



## **TrustBIX Inc.**

Management's Discussion and Analysis

Third Quarter Ended June 30, 2025

## Management's Discussion and Analysis

For the third quarter ended June 30, 2025

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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 ("Q3 2025") and nine months ended June 30, 2025 and should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and related notes for the three and nine months ended June 30, 2025 (the "Financial Statements"), the MD&A for the year ended September 30, 2024, and the audited consolidated financial statements and related notes for the years ended September 30, 2024 and 2023. The information in this MD&A is current to August 25, 2025, unless otherwise noted.

Unless otherwise stated, financial information in this MD&A is expressed in Canadian dollars and the Financial Statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board (the "IASB"). This MD&A provides information on the activities of the Company.

The Financial Statements include the accounts of the Company and its wholly owned subsidiaries ViewTrak Technologies Inc. ("ViewTrak"), Insight Global Technology Inc ("Insight"), BIX Operations Inc. ("BIX Operations"), and Alberta Food Security Inc. ("AFS") (note 1 of the 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 25, 2025. The Financial Statements and formation pertaining to the Company can be found on the System for Electronic Document Analysis and Retrieval ("SEDAR+") web site at [www.sedarplus.ca](http://www.sedarplus.ca).

## 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.

## Management's Discussion and Analysis

For the third quarter ended June 30, 2025

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### GOING CONCERN

The Company's principal sources of liquidity are cash from operations, cash on hand, loan payable with Prairies Economic Development Canada (formerly Western Economic Diversification Canada) ("PrairiesCan"), loan payable to related party and the debenture. Funding operating capital needs, as circumstances warrant, may also come from sales of equity or other securities.

As at June 30, 2025, the Company had a net working capital deficit of \$2,461,433 (September 30, 2024 - \$2,156,197). For the three and nine months ended June 30, 2025, the Company incurred a net loss and comprehensive loss of \$255,984 and \$493,628, respectively (2024 - \$200,982 and \$461,935, respectively). During the three months ended June 30, 2025, net cash provided by operating activities was \$31,780 (2024 - \$18,638) and during the nine months ended June 30, 2025, net cash outflow from operating activities was \$24,236 (2024 - \$74,787). As at June 30, 2025, the Company had an accumulated deficit of \$20,556,517 (September 30, 2024 - \$20,062,889). In addition, the Company has lease commitments in the amount of \$18,078 as disclosed in note 9 of the Financial Statements and has entered into a contribution agreement with PrairiesCan for a repayable financial contribution under the Regional Relief and Recovery Fund (the "Contribution") with a remaining principal balance of \$898,000 as disclosed in note 14 of the Financial Statements.

Operations during the nine months ended June 30, 2025, have been financed primarily from customer deposits and a non-brokered private placement of \$86,800.

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

On November 13, 2023, the Company received TSX Venture Exchange ("TSXV") final acceptance for the acquisition of Alberta Food Security Inc. ("AFS") and management is actively pursuing new business opportunities.

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, and macroeconomic conditions, 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.

The 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.

## Management's Discussion and Analysis

For the third quarter ended June 30, 2025

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### PRINCIPAL BUSINESS AND OVERALL PERFORMANCE

TrustBIX is an agricultural technology company providing Gate to Plate® solutions to create a world where we trust more, waste less, and reward sustainable practices. Our award-winning technologies offer practical tools trusted by local and international agri-food organizations. The Company's Gate to Plate® solutions include:

1. ViewTrak Technologies Inc., a wholly owned subsidiary of TrustBIX, which has developed solutions with an emphasis on the livestock sector. Its technologies include:
  - a. Auction Master Pro ("AMP") - livestock auction market software solution to help build and operate auction activities.
  - b. Electronic Pork Grader - pork probe technology to help producers price pork by evaluating fat thickness, lean meat thickness, meat percentage and class.
2. Insight Global Inc., a wholly owned subsidiary of TrustBIX, which has developed industrial Internet-of-Things ("IoT") products and traceability solutions. Its technologies include:
  - a. BIX Location Services - IoT devices to track, protect and identify the movement of high-value moveable equipment used in agriculture and other industries.
  - b. BIX (Business InfoXchange System) - a proprietary platform 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.
3. Alberta Food Security Inc. ("AFS"), a wholly owned subsidiary of TrustBIX acquired on October 31, 2023<sup>(1)</sup>. AFS holds the exclusive Alberta territory license and an Ontario territory license for an innovative Controlled Environment Agriculture vertical indoor farming technology.

During the three and nine months ended June 30, 2025, the Company reported revenue of \$324,545 and \$1,021,778, respectively, as compared to \$547,769 and \$1,185,729 in the same periods in 2024, respectively. Revenue was primarily a result of the ViewTrak Technologies Inc. operations and AMP product, which is a mature product with a stable customer base. During the three and nine months ended June 30, 2025, the Company also secured orders and collected deposits on its AFS product, of which the revenue will be recognized when the products are delivered. See the "Outlook" section below for additional information.

In addition, the net loss and comprehensive loss was \$255,984 and \$493,628, respectively, in the three and nine months ended June 30, 2025, as compared to \$9,773 and \$471,708 in the same periods in 2024, respectively. The increase is primarily a result of a reduction in revenue together with increased consulting and stock-based compensation expense. See the "Results of Operations" section below for a detailed discussion of the changes in expenses.

The Company generated positive cash flow from operations of \$31,780 during Q3 2025, as compared to \$18,638 in Q3 2024. Cash flows used in operations during the nine months ended June 30, 2025 and 2024 were \$24,236 and \$74,787, respectively. The improvement in operating cash flows was primarily a result of reduced cash expenditures. The Company did not require any additional fundraising in Q3 2025 as it

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<sup>1</sup><https://www.newsfilecorp.com/release/187102/TrustBIX-Inc.-Receives-Final-Exchange-Acceptance-of-Acquisition-of-Alberta-Food-Security-Inc.>

TrustBIX Inc.

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

For the third quarter ended June 30, 2025

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was able to manage its cash flow with its cash reserves and improved operating cash flow. This resulted in cash used in financing activities of \$17,547 in Q3 2025 (2024 - \$17,485), primarily to service debt repayments. Cash generated in the nine months ended June 30, 2025 and 2024 was a result of proceeds from private placements completed during those respective periods. See the "Liquidity and Capital Resources" section below for a detailed discussion of the changes in cash flows.

On August 2, 2025, the maturity date of the loan payable to related party of \$23,000 was extended from August 2, 2025 to August 2, 2026, see Transactions with Related Party section below for additional information.

## **OUTLOOK**

### **Alberta Food Security (AFS) business outlook**

We remain focused on closing and fulfilling sales opportunities within Canada over the remainder of 2025. In light of ongoing tariff discussions led by President Trump, we continue to engage with prospective U.S. customers; however, our immediate focus remains on the Canadian market.

As previously disclosed, between January and June 2024, AFS signed orders and received initial deposits for its indoor farming technology totaling approximately \$650,000. In addition, on September 11, 2024, we received a signed purchase order for \$5 million, from an arm's length customer, to build multiple indoor vertical farms in Ontario, Canada. The terms require a 50% deposit prior to delivery, with the remaining balance due within 30 days of delivery. Additionally, an annual fee of approximately 5% of the purchase price will be applied for automation and monitoring services to all orders.

Revenue from these orders will be recognized upon product delivery. While we continue to address manufacturing delays, initial deliveries for the 2024 orders began in June 2025 and the first installation is expected to be completed by September 2025.

### **ViewTrak Technologies business outlook**

In 2024, we announced plans to discontinue support for our old COBOL-based Market Master and Dealer Master ("MM") systems as of January 1, 2025. Since the announcement, our Auction Master Pro ("AMP") team has been busy helping customers convert from MM to AMP. Due to the high volume of conversion requests, we have extended MM support to December 31, 2025, to alleviate stress for both our customers and our team.

The high volume of conversion requests has created a bottleneck, necessitating the need to hire and train more staff to ensure quality service. The AMP team is working to address this in 2025.

**Management's Discussion and Analysis**

For the third quarter ended June 30, 2025

**RESULTS OF OPERATIONS****Selected information for the three and nine months ended June 30, 2025 and 2024**

|  | Three months ended June 30, |                   | Nine months ended June 30, |                     |
|--|-----------------------------|-------------------|----------------------------|---------------------|
|  | 2025                        | 2024              | 2025                       | 2024                |
| <b>Statement of loss and comprehensive loss data:</b>                    |                             |                   |                            |                     |
| <b>Revenue</b>   |                             |                   |                            |                     |
| Licence  | \$ 45,089                   | \$ 124,853        | \$ 131,886                 | \$ 211,396          |
| Hardware and installation  | 71,773                      | 141,951           | 281,414                    | 305,442             |
| Professional and development services                                    | 16,540                      | 50,897            | 47,959                     | 71,979              |
| Maintenance  | 191,143                     | 230,068           | 560,519                    | 596,912             |
|  | <u>324,545</u>              | <u>547,769</u>    | <u>1,021,778</u>           | <u>1,185,729</u>    |
| <b>Expenses</b>  |                             |                   |                            |                     |
| Consulting fees  | 275,324                     | 168,482           | 534,302                    | 492,080             |
| Wages and benefits   | 118,681                     | 128,033           | 340,956                    | 478,212             |
| Hardware for resale and supplies   | 57,305                      | 108,597           | 218,201                    | 215,778             |
| Office   | 52,604                      | 71,557            | 197,734                    | 193,508             |
| Professional fees  | 15,132                      | 19,923            | 47,276                     | 105,412             |
| Amortization and depreciation  | 9,332                       | 7,537             | 46,472                     | 41,814              |
| Travel, trade shows and conferences                                      | 5,144                       | 14,043            | 14,374                     | 23,522              |
| Advertising and promotion  | 4,401                       | 8,957             | 23,162                     | 16,237              |
| Foreign exchange (gain) loss   | 9,188                       | (697)             | 8,579                      | (896)               |
|  | <u>547,111</u>              | <u>526,432</u>    | <u>1,431,056</u>           | <u>1,565,667</u>    |
| <b>Loss before other income (expenses) and income taxes</b>              | <u>(222,566)</u>            | <u>21,337</u>     | <u>(409,278)</u>           | <u>(379,938)</u>    |
| <b>Other income (expense)</b>  | (33,418)                    | (31,110)          | (84,350)                   | (91,770)            |
| <b>Income taxes</b>  | -                           | -                 | -                          | -                   |
| <b>Net loss and comprehensive loss for the period</b>                    | <u>\$ (255,984)</u>         | <u>\$ (9,773)</u> | <u>\$ (493,628)</u>        | <u>\$ (471,708)</u> |
| <b>Per common share:</b>   |                             |                   |                            |                     |
| Basic and diluted loss per share   | \$ (0.00)                   | \$ (0.00)         | \$ (0.00)                  | \$ (0.00)           |
| Number of common shares outstanding - end of period                      | 123,209,330                 | 118,869,330       | 123,209,330                | 118,869,330         |
| Weighted average number of common shares outstanding - basic and diluted | 123,209,330                 | 118,869,330       | 122,018,158                | 112,537,578         |
| <b>Statement of financial position data:</b>                             |                             |                   |                            |                     |
| Working deficiency - current assets less current liabilities             | \$ (2,461,433)              | \$ (1,994,870)    | \$ (2,461,433)             | \$ (1,994,870)      |
| Total assets   | \$ 842,573                  | \$ 1,104,979      | \$ 842,573                 | \$ 1,104,979        |
| Total non-current financial liabilities                                  | \$ 555,737                  | \$ 516,312        | \$ 555,737                 | \$ 516,312          |

## Management's Discussion and Analysis

For the third quarter ended June 30, 2025

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### **Three months ended June 30, 2025 ("Q3 2025") as compared to the same period in 2024 ("Q3 2024")**

#### **Revenue**

Total revenue for Q3 2025 decreased to \$324,545 from \$547,769 in Q3 2024, a decrease of \$223,224 or 40.8% due to the following:

- Licence revenue decreased to \$45,089 in Q3 2025 from \$124,853 in Q3 2024, a decrease of \$76,764 or 63.9%, largely due to fewer AMP customer installations in Q3 2025.
- Hardware and installation revenue decreased to \$71,773 in Q3 2025 from \$141,951 in Q3 2024, a decrease of \$70,178 or 49.4% mainly due to fewer AMP installations, as mentioned above.
- Professional and development services revenue decreased to \$16,540 in Q3 2025 from \$50,897 in Q3 2024, a decrease of \$34,357 or 67.5%. This is primarily due to fewer AMP installations, as mentioned above.
- Maintenance revenue was \$191,143 in Q3 2025 as compared to \$230,068 in Q3 2024. A decrease of \$38,925 or 16.9%. The decrease in revenue reflects lower MM sales, as customers transitioned to AMP in connection with the planned discontinuation of MM, as well as the elimination of probe maintenance revenue. These decreases were offset by increases in AMP revenue from the cumulative effect of ongoing AMP software sales in 2024 and 2025.

#### **Expenses**

##### *Consulting fees*

Consulting fees increased to \$275,324 in Q3 2025 from \$168,482 in Q3 2024, an increase of \$106,842 or 63.4%, mainly due to \$60,957 of stock-based compensation expense incurred on stock options granted to consultants during Q3 2025 together with new consulting agreements signed for AFS as the Company is actively pursuing new business opportunities.

##### *Wages and benefits*

Wages and benefits decreased to \$118,681 in Q3 2025 from \$128,033 in Q3 2024, a decrease of \$9,352 or 7.3%. The decrease is primarily due to the termination of certain employees.

##### *Hardware costs and supplies*

Hardware costs and supplies expense decreased to \$57,305 in Q3 2025 from \$108,597 in Q3 2024, a decrease of \$51,292 or 47.2%, consistent with the decrease in hardware and installation revenue, as discussed in the revenue section above.

##### *Office*

Office expenses decreased to \$52,604 in Q3 2025 from \$71,557 in Q3 2024, a decrease of \$18,953 or 26.5%, mainly due to cost saving efforts.

## Management's Discussion and Analysis

### For the third quarter ended June 30, 2025

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#### *Professional fees*

Professional fees decreased to \$15,132 in Q3 2025 from \$19,923 in Q3 2024, a decrease of \$4,791 or 24.0%, mainly due to a reduction in the accrual for audit-related services and reduced transfer agent fees following a transition to a more cost-effective service provider.

#### *Amortization and depreciation*

Amortization and depreciation was \$9,332 in Q3 2025 as compared to \$7,537 in Q3 2024 and did not change significantly. The amortization and depreciation is primarily from the AFS license and there were no other significant additions.

#### *Travel, trade shows and conferences*

Travel, trade shows and conferences expense was not significant in Q3 2025 (\$5,144) or Q3 2024 (\$14,043).

#### *Advertising and promotion*

Advertising and promotion expense was not significant in Q3 2025 (\$4,401) or Q3 2024 (\$8,957).

#### *Foreign exchange (gain) loss*

Foreign exchange was not significant in Q3 2025 (loss of \$9,188) or Q3 2024 (gain on \$697) and is due to normal fluctuations in the Canadian dollar to US dollar foreign exchange rate.

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

Total net other expense did not change significantly and was \$33,418 in Q3 2025 as compared to \$31,110 in Q3 2024. The net other expense arises primarily from accretion expense on the PrairiesCan Contribution (note 14 of the Financial Statements).

### **Nine months ended June 30, 2025 as compared to the same period in 2024**

#### **Revenue**

Total revenue for the nine months ended June 30, 2025 decrease to \$1,021,778 from \$1,185,729 in the same period in 2024, a decrease of \$163,951 or 13.8% due to the following:

- Licence revenue was \$131,886 in the nine months ended June 30, 2025 as compared to \$211,396 in the same period in 2024, a decrease of \$79,510 or 37.6%, largely due to fewer AMP customer installations in Q3 2025.
- Hardware and installation revenue decreased to \$281,414 in the nine months ended June 30, 2025 from \$305,442 in the same period in 2024, a decreased of \$24,028 or 7.9% mainly due to fewer AMP installations, as mentioned above.
- Professional and development services revenue decreased to \$47,959 in the nine months ended June 30, 2025 from \$71,979 in the same period in 2024, a decrease of \$24,020 or 33.4%. This is primarily due to fewer AMP installations, as mentioned above.
- Maintenance revenue was \$560,519 in the nine months ended June 30, 2025 as compared to \$596,912 in the same period in 2024. The decrease of \$36,393 or 6.1%. The decrease in revenue reflects lower MM sales, as customers transitioned to AMP in connection with the planned

## Management's Discussion and Analysis

For the third quarter ended June 30, 2025

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discontinuation of MM, as well as the elimination of probe maintenance revenue. These decreases were offset by increases in AMP revenue from the cumulative effect of ongoing AMP software sales in 2024 and 2025.

### Expenses

#### *Consulting fees*

Consulting fees increased to \$534,302 in the nine months ended June 30, 2025 from \$492,080 in the same period in 2024, an increase of \$42,222 or 8.6%, mainly due to \$60,957 of stock-based compensation expense incurred on stock options granted to consultants during the nine months ended June 30, 2025 together with new consulting agreements signed for AFS as the Company is actively pursuing new business opportunities.

#### *Wages and benefits*

Wages and benefits decreased to \$340,956 in the nine months ended June 30, 2025 from \$478,212 in the same period in 2024, a decrease of \$137,256 or 28.7%. The decrease is primarily due to the termination of certain employees.

#### *Hardware costs and supplies*

Hardware costs and supplies expense increased to \$218,201 in the nine months ended June 30, 2025 from \$215,778 in the same period in 2024, an increase of \$2,423 or 1.1%. New AMP installations decreased, as discussed in the revenue section above; however, there was an increase in parts required for repairs and maintenance for existing AMP customers and an overall increase in costs from the comparative 2024 period.

#### *Office*

Office expenses increased to \$197,734 in the nine months ended June 30, 2025 from \$193,508 in the same period in 2024, an increase of \$4,226 or 2.2%, mainly due to the amortization of AFS' Ontario territory license, acquired in the second half of 2024, together with regulatory-related administrative costs incurred during the nine months ended June 30, 2025.

#### *Professional fees*

Professional fees decreased to \$47,276 in the nine months ended June 30, 2025 from \$105,412 in the same period in 2024, a decrease of \$58,136 or 55.2%, mainly due to a reduction in the accrual for audit-related services and reduced transfer agent fees following a transition to a more cost-effective service provider.

#### *Amortization and depreciation*

Amortization and depreciation was \$46,472 in the nine months ended June 30, 2025 as compared to \$41,814 in the same period in 2024 and did not change significantly. The amortization and depreciation is primarily from the AFS license and there were no other significant additions.

#### *Travel, trade shows and conferences*

Travel, trade shows and conferences expense was not significant in the nine months ended June 30, 2025 (\$14,374) or the same period in 2024 (\$23,522).

TrustBIX Inc.

## Management's Discussion and Analysis

### For the third quarter ended June 30, 2025

During 2024, the Company recognized IRAP funding of \$3,000 as a reduction in travel, trade shows and conferences expense (note 20 of the Financial Statements).

#### *Advertising and promotion*

Advertising and promotion expense was not significant in the nine months ended June 30, 2025 (\$23,162) or the same period in 2024 (\$16,237).

#### *Foreign exchange (gain) loss*

Foreign exchange was not significant in the nine months ended June 30, 2025 (loss of \$8,579) or the same period in 2024 (gain of \$896) and is due to normal fluctuations in the Canadian dollar to US dollar foreign exchange rate.

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

Total net other expenses was \$84,350 in the nine months ended June 30, 2025 as compared to \$91,770 in the same period in 2024. The decrease is mainly due to a gain on modification of the PrairiesCan Contribution of \$34,794, as a result of revised repayment terms (note 14 of the Financial Statements). This was partially offset by an increase in interest expense related to an outstanding balance owing to the Canada Revenue Agency and interest accretion related to the PrairiesCan Contribution (note 14 of the 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:

|  | Q2 2025          | Q2 2025         | Q1 2025          | Q4 2024          | Q3 2024        | Q2 2024          | Q1 2024          | Q4 2023            |
|--|------------------|-----------------|------------------|------------------|----------------|------------------|------------------|--------------------|
|  | \$               | \$              | \$               | \$               | \$             | \$               | \$               | \$                 |
| Revenue  | 324,545          | 335,412         | 361,821          | 392,256          | 547,769        | 343,406          | 294,554          | 598,108            |
| Expenses   | 547,111          | 388,844         | 495,101          | 595,514          | 526,432        | 513,370          | 525,865          | 930,862            |
| Loss before other income (expenses) and income taxes                     | (222,566)        | (53,432)        | (133,280)        | (203,258)        | 21,337         | (169,964)        | (231,311)        | (332,754)          |
| Other income (expenses)  | (33,418)         | 2,021           | (52,953)         | (35,799)         | (31,110)       | (31,018)         | (29,642)         | (875,753)          |
| Income taxes   | -                | -               | -                | -                | -              | -                | -                | -                  |
| <b>Net loss and comprehensive loss</b>                                   | <b>(255,984)</b> | <b>(51,411)</b> | <b>(186,233)</b> | <b>(239,057)</b> | <b>(9,773)</b> | <b>(200,982)</b> | <b>(260,953)</b> | <b>(1,208,507)</b> |
| <b>Per common share:</b>   |                  |                 |                  |                  |                |                  |                  |                    |
| Basic and diluted loss per share   | (0.00)           | (0.00)          | (0.00)           | (0.00)           | (0.00)         | (0.00)           | (0.00)           | (0.01)             |
| Number of common shares outstanding - end of period                      | 123,209,330      | 123,209,330     | 123,209,330      | 118,869,330      | 118,869,330    | 138,869,330      | 132,369,330      | 102,869,330        |
| Weighted average number of common shares outstanding - basic and diluted | 123,209,330      | 123,209,330     | 119,674,656      | 118,869,330      | 118,869,330    | 116,583,616      | 102,272,591      | 82,869,330         |

The Company has incurred losses to develop software platforms and grow the business, and will continue to invest further resources to expand revenue streams. Other income during Q2 2025 includes a gain on modification of the PrairiesCan Contribution of \$34,794, as a result of revised repayment terms (note 14 of the Financial Statements) and other expenses in Q4 2023 includes an impairment loss of \$870,407 on the Insight Software.

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 quarter ended June 30, 2025

### LIQUIDITY AND CAPITAL RESOURCES

#### Summary of consolidated cash flows

|  | <u>Three months ended June 30,</u> |                | <u>Nine months ended June 30,</u> |                |
|--|------------------------------------|----------------|-----------------------------------|----------------|
|  | <u>2025</u>                        | <u>2024</u>    | <u>2025</u>                       | <u>2024</u>    |
|  | \$                                 | \$             | \$                                | \$             |
| Cash provided by (used in) operating activities: | 31,780                             | 18,638         | (24,236)                          | (74,787)       |
| Cash used in investing activities                | -                                  | (2,135)        | -                                 | (1,119)        |
| Cash provided by (used in) financing activities: | (17,547)                           | (17,485)       | 28,284                            | 110,244        |
| <b>Increase (decrease) in cash</b>               | <b>14,233</b>                      | <b>(982)</b>   | <b>4,048</b>                      | <b>34,338</b>  |
| Cash - beginning of period                       | 62,057                             | 119,317        | 72,242                            | 83,997         |
| <b>Cash - end of period</b>                      | <b>76,290</b>                      | <b>118,335</b> | <b>76,290</b>                     | <b>118,335</b> |

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

#### **Cash provided by (used in) operating activities**

Cash provided by operating activities for Q3 2025 was \$31,780, as compared to \$18,638 in Q3 2024. Cash used in operating activities for the nine months ended June 30, 2025 was \$24,236 as compared to \$74,787 in the same period in 2024. These improvements were primarily due lower cash expenses in the three and nine months ended June 30, 2025. In addition, the improvement in Q3 2025 as compared to Q3 2024 was also due to the change in non-cash operating working capital from increases in accounts payable and accrued liabilities and unearned revenue and customer deposits.

#### **Cash used in investing activities**

Cash used in investing activities for the and nine months ended June 30, 2025 was not significant.

#### **Cash provided by (used in) financing activities**

Cash used in financing activities for Q3 2025 was \$17,547, as compared to \$17,485 in Q3 2024. There was no significant change between the periods. Cash provided by financing activities was \$28,284 in the nine months ended June 30, 2025, as compared to \$110,244 in the same period in 2024. The decrease was primarily due to a decrease in proceeds from non-brokered private placements, which were \$85,800 in the nine months ended June 30, 2025, as compared to \$151,000 in the same period in 2024. As well as an increase in the scheduled repayments on the Prairies Can Contribution in the nine months ended June 30, 2025 (\$50,000) as compared to the same period in 2024 (\$29,000).

During Q3 2025, the Company generate cash flows from operations of \$31,780. However, the Company has not consistently generated cash flows from operations in the past and there can be no guarantee that it will generate sufficient cash flow from operations in the future to maintain its operations. On November 13, 2023, the Company acquired AFS and is actively pursuing new business opportunities in indoor farming. During the three and nine months ended June 30, 2025, the Company has received deposits from customers towards orders of its indoor farming solution. The Company expects to recognize the revenue from these orders and collect the remaining amounts owing when they are fulfilled. However, our supplier has experienced manufacturing delays, affecting our ability to deliver equipment on these orders. We continue to work closely with the supplier to resolve this and expedite manufacturing. The ability to fulfill these orders is expected to improve operating cash flows.

As at June 30, 2025, the Company had a net working capital deficit of \$2,461,433 (September 30, 2024 - \$2,156,197). The Company is currently working with its major vendors and lenders to manage payment

**Management's Discussion and Analysis**

For the third quarter ended June 30, 2025

terms and service debt repayments. On January 22, 2025, the repayment terms of the loan payable with PrairiesCan were revised, changing the amount of the monthly installment payments (see note 14 of the Financial Statements). During the nine months ended June 30, 2025, the Company also entered into an agreement with a major vendor to make payments on outstanding amounts owing only when there are collections from certain customer contracts.

In order to execute its anticipated growth strategy and improve its financial performance and working capital deficiency, the Company may require additional equity and/or debt financing to support on-going operations, to undertake capital expenditures or for other initiatives. There can be no assurance that additional financing will be available when needed or on terms which are acceptable.

The Company had the following cash flow obligations, as at June 30, 2025:

|  | <b>Payments due by period</b> |                             |                    |                        |                          |
|--|-------------------------------|-----------------------------|--------------------|------------------------|--------------------------|
|  | \$                            |                             |                    |                        |                          |
|  | <b>Total</b>                  | <b>Less than 1<br/>year</b> | <b>1 - 3 years</b> | <b>3 - 5<br/>years</b> | <b>After 5<br/>years</b> |
| Accounts payable and accrued liabilities | 1,684,586                     | 1,684,586                   | -                  | -                      | -                        |
| Debenture                                | 35,000                        | 35,000                      | -                  | -                      | -                        |
| Loan payable to related party            | 23,000                        | 23,000                      | -                  | -                      | -                        |
| Loan payable with PrairiesCan            | 898,000                       | 277,400                     | 620,600            | -                      | -                        |
| Lease liability                          | 18,078                        | 10,250                      | 7,828              | -                      | -                        |
| <b>Total</b>                             | <b>2,658,664</b>              | <b>2,030,236</b>            | <b>628,428</b>     | <b>-</b>               | <b>-</b>                 |

As at June 30, 2025, the Company has no current capital expenditure commitments. The Company intends to manage capital expenditures carefully and will continue to evaluate investment opportunities, focusing on those which will provide the greatest value to the Company.

**OUTSTANDING SHARE DATA**

As at August 25, 2025, there were 123,209,330 common shares and 18,860,185 stock options issued and outstanding. On a fully diluted basis, 142,069,515 common shares would be outstanding.

See notes 15 and 22 to the Financial Statements for additional information regarding the Company's common shares, share options, and warrants.

**Management's Discussion and Analysis**

For the third quarter ended June 30, 2025

**OFF-BALANCE SHEET ARRANGEMENTS**

The Company did not have any off-balance sheet arrangements at June 30, 2025 and 2024 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 19 of the Financial Statements. No ongoing contractual or other commitments resulted from the transactions, other than the key management compensation.

The Company's related parties are its Board of Directors (Hubert Lau, Edward Power, Lap Shing (Andrew) Kao, Ling Cun (Frank) Yang, who resigned effective November 13, 2023, Nathaniel Mison, and Adam Morand, who was appointed on November 13, 2023) and key management personnel: including the Chief Executive Officer (Hubert Lau), Chief Financial Officer (William Harper), and former Chief Industry Engagement Officer (Deborah Wilson, who resigned on October 25, 2023), as well as companies controlled by key management personnel or directors and their close family members. Transactions conducted with related parties took place in the normal course of operations and are measured at the amount of consideration established and agreed to by the related parties.

During the three and nine months ended June 30, 2025 and 2024, the Company incurred the following amounts with the related parties:

|   | <u>Three months ended</u>      |                                | <u>Nine months ended</u>       |                                |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|   | <u>June 30,</u><br><u>2025</u> | <u>June 30,</u><br><u>2024</u> | <u>June 30,</u><br><u>2025</u> | <u>June 30,</u><br><u>2024</u> |
|   | \$                             | \$                             | \$                             | \$                             |
| Office and administrative services to 1972888 Alberta Ltd., a company controlled by a close family member of Hubert Lau | -                              | 1,580                          | -                              | 4,259                          |

As at June 30, 2025, the Company had received deposits of \$80,000 from ThisTown Farms Edmonton (2024) Ltd. for an order of AFS indoor farming technology.

As at June 30, 2025, the Company had paid deposits of \$214,541 to AgriPlay, a company with common key management, for the manufacturing of AFS indoor farming technology.

TrustBIX Inc.

## Management's Discussion and Analysis

For the third quarter ended June 30, 2025

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The compensation to key management, and their close family members, during the three and nine months ended June 30, 2025 and 2024 are as follows:

|   | Three months ended     |                        | Nine months ended      |                        |
|---|------------------------|------------------------|------------------------|------------------------|
|   | June 30,<br>2025<br>\$ | June 30,<br>2024<br>\$ | June 30,<br>2025<br>\$ | June 30,<br>2024<br>\$ |
| Salaries and short-term employee benefits | 22,363                 | 22,191                 | 67,095                 | 64,090                 |
| Stock-based compensation                  | 36,024                 | 3,303                  | 40,429                 | 19,036                 |
| Consulting fees                           | 63,585                 | 71,878                 | 153,415                | 210,662                |
|   | <u>121,972</u>         | <u>97,372</u>          | <u>260,939</u>         | <u>293,788</u>         |

During the nine months ended June 30, 2025, the Company granted 1,925,000 stock options with a fair value of \$76,196 to directors and members of key management, and companies controlled by them, exercisable at \$0.05 per common share.

During the nine months ended June 30, 2024, the Company granted 6,600,000 stock options with a fair value of \$26,428 to directors and members of key management, exercisable at \$0.01 per common share.

### Accounts payable and accrued liabilities

Accounts payable and accrued liabilities as at June 30, 2025 and September 30, 2024 include the following amounts due to related parties:

|  | June 30,<br>2025<br>\$ | September 30,<br>2024<br>\$ |
|--|------------------------|-----------------------------|
| Salaries and consulting fees due to members of key management and their close family members               | 491,367                | 415,913                     |
| AgriPlay Ventures Inc., for a license, deposit on AFS equipment manufacturing, and general office expenses | 94,490                 | 118,749                     |
| A4 Systems Corporation, a company with common key management, for general office expenses                  | 4,420                  | 4,420                       |
| Acclogic Strategic Consulting Inc., a company with common key management, for general office expenses      | 3,927                  | 3,927                       |
| 1972888 Alberta Ltd., a company controlled by a close family member of Hubert Lau for other services       | 8,923                  | 8,923                       |
|  | <u>603,127</u>         | <u>551,932</u>              |

During the nine months ended June 30, 2024, Ling Cun (Frank) Yang held the outstanding previously convertible debenture with a remaining principal balance of \$35,000 (see note 13 of the Financial Statements). He resigned as a director effective November 13, 2023.

On August 3, 2023, the Company issued a promissory note to a close family member of Hubert Lau for \$23,000. The promissory note bears interest at a rate of 1% per month and matures on August 2, 2026. As at June 30, 2025, \$5,290 of interest is payable on the promissory note and included in accounts payable and accrued liabilities (September 30, 2024 - \$3,220). The Company may pay the outstanding balance at any time before the maturity date without penalty.

## **CHANGES IN ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS**

The material accounting policies applied by the Company in the Financial Statements are consistent with those applied by the Company in its annual consolidated financial statements for the years ended September 30, 2024 and 2023.

There are no new IFRS standards that have been recently issued by the IASB that are relevant or expected to have a significant impact on the Financial Statements.

## **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

For accounting recognition and measurement purposes, cash, accounts receivable, share subscription receivable, accounts payable and accrued liabilities, loans payable and debenture are classified as amortized cost. The carrying value of cash, accounts receivable, share subscription receivable, accounts payable and accrued liabilities, and debenture approximates their fair value due to the immediate or short-term maturity of these financial instruments. The loans payable were measured using the estimated incremental borrowing rate and approximates fair value.

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.

The non-marketable equity securities in Provision Analytics (note 10 of the Financial Statements) are an investment in a privately held company without readily determinable market values and is classified as Level 3.

During the three and nine months ended June 30, 2025 and 2024, 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.

**Management's Discussion and Analysis**

For the third quarter ended June 30, 2025

**a) Market risk**

## i) Currency risk

Some of the Company's transactions, assets and liabilities are denominated in US dollars 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 as at June 30, 2025 and September 30, 2024:

|  | <b>June 30,<br/>2025</b> | <b>September 30,<br/>2024</b> |
|--|--------------------------|-------------------------------|
|  | \$                       | \$                            |
| Cash – USD                                     | 27,823                   | 52,382                        |
| Accounts receivable – USD                      | 80,383                   | 565                           |
| Accounts payable and accrued liabilities – USD | (112,672)                | (126,690)                     |
|  | <u>(4,466)</u>           | <u>(73,743)</u>               |
|  | <b>June 30,<br/>2025</b> | <b>September 30,<br/>2024</b> |
|  | \$                       | \$                            |
| CAD\$ - USD                                    | <u>0.7330</u>            | <u>0.7408</u>                 |

As at June 30, 2025, based on the Company's foreign currency exposure noted above, varying the foreign exchange rates to reflect a 10% strengthening of the US dollar would have increase net loss by approximately \$500 (September 30, 2024 - \$7,000), assuming all other variables remained constant. An assumed 10% weakening of the US dollar would have had an equal but opposite effect to the amounts shown above, assuming all other variables remained constant.

## ii) Market price risk

The Company is exposed to market price risk on its equity investment in Provision Analytics Inc. (note 10 of the Financial Statements). Market price risk is the risk of loss arising from changes in the fair value of a financial instrument as a result of changes in market prices.

The sensitivity of the fair value of the investment to changes in market prices is monitored by the Company and it estimates that a 20% increase or decrease in the market price would result in an approximately \$36,000 increase or decrease, respectively, in the fair value of the investment.

## iii) Interest rate risk

The Company does not have any variable rate financial liabilities and is therefore management does not believe it is exposed to significant interest rate risk as at June 30, 2025 and September 30, 2024.

**Management's Discussion and Analysis**

For the third quarter ended June 30, 2025

**b) 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.

The following table presents a summary of the activity related to the allowance for doubtful accounts:

|   | <b>June 30,<br/>2025</b> | <b>September 30,<br/>2024</b> |
|---|--------------------------|-------------------------------|
|   | \$                       | \$                            |
| Balance – Beginning of period           | 79,024                   | 4,042                         |
| Accounts written off, net of recoveries | 2,174                    | 74,982                        |
|   | <hr/>                    | <hr/>                         |
| Balance – End of period                 | 81,198                   | 79,024                        |

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 aging of the Company's trade accounts receivable is as follows:

|                      | <b>June 30, 2025</b> |     | <b>September 30, 2024</b> |     |
|----------------------|----------------------|-----|---------------------------|-----|
|                      | \$                   | %   | \$                        | %   |
| Current              | 61,121               | 44  | 13,475                    | 12  |
| 31 – 60 days         | 4,144                | 3   | 4,076                     | 4   |
| 61 – 90 days         | 5,882                | 4   | 8,623                     | 7   |
| Greater than 90 days | 66,479               | 49  | 89,602                    | 77  |
|                      | <hr/>                |     | <hr/>                     |     |
|                      | 137,626              | 100 | 115,776                   | 100 |

**Management's Discussion and Analysis**

For the third quarter ended June 30, 2025

**c) Liquidity risk**

As at June 30, 2025, the Company's liabilities have the following amounts that mature within one year:

|  | <b>June 30,<br/>2025<br/>\$</b> | <b>September 30,<br/>2024<br/>\$</b> |
|--|---------------------------------|--------------------------------------|
| Accounts payable and accrued liabilities | 1,684,586                       | 1,679,786                            |
| Loans payable                            | 184,535                         | 155,592                              |
| Debenture                                | 35,000                          | 35,000                               |
| Lease liability                          | 8,124                           | 6,932                                |
|  | <u>1,912,245</u>                | <u>1,877,310</u>                     |

Accounts payable and accrued liabilities from two (2) vendors of the Company (September 30, 2024 – two (2)) represented \$793,228 or 47% (September 30, 2024 - \$589,780 or 35%) of the Company's total accounts payable and accrued liabilities and are due within one (1) year.

The Company's long-term liabilities include loans payable of \$548,465 (September 30, 2024 - \$568,854) (note 14 of the Financial Statements) and a lease liability of \$7,272 (September 30, 2024 - \$13,513) (note 9 of the Financial Statements).

The Company's anticipated cash outflows related to the lease obligation for the twelve (12) months ending June 30<sup>th</sup> are as follows:

|      | <b>\$</b>     |
|------|---------------|
| 2026 | 10,250        |
| 2027 | 7,828         |
|      | <u>18,078</u> |

The Company's anticipated cash outflows on the PrairiesCan Contribution for the twelve (12) months ending June 30<sup>th</sup> are as follows:

|      | <b>\$</b>      |
|------|----------------|
| 2026 | 277,400        |
| 2027 | 413,760        |
| 2028 | 206,840        |
|      | <u>898,000</u> |

Liquidity risk is the risk the Company will encounter difficulty in meeting financial obligations as they come due. See Going Concern in Significant Developments Affecting Operations section above for additional information on the Company's financial condition. The Company manages its liquidity risk through the management of its capital structure and financial leverage. It also

## Management's Discussion and Analysis

For the third quarter ended June 30, 2025

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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.

## 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, the Financial Statements, the MD&A for the year ended September 30, 2024, and the audited consolidated financial statements and related notes for the years ended September 30, 2024 and 2023.

### Risks Related to the Business

***The Company's operations and performance depend significantly on global and regional economic conditions and adverse economic conditions can materially adversely affect the Company's business, results of operations and financial condition.***

The Company has international operations with sales outside Canada. Adverse macroeconomic conditions, including inflation, slower growth or recession, new or increased tariffs and other barriers to trade, changes to fiscal and monetary policy, tighter credit, higher interest rates, high unemployment and currency fluctuations can adversely impact consumer confidence and spending and materially adversely affect demand for the Company's products and services. In addition, consumer confidence and spending can be materially adversely affected in response to financial market volatility, negative financial news, conditions in the real estate and mortgage markets, declines in income or asset values, energy shortages and cost increases, labor and healthcare costs and other economic factors. Ongoing geopolitical tensions have further exacerbated global economic instability, contributing to supply chain disruptions and heightened market volatility. Economic actions implemented by foreign governments, such as the introduction of tariffs or other trade restrictions on Canadian goods, may negatively impact the Canadian economy, including in Alberta, where the Company operates.

In addition to an adverse impact on demand for the Company's products and services, uncertainty about, or a decline in, global or regional economic conditions can have a significant impact on the Company's suppliers, vendors and other partners. Potential effects include financial instability and insolvency.

A downturn in the economic environment can also lead to increased credit and collectability risk on the Company's trade receivables. These and other economic factors can materially adversely affect the Company's business, results of operations, financial condition and stock price.

***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

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

For the third quarter ended June 30, 2025

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economic deterioration in these markets, the resulting economic pressure on its customers may cause them to end their relationship with the Company, reduce or postpone current or expected purchase orders for products, or suffer from business failure, resulting in a decline in revenues and profitability that could be material. Continued difficult or uncertain economic conditions could adversely affect the Company's revenue and profitability.

### ***The Company's business may be 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

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

For the third quarter ended June 30, 2025

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existing products, acquire competitive products, reduce prices, or form strategic alliances with other companies. If competitors were to engage in aggressive pricing policies with respect to their products, or if the dynamics in the marketplace resulted in increasing bargaining power by the consumers of the Company's products and services, it might need to lower the prices charged for the products offered. This could result in lower revenues or reduced margins, either of which may materially and adversely affect the Company's business and operating results.

### **Technology Risks**

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

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

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

***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 technology, and respond to technological advances in its industry and customers' increasingly sophisticated needs. The Company's products are expected to embody complex 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 solutions and services at an acceptable cost and quality, ability to attract and retain skilled technical employees, the availability of critical components from third parties and the ability to successfully complete the development of products in a timely manner. If management are unable to respond to technological changes or fails or delays to develop products in a timely and cost-effective manner, products and services may become obsolete, and the Company may be unable to recover research and development expenses which could negatively impact sales, profitability and the continued viability of the business.

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

The development of new software products and strategies is a costly, complex and time-consuming process, and the investment in software product development often involves a prolonged time until a return is achieved on such an investment. The Company has made, and will continue to make, significant investments in software development and related product opportunities. Investments in new products are

## Management's Discussion and Analysis

For the third quarter ended June 30, 2025

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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. Remote work and remote access to systems have increased, which also increases the Company's cybersecurity attack surface. The Company seeks to detect and investigate unauthorized attempts and attacks against its network, products, and services, and to prevent their recurrence where practicable through changes to internal processes and tools and changes or updates to products and services; however, the Company remains potentially vulnerable to additional known or unknown threats. In some instances, the Company, its suppliers, customers, and the users of its products and services can be unaware of an incident or its magnitude and effects.

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

The theft, loss, or misuse of personal data collected, used, stored, or transferred by the Company to run its business could result in significantly increased business and security costs or costs related to defending legal claims. 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, provincial, state, or

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

### **For the third quarter ended June 30, 2025**

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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, 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,

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

For the third quarter ended June 30, 2025

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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.

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

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

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

The Company has acquired AFS and management is actively pursuing new business opportunities with its innovative Controlled Environment Agriculture vertical indoor farming technology. These efforts may not always be successful.

New and developing areas and products introduce new sources of competition, including, in some of these market segments, incumbent competitors with established technologies, ecosystems, and customer bases. These developing products and areas could require significant investment, do not always grow as projected or at all, or sometimes utilize technologies that are different from the ones that TrustBIX develops, and the Company may not realize an adequate return on investments. To be successful, TrustBIX needs to cultivate new industry relationships with customers and partners. In addition, the Company must continually improve the cost, performance, integration, time-to-market, as well as expand product capabilities to service customers. Some of these new businesses face challenging market conditions. Despite ongoing efforts, there is no guarantee that the Company will achieve or maintain market demand or acceptance for products

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

For the third quarter ended June 30, 2025

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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 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.

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

For the third quarter ended June 30, 2025

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### **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 the fluctuation of value of these currencies could impact cash flow and our US 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.