

# TRU•TRACE<sup>TM</sup>

## Technologies

TruTrace Technologies Inc.

### **Management Discussion & Analysis**

Three and Nine Month Periods ended January 31, 2022 and January 31, 2021

The following management discussion and analysis (MD&A) of the financial condition and results of operations is intended to help the reader understand the current and prospective financial position and operating results of TruTrace Technologies Inc. (the “Company” or “TruTrace”). This MD&A is current to March 28, 2022 and should be read in conjunction with the unaudited condensed interim consolidated financial statements of TruTrace Technologies Inc., and the notes thereto, for the three and nine months ended January 31, 2022, and January 31, 2021, prepared in accordance with International Financial Reporting Standards (IFRS).

All financial information is presented in Canadian dollars, except where otherwise indicated.

Additional information is available on TruTrace’s website ([trutrace.co](http://trutrace.co)) and all previous public filings are available through SEDAR ([www.sedar.com](http://www.sedar.com)).

## **FORWARD-LOOKING STATEMENTS**

The MD&A contains certain forward-looking statements relating to the Company's plans, strategies, objectives, expectations and intentions. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", "confident", "might" and similar expressions are intended to identify forward - looking information or statements. Various assumptions were used in drawing the conclusions or making the projections contained in the forward-looking statements throughout this MD&A. The forward-looking information and statements included in this MD&A are not guarantees of future performance and should not be unduly relied upon. Forward-looking statements are based on current expectations, estimates, and projections that involve a number of risks and uncertainties, which could cause actual results to differ materially from those anticipated and described in the forward-looking statements. Such information and statements involve known and unknown risks, uncertainties, and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements. In particular, but without limiting the foregoing, this MD&A may contain forward-looking information and statements pertaining to the fluctuations in the demand for the Company's services or offerings; the ability for the Company to attract and retain qualified personnel; the existence of competitors; technological changes and developments; assumptions regarding foreign currency exchange rates and interest rates; the existence of regulatory and legislative uncertainties; the possibility of changes in tax laws and general economic conditions including the capital and credit markets; assumptions made about future performance and operations. The Company cautions that the foregoing list of assumptions, risks, and uncertainties is not exhaustive. The forward-looking information and statements contained in this MD&A speak only as of the date of this MD&A and the Company assumes no obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable securities laws.

## **NON-IFRS FINANCIAL MEASURES**

Throughout this document, reference may be made to "working capital", "EBITDA" and "Adjusted EBITDA", which are all non-IFRS measures. Management believes that working capital, defined as current assets fewer current liabilities, is an indicator of the Company's liquidity and its ability to meet its current obligations. Management believes EBITDA provides an indication of the results generated by the Company's principal business activities prior to how these activities are financed, assets are depreciated and amortized or how the results are taxed in various jurisdictions and further believes that Adjusted EBITDA, which normalize earnings to exclude certain amounts, is a useful measure for comparing results from one period to another. Readers are cautioned that these non-IFRS measures may not be comparable to similar measures used by other companies. Readers are also cautioned not to view these non-IFRS financial measures as an alternative to financial measures calculated in accordance with International Financial Reporting Standards ("IFRS").

## **MARKET PROFILE AND INFORMATION**

TruTrace Technologies Inc., headquartered in Toronto, Ontario, Canada, is a full-service technology company that has developed a fully integrated software platform, secured on a blockchain infrastructure that gives clients the ability to store, manage, share and immediately access quality assurance and testing details, Certificates of Authenticity ("CoA"), other product information as well as motion and movement intelligence on inventory from batches and lots to serialized items.

### **TruTrace Enterprise™**

Starting in late 2019 the Company expanded its focus through the development of the TruTrace Enterprise™ platform which was designed to target traditional industries such as the nutraceutical, food and pharmaceutical space. The TruTrace Enterprise™ platform gives clients the ability to showcase and share validated product and empowers their organization with the ability to utilize blockchain within their infrastructure. While initially designed to power the traceability of testing standards and to serve as a mechanism to authenticate source materials or ingredients used in manufacturing to better serve the changing demands of consumer; in 2021,

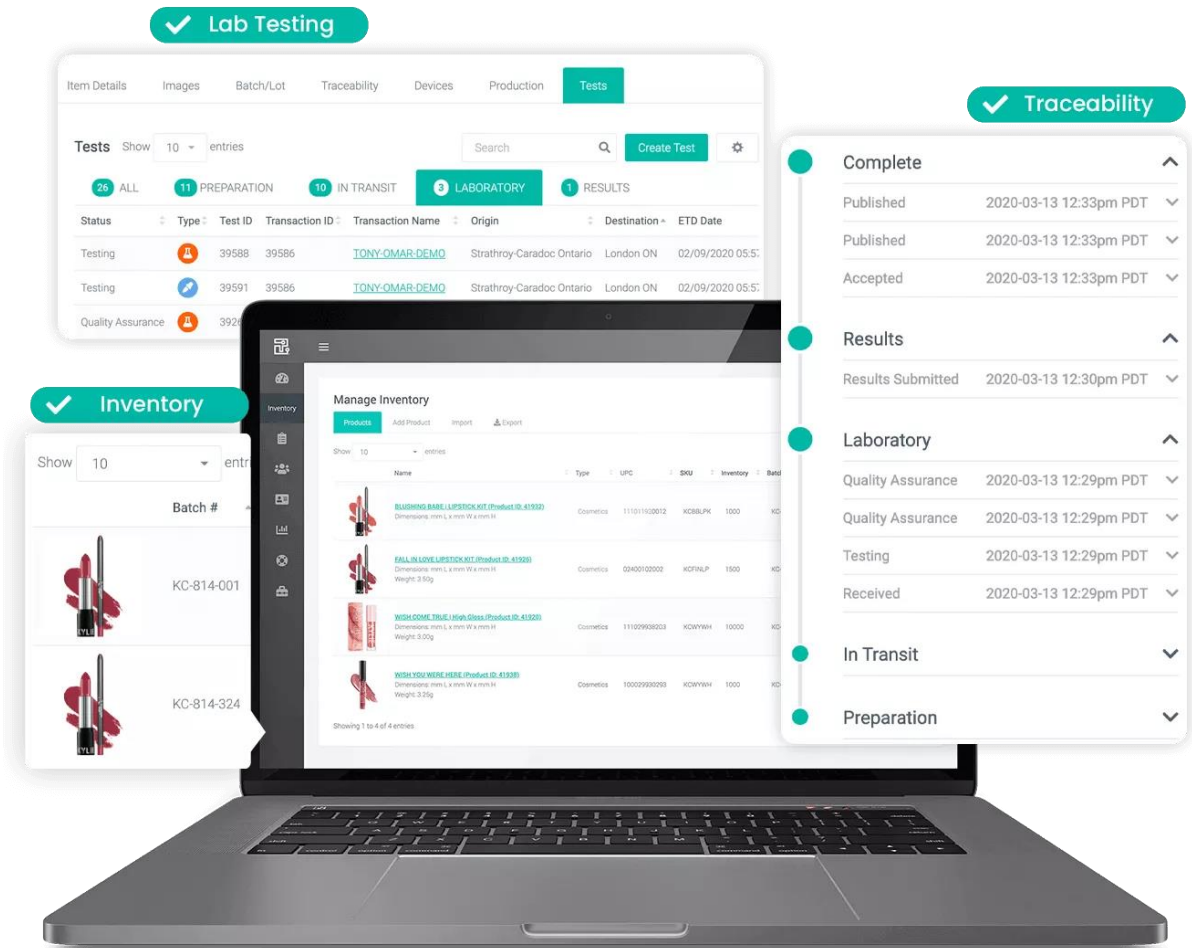
TruTrace Enterprise™ underwent several key product updates to provide clients with enhanced turnkey tools specifically designed to support the quality of their products while increasing engagement with their customers.

It is clear that as products are cultivated and/or processed and/or manufactured, packaged and brought to retail shelves, stakeholders are looking at new methods to power dynamic and collaborative product testing, quality assurance, tracking while providing spontaneous marketing and information to consumer's fingertips. Our products ensure safety and authenticity. TruTrace aims to provide technology that can meet and even exceed these needs.

The Company specifically addresses various unique challenges, including but not limited to:

- **Quality Testing:** TruTrace's software platforms, in collaboration with the Company's network of laboratory partners, provides an efficient and streamlined process for both mandatory and cGMP (Current Good Manufacturing Practice) based testing, including reducing administrative burdens associated with the testing process in order to help get products safely to market faster;
- **Robust Collaboration and Interoperability:** The TruTrace software includes a robust collaboration and networking suite which gives users the ability to interact and engage with customers and partners to manage details of batches/lots of product in real time. Whether relating to mandatory testing, or meeting the needs of commercial standards, this smart-hub of information supports a transparent and highly usable framework for managing the quality of products.
- **Third Party Certification:** As demands for quality increase, and as companies begin to take steps to become purpose driven to meet ever expanding ESG (Environmental, social, and corporate governance) goals, the ability to interconnect with various third-party certification bodies becomes quite valuable. TruTrace's software was specifically designed to serve as an intermediary "smart-hub" which connects into a multitude of systems and organizations. Customized workflow modules are utilized to meet the specific documentation requirements of each certifying body, giving greater access to required data and expediting the audit and review process in the meantime.
- **DNA-Based Product Validation and Actionable Quality Assurance:** The underlying blockchain technology used within the TruTrace platform creates a genetic or origin based registry and corresponding fingerprint for electronic product identification, validation, and quality assurance to enable any participant on the platform, from regulators, producers, participants throughout the entire supply chain (if desired or required), to patients and consumers, with the ability to view and track the product from Genome to Sale™; and
- **Intellectual Property Registration and Support:** TruTrace Software as a Service (SaaS) platforms protect the unique intellectual property of growers, breeders and manufacturers. TruTrace aims to help provide this protection. For example, if a farmer creates a popular cultivar with unique characteristics, the platform will enable intellectual property protection through simple registration of the cultivar's genetic or origin based identity into the platform, thereby locking that data into an immutable decentralized ledger. The resulting permanent record will be readily accessible in the event of future disputes, thus establishing a level of trust and ensuring associated fees are paid to all applicable parties in the market.

**TruTrace Enterprise™**



- Most current software systems are fragmented and built to simply manage internal operations, with very little interoperability into secondary systems. This leads to increased administrative costs, reduced revenue and increased risks for stakeholders. To tackle some of these issues, the TruTrace platform includes several robust features tailored to decrease administrative costs, increase revenue, scale business operations and highlight product quality, including:
  - **Real-Time Collaboration Module:** providing customers with a way to engage with B2B clients and partners about the details of every batch/lot produced or manufactured.
  - **Inventory Management System:** a detailed inventory management system designed to interconnect required data and documentation—whether at a company, location or batch/lot level.
  - **Risk Mitigation, Recall Prevention and Management:** providing each and every third party, collaborator and system connected to the product with details regarding a recall in real-time, mitigating potentially catastrophic losses.
  - **Expanded Digital Documentation System:** to help meet and ensure compliance with Good Manufacturing Practices (GMP) and other commercial and industry standards.

- **Updated and Enhanced Product Scan Page:** fully customizable solution provides companies with the ability to showcase product quality to consumers and further market their brand directly from a scan of their packaging.
- **Expanded API Capabilities:** providing easy interoperability amongst varying technology stacks, allowing clients to better access and use their data.
- **Blockchain and Internet of Things (IoT):** giving customers the ability to easily integrate blockchain and Internet of Things (IoT) into their businesses.



The TruTrace software also includes a significant number of enhanced features that facilitate higher standards and fuels business growth.



One of which is the **Enhanced Scan Page**, which serves as a marketing tool for brands allowing them to:

- Showcase their products' quality
- Provide valuable educational insights to customers
- Obtain analytics, such as how many times their product was scanned
- Age gating for products that require age verification prior to viewing
- Control over insights and the experience their customer has when purchasing their product
- Give customers the power to narrow their search and review details on the exact batch/lot in their hands
- Fully program the scan experience to support promotions, custom links, URLs – putting their product details to good use.

### StrainSecure™



Prior to 2019, the Company focused on the legal cannabis industry with the deployment of their platform under the branded name StrainSecure™ which was designed to register and track cannabis intellectual property (“IP”) from genome to sale. StrainSecure™, in 2021, underwent several key product updates to provide clients with enhanced turnkey tools designed to support the quality of their products and increasing engagement with their customers. StrainSecure™ records are proprietary, immutable, and cryptographically secure, thereby establishing, in a single source, an accurate, validated, and permanent account for cannabis strains from ownership to market.

### Version 2.0 of the TruTrace Software

TruTrace’s ground-breaking Software-as-a-Service (SaaS) platforms aim to demystify the seed-to-sale process for all relevant stakeholders including producers, distributors, shippers, government agencies and consumers by powering commercial standards via an immutable, shared ledger. The v2.0 of the platform showcases a significant number of new features for collaboration, engagement, marketing, and mobile integration which will drive long term value for business.

With the launch of version 2.0 of the TruTrace Enterprise™ SaaS platform, which was specifically designed to power the traceability of testing standards within the nutraceutical, food and pharmaceutical space with a focus on the authentication of source materials or ingredients used in formulation. The TruTrace Enterprise™ platform will help meet the desired traceability and blockchain related objectives of many companies around the world. With TruTrace Enterprise™, blockchain can be easily implemented into any client’s infrastructure without heavy costs or significant carbon footprint.

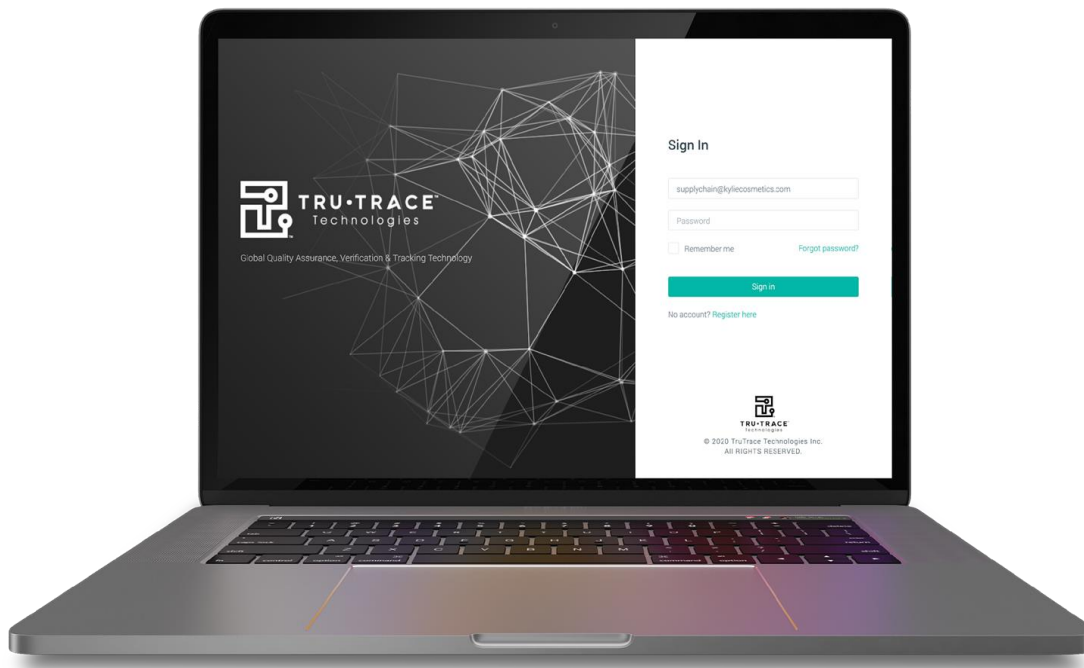
Options	Professional	Premium	Enterprise
	<b>\$499</b>	<b>\$999</b>	<b>\$1499</b>
Initial Set Up Cost	Free	Free	Free
Price Per Test*	\$25 \$0	\$10 \$0	\$5 \$0
Number of Products	1-5	1-25	<b>Unlimited</b>
Lab Sample Management	✓	✓	✓
Collaboration Network	✓	✓	✓
Document Automation	✓	✓	✓
Customizable Brand		✓	✓
Mobile Tools Suite		✓	✓
API Integrations		✓	✓
	Choose Plan	Choose Plan	Choose Plan

TruTrace has also developed a comprehensive verification system for required tests including: contaminant/microbial, chemistry and pesticide, and genetics tests for product verification, as well as a supply chain management platform that ensures transparency and quality assurance between all stakeholders. The Company wants to empower producers, manufacturers, distributors, medical practitioners, regulators and consumers with information regarding what truly is in their product.

The Company has been able to mirror its technology on the front end from an automation point of view, embedding it within laboratories that are conducting contaminant/microbial, chemistry, pesticide and genetic

testing. As such, we have essentially digitized all aspects of the testing process, a crucial point for product integrity.

Additionally, with compliance and regulation being a critical priority for cannabis industry participants, TruTrace is also implementing the latest version 2.0 of StrainSecure™ as a method to ensure that applicable regulatory standards are adhered to, while providing real-time visibility of industry operations directly to, and collaboration with, agencies assigned to enforce and regulate cannabis activity nationwide. TruTrace uses powerful supply chain and IoT (“Internet of Things”) technology to allow for the tracking of cannabis movement from genetics to sale, while providing for the scalability of what is expected to become a globally traded product.



The 2021 new iterations of its software with enhanced automation, usability and seamless onboarding, also focusing on providing the following additional benefits to customers:

#### **Real-Time Collaboration Amongst Stakeholders**

Streamlining processes and providing greater visibility to stakeholders with notifications, in-app messaging and email alerts providing dynamic test results to provide collaboration at various levels of the supply chain.

#### **Detailed Management of Inventory**

No more data wrangling or inefficiencies as inventory is managed digitally from one central location. TruTrace can be used as stand-alone inventory systems or connect to existing platforms.

#### **Recall Prevention and Management**

The software includes dynamic and blockchain-secured management tools to both help prevent recalls and ensure a quick and comprehensive response if a recall is required. With TruTrace, everyone in the supply chain gets notified, increasing awareness and saving millions in potentially destroyed product.



### **Rapidly Meet Compliance Standards**

TruTrace helps stakeholders manage and validate all documentation required throughout the distribution process. Manufacturers can collaborate with laboratories, partners, regulators and standards review boards via the platform activity log and collaboration tool. Parties are notified when documents have been satisfactorily submitted and ensures all documents are safely stored in one place.

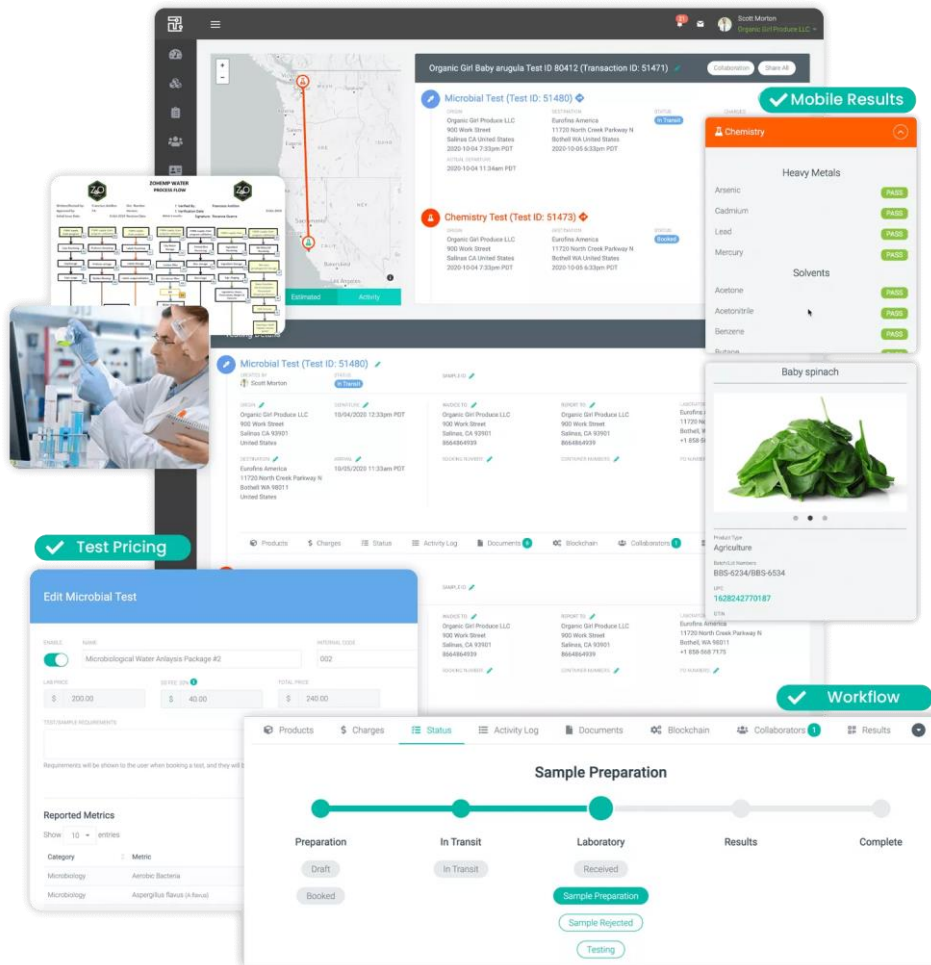
### **Interoperability**

The supply chain is complicated. From Enterprise Resource Planning (ERP) to Warehouse Management (WMS), the manufacturing supply chain includes a vast array of players and service providers. With TruTrace's secure API network, the process is simplified by connecting the software into legacy systems of clients and serving as a communications hub for all parties. TruTrace supports the billions of data points on the logistics supply chain to ensure higher quality together.

### **Ability to Easily Integrate Blockchain and Internet of Things (IoT)**

TruTrace led the charge in bringing blockchain and artificial intelligence to the emerging cannabis industry. Furthermore, as complex global markets continue to expand, the technology is provisioned to easily provide a client with blockchain and IoT capabilities.

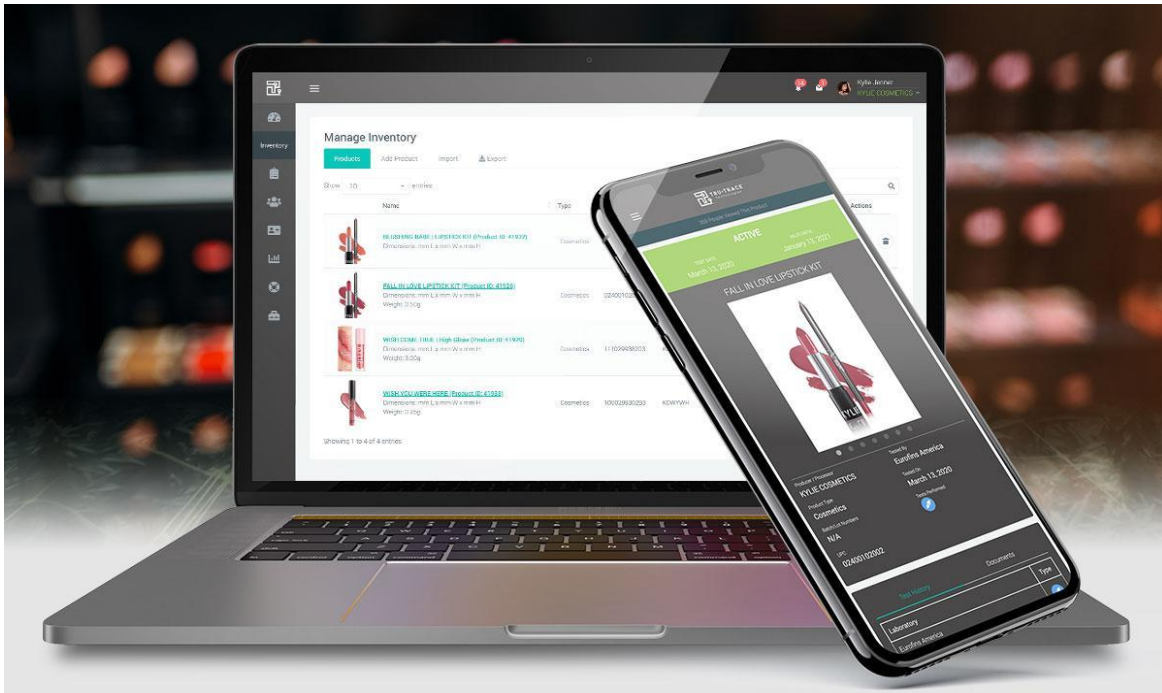
**Transactional Verification and Traceability** – The verification, validation and traceability of inventory within each platform are offered on a batch-by-batch or lot-by-lot basis as we secure and manage product data through a robust blockchain enabled system and serve as an interoperable layer in the testing and validation of product.



**Software as a Service / Laboratories** – The TruTrace platforms also serve as complementary SaaS systems for analytical and genetic laboratories and testing bodies. These platforms empower current processes and systems, such as a partner’s LIMS (Laboratory Information Management Systems) and other internal operations.

**Software Development and Professional Service Fees** – TruTrace also provides custom development and consulting services to industry stakeholders with an aim to support an open and collaborative infrastructure of companies required to provide a transparent and reliable supply chain. Our team works with clients to determine administrative inefficiencies and designs custom tools to fit their needs. Our management team and key personnel have broad experience in enterprise software development. We provide project-specific services to clients based upon their needs.

As global business continues to expand, the complexity throughout the supply chain has created unique challenges and opportunities for companies. Moreover, as traceability, product provenance and supply chain integrity continue to become a priority around the world, the Company believes the use of its technology will support a safer, more consistent and transparent product ecosystem.



## CORPORATE PROFILE

### Organization

TruTrace was incorporated under the British Columbia Business Companies Act on October 19, 2011 and is listed on the Canadian Securities Exchange “CSE”, under the trading symbol “TTT”. The head office and the records and registered office is located at 61 Regal Road, Toronto, Ontario, M6H 2J6.

TruTrace Technologies Inc. is a full-service software company that has developed a fully integrated software platform, secured on a blockchain infrastructure that gives clients the ability to store, manage, share and immediately access quality assurance and testing details, Certificates of Authenticity (“CoA”), as well as motion and movement intelligence on inventory from batches and lots to serialized items.

The Company changed its name from “BLOCKStrain Technology Corp.” to “TruTrace Technologies Inc.” on April 26, 2019.

TruTrace’s goal is to build a framework for product manufacturers and brands, helping them to easily and inexpensively move their products through the testing and certification process. TruTrace then places that testing data and certification data on the blockchain for immutability and intellectual property protection and feeds that information through the ecosystem for full visibility into the supply chain. The resulting outcome is a trustworthy source of product and inventory data for retail consumers which desire a much-desired level of actionable intelligence. With TruTrace, all parties can see whether a product is clean, authentic, safe, pesticide-free and truly is what it claims to be.

TruTrace’s modern blockchain-technology aims to technologically advance the traditional medical, nutraceutical, food and consumer industrial packaged goods markets, as well as the emerging legal cannabis industry. By being open and available to everyone, the platform is expected to help shape the future adoption and authenticity for products around the world. Through use of a secure API network, TruTrace will make it easy for testing providers, grow facilities, app and software developers, medical practitioners, pharmacies, research

groups, and major supply chain platforms to build applications and solutions, thereby helping fuel technology and innovation as a whole.

TruTrace's leadership team combines decades of extensive experience across multiple industries, with specific expertise across corporate management, business development, advertising, information technology, including custom enterprise-based software, supply chain, legal and finance. The team's extensive combined experience, specific expertise in the blockchain sector and its development of the most comprehensive, secure and community-driven product archival platform positions TruTrace for growing opportunities in a number of industry verticals.

#### FINANCIAL AND OPERATION HIGHLIGHTS

	For the three months ended		For the nine months ended	
	January 31,		January 31,	
	2022	2021	2022	2021
Revenue	\$ 54,548	-	104,110	162,000
Adjusted EBITDA	(265,362)	(343,552)	(820,989)	(949,118)
EBITDA	(265,362)	(349,115)	(831,712)	(1,126,102)
Net and Comprehensive loss	\$ (277,910)	(417,972)	(870,053)	(1,275,919)

#### Earnings and net earnings

The Company's net loss was \$277,910 and \$870,053 for the three and nine months ended January 31, 2022, respectively, compared to \$417,972 and \$1,275,919 for the three and nine months ended January 31, 2021, respectively. For both the three and nine month periods, the loss is lower than the previous period's loss due to reductions in product development costs and certain one-time non-cash charges specific to debt term modification which occurred in the comparative period.

#### OUTLOOK AND GUIDANCE

This Outlook and Guidance contains forward-looking statements that the Company does not intend, and does not assume any obligation, to update, except as required by law. The forward-looking information and statements include:

- The current economic climate and its effect on the Company's client base business;
- The Company's ability to successfully acquire new customers;
- The Company's ability to successfully implement its technology; and
- Management's assumptions regarding the sustainability of recurring revenue streams and the Company's expected profitability.

## FINANCIAL RESULTS OF OPERATIONS

The following table highlights the expenses for the three and nine months ended January 31, 2022, as compared to the prior period ended January 31, 2021.

	For the three months ended		For the nine months ended	
	2022	January 31, 2021	2022	January 31, 2021
Salaries, subcontractors, and benefits	\$ 140,550	133,849	418,567	377,143
General and administrative costs	123,385	141,702	359,168	405,812
Product development costs	53,465	65,021	140,045	333,250
Amortization of intangible assets	8,649	19,021	25,947	44,244
Depreciation	752	1,027	2,445	3,340
Stock-based compensation	-	5,563	10,723	32,687
Corporate development costs	-	-	-	600
Foreign exchange	2,510	(669)	7,319	(9,336)
Finance expense	3,147	52,458	9,949	105,882
Gain on settlement of debt	-	-	-	(95,000)
Debt term modification	-	-	-	239,297
<b>Total expenses</b>	<b>\$ 332,458</b>	<b>417,972</b>	<b>974,163</b>	<b>1,437,919</b>

Revenue period over period declined from \$162,000 to \$104,110 for the nine months ended January 31, 2022. For the three months ended January 31, 2022, revenue increased from \$ nil to \$54,548. The changes are due to timing and stages of development of client specific projects. The Company expects sales to increase over the next fiscal year due to its efforts to expand the sales pipeline to broader markets including food and beverage.

For the three and nine months ended January 31, 2022, total expenses were \$332,458 and \$974,163 respectively, compared to \$417,972 and \$1,437,919 for the three and nine months ended January 31, 2021. Key differences period over period are outlined in more detail below.

Salaries, subcontractors and benefits increased from last year. For the three and nine months ended January 31, 2022, it was \$140,550 and \$418,567 respectively. For the three and nine months ended January 31, 2021, it was \$133,849 and \$377,143 respectively. The Company has increased its focus on variety of industries mainly food and beverage and its SaaS platform which has attributed to the increased subcontractor fees period on period.

General and administrative costs were \$123,385 and \$359,168 for the three and nine months ended January 31, 2022, compared to \$141,702 and \$405,812 for the three and nine months ended January 31, 2021, respectively. The costs during the current period are lower when compared to previous periods due to decrease in certain expenses such as insurance and legal fees.

Product development costs were \$53,465 and \$140,045 for the three and nine months ended January 31, 2022, respectively whereas, for the three and nine months ended January 31, 2021, costs were \$65,021 and \$333,250 respectively. The change period over period is attributable to the large amount of product development in the comparative periods which did not occur in the current period.

Stock-based compensation expense was \$nil and \$10,723 for the three and nine months ended January 31, 2022, compared to the prior three- and nine-months period amounts of \$5,563 and \$32,687 respectively. This expense is driven by the timing of the issuance of options and the variables used for the calculation of the Black Scholes pricing model. Stock option expense is a non-cash expense.

Amortization of intangible assets was \$8,649 and \$25,947 for the three and nine months ended January 31, 2022. In 2021, for the three and nine months ended January 31, 2021, it was \$19,021 and \$44,244 respectively. The change in amortization expense period on period is due to the Company's declining balance amortization policy as well as the Company prospectively changing the amortization period in the current year on its intangible asset to better reflect the asset's useful life. This expense is a non-cash expense.

During the three and nine months ended January 31, 2022, the Company recorded depreciation expense of \$752 and \$2,445 whereas, depreciation was \$1,027 and \$3,340 for the three and nine months ended January 31, 2021, respectively. The change in depreciation period on period is due to the Company's declining balance amortization policy. This expense is non-cash.

Corporate development costs were not incurred for the current period compared to \$600 for the nine months ended January 31, 2021. The change is attributed to the Company having completed the structure of its initial commercial offering.

Finance expense decreased from the prior periods. During the three and nine months ended January 31, 2022, it was \$3,147 and \$9,949 whereas in the period ended January 31, 2021, and the three and nine months ended finance expense was \$52,458 and \$105,882 respectively. The change is principally due to lower convertible debenture balances period on period.

Foreign exchange for the three and nine months ended January 31, 2022, was \$2,510 and \$7,319 respectively compared to \$(669) and \$9,336 comparatively. Foreign exchange gains and losses can be realized and unrealized and are the result of foreign currency fluctuations during the period and the timing of when items are settled. Foreign exchange gains and losses can fluctuate periodically in relation to changes in the US/Canadian and Euro/Canadian exchange rate.

During the first quarter ended July 31, 2020, the Company settled \$950,000 of indebtedness owed to its primary vendor responsible for software development, design and maintenance of the Company's proprietary StrainSecure™ platform. Pursuant to the settlement of the Indebtedness, the Company issued 9,500,000 common shares of the Company to an assignee and 9,500,000 common shares to an officer of the Company who was a second assignee of the vendor. The Company recognized a gain of \$95,000 on the settlement. No such settlement occurred in the current comparative periods.

The Company, during the nine months period ended January 31, 2021, modified a debt agreement which resulted in a non-cash charge of \$239,297 being recorded. No similar charges have been recorded in the current nine months ended January 31, 2022.

#### **NON-IFRS FINANCIAL MEASURES**

This MD&A contains references to certain financial measures and associated per share data that do not have any standardized meaning as prescribed by IFRS and may not be comparable to similar measures presented by other companies. These financial measures are computed on a consistent basis for each reporting period and include EBITDA, Adjusted EBITDA, Adjusted net earnings, and working capital.

These non-GAAP measures are identified and defined as follows:

"**EBITDA**" is a measure of the Company's operating profitability. EBITDA provides an indication of the results generated by the Company's principal business activities prior to how these activities are financed, assets are depreciated and amortized or how the results are taxed in various jurisdictions.

EBITDA is derived from the condensed consolidated statements of operations and comprehensive income (loss) and is calculated as follows:

	For the three months ended January 31,		For the nine months ended January 31,	
	2022	2021	2022	2021
Net loss	\$ (277,910)	(417,972)	(870,053)	(1,275,919)
Depreciation and amortization	9,401	20,048	28,392	47,584
Interest expense	3,147	48,809	9,949	102,233
<b>EBITDA</b>	<b>(265,362)</b>	<b>(349,115)</b>	<b>(831,712)</b>	<b>(1,126,102)</b>

“Adjusted EBITDA” is used by management and investors to analyze EBITDA (as defined above) prior to the effect of foreign exchange, other income and expenses, and share-based payment expense. Adjusted EBITDA is not intended to represent net earnings as calculated in accordance with IFRS. Adjusted EBITDA provides an indication of the results generated by the Company’s principal business activities prior to how these activities are financed, assets are depreciated, amortized and impaired, the impact of foreign exchange, how the results are taxed in various jurisdictions, effects of share-based payment expenses, and normalized other expenses not recurring in nature.

**Adjusted EBITDA is calculated as follows:**

	For the three months ended January 31,		For the nine months ended January 31,	
	2022	2021	2022	2021
EDITDA	\$ (265,362)	(349,115)	(831,712)	(1,126,102)
<b>Plus:</b>				
Stock-based compensation	-	5,563	10,723	32,687
<b>Less:</b>				
Gain on settlement of debt	-	-	-	(95,000)
Debt term modification	-	-	-	239,297
<b>Adjusted EBITDA</b>	<b>\$ (265,362)</b>	<b>(343,552)</b>	<b>(820,989)</b>	<b>(949,118)</b>

**ADDITIONAL GAAP MEASURES DEFINITIONS**

“Funds provided by operations” is used by management and investors to analyze the funds generated by the Company’s principal business activities prior to consideration of working capital, which is primarily made up of highly liquid balances. This balance is reported in the Condensed Consolidated Statements of Cash Flows and is included in the cash provided by operating activities section.

**NET EARNINGS, TOTAL COMPREHENSIVE LOSS AND CASH FLOWS**

	For the three months ended January 31,		For the nine months ended January 31,	
	2022	2021	2022	2021
Adjusted EBITDA	\$ (265,362)	(343,552)	(820,989)	(949,118)
EBITDA	(265,362)	(349,115)	(831,712)	(1,126,102)
Total comprehensive loss	(277,910)	(417,972)	(870,053)	(1,275,919)
Funds used in operations before working capital changes	(265,164)	(339,924)	(820,184)	(949,118)
Funds used in operations	\$ (149,536)	(71,890)	(744,469)	(370,107)

The Company’s changes period on period which lead to the Company’s comprehensive loss are highlighted above in more detail.

For the three and nine months ended January 31, 2022, Adjusted EBITDA was \$(265,362) and \$(820,989) respectively. For the three and nine months ended January 31, 2021, Adjusted EBITDA was \$(343,552) and

\$(949,118) respectively. The variance period on period is principally due to having higher costs including development costs and administrative costs in the prior period.

The Company's funds used in operations were \$(149,536) and \$(744,469) for the three and nine months ended January 31, 2022, and mainly covered product enhancement and SaaS roll-out costs. In the prior comparative quarters, the major contributing expenses to use of funds from operations were development costs and stock-based compensation charges.

The Company applied for the Canadian Emergency Business Loan for \$60,000. The Company was approved and received the funds during the last fiscal year. The loan has to be repaid by the Company by December 31, 2022, to receive loan forgiveness of \$20,000.

### FINANCIAL AND OPERATING HIGHLIGHTS - QUARTERLY ANALYSIS

	2022		2022		2022		2021	
	Q3		Q2		Q1		Q4	
Revenue	\$	54,548	\$	26,357	\$	23,205	\$	500
Adjusted EBITDA		(265,362)		(298,277)		(257,350)		(316,691)
EBITDA		(265,362)		(297,447)		(268,903)		(389,026)
Net loss		(277,910)		(310,591)		(281,552)		(344,976)
Comprehensive loss	\$	(277,910)	\$	(310,591)	\$	(281,552)	\$	(344,976)

	2021		2021		2021		2020	
	Q3		Q2		Q1		Q4	
Revenue	\$	-	\$	72,000	\$	90,000	\$	(248,841)
Adjusted EBITDA		(343,553)		(526,536)		(79,030)		(738,426)
EBITDA		(349,115)		(773,437)		(3,550)		(827,206)
Net loss		(417,972)		(843,140)		(14,807)		(803,175)
Comprehensive loss	\$	(417,972)	\$	(843,140)	\$	(14,807)	\$	(803,175)

### LIQUIDITY AND CAPITAL RESOURCES

#### Working capital

"Working capital" is used by management and the investment community to analyze the operating liquidity available to the Company. Working capital is defined as current assets less current liabilities.

Working capital is derived from the consolidated statements of financial position and calculated as follows:

As at	January 31, 2022		April 30, 2021		Increase (decrease) in Working capital	
<b>Current Assets</b>						
Cash and cash equivalents	\$	269,303	\$	1,013,772	\$	(744,469)
Accounts receivable		46,176		31,110		15,066
Subscription receivable		50,000		50,000		0
Prepaid assets		-		5,000		(5,000)
	\$	365,479	\$	1,099,882	\$	(734,403)
<b>Current Liabilities</b>						
Accounts payable and accrued liabilities	\$	1,888,266	\$	1,800,663	\$	87,603
	\$	1,888,266	\$	1,800,663	\$	87,603
Working capital deficit	\$	(1,522,787)	\$	(700,781)	\$	(822,006)



Working capital has declined since the year ended April 30, 2021, because the Company has been using its cash to further its SaaS initiative and enter new markets.

### Liquidity

On January 31, 2022, the Company had \$269,303 (April 30, 2021: \$1,013,772) of cash and cash equivalents on hand. The Company has convertible debentures which can be and have been converted into equity at the option of the holder. The Company shall have the right to require the convertible debenture holders to convert any principal and interest amount outstanding if, for any 10 consecutive trading days commencing on the date that is four months plus one day following the grant date and prior to the maturity date, the closing price of the common shares of the Company is greater than \$0.50, subject to adjustment as provided for in the certificate representing the debenture. Therefore, liquidity risk relates to its accounts payable and accrued liabilities and debentures, as the Company may encounter difficulty discharging its obligations.

While the Company has been able to demonstrate the ability to raise capital to fund its operations to date, it has not yet been able to generate the sales volumes required to create positive cash flows from operations. Although the certainty of cash flows is variable in nature, the Company has engaged in steps to commercialize its core products and services in a profitable manner.

The Company considers the items included in capital to include shareholders' equity. The Company manages its capital structure and makes adjustments to it in light of changes in economic and business conditions, the financing environment and the risk characteristics of its underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, new debt, or scale back the size and nature of its operations. The Company is not subject to externally imposed capital requirements.

Management intends to regularly review its ongoing level of cash flow from operations, as well as its level of capital resources, and actively manage its affairs. This review will consider factors such as the current economic environment, changes in demand for the Company's services, capital spending requirements, foreign exchange rates, working capital needs, and profitability of the Company's operations, any of which could materially affect the Company's ability to meet its obligations.

Additional financing may be necessary in a variety of circumstances, including the requirement of working capital to ramp up operations required by continued growth, the occurrence of adverse circumstances, fluctuations in foreign currency translation, or the decision to expand geographically into new markets or by acquisition. It is anticipated that the required financing may be raised by bank debt, other forms of debt, or the issue of equity. It is possible that such financing will not be available, or not available on favorable terms.

### OUTSTANDING SHARE DATA

Issued share capital includes the following as at:

	March 28, 2022	January 31, 2022	January 31, 2021
Common Shares issued and outstanding	152,693,781	152,693,781	119,377,605
Option Outstanding	14,900,000	7,450,000	14,350,000
Warrants Outstanding	39,573,843	39,573,843	7,950,063

## COMMITMENTS AND CONTINGENCIES

### Operating lease

The Company has no contractual commitments as on January 31, 2022, or thereafter.

## RELATED PARTY TRANSACTIONS

Summary of key management personnel compensation:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel for the period ended January 31, 2022, and 2021 set out below:

	For the three months ended		For the nine months ended	
	January 31,		January 31,	
	2022	2021	2022	2021
Director fees	\$ 9,000	31,200	\$ 42,000	58,200
Salaries, subcontractors, and benefits	87,000	75,000	257,000	\$225,000
Stock-based compensation	-	4,615	\$4,498	\$29,844
	\$ 96,000	110,815	\$ 303,498	313,044

### Software License fees

For the nine months ended January 31, 2022, the Company incurred \$4,500 (January 2021 - \$382,410) of software license fees paid or payable to a company controlled by an officer of the Company.

### Subscription receivable

As at January 31, 2022, the Company has \$50,000 (January 31, 2021 - \$nil) outstanding from related parties related to the February 12, 2021 private placement.

### Balances due to related parties

As at January 31, 2022, the Company was indebted to a company with a common officer in the amount of \$355,344 (January 31, 2021 - \$438,312) which was included in accounts payable and accrued liabilities.

## FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### *General Objectives, Policies and Processes:*

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

**a) Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash.

The carrying amount of financial assets represents the maximum credit exposure. All cash is held at a Canadian Chartered Bank.

**b) Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. If future cash flows are uncertain, the liquidity risk increases.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing financial liabilities. The Company's financial liabilities are comprised of accounts payable and accrued liabilities, and notes and loan payable. The Company anticipates it will have adequate liquidity to fund its financial liabilities through its existing working capital and equity issues. Furthermore, a portion of liabilities are expected to be settled in common shares of the Company, thereby mitigating liquidity risk. However, there is no assurance that the Company will have sufficient cash flow to be able to discharge its future financial liabilities.

	Payment due by Period			
	< 1 year	>1 and < 2 years	2 - 3 years	Total
<b>Accounts payable and accrued liabilities</b>	\$ 1,888,266	\$ -	\$ -	\$ 1,888,266
<b>Convertible debentures</b>	84,778	5,131	-	89,909
<b>Loans payable</b>	-	40,000	-	40,000
	<b>\$ 1,973,044</b>	<b>\$ 45,131</b>	<b>\$ -</b>	<b>\$ 2,018,175</b>

**c) Interest Rate Risk**

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is limited to potential decreases on the interest rate offered on cash held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

**d) Exchange Rate Risk**

Exchange rate risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The Company incurs certain expenses in US dollars and is exposed to foreign exchange rate fluctuation. These expenses are subject to exchange rate risk.

**CRITICAL ACCOUNTING JUDGEMENT AND ESTIMATES**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

## **BUSINESS RISKS**

You should carefully consider the following risks and uncertainties in addition to other information in TruTrace's filing statement dated May 10, 2018, with respect to the Transaction in evaluating the Company and its business. The market in which the Company competes is very competitive and changes rapidly. New risks may emerge from time to time and management may not be able to predict all of them or be able to predict how they may cause actual results to be different from those expected. References to "TruTrace" below refer to the Company and its affiliates as at the date hereof.

- **Limited Operating History and History of Losses**

TruTrace has only recently commenced commercial operations and has cash, accounts receivable, a note receivable, sales tax receivable, prepaids and deposits, and property and equipment as assets. TruTrace has no history of earnings and has not yet generated any revenue. As such, it is subject to many of the risks common to early-stage enterprises, including under-capitalization; cash shortages; limitations with respect to personnel, financial, and other resources; and lack of revenue. Although TruTrace anticipates generating revenue in the future, it is also incurring substantial expenses in the establishment of its business. The success of the Company will ultimately depend on its ability to generate cash from its business. There is no assurance that the future expansion of the business will be sufficient to raise the required funds to continue the development of its business. There is no assurance that the Company will be successful in achieving a return on shareholders' investment, and the likelihood of success must be considered in light of the early stage of its operations.

- **Service Interruptions**

TruTrace intends to serve customers from third-party data center hosting facilities located in Ontario and Quebec. Any damage to, or failure of, TruTrace's systems could result in interruptions to its service. As TruTrace continues to add data centers and add capacity in existing data centers, it may move or transfer its data and its customers' data. Despite precautions taken during this process, any unsuccessful data transfers may impair the delivery of its services. Further, any damage to, or failure of, TruTrace's systems generally could result in interruptions in its service. Interruptions in TruTrace's service may reduce revenue, cause it to issue credits or pay penalties, cause customers to terminate their subscriptions and materially adversely affect its renewal rates and ability to attract new customers.

It is also expected that TruTrace's business might be harmed if its customers believe its service is unreliable. TruTrace intends to replicate and back-up customer data as part of its disaster recovery plans. However, these plans may not be successful in all circumstances. The Company will not control the operation of any third-party facilities it may use. All of the facilities it operates or utilizes would be vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunications failures and similar events. They may also be subject to break-ins, sabotage, intentional acts of vandalism and similar misconduct. Despite precautions taken at these facilities, the occurrence of a natural disaster or an act of terrorism, a decision to close any facility without adequate notice or other unanticipated problems at these facilities could result in lengthy interruptions in TruTrace's service. Even with its disaster recovery arrangements, TruTrace's service could be interrupted, and its business and financial condition could be materially adversely affected.

- **Need for Continued Development of Technology**

The success of TruTrace's platform will be dependent on the accuracy, proper use and continuing development of its technological systems, including its business systems and operational platforms. Its ability to effectively use the information generated by its information technology systems, as well as its success in implementing new systems and upgrades, may affect its ability to: conduct business with its clients, including delivering services and solutions; manage its inventory and accounts receivable; purchase, sell, ship and invoice its products and services efficiently and on a timely basis; and maintain its cost-efficient operating model while expanding its

business in revenue and in scale.

- **Ability to Generate Profits**

There can be no assurance that TruTrace will generate net profits in future periods. Further, there can be no assurance that it will be cash flow positive in future periods. In the event that TruTrace fails to achieve profitability, the value of its shares may decline. In addition, if TruTrace is unable to achieve or maintain positive cash flows, it will be required to seek additional funding, which may not be available on favorable terms, or at all.

- **Regulatory Uncertainty**

The legal global cannabis industry is still in its infancy and is dependent on the regulatory environment, including federal, state and local laws. Part of TruTrace's business and achievement of its business objectives within this sector will be dependent, in part, on compliance with regulatory requirements enacted by governmental authorities for the collection and tracking of data related to the cannabis sector. While TruTrace expects that its business model will be perceived to be viable and compliant with applicable regulatory requirements, there is no guarantee that its platform will be adopted or utilized. To the extent that there are changes to existing regulations, the adoption and use of TruTrace's platform may be adversely affected.

In addition to the above, in jurisdictions such as the United States, the conflict between federal and state legislation could have a material adverse impact on TruTrace's business. TruTrace's management has determined that, at this time, it will only enter regulated markets where there is an alignment between all levels of government and if Canadian Securities Exchange (the "CSE") has approved it conducting operations. However, there can be no assurance that the regulatory environment will remain favorable to the conduct of TruTrace's business. Further, even within Canada, different provinces and local governmental authorities will have different regulatory requirements and it is possible that TruTrace's platform may not be compatible with those requirements. This variability may be difficult and/or ineffective to manage from both a technological and cost standpoint. In the event that TruTrace's business is determined to be non-compliant with certain applicable regulatory requirements, its business and financial condition could be materially adversely affected.

- **Blockchain Related Risks**

The use of blockchain technology for enterprise applications is in its early stages. While numerous use cases have been developed to demonstrate the efficiency, security and viability of blockchain technology, it is still largely unproven. There are risks that the underlying blockchain protocols and methodologies will not be scalable or sustainable in industry-wide applications. As a new and largely unregulated industry, changes in or more aggressive enforcement of laws and regulations around blockchain could adversely impact companies involved in the industry. Failure or delays in obtaining necessary approvals, or changes in government regulations and policies and practices could have an adverse impact on TruTrace's future cash flows, earnings, results of operations and financial condition. Further, governmental agencies could shut down or restrict the use of blockchain platforms or blockchain based technologies. This could lead to a loss or interruption in business for TruTrace.

- **Intellectual Property Risk**

TruTrace's activities may infringe on patents, trademarks or other intellectual property rights owned by others. If TruTrace is required to defend itself against intellectual property rights claims, it may spend significant time and effort and incur significant litigation costs, regardless of whether such claims have merit. If TruTrace is found to have infringed on the patents, trademarks or other intellectual property rights of others, it may also be subject to substantial claims for damages or a requirement to cease the use of such disputed intellectual property, which could have an adverse effect on its operations. Such litigation or claims and the consequences that could follow

could distract management of TruTrace from the ordinary operation of its business and could increase costs of doing business, resulting in a negative impact on the business, financial condition, or results of operations of the Company.

- **Evolving Business Model**

As digital assets and blockchain technologies become more widely available, management expects the services and products associated with them to evolve. As a result, to stay current with the industry, TruTrace's business model may need to evolve as well. From time to time, TruTrace may modify aspects of its business model relating to its product mix and service offerings. It cannot offer any assurance that these or any other modifications will be successful or will not result in harm to the business. TruTrace may not be able to manage growth effectively, which could damage its reputation, limit its growth and negatively affect its operating results. Such circumstances would have a material adverse effect on the Company's ability to continue as a going concern, which would have a material adverse effect on its business, prospects and operations, and harm TruTrace's investors.

- **Network Security Risks**

TruTrace expects to obtain, transmit and store confidential user information in connection with its services. These activities are subject to the laws and regulations of Canada and other jurisdictions. The requirements imposed by these laws and regulations, which often differ materially among the many jurisdictions where TruTrace intends to offer services, are designed to protect the privacy of personal information and to prevent that information from being inappropriately disclosed. TruTrace expects to rely on a variety of technologies to secure its systems. Despite the implementation of network security measures, its infrastructure will potentially be vulnerable to computer break-ins and similar disruptive problems. Advances in computer capabilities, new discoveries in the field of cryptography or other events or developments, including improper acts by third parties, may result in a compromise or breach of the security measures that the Company uses to protect its systems. TruTrace could also suffer from an internal security breach.

Computer viruses, break-ins or other security problems could lead to misappropriation of proprietary information and interruptions, delays or cessation in service to TruTrace users. If internal TruTrace personnel or a third party were to misappropriate, misplace or lose corporate information, including financial and account information, customers' personal information, or source code, its business may be harmed. TruTrace may be required to expend significant capital and other resources to protect against these security breaches or losses or to alleviate problems caused by these breaches or losses. If third parties gain improper access to TruTrace's systems or databases or those of its partners or contractors, they may be able to steal, publish, delete or modify confidential customer information. A security breach could expose TruTrace to monetary liability, and lead to inquiries, fines, or penalties.

- **Reliance on Key Personnel**

TruTrace's success depends in large measure on certain key personnel and the contributions of these individuals to its immediate operations are likely to be of central importance. The loss of the services of such key personnel could have a material adverse effect on the Company. In addition, the competition for qualified personnel in the technology industry is intense and there can be no assurance that TruTrace will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity, and good faith of TruTrace's management.

- **Management of Complex Software Implementation Projects**

The successful deployment of TruTrace's software will depend on managing complex implementation projects. A variety of factors may result in complex deployments being delayed, cancelled or failing, including: the inherent complexity of modern software; difficulty staffing the project with qualified personnel; difficulty

managing a project in which the customer and multiple vendors must work together effectively; unrealistic deadlines; inability to realistically limit the scope of the project; problems with third party systems, software or services; inaccurate or faulty data; and insufficient time and investment spent in the planning and design phases of the project. As a result, TruTrace may not be able to successfully manage deployments of its software which could harm its reputation, be costly to correct, delay revenues, and expose it to litigation.

- **Conflicts of Interest**

Certain directors and officers of TruTrace are also directors and officers of other companies. In addition, they may devote time to other outside business interests, so long as such activities do not materially or adversely conflict with their duties to the Company. The interests of these persons could conflict with those of TruTrace. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of TruTrace board of directors, a director who has such a conflict will abstain from voting for or against the approval of any such matter. In accordance with applicable laws, the directors of TruTrace will be required to act honestly, in good faith, and in the best interests of TruTrace.

- **Competition**

TruTrace expects to compete with other technology platforms focused on the supply chain, as well as the global cannabis sector. Market and financial conditions, and other conditions beyond TruTrace's control, may make it more attractive to invest in other financial vehicles which could limit the market for TruTrace's shares.

- **Risks Relating to COVID-19**

The recent outbreak of COVID-19 (Coronavirus) pandemic could impact the Company's operations by negatively impacting the supply chain including both manufacturing and delivery of products to customers, create shortages of qualified staff, reduce consumption of product and reduce the availability of both equity and or debt in the marketplace. Such an outbreak could have a material adverse effect on our business, financial condition, results of operations and our ability to raise capital either through equity or debt.

**Other Information**

Additional information about the Company is available under TruTrace's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

**Approval**

This MD&A is authorized for issue by the Board on March 28, 2022.