TrackX Holdings Inc.

Management's Discussion and Analysis

For the Three and Six Months Ended March 31, 2022

The following discussion and analysis ("**MD&A**") of the operations, results and financial position of TrackX Holdings, Inc. (the "**Company")** for the six months ended March 31, 2022 should be read in conjunction should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and with the Company's consolidated financial statements and related notes thereto for the years ended September 30, 2021 and September 30, 2020. For further information on the Company, reference should also be made to its public filings under the Company's profile on SEDAR at www.sedar.com. Information is also available on the Company's website at www.trackx.com. The effective date of this report is May 30, 2022. All figures are presented in Canadian dollars, unless otherwise indicated.

FORWARD LOOKING STATEMENTS

Certain information included in this discussion may constitute forward-looking statements. Readers are cautioned not to put undue reliance on forward-looking statements. These statements relate to future events or the Company's future performance, business prospects or opportunities. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to business objectives and milestones, and adequacy of financial resources.

Such forward-looking statements are based on a number of material factors and assumptions, including, but not limited in any manner to, those disclosed elsewhere herein and any other of the Company's public filings, and include the availability and final receipt of required approvals, licenses and permits, sufficient working capital to develop the business, access to adequate services and supplies, economic conditions, foreign currency exchange rates, interest rates, access to equity and debt markets and associated costs of funds, availability of a qualified work force, that the Company is able to procure equipment and supplies in sufficient quantities and on a timely basis, and that the Company maintains its ongoing relations with its business partners in compliance with applicable government rules and regulations. While the Company considers these material factors and assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons.

Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. The Company cautions that the foregoing list of important factors is not exhaustive. Investors and others who base themselves on the Company's forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. The forward-looking statements contained in this report are expressly qualified by this cautionary statement.

COMPANY HISTORY AND COMPANY OVERVIEW

The Company was incorporated under the Canadian Business Corporations Act on April 21, 2004. On

August 24, 2012, the Company consolidated all of its issued and outstanding common shares on a ten (10) old common shares for one (1) new common share basis. On December 31, 2013, the Company consolidated all of the issued and outstanding common shares on a four (4) old common shares for one (1) new common share basis. On July 2, 2015, the Company consolidated all of the issued and outstanding common shares on a ten (10) old common shares for one (1) new common share basis. On January 11, 2016, the Company continued into and became a company existing in British Columbia under the British Columbia Business Corporations Act.

The Company's head office is located at 7800 E. Union Ave., Suite 430, Denver, CO 80237 United States of America ("**USA**") and its registered office and records office is located at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6B 2R9.

TrackX, Inc. is incorporated and existing under the laws of the state of Delaware, USA TrackX's principal business is the development and customization of its proprietary enterprise software platform which enables companies to track physical assets using a wide variety of unique item level tracking and sensor technology.

On closing of the Acquisition, TrackX, Inc. became a wholly owned subsidiary of the Company. As TrackX, Inc. is deemed to be the acquirer for accounting purposes, its assets and liabilities and operations since incorporation on July 9, 2015 are included in the consolidated financial statements at their historical carrying value. The Company's results of operations are those of TrackX, with the Company's operations being included from May 26, 2016 onwards, being the closing date of the Acquisition. Please refer to "Reverse Takeover" (Note 1) of the Consolidated Financial Statements for more details.

TrackX is the Software-as-a-Solution ("**SaaS**") based enterprise tracing, tracking and collaboration solutions company that leading brands trust to achieve more sustainable and better performing supply chains. TrackX solutions are built on an enterprise scalable and fully customizable platform that leverages a broad array of RFID, IoT (Internet of Things) and Sensor Technologies to provide item level visibility to customers across a broad array of industries, including food, beverage, brewery, automotive, insurance, technology and government. For more information, visit www.trackx.com.

BUSINESS HIGHLIGHTS

In Fiscal Q2, 2022 the Company continued to focus on its strategy of delivering its enterprise scalable, IoT-enabled technology platform in response to demand by companies for better supply chain tracing, tracking, execution and sustainability solutions. These solutions coincide with four key market trends that have resulted in customers needing to accelerate their digital transformation, sustainability and ESG efforts in order to remain competitive in today's global supply chain environment:

- Consumers have more influence over the products they are purchasing than ever before. They are demanding to know more about the products they are purchasing, where they come and how they are produced. Consumers are insisting that companies they purchase products from provide proof of environment, social and governance (ESG) compliance initiatives and practices. They want to make sure that manufacturers have sustainability initiatives in place to protect the environment. At the epicenter of ESG is supply chain and TrackX has made significant developments in its core supply chain platform in 2021 and Q1, 2022 to accommodate proof of ESG and sustainability claims.

- Regulatory compliance and industry mandates are becoming stronger and companies that don't comply are facing more scrutiny and significant penalties. This is forcing companies to implement better tracing, tracking, collaboration and sustainability solutions. TrackX's IOT-enabled platform and recent supply chain focus is positioned to deliver in response to this need.

- The most recent pandemic has heightened the awareness of supply chain challenges faced by companies across all industries. Companies must invest in technologies that provide improved visibility, transparency, collaboration and trust throughout their entire supply chain in order to become more efficient and resilient to the next major disruption. Over the past year, the developments made to the TrackX platform support this shift from traditional linear supply chains to a digital supply network and improved partner collaboration

- Finally, companies must continue to identify and remedy inefficiencies within their own supply chains. To compete in today's global environment, companies will have to become more innovative, adaptive and responsive than ever before. Supply chain management solutions are imperative to helping them speed information flow, to safely and securely share data with their entire supply chain ecosystem and to leverage their assets and labor much more effectively.

In Q2, 2022, TrackX continued to experience the impact the most recent pandemic has had on companies as large accounts still struggle to find experienced labor and retain the employees they need to operate again at full capacity and proceed with implementations. As a result, sales activity continued to be slow in Q2 and TrackX was not able to onboard the new accounts that it had anticipated closing in the quarter. In spite of these delays, the Company has continued to see validation within the market for its refocused supply chain platform and strategy. The Company has seen some positive growth in pipeline activity and through significant enhancements to the core platform, which are highly leverageable, the Company did generate additional expansion opportunities within every customer except one during the quarter. We anticipate that revenue from these opportunities will be realized over the balance of 2022.

- Do Good Foods: TrackX has become the end-to-end supply chain-related system of record for Do Good Foods, a climate-forward food company that is working to eliminate supermarket food waste. Do Good Foods has created a closed loop system that collects and upcycles surplus grocery into animal feed. TrackX's end-to-end tracking and tracing, chain of custody, and environmental monitoring which, along with its analytics and reporting platform, enables Do Good Foods to provide supermarkets with data and analytics they can use to reduce the enormous waste in grocery retail. In Q2, TrackX's platform enhancements ensured the successful completion of the implementation at the first facility, and the Company is now working on the implementation requirements for the next two processing facilities for Do Good Foods.

- Polaris: The TrackX solution provides the global leader in powersports with a central source of vehicle inventory information along with the tools needed to help reduce time spent locating recreational vehicles, updating records on internal assets, and reporting across multiple development sites and corporate offices. Polaris has provided TrackX with a request for multiple enhancements and new features which we are currently addressing.

- US Fortune 500 Insurance Company Solution Expansion: In Q1, 2022, TrackX successfully renewed its engagement with the Client for 2022. In Q2, 2022 TrackX expanded its solution to address additional capabilities in order to more effectively manage assets and operations with the data centers operated by the Client.

- Shifflet Brothers Expansion: For this growing logistics provider in the Utility industry, TrackX is expanding its solution implementation to include an additional 44 acres of property which will be secured and leveraged as additional storage for utility poles and associated assets supporting the operational requirement of their major logistics customers.

- SpotLite360 IoT Solutions: In 2021, SpotLite360 leveraged a software license to utilize the TrackX Keychain platform to deliver proof of origin, chain of custody, regulatory compliance, and proof of ESG to customers in the Cannabis, Healthcare and Pharmaceutical industries. In 2022, SpotLite360 announced that it has engaged with Peterson Control Union, a multi-billion dollar company operating in more than 70 countries, offering a complete range of tailored activities and services to suit the supply and value chain requirements of customers across a broad cross section of industries. In Q2 2022, the enhancements made to the TrackX platform made in 2022 are now powering the solution offered by SpotLite360 to Peterson Control Union. TrackX anticipates this to result in additional SaaS revenue for TrackX in FY2022.

- FourKites: TrackX has expanded its relationship with this industry leading supply chain company since selling its Yard Management business to them in 2020. Now that some of the Yard customer implementations have been successfully implemented by FourKites, TrackX anticipates an increase in software commissions earned on Yard implementations as defined in the terms of the Yard Management Business purchase agreement.

OUTLOOK

In Q2 2022, the Company saw a decline in revenue of $59,362 over the same quarter a year ago. This decrease was largely the result of a decline in billable consulting hours delivered by our engineering team. In support our existing customer base and our refined strategy to focus supply chain tracing tracking and sustainability, engineering resources were allocated to the development of features, functions, workflows necessary to enable both expansion opportunities with existing customer and also support new customer opportunities which have become available. The work completed in Q1 and Q2 was necessary to drive additional revenue in subsequent quarters.

TrackX will continue its focus on delivering highly configurable, scalable, partner friendly SaaS-based solutions that improve clients' supply chain processes and drive operational efficiencies. Most industries have been impacted by disruptions resulting from the recent pandemic. Current developments to the TrackX Keychain platform have further strengthened its ability to drive digital transformation and supply chain efficiency and help while providing proof of product origin, chain of custody, location, ownership, contents and sustainability claims. These developments have evolved the TrackX solution platform from delivering efficiencies within a singular enterprise account to tracing and tracking a product from source material, through manufacturing and all the way to retail across multiple enterprises and throughout the entire partner ecosystem. Enhancements to the TrackX Mobile application enable the Company to reach beyond enterprise accounts all the way to the consumer where transparency, trust and proof of ESG are necessary in order for companies to prove sustainability initiatives, respond to increased regulatory requirements and protect their brands.

Like many companies, TrackX was also impacted by COVID-19. The company has experienced delays as long as two years in being able to get onsite to complete implementations due to customer constraints. Due to these delays, TrackX has had to rethink its go to market strategy. The Company is confident in its technology platform and in the market opportunity that it has proven it can deliver value into. TrackX is in discussions with some significant customer prospects and opportunities, but in order to be successful, it will be necessary for TrackX to onboard additional resources in sales and support of its solution deployments. In order to expand its sales pipeline and implementation capacity, the Company has and will continue to focus more energy on strengthening relationships with strategic reseller, solution and implementation partners.

The TrackX KeyChain platform remains one of the only full-cycle supply chain execution platforms with the ability to scale and cater to a global market and enterprise accounts in the areas of tracing, tracking and sustainability. While the Company has been heads down dealing with current economic challenges, it has become clear that it must focus more energy in communicating its message and value proposition to its customers, prospects and shareholders. It will have to do a better job of telling its story and leveraging all facilities available to reach its target market.

Revenue

The Company's total revenue decreased from $1,312,790 for the six months year ended March 31, 2022 ("**YTD 2021")** to $898,027 for the six months ended March 31, 2022 ("**YTD 2022")**. Customization, enhancements, integration, and other fees decreased $456,373 and . This decrease was a result of the loss of implementation projects for FourKites ($ 724,000) as they developed their own implementation team. This decrease was offset by a hardware revenue increase of $49,880 and an increase in royalty revenues from FourKites of $88,000, resulting from Sales Commissions associated with the sale of the yard management business to FourKites and an increase in both Do Good Foods and SpotLite360 revenue of $172,000 and $92,000, respectively.

Cost of Sales

In YTD 2022, the cost of sales decrease to $549,231 from $552,807 in YTD 2021. The components of the cost of sales are salaries, benefits, and consulting, hosting and telecommunication, and cost of hardware and shipping. Salaries, benefits, and consulting were $315,149 for YTD 2022 compared to $378,273 for YTD 2021. The decrease of $63,124 was a result of the capitalization in the amount of $199,902 (YTD 2022) versus $101,660 (YTD 2021) and the increase for technical and consulting resources associated with refining the strategy of supply chain tracing, tracking and sustainability and consumer demand for ESG (YTD 2022 were $72,123 compared $Nil YTD 2021). Hosting and telecommunications expenses increased $58,678 from $120,041 YTD 2021 to $178,719 for YTD 2022. As new customers are added, the cost of hosting and telecommunications increase to serve the new customers.

Operating Expenses

Operating expenses for YTD 2022 and YTD 2021 were $874,075 and $1,2222,511, respectively. The decrease of $348,436 to the reduction of the sales and marketing expenses from $155,061 YTD 2021 to $35,609 due to the reductions sales and marketing staffing and a reduction of share-based compensation from (YTD 2021) $143,050 to (YTD 2022) $3,533.

SELECTED ANNUAL INFORMATION

The following table represents selected financial information of the Company for the three (3) most recently completed financial years and should be read in conjunction with the Company's audited financial statements and associated management's discussion and analysis:

	2021	2020	2019
Total revenue	$ 3,493,139	$ 3,955,434	$ 6,288,108
Income (loss) for the year	(758,723)	185,252	(3,919,095)
Comprehensive income (loss) for the year	(569,840)	170,719	(4,029,350)
Total assets	1,638,444	1,023,343	2,542,503
Total liabilities	3,023,979	4,020,004	6,389,669
Basic income (loss) per common share	(0.01)	0.01	(0.05)
Fully diluted income (loss) per common share	(0.00)	0.00	(0.05)

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's quarterly financial results for the fiscal quarters noted:

	March 31 2022	December 31 2021	September 30 2021	June 30 2021
Revenues	$ 368,957	$ 529,070	$ 1,452,516	$ 727,833
Cost of sales	308,848	240,383	694,838	470,912
Gross margin	16%	55%	52%	35%
Expenses	493,161	382,897	122,951	1,360,186
Net income (loss)	(480,357)	(170,153)	736,304	(1,324,698)
Income (loss) per share	(0.00)	(0.00)	0.01	(0.01)
Total assets	$ 1,680,287	$ 1,879,510	$ 1,638,444	$ 2,360,638

	March 31 2021	December 31 2020	September 30 2020	June 30 2020
Revenues	$ 428,319	$ 884,471	$ 817,897	$ 1,029,774
Cost of sales	352,835	199,972	265,058	314,960
Gross margin	18%	77%	68%	69%
Expenses	628,093	594,418	1,153,289	1,062,078
Net income (loss)	(503,266)	332,937	(307,474)	2,168,060
Income (loss) per share	(0.02)	0.00	(0.01)	(0.01)

Total assets	$	3,289,455	$	1,247,456	$	1,023,343	$	1,731,257

DISCLOSURE OF OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company has 137,099,835 common shares outstanding. The following table summarizes the maximum number of common shares outstanding as of March 31, 2022 and as of the date of this MD&A as if all outstanding stock options and common share purchase warrants were converted to common shares:

	March 31, 2022	As of the date of this MD&A
Common shares	137,099,835	137,099,835
Warrants to purchase common shares	34,300,000	34,300,000
Options to purchase common shares	3,615,000	3,615,000
TOTAL	**175,014,835**	**178,314,835**

RESULTS OF OPERATIONS

Three months ended March 31. 2022 compared with the three months ended March 31, 2021

Revenue

The Company's total revenue decreased from $428,319 for the three months year ended March 31, 2021 (“**Q2 2021”)** to $368,957 for the three months ended March 31, 2022 (“**Q2 2022”)**. The Company saw a decrease in customization, enhancements, integration, and other fees of $81,803, and SaaS, hosting and maintenance revenue decrease of $43,480. These decreases were a result of the loss of implementation projects for FourKites as they developed their own implementation team and decrease in consulting service revenue for a large insurance company of $64,000. These decreases were offset by preliminary revenue of $47,000 resulting from onboarding a new customer, Do Good Foods and a hardware revenue increase of $65,756 (Q2 2022 $89,965; Q2 2021 $24,209).

Cost of Sales

In Q2 2022, the cost of sales decreased to $308,848 from $352,835 in Q2 2021. The components of the cost of sales are salaries, benefits, and consulting, hosting and telecommunication, and cost of hardware and shipping. Salaries, benefits, and consulting were $205,284 for Q2 2022 compared to $256,373 for Q2 2021.

Operating Expenses

Operating expenses for Q2 2022 and Q2 2021 were $493,161 and $628,093, respectively. The decrease of $134,932 is due a decrease in share-based compensation for $134,138 (Q2 2022, $8,912; Q2 2021 $143,050).

Net Income (Loss)

Net loss during Q2 2022 was $480,357 compared to net loss of $503,266 for Q2 2021. The major factors for the additional net loss were the decrease of $62,430 in loss from operations (Q2 2022 $430,070; Q2 2021

$552,609), decrease in interest expense of $58,112 (Q2 2022 $47,140; Q2 2021 $105,252) and offset with increases in gain on sale of line of business (Q2 2022 $Nil; Q2 2021 $126,198) and gain from write-off of accounts payable (Q2 2022 $Nil; Q2 2021 $28,397).

Non-IFRS Measures

The accompanying non-IFRS measures do not have any standardized meaning as it relates to performance measures and may not be comparable to other Company or issuer disclosures of similar performance measures. The Company has provided a reconciliation of Adjusted EBITDA to IFRS loss in the following table. Adjusted EBITDA is defined as earnings before interest income, taxes, depreciation and amortization, share-based compensation, and other non-recurring gains and losses. Management believes that adjusted EBITDA is a useful measure that facilitates period to period operating comparisons. Adjusted EBITDA should not be considered a measure superior to IFRS net income (loss).

Adjusted EBITDA	For the Three Months Ended March 31, 2022	For the Six Months Ended March 31, 2022	For the Three Months Ended March 31, 2021	For the Six Months Ended March 31, 2021
			$	$
Net Income (Loss)	$ (480,357)	$ (739,580)	(503,266)	(170,329)
Amortization of intangible assets	81,327	155,191	49,280	119,869
Depreciation of equipment and of right to use assets	24,415	54,664	(27,023)	48,202
Finance charges	-	-	105,252	227,425
Share-based compensation	8,912	3,533	143,050	143,050
Other income (loss)	10	5,053	126,198	491,154
Write-off of Accounts Payable	-	-	(28,397)	28,470
Adjusted EBITDA	$ **(365,713)**	$ **(531,245)**	**(387,302)**	**(94,467)**

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Key management personnel are those persons that have authority and responsibility for planning, directing and controlling the activities of the Company, directly and indirectly. As of March 31, 2022, the Company's key management personnel consisted of the Company's directors and senior management (Chief Executive Officer, Chief Financial Officer, and Chief Marketing Officer). The Company incurred fees and expenses in the normal course of operations in connection with the key management and directors.

For the three and six months ended March 31, 2022 and March 31, 2021, details are as follows:

	Three Months ended March 31, 2022	Six Months ended March 31, 2022	Three Months ended March 31, 2021	Six Months ended March 31, 2021
Salaries and wages	$ 63,160	$ 126,320	$ 84,054	$ 128,099
Consulting	-	-	46,257	47,912
Automobile allowance	3,211	6,442	3,919	5,390
Share-based compensation	22,489	14,197	48,303	-
	$ 88,860	**$ 146,939**	**$ 182,533**	**$ 181,401**

Included in share-based compensation for the six months and three months ended March 31, 2022 are $22,489 and $14,197, respectively (2021 - $48,303 and $Nil, respectively) for directors.

On July 6, 2020, The Company entered into a software license agreement with a Licensee where the Licensee obtained a license to the GAME Platform and the ancillary software products from TrackX on a non-exclusive basis. The fee for the license is US$300,000. The contract also includes an exclusivity clause in which the Licensee retains the right to obtain exclusivity within a 12-month period following execution of the agreement at an additional cost of US$900,000. The exclusivity clause gives the Licensee the exclusive right to the pharmaceutical, healthcare and cannabis industries without competition from TrackX. In July 2021, an amendment to the exclusivity clause was approved in which the terms of payment of the US$900,000 were extended and the full payment must be received by February 28, 2022 in order for the Licensee to obtain exclusivity. As of December 31, 2021, The Company has received US$650,000 in payments. The Licensee is considered a related party as the Company's CFO is also the CFO of the Licensee. Per the terms of the agreement, the related party is in default as of March 31, 2022.

At March 31, 2022, $421,369, was due to a related party.

FINANCIAL INSTRUMENTS AND RISKS

Capital Risk Management

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes shareholders' equity, comprised of issued share capital, reserves and deficit, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to further develop the infrastructure for customer deployment to support the growing sales and marketing opportunities in the IIOT. To secure the additional capital necessary to pursue these plans, the Company will attempt to raise additional funds through the issuance of equity and warrants, debt or by securing strategic partners.

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the period ended March 31, 2022.

The Company is exposed to a variety of financial risks by virtue of its activities. In particular: market risk (composed of currency risk), liquidity risk, fair value risk and credit risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

Risk management is carried out by management under policies reviewed by the Board of Directors. Management is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies.

The Company's financial instruments and risk exposures are summarized below:

- Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations with cash and needs to maintain sufficient cash in excess of anticipated needs. To do so relies on the Company's ability to achieve positive operating cash flow, raise equity financing or establish debt financing. The Company is exposed to liquidity 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 that potentially subject the Company to a concentration of credit risk consist primarily of cash and accounts receivable. Cash is held with major financial institutions in the United States and Canada and is subject to the Interest Rate Risk. Receivables are subject to standard credit terms.

- Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's sensitivity to interest rates is minimal.

- Foreign Currency Risk is the risk on fluctuation of currency related to monetary items with a settlement currency other than US dollars.

In managing currency risks the Company aims to reduce the impact of short-term fluctuations on earnings by minimizing transactions between TrackX Holdings, Inc. which the functional currency is Canadian Dollars and TrackX, Inc. in which the operational currency is in United States Dollars. As of December 31, 2021, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

Fair Value Hierarchy

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair value of cash is measured based on level 1 inputs of the fair value hierarchy.

The estimated fair value of accounts receivable, accounts payable, due to related party, and accrued liabilities are equal to their carrying values due to the short-term nature of these instruments.

LIQUIDITY AND GOING CONCERN

As of March 31, 2022, the Company had net working capital deficit of ($2,090,511) and an accumulated deficit of ($20,725,707) on March 31, 2022. The Company's objective in managing liquidity risk is to maintain sufficient liquidity in order to meet operational and investing requirements at any point in time. The continuation of the Company is dependent upon the financial support of creditors and stockholders, refinancing debts payable, obtaining additional long-term debt or equity financing, as well as achieving and maintaining a profitable level of operations.

Net cash used in operating activities for six months ended March 31, 2022 was $129,676 compared with net cash used of $1,683,818 in the six months ended March 31, 2021. The major factors are the cash used due to the net loss of $650,510 for six months ended March 31, 2022 compared to $170,329 net loss for six months ended March 31, 2021. Cash used from increase accounts receivable in six months ended March 31, 2022 of $13,578 compared to $1,160,649 in the six months ended March 31, 2021 offset by the cash generated in an increase in contract liability of $157,528 for six months ended March 31, 2022 compared to $1,731,404 six months ended March 31, 2021

Net cash used in investing activities for the six months ended March 31, 2022 was, $34,490 in lease liability payment compared with $Nil for the six months ended March 31, 2021. Net cash used for development of capitalized assets, $252,517 six months ended March 31, 2022 and $159,574 six months ended March 31, 2021.

The Company generated $465,000 though warrant conversions in financing activities in six months ended March 31, 2022 compared to $Nil for six months ended March 31, 2021. Cash was used in the payment of notes payable in the amounts of $71,572 for six months ended March 31, 2022 compared to$380,977 for six months ended March 31, 2021.

The Company's consolidated financial statements have been prepared in accordance with IFRS under the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than a process of forced liquidation. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

The Company’s consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its commitments, realize its assets and discharge its liabilities in the normal course of business. The Company’s continuation as a going concern is dependent upon its ability to achieve profitable operations and raise additional financing through issuing equity or debt to meet current and future obligations. In assessing whether the going concern assumption is appropriate and whether there are material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern, management considers all available information about the future which is at least, but not limited to, twelve months from the end of the reporting period.

Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its consolidated statement of financial position.

RISKS AND UNCERTAINTIES

An investment in the securities of the Company may be regarded as speculative due to the Company's stage of development. Risk factors relating to the Company could materially affect the Company's future results and could cause them to differ materially from those described in forward-looking statements relating to the Company. Prospective investors should carefully consider the following risks and uncertainties:

Additional Financing

The Company has a history of operating losses and uses cash raised in equity markets to partially fund working capital. If adequate funds are not available when required or on acceptable terms, the Company may be required to delay, scale back or terminate its sales and marketing efforts, and may be unable to continue operations. There can be no assurance that the Company will be able to obtain the additional financial resources required to compete in its markets on favorable commercial terms or at all. Any equity offering may result in dilution to the ownership interests of shareholders and may result in dilution of the value of such interests. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Product Enhancements and Development

The development activities of the Company may be funded by its customers through engineering services provided in addition to the Company's investment in enhancing its existing product suite. If the Company fails to develop new products, incurs delays in developing new products, or if the product or enhancements to existing products and services that the Company develops are not successful, the Company's business could be harmed. Even if the Company does develop new products that are accepted by its target markets, the Company cannot assure that the revenue from these products will be sufficient to justify the Company's investment in research and development.

History of Losses

The Company has a history of losses, and there can be no assurance that the Company's losses will not continue in the future. As of March 31, 2022, the Company had an accumulated deficit of $20,725,707. The Company's prospects must be considered in the context of the implementation stage of its current strategy, the risks and uncertainties it faces, and the inability of the Company to accurately predict its results of sales and marketing initiatives. There can be no assurances that implementation of the Company's strategy will result in the Company generating and sustaining profitable operations.

Product Development and Technological Change

The market for the Company's products and services is characterized by rapidly changing technology, evolving industry standards and frequent new product introductions. To be successful, the Company will need to enhance existing products and to introduce new products and features in response to changing standards, customer requirements, and technological innovations by others. There can be no assurance that the Company will be successful in doing this in a timely manner or at all. The embedded computing and IIoT industries are characterized by a continuous flow of improved products that render existing products obsolete. There can be no assurance that products or technologies developed by others will not render the Company's products obsolete or non-competitive.

Intellectual Property Protection

The Company's ability to compete may be affected by its ability to protect its intellectual property. It relies primarily on a combination of copyright, trademark, patent and trade secret laws, confidentiality procedures and contractual provisions to protect its intellectual property. While the Company believes that its products and technologies are adequately protected against infringement, there can be no assurance of effective protection. Monitoring and identifying unauthorized use of the Company's technology is difficult, and the prohibitive cost of litigation may impair the Company's ability to prosecute any infringement. The commercial success of the Company will also depend upon its products not infringing any intellectual property rights of others and upon no claims for infringement being made against the Company. The Company believes that it is not infringing any intellectual property rights of third parties, but there can be no assurance that such infringement will not occur. Any infringement claims against the Company by a third party, even if it is invalid, could have a material adverse effect on the Company because of the costs of defending against such a claim.

Customer Concentration

The Company's business and future success depends on the Company's ability to maintain its existing customer relationships, add new customers and expand within their current customers. If certain of the significant customers, for any reason, discontinues their relationship with us, or reduces or postpones current or expected orders for products or services, or suffers from business loss, our revenues and profitability could decline materially. The Company has mitigated this risk by diversifying its customer base.

Dependence on Key Personnel

The Company's future success depends largely on its ability to attract and retain talented employees. The Company is highly dependent on a limited number of key personnel to maintain customer and strategic relationships. Loss of key personnel could have an adverse effect on these relationships and negatively impact the Company's financial performance. The Company's future results of operations will depend in part on the ability of its officers, management and other key employees to implement and expand operational, customer support and financial control systems and to expand, train and manage its employee base. The Company's future performance will also depend to a significant extent on its ability to identify, attract, train and retain highly skilled sales, technical, marketing and management personnel. If the Company were to lose the services of any key personnel, the Company may encounter difficulties finding qualified replacement personnel.

Management of Growth

The Company's future results of operations will depend in part on the ability of its officers and other key employees to implement and expand operational, customer support and financial control systems and to expand, train and manage its employee base. The Company's future performance will also depend to a significant extent on its ability to identify, attract, train and retain highly skilled sales, technical, marketing and management personnel. Substantial growth in the Company's hardware initiatives may require the Company to raise additional capital through the issuance of additional shares or securing financing. There can be no assurance that the Company would be able to secure additional funding through these activities.

Stock Price Volatility

The market price for the common shares of the Company fluctuates significantly, and these fluctuations tend to be exaggerated if the trading volume is low. The market price of the common shares may rise or fall in response to announcements of technological or competitive developments, acquisitions or strategic alliances by the Company or its competitors, the gain or loss by the Company of significant orders or broad market fluctuations.

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon the continued support of its shareholders, obtaining additional financing and generating revenues sufficient to cover its operating costs. During the year ended September 30, 2021, the Company's Independent Auditors included an explanatory paragraph in their Audit Report describing a material uncertainty that may cause significant doubt about the Company's ability to continue as a going concern due to recurring losses incurred in recent years. The Company's accompanying consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements.

Any forward-looking information in this MD&A is based on the conclusions of management. The Company cautions that due to risks and uncertainties, actual events may differ materially from current expectations. With respect to the Company's operations, actual events may differ from current expectations due to economic conditions, new opportunities, changing budget priorities of the Company and other factors.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual reports could differ from management's estimates.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Changes in Internal Control over Financial Reporting ("ICFR")

In connection with National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109") adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited interim condensed consolidated financial statements and the audited annual consolidated financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI52-109.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the financial statements.

ADDITIONAL INFORMATION

For further detail, see the Company's consolidated financial statements for the year ended September 30, 2021. Additional information about the Company can also be found under the Company's profile at www.sedar.com.

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Gene McConnell (Chief Financial Officer)
Michael Himmelfarb (Chief Marketing Officer)
Kirk Ball (Director)
Blair Garrou (Director)