



TrustBIX Inc.

Interim Condensed Consolidated
Financial Statements
(Unaudited)
June 30, 2020

TrustBIX Inc.

Interim Condensed Consolidated Statement of Financial Position

(Unaudited)

As at June 30, 2020

| | June 30, 2020 \$ | September 30, 2019 \$ |
|--|------------------------|-----------------------------|
| Assets | | |
| Current assets | | |
| Cash | 261,509 | 1,617,627 |
| Accounts receivable | 120,729 | 165,868 |
| Inventory | 60,209 | 60,316 |
| Deposits and prepaid expenses | 25,059 | 64,893 |
| | <u>467,506</u> | <u>1,908,704</u> |
| Property and equipment (note 5) | 38,858 | 37,943 |
| Intangible assets (note 6) | 66,144 | 120,770 |
| Right-of-use assets (note 7) | 92,974 | - |
| Investment (note 8) | 346,148 | - |
| | <u>1,011,630</u> | <u>2,067,417</u> |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | 575,083 | 504,344 |
| Unearned revenue | 300,321 | 246,394 |
| Lease liability (note 7) | 38,760 | - |
| | <u>914,164</u> | <u>750,738</u> |
| Long-term lease liability (note 7) | 58,112 | - |
| | <u>972,276</u> | <u>750,738</u> |
| Shareholders' Equity | | |
| Share capital issued (note 9(a)) | 7,811,697 | 6,936,913 |
| Share capital – committed (note 9(b)) | 69,928 | - |
| Warrants (note 9(d)) | 911,689 | 1,029,681 |
| Contributed surplus (note 9(e)) | 989,766 | 837,161 |
| Capital reserve | 149,628 | 149,628 |
| Deficit | (9,893,354) | (7,636,704) |
| | <u>39,354</u> | <u>1,316,679</u> |
| | <u>1,011,630</u> | <u>2,067,417</u> |
| Nature of operations and going concern (note 1) | | |
| Subsequent events (note 15) | | |

Approved by the Board of Directors

(Signed) "Hubert Lau" _____ Director (Signed) "Tony Barlott" _____ Director

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TrustBIX Inc.

Interim Condensed Consolidated Statements of Changes in Equity (Deficiency)

(Unaudited)

For the nine-month periods ended June 30, 2020 and 2019

| | Share capital \$ | Share capital – committed \$ | Preferred shares \$ | Equity component of convertible preferred shares \$ | Warrants \$ | Contributed surplus \$ | Capital reserve \$ | Deficit \$ | Total \$ |
|--|------------------------|---------------------------------------|---------------------------|---|------------------|------------------------------|--------------------------|--------------------|------------------|
| Balance – October 1, 2019 | 6,936,913 | - | - | - | 1,029,681 | 837,161 | 149,628 | (7,636,704) | 1,316,679 |
| Net loss for the period | - | - | - | - | - | - | - | (2,256,650) | (2,256,650) |
| Transactions with the owners in their capacity as owners: | | | | | | | | | |
| Common shares issued in private placement, net of share issue costs (notes 9(a) and (d)) | 259,963 | - | - | - | 38,577 | - | - | - | 298,540 |
| Common shares issued on exercise of warrants (notes 9(a) and (d)) | 614,821 | - | - | - | (156,569) | - | - | - | 458,252 |
| Private placement committed to issuance of common shares, net of share issue costs (note 9(b)) | - | 69,928 | - | - | - | - | - | - | 69,928 |
| Stock-based compensation (note 9(e)) | - | - | - | - | - | 152,605 | - | - | 152,605 |
| Balance – June 30, 2020 | 7,811,697 | 69,928 | - | - | 911,689 | 989,766 | 149,628 | (9,893,354) | 39,354 |
| Balance – October 1, 2018 | 301,010 | 1,073,420 | 429,148 | 199,280 | 649,050 | - | 149,628 | (4,244,120) | (1,442,584) |
| Net loss for the period | - | - | - | - | - | - | - | (2,736,639) | (2,736,639) |
| Transactions with the owners in their capacity as owners: | | | | | | | | | |
| Issuance of common shares in private placement, net of share issue costs (notes 9(a) and (d)) | 5,090,058 | (3,290,325) | - | - | 399,426 | - | - | - | 2,199,159 |
| Conversion of preferred shares into common shares (note 9(c)) | 1,226,708 | - | (429,148) | (56,674) | - | - | - | - | 740,886 |
| Preferred shares redeemed (note 9(c)) | - | - | - | (142,606) | - | 142,606 | - | - | - |
| Private placement committed to issuance of common shares, net of share issue costs (note 9(b)) | - | 272,232 | - | - | - | - | - | - | 272,232 |
| Fair value of consideration upon reverse takeover (note 1) | 113,596 | - | - | - | - | - | - | - | 113,596 |
| Private placement committed to issuance of units, net of share issue costs (note 9(b)) | - | 1,944,673 | - | - | - | - | - | - | 1,944,673 |
| Stock-based compensation (note 9(e)) | - | - | - | - | - | 678,422 | - | - | 678,422 |
| Balance – June 30, 2019 | 6,731,372 | - | - | - | 1,048,476 | 821,028 | 149,628 | (6,980,759) | 1,769,745 |

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TrustBIX Inc.

Interim Condensed Consolidated Statements of Loss and Comprehensive Loss

(Unaudited)

For the three and nine-month periods ended June 30, 2020 and 2019

| | Three months ended | | Nine months ended | |
|---|------------------------|------------------------|------------------------|------------------------|
| | June 30, 2020 \$ | June 30, 2019 \$ | June 30, 2020 \$ | June 30, 2019 \$ |
| Revenue | | | | |
| Licence | 1,056 | 44,483 | 18,659 | 73,954 |
| Hardware and installation | 89,402 | 128,896 | 233,476 | 336,087 |
| Professional and development services | 70,313 | 36,453 | 185,813 | 116,029 |
| Maintenance | 190,538 | 201,474 | 652,495 | 656,722 |
| | <u>351,309</u> | <u>411,306</u> | <u>1,090,443</u> | <u>1,182,792</u> |
| Expenses | | | | |
| Wages and benefits (note 9(e)) | 457,486 | 405,328 | 1,798,611 | 1,693,870 |
| Consulting fees | 188,543 | 229,689 | 608,178 | 602,509 |
| Professional fees | 52,459 | 209,774 | 226,085 | 737,436 |
| Hardware costs and supplies | 30,638 | 85,688 | 132,932 | 200,998 |
| Travel, trade shows and conferences | 13,787 | 92,086 | 144,207 | 247,289 |
| Office | 64,923 | 59,449 | 243,352 | 167,433 |
| Amortization and depreciation | 33,727 | 23,722 | 98,227 | 66,821 |
| Advertising and promotion (recovery) | (655) | 24,697 | 34,520 | 55,384 |
| Research and development | 45,218 | 24,333 | 90,245 | 71,243 |
| Bad debts (recovery) | (3,105) | (13,521) | (10,852) | 6,639 |
| Foreign exchange loss (gain) | 6,861 | - | (9,387) | - |
| | <u>889,882</u> | <u>1,141,245</u> | <u>3,356,118</u> | <u>3,849,622</u> |
| Loss before other (expenses) income and income taxes | <u>(538,573)</u> | <u>(729,939)</u> | <u>(2,265,675)</u> | <u>(2,666,830)</u> |
| Other (expenses) income | | | | |
| Interest expense | (4,620) | - | (11,634) | - |
| Interest income | 2,071 | 5,887 | 9,423 | 11,605 |
| Accretion of preferred shares | - | (21,349) | - | (102,099) |
| Other | - | 18,721 | - | 21,842 |
| Foreign exchange remeasurement on investment | (8,550) | - | 11,236 | - |
| Loss on sale of property and equipment | - | (45) | - | (1,157) |
| | <u>(11,099)</u> | <u>3,214</u> | <u>9,025</u> | <u>(69,809)</u> |
| Loss before income taxes | <u>(549,672)</u> | <u>(726,725)</u> | <u>(2,256,650)</u> | <u>(2,736,639)</u> |
| Income taxes | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net loss and comprehensive loss for the period | <u>(549,672)</u> | <u>(726,725)</u> | <u>(2,256,650)</u> | <u>(2,736,639)</u> |
| Basic and diluted loss per share (note 11) | (0.02) | (0.03) | (0.09) | (0.17) |

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TrustBIX Inc.

Interim Condensed Consolidated Statements of Cash Flows

(Unaudited)

For the three and nine-month periods ended June 30, 2020 and 2019

| | Three months ended | | Nine months ended | |
|---|------------------------|------------------------|------------------------|------------------------|
| | June 30, 2020 \$ | June 30, 2019 \$ | June 30, 2020 \$ | June 30, 2019 \$ |
| Cash provided by (used in) | | | | |
| Operating activities | | | | |
| Net loss for the period | (549,672) | (726,725) | (2,256,650) | (2,736,639) |
| Adjustments to reconcile net loss to cash flows from operating activities: | | | | |
| Amortization and depreciation | 33,727 | 23,722 | 98,227 | 66,821 |
| Accretion of preferred shares | - | 21,349 | - | 102,099 |
| Stock-based compensation | 35,193 | 102,872 | 152,605 | 678,422 |
| Unrealized foreign exchange loss (gain) on investment | 8,550 | - | (11,236) | - |
| Interest income on investment | (2,026) | - | (5,873) | - |
| Interest expense (note 7) | 4,620 | - | 11,634 | - |
| Non-cash consideration upon reverse takeover | - | 113,596 | - | 113,596 |
| Loss on disposal of property and equipment | - | 45 | - | 1,157 |
| Cash used in operating activities before changes in items of non-cash working capital | (469,608) | (465,141) | (2,011,293) | (1,774,544) |
| Net change in items of non-cash working capital (note 12) | 144,446 | (94,000) | 216,647 | 297,331 |
| | (325,162) | (559,141) | (1,794,646) | (1,477,213) |
| Investing activities | | | | |
| Cash held in trust | - | - | - | 195,900 |
| Purchase of property and equipment | - | (1,956) | (9,735) | (15,856) |
| Purchase of investment (note 8) | - | - | (329,039) | - |
| Increase in intangible assets | - | (23,045) | (24,705) | (42,271) |
| Proceeds from government assistance | - | 18,871 | 18,355 | 38,097 |
| | - | (6,130) | (345,124) | 175,870 |
| Financing activities | | | | |
| Lease payments (note 7) | (13,276) | - | (36,167) | - |
| Proceeds from issuance of common shares in private placement (note 9) | - | 1,686,436 | 305,577 | 4,749,302 |
| Proceeds from common shares in private placement committed to be issued (note 9(b)) | 68,027 | - | 68,027 | - |
| Proceeds from exercise of warrants (note 9) | 48,071 | - | 458,252 | - |
| Redemption of preferred shares (note 12) | - | (1,808,942) | - | (1,808,942) |
| Share issue costs (note 9) | (5,000) | (30,339) | (12,037) | (310,738) |
| | 97,822 | (152,845) | 783,652 | 2,629,622 |
| (Decrease) increase in cash during the period | (227,340) | (718,116) | (1,356,118) | 1,328,279 |
| Cash – Beginning of period | 488,849 | 3,136,172 | 1,617,627 | 1,089,777 |
| Cash – End of period | 261,509 | 2,418,056 | 261,509 | 2,418,056 |

The accompanying notes are an integral part of these consolidated financial statements.

TrustBIX Inc.

Notes to Interim Condensed Consolidated Financial Statements

(Unaudited)

June 30, 2020

1 Nature of operations and going concern

TrustBIX Inc.'s (the Company or TrustBIX) business operations consist of information solutions for the livestock industry including:

- the sale, installation and support of software and computer systems for auction markets and livestock dealers;
- the sale, installation and support of software for livestock feedlots;
- the sale, installation and support of data capture and carcass grading systems for pork plants;
- internet based applications that provide animal tracking and management; and
- the sale, installation and support for Business InfoXchange (BIX).

The Company and its wholly owned subsidiary, ViewTrak Technologies Inc. (ViewTrak), are incorporated and domiciled in Canada. The Company and its subsidiary's principal office is located at 10607 – 82 Street, Edmonton, Alberta.

Going concern

These interim condensed consolidated financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS), which contemplates the realization of assets and satisfaction of liabilities in the normal course of business as they come due.

As at June 30, 2020, the Company had a net working capital deficiency of \$446,658 compared to a net working capital of \$1,157,966 as at September 30, 2019. For the three and nine-month periods ended June 30, 2020, the Company incurred a net loss of \$549,672 and \$2,256,650, respectively (\$726,725 and \$2,736,639 net loss for the three and nine-month periods ended June 30, 2019, respectively) and net cash outflow from operating activities of \$325,162 and \$1,794,646, respectively (\$559,141 and \$1,477,213 net cash outflow from operating activities for the three and nine-month periods ended June 30, 2019, respectively). As at June 30, 2020, the Company had an accumulated deficit of \$9,893,354 (September 30, 2019 – \$7,636,704). In addition, the Company also has lease commitments in the amount of \$96,872 as disclosed in note 7.

Management is currently pursuing multiple strategies to increase their net working capital position. Current operations have been financed primarily from the issue of share capital, along with revenues from the sale, installation and support of software and hardware of the ViewTrak segment. Management efforts and the Company's focus are primarily on the development of the Company's proprietary, cloud-based and secure distributed ledger platform (BIX) and its use of incentive solutions related to food traceability and sustainability information. Management is actively pursuing new business opportunities related to the BIX platform to increase cash flows from operations. Additionally, the Company is considering or is in the process of applying for provincial and/or federal government grant and funding programs including Innovation, Science and Economic Development Canada and the Canada Emergency Wage Subsidy (CEWS). During the quarter

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ended June 30, 2020, the Company received \$215,280 from CEWS, which is netted against wages and benefits on the interim condensed consolidated statements of loss and comprehensive loss. The Company has implemented a cost reduction program and is working with certain investors on strategies to exercise the current warrants outstanding. Management is also sourcing financing alternatives, such as through private placement.

Subsequent to June 30, 2020, the Company entered into a contribution agreement with Western Economic Diversification Canada (WD) for a repayable financial contribution (the Contribution) not exceeding \$1,000,000 and received a \$500,000 advance on the Contribution. The Company also received \$71,202 subsequent to June 30, 2020 from the exercise of warrants. See note 15 for details of subsequent events.

The outcome of such efforts is dependent on a number of factors outside of the Company's control. The nature of the technology sector, availability of government grants and current financial equity market conditions, including the impact of a novel strain of the coronavirus (COVID-19) (as disclosed in note 3), make the success of any future financing ventures and the other management strategies uncertain. There can be no assurance that management's efforts will be successful. This uncertainty casts significant doubt upon the Company's ability to continue as a going concern and, accordingly, the appropriateness of the use of accounting principles applicable to going concern.

These interim condensed consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported revenues and expenses that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

Reverse takeover of Reco Northern Alberta Inc.

On April 15, 2019, Reco Northern Alberta Inc. (RNAI) completed an acquisition (the Transaction) with ViewTrak in connection with a triangular amalgamation (Amalgamation) involving ViewTrak and its subsidiaries BIXSco Inc. (BIXSco) and Feedlot Solutions Ltd. (Feedlot Solutions) and 2141987 Alberta Ltd. (#co), a wholly owned subsidiary of RNAI created solely for the purpose of effecting the Amalgamation, in accordance with the Business Corporations Act (Alberta).

Pursuant to the Amalgamation, RNAI, on a post-consolidation and name change basis, acquired all of the issued and outstanding common shares of ViewTrak and all of the outstanding common share purchase warrants of ViewTrak in consideration of common shares and common share purchase warrants of RNAI.

The Company changed its name to TrustBIX Inc. The common shares of the Company were listed on the TSX Venture Exchange on April 29, 2019 under the trading symbol of "TBIX".

The merger of a private operating entity (ViewTrak) into a non-operating public shell corporation (RNAI) with nominal net assets, on April 15, 2019, resulted in (1) the owners of the private entity gaining control over the combined entity after the transaction, and (2) the shareholders of the former public shell corporation continuing only as passive investors. At the time of the Transaction, RNAI's assets consisted primarily of a business licence, and it did not have any processes capable of generating outputs; therefore, RNAI did not meet the

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definition of a business, and the transaction was not considered a business combination. Rather, this has been considered a capital transaction of the legal acquiree, being the issuance of shares by ViewTrak for the net monetary assets of RNAI accompanied by a recapitalization. The value of the RNAI 256,346 common shares has been determined to be \$211,096 and has been expensed as listing expense included in professional fees in the interim condensed consolidated statements of loss and comprehensive loss. The fair value of the common shares amounted to \$211,096, based on the shares issued in a concurrent financing of the Company's common shares at the time of the transaction of \$0.50 per share and shares previously issued by ViewTrak.

The following summarizes the reverse takeover of RNAI by ViewTrak and the assets acquired and the liabilities assumed on April 15, 2019, the amalgamation date:

| | \$ |
|---|----------------|
| Consideration already paid during the year ended September 30, 2018 | 97,500 |
| Net tangible assets acquired | - |
| Additional consideration recognized at the time of the transaction | <u>113,596</u> |
| Total consideration | <u>211,096</u> |

2 Basis of presentation

These interim condensed consolidated financial statements of the Company have been prepared in accordance with IFRS, as applicable to interim financial reports including International Accounting Standard (IAS) 34, Interim Financial Reporting, and should be read in conjunction with the annual consolidated financial statements of the Company for the year ended September 30, 2019, which have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board (IASB).

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors on August 24, 2020.

Basis of measurement

These interim condensed consolidated financial statements have been prepared in Canadian dollars, which is the Company's presentation and functional currency, and are prepared on a going concern and historical cost basis.

3 Recent developments and impact on estimation uncertainty

In March 2020, the World Health Organization declared a global pandemic following the emergence and rapid spread of COVID-19. The outbreak and subsequent measures intended to limit the pandemic contributed to significant declines and volatility in financial markets. During the quarter ended June 30, 2020, the spread of COVID-19 resulted in a slowing of the agriculture and general business sectors and the closure of certain major meat packing plants, which has resulted in a slowing of meat packing activity. Consequently, farmers are faced with an oversupply of cattle and pork and declining selling prices to the meat packing plants.

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The full extent of the impacts of COVID-19 on the Company's operations and future financial performance is currently unknown. It will depend on future developments that are uncertain and unpredictable, including the duration and spread of COVID-19, its continued impact on capital and financial markets on a macro-scale and any new information that may emerge concerning the severity of the virus. These uncertainties may persist beyond when it is determined how to contain the virus or treat its impact. The outbreak presents uncertainty and risk with respect to the Company, its performance and estimates and assumptions used by management in the preparation of its financial results.

4 Changes in significant accounting policies

Effective October 1, 2019, the Company adopted IFRS 16, Leases, (IFRS 16), which supersedes previous accounting standards for leases, including IAS 17, Leases, and International Financial Reporting Interpretations Committee (IFRIC) 4, Determining whether an arrangement contains a lease. IFRS 16 introduces a single lease accounting model, unless the underlying asset is of low value, and requires a lessee to recognize a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

As a result of adopting IFRS 16, the Company has recognized an increase in both assets and liabilities in its interim condensed consolidated statements of financial position, as well as a decrease to operating expenses (for the removal of base rent expense for leases), an increase to depreciation expense (due to the depreciation of the ROU assets) and an increase to interest expense (due to the accretion of the lease liability).

The Company has adopted IFRS 16 using the modified retrospective method and has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard.

On May 28, 2020, the IASB issued an amendment to IFRS 16 that provides an optional practical expedient to simplify how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications and accounts for them in accordance with other applicable guidance. It applies to COVID-19-related rent concessions that reduce lease payments due on or before June 30, 2021. The amendment does not affect lessors. The amendments are effective for periods beginning on or after June 1, 2020, with earlier application permitted. The Company has adopted the practical expedient for its quarter ended June 30, 2020.

Adjustments recognized on adoption of IFRS 16

On adoption of IFRS 16, the Company recognized lease assets and liabilities in relation to leases previously classified as operating leases under IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the related incremental borrowing rate as at October 1, 2019. The associated ROU assets were measured at an amount equal to the liability (adjusted for accruals and prepayments).

A reconciliation of lease commitments as at October 1, 2019, outlining the effect of the transition to IFRS 16 is outlined below.

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| | \$ |
|--|------------------|
| Operating lease commitments disclosed as at September 30, 2019 | 154,711 |
| Less: Discounted using the incremental borrowing rate at October 1, 2019 | (33,306) |
| Less: Lease entered after September 30, 2019, effective November 1, 2019 | <u>(102,728)</u> |
| Lease liability recognized as at October 1, 2019 | <u>18,677</u> |
| Of which are | |
| Current lease liabilities | 8,483 |
| Non-current lease liabilities | <u>10,194</u> |
| | <u>18,677</u> |

Accounting policy

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, we assess whether:

- the contract involves the use of an identified asset;
- the Company has the right to obtain substantially all the economic benefits from the use of the identified asset throughout the period of use; and
- the Company has the right to the direct use of the assets.

Lessee accounting

Effective October 1, 2019, leases are recognized as a ROU asset and a corresponding lease liability at the date at which the leased asset is available for use. Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to interest expense over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The ROU asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease payments included in the measurement of the lease liability include the net present value of the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- amounts expected to be payable by the Company under residual value guarantee;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

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The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Company's incremental borrowing rate is used. The incremental borrowing rate is the rate that the Company would have to pay to borrow at prevailing interest rates, market precedents and the Company's specific credit spread, on similar terms and security.

ROU assets are initially measured at cost, comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

The ROU assets are typically depreciated on a straight-line basis over the lease term, unless the Company expects to obtain ownership of the leased asset at the end of the lease. The lease term consists of:

- the non-cancellable period of the lease;
- periods covered by options to extend the lease, where the Company is reasonably certain to exercise the option; and
- periods covered by options to terminate the lease, where the Company is reasonably certain not to exercise the option.

If the Company expects to obtain ownership of the leased asset at the end of the lease, the ROU asset is depreciated over the underlying asset's estimated useful life. The ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Use of estimates and judgments

Estimates

The Company estimates the incremental borrowing rate used to measure our lease liability for each lease contract. This includes estimation in determining the asset-specific security impact.

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Judgments

The Company estimates the lease term by considering the facts and circumstances that can create an economic incentive to exercise an extension option, or not exercise a termination option, by assessing relevant factors included in the lease term. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the lease will be extended. The assessment of the lease term is reviewed if a significant event or a significant change in circumstances occurs, which affects this assessment and is within the control of the Company.

Practical expedients applied

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the Company has elected to use a single discount rate to a portfolio of leases with reasonably similar underlying characteristics;
- the Company has elected to exclude initial direct costs incurred in obtaining leases in the measurement of the ROU assets on transition;
- the Company has elected to use hindsight to determine the lease term where the lease contracts contain options to extend or terminate the lease;
- the Company has elected to rely on an onerous lease assessment as at October 1, 2019, as an alternative to performing an impairment review as at October 1, 2019; and
- the Company has elected not to account for leases for which the lease term ends within 12 months of October 1, 2019 as short-term leases or leases that meet the low-value exemption.

The Company has also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Company relied on its assessment made applying IAS 17 and IFRIC 4.

Accounting policies for leases prior to October 1, 2019 are disclosed in the Company's annual consolidated financial statements for the year ended September 30, 2019.

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5 Property and equipment

| | Computer hardware \$ | Computer software \$ | Office furniture and equipment \$ | Total \$ |
|--|----------------------------|----------------------------|--|-------------|
| As at September 30, 2019 | | | | |
| Cost | 82,560 | 17,808 | 14,636 | 115,004 |
| Accumulated depreciation | (51,715) | (17,808) | (7,538) | (77,061) |
| Net book value as at September 30, 2019 | 30,845 | - | 7,098 | 37,943 |
| Cost – as at September 30, 2019 | 82,560 | 17,808 | 14,636 | 115,004 |
| Additions | 9,285 | - | 450 | 9,735 |
| Disposal | (99) | - | - | (99) |
| Cost – as at June 30, 2020 | 91,746 | 17,808 | 15,086 | 124,640 |
| Accumulated depreciation – as at September 30, 2019 | (51,715) | (17,808) | (7,538) | (77,061) |
| Depreciation | (7,752) | - | (1,068) | (8,820) |
| Disposal | 99 | - | - | 99 |
| Accumulated depreciation – as at June 30, 2020 | (59,368) | (17,808) | (8,606) | (85,782) |
| Net book value as at June 30, 2020 | 32,378 | - | 6,480 | 38,858 |

TrustBIX Inc.

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June 30, 2020

6 Intangible assets

| | BIX software \$ | Trademarks \$ | Total \$ |
|---|-----------------------|------------------|------------------|
| As at September 30, 2019 | | | |
| Cost | 238,609 | 8,092 | 246,701 |
| Accumulated amortization | (125,931) | - | (125,931) |
| Net book value as at September 30, 2019 | <u>112,678</u> | <u>8,092</u> | <u>120,770</u> |
| Cost – as at September 30, 2019 | 238,609 | 8,092 | 246,701 |
| Additions | 24,705 | - | 24,705 |
| IRAP government assistance | (18,355) | - | (18,355) |
| Cost – as at June 30, 2020 | <u>244,959</u> | <u>8,092</u> | <u>253,051</u> |
| Accumulated amortization – as at September 30, 2019 | (125,931) | - | (125,931) |
| Amortization | (60,976) | - | (60,976) |
| Accumulated amortization – as at June 30, 2020 | <u>(186,907)</u> | <u>-</u> | <u>(186,907)</u> |
| Net book value as at June 30, 2020 | <u>58,052</u> | <u>8,092</u> | <u>66,144</u> |

7 Right-of-use assets

Below is a summary of the activity related to the Company's ROU assets for the period ended June 30, 2020.

| | \$ |
|---|-----------------|
| ROU assets arising from implementation of IFRS 16 as at October 1, 2019 | 18,677 |
| Additions | 102,728 |
| Depreciation | <u>(28,431)</u> |
| ROU assets as at June 30, 2020 | <u>92,974</u> |

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The following is a summary of the activity related to the Company's lease liabilities for the period ended June 30, 2020:

| | \$ |
|---|----------|
| ROU lease liabilities as at October 1, 2019 | 18,677 |
| Additions | 102,728 |
| Lease payments | (36,167) |
| Accretion of lease liabilities | 11,634 |
| | <hr/> |
| ROU lease liabilities as at June 30, 2020 | 96,872 |
| | <hr/> |
| Of which are | |
| Current lease liabilities | 38,760 |
| Non-current lease liabilities | 58,112 |
| | <hr/> |
| | 96,872 |
| | <hr/> |

8 Financial instruments

The Company's financial instruments consist of cash, accounts receivable, investments and accounts payable and accrued liabilities. The carrying value of cash, accounts receivable and accounts payable and accrued liabilities approximates their fair value due to the immediate or short-term maturity of these financial instruments.

Financial instruments recognized on the interim condensed consolidated statements of financial position dates at fair value are classified in a hierarchy based on the significance of the estimates used in their measurement, as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

On November 7, 2019, TrustBIX invested US \$250,000 in a Calgary, Alberta-based company, Provision Analytics Inc., through a convertible debenture offering maturing in 24 months. It accrues simple interest on an annual basis at the rate of 2.5% per annum. The investment plus accrued interest is convertible into preferred shares upon certain conversion events or maturity, whichever occurs first. Subsequent to the conversion to preferred shares, the Company has an option to immediately convert the preferred shares into common shares at a prescribed conversion ratio at the time of conversion.

The investment is considered a financial asset and is measured at fair value on initial recognition, which is considered the transaction price. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest (SPPI).

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Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristic of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows, where those cash flows represent SPPI, are measured at amortized cost.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at fair value through other comprehensive income (FVOCI).
- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss (FVPL). A gain or loss on a debt instrument that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains (losses) in the period in which it arises.

The investment in Provision Analytics Inc. does not represent SPPI and therefore is classified as a financial asset measured at FVPL.

The fair value of the investment is based on the occurrence of future events, such as a qualified financing, probability of being held to maturity or a liquidation event. Accordingly, the estimate of fair value contains uncertainties as it involves judgment about the likelihood and timing of these trigger events as well as the discount period and rate to be applied. Any change in any of these assumptions could produce a different fair value, which could have a material impact on the results from operations.

The Company recorded the investment initially at the transaction price, and subsequent measurement is determined considering Level 3 fair value inputs based on future cash flows discounted using estimated current lending rates.

The fair value of the convertible debenture was calculated as the net present value of the future cash flows expected to arise at each measurement date. A fair value adjustment was not required after reviewing the fair value calculation of the convertible debenture as at June 30, 2020.

The Company is also exposed to credit risk in relation to debt investments that are measured at FVPL. The maximum exposure as at June 30, 2020 is the carrying amount of the investment.

TrustBIX Inc.

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9 Share capital

Authorized

Unlimited common shares, with no par value

Unlimited preferred shares, voting, convertible, designated as Series 1 and Series 2

a) Common shares

Issued

| | Number | \$ |
|--|-------------------|------------------|
| Balance as at September 30, 2018 | 6,666,666 | 301,010 |
| Issued pursuant to private placement | 6,029,803 | 1,758,287 |
| Issued pursuant to conversion of preferred shares to common shares (note 9(c)) | 3,970,207 | 1,226,708 |
| Issued pursuant to private placement | 8,000,000 | 3,331,771 |
| Share-based payment from the amalgamation (note 1) | 256,346 | 113,596 |
| Balance as at June 30, 2019 | <u>24,923,022</u> | <u>6,731,372</u> |
| Balance as at September 30, 2019 | 25,359,720 | 6,936,913 |
| Issued pursuant to private placement | 509,294 | 259,963 |
| Issued pursuant exercise of warrants (note 9(d)) | 1,527,504 | 614,821 |
| Balance as at June 30, 2020 | <u>27,396,518</u> | <u>7,811,697</u> |

Private placement of 6,029,803 shares

On November 16, 2018, December 4, 2018 and February 27, 2019, the Company completed a private placement, which consisted of the issuance of 1,887,667, 3,179,133 and 963,003 common shares, respectively, at a subscription price of \$0.30 per share. Total gross cash proceeds were \$1,808,941, of which \$1,082,139 was received during the year ended September 30, 2018. These proceeds less share issue costs of \$8,719 were converted from share capital – committed upon the issuance of 3,607,130 common shares. The remaining gross proceeds of \$726,802 less share issue costs of \$41,935 consisted of the issuance of the remaining 2,422,673 common shares.

Private placement of 8,000,000 shares

On April 17, 2019, the Company completed a private placement, which consisted of the issuance of 8,000,000 units at a subscription price of \$0.50 per unit. Each unit consisted of one common share and one-half of a warrant priced at \$0.75 per share. Gross proceeds of \$4,000,000 were received. The gross proceeds were allocated between share capital – issued and warrants in the amounts of \$3,331,771 (net of share issue costs of \$240,036) and \$399,426 (net of share issue costs of \$28,767), respectively. Each

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common share purchase warrant provides the holder the right to acquire one additional common share at an exercise price of \$0.75 and expires after two years. The fair value of the warrants in the amount of \$428,193 was determined using the Black-Scholes option pricing model with the following assumptions: exercise price of \$0.75, volatility of 60%, an expected life of two years, a dividend yield of nil% and a risk-free interest rate of 1.92%.

Private placement of 509,294 shares

On February 7, 2020, the Company completed a private placement, which consisted of the issuance of 509,294 units at a subscription price of \$0.60 per unit. Each unit consisted of one common share and one-half common share purchase warrant (note 9(d)). Each whole common share purchase warrant entitles the holder to purchase a common share at a price of \$0.90 per share for a period of two years from the closing date of February 7, 2020. If the trading volume of the common shares on the principal market on which such shares trade is equal to or exceeds \$1.75 per common share for 20 consecutive trading days, the Company will have the right to accelerate the expiry date of the warrants. Gross cash proceeds of \$305,577 were received in the nine months ended June 30, 2020. The gross proceeds have been allocated between share capital – issued and warrants in the amounts of \$259,963 (net of allocated share issue costs of \$6,128) and \$38,577 (net of allocated share issue costs of \$909), respectively.

The fair value of the warrants in the amount of \$39,486 was determined using the Black-Scholes option pricing model with the following assumptions: stock price of \$0.60, exercise price of \$0.90, volatility of 68%, an expected life of two years, a dividend yield of nil% and a risk-free interest rate of 1.79%.

b) Share capital – committed

| | Number – committed | \$ |
|--|-----------------------|-------------|
| Balance as at September 30, 2018 | 3,607,130 | 1,073,420 |
| Committed to issue pursuant to private placement | 5,795,568 | 2,216,905 |
| Conversion from share capital – committed to share capital | (9,402,698) | (3,290,325) |
| Balance as at June 30, 2019 | - | - |
| Balance as at September 30, 2019 | - | - |
| Committed to issue pursuant to private placement | 227,054 | 69,928 |
| Balance as at June 30, 2020 | 227,054 | 69,928 |

During the nine months ended June 30, 2019, all remaining share capital – committed was converted to share capital – issued as result of completion of the concurrent financing on April 17, 2019.

TrustBIX Inc.

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During the three months ended June 30, 2020, subscription agreements related to private placements were signed that provided a commitment to issue 227,054 common shares at a subscription price of \$0.33 per common share for a total of \$69,928 committed to purchase common shares (net of share issue costs of \$5,000). As at June 30, 2020, cash proceeds of \$68,027 were received and \$6,901 is receivable.

c) Preferred shares

At a special meeting of the shareholders of the Company on April 20, 2018, the shareholders resolved to convert all of the 461,932 common shares outstanding as at September 30, 2017 into 2,750,002 voting, convertible, preferred Series 1 shares. The preferred shares were issued on July 13, 2018. On April 20, 2018, the shares held by the non-controlling interest of one of the subsidiary companies were converted into 250,000 voting, convertible, preferred Series 2 shares of the Company in exchange for the remaining 25% interest in BIXSco.

The voting convertible preferred Series 1 and Series 2 shares had the following attributes:

- redeemable and retractable at \$1 per share;
- the Company can redeem the shares at any time;
- the holder of the preferred shares had the right to require the Company to redeem the shares following the later of the date on which all of the common shares are acquired by a public company, and the date such public company completed an initial public offering; and
- the preferred shares would be automatically converted into common shares on July 1, 2019 at the rate of one common share for every \$0.15 of redemption value.

In June 2018, the Company granted the preferred shareholders the right to convert up to 20% of their preferred shares into common shares at an exercise value of \$0.30 per share. This conversion would occur when the holder had the right to require the Company to redeem the shares as noted above or at the Company's discretion. As at September 30, 2018, preferred shareholders holding \$429,148 (net of \$4,100 share issue costs) of the \$3,000,002 redemption value agreed in writing to convert their shares. Because these shares are no longer redeemable or retractable, they have been classified as equity.

The remaining convertible preferred shares with a redemption amount of \$2,566,754 were classified as a current liability. The liability component of these convertible preferred shares was initially recognized at its estimated fair value of \$2,367,474 using an estimated maturity of January 31, 2019 and an interest rate of 15%. The residual \$199,280 representing the conversion option was recognized in equity. During the nine months ended June 30, 2019, \$102,099 was recorded as accretion expense related to the liability. Upon completion of the transaction on April 15, 2019, the remaining \$142,606 residual equity component of preferred shares was reclassified to contributed surplus.

On December 4, 2018, the \$429,148, noted above, as well as an additional \$797,560 of the preferred shares were converted and the Company issued 3,970,207 common shares on conversion.

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On April 30, 2019, the preferred shares were redeemed for a total of \$1,808,942 and the liability was extinguished.

d) Warrants

| | Number | \$ |
|---|--------------------|------------------|
| Balance as at September 30, 2018 | 6,666,666 | 649,050 |
| Warrants committed to be issued (note 9(a)) | 4,000,000 | 399,426 |
| Balance as at June 30, 2019 | <u>10,666,666</u> | <u>1,048,476</u> |
| | | |
| Balance as at September 30, 2019 | 10,483,301 | 1,029,681 |
| Issued (note 9(a)) | 254,645 | 38,577 |
| Warrants exercised (note 9(a)) | <u>(1,527,504)</u> | <u>(156,569)</u> |
| Balance as at June 30, 2020 | <u>9,210,442</u> | <u>911,689</u> |

The expiration dates of warrants outstanding as at June 30, 2020 were as follows:

| Expiration date | Warrants outstanding number | Exercise price \$ |
|------------------|-----------------------------------|-------------------------|
| August 3, 2020 | 2,418,864 | 0.30 |
| August 10, 2020 | 2,536,933 | 0.30 |
| April 16, 2021 | 4,000,000 | 0.75 |
| February 7, 2022 | <u>254,645</u> | 0.90 |
| | <u>9,210,442</u> | |

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e) Stock options and compensation expense

A summary of the stock options outstanding as at June 30, 2020 and 2019 and changes during the periods ended on those dates is as follows:

| | June 30, 2020 | | June 30, 2019 | |
|-------------------------------------|------------------|------------------------------------|------------------|------------------------------------|
| | Number | Weighted average exercise price \$ | Number | Weighted average exercise price \$ |
| Outstanding – Beginning of period | 2,939,997 | 0.37 | - | - |
| Forfeited | (295,000) | 0.36 | - | - |
| Granted | - | - | 3,333,330 | 0.36 |
| Outstanding – End of period | <u>2,644,997</u> | <u>0.37</u> | <u>3,333,330</u> | <u>0.36</u> |
| Options exercisable – End of period | <u>1,760,553</u> | <u>0.37</u> | <u>1,367,777</u> | <u>0.35</u> |

A summary of the stock options granted for the quarter ended December 31, 2018 is as follows:

| Grant date | Exercise price \$ | Number |
|---|-------------------|------------------|
| October 31, 2018 – Directors ^(a) | 0.15 | 225,000 |
| October 31, 2018 – Directors ^{(b)(d)} | 0.15 | 250,000 |
| October 31, 2018 – Key management ^(b) | 0.15 | 838,330 |
| October 31, 2018 – Employees ^(b) | 0.15 | 20,000 |
| December 17, 2018 – Directors ^(a) | 0.50 | 160,000 |
| December 17, 2018 – Directors ^{(c)(d)} | 0.50 | 500,000 |
| December 17, 2018 – Key management ^(c) | 0.50 | 1,100,000 |
| December 17, 2018 – Employees ^(c) | 0.50 | 240,000 |
| | | <u>3,333,330</u> |

- a) These options vest immediately and are exercisable the earlier of: (i) 90 days after the amalgamation as described in note 1; and (ii) 90 days after the date on which the option holder ceases to be a director of the Company.
- b) These options vest one-third immediately, one-third on the 12-month anniversary date and one-third on the 24-month anniversary date and are exercisable for a term of five years.
- c) These options vest one-third immediately, one-third on the 12-month anniversary date and one-third on the 24-month anniversary date and are exercisable for a term of five years. These options were

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initially granted at \$0.30 per option. Subsequent to the initial approval, the terms of the options were amended to \$0.50 per option.

- d) These options were granted to Directors of TrustBIX, the amalgamated company, as described in note 1.

The Company used the Black-Scholes option pricing model to estimate the fair value of the options granted during the period ended December 31, 2018.

The Company considered historical volatility of its common shares as well as industry benchmarking in estimating its future stock price volatility. The risk-free interest rate for the expected life of the options was based on the yield available on government benchmark bonds with an approximate equivalent remaining term at the time of the grant. The expected life is based on the contractual term, taking into account expected director or employee exercise and expected post-vesting employment termination behaviour.

The following weighted average assumptions were used to estimate the fair value of the options granted during the period ended December 31, 2018.

| | |
|------------------------------------|--------|
| Annualized volatility | 60% |
| Risk-free interest rate | 2.09% |
| Expected life of options in years | 1.85 |
| Dividend rate | nil% |
| Exercise price | \$0.24 |
| Market price on date of grant | \$0.50 |
| Fair value per common share option | \$0.30 |

Application of the fair value method resulted in charges to stock-based compensation expense of \$35,193 for the three months ended June 30, 2020 (2019 – \$102,872) and \$152,605 for the nine months ended June 30, 2020 (2019 – \$678,422) with a corresponding increase in contributed surplus included in shareholders' equity.

The following table summarizes information on stock options outstanding as at June 30, 2020:

| Exercise price (\$) | Number outstanding | Weighted average remaining contractual life (years) | Options exercisable |
|---------------------|--------------------|---|---------------------|
| 0.15 | 979,997 | 3.33 | 650,553 |
| 0.50 | 1,665,000 | 3.46 | 1,110,000 |
| | <u>2,644,997</u> | <u>3.42</u> | <u>1,760,553</u> |

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10 Related party transactions

During the periods ended June 30, 2020 and 2019, the Company paid (received) the following amounts in the normal course of business and they have been valued at amounts that are considered established and agreed to by the related parties:

| | Three months ended | | Nine months ended | |
|--|------------------------|------------------------|------------------------|------------------------|
| | June 30, 2020 \$ | June 30, 2019 \$ | June 30, 2020 \$ | June 30, 2019 \$ |
| Rent paid to a company controlled by directors | - | 18,535 | 6,178 | 55,605 |
| Sublease rental income received from two companies separately controlled by directors | (1,912) | (4,704) | (10,769) | (10,988) |
| Exercise of warrants and purchase of common shares and units in private placement (notes 9(a) and (b)) by directors and officers | (9,240) | - | (429,421) | - |
| Janitorial services paid to related parties of a director | 1,319 | 2,229 | 6,528 | 6,745 |
| | <u>(9,833)</u> | <u>16,060</u> | <u>(427,484)</u> | <u>51,362</u> |

The compensation paid to key management personnel during the periods ended June 30, 2020 and 2019 are as follows:

| | Three months ended | | Nine months ended | |
|---|------------------------|------------------------|------------------------|------------------------|
| | June 30, 2020 \$ | June 30, 2019 \$ | June 30, 2020 \$ | June 30, 2019 \$ |
| Salaries, short-term employee benefits and stock-based compensation | 303,618 | 295,193 | 951,108 | 955,578 |
| Consulting fees | 1,418 | 62,517 | 25,910 | 155,502 |
| | <u>305,036</u> | <u>357,710</u> | <u>977,018</u> | <u>1,111,080</u> |

Accounts receivable

As at June 30, 2020, accounts receivable includes \$1,146 (2019 – \$nil) due from companies controlled by directors of the Company, related to sublease rental income, \$4,909 (2019 – \$nil) due from a director of the Company and \$1,786 (2019 – \$nil) due from an officer related to a purchase of common shares (note 9(b)).

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Accounts payable

As at June 30, 2020, accounts payable and accrued liabilities include \$361 (2019 – \$986) payable to a related party of a director for janitorial services, and \$nil (2019 – \$8,741) related to professional services provided by an officer.

11 Loss per share

| | Three months ended | | Nine months ended | |
|---|------------------------|------------------------|------------------------|------------------------|
| | June 30, 2020 \$ | June 30, 2019 \$ | June 30, 2020 \$ | June 30, 2019 \$ |
| Net loss | (549,672) | (726,725) | (2,256,650) | (2,736,639) |
| | # | # | # | # |
| Weighted average number of common shares outstanding – basic and diluted | 25,920,454 | 23,386,262 | 26,169,187 | 16,350,209 |
| | \$ | \$ | \$ | \$ |
| Basic and diluted loss per share | (0.02) | (0.03) | (0.09) | (0.17) |

For the three and nine-month periods ended June 30, 2020 and 2019, potentially dilutive securities issuable in exchange for preferred shares, warrants and all stock-based payment awards have been excluded in the diluted loss per share calculation as their effects would have been anti-dilutive.

12 Supplementary cash flow information

Changes in items of non-cash working capital:

| | Three months ended | | Nine months ended | |
|--|------------------------|------------------------|------------------------|------------------------|
| | June 30, 2020 \$ | June 30, 2019 \$ | June 30, 2020 \$ | June 30, 2019 \$ |
| Accounts receivable | 26,147 | 25,055 | 52,040 | (9,937) |
| Inventory | 7,354 | 3,416 | 107 | 1,268 |
| Deposits and prepaid expenses | 16,429 | (32,362) | 39,834 | (24,452) |
| Accounts payable and accrued liabilities | 13,679 | (30,704) | 70,739 | 308,999 |
| Unearned revenue | 80,837 | (59,405) | 53,927 | 21,453 |
| | 144,446 | (94,000) | 216,647 | 297,331 |

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Changes in liabilities from financing activities:

| | Preferred shares liability \$ |
|--|--|
| Balance – September 30, 2018 | 2,447,729 |
| Conversion of preferred shares liability | (740,886) |
| Accretion expense | 102,099 |
| Redemption of preferred shares | <u>(1,808,942)</u> |
| Balance – June 30, 2019 | <u>-</u> |

During the three-month period ended June 30, 2020, the Company redeemed all outstanding preferred shares for \$1,808,942.

13 Liquidity risk

Liquidity risk is the risk the Company will encounter difficulty in meeting financial obligations as they come due. See note 1 for additional disclosure on the Company's financial condition. The Company manages its liquidity risk through the management of its capital structure and financial leverage. It also monitors its cash position to its actual cash position and timing of payments to suppliers, ensuring that sufficient funds are available when payments come due. The Board of Directors reviews and approves any material transactions out of the ordinary course of business.

14 Segment disclosures

Management has organized the Company under two reportable segments: the development and sale of information solutions for the livestock industry and related services, and BIX, which currently delivers data to benefit beef supply chain participants by improving communications and individual animal information sharing across the entire beef chain.

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June 30, 2020

| | Three months ended June 30, 2020 | | | |
|--|----------------------------------|-----------|--|--------------|
| | ViewTrak | BIX | Corporate and other reconciling items | Consolidated |
| | \$ | \$ | \$ | \$ |
| Revenue from external customers | 299,235 | 52,074 | - | 351,309 |
| Expenses | (396,164) | (459,991) | - | (856,155) |
| Amortization and depreciation | (13,313) | (20,414) | - | (33,727) |
| Other income (expenses) | (11,099) | - | - | (11,099) |
| Net loss | (121,341) | (428,331) | - | (549,672) |
| Other information | | | | |
| Expenditures for additions to intangible assets | - | - | - | - |
| Government assistance net against intangible asset additions | - | - | - | - |

| | Three months ended June 30, 2019 | | | |
|--|----------------------------------|-----------|--|--------------|
| | ViewTrak | BIX | Corporate and other reconciling items | Consolidated |
| | \$ | \$ | \$ | \$ |
| Revenue from external customers | 411,306 | - | - | 411,306 |
| Expenses | (919,780) | (197,743) | - | (1,117,523) |
| Amortization and depreciation | (3,838) | (19,884) | - | (23,722) |
| Other income (expenses) | 3,214 | - | - | 3,214 |
| Net loss | (509,098) | (217,627) | - | (726,725) |
| Other information | | | | |
| Expenditures for additions to intangible assets | (4,174) | (18,871) | - | (23,045) |
| Government assistance net against intangible asset additions | - | 18,871 | - | 18,871 |

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June 30, 2020

| | Nine months ended June 30, 2020 | | | |
|--|--|-------------|--|---------------------|
| | ViewTrak | BIX | Corporate and other reconciling items | Consolidated |
| | \$ | \$ | \$ | \$ |
| Revenue from external customers | 955,569 | 134,874 | - | 1,090,443 |
| Expenses | (1,767,276) | (1,490,615) | - | (3,257,891) |
| Amortization and depreciation | (37,251) | (60,976) | - | (98,227) |
| Other income (expenses) | 9,025 | - | - | 9,025 |
| Net loss | (839,933) | (1,416,717) | - | (2,256,650) |
| Other information | | | | |
| Expenditures for additions to intangible assets | - | (24,705) | - | (24,705) |
| Government assistance net against intangible asset additions | - | 18,355 | - | 18,355 |

| | Nine months ended June 30, 2019 | | | |
|--|--|------------|--|---------------------|
| | ViewTrak | BIX | Corporate and other reconciling items | Consolidated |
| | \$ | \$ | \$ | \$ |
| Revenue from external customers | 1,169,102 | 13,690 | - | 1,182,792 |
| Expenses | (3,103,965) | (678,836) | - | (3,782,801) |
| Amortization and depreciation | (7,169) | (59,652) | - | (66,821) |
| Other income (expenses) | (69,809) | - | - | (69,809) |
| Net loss | (2,011,841) | (724,798) | - | (2,736,639) |
| Other information | | | | |
| Expenditures for additions to intangible assets | (4,174) | (38,097) | - | (42,271) |
| Government assistance net against intangible asset additions | - | 38,097 | - | 38,097 |

Geographical segmentation

The Company's segments are managed on a worldwide basis. Substantially all of the Company's assets are located in Canada.

TrustBIX Inc.

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The following is a summary of revenue by geographic location in which the Company's customers are located:

| | Three months ended | | Nine months ended | |
|---------------|------------------------|------------------------|------------------------|------------------------|
| | June 30, 2020 \$ | June 30, 2019 \$ | June 30, 2020 \$ | June 30, 2019 \$ |
| Canada | 270,788 | 122,445 | 514,003 | 335,732 |
| United States | 21,099 | 270,028 | 456,606 | 773,559 |
| Other | 59,422 | 18,833 | 119,834 | 73,501 |
| | <u>351,309</u> | <u>411,306</u> | <u>1,090,443</u> | <u>1,182,792</u> |

15 Subsequent events

Private placement

On July 15, 2020, the Company completed the private placement announced May 27, 2020 for gross proceeds of \$74,928 and issued 227,054 common shares.

Contribution agreement

On July 27, 2020, the Company entered into a contribution agreement with WD for a repayable financial contribution under the Regional Relief and Recovery Fund. Under the contribution agreement, WD is supporting the Company with an investment of up to \$1,000,000 prior to March 31, 2021 to support general working capital requirements. Repayment of the Contribution commences January 31, 2023 and continues in equal monthly instalments until the Contribution is fully repaid by December 31, 2025. The Contribution is unsecured and non-interest bearing, unless repayment is not made as scheduled. The Company received a \$500,000 advance on the Contribution on July 31, 2020.

Exercise of warrants

On August 4, 2020, the Company issued 237,341 common shares on exercise of warrants for gross proceeds of \$71,202.

