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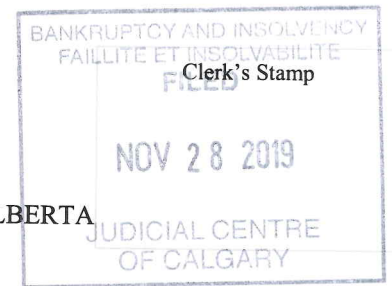
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COURT

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

**FIRST REPORT OF ALVAREZ & MARSAL CANADA INC.**

**IN ITS CAPACITY AS TRUSTEE UNDER THE NOTICE OF INTENTION TO MAKE A PROPOSAL**

**NOVEMBER 27, 2019**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

**PROPOSAL TRUSTEE**

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File: 39108-2004

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## INTRODUCTION

### Trak IoT and Trak SaaS Filing NOI

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**”). Alvarez & Marsal Canada Inc. consented to act as Trustee under the Proposal (“**A&M**” or the “**Proposal Trustee**”). For purposes of this first report of the Proposal Trustee (the “**First Report**” or “**this Report**”), Trak IoT and Trak SaaS are together referred to as the “**Company**”.
2. Pursuant to section 50.4(8) of the BIA, the initial stay period under the NOI proceedings is from November 7, 2019 to December 7, 2019 (the “**Initial Stay Period**”).
3. Copies of the Certificates of Filing of the NOIs issued by the Office of the Superintendent of Bankruptcy are attached hereto as Appendix “**A**”.

### Notice of Application by the Company – November 28, 2019

4. On November 28, 2019, the Company filed a Notice of Application with this Honourable Court to seek among other things:
  - a) declaring that the proposal proceedings for Trak IoT and Trak SaaS (together, the “**Proposal Proceedings**”) are administratively consolidated and continued under a joint title of proceedings;
  - b) approval of a modified sales and marketing process to be conducted by the Company, with the assistance of the Proposal Trustee, as discussed further below (the “**Post-Filing Marketing Process**”);
  - c) granting a charge on the assets, property and undertaking of the Company not to exceed \$400,000 (the “**Administration Charge**”) as

security for the fees and costs of the Proposal Trustee, its independent legal counsel and the legal counsel to the Company, such charge to be in priority to all other security interests, liens and other encumbrances;

- d) authorizing the Company to borrow up to \$500,000 under a credit facility (the “**Interim Lending Facility**”) to fund its working capital requirements;
- e) granting the Interim Lender a charge (the “**Interim Lender’s Charge**”) that shall rank in priority to all other security interests, liens and other encumbrances with the exception of the Administration Charge;
- f) a charge in favour of the Company’s Directors and Officers, securing the Company’s indemnification obligations to them in the amount of \$150,000 (the “**D&O Charge**”) ranking [prior to] the ESW’s secured charges; and
- g) extending the time for filing a proposal pursuant to section 50.4(9) of the BIA to January 20, 2019.

## **PURPOSE**

5. The purpose of this First Report of the Proposal Trustee is to provide this Honourable Court and the Company’s stakeholders with information in respect of the following:

- a) the Company’s business and financial affairs since the Filing of the NOI;
- b) the Company’s ongoing restructuring efforts to date;
- c) the activities of the Company and the Proposal Trustee since the filing of the NOI;

- d) the Trak SaaS's cash flow projection for the 13-week period from November 7, 2019 to February 7, 2020;
- e) information and the Proposal Trustee's recommendation with respect to the Company's application for the approval of the Interim Lending Facility and proposed Interim Lender's Charge;
- f) information and the Proposal Trustee's recommendation with respect to the Company's application for the approval of the proposed Administration Charge; and
- g) the Proposal Trustee's recommendation with respect to the Company's request for an extension of the Initial Stay Period to January 20, 2020.

#### **TERMS OF REFERENCE**

- 6. In preparing this First 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.
- 7. 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.
- 8. All references to dollars are in Canadian currency unless otherwise noted.

#### **LIMITATION IN SCOPE OF REVIEW**

- 9. The First 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.

10. This First 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.
11. 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.
12. 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**

13. 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.
14. The Filing follows the Company's receipt of a demand letter and notice of intention to enforce security under the BIA from its secured lender and the subsequent halt of trading of the Company's shares on the TSX Venture Exchange on November 4, 2019. The Company's secured lender, ESW Holdings, Inc. ("**ESW**"), is owed approximately \$3.5 million USD.
15. The affidavit of Mr. Chris Burchell (the "**Burchell Affidavit**"), a Director of the Company, sworn November 25, 2019, has been filed in support of this application

and provides details and background of the Company's operations and financial position, the various restructuring efforts to date, the reasons for the commencement of these proceedings and specifically for this application.

16. Further background of the Company and its operations is contained in the materials filed in support of the application for a stay extension, including the Burchell Affidavit. These documents, together with other information regarding the NOI, have been posted on the Proposal Trustee's website at [www.alvarezandmarsal.com/Trakopolis](http://www.alvarezandmarsal.com/Trakopolis) (the "Website").

## **ONGOING RESTRUCTURING EFFORTS TO DATE**

### **General**

17. The Company has advised the Proposal Trustee it believes its best opportunity to restructure and to present a viable proposal to its creditors and stakeholders is to continue with its marketing and sales efforts to date, as discussed further in this Report.
18. A sale and marketing process was initiated by the Company prior to the NOI, with the assistance of their former financial advisors- Canaccord Genuity ("Canaccord"). As discussed below, based upon the Proposal Trustee's initial review and investigation of the sales and marketing process, it appears that the Company's continued course of action is the best option for all stakeholders, while the Company restructures and prepares its proposal to its creditors.
19. It is anticipated that the Company's current and sale and marketing process, with newly established timelines, will generate offer(s) that would pay the indebtedness of ESW in full, while allowing the Company to present a plan to its remaining creditors and stakeholders.

## THE SALES PROCESS

### Overview

20. The Company initiated a strategic review process 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 (the “**Pre-Proposal NOI Process**”).

### The Pre-NOI Marketing Process

21. From December 6, 2018 to October 2019, the Company, with the assistance of Canaccord, conducted a broad-based strategic review process to effectively and thoroughly canvass the market. During the process, Canaccord contacted 53 companies across Canada and the United States.
22. A comprehensive management presentation was assembled and made available in a virtual data room (“**VDR**”), which was first made accessible to prospective purchasers on December 11, 2018.
23. Proposal submission guidelines were distributed to all interested parties advising of relevant terms and required that that all bids should be submitted by January 29, 2019 (“**Initial Bid Deadline**”).
24. The following developments resulted in the months leading up to the Initial Bid Deadline:
  - a) Twenty-two (22) Non-disclosure agreements were signed and received;
  - b) Fourteen (14) management presentations were requested and made to interested, qualified bidders; and
  - c) Six (6) written proposals were received by the Initial Bid Deadline.



25. The Company and Canaccord reviewed and analyzed the six (6) written proposals received. Canaccord recommended that the Company enter into an exclusivity arrangement with one of the bidders and two days after agreeing to the terms of the arrangement, the bidder terminated the arrangement.
26. In the summer of 2019, Canaccord recommended that those parties which had previously expressed an interest be provided with an opportunity to re-bid. Re-bid proposal instructions were sent to ten (10) interested parties that had previously expressed interest in the initial process, and the Company received four (4) proposals. Three (3) had submitted proposals previously and one (1) new party submitted a proposal.
27. The revised bids were reviewed and analyzed, and negotiations were taken up with one of the parties regarding the final purchase price the bidder would be willing to pay, and the terms and conditions of a binding agreement.
28. The Proposal Trustee is advised that the Company worked exclusively with the interested party, and upon completion of the interested party's due diligence in September 2019, the interested party further revised its offer. The offer from the interested party did not proceed and a transaction could not materialize as there no agreement could be reached between the Company and ESW on the various terms and conditions of the offer.
29. Canaccord and the Company advised the Proposal Trustee that significant interest still remains from interested parties and that it is expected that offers will be delivered to the Company and the Proposal Trustee as a result of the Filing.

#### **Post-NOI Marketing Interest**

30. Given the extensive and broad solicitation process that was undertaken prior to the NOI, the Proposal Trustee believes that the Company's continued course of action to work with those interested purchasers should generate offers that will result in a

full repayment of the ESW indebtedness. This should allow the Company to present a plan to the Company's remaining creditors and stakeholders.

31. Since the Filing, the Company and the Proposal Trustee have been contacted by approximately 15 companies expressing an interest in either a sale transaction to purchase the Company's shares and/or assets, or a refinancing opportunity.
32. The Company has received two unsolicited offers from two credible parties. The first offer was an indication of interest and the second offer is a refinancing proposal from a party who was involved in the Pre-NOI Marketing Process. These two unsolicited offers would (subject to negotiation on the various terms and conditions) would result in the full payout of the Company's loan to ESW, priority creditors and a compromise of the Company's unsecured creditors. Discussions remain ongoing with these interested parties.

#### **Proposed Sale and Investment Solicitation Process**

33. The proposed Sale and Investment Solicitation Process (the "SISP") has been created by the Company in consultation with the Proposal Trustee, with a view to capitalize on the marketing work conducted by Canaccord. The SISP will also ensure that third parties who were not previously involved in the Pre-Proposal Marketing Process have sufficient time to complete their due diligence and submit a bid to the Company. A copy of the SISP is attached as an Appendix to the November 27 Burchell Affidavit.
34. The Company, with the support of the Proposal Trustee, believes that a modified sales process is needed within these proceedings to permit a fair, efficient, competitive process to maximize the value received for the assets or the business of the Company.
35. A summary of the key timelines from the proposed SISP is summarized below (defined terms are as discussed in the proposed SISP):

- a) Any interested party (an “**Interested Party**”) that executes a confidentiality agreement on the terms and conditions satisfactory to the Company (“**Confidentiality Agreement**”) and is determined by the Company, in consultation with the Proposal Trustee, to be reasonably capable of submitting a Qualified Bid by the Bid Deadline (defined below) will be provided with access to the Company’s virtual data room (“**VDR**”);
- b) An Interested Party who has previously entered into a valid Confidentiality Agreement in connection with the sale of the Business or the Assets shall be deemed to be an Interested Party for the purposes of the SISP;
- c) An Interested Party must deliver a qualified bid (“**Qualified Bid**”) to the Proposal Trustee no later than 5:00 p.m. (MST) on January 10, 2020 or such other later date or time as may be agreed by the Company and the Proposal Trustee, with the consent of ESW (the “**Bid Deadline**”). It is the intention of the Company, with the assistance of the Proposal Trustee, to develop a standard form purchase and sale agreement(s) that all Interested Parties must use in the SISP process for the purpose of submitting their Qualified Bid;
- d) Subject to the establishment of an Amended SISP Procedure, as discussed in the SISP, the Company, in consultation with the Proposal Trustee, shall identify the highest or otherwise best Qualified Bid received and the Proposal Trustee will notify the qualified bidder of the identities of the successful bidder by no later than 5:00 p.m. MST on January 24, 2020; and
- e) The Company, with the assistance of Proposal Trustee, will finalize definitive agreements in respect of the successful bids, conditional upon approval of the Court, and by no later than 5:00 p.m. MST on February 7, 2020 or such later date or time as the Proposal Trustee may

determine appropriate in consultation with the Company and the successful bidders.

36. The Company, in consultation with the Proposal Trustee, shall, as appropriate, consult with ESW throughout the SISP; however, the Company and the Proposal Trustee shall not provide ESW with information that might create an unfair advantage or jeopardize the integrity of the SISP.
37. The Proposal Trustee may, at any time during the SISP, apply to Court for advice and directions with respect to the discharge of its obligations and duties thereunder.

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

38. Since the Filing, the Proposal Trustee and the Company's management ("**Management**") have engaged in the following activities:
  - a) the Proposal Trustee mailed out the initial notice to all known creditors on November 14, 2019 notifying them of the NOI proceedings pursuant to section 50.4 (6) of the BIA and posted same to its website including a list of creditors (attached as Appendix "**B**" and Appendix "**C**");
  - b) Management, with the assistance of the Proposal Trustee, prepared a cash flow statement for the 13-week period from November 7, 2019 to February 7, 2020, along with assumptions, which was filed with the Office of Superintendent of Bankruptcy on November 17, 2019 in accordance with section 50.4(2) of the BIA. These are attached as Appendix "**D**" and Appendix "**E**";
  - c) Management and the Company's legal counsel continued to review the Company's options with respect to funding of up to \$500,000 for its ongoing costs during this proceeding;
  - d) The Proposal Trustee engaged the services of Torys LLP ("**Torys**") to act as its independent legal counsel in NOI;

- e) Various discussions held between the Proposal Trustee, its legal counsel and the Company's legal counsel relating to matters relevant in the NOI proceedings;
- f) Various communication between the Company, the Proposal Trustee and ESW on file-related matters; and
- g) Ongoing monitoring of the Company's financial affairs and activities by the Proposal Trustee.

### **13-WEEK CASH FLOW FORECAST TO FEBRUARY 7, 2020**

- 39. The Company, with the assistance of the Proposal Trustee, has prepared a 13-week cash flow (the “**13-Week Cash Flow Forecast**”) for both Trak IoT and Trak SaaS for the period ending February 7, 2020 (the “**Cash Flow Period**”), which, along with assumptions, are attached as Appendix “**D**” and Appendix “**E**”.
- 40. Trak IoT does not have any operations and holds 100% of the Trak SaaS shares; therefore, the Trak IoT 13-Week Cash Flow Forecast does not have any cash receipts or disbursements.
- 41. A summary of the Trak SaaS 13-Week Cash Flow and select assumptions underlying same are as follows:
  - a) Total projected cash receipts of approximately \$1.16 million;
  - b) Total operating cash disbursements forecast of approximately \$659,300 and non-operating cash disbursements of approximately \$1.31 million, resulting in a net decrease in cash of approximately \$654,800 during the Cash Flow Period; and
  - c) Proposed interim loan of approximately \$250,000 near the end of the Cash Flow Period;

42. Significant assumptions made by the Company with respect to the Cash Flow Forecast are attached as Appendix “D” and Appendix “E” to this First Report, along with the Proposal Trustee’s Report on the 13-Week Cash Flow Forecast
43. Based on the assumption that the maximum \$500,000 is available for the Company under an Interim Lending Facility, it is currently estimated that the funds would be sufficient to allow the Company to operate up until the extended stay period sought and into the week of January 20, 2020.

#### **INTERIM LENDING FACILITY AND INTERIM LENDER’S CHARGE**

44. The Cash Flow Forecast indicates that with access to an Interim Lending Facility, the Company will be able to fund operations in normal course and complete the Sales Process; however, without an Interim Lending Facility, the Company will not have sufficient funds to operate beyond the week of January 31, 2020.
45. The Interim Lending Facility, should it be approved by this Honourable Court, will be secured by a Court-ordered charge (the “**Interim Lender’s Charge**”) on all the existing and after-acquired real and personal, tangible and intangible, property, assets and undertaking of the Company. The Interim Lender’s Charge will rank in priority to all other creditors, interest holders, lien holders and claimants of any kind whatsoever, except the Administration Charge.
46. While the Company has not yet secured the proposed Interim Lending Facility, an order granted by this Honourable Court in advance approving the requested Interim Lender’s Charge will assist the Company in securing such necessary financing. Prior to the Company accessing any interim financing it may secure, the Company will seek the approval of the Proposal Trustee, on notice to ESW and other interested stakeholders, approving the terms of the Interim Lending Facility.
47. Pursuant to section 50.6(5) of the BIA, the Proposal Trustee has reviewed the proposed Interim Lending Facility and proposed Interim Lender’s Charge and has considered the following factors:

- a) the period during which the Company is expected to be subject to the proceedings under the BIA;
- b) how the Company's business and financial affairs are to be managed during the proceedings;
- c) whether Management has the confidence of its major creditors impacted under these proceedings;
- d) whether the Interim Lending Facility would enhance the prospects of a viable proposal being made in respect of the Company;
- e) the nature and value of the Company's property; and
- f) whether any creditor would be materially prejudiced as a result of the security or charge.

48. In consideration of the foregoing factors, the Proposal Trustee offers the following select comments:

- a) the Company currently has limited cash resources that will see it into the week of January 31, 2020, but it is not certain that additional funding will be available to the Company should the Interim Lending Facility not be approved by this Honourable Court; and
- b) the Company is carefully managing cash on a day-to-day basis with oversight from the Proposal Trustee.

#### **ADMINISTRATION CHARGE**

49. The Company is seeking a 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.

50. The Administration Charge shall rank in priority over the claim of any secured creditor or persons in these proposal proceedings.
51. Given the tight liquidity constraints that the Company has been operating under, there is a heightened risk to the timely funding of professional fees relating to these proceedings even if funds are ultimately available under the Interim Lending Facility, which is subject to approval by this Honourable Court. These proceedings require the necessary involvement of professionals to guide and/or complete a successful proposal and as such, it is the Proposal Trustee's respectful view that the Administration Charge is reasonable and appropriate to ensure the continued support of the respective professionals in the Company's efforts to restructure its affairs by way of a sale and marketing process and/or other possible restructuring options.

#### **D&O CHARGE**

52. The Company has not been able to secure ongoing insurance coverage for its directors and officers because of the Proposal Proceedings. The Proposal Trustee understands that the Company will be seeking a D&O Charge in the amount of \$150,000. The Proposal Trustee understands that the Company is current in standing with respect to outstanding payroll, and with respect to other pre-filing obligations for which directors may be personally liable.
53. The Company requires the services of its directors and officers to develop a viable proposal. The Company's directors and officers have the technical and intimate knowledge, experience, and relationships necessary to maximize the value and a successful restructuring.
54. The Proposal Trustee believes the D&O Charge is reasonable in the circumstance.

#### **APPLICATION TO EXTEND THE TIME TO PREPARE A PROPOSAL**

55. The Initial Stay Period is set to expire on December 7, 2019 and the Company is seeking an extension of the stay of proceedings to January 20, 2020 pursuant to



section 50.4 (9) of the BIA (the “**Extension**”). This Extension will serve to provide the Company with the time required to facilitate the completion of the Sales Process and to formulate a proposal to its creditors.

56. The Proposal Trustee considered the following factors regarding the 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 Extension were to be granted; and
  - c) no creditor in these proceedings is materially prejudiced if the Extension were to be granted.
57. 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.
58. Should the Company source sufficient funding (which is subject to this Honourable Court’s approval) to ensure that it meets all of its obligations as they come due through to February 7, 2020, the Proposal Trustee is of the view that the Extension is appropriate and necessary to advance a successful restructuring and that no stakeholder or creditor should be materially prejudiced if the Extension was granted.
59. The Company’s ability to make a viable proposal is largely dependent on its ability to secure interim financing and complete the proposed sale and marketing process contemplated by the Company. While the certainty of these events cannot be assured, it is the Proposal Trustee’s view that the Company and its legal counsel have made significant progress in this regard.

## **PROPOSAL TRUSTEE'S RECOMMENDATION**

60. 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 Interim Lending Facility, Interim Lender's Charge, Administration Charge and the Extension:

- a) the Company requires immediate financing at this time in order to fund ongoing payment for, amount other things, the operating costs and completion of the proposed sale and marketing process;
- b) the Lending Facility will enhance the prospects of a viable proposal being made in respect of the Company;
- c) 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;
- d) a consolidation of the two NOI proceedings into one proceeding will allow for the NOI to operate more efficiently; and
- e) the Extension will provide the Company with the time required to facilitate the completion of the Sales Process and/or formulate a proposal to its creditors.

61. The Trustee recommends that this Honourable Court approve:

- a) the Interim Lending Facility;
- b) the Interim Lender's Charge;
- c) the Administration Charge;
- d) the D&O Charge;

- e) consolidation of the NOI proceedings between Trak IoT and Trak SaaS;  
and
- f) the extension of the stay of proceedings until January 20, 2020.

All of which is respectfully submitted this 28<sup>th</sup> day of November, 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

## **APPENDIX A**

### **Certificates of Filing a Notice of Intention to Make a Proposal**



Industry Canada

Office of the Superintendent  
of Bankruptcy Canada

Industrie Canada

Bureau du surintendant  
des faillites Canada

District of        Alberta  
Division No.    02 - Calgary  
Court No.       25-2581252  
Estate No.      25-2581252

In the Matter of the Notice of Intention to make a  
proposal of:

**Trakopolis IOT Corp.**  
Insolvent Person

**ALVAREZ & MARSAL CANADA INC.**  
Licensed Insolvency Trustee

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Date of the Notice of Intention:                      November 07, 2019

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CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL  
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: November 08, 2019, 09:29

E-File/Dépôt Electronique

Official Receiver

Harry Hays Building, 220 - 4th Ave SE, Suite 478, Calgary, Alberta, Canada, T2G4X3, (877)376-9902

**Canada**



Industry Canada

Office of the Superintendent  
of Bankruptcy Canada

Industrie Canada

Bureau du surintendant  
des faillites Canada

District of        Alberta  
Division No.    02 - Calgary  
Court No.       25-2582159  
Estate No.      25-2582159

In the Matter of the Notice of Intention to make a  
proposal of:

**Trakopolis SaaS Corp.**  
Insolvent Person

**ALVAREZ & MARSAL CANADA INC.**  
Licensed Insolvency Trustee

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Date of the Notice of Intention:                      November 09, 2019

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CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL  
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: November 12, 2019, 09:37

E-File/Dépôt Electronique

Official Receiver

Harry Hays Building, 220 - 4th Ave SE, Suite 478, Calgary, Alberta, Canada, T2G4X3, (877)376-9902

**Canada**

## **APPENDIX B**

**Trakopolis IoT Corp. Listing of Creditors filed pursuant to section 50.4(6) of the BIA**

District of: Alberta  
Division No. 02 - Calgary  
Court No.  
Estate No. 25-2581252

- FORM 33 -  
Notice of Intention To Make a Proposal  
(Subsection 50.4(1) of the Act)

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
ESW Holdings Inc.	401 Congress Ave. - Suite 2650 Austin TX 787 10-1 USA		3,090,661.60
Les Sonnenberg	Lot 73 704401 RR72 Grand Prairie AB T8W 5G2		100,000.00
Trisec Securities	89 W. Georgia Street Vancouver BC V6B 0N0		1,000,000.00
<b>Total</b>			4,190,661.60



Trakopolis IoT Corp.  
Insolvent Person



## **APPENDIX C**

**Trakopolis SaaS Corp. Listing of Creditors filed pursuant to section 50.4(6) of the BIA**

District of: Alberta  
Division No. 02 - Calgary  
Court No.  
Estate No.

- FORM 33 -  
Notice of Intention To Make a Proposal  
(Subsection 50.4(1) of the Act)

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Adobe Inc	29322 Network Place Chicago IL 60673-1293 USA		1,262.02
Airgain- Antenna Plus	8350 East Evans Drive, Suite D-2 Scottsdale AZ 85260 USA		405.38
Airways Truck	4605 Gateway Boulevard NW Edmonton AB T6H 5C3		305.81
Anthony Dutton	3604 West 11th Ave. Vancouver BC V6R 2K5		10,000.00
AT&T Mobility - CC	PO Box 5085 Carol Stream IL 60197 USA		25,435.30
Bell Jasper - 525990308	PO Box 5480 Vancouver BC V6B 4B5		20,487.63
Bell Mobility (1045)	PO Box 5102 Burlington ON L7R 4R7		20,798.18
Bell Mobility (50076533)	PO Box 5102 Burlington ON L7R 4R7		4,226.25
Bell Mobility Inc (516689517)	PO Box 5102 Burlington ON L7R 4R7		3,760.09
Bell Mobility(50060349)	4 Building A 1 Carrefour Alexander Graham Bell Verdun QC H3E 3B3		117,674.87
BeWhere Inc.	3264 lakeshore blvd W Etobicoke ON m8V1M4		808.55
Big Sky Call Centers Inc	111S 8500 Macleod Trail SE Calgary AB T2H 2N1		1,735.93
Black Gold Medical	PO Box 74142 Calgary AB T3H 3B6		2,824.56
Brent Moore	31 Highlands Blvd Bragg Creek AB T0L 0K0		10,000.00
Broadridge	PO Box 416423 Boston MA 02241-6423 USA		840.76
Cameron Olson	100 Wentworth Cr. SW Calgary AB T3H 5T1		5,000.00

District of: Alberta  
Division No. 02 - Calgary  
Court No.  
Estate No.

- FORM 33 -  
Notice of Intention To Make a Proposal  
(Subsection 50.4(1) of the Act)

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Canada life	202 6 Ave. SW Calgary AB T2P 2R9		741.46
Cellular Solutions Inc.	109-1201 Kingsway Ave SE Medicine Hat AB T1A 2Y2		476.52
Central Interior Communications	3663 Opie Cres Prince George BC V2N 1B9		1,299.20
Choice Wireless Solutions	7931 E Pecos Rd, Suite 172 Mesa AZ 85212 USA		16,213.25
Computershare	100 University Ave Toronto ON M5J2Y1		3,412.50
Condo Recycling Solutions	90 Winston Drive SW Calgary AB T3C 2P9		4,063.50
Crowe Horwath	69 Milk Street, STE 222 Westborough MA 01581 USA		288.42
Custom Auto Shield	27 Morris Bay Yorkton SK S3N 4B4		390.00
Davidson & Company LLP	1200 - 609 Granville Vancouver BC V7Y 1G5		4,042.50
De Lage Landen Financial Services Canada Inc.	3450 Superior Court, Unit 1 Oakville ON L6L 0C4		13,058.75
Dell	PO Box 8751 Station A Toronto ON M5W 2R2		724.49
Dr.GPS	Box 1777 Crossfield AB T0M 0S0		1,018.50
Encore	203-5819 2nd Street SW Calgary AB T2H 0H3		3,904.00
Encore Business Solutions	1-467 Provencher Blvd Winnipeg MB R2J 0B8		9,006.38
Enterprise Rent a Car	p.o box 8958 stn A toronto ON m5w2c5		344.86
ESW Holdings Inc.	401 Congress Ave. - Suite 2650 Austin TX 78710-1 USA		3,090,661.60

District of: Alberta  
Division No. 02 - Calgary  
Court No.  
Estate No.

- FORM 33 -  
Notice of Intention To Make a Proposal  
(Subsection 50.4(1) of the Act)

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
FCS Communication Ltd.	1-10102 120 Street Grande Prairie AB T8V 8B1		2,155.52
Felesky Flynn LLP	5000 Suncor Energy Centre, 150 6th Ave SW Calgary AB T2P 3Y7		7,878.68
Fireball Express Courier	116, 738-3 Avenue SW Calgary AB T2P 0G7		472.03
Frank Turner	3028 2nd Street SW Calgary AB T2S 1T3		5,000.00
Geomatics Data Management Inc.	1300, 510-5th Street SW Calgary AB T2P 3S2		18,139.13
Gil Sonnenberg	Box 472 Sexsmith AB T0H 3C1		50,000.00
Global Star Canada - HW	115 Matheson Blvd West, suite 100 Mississauga ON L5R 3L1		32,314.18
Globalstar LLC - AT	1351 Holiday Square Blvd Covington LA 70433 USA		34,925.64
GoodLife Fitness Centres Inc.	225 Select Avenue, Suite 204 Toronto ON M1X 0B5		1,222.46
GreatWest Life	214 Place North #1215 9909-102 St. Grand Prairie AB T8V 2V4		5,512.76
Harvey Bennett	Box 23187 Grand Prairie AB T8V 6X2		10,000.00
Hitech Business Systems	10115-100 Avenue Grande Prairie AB T8V 0V4		1,228.02
Honeywell	3775 North First Street San Jose CA 95134 USA		7,218.70
Ingram Micro Inc.	55 Standish Court Mississauga ON L5R 4A1		7,176.93
Insurance - PVI	9917 - 116 Ave Grand Prairie AB T8V 3Y3		2,982.00
Intact Insurance	150, 1300 8 Street SW Calgary AB T2R 1B2		1,387.00

District of: Alberta  
Division No. 02 - Calgary  
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Estate No.

- FORM 33 -  
Notice of Intention To Make a Proposal  
(Subsection 50.4(1) of the Act)

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Keep Truckin	DEPT CH 17110 PALATINE IL 6005-7110 USA		144,989.92
Kootenay Communications Ltd.	717 Industrial Road #2 Cranbrook BC V1C4C9		4,208.87
Kore Wireless Canada Inc.	403, 701 Evans Ave Toronto ON M9C 1A3		13,866.86
Kornak Technologies Inc.	612-500 Country Hills Blvd. NE, Suite 163 Calgary AB T2P 3T1		5,930.55
KPMG LLP, T4348	3100-205 5th Avenue SW Calgary AB T2P 4B9		82,851.71
Laine Hotte	205 Wood Valley Place SW Calgary AB T2W 5T8		10,000.00
LuxSci	PO BOX 326 Westwood MA 02090 USA		1,059.20
McMillan LLP	Suite 1700, 421- 7th Ave SW Calgary AB T2P 4K9		1,870.90
Meridian	Suite 206 - 5718 1A Street Calgary AB T2H 0E8		657.11
Microsoft	PO Box 7808 Station A Toronto ON M5W 2R2		1,796.00
Microsoft Corporation	PO Box 7808 Station A Toronto ON M5W 2R2		106,585.86
Mr.Appliance	132 Kinniburgh close chestermere AB t1x0r8		296.05
Murray Driver	Box 722 Grand Prairie AB T8V 3R5		5,000.00
OBD Diagnostics, Inc.	PO Box 2002 Redondo Beach CA 90278 USA		34,948.45
Orbital Installations Technologies	9750 E. 150 St. Noblesville IN 46060 USA		449.37
Osler, Hoskin & Harcourt LLP	450 - 1st Street SW, Suite 2500 Calgary AB T2P 5H1		54,649.62

District of: Alberta  
Division No. 02 - Calgary  
Court No.  
Estate No.

- FORM 33 -  
Notice of Intention To Make a Proposal  
(Subsection 50.4(1) of the Act)

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Peaceland Communications	11401 89 Ave Grande Prairie AB T8V 7M9		2,491.18
Ram Mount	8410 Dallas Ave. South Seattle WA 98108 USA		10,474.88
Reality Bytes Inc.	PO Box 1298 Drumheller AB T0J 0Y0		1,507.40
Richard Clarke	144 Nolancrest Green NW Calgary AB T3R 0P8		10,000.00
Rogers	PO Box 8878 STN Terminal Vancouver BC V6B 0H8		739.85
Roy Farrow	Box 122, #16 Midlake Blvd SE Calgary AB T2X 2X7		5,000.00
Ruth Sonnenberg	Box 472 Sexsmith AB T0H 3C0		175,000.00
SaskTel	PO Box 2121 Regina SK S4P 4C5		3,067.51
Shaw Cable	Po Box 2468 Stn Main Calgary AB T2P 4Y2		1,075.39
Skywave - Main Account	750 Palladium Drive - Suite 368 Ottawa ON K2V 1C7		288,387.89
Socium Law	1600, 144 - 4th Avenue S.W. Calgary AB T2P 3N4		59,104.59
Spot Inc.	P.O. Box 45898 San Francisco CA 94145-0001		513.26
Strategic Group	630 8th Ave SW - Suite 400 Calgary AB T2P 1G6		2,100.00
Suma Installations	2659 Bristol Drive Abbotsford BC V2S 0G1		7,347.28
System Communication Corp	PO Box 1470, 1275 E 355 S Vernal UT 84078 USA		6,811.55
T & S Collections Ltd	105, 412-53rd Ave S.E. Calgary AB T2H 0N4		2,304.31

District of: Alberta  
Division No. 02 - Calgary  
Court No.  
Estate No.

- FORM 33 -  
Notice of Intention To Make a Proposal  
(Subsection 50.4(1) of the Act)

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
T&T Communications Corp.	7920 Alaska Road Fort St John BC V1J 0P3		1,195.60
TankLink	200 S. Wacker Dr, Suite 1800 Chicago IL 60606 USA		528.24
Telebyte	3815 Manchester Rd SE Calgary AB T2G 3Z8		262.50
Telelink	7 Pippy Place St. John's NL A1B 3M7		1,023.04
Telus (20153152)	PO Box 8950, STN Terminal Vancouver BC V6B 3B3		1,419.53
Telus (29868347)	PO Box 9850 Stn Terminal Vancouver BC V6B 3C3		19,664.30
Tower Communications	Box 1330 Houston BC V0J 1Z0		743.43
TSX Trust Company	301 - 100 Adelaide Street West Toronto ON M5H 4H1		5,570.56
Ultra Property Group	17 Coach Court SW Calgary AB T3H 4P7		3,686.44
UPS Canada	PO Box 4900, Station A Toronto ON M5W 0A7		1,455.79
Vector Communications Ltd.	11213 97th Ave Grande Prairie AB T8V 5N5		27,176.53
Vern & Joanne Moore	Box 325 Bezanson AB T0H 0G0		4,000.00
WCB Alberta	PO Box 3452, Stn M Calgary AB T2P 5E7		1,535.10
<b>Total</b>			<b>4,676,170.93</b>



Trakopolis SaaS Corp.  
Insolvent Person

## **APPENDIX D**

### **Trakopolis IoT Corp. 13 Week Cash Flow Statement Ending February 7, 2020**



**Trakopolis IoT Corp.**

13-Week Cash Flow Forecast ending February 7, 2020

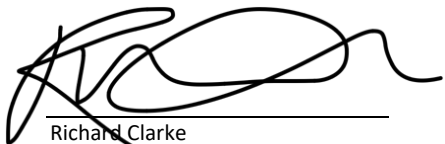
\$CAD

	Week 1 15-Nov-19	Week 2 22-Nov-19	Week 3 29-Nov-19	Week 4 6-Dec-19	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	13-week Total	Notes
<b>Cash Receipts</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1
<b>Cash Disbursements</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Net Cash Flow</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Opening Cash</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Net cash flow														\$ -	
<b>Closing Cash</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	2

UNAUDITED CASH FLOW FORECAST PREPARED BY MANAGEMENT, MUST BE READ IN CONJUNCTION WITH THE NOTES AND ASSUMPTIONS &amp; TRUSTEE'S REPORT ON THE CASH FLOW STATEMENT


Trakopolis IoT Corp.

Alvarez & Marsal Canada Inc., in its capacity as Proposal Trustee of  
Trakopolis IoT Corp., and not in its personal or corporate capacity



Richard Clarke  
CEO and CFO

November 17, 2019  
Date



Orest Konowalchuk, CPA, CA, CIRP, LIT  
Senior Vice President

November 17, 2019  
Date

In the Matter of the Notice of Intention  
to make a Proposal of  
Trakopolis IoT Corp.

**Notes to the Consolidated Statement of Cash Flow or the 13-week  
period ending February 9, 2020**

**Purpose and General Assumptions of the Cash Flow Statement**

1. Trakopolis IoT Corp (the “**Company**” or “**IoT**”) has prepared this Cash Flow Statement and the accompanying Notes to the Cash Flow Statement (collectively the “**Cash Flow Statement**”) in support of the proposal proceedings that has been filed under the Bankruptcy and Insolvency Act (“**BIA**”) on November 7, 2019.

Alvarez & Marsal Canada Inc. is the Proposal Trustee in this matter (the “**Proposal Trustee**”). The Cash Flow Statement should be read in conjunction with the Report on Cash Flow Statement by the Company (Form 30 under the BIA) and also with the Proposal Trustee’s Report on Cash Flow Statement (Form 29 under the BIA).

The Company has prepared the Cash Flow Statement based on probable and hypothetical assumptions that reflect the Company’s planned course of action for the period from November 7, 2019 to February 7, 2020 (the “**Cash Flow Period**”). Management is of the opinion that, as at the date of filing the Cash Flow Statement, the assumptions used to develop the projection represent the most probable set of economic conditions facing the Company and that the assumptions used proved a reasonable basis for and are consistent with the purpose of the Cash Flow Statement.

The Cash Flow Statement has been developed pursuant to subsection 50 (6) of the BIA and is in support of these BIA proceedings. The information contained in the Cash Flow Statement is subject to changing assumptions and/or receipt of new or additional information; actual results may vary.

This Cash Flow Statement should not be used for any other purpose, and creditors are cautioned that the information provided in the Cash Flow Statement could vary based on changing future circumstances.

The projected cash flow statement is prepared in Canadian dollars.

**Hypothetical and Probable Assumptions**

2. IoT wholly-owns Trakopolis SaaS Corp. (“**SaaS**”). IoT does not have any operational income or expenses. All of the operational income and expenses are reflected in SaaS, which also filed for creditor protection pursuant to the BIA (Notice of Intention to Make a Proposal) on November 9, 2019.

## **APPENDIX E**

### **Trakopolis SaaS Corp. 13 Week Cash Flow Statement Ending February 7, 2020**

**Trakopolis SaaS Corp.**
**13-Week Cash Flow Forecast ending February 7, 2020**

	Week 1 15-Nov-19	Week 2 22-Nov-19	Week 3 29-Nov-19	Week 4 6-Dec-19	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	13-week Total	Notes
<b>Cash Receipts</b>															<b>1</b>
Subscription	\$ 99,300	\$ 95,700	\$ 76,700	\$ 38,400	\$ 54,300	\$ 114,500	\$ 77,100	\$ 75,300	\$ 37,700	\$ 54,500	\$ 115,000	\$ 77,500	\$ 36,200	\$ 952,200	
Hardware	25,400	24,500	19,600	9,800	10,200	21,500	14,500	14,100	7,100	9,500	20,000	13,500	6,300	196,000	
Other	-	11,000	-	-	100	200	100	100	100	100	200	100	100	12,100	
	<u>\$ 124,700</u>	<u>\$ 131,200</u>	<u>\$ 96,300</u>	<u>\$ 48,200</u>	<u>\$ 64,600</u>	<u>\$ 136,200</u>	<u>\$ 91,700</u>	<u>\$ 89,500</u>	<u>\$ 44,900</u>	<u>\$ 64,100</u>	<u>\$ 135,200</u>	<u>\$ 91,100</u>	<u>\$ 42,600</u>	<u>\$ 1,160,300</u>	<b>2</b>
<b>Operating Cash Disbursements</b>															
Subscription	\$ -	\$ -	\$ 113,100	\$ -	\$ -	\$ -	\$ 113,700	\$ -	\$ -	\$ -	\$ -	\$ 114,300	\$ -	\$ 341,100	
Hardware	6,000	26,400	12,700	6,400	9,200	19,400	13,000	12,700	6,400	9,200	19,400	13,000	6,100	159,900	
	<u>6,000</u>	<u>26,400</u>	<u>125,800</u>	<u>6,400</u>	<u>9,200</u>	<u>19,400</u>	<u>126,700</u>	<u>12,700</u>	<u>6,400</u>	<u>9,200</u>	<u>19,400</u>	<u>127,300</u>	<u>6,100</u>	<u>501,000</u>	<b>3</b>
<b>Operating Net Cash Flow</b>	<u>\$ 118,700</u>	<u>\$ 104,800</u>	<u>\$ (29,500)</u>	<u>\$ 41,800</u>	<u>\$ 55,400</u>	<u>\$ 116,800</u>	<u>\$ (35,000)</u>	<u>\$ 76,800</u>	<u>\$ 38,500</u>	<u>\$ 54,900</u>	<u>\$ 115,800</u>	<u>\$ (36,200)</u>	<u>\$ 36,500</u>	<u>\$ 659,300</u>	
<b>Non-Operating Cash Disbursements</b>															
Salaries & Benefits	\$ 34,300	\$ -	\$ 163,400	\$ -	\$ 18,200	\$ -	\$ 168,000	\$ -	\$ -	\$ 18,200	\$ -	\$ 170,700	\$ 20,000	\$ 592,800	<b>4</b>
General & Administrative	5,300	300	10,500	2,800	200	500	10,500	3,000	200	200	500	10,500	2,800	47,300	<b>5</b>
Hosting & Licensing	-	3,800	45,800	-	-	3,800	42,200	-	-	1,700	2,100	42,900	-	142,300	<b>6</b>
Office Leases	-	-	-	2,000	-	-	-	2,000	-	-	-	-	17,700	21,700	<b>7</b>
Contingency	-	-	15,000	-	-	-	15,000	-	-	-	-	15,000	-	45,000	<b>8</b>
Restructuring Professional Fees and Costs	-	-	185,000	-	-	-	-	140,000	-	-	-	140,000	-	465,000	<b>9</b>
	<u>39,600</u>	<u>4,100</u>	<u>419,700</u>	<u>4,800</u>	<u>18,400</u>	<u>4,300</u>	<u>235,700</u>	<u>145,000</u>	<u>200</u>	<u>20,100</u>	<u>2,600</u>	<u>379,100</u>	<u>40,500</u>	<u>1,314,100</u>	
<b>Net Cash Flow</b>	<u>\$ 79,100</u>	<u>\$ 100,700</u>	<u>\$ (449,200)</u>	<u>\$ 37,000</u>	<u>\$ 37,000</u>	<u>\$ 112,500</u>	<u>\$ (270,700)</u>	<u>\$ (68,200)</u>	<u>\$ 38,300</u>	<u>\$ 34,800</u>	<u>\$ 113,200</u>	<u>\$ (415,300)</u>	<u>\$ (4,000)</u>	<u>\$ (654,800)</u>	
<b>Opening Cash</b>	\$ 441,900	\$ 521,000	\$ 621,700	\$ 172,500	\$ 209,500	\$ 246,500	\$ 359,000	\$ 88,300	\$ 20,100	\$ 58,400	\$ 93,200	\$ 206,400	\$ 41,100	\$ 441,900	
Net cash flow	79,100	100,700	(449,200)	37,000	37,000	112,500	(270,700)	(68,200)	38,300	34,800	113,200	(415,300)	(4,000)	(654,800)	
Proposed Interim Financing Advance/Payment	-	-	-	-	-	-	-	-	-	-	-	250,000	-	250,000	
<b>Ending Cash</b>	<u>\$ 521,000</u>	<u>\$ 621,700</u>	<u>\$ 172,500</u>	<u>\$ 209,500</u>	<u>\$ 246,500</u>	<u>\$ 359,000</u>	<u>\$ 88,300</u>	<u>\$ 20,100</u>	<u>\$ 58,400</u>	<u>\$ 93,200</u>	<u>\$ 206,400</u>	<u>\$ 41,100</u>	<u>\$ 37,100</u>	<u>\$ 37,100</u>	
<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	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	<b>10</b>
Opening interim loan borrowings	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 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>	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 250,000</u>	


UNAUDITED CASH FLOW FORECAST PREPARED BY MANAGEMENT, MUST BE READ IN CONJUNCTION WITH THE NOTES AND ASSUMPTIONS & TRUSTEE'S REPORT ON THE CASH FLOW STATEMENT

Trakopolis SaaS Corp.

  
Richard Clarke  
CEO and CFO

November 17, 2019  
Date

Alvarez & Marsal Canada Inc., in its capacity as Proposal Trustee of  
Trakopolis SaaS Corp., and not in its personal or corporate capacity

  
Orest Konowalchuk, CPA, CA, CIRP, LIT  
Senior Vice President

November 17, 2019  
Date

In the Matter of the Notice of Intention  
to make a Proposal of Trakopolis SaaS Corp.

**Notes to the Consolidated Statement of Cash Flow or the 13-week  
period ending February 9, 2020**

**Purpose and General Assumptions of the Cash Flow Statement**

1. Trakopolis IoT Corp and Trakopolis SaaS Corp. (collectively referred to as the “**Company**”) has prepared this Cash Flow Statement and the accompanying Notes to the Cash Flow Statement (collectively the “**Cash Flow Statement**”) in support of the proposal proceedings that has been filed under the Bankruptcy and Insolvency Act (“**BIA**”) on November 7, 2019 and November 9, 2019, respectively.

Alvarez & Marsal Canada Inc. is the Proposal Trustee in this matter (the “**Proposal Trustee**”). The Cash Flow Statement should be read in conjunction with the Report on Cash Flow Statement by the Company (Form 30 under the BIA) and also with the Proposal Trustee’s Report on Cash Flow Statement (Form 29 under the BIA).

The Company has prepared the Cash Flow Statement based on probable and hypothetical assumptions that reflect the Company’s planned course of action for the period from November 7, 2019 to February 7, 2020 (the “**Cash Flow Period**”). Management is of the opinion that, as at the date of filing the Cash Flow Statement, the assumptions used to develop the projection represent the most probable set of economic conditions facing the Company and that the assumptions used proved a reasonable basis for and are consistent with the purpose of the Cash Flow Statement.

The Cash Flow Statement has been developed pursuant to subsection 50 (6) of the BIA and is in support of these BIA proceedings. The information contained in the Cash Flow Statement is subject to changing assumptions and/or receipt of new or additional information; actual results may vary.

This Cash Flow Statement should not be used for any other purpose, and creditors are cautioned that the information provided in the Cash Flow Statement could vary based on changing future circumstances.

The projected cash flow statement is prepared in Canadian dollars.

**Hypothetical and Probable Assumptions**

2. Receipts

Cash receipts consists of subscription and hardware sales receipts expected from existing customers payable monthly and forecasted new customers receipts. The Company is expecting the receipt of a damage deposit of \$11,000 in Week 2 relating to a previously office lease arrangement it no longer is involved with. The Company has provided for a 10%

risk allowance for customer receipts as a conservative estimation on the possible impact of the NOI filing and public announcement thereof.

3. Operating disbursements

Operating disbursements relate to vendor and supplier costs specifically relating to fulfilling subscription and hardware customer sales. The Company has considered the impact to payment terms of certain suppliers as a result of the NOI filing.

4. Salaries & Benefits

Salaries and benefits relate to the Company's 18 employees payable on a monthly basis, including certain mid-month advances paid on the 15th of each period.

5. General & Administrative

General and administrative costs include costs associated with corporate insurance payments, taxes, utilities, credit card fees and equipment leases for various assets used by the Company.

6. Hosting & Licensing

Hosting expense is based on current and forecasted subscription costs, which correlates with subscription base sales. Licensing costs includes payments for all necessary licenses for the operation of solutions offered consistent with their agreed upon terms.

7. Office Leases

Office lease agreement stipulates a free-rent period where the first rental payment is due the first week of February 2020. The Company is responsible to pay additional monthly parking costs for approximately \$2,100 due on the first day of each month.

8. Contingency

Contingency expenses of \$15,000 has been estimated to address certain unexpected costs that may arise during the course of the Company's restructuring process, including any TSXV or regulatory costs associated with disclosure and compliance as a public company.

9. Restructuring Professional Fees & Costs

Restructuring professional fees and costs associated with the Company's restructuring efforts includes those of Company's legal counsel, the Company's proposal trustee as well as the trustee's counsel. These are forecast costs that may vary depending on the complexity and uncertainty of the NOI proceedings.

10. Proposed Interim Financing

The Company forecasts the requirement to borrow funds during the 13-Week Cash Flow Forecast. The ability for the Company to borrow funds will be subject to Court approval.