TrackX Holdings Inc.

Management's Discussion and Analysis

For the Year Ended September 30, 2020

The following discussion and analysis ("**MD&A**") of the operations, results and financial position of TrackX Holdings Inc. (the "**Company**") for the year ended September 30, 2020 should be read in conjunction with the Company's audited consolidated financial statements and related notes thereto for the fiscal years ended September 30, 2020 and September 30, 2019. For further information on the Company, reference should also be made to its public filings under the Company's profile on SEDAR at www.sedar.com. Information is also available on the Company's website at www.trackx.com. The effective date of this report is February 2, 2021. All figures are presented in Canadian dollars, unless otherwise indicated.

COMPANY HISTORY AND COMPANY OVERVIEW

The Company was incorporated under the Canadian Business Corporations Act on April 21, 2004. On August 24, 2012, the Company consolidated all of its issued and outstanding common shares on a ten (10) old common shares for one (1) new common share basis. On December 31, 2013, the Company consolidated all of its issued and outstanding common shares on a four (4) old common shares for one (1) new common share basis. On July 2, 2015, the Company consolidated all of its issued and outstanding common shares on a ten (10) old common shares for one (1) new common share basis. On January 11, 2016, the Company continued into and became a company existing in British Columbia under the British Columbia Business Corporations Act.

The Company's head office is located at 7800 E. Union Ave., Suite 430, Denver, CO 80237 United States of America ("**USA**") and its registered office and records office is located at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6B 2R9.

The Company changed its name from Cougar Minerals Corporation to TrackX Holdings Inc. ("**TrackX**") (formerly TrackX LLC) upon the completion of an acquisition of all of the issued share capital of TrackX, Inc. (the "**Acquisition**") resulting in a reverse takeover of the Company, on May 26, 2016.

TrackX, Inc. is incorporated and existing under the laws of the state of Delaware, USA TrackX's principal business is the development and customization of its proprietary enterprise software platform which enables companies to track physical assets using a wide variety of unique item level tracking and sensor technology.

On closing of the Acquisition, TrackX, Inc. became a wholly owned subsidiary of the Company. As TrackX, Inc. is deemed to be the acquirer for accounting purposes, its assets and liabilities and operations since incorporation on July 9, 2015 are included in the consolidated financial statements at their historical carrying value. The Company's results of operations are those of TrackX, with the Company's operations being included from May 26, 2016 onwards, being the closing date of the Acquisition. Please refer to "Reverse Takeover" (Note 4) of the Consolidated Financial Statements for more details.

TrackX is an enterprise asset management company deploying Software-as-a-Solution ("**SaaS**") based solutions leveraging multiple auto-ID and sensor technologies for the comprehensive tracking and management of physical assets and inventory. TrackX's Global Asset Management for Enterprises ("**GAME**") platform enables the Industrial Internet of Things ("**IIoT**") by providing unique item level tracking, workflow processing, event management, alerting, and powerful analytics to deliver solutions across an expanding number of industries. TrackX delivers significant value to companies in industries such as transportation, beverage, brewery, automotive, hi-tech, hospitality, mining, agriculture, horticulture, manufacturing and government.

SIGNIFICANT HIGHLIGHTS

The following highlights developments for the year ended September 30, 2020 ("**YE 2020**") and to the date of this MD&A:

During the YE 2020, the Company executed on its strategic decision to transition out of its yard management business, to focus on higher margin, repeatable opportunities in the supply chain segment, through the sale of our yard management service line to FourKites. The Company shifted its focus more towards leveraging its core solution platform in supply chain related opportunites where tracing, tracking, visibility and sustainability is being sought by enterprises to become more adaptable, responsive and flexible to supply chain disruptions like those we saw in 2020 as a result of COVID.

TrackX stayed committed to its core operational strategies which continued to generate results:

LAND & EXPAND

While TrackX remained busy with transition services following the sale of its Yard Business and the associated expansion of its strategic partnership with FourKites, the Company continued to execute on its land and expand strategy:

- For the second largest insurance company in the industry, TrackX has continued its expansion of the GAME for Enterprise Asset Management (EAM) solution. The customer is extending GAME to third party hardware manufacturers in order to drive additional supply chain visibility regarding hardware shipments from the vendor to TrackX's customer. RFID tags are being placed on hardware at the point of shipment from the manufacturer. This will allow TrackX's customer to track and trace hardware receipts into their facilities and ensure efficient allocation of hardware to the appropriate departments.

- Following the successful implementation of GAME to Track & Trace R&D vehicles for a global leader in powersports vehicles, TrackX entered its Phase 2 expansion in which this customer will implement GAME as its core vehicle management and locating solution encompassing recreational vehicles across a multitude of recognizable brands. The integration of GAME with the customer's centralized reporting system will ensure that vehicle information is readily available throughout the enterprise to support operationally critical business decisions. The Phase 2 implementation positions GAME as the centralized source of vehicle information, which TrackX expects to expand to include additional assets, inventory and locations in the future.

- TrackX announced an initial three year agreement to provide its supply chain and inventory management solutions to Shifflet Bros. Enterprises ("Shifflet"), a freight hauling provider servicing the electric utility industry. TrackX will leverage GAME to automate Shifflet's management and delivery of utility poles to utility operator job sites and service centers. The initial deployment will utilize TrackX's Global Asset Management for Enterprises (GAME) platform to automate many previously manual processes such as shipment receipt, inventory management, put away, order picking, routing and delivery that will drive efficiency throughout the Shifflet operation.

RESEARCH AND DEVELOPMENT

TrackX has made continual enhancements to the GAME enterprise solution platform with additional features, workflows and analytics based upon feedback received from customers and partners. Increased support for new tracking and sensor technologies positions TrackX to deliver additional value and an increased ROI to customers. During the YE 2020, the Company continued to make investments in the delivery of blockchain and distributed ledger solutions, supporting the Company's refined focus on repeatable, higher margin SaaS-based solutions targeting supply chain execution, sustainability and returnable transport item management.

PARTNERSHIPS

The Company has continued to expand relationships with key partners. As these relationships continue to evolve, collaboration with the partner ecosystem is anticipated to drive additional pipeline growth and recurring SaaS revenue over future quarters:

- The Company has continued to evolve its strategic partnership with FourKites, the Chicago-based creator of the predictive supply chain visibility category, boasting the world's largest network of shippers, carriers, and 3PLs. The Company has successfully transitioned its Yard Management business and related customer contracts to FourKites and is working closely with FourKites on joint sales and marketing opportunities, expected to result in additional SaaS revenue in subsequent quarters.
- The Company expanded its relationship with Barcoding Inc., whose vision is to deliver supply chain automation and innovation to enable organizations to be more efficient, accurate and connected. Through additional sales and marketing collaboration, the partnership has created multiple customer opportunities in the supply chain management industry that TrackX expects to generate additional SaaS revenue over future quarters.
- The Company has continued to evolve its partnership with Omni-ID, a major IoT hardware and tag provider. Omni-ID has announced a series of active-RFID, Bluetooth low energy (BLE) and Long Range (LoRa) asset tags that, integrated with GAME, address a cost-effective solution in the tracking of high value assets across multiple industries. Partially driven by the COVID-19 pandemic, opportunities have arisen for the utilization of GAME leveraging BLE and Ultra-wideband technology to deliver contact tracing solutions enabling companies to keep their employees safe by maintaining and monitoring social distance within their environments.
- Subsequent to YE 2020, TrackX announced that it has entered into a strategic relationship with TOPL, a blockchain-based ESG (Environmental, Social, Governance) technology company, to provide a verifiable tracking and tracing solution to meet industry demand for greater supply chain tracing, tracking, sustainability, transparency, and efficiency. The integrated solution will combine Topl's purpose-built blockchain technology with TrackX's core enterprise asset management and supply chain optimization capabilities. Companies will be able provide their customers and consumers with verifiable proof of origin and sustainability as well as Corporate Social Responsibility (CSR) claims. Unlike other supply chain optimization platforms, the TrackX and Topl platform is one of the only ones to reliably collect, track, report, and verify supply chain events in a single end-to-end solution.

OPERATIONAL EFFICIENCY

The Company has closely monitored and managed its operational metrics and strives to continually improve operating efficiency and reduce overall operating expense.

CUSTOMER SUCCESS

The Company hase strived to maintain a process of consistent communication and feedback with its customers. This communication is of paramount importance in delivering the highest quality of service to TrackX customers. It is also an important catalyst in the definition and prioritization of new product features and capabilities.

FISCAL PERFORMANCE

The Company's total revenue decreased $2,332,674 (37%) to $3,955,434 for the year ended September 30, 2020 ("**YE 2020**") as compared to $6,288,108 for year ended September 30, 2019 ("**YE 2019**"). Recurring revenue decreased $673,687 (25%) for a total of $2,037,193 YE 2020 as compared to $2,710,880 for YE 2019. The decrease in recurring revenue of approximately $270,000 for Q4 2020 was largely due to the sale of the yard management business to FourKites at the end of the 2nd quarter of 2020. In Q4 2020, there was also a decline in revenue from a large automotive customer who made a strategic decision to migrate operationally critical solutions in house and support them with their internal team.

Hardware and other implemention revenue was $1,918,241 for YE 2020 compared to $3,137,575 in YE 2019 a decrease of $1,219,334 (39%). Software license fees were $Nil for YE 2020 as compared to $212,210 for YE 2019. In YE 2020, the cost of sales decreased $1,866,537 (52%) to $1,727,380 from $3,593,914 in YE 2019. As anticipated, the sale of the Yard Management business to FourKites, drove a decrease in the hardware revenue, cost of sales and recurring revenue as both the revenue and hardware expenses associated with transitioned accounts were recognized by FourKites.

Operating expenses for YE 2020 and YE 2019 were $4,376,024 and $6,405,468, respectively. This decrease of $2,2029,444 was largely due to an decrease in salaries and benefits, though a reduction in the Company's workforce on reduced business activity and enhanced operating efficiencies following the sale of yard management (YE 2020 $1,081,535, YE 2019 $2,097,162), sales and marketing on reduced business activity (YE 2020 $350,594, YE 2019 $1,350,055) and product enhancements and development expenses on reduced business customer activity particularly in regards to yard management (YE 2020 $Nil, YE 2019 $338,165). The capitalized product enhancements and development costs are amortized over a 12 month period.

The Company experienced a one time gain of $2,650,076 for YE 2020 for the Sale of the Yard Management business to FourKites, Inc.

SELECTED ANNUAL INFORMATION

The following table represents selected financial information of the Company for the three (3) most recently completed financial years and should be read in conjunction with the Company's audited financial statements and associated management discussion and analysis:

	2020	2019	2018
	$	$	$
Total revenue	3,955,434	6,288,108	5,668,119
Income (Loss) for the year	185,252	(3,919,095)	(3,452,184)
Comprehensive income (loss) for the year	170,719	(4,029,350)	(3,228,633)
Total assets	1,023,343	2,542,503	5,469,729
Total liabilities	4,020,004	6,389,669	4,947,308
Basic income (loss) per common share	0.01	(0.05)	(0.04)
Fully diluted income (loss) per common share	0.00	(0.05)	(0.04)

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's quarterly financial results (unaudited) for the fiscal quarters noted:

	September 30 2020	June 30 2020	March 31 2020	December 31 2019
	$	$	$	$
Revenues	817,897	1,029,774	930,823	1,176,940
Cost of sales	265,058	318,960	544,092	599,270
Gross margin	68%	69%	42%	49%
Expenses	1,153,289	1,220,471	1,171,528	1,320,153
Net income (loss)	(307,474)	(926,684)	2,168,060	(748,650)
Income (loss) per share	(0.01)	(0.01)	0.02	(0.02)
Total assets	1,023,343	1,731,257	2,344,739	1,914,348

	September 30 2019	June 30 2019	March 31 2019	December 31 2018
	$	$	$	$
Revenues	1,052,592	1,391,341	1,656,249	2,187,926
Cost of sales	474,348	842,550	967,028	1,309,988
Gross margin	55%	39%	42%	40%
Expenses	1,087,347	1,723,536	2,005,019	1,636,839
Net income (loss)	(511,714)	(1,276,177)	(1,315,027)	(815,755)
Income (loss) per share	(0.01)	(0.02)	(0.02)	(0.01)
Total assets	2,542,503	2,823,254	3,666,139	4,601,163

DISCLOSURE OF OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company has 90,976,772 common shares outstanding. The following table summarizes the maximum number of common shares outstanding as at September 30, 2020 and as of the date of this MD&A as if all outstanding stock options and common share purchase warrants were converted to common shares:

	September 30 2020	As of the date of this MD&A
Common shares	88,964,349	90,976,772
Warrants to purchase common shares	3,400,000	3,400,000
Options to purchase common shares	2,957,500	5,232,500
TOTAL	**95,321,849**	**99,609,272**

RESULTS OF OPERATIONS

Year ended September 30, 2020 compared with the Year ended September 30, 2019

Revenues

Revenues were $3,955,434 for YE 2020 (YE 2019 - $6,288,108) for a decrease of $2,332,674 (37%). Recurring revenue decreased by $673,687 to $2,037,193 YE 2020 compared to $2,710,880 YE 2019, a 24% decrease as a result of the yard management business sale to Fourkites. Hardware and other implemention revenue was $1,918,241 for YE 2020 compared to $3,137,575 in YE 2019 a decrease of $1,219,334 (39%)as a result of the sale to Fourkites and the delayed implementations and due to COVID-19. The delayed implementations will have the impact on the timing of revenues from YE 2020 to fiscal 2021. Closing on pipeline activity was also slowed due to COVID-19, however, it is expected that the delayed implementations and the closing on pipeline activity will result in revenue in future quarters. Hardware revenues will continue to decrease as a percentage of total revenue because historically SCM implementations hardware would be a higher percentage of the total solution than EAM (Enterprise Asset Management) or RTI (Returnable Transport Items) solutions. Recurring revenues from EAM and RTI will increase in future periods as a result of the leveraging of scalable asset management platform. Implementation and services revenues will increase as the Company closes on opportunities in the current pipeline, however, the increase will not be as large as the increase in recurring revenues since the EAM and RTI solutions are easier to implement and services as compared to the Yard solution.

Cost of Sales

For the YE 2020, the cost of sales was $1,727,380 versus $3,593,914 for YE 2019. The 52% decrease corresponds with the decrease in hardware and implementation and other services revenue from 54% of total revenue in 2019 to 48% of total revenue in 2020.

Operating Expenses

Expenses were $4,376,024 for YE 2020 compared to $6,405,468 for YE 2019, a decrease of $1,872,731. This decrease was largely due to an decrease in salaries and benefits (YE 2020 $1,081,535, YE 2019 $2,097,165), and sales and marketing (YE 2020 $350,594, YE 2018 $1,266,542. Research and development expenses (YE 2020 $Nil, YE 2019 $338,165) will have a timing difference as the expenses were not capitalized for YE 2019 and the expenses for YE 2020 will be amortized over 12 months.

Net Income (loss)

Net income for YE 2020 was $185,252 compared to a net loss of ($3,919,095) in YTD 2019. The main factor in the moving to a net income for YE 2020 from a net loss for YE 2019 was the one time gain on the sale of the Yard Management line of business to FourKites, Inc of $2,650,076. Additionally, the gross margin increased from 43% for YE 2019 to 56% YE 2020 as a resut of hardware, implementation and other services revenue being a smaller percentage of overall revenue and the reduction in operating expenses and noted above.

Non-IFRS Measures

The accompanying non-IFRS measures do not have any standardized meaning as it relates to performance measures and may not be comparable to other Company or issuer disclosures of similar performance measures. The Company has provided a reconciliation of Adjusted EBITDA to IFRS loss in the following table. Adjusted EBITDA is defined as earnings before interest income, taxes, depreciation and amortization, share-based compensation, and other non-recurring gains and losses. Management believes that adjusted EBITDA is a useful measure that facilitates period to period operating comparisons. Adjusted EBITDA should not be considered a measure superior to IFRS net income (loss).

Adjusted EBITDA	For the Three Months Ended September 30, 2020 (unaudited)	For the Three Months Ended September 30, 2019 (unaudited)	For the Year Ended September 30, 2020	For the Year Ended September 30, 2019
	$	$	$	$
Net Income (Loss)	(706,058)	(511,714)	185,252	(3,919,095)
Amortization of intangible assets	123,169	634,439	1,285,905	1,559,294
Depreciation of equipment and right to use assets	80,855	12,298	328,049	49,940
Finance charges	75,015	120,140	449,104	373,262
Financing costs	66,507	-	77,779	
Share-based compensation	1,932	(235,774)	(2,370)	64,712
Other income (loss)	(294,372)	(407)	2,650,076	6,632
Write-off of Accounts Payable	(20)	(2,585)	(6,285)	(2,585)
Adjusted EBITDA	**(64,228)**	**488,729**	**(332,642)**	**(1,881,104)**

OUTLOOK

With the sale of TrackX's yard management line of business, the Company continues to leverage its scalable enterprise asset management platform on proven and highly repeatable industry solutions. The Company has shifted more if its focus to supply chain tracing, tracking, execution and returnable asset tracking. In the wake of COVID-19, demand for supply chain visibility and efficiency has increased as enterprises strive to ensure that they are able to protect their value chains and deliver quality goods and services to their customers. TrackX's GAME platform and decades of leadership experience in the supply chain industry positions the Company well to take advantage of this current demand.

COVID-19 has brought with it many global challenges across every industry and within every community. The need to eliminate the black holes in the supply chain, protect against product tampering, eliminate theft, maintain a clear chain of custody, ensure product quality and obtain proof of delivery has resulted in supply chain initiatives moving closer to the top of the priority list for many companies. With a proven, enterprise scalable, IOT hardware agnostic, blockchain-enabled supply chain platform, TrackX expects to see a further increase in pipeline activity, and expects to see opportunities close more quickly throughout 2021.

To increase delivery capacity and more effectively respond to industry opportunities, TrackX will continue to develop its partner network. New partners, like FourKites, will continue to be added to the TrackX ecosystem, and additional joint sales and marketing collaboration with partners is expected to fuel additional growth in pipeline activity, and growth in high margin recurring SaaS revenue.

The Company will continue to focus on the expansion of opportunities within existing accounts. TrackX is not only realizing expansion beyond the initial implementation to multiple locations tracking similar assets but is also seeing the GAME platform being leveraged by these customers to track new assets and additional processes. As these implementations are completed, the Company will see growth in recurring revenue in subsequent quarters.

TrackX has a proven enterprise asset management platform and a large market opportunity. The Company acknowledges that it has done an inadequate job at communicating this message to the market. In 2021, the Company intends to make additional investments in marketing, website content and social media in order to improve its messaging to the market and to its shareholders. New outbound target marketing campaigns and a very aggressive prospecting program are expected to generate an increase in pipeline opportunities and subsequent growth in SaaS revenue throughout fiscal 2021.

GAME offers companies an unparalleled opportunity to gain operational efficiencies while at the same time better understand the movement, status and ownership of their assets. GAME will continue to benefit from new features enhancements, the majority of which will come from the automation of business processes and analytics as requested by customers and prospects. Other GAME enhancements will be driven by the integration with new technologies made available by our hardware partners. The Company's recent partnership and integration with the TOPL blockchain further extends asset visibility and tracking in a secure and immutable way which allows customers to more effectively communicate, collaborate and conduct business across the entire supply chain ecosystem.

With the shift in strategy and a laser-like focus on delivering supply chain tracing, tracking, execution and sustainability solutions enabled by vast experience in implementing RFID and IOT based sensor technogoies, the Company expects to close on its current pipeline opportunities and leverage that success to penetrate additional enterprise accounts with higher margin, more repeatable solutions that are easier to deploy, easier to support and easier for partners to sell.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Key management personnel consist of directors and senior management including the President and Chief Executive Officer (CEO), Chief Operating Officer (COO), and Chief Financial Officer (CFO). Key management personnel compensation includes:

	For Three Months Ended September 30, 2020 (unaudited)	For Three Months Ended September 30, 2019 (unaudited)	For the Year Ended September 30, 2020	For the Year Ended September 30, 2019
	$	$	$	$
Salaries and wages	129,492	180,710	562,684	775,616
Consulting	48,422	39,789	193,689	183,301
Automobile allowance	5,448	6,167	23,673	25,863
Share-based compensation	1,932	(161,148)	(2,370)	103,901
	185,294	65,518	780,046	1,088,681

Included in general and administrative expenses for the year ended September 30, 2020 are $96,172 (2019 – $67,642) for directors' fees and services charged by non-key management and therefore are not included in the amounts above. Included in share-based compensation for the year ended September 30, 2020 are $Nil (2019 - $59,857) for directors and therefore are not included in the amounts above.

As of September 30, 2020, $15,409 (2019 – $41,597) is included in the due to related party (short term) for reimbursements and consulting fees to directors and officers of the Company.

On September 28, 2020 the Company issued a promissory note for $66,816 with Captios LLC. The Note carries an interest rate of 10% per annum and is payable upon demand. The Company issued 1,011,280 shares valued at $40,451 were issued to directors as settlement of payables.

FINANCIAL INSTRUMENTS AND RISKS

Capital Risk Management

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes shareholders' equity, comprised of issued share capital, reserves and deficit, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to further develop the infrastructure for customer deployment to support the growing sales and marketing opportunities in the IIOT. To secure the additional capital necessary to pursue these plans, the Company will attempt to raise additional funds through the issuance of equity and warrants, debt or by securing strategic partners.

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the year ended September 30, 2020.

The Company is exposed to a variety of financial risks by virtue of its activities. In particular: market risk (composed of currency risk), liquidity risk, fair value risk and credit risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

Risk management is carried out by management under policies reviewed by the Board of Directors. Management is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies.

The Company’s financial instruments and risk exposures are summarized below:

a) Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations with cash and needs to maintain sufficient cash in excess of anticipated needs. To do so relies on the Company’s ability to achieve positive operating cash flow, raise equity financing or establish debt financing. The Company is exposed to liquidity risk.

b) Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and accounts receivable. Cash is held with major financial institutions in the United States and Canada and is subject to the Interest Rate Risk. Receivables are subject to standard credit terms.

c) Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no interest-bearing debt. The Company’s sensitivity to interest rates is minimal.

d) Foreign Currency Risk is the risk on fluctuation of currency related to monetary items with a settlement currency other than US dollars.

In managing currency risks the Company aims to reduce the impact of short-term fluctuations on earnings by minimizing transactions between TrackX Holdings, Inc. which the functional currency is Canadian Dollars and TrackX, Inc. in which the operational currency is in United States Dollars. As at September 30, 2020, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

Fair Value Hierarchy

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair value of cash is measured based on level 1 inputs of the fair value hierarchy.

The estimated fair value of accounts receivable, deposits, accounts payable, right to use liability, contract liability, due to related party, promissory notes payable, promissory notes payable in default, and accrued liabilities are equal to their carrying values due to the short-term nature of these instruments.

RISKS AND UNCERTAINTIES

An investment in the securities of the Company may be regarded as speculative due to the Company's stage of development. Risk factors relating to the Company could materially affect the Company's future results and could cause them to differ materially from those described in forward-looking statements relating to the Company. Prospective investors should carefully consider the following risks and uncertainties:

Additional Financing

The Company has a history of operating losses and uses cash raised in equity markets to partially fund working capital. If adequate funds are not available when required or on acceptable terms, the Company may be required to delay, scale back or terminate its sales and marketing efforts, and may be unable to continue operations. There can be no assurance that the Company will be able to obtain the additional financial resources required to compete in its markets on favorable commercial terms or at all. Any equity offering may result in dilution to the ownership interests of shareholders and may result in dilution of the value of such interests. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Product Enhancements and Development

The development activities of the Company may be funded by its customers through engineering services provided in addition to the Company's investment in enhancing its existing product suite. If the Company fails to develop new products, incurs delays in developing new products, or if the product or enhancements to existing products and services that the Company develops are not successful, the Company's business could be harmed. Even if the Company does develop new products that are accepted by its target markets, the Company cannot assure that the revenue from these products will be sufficient to justify the Company's investment in research and development.

History of Losses

As at September 30, 2020, the Company had an accumulated deficit of $19,315,474. The Company's prospects must be considered in the context of the implementation stage of its current strategy, the risks and uncertainties it faces, and the inability of the Company to accurately predict its results of sales and marketing initiatives. There can be no assurances that implementation of the Company's strategy will result in the Company generating and sustaining profitable operations.

Product Development and Technological Change

The market for the Company's products and services is characterized by rapidly changing technology, evolving industry standards and frequent new product introductions. To be successful, the Company will need to enhance existing products and to introduce new products and features in response to changing standards, customer requirements, and technological innovations by others. There can be no assurance that the Company will be successful in doing this in a timely manner or at all. The embedded computing and IIoT industries are characterized by a continuous flow of improved products that render existing products obsolete. There can be no assurance that products or technologies developed by others will not render the Company's products obsolete or non-competitive.

Intellectual Property Protection

The Company's ability to compete may be affected by its ability to protect its intellectual property. It relies primarily on a combination of copyright, trademark, patent and trade secret laws, confidentiality procedures and contractual provisions to protect its intellectual property. While the Company believes that its products and technologies are adequately protected against infringement, there can be no assurance of effective protection. Monitoring and identifying unauthorized use of the Company's technology is difficult, and the prohibitive cost of litigation may impair the Company's ability to prosecute any infringement. The commercial success of the Company will also depend upon its products not infringing any intellectual property rights of others and upon no claims for infringement being made against the Company. The Company believes that it is not infringing any intellectual property rights of third parties, but there can be no assurance that such infringement will not occur. Any infringement claims against the Company by a third party, even if it is invalid, could have a material adverse effect on the Company because of the costs of defending against such a claim.

Customer Concentration

The Company's business and future success depends on the Company's ability to maintain its existing customer relationships, add new customers and expand within their current customers. If certain of the significant customers, for any reason, discontinues their relationship with us, or reduces or postpones current or expected orders for products or services, or suffers from business loss, our revenues and profitability could decline materially. The Company continually strives to mitigate this risk by diversifying its customer base.

Dependence on Key Personnel

The Company's future success depends largely on its ability to attract and retain talented employees. The Company is highly dependent on a limited number of key personnel to maintain customer and strategic relationships. Loss of key personnel could have an adverse effect on these relationships and negatively impact the Company's financial performance. The Company's future results of operations will depend in part on the ability of its officers, management and other key employees to implement and expand operational, customer support and financial control systems and to expand, train and manage its employee base. The Company's future performance will also depend to a significant extent on its ability to identify, attract, train and retain highly skilled sales, technical, marketing and management personnel. If the Company were to lose the services of any key personnel, the Company may encounter difficulties finding qualified replacement personnel.

Management of Growth

The Company's future results of operations will depend in part on the ability of its officers and other key employees to implement and expand operational, customer support and financial control systems and to expand, train and manage its employee base. The Company's future performance will also depend to a significant extent on its ability to identify, attract, train and retain highly skilled sales, technical, marketing and management personnel. Substantial growth in the Company's hardware initiatives may require the Company to raise additional capital through the issuance of additional shares or securing financing. There can be no assurance that the Company would be able to secure additional funding through these activities.

Stock Price Volatility

The market price for the common shares of the Company fluctuates significantly, and these fluctuations tend to be exaggerated if the trading volume is low. The market price of the common shares may rise or fall in response to announcements of technological or competitive developments, acquisitions or strategic alliances by the Company or its competitors, the gain or loss by the Company of significant orders or broad market fluctuations.

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon the continued support of its shareholders, obtaining additional financing and generating revenues sufficient to cover its operating costs. During the years ended September 30, 2019 and 2020, the Company's Independent Auditors included an explanatory paragraph in their Audit Report describing a material uncertainty that may cause significant doubt about the Company's ability to continue as a going concern due to recurring losses incurred in recent years. The Company's accompanying consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying interim condensed consolidated financial statements.

Any forward-looking information in this MD&A is based on the conclusions of management. The Company cautions that due to risks and uncertainties, actual events may differ materially from current expectations. With respect to the Company's operations, actual events may differ from current expectations due to economic conditions, new opportunities, changing budget priorities of the Company and other factors.

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2020, the Company had net working capital of $(2,691,666) (September 30, 2019 $3,837,368) and an accumulated deficit of $19,315,474. The Company's objective in managing liquidity risk is to maintain sufficient liquidity in order to meet operational and investing requirements at any point in time. The continuation of the Company is dependent upon the financial support of creditors and stockholders, refinancing debts payable, obtaining additional long-term debt or equity financing, as well as achieving and maintaining a profitable level of operations.

Net cash generated in operating activities for YE 2020 period was $272,878 compared with net cash generated ($1,893,106) in the same period in 2019. The decrease in cash used in operating activities was primarily due to the net income for the period .

Net cash used in investing activities for YE 2020 were $432,412 versus $585,315 for YE 2019. The Company's consolidated financial statements have been prepared in accordance with IFRS under the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than a process of forced liquidation. The interim condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

Net cash flows generated for financing activities for YE2020 were $91,349 (YE 2019 - $294,261).The Company obtain two loans for a total of $376,678. $309,425 was a forgivable loan from the Small Business Administration **("SBA")** in the Payroll Protection Program **("PPP")**. This loan has been forgiven as of December 2020. The other $67,253 was a loan from a customer. The terms of the loan are 10% interest per annum and payable upon demand.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual reports could differ from management's estimates.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Changes in Internal Control over Financial Reporting ("ICFR")

In connection with National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109") adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited interim condensed consolidated financial statements and the audited annual consolidated financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI52-109.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the financial statements.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", “propose”, "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this MD&A contains forward-looking statements, pertaining to the following: capital expenditure programs, development of resources, treatment under governmental regulatory and taxation regimes, expectations regarding the Company's ability to raise capital, expenditures to be made by the Company to meet certain work commitments, and work plans to be conducted by the Company.

ADDITIONAL INFORMATION

For further detail, see the Company’s unaudited interim condensed consolidated financial statements for the year ended September 30, 2020. Additional information about the Company can also be found under the Company’s profile at www.sedar.com.

CORPORATE DIRECTORY

Trading Symbol – TKX
Exchange - TSX-V

Head Offices

TrackX Holdings Inc.
7800 E. Union Ave., Suite 430
Denver, CO 80237 USA
Tel: 303.325.7600
Fax: 303.799.0703

TrackX Holdings Inc.
7800 E. Union Ave., Suite 430
Denver, CO 80237 USA
Tel: 303.325.7600
Fax: 303.799.0703
www.trackx.com

Legal Counsel

McMillan LLP
Suite 1500 – 1055 West Georgia Street
Vancouver, BC, V6E 4N7

Auditors

SingerLewak LLP
2000 S Colorado Blvd.
Tower 2, Suite 200
Denver, CO 80222 USA

Transfer Agent

Computershare
2nd Floor, 510 Burrard Street
Vancouver, BC, V6C 3B9

Officers and Directors

Tim Harvie (President, Chief Executive Officer, Chairman, and Director)
Gene McConnell (Chief Financial Officer)
Chris Brumett (Chief Operating Officer)
Blair Garrou (Director)
Darren Devine (Director)
Heath Butler (Director)