



TrustBIX Inc.

Management's Discussion and Analysis

Third Quarter Ended June 30, 2021

TrustBIX Inc.

Management's Discussion and Analysis

For the third quarters ended June 30, 2021 and 2020

The following Management's Discussion and Analysis ("MD&A") relates to the financial position, results of operations and cash flows of TrustBIX Inc. ("TrustBIX", "we", "us", "our" or the "Company" or "Corporation") for the three months ("third quarter") and nine-months ended June 30, 2021 and should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and related notes for the third quarter ended June 30, 2021 (the "financial statements"), and the MD&A and TrustBIX Inc. audited consolidated financial statements and related notes for the years ended September 30, 2020 and 2019. The information in this MD&A is current to August 20, 2021, unless otherwise noted.

Unless otherwise stated, financial information in this MD&A is expressed in Canadian dollars and the interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board and included in the CPA Canada Handbook – Accounting, Part I. This MD&A provides information on the activities of the Company.

The interim condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiary ViewTrak Technologies Inc. ("ViewTrak"). All inter-company accounts and transactions have been eliminated.

Management is responsible for the information contained in the MD&A and its consistency with information presented, and the MD&A was reviewed and approved by the Board of Directors ("Board") as of August 19, 2021. The interim condensed consolidated financial statements and additional information pertaining to the Company can be found on the System for Electronic Document Analysis and Retrieval ("SEDAR") web site at www.sedar.com.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking information and reflects the Company's present assumptions regarding future events. These statements involve known and unknown risks, uncertainties, and other factors that may cause the Company's actual results, levels of activity, performance, and/or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by these forward-looking statements.

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "should", "will", "intend", "plan", "propose", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions used by any of the Company's management, are intended to identify forward-looking statements. Such statements reflect the Company's internal projections, expectations, future growth, performance and business prospects and opportunities and are based on information currently available to the Company. Since they relate to the Company's current views with respect to future events, they are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments except as required by applicable securities legislation, regulations or policies.

The "Our Current Pitch Deck" presentation in the investor section of the Company's website included forward-looking information which was withdrawn on May 10, 2021. It previously disclosed revenue

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projections for the fiscal years 2021, 2022 and 2023 of \$2,990,000, \$6,000,000 and \$24,200,000, respectively. These forward-looking numbers reflected the Company's previous expectations and were subject to substantial uncertainty. The Company's results are inherently unpredictable, have been and could be materially affected by many factors, such as changes in global economic conditions and consumer spending and world events. Given the uncertainty of these factors, amongst others, and that the Company's new products and service offerings relating to traceability, beef exports to Asia and ESG are at an early stage of market development, its revenue projections will materially change as circumstances change and evolve. Due to this material uncertainty, the Company has withdrawn its revenue projections effective May 10, 2021 and will no longer be providing revenue projections.

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SIGNIFICANT DEVELOPMENTS AFFECTING OPERATIONS

COVID-19

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. 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, resulting in financial uncertainty with the Company's customers.

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.

The Company has taken several mitigation efforts in response. Staff have been required to work from home when feasible and non-essential travel and in-person meetings have been suspended consistent with government mandates or guidance. Some of these measures may have an adverse impact on the business.

Going concern

Liquidity and capital resources

The Company's principal sources of liquidity are cash from operations, cash on hand and loan payable with Western Economic Diversification Canada. Funding operating capital needs, as circumstances warrant, may also come from sales of equity.

As at June 30, 2021, the Company had net working capital of \$423,187 (excluding restricted cash) compared to net working capital of \$100,402 as at September 30, 2020. As at June 30, 2021, the Company had restricted cash of \$96,055 (2020 – \$nil) (notes 1 and 14 of the unaudited interim condensed consolidated financial statements). For the three and nine-month periods ended June 30, 2021, the Company incurred a net loss of \$558,820 and \$1,687,818, respectively (\$549,672 and \$2,256,650 net loss for the three and nine-month periods ended June 30, 2020, respectively) and net cash outflow from operating activities of \$509,641 and \$1,685,513, respectively (\$325,162 and \$1,794,646 net cash outflow from operating activities for the three and nine-month periods ended June 30, 2020). As at June 30, 2021, the Company had an accumulated deficit of \$11,659,632 (September 30, 2020 – \$9,971,814). In addition, the Company also has lease commitments in the amount of \$58,112 as disclosed in note 6 of the unaudited interim condensed consolidated financial statements.

While factors related to COVID-19 have negatively impacted our results during fiscal 2020 and the three and nine-month periods ended June 30, 2021, those negative impacts were partially offset by the positive results generated from expense reduction initiatives and the Canada Emergency Wage Subsidy (CEWS) which supports an improved liquidity position. During the three and nine-month periods ended June 30, 2021, the Company received \$nil and \$29,508, respectively from CEWS, which is netted against wages and benefits on the unaudited interim condensed consolidated statements of loss and comprehensive loss.

Key areas of future investment include improving the presentation and the functionality of the BIX platform; improving customer data integration and customer relations management capabilities of ViewTrak

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products; focusing on enhancing and optimizing the BIX platform for existing customers; creating more opportunities for the BIX platform in other industries and sectors such as ESG; and exporting of beef to Asia. These and other investments are expected to, among other things, provide growth of the BIX platform. The agreement to resell Green Metric's suite of products will utilize existing personnel and no significant capital or development costs are expected. The All West Demolition Ltd. contract and exporting of beef to Asia will not require additional personnel or significant capital costs.

The outcome of such efforts is dependent on a number of factors outside of the Issuer'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 in the unaudited interim condensed consolidated financial statements), 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 Issuer's ability to continue as a going concern and, accordingly, the appropriateness of the use of accounting principles applicable to going concern.

The Company may also fund operating and growth capital needs, as circumstances warrant, from sales of equity securities. The timing and amount of any equity sales would depend on, among other factors, available cash and liquidity and operating performance, commitments and obligations, alternative sources and costs of capital available, market perceptions, current trading price of common equity, and overall market conditions.

On July 27, 2020, the Company entered into a contribution agreement with Western Economic Diversification Canada (WD) for a repayable financial contribution under the Regional Relief and Recovery Fund. Under the contribution agreement, WD supported the Company with an investment of \$1,000,000 for general working capital requirements (the "Contribution"). Repayment of the Contribution commences on 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. This loan could adversely affect the Company's ability to raise additional capital to fund operations, limit ability to react to changes in the economy or its industry, and prevent it from meeting its obligations.

On February 1, 2021, a non-brokered private placement financing (Private Placement) was closed for gross proceeds of \$2,100,000. Net proceeds from the Private Placement will be used for general working capital and growing the business. See note 9 of the unaudited interim condensed consolidated financial statements for further details.

Based on current operating plans, management believes that cash will need to be raised from equity instruments, such as private placements and potential exercise of warrants, to provide sufficient liquidity to fund operations and growth for the next 12 months.

PRINCIPAL BUSINESS

As an innovative leader, TrustBIX provides agri-food traceability and chain of custody value solutions. The Company's goal is to create a world where we trust more, waste less and reward sustainable behaviour by addressing consumer and agri-food business demands. The proprietary platform, BIX (Business InfoXchange System), is designed to create trust without compromising privacy through innovative, blockchain-derived use of technology and data. By leveraging BIX and its unique use of incentive solutions,

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TrustBIX delivers independent validation of food provenance and sustainable production practices within the supply chain - Gate to Plate®.

While management's efforts and the Company's focus is primarily on the development of BIX products and markets, current revenue is generated largely from ViewTrak's products (information regarding operating segments is disclosed in note 14 of the unaudited interim condensed consolidated financial statements). ViewTrak, a wholly owned subsidiary of TrustBIX, has developed solutions for many agricultural technology challenges, with an emphasis on feedlots, auctions and processors, and its proprietary technology includes:

Auction Master Pro ("AMP") and Market Master ("MM") - livestock auction market software solutions to help build and operate auction activities,

Feedlot Solutions ("FLS") - livestock feedlot management software, and

Electronic Pork Grader - pork probe technology to help producers price pork carcasses by evaluating carcasses for fat thickness, lean meat thickness, meat percentage and carcass class.

ViewTrak's pork probe technology is used by the largest pork processor in China¹ and by major pork processors in Canada and Mexico to grade and price pork carcasses.

OUTLOOK

Globally, consumers continue to focus on food safety, social responsibility and environmental sustainability. Consumers are demanding, and have a right to know, what they are eating and where it comes from. These concerns are now heightened because of the COVID-19 pandemic, and they could be addressed through food supply chain traceability. TrustBIX's vision is to create a world where we trust more, waste less and reward sustainable behaviour.

Throughout the pandemic, the TrustBIX team continues to focus on bringing our vision to reality. Investors, industry leaders and the general public are being made aware of the TrustBIX vision through our website and press releases, as well as events and forums such as AgTech Venture Forum and International Deal Gateway. Expenses are closely monitored and controlled, the Company's offices in Edmonton and Markham remain closed since March 2020, and management efforts are centered on building the BIX platform and growing the business.

On July 22 2019, Alberta Innovates announced the Canadian Agri-Food Automation and Intelligence Network (CAAIN) was awarded \$49.5 million through the Strategic Innovation Fund competition provided by the federal ministry of Innovation, Science and Economic Development (ISED). TrustBIX was named as one of CAAIN's core partners. Hubert Lau worked with other CAAIN core partners as an interim board member while Tom Ogaranko participated in the working group. After nearly two years, CAAIN has received permission from ISED to proceed with funding of projects. The first announcement was on May 27, 2021. During this time, TrustBIX decided its innovation direction does not align with CAAIN requirements for funding projects. The Company still supports the mandates of CAAIN, and Hubert Lau continues to sit on its interim board and assisted in the hiring process of CAAIN's CEO. For more details on CAAIN, refer to www.CAAIN.ca.

¹ <https://www.scmp.com/business/companies/article/3022643/worlds-largest-pork-producer-wh-group-between-us-and-china-finds>

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The Company has three main objectives for the 2021 fiscal year:

1. Address the working capital position to ensure the Company can not only meet the challenges of the COVID pandemic, but also strengthen and build its foundation and future;
2. Expand revenue streams, including environment, social and governance (“ESG”) and clean technologies (“cleantech”) initiatives; and
3. Enhance and expand the capabilities and functionality of TrustBIX’s technology and BIX platform to ensure the Company continues to be innovative and drives value within agri-food supply chains.

Objective 1 – Working Capital

On February 1, 2021, the Company closed an over-subscribed, non-brokered private placement financing for gross proceeds of \$2,100,000.²

Further working capital will be required to continue the growth of the Company and may be funded through private placements, and the possible exercise of up to 10,749,645 warrants that expire in the second quarter ending March 31, 2022 (10,495,000 warrants have an acceleration clause depending on the trading price of the Company’s common shares).

Objective 2 – Expand Revenue Streams

Opportunities that align with TrustBIX’s business and vision:

ViewTrak Technologies

ViewTrak’s proprietary products and services are solutions to address many agricultural technology challenges, with an emphasis on feedlots, auctions and processors. These mature solutions, and the established, long-term client base and trusted relationships, support the collaboration with industry leaders and participants to create opportunities for the BIX platform.

On July 7, 2020, TrustBIX announced the launch of new attribute-based marketing solutions that empower livestock auction markets to offer better value to producers and buyers.³ This launch set the foundation for the ViewTrak team to sell and promote the Auction Master Pro solution across North America.

The feedlot solutions and pork probe groups have also been exploring new functionalities in our software, hardware and services.

Strategic Sourcing

Strategic sourcing creates transactional opportunities within a supply chain or value chain where TrustBIX creates increased value or volume of agricultural products to upstream suppliers, often ranchers, farmers and producers.

Strategic sourcing was first established with the original Canadian Beef Sustainability Acceleration pilot that began in 2017. TrustBIX continues to collaborate with industry leaders to provide funding to participants

² Press released on February 1, 2021, “TrustBIX Inc. announces Exchange acceptance and completion of previously announced private placement of \$2,100,000”.

³ Press released on July 7, 2020, “TrustBIX Inc. announces new solutions for livestock auction markets”

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that produce certified sustainable cattle, throughout the entire supply chain. With the two-year contract renewal with Cargill announced on December 2, 2020⁴, the Company's direction to provide value to consumers and industry leaders, while rewarding producers for their sustainable behaviours, is further validated.

Opportunities to strategically source and supply premium beef products to customers globally are also being pursued. Leveraged to oversee the entire value chain, the BIX platform tracks the chain of custody to enable sourcing of beef with attributes demanded by customers and buyers. The Company continues to collaborate with GBI Global Inc.⁵ and Cantriex Livestock International.⁶

In March 2021, the Company expanded its strategic sourcing technical capabilities and geographic reach with its announcement to collaborate with InnoBlock to create supply chain traceability solutions for the Asian market using blockchain. The integration of both companies' technologies will provide customers with immutable records of attributes associated with products shipped through the supply chain, customized disclosure management through permissions and configurations, and support for labelling of retail products through creation of QR codes which, when accessed by the customer, reference key attributes about the products sold.⁷

The halal economy will grow to \$US 3.2 trillion by 2024, according to the second edition of the Halal Guidebook entitled 'Dubai - A Global Gateway for Halal Industry: A Step-by-Step Guide' authored by the Dubai Airport Free Zone Authority.⁸ To position for this growing economy, on April 12, 2021, the Company announced its collaboration with Riz Global Foods to position the BIX platform to be used to provide traceability for halal lifestyle products marketed by Riz Global. In addition, Syed Ali, President and CEO of Riz Global Foods, was appointed as an advisor to TrustBIX on all certified halal food and lifestyle technology initiatives.⁹

To expand beyond the livestock industry, on March 31, 2021, TrustBIX signed an agreement with Protein Industries Canada ("PIC"), Farmers Edge, and OPIsystems to create a platform for Canada's plant-based food, feed and ingredient sector ("PIC Project").¹⁰

ESG

Acknowledging the increasing importance of ESG and cleantech to customers and investors, the goal is to expand BIX data sources to include these opportunities. By collaborating with other companies in this sector, TrustBIX expands access to ESG and cleantech data to support the TrustBIX vision.

⁴ Press released on December 2, 2020, "TrustBIX Inc. renews contract to support Cargill's Certified Sustainable Beef program."

⁵ Press released on November 18, 2020, "TrustBIX Inc. signs MOU to market premium Canadian beef in China and Hong Kong."

⁶ Press released on April 9, 2020, "Cantriex and TrustBIX join forces on age-verified grain-fed Angus beef for export to the European Union."

⁷ Press released on March 30, 2021, "TrustBIX collaborates with InnoBlock to create supply chain traceability solutions for the Asian market using blockchain."

⁸ <http://www.dubaihalal.ae/>

⁹ Press released on April 12, 2021, "Riz Global Foods joins forces with TrustBIX to enable traceable food and products for halal lifestyle."

¹⁰ Press released on April 16, 2021, "TrustBIX advances development of its BIX platform with co-investment from Protein Industries Canada."

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On December 7, 2020, TrustBIX announced collaboration with Green Metrics Technologies Ltd.¹¹ This relationship allows TrustBIX, as a reseller of the Green Metrics BuildSense® suite of energy management solutions, to quantify baseline energy usage and reductions, which can help customers reduce (scope 1, 2, 3) carbon emissions and show progress on ESG and sustainability initiatives in their supply chain. The Company can help reduce their energy consumption, as well as measure the reduced carbon footprint, making it possible for them to save money now and be ready for future opportunities in carbon credits and ecosystems services. On April 22, 2021, TrustBIX announced that the Sunterra Group ("Sunterra") will be its first client for the BuildSense® suite of energy management solutions.¹² The agreement to resell Green Metric's suite of products will utilize existing personnel and no significant capital or development costs are expected.

As a follow up to the Green Metrics energy management solutions announcement, on June 23, 2021¹³, TrustBIX announced its co-marketing agreement with United Energy Ltd. This agreement marks the continued development and growth of the Company's energy management and clean technology solutions for the agri-food value chain.

To reduce waste going to landfills, TrustBIX secured an opportunity to enhance and apply the BIX platform in a commercial pilot program to track biomass and waste streams to divert material from landfills and create new products for agricultural and industrial markets. This project is a \$300,000 contract with All West Demolition Ltd. and was announced on February 16, 2021¹⁴.

TrustBIX continues to be a leader in sustainability in agri-food through its work in the creation of a sustainability index, increase flow of sustainability data, and leveraging sustainability attributes for the benefit of agri-food supply chains. With this focus, on March 25, 2021, it became a member of the Cool Farm Alliance (CFA). This enabled the Company to collaborate with CFA and its members globally to make sustainability a driver for the success of producers, brands and the planet.¹⁵

TrustBIX's involvement in the CFA also positions TrustBIX as a strong voice in efforts to create Canada's first agri-food sustainability index, work now underway as part of the National Index for Agri-Food Performance (NIAP). The Company is a member of the NIAP steering committee along with over 30 other influential agri-food industry stakeholders. This group released a report on January 28, 2021 entitled *Benchmarking Canada's Agri-Food Sustainability Leadership - a Roadmap*¹⁶, which sets the stage for continuing work across Canada. TrustBIX continues on the steering committee where key goals include advancing the index's governance and operational model and achieving greater global recognition for Canada's initiative. While the National Index's development process is unfolding, the Company's work in integrating the Cool Farm Tool for use with BIX and North American farm management practices could become well-suited to ultimately enable this Index.

¹¹ Press released on December 7, 2020, "TrustBIX Inc. signs on as a value-added reseller of Buildsense Energy Management Solutions, a Green Metrics Technologies product."

¹² Press released on April 22, 2021, "TrustBIX Inc. advances its ESG initiative with Sunterra as its first client for BuildSense Energy Management Solutions."

¹³ Press released on June 29, 2021, "TrustBIX Inc. Signs Co-Marketing Agreement with Edmonton-based 8760 Expense Management."

¹⁴ Press released on February 16, 2021, "TrustBIX Inc. expands its BIX platform into biomass and waste diversion with All West Demolition Ltd. and Innovation Reduction Strategies Inc."

¹⁵ Press releases on March 25, 2021, "TrustBIX joins the Cool Farm Alliance to improve farm sustainability data in Canada".

¹⁶ <https://arrellfoodinstitute.ca/wp-content/uploads/2021/01/Report-Agri-Food-Sustainability-Leadership-phase-1-FINAL-Jan-2021.pdf>

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Objective 3 – Enhance and Expand Technology Capabilities

The Company's development team is constantly working on new features and functionality to enhance existing ViewTrak products. The team also works closely with strategic sourcing and ESG and cleantech teams to create solutions to leverage the BIX platform.

To expand beyond the livestock industry, on March 31, 2021, TrustBIX signed an agreement with Protein Industries Canada, Farmers Edge, and OPIsystems to create a platform for Canada's plant-based food, feed and ingredient sector.¹⁷

On May 26, 2021, the BIX platform expanded into the poultry industry with the Company's announcement of its joint project with Arden Biotechnology.¹⁸ BIX will be enhanced to trace products and analyze sustainability metrics for poultry produced using Sustavian ("Sustavian"). This will support producers and processors to identify best management practices and validate 'gate to plate' sustainability claims.

On May 20, 2021, The ViewTrak Feedlot Solutions team announced the launch of FLS Hub¹⁹. This product is designed to be a centralized software solution that addresses all feedlot operations such as inventory management, cattle performance analysis, invoicing and accounts receivable. It includes enhanced reporting capability and integrates well with other typical feedlot herd health or feed bunk software solutions. FLS Hub will be sold as on-premises software that the client installs on-site with an ongoing subscription required for maintenance, third-party integrations, and support.

¹⁷ Press released on April 16, 2021, "TrustBIX advances development of its BIX platform with co-investment from Protein Industries Canada."

¹⁸ Press released on May 26, 2021, "TrustBIX Inc. Receives National Research Council Funding for Joint Project with UK-Based Arden Biotechnology."

¹⁹ Press released on May 20, 2021, "TrustBIX Inc. Announces FLS Hub for Feedlot Operations Management."

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RESULTS OF OPERATIONS**Selected information for the three and nine months ended June 30, 2021 and 2020:**

	Three months		Nine months	
	2021	2020	2021	2020
	\$	\$	\$	\$
Revenue				
License	10,848	1,056	83,363	18,659
Hardware and installation	86,368	89,402	446,166	233,476
Professional and development services	198,119	70,313	507,654	185,813
Maintenance	208,793	190,538	640,432	652,495
	504,128	351,309	1,677,615	1,090,443
Expenses:				
Wages and benefits	405,903	457,486	1,359,004	1,798,611
Consulting fees	250,317	188,543	677,274	608,178
Professional fees	109,617	52,459	341,963	226,085
Hardware costs and supplies	97,539	30,638	281,151	132,932
Travel, trade shows and conferences	7,784	13,787	23,780	144,207
Office	75,569	64,923	221,659	243,352
Amortization and depreciation	13,929	33,727	74,394	98,227
Advertising and promotion (recovery)	957	(655)	26,411	34,520
Research and development	58,715	45,218	181,446	90,245
Bad debts (recovery)	598	(3,105)	29,432	(10,852)
Foreign exchange loss (gain)	10,062	6,861	26,242	(9,387)
	1,030,990	889,882	3,242,756	3,356,118
Loss before other income (expenses) and income taxes	(526,862)	(538,573)	(1,565,141)	(2,265,675)
Other (expense) income	(31,958)	(11,099)	(122,677)	9,025
Income taxes	-	-	-	-
Net loss and comprehensive loss for the period	(558,820)	(549,672)	(1,687,818)	(2,256,650)
Per common share:				
Basic and diluted loss per share	(0.01)	(0.02)	(0.05)	(0.09)
Number of common shares outstanding - end of period	38,385,913	27,396,518	38,385,913	27,396,518
Weighted average number of common shares outstanding - basic and diluted	38,371,169	25,920,454	33,837,715	26,169,187
Statement of financial position data:				
Working capital (deficiency) - current assets less current liabilities (excluding restricted cash)	423,187	(446,658)	423,187	(446,658)
Total assets	1,740,671	1,011,630	1,740,671	1,011,630

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Three months ended June 30, 2021 compared to three months ended June 30, 2020

Revenue

Total revenue for the three months ended June 30, 2021 increased to \$504,128 from \$351,309 in 2020, an increase of \$152,819 or 43.5% due to the following:

- Licence revenue increased to \$10,848 in 2021 from \$1,056 in 2020, an increase of \$9,792. Customer outreach resulted in increased demand in AMP and MM, partially offset by decreased demand in FLS software.
- Hardware and installation revenue decreased to \$86,368 in 2021 from \$89,402 in 2020, a decrease of \$3,034 driven primarily by a decrease in probe sales, partially offset by increased demand in AMP hardware sales.
- Professional and development services revenue increased to \$198,119 in 2021 from \$70,313 in 2020, an increase of \$127,806. The increase is due mainly to BIX platform revenue, and in particular, development services to All West Demolition Ltd., in a commercial pilot program, to track biomass and waste streams to divert material from landfills and create new products for agricultural and industrial markets. Increases also included \$13,500 of energy management services related to the first ESG initiative with Sunterra and Green Metrics, as well as other one-time development services.
- Maintenance revenue increased to \$208,793 in 2021 from \$190,538 in 2020, an increase of \$18,255, primarily due to the timing of maintenance renewals.

The impact of COVID-19 and measures to prevent its spread affected the Company's revenue in several ways. Postponed sales as well as some delays in the collection of trade receivables across the beef and pork sectors were experienced, along with reduced usage of certain products and services.

Expenses

Wages and benefits

Wages and benefits decreased to \$405,903 in 2021 from \$457,486 in 2020, a decrease of \$51,583. The decrease is due mainly to a reduction of staff and a \$31,545 reduction in stock-based compensation. In addition, the Company received a Canada Emergency Wage Subsidy of \$nil (2020 – \$215,280), which was netted against wages and benefits.

Consulting fees

Consulting fees increased to \$250,317 in 2021 from \$188,543 in 2020, an increase of \$61,774. In 2021, consulting fees were incurred related to the PIC Project, Sustavian, Green Metrics for the ESG initiative with Sunterra, additional consultants in China and certain outsourced BIX development.

Eligible consulting fees for the PIC Project in 2021 were reduced by funding of \$13,860 from PIC (note 14 of the unaudited interim condensed consolidated financial statements). Eligible consulting fees for the Sustavian project in 2021 were reduced by funding of \$26,435 from the Industrial Research Assistance Program ("IRAP") (note 14 of the unaudited interim condensed consolidated financial statements).

Professional fees

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Professional fees increased to \$109,617 in 2021 from \$52,459 in 2020, an increase of \$57,158 primarily due to legal fees and expenses related to the July 28, 2021 annual general meeting, partially offset by reduced tax preparation and consulting activities in 2021 compared to 2020.

Hardware costs and supplies

Hardware costs and supplies increased to \$97,539 in 2021 from \$30,638 in 2020, an increase of \$66,901, primarily driven by costs related to analysis and confirmation of beef export opportunities. Hardware costs and supplies also increased due to the sale of AMP parts and supplies.

Travel, trade shows and conferences

Travel, trade shows and conferences decreased to \$7,784 in 2021 from \$13,787 in 2020, a decrease of \$6,003. The decrease was due primarily to the continued impact of COVID-19 travel restrictions, as well as management's general reduction of travel and promotion expenses.

Office

Office increased to \$75,569 in 2021 from \$64,923 in 2020, an increase of \$10,646. The increase was primarily due additional software license and fees.

Amortization and depreciation

Amortization and depreciation decreased to \$13,929 in 2021 from \$33,727 in 2020, a decrease of \$19,798 due to certain intangible assets being fully amortized.

Advertising and promotion

Advertising and promotion decreased to \$957 in 2021 from a recovery of (\$655) in 2020, a decrease of \$1,612. The recovery in 2020 was a result of a cancellation of promotion due to COVID-19.

Research and development

Research and development increased to \$58,715 in 2021 from \$45,218 in 2020, an increase of \$13,497, primarily due to development of the BIX platform, and modification of the BIX platform for the PIC Project, Sustavian and commercial pilot program to track biomass and waste streams projects.

Eligible research and development for the PIC Project were reduced by funding of \$7,248 from PIC.

Eligible research and development expenses for the Sustavian project were reduced by funding of \$1,577 from IRAP.

Bad debts (recovery)

Bad debts (recovery) increased to \$598 in 2021 from a recovery of (\$3,105) in 2020.

Foreign exchange loss (gain)

Foreign exchange loss increased to \$10,062 in 2021 from \$6,861 in 2020 due to changes in foreign exchange rates.

Other (expenses) income

Other expenses increased to (\$31,958) in 2021 from (\$11,099) in 2020, an increase in other expenses of (\$20,859). The increase is due primarily to the accretion of interest expense on the WD loan (see note 8 of the unaudited interim condensed consolidated financial statements).

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Nine months ended June 30, 2021 compared to nine months ended June 30, 2020

Revenue

Total revenue for the nine months ended June 30, 2021 increased to \$1,677,615 from \$1,090,443 in 2020, an increase of \$587,172 or 53.8% due to the following:

- Licence revenue increased to \$83,363 in 2021 from \$18,659 in 2020, an increase of \$64,704. Customer outreach resulted in increased demand in AMP, FLS and MM and software.
- Hardware and installation revenue increased to \$446,166 in 2021 from \$233,476 in 2020, an increase of \$212,690 driven primarily by probe and AMP hardware sales.
- Professional and development services revenue increased to \$507,654 in 2021 from \$185,813 in 2020, an increase of \$321,841. The increase is due mainly to BIX platform revenue, and in particular, development services to All West Demolition Ltd., in a commercial pilot program, to track biomass and waste streams to divert material from landfills and create new products for agricultural and industrial markets. Increases also included \$13,500 of energy management services related to the first ESG initiative with Sunterra and Green Metrics, as well as other one-time development services.
- Maintenance revenue decreased to \$640,432 in 2021 from \$652,495 in 2020, a decrease of \$12,063, primarily due to the timing of maintenance renewals and pork probe servicing activities.

The impact of COVID-19 and measures to prevent its spread affected the Company's revenue in several ways. Postponed sales as well as some delays in the collection of trade receivables across the beef and pork sectors were experienced, along with reduced usage of certain products and services.

Expenses

Wages and benefits

Wages and benefits decreased to \$1,359,004 in 2021 from \$1,798,611 in 2020, a decrease of \$439,607. The decrease is due mainly to a reduction of staff during the third quarter of 2021 and a \$113,099 reduction in stock-based compensation. In addition, the Company received a Canada Emergency Wage Subsidy of \$29,508 (2020 – \$215,280), which was netted against, and reduced, expenses.

Consulting fees

Consulting fees increased to \$677,274 in 2021 from \$608,178 in 2020, an increase of \$69,096. The increase in consulting fees was due primarily to development of the BIX platform, PIC Project, Sustavian and International Organization for Standardization compliance costs. The Company also recognized expenses related to Green Metrics for the ESG initiative with Sunterra and additional consultants in China.

Professional fees

Professional fees increased to \$341,963 in 2021 from \$226,085 in 2020, an increase of \$115,878 primarily due to fundraising activities and expenses related to the July 28, 2021 annual general meeting, partially offset by a reduction of tax consulting activities in 2021 compared to 2020.

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Hardware costs and supplies

Hardware costs and supplies increased to \$281,151 in 2021 from \$132,932 in 2020, an increase of \$148,219, primarily driven by the sale of AMP, MM and Probes parts and supplies. Hardware costs and supplies also increased due to costs related to analysis and confirmation of beef export opportunities.

Travel, trade shows and conferences

Travel, trade shows and conferences decreased to \$23,780 in 2021 from \$144,207 in 2020, a decrease of \$120,427. The decrease was due primarily to the impact of COVID-19 travel restrictions, as well as management's general reduction of travel and promotion expenses.

Office

Office decreased to \$221,659 in 2021 from \$243,352 in 2020, a decrease of \$21,693. The decrease was primarily due to reduced office supplies and office costs for consultants in China, partially offset by additional software license and fees.

Amortization and depreciation

Amortization and depreciation decreased to \$74,394 in 2021 from \$98,227 in 2020, a decrease of \$23,833 due to certain intangible assets being fully amortized.

Advertising and promotion

Advertising and promotion decreased to \$26,411 in 2021 from \$34,520 in 2020, a decrease of \$8,109, primarily due to cost reduction measures, including cancellation of promotion due to COVID-19.

Research and development

Research and development increased to \$181,446 in 2021 from \$90,245 in 2020, an increase of \$91,201, primarily due to development of the BIX platform and modification of the BIX platform in a commercial pilot program to track biomass and waste streams.

Bad debts (recovery)

Bad debts (recovery) increased to \$29,432 in 2021 from a recovery of (\$10,852) in 2020 due primarily to an expected credit loss for one customer.

Foreign exchange loss (gain)

Foreign exchange loss increased to \$26,242 in 2021 from a gain of (\$9,387) in 2020 due to changes in foreign exchange rates.

Other (expenses) income

Other expenses increased to (\$122,677) in 2021 from other income of \$9,025 in 2020, an increase of (\$131,702). The increase is due primarily to the accretion of interest expense on the WD loan (see note 8 of the unaudited interim condensed consolidated financial statements), interest charges on certain trade payables which have been fully paid in the second quarter, and the remeasurement of the investment in Provision Analytics from USD to Canadian dollars.

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Summary of quarterly results

The following table shows a summary of the Company's unaudited quarterly financial information for each of the eight most recent quarters:

	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	504,128	753,255	420,232	536,994	351,309	354,329	384,805	458,641
Expenses	1,030,990	1,213,961	997,805	1,092,577	889,882	1,192,745	1,273,491	1,124,034
Loss before other income (expenses) and income taxes	(526,862)	(460,706)	(577,573)	(555,583)	(538,573)	(838,416)	(888,686)	(665,393)
Other income (expenses)	(31,958)	(49,907)	(40,812)	477,123	(11,099)	22,905	(2,781)	9,448
Income taxes	-	-	-	-	-	-	-	-
Net loss and comprehensive loss	(558,820)	(510,613)	(618,385)	(78,460)	(549,672)	(815,511)	(891,467)	(655,945)
Per common share:								
Basic and diluted loss per share	(0.01)	(0.01)	(0.02)	(0.00)	(0.02)	(0.03)	(0.04)	(0.03)
Number of common shares outstanding - end of period	38,385,913	38,360,913	27,860,913	27,860,913	27,396,518	27,236,283	25,359,720	25,359,720
Weighted average number of common shares outstanding - basic and diluted	38,371,169	35,363,510	27,860,913	27,733,601	25,920,454	25,881,716	25,359,720	25,207,164

The Company has incurred losses over the past several quarters relating to the investment in the growth of the Company including additional personnel and product development, as well as costs associated with the completion of the reverse takeover transaction in April 2019 (note 1 of the audited consolidated financial statements for the year ended September 30, 2020). The Company will continue to invest further resources to drive sales and product development.

The results of operations for these periods are not necessarily indicative of the results to be expected in any given comparable period, especially as the Company grows and develops product and market opportunities.

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LIQUIDITY AND CAPITAL RESOURCES**Summary of consolidated cash flows**

	Three months ended June 30		Nine months ended June 30	
	2021	2020	2021	2020
	\$	\$	\$	\$
Cash used in operating activities	(509,641)	(325,162)	(1,685,513)	(1,794,646)
Cash used in investing activities	(3,067)	-	(10,744)	(345,124)
Cash provided by financing activities	(8,776)	97,822	1,904,578	783,652
Increase (decrease) in cash	(521,484)	(227,340)	208,321	(1,356,118)
Cash - beginning of period	1,443,764	488,849	713,959	1,617,627
Cash - end of period	922,280	261,509	922,280	261,509

Cash consists of cash on hand and deposits held with banks. As of June 30, 2021, the Company held unrestricted cash of \$922,280 compared to \$261,509 as of June 30, 2020.

As at June 30, 2021, the Company had restricted cash of \$96,055 (2020 – \$nil) related to the PIC Project (note 14 of the unaudited interim condensed consolidated financial statements).

Cash used in operating activities

Cash used in operating activities for the three months ended June 30, 2021 increased to (\$509,641) from (\$325,162) in 2020, an increase of (\$184,479), and for the nine months ended June 30, 2021 decreased to (\$1,685,513) from (\$1,794,646) in 2020, a decrease of \$109,133 primarily due to higher revenue in 2021, an increase in restricted cash, as well as changes in working capital, specifically payment of accounts payable and timing of payment or collection of accounts receivable, unearned revenues, deposits and prepaid expenses.

Cash used in investing activities

Cash used in investing activities for the three months ended June 30, 2021 increased to (\$3,067) from (\$nil) in 2020, due to an increase purchase of equipment.

Cash used in investing activities for the nine months ended June 30, 2021 decreased to (\$10,744) from (\$345,124) in 2020, a decrease of \$334,380 primarily due to the \$329,039 investment in Provision Analytics in 2020 (note 7 of the unaudited interim condensed consolidated financial statements).

Cash provided by (used in) financing activities

Cash provided by (used in) financing activities for the three months ended June 30, 2021 decreased to (\$8,776) from \$97,822 in 2020, a decrease of \$106,598, and for the nine months ended June 30, 2021 increased to \$1,904,578 from \$783,652 in 2020, an increase of \$1,120,926, primarily due to net proceeds from private placements and exercise of warrants.

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CONTRACTUAL OBLIGATIONS

The Company has the following cash flow obligations, as at June 30, 2021:

	Payments due by period				
	\$				
	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Lease payments	65,440	50,804	14,636	-	-

The Company's long-term liabilities include a loan payable for \$587,582 (note 8 of the unaudited interim condensed consolidated financial statements).

Anticipated cash outflows on the loan payable as at June 30, 2021 are as follows:

	\$
Remainder of fiscal 2021	-
Fiscal 2022	-
Fiscal 2023	249,750
Fiscal 2024	333,000
Fiscal 2025	333,000
Fiscal 2026	84,250
	<u>1,000,000</u>

OUTSTANDING SHARE DATA

As at August 19, 2021, there were 38,385,913 common shares, 10,749,645 warrants and 3,197,856 share options outstanding (note 9 of the unaudited interim condensed consolidated financial statements).

OFF-BALANCE SHEET ARRANGEMENTS

The Company did not have any off-balance sheet arrangements at June 30, 2021 and 2020 and does not currently, as of the date of this MD&A, have any off-balance sheet arrangements.

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TRANSACTIONS WITH RELATED PARTIES

Related party transactions, including key management compensation, are provided in note 10 of the unaudited interim condensed consolidated financial statements. No ongoing contractual or other commitments resulted from the transactions, other than the key management compensation.

During the periods ended June 30, 2021 and 2020, 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:

	<u>Three months ended</u>		<u>Nine months ended</u>	
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Rent paid to a company controlled by directors	-	-	-	6,178
Sublease rental income received from two companies separately controlled by directors	(3,152)	(1,912)	(10,488)	(10,769)
Exercise of warrants/options and purchase of common shares and units in private placement (notes 9(a) and (c)) by directors and officers	(2,500)	(9,240)	(478,969)	(429,421)
Cybersecurity services paid to a company controlled by a director	3,875	-	8,461	-
Other services paid to family members of a director	1,303	1,319	3,771	6,528
Administration services paid to family members of a director	7,692	-	13,107	-
	<u>7,218</u>	<u>(9,833)</u>	<u>(464,118)</u>	<u>(427,484)</u>

The compensation paid to key management personnel during the periods ended June 30, 2021 and 2020 are as follows:

	<u>Three months ended</u>		<u>Nine months ended</u>	
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Salaries, short-term employee benefits and stock-based compensation	193,774	303,618	554,064	951,108
Consulting fees	-	1,418	-	25,910
	<u>193,774</u>	<u>305,036</u>	<u>554,064</u>	<u>977,018</u>

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Accounts receivable

As at June 30 2021, accounts receivable includes \$nil (2020 – \$1,146) due from a company controlled by a director of the Company, related to sublease rental income, \$nil (2020 – \$4,909) due from a director of the Company related to prepayment of business expenses, and \$nil (2020 – \$1,786) due from an officer related to a purchase of common shares (note 9(b) of the unaudited interim condensed consolidated financial statements).

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts that are reported in the consolidated financial statements and accompanying note disclosures. Although these estimates and assumptions are based on management's best estimate of current events, actual results may be different from the estimates.

A discussion of significant accounting policies, and critical accounting estimates and judgments can be found in note 5 and 6 of the audited consolidated financial statements for the year ended September 30, 2020.

FINANCIAL INSTRUMENTS

For accounting recognition and measurement purposes, cash, accounts receivable, accounts payable and accrued liabilities and loan payable are classified as amortized cost. 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 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.

During the three months ended June 30, 2021 and 2020, there have been no transfers between levels of the fair value hierarchy.

Financial risk management

The Company's activities are exposed to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by financial management in conjunction with overall corporate governance.

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Market risk

- Currency risk

Some of the Company's transactions, assets and liabilities are denominated in US dollars and China RMB and thus the Company is exposed to risk arising from changes in exchange rates.

The following table presents the Company's exposure to the US dollar and China RMB June 30, 2021 and 2020:

	2021 CAD\$	2020 CAD\$
Cash – USD	126,482	137,823
Accounts receivable – USD	5,552	5,039
Accounts payable and accrued liabilities – USD	(7,621)	(9,002)
	<u>124,413</u>	<u>133,860</u>
	2020 CAD\$	2020 CAD\$
Accounts receivable – RMB	<u>76,506</u>	<u>63,558</u>
	2020 \$	2019 \$
CAD\$ - USD	0.8074	0.7347
CAD\$ - RMB	0.1919	0.1914

Based on the Company's foreign currency exposure noted above, varying the foreign exchange rates to reflect a 10% strengthening of the US dollar and China RMB would have decreased net loss by approximately \$12,000 and \$8,000, respectively, as at June 30, 2021 (2020 - \$14,000 and \$6,000), assuming all other variables remained constant.

An assumed 10% weakening of the US dollar and China RMB would have had an equal but opposite effect to the amounts shown above, assuming all other variables remain constant.

- Interest rate risk

The Company is not exposed to significant interest rate risk as at June 30, 2021.

Credit risk

The Company, in the normal course of business, is exposed to credit risk from its customers. The allowance for doubtful accounts and past due receivables is reviewed by management at each consolidated statement

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of financial position reporting date. Accounts are considered past due when customers have failed to make the contractually required payment when due, which is generally within 60 days of the billing date.

The Company applied the simplified approach to provide for ECL prescribed by IFRS 9, which permits the use of the lifetime ECL provision for trade receivables and contract assets without a significant financing component.

Management believes the risks associated with concentrations of credit risk with respect to accounts receivable are limited due to the nature of the customers and the generally short-term payment cycle. The Company has a portion of its unsecured accounts receivable balance due from customers in China, and from a director of the Company related to advances on expenses in China, and its ability to mitigate such risks may be limited.

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, 2021 is the carrying amount of the investment in Provision Analytics (note 7 of the unaudited interim condensed consolidated financial statements).

Liquidity risk

The Company's liabilities have the following amounts that mature within one year:

	\$
Accounts payable and accrued liabilities	418,917
Lease liability	44,009

The Company's long-term liabilities include a loan payable for \$587,582 (note 8 of the unaudited interim condensed consolidated financial statements) and a lease liability for \$14,103 (note 6 of the unaudited interim condensed consolidated financial statements).

Anticipated cash outflows on the loan payable as at June 30, 2021 are disclosed in the Contractual Obligations section of this MD&A, above.

Liquidity risk is the risk the Company will encounter difficulty in meeting financial obligations as they come due. The Company manages its liquidity risk through the management of its capital structure and financial leverage, as discussed in the going concern section of this MD&A and note 1 of the unaudited interim condensed consolidated financial statements. It also monitors its 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.

RISK FACTORS

The following risks could materially and adversely affect the Company's business, financial condition, cash flows, and results of operations, and the trading price of its common stock could decline. These risk factors do not identify all risks that the Company faces; its operations could also be affected by factors that are not presently known or that currently are considered to be immaterial to operations. Due to risks and uncertainties, known and unknown, past financial results may not be a reliable indicator of future performance, and historical trends should not be used to anticipate results or trends in future periods. Refer

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also to the other information set forth in this MD&A and the unaudited interim condensed consolidated financial statements and audited consolidated financial statements and related notes for the years ended September 30, 2020 and 2019.

Risks Related to the Business

The COVID-19 pandemic could materially adversely affect the Company's financial condition and results of operations

The COVID-19 pandemic has adversely affected portions of the Company's business and could have a material adverse effect on its financial condition and results of operations. The Company is subject to numerous pandemic-related risks, including those described below. The degree to which COVID-19 impacts the Company's results will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and severity of the pandemic, the actions taken to contain the virus or treat its impact, other actions taken by governments, businesses, and individuals in response to the virus and resulting economic disruption, and how quickly and to what extent normal economic and operating conditions can resume. The Company is similarly unable to predict the extent of the impact of the pandemic on its customers, suppliers, vendors, and other partners, and their financial conditions, but a material effect on these parties could also materially adversely affect the Company.

Operational risks - The pandemic has resulted in authorities imposing, and businesses and individuals implementing, numerous measures to try to contain the virus, such as travel bans and restrictions, quarantines, shelter-in-place/stay-at-home and social distancing orders, and shutdowns. These measures have impacted and may further impact the Company's workforce and operations, the operations of its customers, and those of its respective vendors, suppliers, and partners.

There is considerable uncertainty regarding the business impacts from such measures and potential future measures. Shelter-in-place orders and other measures, including work-from-home and social distancing policies implemented to protect employees, have resulted in reduced workforce availability, and reduced capacity at some vendors. Restrictions on the Company's business or support operations or workforce, or similar limitations for vendors and suppliers, can impact the Company's ability to meet customer demand and could have a material adverse effect on its financial condition and results of operations, particularly if prolonged. Similarly, current and future restrictions or disruptions of transportation can also impact the Company's ability to meet demand and could materially adversely affect the Company. Customers have experienced, and may in the future experience, disruptions in their operations and supply chains, which can result in delayed, reduced, or cancelled orders, or collection risks, and which may adversely affect the Company's results of operations.

The pandemic has caused the Company to modify its business practices, including with respect to employee travel; employee work locations; cancellation of physical participation in meetings, events, and conferences; and social distancing measures. Management may take further actions as required by government authorities or others, or that are determined to be in the best interests of its employees, customers, suppliers, vendors, and partners. Work-from-home and other measures introduce additional operational risks, including cybersecurity risks, and have affected the way the Company conducts product development, validation, and qualification, customer support, and other activities, which could have a material adverse effect on its operations. There is no certainty that such measures will be sufficient to mitigate the risks posed by the virus, and illness and workforce disruptions could lead to unavailability of key personnel and harm the Company's ability to perform critical functions.

Demand and macroeconomic risks - The pandemic has significantly increased economic and demand uncertainty. It has caused a significant contraction in the global economy, and there is considerable

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uncertainty as to the severity and duration of the contraction. Given the continued and substantial economic uncertainty and volatility created by the pandemic, it is difficult to predict the nature and extent of impacts on demand for the Company's products.

Liquidity risks - The pandemic has led to increased disruption and volatility in capital markets and credit markets. Unanticipated consequences of the pandemic and resulting economic uncertainty could adversely affect the Company's liquidity and capital resources in the future.

Other risks - The impact of COVID-19 can also exacerbate other risks discussed in this Risk Factors section, which could in turn have a material adverse effect on the Company. Developments related to COVID-19 have been unpredictable, and additional impacts and risks may arise that management are not aware of or able to respond to appropriately.

Results could be adversely affected by changing economic conditions in the regions in which the Company operates

The market turmoil from potential global and provincial trade disputes and cuts in government spending has negatively impacted business activity generally, and in Alberta and Saskatchewan in particular where most of the cattle population is located in Canada. To the extent that the Company experiences further economic deterioration in these markets, the resulting economic pressure on its customers may cause them to end their relationship with the Company, reduce or postpone current or expected purchase orders for products, or suffer from business failure, resulting in a decline in revenues and profitability that could be material. Continued difficult or uncertain economic conditions could adversely affect the Company's revenue and profitability.

The Company's business is dependent on material customers

The Company sells service to a variety of organizations, but certain customers may, at times, contribute to a large part of revenue. Accordingly, business and future success of the Company depends on its ability to maintain and build on existing relationships, and to develop new relationships and new customers. If certain significant customers, for any reason, discontinue their relationship with the Company, or reduce or postpone current or expected contracts, or suffer from business loss, revenues and profitability could decline.

Business could be harmed if the Company fails to manage growth effectively

Growth will place a significant strain on the Company's managerial, administrative, operational, financial and other resources. Management intends to further expand the overall business, including headcount, with no assurance that revenues will continue to grow. As the Company grows, management will be required to continue to improve operational and financial controls and reporting procedures and they may not be able to do so effectively. As such, the Company may be unable to manage expenses effectively in the future, which may negatively impact gross profit or operating expenses. The Company is also subject to the risks of over-hiring and/or overcompensating employees and over-expanding its operating infrastructure.

The Company may not be able to successfully market products and services

There is no guarantee that the Company's products and services will remain competitive. There is no guarantee the Company will be able to respond to market demands. If the Company is unable to effectively develop and expand the market for its products and services, growth may be adversely affected. In addition, there is no guarantee that all or any of its growth objectives or milestones will be achieved.

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Better-capitalized companies could negatively impact the Company's financial results of operations

Other corporations with considerable financial resources may have the ability to encroach on the Company's competitive position within its chosen marketplace or compete successfully with its products and services by providing better marketing, services or support for clients. They may introduce products and services that compete with its products and services that may allow them to reduce prices to levels that are uneconomic to the Company. Any significant adverse effect on the Company's revenue or cost structure may materially affect its financial position.

Current and future competitors could have a significant impact on the Company's ability to generate future revenue and profits

The markets for the Company's products are intensely competitive and are subject to rapid technological change and other pressures created by changes within its industry. Management expects competition to increase and intensify in the future as additional companies enter its markets, including competitors who may offer similar products and services. The Company may not be able to compete effectively with current competitors and potential entrants into the marketplace. The Company could experience diminished market share if current or prospective competitors introduce new competitive products; add new functionality to existing products, acquire competitive products, reduce prices, or form strategic alliances with other companies. If competitors were to engage in aggressive pricing policies with respect to their products, or if the dynamics in the marketplace resulted in increasing bargaining power by the consumers of the Company's products and services, it might need to lower the prices charged for the products offered. This could result in lower revenues or reduced margins, either of which may materially and adversely affect the Company's business and operating results.

Technology Risks

The industry in which the Company operates, and will operate, is very competitive, and numerous factors could affect its competitive position

Other companies may decide to enter the space and could have substantially greater financial, marketing and other resources. Several of these companies may have greater name recognition and well-established relationships with some of the Company's target customers. Furthermore, these potential competitors may be able to adopt more aggressive pricing policies and offer more attractive terms to customers than the Company is able to offer. The Company may face increasing price pressure from competitors and customers. In addition, current and potential competitors have established or may establish cooperative relationships amongst themselves or with third parties to compete more effectively. Existing and potential competitors may also develop enhancements to, or future generations of, competitive products and services that will have better performance features than the Company's products and services.

Given the early stage of the industry in which the Company operates, additional competition from new entrants is expected. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect its business, financial condition and results of operations.

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The Company operates in a highly competitive environment and its products and services may not keep up with rapid technological change and evolving industry standards

The Company's future success will depend on its ability to design and produce new products and services, deliver enhancements to its existing products and services, accurately predict and anticipate evolving blockchain technology, and respond to technological advances in its industry and customers' increasingly sophisticated needs. The Company's products are expected to embody complex blockchain technology that may not meet those standards, changes and preferences. The ability to design, develop and commercially launch new products depends on a number of factors, including, but not limited to, the Company's ability to design and implement blockchain solutions and services at an acceptable cost and quality, ability to attract and retain skilled technical employees, the availability of critical components from third parties and the ability to successfully complete the development of products in a timely manner. If management are unable to respond to technological changes or fails or delays to develop products in a timely and cost-effective manner, products and services may become obsolete, and the Company may be unable to recover research and development expenses which could negatively impact sales, profitability and the continued viability of the business.

Investment in research and development efforts may not provide a sufficient, timely return

The development of new software products and strategies is a costly, complex and time-consuming process, and the investment in software product development often involves a prolonged time until a return is achieved on such an investment. The Company has made, and will continue to make, significant investments in software development and related product opportunities. Investments in new products are inherently speculative and risky. Commercial success depends on many factors including the degree of innovation of the products developed, sufficient support from strategic partners, and effective distribution and marketing. Accelerated product introductions and short product life cycles require high levels of expenditures for new development. These expenditures may adversely affect operating results if they do not generate revenue increases. Management believes that the Company must continue to dedicate significant resources to development efforts in order to maintain its competitive position; however, significant revenue from new product and service investments may not be achieved for a prolonged period, if at all.

The Company faces risks related to cybersecurity threats and incidents

The Company regularly faces attempts by others to gain unauthorized access through the Internet, or to introduce malicious software, to its IT systems. The Company is a target of malicious attackers who attempt to gain access to its network or data centers or those of suppliers, customers, or end users; steal proprietary information related to its business, products, employees, suppliers, and customers; interrupt its systems and services or those of suppliers, customers, or others; or demand ransom to return control of such systems and services. Such attempts are increasing in number and in technical sophistication, and if successful, expose the Company and the affected parties to risk of loss or misuse of proprietary or confidential information or disruptions of its business operations. IT infrastructure also includes products and services provided by third parties, and these providers can experience breaches of their systems and products that impact the security of the Company's systems and proprietary or confidential information.

From time to time, the Company encounters intrusions or unauthorized access to its network, products, services, or infrastructure, as well as those of third parties who provide products and services to TrustBIX. To date, cybersecurity incidents have not resulted in a material adverse impact to the Company's business or operations, but there can be no guarantee it will not experience such an impact. Such incidents, whether or not successful, could result in incurring significant costs related to, for example, rebuilding internal

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systems, implementing additional threat protection measures, providing modifications to products and services, defending against litigation, responding to regulatory inquiries or actions, paying damages, providing customers with incentives to maintain the business relationship, or taking other remedial steps with respect to third parties, as well as reputational harm. In addition, these threats are constantly evolving, thereby increasing the difficulty of successfully defending against them or implementing adequate preventative measures. As a result of the COVID-19 pandemic, remote work and remote access to systems have increased significantly, which also increases the Company's cybersecurity attack surface. The Company seeks to detect and investigate unauthorized attempts and attacks against its network, products, and services, and to prevent their recurrence where practicable through changes to internal processes and tools and changes or updates to products and services; however, the Company remains potentially vulnerable to additional known or unknown threats. In some instances, the Company, its suppliers, customers, and the users of its products and services can be unaware of an incident or its magnitude and effects.

Theft, loss, or misuse of personal data about employees, customers, or other third parties could increase expenses, damage reputation, or result in legal or regulatory proceedings

The theft, loss, or misuse of personal data collected, used, stored, or transferred by the Company to run its business could result in significantly increased business and security costs or costs related to defending legal claims. The Company anticipates that collection of such personal data will increase as it expands the use cases for the BIX platform, and it may increase as it enters into other new or adjacent businesses. Global privacy legislation, enforcement, and policy activity in this area are rapidly expanding and creating a complex regulatory compliance environment. Costs to comply with and implement these privacy-related and data protection measures could be significant, and noncompliance could expose the Company to significant monetary penalties, damage to its reputation, suspension of online services or sites in certain countries, and even criminal sanctions. Failure to comply with federal, state, or international privacy-related or data-protection laws and regulations, even if inadvertent, could result in audits, regulatory inquiries, or proceedings against the Company by governmental entities or other third parties.

The Company faces risks related to security vulnerabilities in its products

Security vulnerabilities with respect to the resale of hardware products, such as computer systems, as well as the operating systems that run on them, are regularly identified. Components and IP the Company purchases or licenses from third parties for use in its products, as well as industry-standard specifications implemented in products, are also regularly subject to security vulnerabilities. As the Company has become a more data-centric company, processors and other products are being used in additional and new critical application areas that create new or increased cybersecurity and privacy risks, including applications that gather and process large amounts of data, such as the cloud or Internet of Things. Vulnerabilities are not always mitigated before they become known. The Company, its customers, and the users of its products do not always promptly learn of or have the ability to fully assess the magnitude or effects of a vulnerability, including the extent, if any, to which a vulnerability has been exploited. Subsequent events or new information can develop that changes the Company's assessment of the impact of a security vulnerability, including additional information learned as it develops and deploys mitigations or updates, becomes aware of additional variants, evaluates the competitiveness of existing and new products, and addresses future warranty or other claims or customer satisfaction considerations, as well as developments in the course of any litigation or regulatory inquiries or actions over these matters.

Mitigation techniques designed to address security vulnerabilities, including third party data and systems integration monitoring, software and firmware updates or other preventative measures, are not always available on a timely basis—or at all—and at times do not operate as intended or effectively resolve

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vulnerabilities for all applications. In addition, the Company is often required to rely on third parties, including hardware, software, and services vendors, as well as customers and end users, to develop and/or deploy mitigation techniques, and the availability, effectiveness, and performance impact of mitigation techniques can depend solely or in part on the actions of these third parties in determining whether and how to develop and deploy mitigations. The Company and such third parties may make prioritization decisions about which vulnerabilities to address, which can delay, limit, or prevent development or deployment of a mitigation and harm its reputation. Security vulnerabilities and/or mitigation techniques can result in adverse performance or power effects, reboots, system instability or unavailability, loss of functionality, data loss or corruption, unpredictable system behavior, decisions by customers and end users to limit or change the applications in which they use the Company's products or product features, and/or the misappropriation of data by third parties.

Security vulnerabilities and any limitations of, or adverse effects resulting from, mitigation techniques can adversely affect the Company's results of operations, financial condition, customer relationships, prospects, and reputation in a number of ways, any of which may be material. For example, whether or not vulnerabilities involve attempted or successful exploits, they may result in incurring significant costs related to developing and deploying updates and mitigations, defending against product claims and litigation, responding to regulatory inquiries or actions, paying damages, addressing customer satisfaction considerations, providing product replacements or modifications, or taking other remedial steps with respect to third parties. Adverse publicity about security vulnerabilities or mitigations could damage the Company's reputation with customers or users and reduce demand for its products and services. These effects may be greater to the extent that competing products are not susceptible to the same vulnerabilities or if vulnerabilities can be more effectively mitigated in competing products. Moreover, third parties can release information regarding potential vulnerabilities of the Company's products before mitigations are available, which, in turn, could lead to attempted or successful exploits, adversely affect its ability to introduce mitigations, or otherwise harm its business and reputation.

Other Risks

The Company must attract, retain, and motivate key employees

Hiring and retaining qualified executives, scientists, engineers, technical staff, and sales representatives are critical to the Company's business. The competition for highly skilled employees in the industry is increasingly intense. Competitors for technical talent increasingly seek to hire the Company's employees. In addition, changes in immigration policies may further limit the pool of available talent and impair the ability to recruit and hire technical and professional talent. Changes in the interpretation and application of employment-related laws to workforce practices may also result in increased operating costs and less flexibility in how the Company meets changing workforce needs. To help attract, retain, and motivate qualified employees, the Company uses share-based awards and performance-based cash incentive awards. Employee hiring and retention also depend on management's ability to build and maintain a diverse and inclusive workplace culture and be viewed as an employer of choice. If the Company's share-based or other compensation programs and workplace culture cease to be viewed as competitive, its ability to attract, retain, and motivate employees would be weakened, which could harm its results of operations. Moreover, sustained declines in the stock price of the Company can reduce the retention value of the Company's share-based awards. Changes in the Company's management team can also disrupt business. The failure to successfully transition and assimilate key employees, could adversely affect Company results of operations. To the extent the Company does not effectively hire, onboard, retain, and motivate key employees, its business can be harmed.

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The Company invests in private companies and may not realize a return on investments

The Company makes investments in private companies to further its strategic and financial objectives and to support certain key business initiatives. Provision Analytics is an early-stage company TrustBIX invested in, which was non-marketable and illiquid at the time of the initial investment. The Company's ability to realize a return on investment in a private company, if any, is typically dependent on the company participating in a liquidity event, such as a public offering or acquisition. To the extent any of the companies in which TrustBIX invests are not successful, which can include failures to achieve business objectives as well as bankruptcy, the Company could recognize an impairment and/or lose all or part of the investment.

Investments in new businesses, products, and technologies are inherently risky and do not always succeed

The Company is expanding the business use cases of the BIX platform with customers in the Environmental, Social, and Corporate Governance areas through the agreement with All West Demolition to track biomass and waste streams, a memorandum of understanding with Green Metrics to become a reseller of their energy management solutions, as well as the plan to export beef to Asia. These efforts may not always be successful.

These new and developing areas and products represent a significant portion of the Company's expanded total addressable market, and they also introduce new sources of competition, including, in some of these market segments, incumbent competitors with established technologies, ecosystems, and customer bases. These developing products and areas could require significant investment, do not always grow as projected or at all, or sometimes utilize technologies that are different from the ones that TrustBIX develops, and the Company may not realize an adequate return on investments. To be successful, TrustBIX needs to cultivate new industry relationships with customers and partners. In addition, the Company must continually improve the cost, performance, integration, time-to-market, as well as expand product capabilities to service customers. Some of these new businesses face challenging market conditions. For example, market pricing and costs to export beef or other products to Asia or other international markets may be volatile. Despite ongoing efforts, there is no guarantee that the Company will achieve or maintain market demand or acceptance for products and services or realize an adequate return on investments, which could lead to impairment of assets, as well as opportunity costs.

Risks regarding Intellectual Property Rights

The Company's success and ability to compete may be enhanced by effective copyright, trade secret, and trademark law to protect its technology and the technology licensed to it by third parties; however, the Company may or may not be successful in being granted a patent or patents should it apply for them and effective trademark protection may not be available for the Company's intellectual property, trademarks or the trademarks licensed by it. The lack of a patent may make the Company's products vulnerable to being copied or infringed upon by a competitor and may negatively impact the ability of the Company to compete effectively in its addressable markets. If the Company is successfully awarded a patent or patents, it will be necessary to reveal certain details regarding the Company's technology and intellectual property secrets, which could introduce additional risks associated with competitors who may not respect patent protection rights or may otherwise not be bound by patent protection rights because of the geographic location they operate from. Any or all these factors could materially alter the Company's current estimate of its market and its generation of revenue therefrom and there can be no assurance that misappropriation of its technology, trademarks or agreements entered into for that purpose will be enforceable.

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Risks of Legal or Other Claims and Proceedings

The Company may become involved in legal matters that may materially adversely affect the business

From time to time in the ordinary course of business, the Company may become involved in various legal proceedings, including commercial, product liability, employment, class action and other litigation and claims, as well as governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management's attention and resources and cause the Company to incur significant expenses. Furthermore, because litigation is inherently unpredictable, and can be very expensive, the results of any such actions may have a material adverse effect on business, operations or financial condition. While the Company maintains insurance coverage for certain types of claims, such insurance coverage may be insufficient to cover all losses or all types of claims that may arise.

Additional Financing Risks

In order to execute its anticipated growth strategy, the Company may require additional equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake business combination transactions or other initiatives. There can be no assurance that additional financing will be available when needed or on terms which are acceptable. The Company's inability to raise additional financing could limit growth and may have a material adverse effect upon the business, operations, results, financial condition or prospects.

If additional funds are raised through further issuances of equity or securities convertible into equity, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to current shareholders. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult to obtain additional capital and to pursue business opportunities.

Foreign Exchange Risk

As it is anticipated that the Company's operations will expand into increased global markets, it is expected that sales and other transactions may be conducted in foreign currencies other than Canadian dollars, thus exposing the Company to foreign currency risk. A portion of revenues are expected to be transacted in US dollars and Chinese Renminbi and the fluctuation of value of these currencies could impact cash flow and our US/China and foreign business.

Government Regulation Risk

Although TrustBIX believes that the Company has obtained the necessary approvals for the products and services that currently are sold, the Company may not be able to obtain approvals for future products and services on a timely basis, or at all. In addition, regulatory requirements may change or the Company may not be able to obtain regulatory approvals from countries in which it may desire to sell products in the future. TrustBIX may be required to incur additional costs in order to comply with foreign and state government regulations as they might pertain to certain issues concerning compliance with local regulations governing its devices, content, privacy, taxation and other considerations.

Reputational Risk

Reputational damage can result from the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other

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web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views, whether true or not. Reputation loss may result in decreased customer confidence and an impediment to the Company's overall ability to advance its products and services with customers, thereby having a material adverse impact on its financial performance, financial condition, cash flows and growth prospects.

Internal Control Risk

Internal controls are designed to safeguard assets, promote efficient and effective operations, and provide reasonable assurance regarding the reliability and integrity of financial reporting and the preparation of financial statements in accordance with IFRS. However, internal controls alone cannot be guaranteed to detect fraud, safeguard assets, promote efficient and effective operations, or provide absolute assurance with regard to the reliability of financial reporting and financial statements.

Earnings and Dividend Record

TrustBIX does not have any dividend record. The Company has not paid any dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future.