



TrustBIX Inc.

Interim Condensed Consolidated
Financial Statements
(Unaudited)
June 30, 2021

TrustBIX Inc.

Interim Condensed Consolidated Statement of Financial Position

(Unaudited)

As at June 30, 2021

	June 30, 2021 \$	September 30, 2020 \$
Assets		
Current assets		
Cash	922,280	713,959
Restricted cash (note 1)	96,055	-
Accounts receivable	198,201	162,674
Inventory	65,496	56,066
Deposits and prepaid expenses	33,300	41,611
	<u>1,315,332</u>	<u>974,310</u>
Property and equipment (note 4)	40,338	37,976
Intangible assets (note 5)	11,004	45,731
Right-of-use assets (note 6)	51,261	82,546
Investment (note 7)	322,736	341,332
	<u>1,740,671</u>	<u>1,481,895</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	418,917	567,396
Unearned revenue	333,164	265,981
Lease liability (note 6)	44,009	40,531
	<u>796,090</u>	<u>873,908</u>
Loan payable (note 8)	587,582	513,894
Lease liability (note 6)	14,103	47,291
	<u>1,397,775</u>	<u>1,435,093</u>
Shareholders' Equity		
Share capital issued (note 9(a))	9,457,445	7,977,154
Warrants (note 9(c))	468,408	403,719
Contributed surplus (note 9(d))	1,927,047	1,488,115
Capital reserve	149,628	149,628
Deficit	<u>(11,659,632)</u>	<u>(9,971,814)</u>
	<u>342,896</u>	<u>46,802</u>
	<u>1,740,671</u>	<u>1,481,895</u>

Nature of operations and going concern (note 1)

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

(Unaudited)

For the nine-month periods ended June 30, 2021 and 2020

	Share capital \$	Share Capital - committed \$	Warrants \$	Contributed surplus \$	Capital reserve \$	Deficit \$	Total \$
Balance – October 1, 2020	7,977,154	-	403,719	1,488,115	149,628	(9,971,814)	46,802
Net loss for the period	-	-	-	-	-	(1,687,818)	(1,687,818)
Common shares issued in private placement, net of share issue costs (notes 9(a) and (c))	1,475,570	-	464,336	-	-	-	1,939,906
Common shares issued on exercise of warrants and options (notes 9(a) and (b))	4,721	-	(221)	-	-	-	4,500
Expiration of warrants (notes 9(c))	-	-	(399,426)	399,426	-	-	-
Stock-based compensation (note 9(d))	-	-	-	39,506	-	-	39,506
Balance – June 30, 2021	9,457,445	-	468,408	1,927,047	149,628	(11,659,632)	342,896
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)
Common shares issued in private placement, net of share issue costs (notes 9(a) and (c))	259,963	-	38,577	-	-	-	298,540
Common shares issued on exercise of warrants (notes 9(a) and (c))	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(d))	-	-	-	152,605	-	-	152,605
Balance – June 30, 2020	7,811,697	69,928	911,689	989,766	149,628	(9,893,354)	39,354

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, 2021 and 2020

	Three months ended		Nine months ended	
	June 30, 2021 \$	June 30, 2020 \$	June 30, 2021 \$	June 30, 2020 \$
Revenue				
Licence	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
	<u>504,128</u>	<u>351,309</u>	<u>1,677,615</u>	<u>1,090,443</u>
Expenses				
Wages and benefits (note 9(c))	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)
	<u>1,030,990</u>	<u>889,882</u>	<u>3,242,756</u>	<u>3,356,118</u>
Loss before other (expenses) income and income taxes	<u>(526,862)</u>	<u>(538,573)</u>	<u>(1,565,141)</u>	<u>(2,265,675)</u>
Other (expenses) income				
Interest expense	(2,926)	(4,620)	(30,549)	(11,634)
Interest income (note 7)	1,811	2,071	5,385	9,423
Accretion expense	(25,668)	-	(73,688)	-
Unrealized foreign exchange on investment (note 7)	(5,175)	(8,550)	(23,825)	11,236
	<u>(31,958)</u>	<u>(11,099)</u>	<u>(122,677)</u>	<u>9,025</u>
Loss before income taxes	<u>(558,820)</u>	<u>(549,672)</u>	<u>(1,687,818)</u>	<u>(2,256,650)</u>
Income taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net loss and comprehensive loss for the period	<u>(558,820)</u>	<u>(549,672)</u>	<u>(1,687,818)</u>	<u>(2,256,650)</u>
Basic and diluted loss per share (note 11)	(0.01)	(0.02)	(0.05)	(0.09)

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, 2021 and 2020

	Three-months ended		Nine-months ended	
	June 30, 2021 \$	June 30, 2020 \$	June 30, 2021 \$	June 30, 2020 \$
Cash provided by (used in)				
Operating activities				
Net loss for the period	(558,820)	(549,672)	(1,687,818)	(2,256,650)
Adjustments to reconcile net loss to cash flows from operating activities:				
Amortization and depreciation	13,929	33,727	74,394	98,227
Accretion expense	25,668	-	73,688	-
Stock-based compensation	3,648	35,193	39,506	152,605
Unrealized foreign exchange on investment (note 7)	5,175	8,550	23,825	(11,236)
Interest income on investment (note 7)	(1,744)	(2,026)	(5,229)	(5,873)
Interest expense	2,927	4,620	10,118	11,634
Cash used in operating activities before changes in items of working capital	(509,217)	(469,608)	(1,471,516)	(2,011,293)
Net change in items of non-cash working capital (note 12)	(424)	144,446	(213,997)	216,647
	(509,641)	(325,162)	(1,685,513)	(1,794,646)
Investing activities				
Purchase of property and equipment	(3,067)	-	(10,744)	(9,735)
Purchase of investment (note 7)	-	-	-	(329,039)
Increase in intangible assets	-	-	-	(24,705)
Proceeds from government assistance	-	-	-	18,355
	(3,067)	-	(10,744)	(345,124)
Financing activities				
Lease payments (note 6)	(13,276)	(13,276)	(39,828)	(36,167)
Proceeds from issuance of common shares and warrants in private placement (note 9)	-	-	2,100,000	305,577
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)	4,500	48,071	4,500	458,252
Share issue costs (note 9)	-	(5,000)	(160,094)	(12,037)
	(8,776)	97,822	1,904,578	783,652
(Decrease) increase in cash during the period	(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

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

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Notes to Interim Condensed Consolidated Statements

(Unaudited)

June 30, 2021

1 Nature of operations and going concern

TrustBIX Inc.'s (the Company or TrustBIX) business operations consist of information solutions for the agri-food 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, 2021, the Company had a net working capital of \$423,187 (excluding restricted cash) compared to a 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) (note 14). 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.

Current operations have been financed primarily from the issue of share capital, including the Private Placement closed on February 1, 2021 for gross proceeds of \$2,100,000 or 10,500,000 units at a price of \$0.20 per unit (note 9(a)), 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.

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Additionally, the Company is considering or is in the process of applying for provincial and/or federal government grant and funding programs including the Canada Emergency Wage Subsidy (CEWS). During the three and nine-month periods ended June 30, 2021, the Company received \$nil and \$29,508 (\$215,280 during the three and nine-month periods ended June 30, 2020, respectively), respectively from CEWS, which is netted against wages and benefits on the interim condensed consolidated statements of loss and comprehensive loss. The Company has also implemented a cost reduction program.

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.

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 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, 2020, which have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board.

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors on August 19, 2021.

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, except for derivative financial instruments, which are measured at fair value.

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, 2021, 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,

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farmers are faced with an oversupply of cattle and pork and declining selling prices to the 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.

4 Property and equipment

	Computer hardware \$	Computer software \$	Office furniture and equipment \$	Total \$
As at September 30, 2020				
Cost	93,634	17,808	15,086	126,528
Accumulated depreciation	(61,816)	(17,808)	(8,928)	(88,552)
Net book value as at September 30, 2020	31,818	-	6,158	37,976
Cost – as at September 30, 2020	93,634	17,808	15,086	126,528
Additions	10,744	-	-	10,744
Disposal	-	-	-	-
Cost – as at June 30, 2021	104,378	17,808	15,086	137,272
Accumulated depreciation – as at September 30, 2020	(61,816)	(17,808)	(8,928)	(88,552)
Depreciation	(7,514)	-	(868)	(8,382)
Disposal	-	-	-	-
Accumulated depreciation – as at June 30, 2021	(69,330)	(17,808)	(9,796)	(96,934)
Net book value as at June 30, 2021	35,048	-	5,290	40,338

5 Intangible assets

	BIX software \$	Trademarks \$	Total \$
As at September 30, 2020			
Cost	244,959	8,092	253,051
Accumulated amortization	(207,320)	-	(207,320)
Net book value as at September 30, 2020	37,639	8,092	45,731
Cost – as at September 30, 2020	244,959	8,092	253,051

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June 30, 2021

	BIX software \$	Trademarks \$	Total \$
Additions	-	-	-
Cost – as at September 30, 2020 and June 30, 2021	244,959	8,092	253,051
Accumulated amortization – as at September 30, 2020	(207,320)	-	(207,320)
Amortization	(34,727)	-	(34,727)
Accumulated amortization – as at June 30, 2021	(242,047)	-	(242,047)
Net book value as at June 30, 2021	2,912	8,092	11,004

6 Leases

Below is a summary of the activity related to the Company's right-of-use (ROU) assets for the period ended June 30, 2021.

	\$
ROU assets as at September 30, 2020	82,546
Additions	-
Depreciation	(31,285)
ROU assets as at June 30, 2021	51,261

The following is a summary of the activity related to the Company's lease liabilities for the period ended June 30, 2021:

	\$
ROU lease liabilities as at September 30, 2020	87,822
Additions	-
Lease payments	(39,828)
Accretion of lease liabilities	10,118
ROU lease liabilities as at June 30, 2021	58,112
Of which are	
Current lease liabilities	44,009
Non-current lease liabilities	14,103
	58,112

The Company's estimated cash outflows related to the lease obligation are \$50,804 and \$14,636 within the 12 months ending June 30, 2022 and 2023, respectively.

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Notes to Interim Condensed Consolidated Statements

(Unaudited)

June 30, 2021

7 Investment

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).

The investment in Provision Analytics Inc. does not represent SPPI and therefore is classified as a financial asset measured at fair value through profit or loss.

The Company recorded the investment initially at the transaction price of US\$250,000 (\$329,039) based on Level 3 fair value inputs, which included estimated future cash flows based on probable conversion outcomes discounted using the discount rate implicit to the convertible debenture terms. Subsequent measurement is determined considering Level 3 fair value inputs based on future cash flows based on probable conversion outcomes discounted using the discount rate implicit to the convertible debenture terms. During the three and nine-months ended June 30, 2021, the Company recorded fair value adjustments related to the cash flows associated with the interest earned in the amount of \$1,744 and \$5,229, respectively (\$2,026 and \$5,873 during the three and nine-months ended June 30, 2020, respectively). The Company also remeasured the investment for foreign currency loss in the amount of \$5,175 and \$23,825 during the three and nine-months ended June 30, 2021, respectively (\$8,550 and (\$11,236) during the three and nine-months ended June 30, 2020, respectively). No other fair value adjustments were recorded.

8 Loan payable

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.

The loan payable was initially recognized at a fair value of \$506,300. The initial carrying value of the loan payable was calculated using the effective interest rate method, discounting estimated cash flows using the Company's effective interest rate of 18%. The difference between the \$1,000,000 loan proceeds received and the initially recognized carrying value was treated as a government grant and recognized in other income in the consolidated statements of loss and comprehensive loss.

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

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Notes to Interim Condensed Consolidated Statements

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June 30, 2021

	\$
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>

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, 2019	25,359,720	6,936,913
Issued pursuant to private placement	509,294	259,963
Issued pursuant to exercise of warrants (note 9(c))	1,527,504	614,821
	<u>27,396,518</u>	<u>7,811,697</u>
Balance as at June 30, 2020		
	Number	\$
Balance as at September 30, 2020	27,860,913	7,977,154
Issued pursuant to private placement	10,500,000	1,475,570
Issued pursuant to exercise of options and warrants (note 9(c) and (d))	25,000	4,500
	<u>38,385,913</u>	<u>9,457,224</u>
Balance as at June 30, 2021		

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. 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

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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 twenty 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 three months ended March 31, 2020. The gross proceeds have been allocated between share capital – issued and warrants in the amounts of \$266,091 and \$39,486, respectively. Share issue costs of \$7,037 have been allocated between share capital – issued and warrants in the amounts of \$6,128 and \$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%.

Private placement of 10,500,000 shares

On February 1, 2021, the Company closed a Private Placement for gross proceeds of \$2,100,000 or 10,500,000 units at a price of \$0.20 per unit.

Each unit is comprised of one (1) common share in the capital of TrustBIX ("Common Share") and one (1) Common Share purchase warrant ("Warrant"), whereby each Warrant entitles the holder to purchase one (1) Common Share at a price of \$0.30 for a period of one (1) year from the date of closing. If after four (4) months and one (1) day from the date of closing the trading price of the Common Shares on the principal market on which such shares trade closes at a price that is equal to or exceeds \$0.50 per Common Share for twenty (20) consecutive trading days, the Company will have the right to accelerate the expiry date of the Warrants. In the event of acceleration, the expiry date will be accelerated to a date that is thirty (30) days after the date that written notice has been given to the warrant holder or the date that TrustBIX has issued a press release announcing the exercise of the acceleration right; and thereafter, no further notification will be provided by the Company to the subscribers. The securities issued under the Private Placement are subject to a four-month hold period from the time of closing of the Private Placement.

The gross proceeds of \$2,100,000 have been allocated between share capital – issued and warrants in the amounts of \$1,597,344 and \$502,656, respectively. Share issue costs of \$160,094 have been allocated between share capital – issued and warrants in the amounts of \$121,774 and \$38,320, respectively.

The fair value of the warrants in the amount of \$502,656 was determined using the Black-Scholes option pricing model with the following assumptions: stock price of \$0.20, exercise price of \$0.30, average volatility of 93.6%, an expected life of one year, a dividend yield of nil% and an average risk-free interest rate of 0.16%.

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b) Share capital – committed

	Number – committed	\$
Balance as at September 30, 2019	-	-
Committed to issue pursuant to private placement	227,054	69,928
Balance as at June 30, 2020	<u>227,054</u>	<u>69,928</u>
Balance as at September 30, 2020 June 30, 2021	<u>-</u>	<u>-</u>

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) Warrants

	Number	\$
Balance as at September 30, 2019	10,483,301	1,029,681
Issued (note 9(a))	254,645	38,577
Warrants exercised (note9(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>
Balance as at September 30, 2020	4,254,645	403,719
Issued (note 9(a))	10,500,000	464,336
Warrants exercised (note9(a))	(5,000)	(221)
Expired	<u>(4,000,000)</u>	<u>(399,426)</u>
Balance as at June 30, 2021	<u>10,749,645</u>	<u>468,408</u>

The expiration dates of warrants outstanding as at June 30, 2021 were as follows:

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Expiration date	Warrants outstanding number	Exercise price \$
January 20, 2022	2,967,343	0.30
January 25, 2022	3,665,000	0.30
January 28, 2022	3,862,657	0.30
February 7, 2022	254,645	0.90
	<u>10,749,645</u>	

d) Stock options and compensation expense

A summary of the stock options outstanding as at June 30, 2021 and 2020 and changes during the periods ended on those dates is as follows:

	June 30, 2021		June 30, 2020	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Outstanding – Beginning of period	3,017,856	0.40	2,939,997	0.37
Granted	200,000	0.50	-	-
Exercised	(20,000)	0.15	-	-
Forfeited	-	-	(295,000)	0.36
Outstanding – End of period	<u>3,197,856</u>	<u>0.41</u>	<u>2,644,997</u>	<u>0.37</u>
Options exercisable – End of period	<u>2,815,950</u>	<u>0.39</u>	<u>1,760,553</u>	<u>0.37</u>

As at June 30, 2021, the Company's stock option plan allows a maximum of 5,572,182 common shares of the Company for issuance.

A summary of the stock options granted are as follows:

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Grant date	Exercise price \$	Fair value \$	Number
January 11, 2021 – Key management ^(f)	0.50	0.08	175,000
January 11, 2021 – Non-employees ^{(b)(e)}	0.50	0.08	<u>25,000</u>
			<u>200,000</u>
September 30, 2020 – Directors ^(b)	0.60	0.05	308,518
September 30, 2020 – Key management ^(b)	0.60	0.05	26,841
September 30, 2020 – Non-employees ^{(b)(e)}	0.60	0.05	<u>37,500</u>
			<u>372,859</u>
October 31, 2018 – Directors ^(a)	0.15	0.35	225,000
October 31, 2018 – Directors ^{(b)(d)}	0.15	0.36	250,000
October 31, 2018 – Key management ^(b)	0.15	0.36	838,330
October 31, 2018 – Employees ^(b)	0.15	0.36	20,000
December 17, 2018 – Directors ^(a)	0.50	0.21	160,000
December 17, 2018 – Directors ^{(c)(d)}	0.50	0.26	500,000
December 17, 2018 – Key management ^(c)	0.50	0.26	1,100,000
December 17, 2018 – Employees ^(c)	0.50	0.26	<u>240,000</u>
			<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 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.
- e) These options do not require any future performance obligations by the grantee.
- f) These options vest one-third immediately, one-third on the 12-month anniversary date and one-third on the 24-month anniversary date. Options expire December 29, 2025.

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The Company used the Black-Scholes option pricing model to estimate the fair value of the options granted. 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 Black-Scholes fair value of the options granted during the three and nine-months ended June 30, 2021:

Annualized volatility	91%
Risk-free interest rate	0.19%
Expected life of options in years	2.0
Dividend rate	nil%
Exercise price	\$0.50
Market price on date of grant	\$0.26
Fair value per common share option	\$0.08

Application of the fair value method resulted in charges to stock-based compensation expense for the three and nine-months ended June 30, 2021 of \$3,648 (2020 – \$35,193) and \$39,506 (2020 – \$152,605), respectively, with a corresponding increase in contributed surplus included in shareholders' equity.

The following table summarizes information on stock options outstanding as at June 30, 2021:

Exercise price \$	Number outstanding	Weighted average remaining contractual life in years	Options exercisable
0.15	959,997	2.33	959,997
0.50	1,865,000	2.69	1,731,667
0.60	372,859	4.25	124,286
	<u>3,197,856</u>	<u>2.76</u>	<u>2,815,950</u>

10 Related party transactions

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:

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	Three months ended		Nine months ended	
	June 30, 2021 \$	June 30, 2020 \$	June 30, 2021 \$	June 30, 2020 \$
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 three and nine-months ended June 30, 2021 and 2020 is as follows:

	Three months ended		Nine months ended	
	June 30, 2021 \$	June 30, 2020 \$	June 30, 2021 \$	June 30, 2020 \$
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>

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)).

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11 Loss per share

	Three months ended		Nine months ended	
	June 30, 2021 \$	June 30, 2020 \$	June 30, 2021 \$	June 30, 2020 \$
Net loss	(558,820)	(549,672)	(1,687,818)	(2,256,650)
	#	#	#	#
Weighted average number of common shares outstanding – basic and diluted	38,371,169	25,920,454	33,837,715	26,169,187
	\$	\$	\$	\$
Basic and diluted loss per share	(0.01)	(0.02)	(0.05)	(0.09)

For the three and nine-month periods ended June 30, 2021 and 2020, potentially dilutive securities issuable in exchange for 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, 2021 \$	June 30, 2020 \$	June 30, 2021 \$	June 30, 2020 \$
Restricted cash	(96,055)	-	(96,055)	-
Accounts receivable	34,724	26,147	(35,527)	52,040
Inventory	(2,482)	7,354	(9,430)	107
Deposits and prepaid expenses	5,651	16,429	8,311	39,834
Accounts payable and accrued liabilities	22,251	13,679	(148,479)	70,739
Unearned revenue	35,487	80,837	67,183	53,927
	(424)	144,446	(213,997)	216,647

TrustBIX Inc.

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13 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) and a lease liability for \$14,103 (note 6).

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>

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 Government assistance

Government assistance consists of grants from Protein Industries Canada ("PIC") and Industrial Research Assistance Program ("IRAP"). These grants are accounted for as a reduction of related expenditures and are recorded when there is reasonable assurance that the Company has complied with the terms and conditions of the approved grant program.

On March 31, 2021 the Company signed an agreement with PIC, Farmers Edge, and OPIsystems to create a platform for Canada's plant-based food, feed and ingredient sector. The project is partially funded through PIC, up to a maximum of \$334,057. As at June 30, 2021, the Company had restricted cash of \$96,055 (2020 – \$nil) related to a cash advance for the project. This amount is also recorded in accounts payable and accrued liabilities and will be recognized as a reduction of eligible expenses as incurred.

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On April 1, 2021, the Company received approval of funding up to \$300,000 from the IRAP, to develop traceability of products and sustainability metrics for poultry produced using Arden Biotechnology Ltd.'s natural feed supplement, Sustavian. As at June 30, 2021, the Company received and recognized funding of \$28,012 (2020 – \$nil) for the project.

15 Segment disclosures

Management has organized the Company under two reportable segments: ViewTrak, the development and sale of information solutions for the livestock industry and related services, and BIX, which leverages blockchain-derived technology and unique incentive solutions to deliver independent validation of food provenance and sustainable production practices within the agri-food supply chain.

	<u>Three months ended June 30, 2021</u>		
	ViewTrak	BIX	Consolidated
	\$	\$	\$
Revenue from external customers	318,198	185,930	504,128
Expenses	(622,738)	(394,323)	(1,017,061)
Amortization and depreciation	(13,399)	(530)	(13,929)
Other income (expenses)	(31,958)	-	(31,958)
Net loss	(349,897)	(208,923)	(558,820)
Other information			
Expenditures for additions to intangible assets	-	-	-
Government assistance netted against intangible asset additions	-	-	-

	<u>Three months ended June 30, 2020</u>		
	ViewTrak	BIX	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 netted against intangible asset additions	-	-	-

TrustBIX Inc.

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	Nine months ended June 30, 2021		
	ViewTrak	BIX	Consolidated
	\$	\$	\$
Revenue from external customers	1,222,331	455,284	1,677,615
Expenses	(2,032,098)	(1,136,264)	(3,168,362)
Amortization and depreciation	(39,667)	(34,727)	(74,394)
Other income (expenses)	(122,677)	-	(122,677)
Net loss	(972,111)	(715,707)	(1,687,818)
Other information			
Expenditures for additions to intangible assets	-	-	-
Government assistance netted against intangible asset additions	-	-	-

	Nine months ended June 30, 2020		
	ViewTrak	BIX	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 netted against intangible asset additions	-	18,355	18,355

Geographical segmentation

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

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

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	<u>Three months ended</u>		<u>Nine months ended</u>	
	<u>June 30,</u> <u>2021</u>	<u>June 30,</u> <u>2020</u>	<u>June 30,</u> <u>2021</u>	<u>June 30,</u> <u>2020</u>
	\$	\$	\$	\$
Canada	399,200	270,788	1,017,402	514,003
United States	70,256	21,099	442,857	456,606
Other	34,672	59,422	217,356	119,834
	<u>504,128</u>	<u>351,309</u>	<u>1,677,615</u>	<u>1,090,443</u>