategic review process prior to the NOI proceedings, which involved the identification of capital market alternatives available to it, including financing transactions and potential strategic combinations. The strategic review was being conducted by a Special Committee of the Board of Directors of the Company with the assistance of external legal advisors and its previous financial advisors, Canaccord Genuity ("Canaccord").

19. Since the NOI proceedings, the Company and the Proposal Trustee have been contacted by approximately fifteen (15) parties expressing an interest in a sale or refinancing transaction. To date, the Company has received two unsolicited bids, one indication of interest, and one refinancing proposal from third parties which were all sufficient to retire the Company's debt to ESW and pay some or all of the Company's unsecured debt. Discussions remained ongoing with these three bidders/financers and with the other approximately twelve (12) parties.
20. The Company, with the assistance of the Proposal Trustee, has reviewed the three (3) offers and has been in negotiations with the 3 parties since the Filing Date. The result of the process has led to the Company's decision to proceed with the LOI, as discussed further below.

#### Marketing Process Timeline

21. As previously discussed in the First Report, the Company proposed, with the support of the Proposal Trustee, a modified sales process with timelines to seek the best possible offer for the Company under the circumstances.
22. Since the First Report (and prior to the preparation of the same), the Proposal Trustee considered the various concerns and comments expressed by ESW, the Company, and other stakeholders, with respect to expediting the sales process since the Company had already conducted a SISF prior to the NOI. In addition, various parties and stakeholders (including ESW and the other interested parties) expressed concern that the longer the Company remained in the NOI proceeding, this may significantly impact the overall value of the Company along with having the proceedings be exposed to increased administration costs (including professional fees) that may erode potential recovery to unsecured creditors.
23. Taking into consideration these concerns and the fact that the three offers obtained by the Company all expressed a requirement to close the transaction quickly without a sales process (as contemplated in the First Report), the Company elected to accept the LOI as it believed that this offer would be the best possible offer (under



the circumstances) to achieve the greatest recovery for its creditors. This decision was supported by the Company's Special Committee and its board of directors, which the Proposal Trustee understands was not taken lightly as there are no recoveries expected to any of the Company's shareholders.

24. To address the expediency concerns expressed by ESW and the confidential bidder, the Company and the confidential bidder tentatively agreed to the following timelines, for the closing of this transaction (that is subject to Court approval):

- a) Initial Draft Asset Purchase Agreement (“**APA**”): December 13, 2019;
- b) Execute APA by parties: December 20, 2019;
- c) Serve all materials for the Asset Vesting Order / Assignment Orders - December 30, 2019;
- d) Approval of the Approval and Vesting Order by the Court: January 9 or 10, 2020, subject to Court availability; and
- e) Closing of transaction - January 20, 2020 (or earlier if the appeal period is waived);
- f) Payment of Priority Claims and ESW's Claim – forthwith following closing of transaction; and
- g) Assignment of the Company into bankruptcy and the distribution of remaining proceeds from sale for the general benefit of all creditors and stakeholders.

### Selection of the LOI

25. Since the Company elected to accept the LOI without continuing or initiating a formal sale and marketing process as contemplated in the First Report, the Proposal Trustee requested and required additional evidence in order to satisfy itself that by accepting the LOI, this was a fair and reasonable offer and that there was not a significant chance for the Company to “leave money on the table”.
26. In addition to being privy to the unsolicited offers received by interested parties for the Company and with interacting with various other potential bidders, the Proposal Trustee sought confirmation from Canaccord with respect to whether it believed that the LOI, under the circumstances, was the best offer to accept. The Trustee places considerable weight on the opinion of Canaccord, given their in-depth knowledge of the Company and their involvement with the Company to try to sell and/or refinance the Company over the past 18 months.
27. The Proposal Trustee considered the following when evaluating the LOI:
  - a) the Company was adequately exposed by Canaccord to the market in the Pre-NOI Marketing Process, which ran for approximately 13 months and did not lead to any offer (that had a viable chance of closing);
  - b) the long sales process ran by Canaccord did not result with any acceptable pre-NOI offers and there appears to be some deal fatigue for these particular assets and/or Company;
  - c) the accepted and executed LOI has a very short timeline to close on the transaction;
  - d) the LOI appears to be an attractive offer from a price and terms of conditions perspective, and on its terms it is inconsistent with the Company running a sales process;

- e) the price being offered is sufficient to pay out all priority and secured creditors at the negotiated amount agreed to by the parties, including substantial recoveries to unsecured creditors;
- f) the carrying costs of this estate (including significant interest charges and costs of the professional fees);
- g) it is the highest and best unconditional unsolicited offer received by the Company to date;
- h) the size of the non-refundable deposit;
- i) the number and nature of the representations, warranties, and conditions if any, in the offers received;
- j) the expected closing date of the transaction if approved by the Court;
- k) the overall execution risk associated with closing; and
- l) the overall recovery to stakeholders.

## **ACTUAL TO FORECAST– NOVEMBER 7, 2019 TO DECEMBER 6, 2019**

### **Overview**

28. The actual to forecast cash flow presented as Appendix A to this Report for the Reporting Period contains the actual cash receipts and disbursements relating to the Company as compared to the cash flow forecasts previously provided to this Court in the First Report (the “**First Report Forecast**”). The table below provides a summary of the actual to forecast cash flow:

<b>Trakopolis Saas Corp.</b> <b>Budget to Actual Cash Flow</b> <b>For the period of November 9, 2019 to December 6, 2019 (the "Reporting Period")</b> <b>(\$CAD)</b>			
	<b>ACTUAL</b>	<b>FORECAST</b>	<b>VARIANCE</b>
	Week 1 to Week 4 Nov.9/19 to Dec.6/19	Week 1 to Week 4 Nov.9/19 to Dec.6/19	Week 1 to Week 4 Nov.9/19 to Dec.6/19
<b>Cash Receipts</b>			
	<b>\$ 403,700</b>	<b>\$ 400,222</b>	<b>\$ 3,478</b>
<b>Operating Cash Disbursements</b>			
	138,517	164,640	26,123
<b>Operating Net Cash Flow</b>	<b>\$ 265,183</b>	<b>\$ 235,582</b>	<b>\$ 29,601</b>
<b>Non-Operating Cash Disbursements</b>			
	335,390	468,200	132,810
<b>Net Cash Flow</b>	<b>\$ (70,207)</b>	<b>\$ (232,618)</b>	<b>\$ 162,411</b>
			-
<b>Opening Cash</b>	<b>\$ 441,936</b>	<b>\$ 441,936</b>	<b>\$ -</b>
Net cash flow	(70,207)	(232,618)	162,411
Credit facility advances / (payments)	-	-	-
<b>Closing Cash</b>	<b>\$ 371,729</b>	<b>\$ 209,318</b>	<b>\$ 162,411</b>

29. Receipts for the Reporting Period totalled \$403,700, representing a variance of \$3,500 from the forecasted amount. This variance is due to timing of expected receipts from subscription and hardware sales. The variance during the Reporting Period is a positive timing variance, and the Company expects that future receipts will reverse in the Forecast Period.
30. Operating cash disbursements for the Reporting Period totalled \$138,500, which was below the forecasted amount by approximately \$26,000. The Company notes that this variance is due to timing of funds being released for costs of sales and is expected to reverse in the Forecast Period.
31. Non-operating cash disbursements for the Reporting Period totalled \$335,500, which was lower than forecasted by approximately \$133,000. The variances are explained as follows:

- a) salaries & benefits had a positive variance of approximately \$28,600, as payments to subcontractors was delayed by a week as well as a payment for benefits and are to reverse in the Forecast Period;
- b) hosting & licensing costs were \$12,000 positive timing variance as the Company advised these payments will be made in the Forecast Period;
- c) general & administrative costs are \$4,000 higher due to timing of certain payments being early, but the Company advises that this will even out in week 7;
- d) contingency costs were \$7,000 higher as there were additional travel expenses incurred as well as tax payments in both Canada and the United States; and
- e) professional fees came in \$104,000 lower, as both the Proposal Trustee and the Trustee's Counsel have not invoiced for their time in November, payments for these fees will be caught up in December, which is captured in the Forecast Period.

32. The total ending cash balance as at December 6, 2019 was \$371,700 compared to the forecast cash balance amount of \$209,500 for the reasons discussed above.

#### **UPDATED CASH FLOW FORECAST THROUGH TO FEBRUARY 7, 2020**

33. Trakopolis, with the assistance of the Proposal Trustee, has prepared an Updated Forecast for the period December 7, 2019 to February 7, 2020 ("**Forecast Period**"), which is attached as Appendix B. The Company's management has prepared the Updated Forecast based on the most current information available.

34. As noted in Appendix B, the Company is projecting total cash receipts of approximately \$763,000, cash disbursements for operations of approximately \$414,000, non-operating cash disbursements of approximately \$1.02 million resulting in a net decrease in cash flow of approximately \$614,000 during the Forecast Period.

35. The Proposal Trustee has reviewed the assumptions supporting the Revised Forecast with the Company and believes the assumptions to be plausible and consistent with the Company's prior projections.
36. Based on the Company's cashflow assumptions, the Revised Forecast indicates that the Company will have sufficient available cash from operations to meet its obligations until January 24, 2020. After this date the Company will require DIP financing to cover its costs and previously discussed in the First Report.
37. As noted later in this Report, the Company is requesting a stay extension to January 24, 2020, which the Company believes is enough time to complete the sale as discussed within this Report, and therefore should not require the DIP as laid out in the Revised Forecast if proceeding with the LOI is approved by this Honourable Court.

#### **ADMINISTRATION CHARGE**

38. As discussed and recommended by the Proposal Trustee in the First Report, the Company sought a first charge (the "**Administration Charge**") over its property up to a maximum of \$400,000 to secure payment of the fees and disbursements of the Proposal Trustee, counsel for the Proposal Trustee and counsel for the Company.
39. Since the First Report, the Company, with the Proposal Trustee's recommendation, believes reducing the proposed Administration Charge to a maximum of \$250,000 is appropriate given that the Company is seeking a Financial Advisor Charge, as discussed below.
40. The Administration Charge shall rank *pari passu* to the Financial Advisor Charge, but in priority over the claim of any secured creditor or persons in these NOI proceedings.

## FINANCIAL ADVISOR CHARGE

41. The Company is seeking a charge in favour of the Company's financial advisor, Canaccord, for their professional fees and disbursements up to the maximum amount of \$200,000 (the "**FA Charge**"). The FA Charge will rank *pari passu* to the Administration Charge.
42. Prior to the filing of the NOI, the Company had previously engaged Canaccord to conduct a marketing process and formally renewed the Canaccord engagement between the Company and Canaccord on December 13, 2019. A copy of the Canaccord engagement letter that outlines the fees and services provided by Canaccord to the Company is outlined in paragraph 44 to 56 of the Supplemental Affidavit of Mr. Burchell sworn December 13, 2019 (the "**Supplemental Burchell Affidavit**"). A copy of the Canaccord engagement letter is attached a confidential appendix to Supplemental Burchell Affidavit.
43. A significant amount of work undertaken by Canaccord in the Pre-NOI Marketing Process. Given this, and with the assistance to the Company and Proposal Trustee with respect to reviewing unsolicited offers, bringing in interest from interested parties and working with and bringing in the offer from the confidential bidder with respect to the LOI and providing its opinion on the overall sales process and the LOI, the Company determined that the fees negotiated for such services of Canaccord were appropriate.
44. The Proposal Trustee is of the respectful view that, under the circumstances, the FA Charge should be granted by this Honourable Court.

## D&O CHARGE

45. As discussed in the Proposal Trustee's First Report, and approved by this Honourable Court on December 6, 2019, there was an established D&O Charge in the amount of \$150,000. The D&O Charge is set as a "first charge subject to further Order of this Court", and the Company, as well as the Proposal Trustee, is requesting that this Honourable Court approve that the D&O Charge be subordinate

to the above-mentioned Administration Charge and FA Charge. As such, the D&O Charge would rank as a second charge.

#### **APPLICATION TO EXTEND THE STAY**

46. Pursuant to the First Stay Extension Order, the stay expires at midnight on December 16, 2019. Trakopolis is seeking an extension of the stay of proceedings as per section 50.4(9) of the BIA to January 24, 2020 (the “**Second Stay Extension**”)
47. The Second Stay Extension will serve to provide the Company with the time required to conclude a sale transaction with the proposed purchaser and pay ESW and all priority creditors in full and allowing for an eventual distribution of remaining funds to unsecured creditors. The Second Stay Extension, should this Court grant the same, will maximize value for the benefit of all stakeholders as previously discussed within this Report.
48. The Proposal Trustee considered the following factors regarding the Second Stay Extension:
  - a) the Company is acting in good faith and with due diligence;
  - b) the Company would likely be able to make a viable proposal if the Second Stay Extension were to be granted; and
  - c) no creditor in these proceedings would be materially prejudiced if the Second Stay Extension were to be granted.
49. It is the Proposal Trustee’s view that to date, Management has been acting in good faith and with due diligence in this matter. Management has been made aware of its obligations under the relevant sections of the BIA and is aware of the implications of non-compliance.



## **PROPOSAL TRUSTEE'S RECOMMENDATION**

50. Based on the current information made available by Management, the Proposal Trustee has the following comments in respect to the Company's application for approval of the Administration Charge and the Extension:

- a) the involvement of professionals is necessary to ensure the continued support and guidance of the Company's Management in their pursuit of a successful restructuring transaction; and
- b) the Extension will provide the Company with the time required to facilitate the completion of the sale.

51. The Trustee recommends that this Honourable Court approve:

- a) the LOI, and to authorize and the Company to execute an acceptable asset purchase agreement with the confidential bidder and close the transaction;
- b) the Administration Charge;
- c) the Financial Advisor Charge;
- d) the change in the priority of the D&O charge; and
- e) the extension of the stay of proceedings until January 24, 2020.

All of which is respectfully submitted this 13<sup>th</sup> day of December, 2019

**ALVAREZ & MARSAL CANADA INC.,  
in its capacity as Proposal Trustee of  
Trakopolis IoT Corp. and Trakopolis SaaS Corp. and  
not in its personal or corporate capacity**



Orest Konowalchuk, CA•CIRP  
Senior Vice-President

**Trakopolis Saas Corp.****Appendix A****Budget to Actual Cash Flow****For the period of November 9, 2019 to December 6, 2019 (the "Reporting Period")****(\$CAD)**

	<b>ACTUAL</b>	<b>FORECAST</b>	<b>VARIANCE</b>
	Week 1 to Week 4 Nov.9/19 to Dec.6/19	Week 1 to Week 4 Nov.9/19 to Dec.6/19	Week 1 to Week 4 Nov.9/19 to Dec.6/19
<b>Cash Receipts</b>			
	<b>\$ 403,700</b>	<b>\$ 400,222</b>	<b>\$ 3,478</b>
<b>Operating Cash Disbursements</b>			
Subscription	96,016	113,140	17,124
Hardware	42,501	51,500	8,999
	138,517	164,640	26,123
<b>Operating Net Cash Flow</b>	<b>\$ 265,183</b>	<b>\$ 235,582</b>	<b>\$ 29,601</b>
<b>Non-Operating Cash Disbursements</b>			
Salaries & Benefits	\$ 169,083	\$ 197,700	\$ 28,617
General & Administrative	23,328	18,900	(4,428)
Hosting & Licensing	37,237	49,600	12,363
Office Leases	2,389	2,000	(389)
Contingency	22,353	15,000	(7,353)
Restructuring Professional Fees and Costs	-	-	-
A&M	-	70,000	70,000
Oslers/Socium	81,000	90,000	9,000
Torys		25,000	25,000
	335,390	468,200	132,810
<b>Net Cash Flow</b>	<b>\$ (70,207)</b>	<b>\$ (232,618)</b>	<b>\$ 162,411</b>
			-
<b>Opening Cash</b>	<b>\$ 441,936</b>	<b>\$ 441,936</b>	<b>\$ -</b>
Net cash flow	(70,207)	(232,618)	162,411
Credit facility advances / (payments)	-	-	-
<b>Closing Cash</b>	<b>\$ 371,729</b>	<b>\$ 209,318</b>	<b>\$ 162,411</b>

**Trakopolis SaaS Corp.**

Updated Cash Flow Forecast from December 7, 2019 through to February 7, 2020 ("Forecast Period")

SCAD

	Week 5 13-Dec-19	Week 6 20-Dec-19	Week 7 27-Dec-19	Week 8 3-Jan-20	Week 9 10-Jan-20	Week 10 17-Jan-20	Week 11 24-Jan-20	Week 12 31-Jan-20	Week 13 7-Feb-19	Revised 9-week Total
<b>Cash Receipts</b>										
Subscription	\$ 54,300	\$ 114,500	\$ 77,100	\$ 75,300	\$ 37,700	\$ 54,500	\$ 115,000	\$ 77,500	\$ 36,200	\$ 642,100
Hardware	10,200	21,500	14,500	17,578	7,100	9,500	20,000	13,500	6,300	120,178
Other	100	200	100	100	100	100	200	100	100	1,100
	<b>\$ 64,600</b>	<b>\$ 136,200</b>	<b>\$ 91,700</b>	<b>\$ 92,978</b>	<b>\$ 44,900</b>	<b>\$ 64,100</b>	<b>\$ 135,200</b>	<b>\$ 91,100</b>	<b>\$ 42,600</b>	<b>\$ 763,378</b>
<b>Operating Cash Disbursements</b>										
Subscription	\$ 17,124	\$ -	\$ 113,700	\$ -	\$ -	\$ -	\$ -	\$ 114,300	\$ -	\$ 245,124
Hardware	9,200	28,399		12,700	6,400	9,200	19,400	13,000	6,100	104,399
	<b>26,324</b>	<b>28,399</b>	<b>113,700</b>	<b>12,700</b>	<b>6,400</b>	<b>9,200</b>	<b>19,400</b>	<b>127,300</b>	<b>6,100</b>	<b>349,523</b>
<b>Operating Net Cash Flow</b>	<b>\$ 38,276</b>	<b>\$ 107,801</b>	<b>\$ (22,000)</b>	<b>\$ 80,278</b>	<b>\$ 38,500</b>	<b>\$ 54,900</b>	<b>\$ 115,800</b>	<b>\$ (36,200)</b>	<b>\$ 36,500</b>	<b>\$ 413,855</b>
<b>Non-Operating Cash Disbursements</b>										
Salaries & Benefits	\$ 24,200	\$ -	\$ 190,617	\$ -	\$ -	\$ 18,200	\$ -	\$ 170,700	\$ 20,000	\$ 423,717
General & Administrative	200	500	10,500	3,000	200	200	500	10,500	2,800	28,400
Hosting & Licensing	12,363	3,800	42,200	-	-	1,700	2,100	42,900	-	105,063
Office Leases	-	-	-	2,000	-	-	-	-	17,700	19,700
Contingency	-	-	7,647	-	-	-	-	15,000	-	22,647
Restructuring Professional Fees and Costs	-	94,000	25,000	155,000	-	-	-	155,000	-	429,000
	<b>36,763</b>	<b>98,300</b>	<b>275,964</b>	<b>160,000</b>	<b>200</b>	<b>20,100</b>	<b>2,600</b>	<b>394,100</b>	<b>40,500</b>	<b>1,028,527</b>
<b>Net Cash Flow</b>	<b>\$ 1,513</b>	<b>\$ 9,501</b>	<b>\$ (297,964)</b>	<b>\$ (79,722)</b>	<b>\$ 38,300</b>	<b>\$ 34,800</b>	<b>\$ 113,200</b>	<b>\$ (430,300)</b>	<b>\$ (4,000)</b>	<b>\$ (614,672)</b>
<b>Opening Cash</b>	\$ 371,729	\$ 373,242	\$ 382,743	\$ 84,779	\$ 5,057	\$ 43,357	\$ 78,157	\$ 191,357	\$ 11,057	\$ 371,729
Net cash flow	1,513	9,501	(297,964)	(79,722)	38,300	34,800	113,200	(430,300)	(4,000)	(614,672)
Proposed Interim Financing Advance/Payment	-	-	-	-	-	-	-	250,000	-	250,000
<b>Ending Cash</b>	<b>\$ 373,242</b>	<b>\$ 382,743</b>	<b>\$ 84,779</b>	<b>\$ 5,057</b>	<b>\$ 43,357</b>	<b>\$ 78,157</b>	<b>\$ 191,357</b>	<b>\$ 11,057</b>	<b>\$ 7,057</b>	<b>\$ 7,057</b>
<b>Proposed Interim Financing</b>										
Proposed Interim Financing - Maximum	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
Opening interim loan borrowings	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 250,000	\$ 500,000
(Advance) / Payment	-	-	-	-	-	-	-	(250,000)	-	(250,000)
<b>Cumulative interim loan availability</b>	<b>\$ 500,000</b>	<b>\$ 500,000</b>	<b>\$ 500,000</b>	<b>\$ 500,000</b>	<b>\$ 500,000</b>	<b>\$ 500,000</b>	<b>\$ 500,000</b>	<b>\$ 250,000</b>	<b>\$ 250,000</b>	<b>\$ 250,000</b>

Trakopolis SaaS Corp.


Richard Clarke  
CEO and CFO

Date