



## **TrustBIX Inc.**

Management's Discussion and Analysis

Third Quarter Ended June 30, 2022

TrustBIX Inc.

## **Management's Discussion and Analysis**

For the third quarters ended June 30, 2022 and 2021

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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, 2022 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, 2022 (the "financial statements"), and the MD&A and TrustBIX Inc. audited consolidated financial statements and related notes for the years ended September 30, 2021 and 2020. The information in this MD&A is current to August 23, 2022, 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 subsidiaries ViewTrak Technologies Inc. ("ViewTrak") and Insight Global Technology Inc ("Insight") (note 4 of the unaudited interim condensed consolidated financial statements). 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 23, 2022. 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](http://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.

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### SIGNIFICANT DEVELOPMENTS AFFECTING OPERATIONS

#### 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, 2022, the Company had a net working capital deficiency of \$543,971 compared to a net working capital deficiency of \$20,109 as at September 30, 2021. For the three and nine-month period ended June 30, 2022, the Company incurred a net loss of \$1,285,689 and \$2,934,362, respectively (\$558,820 and \$1,687,818 net loss for the three and nine-month periods ended June 30, 2021, respectively) and net cash outflow from operating activities of \$769,045 and \$2,045,498, respectively (\$509,641 and \$1,685,513 net cash outflow from operating activities for the three and nine-month periods ended June 30, 2021). As at June 30, 2022, the Company had an accumulated deficit of \$15,145,535 (September 30, 2021 – \$12,211,173). In addition, the Company also has lease commitments in the amount of \$45,518 as disclosed in note 7 of the unaudited interim condensed consolidated financial statements.

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 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 exporting of beef to Asia will not require additional personnel or significant capital costs.

On March 7, 2022 the Company completed the acquisition of Insight, an early stage company providing solutions to track, protect and identify the movement of high-value moveable equipment used in agriculture and other industries. The Company does not anticipate additional significant personnel or significant capital costs while executing sales of this new tracking solution.

While factors related to COVID-19 have negatively impacted results during the three and nine-month periods ended June 30, 2022 and 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, 2022 and 2021, the Company received \$nil and \$8,214, respectively, (2021 – \$nil and \$29,508, respectively) from CEWS, which is netted against wages and benefits (note 16 of the unaudited interim condensed consolidated financial statements).

For the three and nine months ended June 30, 2022, the Company recognized government assistance of \$nil and \$83,399 (2021 – \$7,248 and \$7,248), respectively, in research and development expenses, and \$nil and \$nil (2021 – \$13,860 and \$13,860), respectively, in consulting expenses from Protein Industries Canada ("PIC") (note 16 of the unaudited interim condensed consolidated financial statements).

For the three and nine months ended June 30, 2022, the Company recognized government assistance of \$43,187 and \$103,218 (2021 – \$1,577 and \$1,577), respectively, in research and development expenses, and \$nil and \$nil (2021 – \$26,435 and \$26,435), respectively, in consulting expenses from Industrial

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Research Assistance Program ("IRAP") (note 16 of the unaudited interim condensed consolidated financial statements).

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.

Current operations have been financed primarily from the issue of share capital, including a non-brokered private placement financing for gross proceeds of \$1,138,380 or 6,324,334 units at a price of \$0.18 (note 10(a) of the unaudited interim condensed consolidated financial statements).

The Company also raised financing from the issue of share capital, in a non-brokered private placement closed on December 31, 2021 for gross proceeds of \$705,000 or 4,406,250 common shares at a price of \$0.16 per common share. (note 10(a) of the unaudited interim condensed consolidated financial statements).

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.

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

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) (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.

### **COVID-19**

The COVID-19 pandemic has had, and continues to have, a significant impact around the world, prompting governments and businesses to implement restrictions on travel and business operations and quarantine. During the three months ended June 30, 2022, aspects of the Company's business continue to be affected by the COVID-19 pandemic, with a number of the Company's employees working remotely and the reactivation of certain travel and business development activities. The continued spread of COVID-19 resulted in a slowing of the agriculture and general business sectors and staffing issues, 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 uncertain. It will depend on future developments that are uncertain and unpredictable, including

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the duration and emergence of new variants, 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.

## 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, 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 17 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 China<sup>1</sup> and by major pork processors in Canada and Mexico to grade and price pork carcasses.

On March 7, 2022 the Company completed the acquisition of Insight Global Technology Inc. (Insight) (note 4 of the unaudited interim condensed consolidated financial statements), an early stage company providing solutions to track, protect and identify the movement of high-value moveable equipment used in agriculture and other industries.

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

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### OUTLOOK

The TrustBIX vision is to create a world where we trust more, waste less, and reward sustainable behaviour.

The TrustBIX team continues to focus on bringing this vision to reality – pursuing new opportunities while delivering on existing arrangements and agreements. Expenses are closely monitored and controlled, but research and development efforts continue. Further working capital will be required to continue the Company's development and growth, including possible acquisitions, which may be funded through private placements. Since the May 24th, 2022, announcement, the team has also been working with US investor relations firm, RB Milestone Group, to start marketing to US investors.<sup>2</sup>

The Company's main objectives for the 2022 fiscal year continue to be:

1. Create revenue growth; and
2. Enhance and expand technology capabilities and functionality

#### Objective 1 – Revenue Growth

##### Market Pull Creation

Environmental, Social, and corporate Governance (ESG) investing is top of mind as many global fund managers are increasingly using ESG criteria as part of their portfolio selection. According to NAVEX Global: "As of 2020, 88% of publicly traded companies, 79% of the venture and private equity-backed companies, and 67% of privately-owned companies had ESG initiatives in place."<sup>3</sup> TrustBIX is positioned to gather and report on the data needed for ESG reporting, particularly with respect to the food supply chain.

On May 3<sup>rd</sup>, 2022, the Company announced the signing of a master services agreement with JBS Food Canada.<sup>4</sup> Internationally, JBS is one of the world's largest food companies with customers in approximately 100 countries on six continents.

On February 28<sup>th</sup>, 2022, TrustBIX announced the continued strengthening of the relationship with Cargill through the signing of an Innovation Agreement.<sup>5</sup> Cargill Limited is one of Canada's largest food merchandisers and processors. Globally, Cargill has customers in 70 countries/regions.

These announcements are significant because the combined volume of cattle harvested in Canada by these two companies is approximately 85% of all federally-inspected beef in Canada.<sup>6</sup> The TrustBIX pricing model is a combination of volume transacted, plus subscription and professional services. Working with the Canadian divisions of these international food companies allows TrustBIX to explore opportunities to grow and scale revenues not only in beef but also in other agri-food sectors.

##### Producer Engagement

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<sup>2</sup> <https://www.newsfilecorp.com/release/124836/TrustBIX-Inc.-Announces-Engagement-of-US-Investor-Relations-Services>

<sup>3</sup> <https://www.navexglobal.com/blog/article/environmental-social-governance-esg-global-survey-findings/>

<sup>4</sup> <https://www.newsfilecorp.com/release/122479/TrustBIX-Inc.-Announces-Agreement-with-JBS-Food-Canada-ULC>

<sup>5</sup> <https://www.newsfilecorp.com/release/114950/TrustBIX-Inc.-Announces-Innovation-Contract-with-Cargill>

<sup>6</sup> <https://financialpost.com/commodities/agriculture/why-only-three-meat-packing-plants-process-the-vast-majority-of-canadas-beef>

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The success of ESG supply chain reporting also depends on data from the farms. This is a competitive advantage for TrustBIX due to the long relationships with the ViewTrak and BIX users who are farmers and producers.

To incentivize this group to share information needed for economic buyers' metrics or sustainability brand and product claims, TrustBIX works with its partners to create financial benefits for producers that participate in marketing programs utilizing BIX. These benefits could be related to increased volume sold, increased prices, or incentives from financial institutions or governmental and other agencies.

These benefits within supply chains often take months to realize but the TrustBIX team is continually pursuing opportunities to provide more immediate tangible results for producers through savings and risk reduction. By encouraging and rewarding sustainable behaviour, the Company will be able to grow the producer user-base in BIX.

On March 7<sup>th</sup>, 2022, TrustBIX announced the final acceptance by the TSX Venture Exchange for the completion of the acquisition of Insight Global Technology Inc.<sup>7</sup> Under the terms of the acquisition, if Insight net revenue reaches \$1,000,000 with a target profit of \$300,000 within twelve months after closing the transaction, the Insight shareholders could earn up to an additional 20 million TrustBIX common shares (over and above the initial 10 million they received). This will not only drive potential profitable revenue for the Company but also create producer engagement - such as assisting with asset management, including reduction of theft and recovery of stolen equipment.

### Objective 2 – Enhance and Expand Technology Capabilities

The technology development team continues to upgrade and enhance the BIX platform to create more opportunities to work with customers. On June 14<sup>th</sup>, 2022, and July 26<sup>th</sup>, 2022, TrustBIX announced the release of the BIX Origin<sup>8</sup> and BIX Impact<sup>9</sup> modules respectively. The significance of these announcements is that BIX Impact records the impact of production practices in industry programs for ESG report cards and claims, while BIX Origin tracks the source of the product and its attributes. These modules also enhance BIX's ability to support multiple agri-food and bio-industrial industries, including cereal crops, pulse crops, animal protein, carbon, and biochar. Further development with additional features is in progress.

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<sup>7</sup> <https://www.newsfilecorp.com/release/115830/TrustBIX-Inc.-Receives-Final-Exchange-Acceptance-and-Completes-the-Acquisition-of-Insight-Global-Technology-Inc>.

<sup>8</sup> <https://www.newsfilecorp.com/release/127616/TRUSTBIX-INC.-Announces-Release-of-BIX-Origin>

<sup>9</sup> <https://www.newsfilecorp.com/release/131990/TrustBIX-Inc.-Announces-Release-of-BIX-Impact>

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**RESULTS OF OPERATIONS****Selected information for the three and nine months ended June 30, 2022 and 2021:**

	Three months		Nine months	
	2022	2021	2022	2021
	\$	\$	\$	\$
<b>Revenue</b>				
License	48,100	10,848	104,821	83,363
Hardware and installation	72,551	86,368	260,818	446,166
Professional and development services	73,410	198,119	240,583	507,654
Maintenance	196,435	208,793	618,261	640,432
	<b>390,496</b>	<b>504,128</b>	<b>1,224,483</b>	<b>1,677,615</b>
<b>Expenses:</b>				
Wages and benefits	708,504	405,903	1,693,407	1,359,004
Consulting Fees	228,034	250,317	644,426	677,274
Professional fees	229,985	109,617	753,629	341,963
Hardware costs and supplies	59,421	97,539	169,083	281,151
Travel, trade shows and conferences	40,953	7,784	64,536	23,780
Office	85,236	75,569	256,324	221,659
Amortization and depreciation	162,754	13,929	215,830	74,394
Advertising and promotion	13,428	957	27,811	26,411
Research and development	127,894	58,715	241,236	181,446
Bad debt exp	124	598	124	29,432
Foreign exchange (gain) loss	(1,885)	10,062	3,964	26,242
	<b>1,654,448</b>	<b>1,030,990</b>	<b>4,070,370</b>	<b>3,242,756</b>
Loss before other income (expenses) and income taxes	(1,263,952)	(526,862)	(2,845,887)	(1,565,141)
Other (expense) income	(21,737)	(31,958)	(88,475)	(122,677)
Income taxes	-	-	-	-
<b>Net loss and comprehensive loss for the period</b>	<b>(1,285,689)</b>	<b>(558,820)</b>	<b>(2,934,362)</b>	<b>(1,687,818)</b>
<b>Per common share:</b>				
Basic and diluted loss per share	(0.02)	(0.01)	(0.05)	(0.05)
Number of common shares outstanding - end of period	79,449,831	38,385,913	79,449,831	38,385,913
Weighted average number of common shares outstanding - basic and diluted	59,091,101	38,371,169	55,964,328	33,837,715
<b>Statement of financial position data:</b>				
Working capital (deficiency) - current assets less current liabilities	(543,971)	423,187	(543,971)	423,187
Total assets	2,735,688	1,740,671	2,735,688	1,740,671

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### **Three months ended June 30, 2022 compared to three months ended June 30, 2021**

#### **Revenue**

Total revenue for the three months ended June 30, 2022 decreased to \$390,496 from \$504,128 in 2021, a decrease of \$113,632 or 22.5% due to the following:

- Licence revenue increased to \$48,100 in 2022 from \$10,848 in 2021, an increase of \$37,252 mainly due to AMP.
- Hardware and installation revenue decreased to \$72,551 in 2022 from \$86,368 in 2021, a decrease of \$13,817 driven primarily by a decrease in probe sales, partially offset by an increase in AMP sales.
- Professional and development services revenue decreased to \$73,410 in 2022 from \$198,119 in 2021, a decrease of \$124,709. The decrease is due mainly to BIX platform revenue, and in particular, development services in 2021 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, Cargill sustainable beef program fees, energy management services and one-time consulting services with MM platforms. Partially offsetting the decrease, are revenues from the release of the Company's BIX Origin module to support provenance, chain of custody, and ESG reporting, as well as one-time consulting services with AMP.
- Maintenance revenue decreased to \$196,435 in 2022 from \$208,793 in 2021, a decrease of \$12,358, primarily due to a decrease of maintenance revenues from AMP due to the impact of foreign exchange from USD to Canadian dollars, as well as MM, FLS and probe services, partially offset by an increase in maintenance revenues from the Company's newly acquired Insight solution to track, protect and identify the movement of high-value moveable equipment used in agriculture and other industries.

The impact of COVID-19 and measures to prevent its spread continued to affect 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 increased to \$708,504 in 2022 from \$405,903 in 2021, an increase of \$302,601. The increase is primarily due to an increase of \$204,026 in stock-based compensation and no allocation of wages and benefits to research & development expenses in 2022, partially offset by a reduction of staff.

##### *Consulting fees*

Consulting fees decreased to \$228,034 in 2022 from \$250,317 in 2021, a decrease of \$22,283. The decrease is primarily due to cost reduction measures and expenses related to Green Metrics for the ESG initiative with Sunterra incurred in 2021, partially offset by outsourced BIX development in 2022.

The Company did not recognize PIC and IRAP funding in 2022 and recognized \$13,860 and \$26,435, respectively, in 2021 (note 16 of the unaudited interim condensed consolidated financial statements).

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### *Professional fees*

Professional fees increased to \$229,985 in 2022 from \$109,617 in 2021, an increase of \$120,368, primarily due to engagement of P&C Ventures as a strategic advisor, and stock-based compensation to non-employee consultants for investor relations services, partially offset by a reduction of legal and compliance costs.

### *Hardware costs and supplies*

Hardware costs and supplies decreased to \$59,421 in 2022 from \$97,539 in 2021, a decrease of \$38,118, primarily due to a reduction of costs incurred in 2021 related to probe sales and the analysis and confirmation of beef export opportunities, partially offset by costs related to the delivery of AMP equipment.

### *Travel, trade shows and conferences*

Travel, trade shows and conferences increased to \$40,953 in 2022 from \$7,784 in 2021, an increase of \$33,169 related to industry trade shows and conferences.

### *Office*

Office increased to \$85,236 in 2022 from \$75,569 in 2021, an increase of \$9,667. The increase is due to higher corporate insurance premiums, office supplies and common area occupancy costs.

### *Amortization and depreciation*

Amortization and depreciation increased to \$162,754 in 2022 from \$13,929 in 2021, an increase of \$148,825 mainly due to amortization of Insight software.

### *Advertising and promotion*

Advertising and promotion increased to \$13,428 in 2022 from \$957 in 2021, an increase of \$12,471 due to beef industry and ViewTrak promotions.

### *Research and development*

Research and development increased to \$127,894 in 2022 from \$58,715 in 2021, an increase of \$69,179, primarily due to the outsourced development of the Origin platform and the Sustavian project.

The Company recognized PIC and IRAP funding of \$nil and \$43,187, respectively, (2021 – \$7,248 and \$1,577, respectively) (note 16 of the unaudited interim condensed consolidated financial statements).

### *Bad debts*

Bad debts decreased to \$124 in 2022 from \$598 in 2021.

### *Foreign exchange (gain) loss*

Foreign exchange increased to a gain of \$1,885 in 2022 from a loss of \$10,062 in 2021, an increase of \$11,947 due to changes in foreign exchange rates.

### **Other (expenses) income**

Other expenses decreased to \$21,737 in 2022 from \$31,958 in 2021, a decrease of \$10,221. The decrease is due primarily to the remeasurement of the investment in Provision Analytics from USD to Canadian dollars, partially offset by higher accretion of interest expense on the WD loan (see note 9 of the unaudited interim condensed consolidated financial statements).

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### **Nine months ended June 30, 2022 compared to nine months ended June 30, 2021**

#### **Revenue**

Total revenue for the nine months ended June 30, 2022 decreased to \$1,224,483 from \$1,677,615 in 2021, a decrease of 453,132 or 27.0% due to the following:

- Licence revenue increased to \$104,821 in 2022 from \$83,363 in 2021, an increase of \$21,458 mainly to increased demand for AMP, partially offset by reduced MM and FLS sales.
- Hardware and installation revenue decreased to \$260,818 in 2022 from \$446,166 in 2021, a decrease of \$185,348 driven primarily by a decrease in probe sales, one-time hardware upgrades with MM customers and AMP hardware.
- Professional and development services revenue decreased to \$240,583 in 2022 from \$507,654 in 2021, a decrease of \$267,071. The decrease is due mainly to BIX platform revenue, and in particular, development services in 2021 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. In addition, Cargill sustainable beef program fees, energy management services and one-time consulting services with MM platforms also decreased. Partially offsetting the decrease, are revenues from the release of the Company's BIX Origin module to support provenance, chain of custody, and ESG reporting, as well as one-time consulting services with AMP and FLS.
- Maintenance revenue decreased to \$618,261 in 2022 from \$640,432 in 2021, a decrease of \$22,171, primarily due a decrease of probe service, MM and FLS revenues, partially offset by maintenance revenues from AMP and from the Company's newly acquired Insight solution to track, protect and identify the movement of high-value moveable equipment used in agriculture and other industries.

The impact of COVID-19 and measures to prevent its spread continued to affect 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 increased to \$1,693,407 in 2022 from \$1,359,004 in 2021, an increase of \$334,403. The increase is primarily due to an increase of \$275,253 in stock-based compensation and higher allocation of wages and benefits to research & development expenses in 2021, partially offset by a reduction of staff.

In addition, the Company received a Canada Emergency Wage Subsidy of \$8,214 (2021 – \$29,508), which was netted against wages and benefits (note 16 of the unaudited interim condensed consolidated financial statements).

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### *Consulting fees*

Consulting fees decreased to \$644,426 in 2022 from \$677,274 in 2021, a decrease of \$32,848. The decrease is primarily due to cost reduction measures and expenses related to Green Metrics for the ESG initiative with Sunterra incurred in 2021, partially offset by outsourced BIX development in 2022.

The Company did not recognize PIC and IRAP funding in 2022 and recognized \$13,860 and \$26,435, respectively, in 2021 (note 16 of the unaudited interim condensed consolidated financial statements).

### *Professional fees*

Professional fees increased to \$753,629 in 2022 from \$341,963 in 2021, an increase of \$411,666, primarily due to legal fees related to non-capitalizable acquisition and fundraising costs, as well as general and regulatory matters. Professional fees also increased due to engagement of P&C Ventures as a strategic advisor and stock-based compensation to non-employee consultants for investor relations services, partially offset by a reduction of capital markets services and compliance costs.

### *Hardware costs and supplies*

Hardware costs and supplies decreased to \$169,083 in 2022 from \$281,151 in 2021, a decrease of \$112,068, primarily due to decreases sales of Probes, AMP equipment, MM upgrades, and costs related to beef export opportunities.

### *Travel, trade shows and conferences*

Travel, trade shows and conferences increased to \$64,536 in 2022 from \$23,780 in 2021, an increase of \$40,756 related to beef industry and ViewTrak promotions.

### *Office*

Office increased to \$256,324 in 2022 from \$221,659 in 2021, an increase of \$34,665. The increase is primarily due to higher corporate insurance premiums, additional memberships and software license and fees, bank fees, office supplies and common area occupancy costs.

### *Amortization and depreciation*

Amortization and depreciation increased to \$215,830 in 2022 from \$74,394 in 2021, an increase of \$141,436 mainly due to amortization of Insight software, offset by certain intangible assets being fully amortized.

### *Advertising and promotion*

Advertising and promotion increased to \$27,811 in 2022 from \$26,411 in 2021, an increase of \$1,400.

### *Research and development*

Research and development increased to \$241,236 in 2022 from \$181,446 in 2021, an increase of \$59,790 primarily due to the development of the Origin platform and the Sustavian project.

The Company recognized PIC and IRAP funding of \$83,399 and \$103,218, respectively, (2021 – \$7,248 and \$1,577, respectively) (note 16 of the unaudited interim condensed consolidated financial statements).

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*Bad debts*

Bad debts decreased to \$124 in 2022 from \$26,242 in 2021 due primarily to an expected credit loss for one customer in 2021.

*Foreign exchange loss*

Foreign exchange loss decreased to \$3,964 in 2022 from \$26,242 in 2021, a decrease of \$22,278 due to changes in foreign exchange rates.

**Other (expenses) income**

Other expenses decreased to \$88,475 in 2022 from \$122,677 in 2021, a decrease of \$34,202. The decrease is due primarily to interest charges on certain trade payables in 2021 and the remeasurement of the investment in Provision Analytics from USD to Canadian dollars, partially offset by accretion of interest expense on the WD loan (see note 9 of the unaudited interim condensed consolidated financial statements).

**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 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	390,496	411,726	422,261	491,213	504,128	753,255	420,232	536,994
Expenses	1,654,448	1,416,822	999,100	1,024,717	1,030,990	1,213,961	997,805	1,092,577
Loss before other income (expenses) and income taxes	(1,263,952)	(1,005,096)	(576,839)	(533,504)	(526,862)	(460,706)	(577,573)	(555,583)
Other income (expenses)	(21,737)	(34,451)	(32,287)	(18,037)	(31,958)	(49,907)	(40,812)	477,123
Income taxes	-	-	-	-	-	-	-	-
<b>Net loss and comprehensive loss</b>	<b>(1,285,689)</b>	<b>(1,039,547)</b>	<b>(609,126)</b>	<b>(551,541)</b>	<b>(558,820)</b>	<b>(510,613)</b>	<b>(618,385)</b>	<b>(78,460)</b>
<b>Per common share:</b>								
Basic and diluted loss per share	(0.02)	(0.02)	(0.02)	(0.01)	(0.01)	(0.01)	(0.02)	(0.00)
Number of common shares outstanding - end of period	79,449,831	74,400,942	42,792,163	38,385,913	38,385,913	38,360,913	27,860,913	27,860,913
Weighted average number of common shares outstanding - basic and diluted	59,091,101	45,799,747	38,385,913	38,385,913	38,371,169	35,363,510	27,860,913	27,733,601

The Company has incurred losses over the past several quarters to develop software platforms and grow the business, and will continue to invest further resources to expand revenue streams.

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.

**Management's Discussion and Analysis**

For the third quarters ended June 30, 2022 and 2021

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

	<u>Three months ended June 30</u>		<u>Nine months ended June 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Cash used in operating activities	(769,045)	(509,641)	(2,045,498)	(1,685,513)
Cash used in investing activities	(1,317)	(3,067)	(3,217)	(10,744)
Cash provided by financing activities	187,463	(8,776)	1,797,996	1,904,578
<b>Increase in cash</b>	<b>(582,899)</b>	<b>(521,484)</b>	<b>(250,719)</b>	<b>208,321</b>
Cash - beginning of period	782,347	1,443,764	450,167	713,959
<b>Cash - end of period</b>	<b>199,448</b>	<b>922,280</b>	<b>199,448</b>	<b>922,280</b>

Cash consists of cash on hand and deposits held with banks.

*Cash used in operating activities*

Cash used in operating activities for the three months ended June 30, 2022 increased to (\$769,045) from (\$509,641) in 2021, an increase of \$259,404, and for the nine months ended June 30, 2022 increased to (\$2,045,498) from (\$1,685,513) in 2021, an increase of \$359,985, primarily due to lower revenue and increased expenses in 2022, as well as changes in working capital, specifically payment of accounts payable and timing of payment or collection of accounts receivable, deposits and prepaid expenses, and unearned revenue.

*Cash used in investing activities*

Cash used in investing activities for the three months ended June 30, 2022 decreased to (\$1,317) from (\$3,067), a decrease of \$1,750 in 2021 due to a reduction of equipment purchases.

Cash used in investing activities for the nine months ended June 30, 2022 decreased to (\$3,217) from (\$10,744) in 2021, a decrease of \$7,527 due to a reduction of equipment purchases.

*Cash provided by (used in) financing activities*

Cash provided by financing activities for the three months ended June 30, 2022 increased to \$187,463 from (\$8,776) in 2021, an increase of \$196,239, primarily due to an increase in proceeds from a private placement and the exercise of options. Cash provided by financing activities for the nine months ended June 30, 2022 decreased to \$1,797,996 from \$1,904,578 in 2021, a decrease of \$106,582, primarily due to a decrease in net proceeds from private placements.

**Management's Discussion and Analysis**

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**CONTRACTUAL OBLIGATIONS**

The Company has the following cash flow obligations, as at June 30, 2022:

	Payments due by period				
	\$				
	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Lease payments	61,976	24,141	19,756	18,079	-

The Company's short-term and long-term liabilities include a loan payable for \$702,523 (note 9 of the unaudited interim condensed consolidated financial statements).

Anticipated cash outflows on the loan payable as at June 30, 2022 are as follows:

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

**OUTSTANDING SHARE DATA**

As at August 23, 2022, there were 79,449,831 common shares, 12,931,848 share options and 6,324,334 warrants outstanding (note 10 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, 2022 and 2021 and does not currently, as of the date of this MD&A, have any off-balance sheet arrangements.

**TRANSACTIONS WITH RELATED PARTIES**

Related party transactions, including key management compensation, are provided in note 13 of the unaudited interim condensed consolidated financial statements. No ongoing contractual or other commitments resulted from the transactions, other than the key management compensation.

**Management's Discussion and Analysis**

For the third quarters ended June 30, 2022 and 2021

During the periods ended June 30, 2022 and 2021, the Company incurred 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, 2022</u> \$	<u>June 30, 2021</u> \$	<u>June 30, 2022</u> \$	<u>June 30, 2021</u> \$
Sublease rental income from a company controlled by a director and from a company controlled by family members of a director	2,951	3,152	8,687	10,488
Exercise of warrants/options and purchase of common shares and units in private placement (notes 10(a)(c)(d)) by directors and officers	-	2,500	20,000	478,969
Consulting fees to companies controlled by family members of a director	12,313	3,875	26,219	8,461
Office and administrative services to family members of a director	23,249	8,995	46,655	16,878
Project management services to a company controlled by a member of key management	157,500	-	355,950	-

The compensation to key management during the periods ended June 30, 2022 and 2021 are as follows:

	<u>Three months ended</u>		<u>Nine months ended</u>	
	<u>June 30, 2022</u> \$	<u>June 30, 2021</u> \$	<u>June 30, 2022</u> \$	<u>June 30, 2021</u> \$
Salaries, short-term employee benefits and stock-based compensation	305,196	193,774	652,373	554,064
Consulting fees to a company controlled by a member of key management <sup>(1)</sup>	26,303	-	78,909	-
	<u>331,449</u>	<u>193,744</u>	<u>731,282</u>	<u>554,064</u>

- 1) The Company outsourced part of its project management and research and development activities to a company controlled by a member of key management who is responsible for overseeing all aspects of the technology and digital solutions deployed across the Company. The member of key management was retained as a consultant in the fourth quarter of 2021.

During the three months ended June 30, 2022, the Company granted 4,400,000 stock options with a fair value of \$268,088 to directors and members of key management, exercisable at \$0.10 per option (note 10 (d)).

TrustBIX Inc.

## Management's Discussion and Analysis

For the third quarters ended June 30, 2022 and 2021

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During the three months ended March 31, 2022, the Company granted 2,475,000 stock options with a fair value of \$230,420 to directors and members of key management, exercisable at \$0.30 per option (note 10 (d) of the unaudited interim condensed consolidated financial statements).

### Accounts receivable

As at June 30, 2022, accounts receivable includes \$960 (September 30, 2021 – \$nil) due from a company controlled by a key manager of the Company, related to consulting services.

### Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include the following amounts due to:

	June 30, 2022 \$	September 30, 2021 \$
Company controlled by a director for consulting fees	-	7,875
Company controlled by a member of key management for project management services	52,500	63,000
Member of key management for consulting fees	8,768	17,536
Family members of a director for other services	2,691	-
	<hr/>	<hr/>
	63,959	88,411

## 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 of the audited consolidated financial statements for the year ended September 30, 2021 and note 2 of the unaudited interim condensed consolidated financial statements for the third quarter ended June 30, 2022.

## 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. The loan payable was measured using the estimated incremental borrowing rate and approximates fair value.

## Management's Discussion and Analysis

### For the third quarters ended June 30, 2022 and 2021

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The Company's investment in Provision Analytics through a convertible debenture (note 8 of the unaudited interim condensed consolidated financial statements) matured during the three months ended December 31, 2021 and was required to be converted into preferred shares on maturity. These non-marketable equity securities are an investment in a privately held company without readily determinable market values and is classified as Level 3. The Company classifies the non-marketable equity securities in Provision Analytics at fair value through profit or loss.

Financial instruments recognized on the unaudited interim condensed consolidated statements of financial position 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 and nine months ended June 30, 2022 and 2021, 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.

#### 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 in Canadian dollars to the US dollar and China RMB as of June 30, 2022 and 2021:

	<b>2022</b> <b>CAD\$</b>	<b>2021</b> <b>CAD\$</b>
Cash – USD	27,795	126,482
Accounts receivable – USD	8,640	5,552
Accounts payable and accrued liabilities – USD	(63,987)	(7,621)
	<u>(27,552)</u>	<u>124,413</u>

**Management's Discussion and Analysis**

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	2022 CAD\$	2021 CAD\$
Accounts receivable – RMB	27,205	76,506
	2022 \$	2021 \$
CAD\$ - USD	0.7765	0.8074
CAD\$ - RMB	0.1924	0.1919

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 increased (decreased) net loss by approximately \$3,000 and (\$3,000), respectively, as at June 30, 2022 (2021 – (\$12,000) and (\$8,000)), assuming all other variables remained constant.

The Company holds US\$262,997 non-marketable equity securities in Provision Analytics (note 8 of the unaudited interim condensed consolidated financial statements). A 10% strengthening of the US dollar would have decreased net loss by approximately \$33,800 as at June 30, 2022.

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, 2022.

**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 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 its ability to mitigate such risks may be limited.

**Liquidity risk**

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

	\$
Accounts payable and accrued liabilities	629,376
Loan payable	166,500
Lease liability	18,284

## Management's Discussion and Analysis

For the third quarters ended June 30, 2022 and 2021

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The Company's long-term liabilities include a lease liability for \$27,234 (note 7 of the unaudited interim condensed consolidated financial statements) and a loan payable for \$536,023 (note 9 of the unaudited interim condensed consolidated financial statements).

Anticipated cash outflows on the loan payable as at June 30, 2022 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, and determines if 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 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, 2021 and 2020.

### 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.

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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 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.

## **Management's Discussion and Analysis**

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### ***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.

### ***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.

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***Acquisitions, investments, and divestitures could result in operating difficulties, dilution, and other consequences that may harm the Company's business, financial condition, and operating results.***

Acquisitions, investments and divestitures are important elements of the Company's overall corporate strategy and use of capital, and these transactions could be material to its financial condition and operating results. The Company expects to continue to evaluate and enter into discussions regarding a wide array of such potential strategic transactions, which could create unforeseen operating difficulties and expenditures. Some of the areas where the Company faces risks include:

- diversion of management time and focus from operating the Company's business to challenges related to acquisitions and other strategic transactions;
- failure to obtain required approvals on a timely basis, if at all, from regulatory authorities, or conditions placed upon approval that could, among other things, delay or prevent the Company from completing a transaction, or otherwise restrict its ability to realize the expected financial or strategic goals of a transaction;
- failure to successfully integrate and further develop the acquired business or technology;
- implementation or remediation of controls, procedures, and policies at the acquired company;
- integration of the acquired company's accounting, human resource (including cultural integration and retention of employees), and other administrative systems, and coordination of product, engineering, and sales and marketing functions;
- transition of operations, users, and customers onto the Company's existing platforms;
- liability for activities of the acquired company before the acquisition, including patent and trademark infringement claims, data privacy and security issues, violations of laws, commercial disputes, tax liabilities, warranty claims, product liabilities, and other known and unknown liabilities; and
- litigation or other claims in connection with the acquired company, including claims from terminated employees, customers, former stockholders, or other third parties.

The Company's failure to address these risks or other problems encountered in connection with its past or future acquisitions and other strategic transactions could cause it to fail to realize their anticipated benefits, incur unanticipated liabilities, and harm its business generally.

The Company's acquisitions and other strategic transactions could also result in dilutive issuances of its equity securities, the incurrence of debt, contingent liabilities, or amortization expenses, or impairment of goodwill and/or purchased long-lived assets, and restructuring charges, any of which could harm its financial condition or operating results. Also, the anticipated benefits or value of the Company's acquisitions and other strategic transactions may not materialize. In connection with potential divestitures, the Company may agree in the future to provide indemnification for certain potential liabilities, which may harm its financial condition or operating results.

***The Company is exposed to fluctuations in the fair values of the Company's investments.***

The fair value of the Company's investments may in the future be, and certain investments have been in the past, negatively affected by liquidity and performance and financial results of the underlying entities, or other factors.

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The Company measures its non-marketable equity securities at fair value on a recurring basis. The determination of fair value involves use of unobservable inputs, requires management judgment and estimation, and may change over time. The Company adjusts the carrying value of its non-marketable equity securities to fair value. All gains and losses on non-marketable equity securities, are recognized in other income (expense), which increases the volatility of other income (expense). The unrealized gains and losses from fair value remeasurements of the Company's non-marketable equity securities recorded in any particular period may differ significantly from the gains or losses ultimately experienced on such investments.

As a result of these factors, the value the nonmarketable securities could decline and result in a material impairment, which could adversely affect the Company's financial condition 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.

***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

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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 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.

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### ***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 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,

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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.

#### ***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

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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.

### **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

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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 the Company's 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 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.