TrackX Holdings, Inc.

Interim Condensed Consolidated Financial Statements

For the Three and Nine Months Ended June 30, 2022, and 2021

(Unaudited – Prepared by Management)

Expressed in Canadian Dollars

NOTICE OF NO AUDITOR REVIEW OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these interim condensed consolidated financial statements, they must be accompanied by a notice indicating that these condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

TrackX Holdings Inc.
Interim Condensed Consolidated Statements of Financial Position
(Unaudited and Expressed in Canadian Dollars)

	Note		June 30 2022		September 30 2021
ASSETS					
Current					
Cash		$	25,343	$	61,161
Accounts receivable, net	3d, 3e, 3f 6		331,731		299,681
Accounts receivable – related party	19		708,730		818,644
Inventory – net of reserve	3g		-		-
Prepaid expenses and other current assets			161,095		83,484
TOTAL CURRENT ASSETS			1,226,899		1,262,970
Deposits	3h		34,062		44,469
Fixed assets, net	7		1,932		5,594
Right to use asset – net	18		199,778		271,936
Intangible assets, net	3i, 3j, 3k, 8		100,869		53,475
TOTAL ASSETS		$	1,563,540	$	1,638,444
LIABILITIES					
Current					
Accounts payable and accrued liabilities		$	1,159,595	$	588,941
Right to use liability (short term)	3aa, 18		138,197		68,496
Contract liability	9		245,639		190,801
Due to related party (short term)	10		533,742		-
Promissory notes – related party (short term)	10, 19				427,337
Promissory notes in default, net of Debt Discount	10		1,440,956		1,494,432
TOTAL CURRENT LIABILITIES			3,518,129		2,770,007
Right to use liability (long term)	3aa,18		195,190		253,972
TOTAL LIABILITIES			3,713,319		3,023,979
SHAREHOLDERS' EQUITY (DEFICIT)					
Share capital	3o, 3q, 3r, 3t, 11		15,955,149		15,790,149
Reserves			3,218,177		3,208,780
Cumulative translation adjustment			206,138		(310,267)
Deficit			(21,529,243)		(20,074,197)
TOTAL SHAREHOLDERS' EQUITY (DEFICIT)			(2,149,779)		(1,385,535)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$	1,563,540	$	1,638,444

Approved by the Board of Directors:

"Tim Harvie" — Director

"Blair Garrou" — Director

- The accompanying notes are an integral part of these unaudited condensed interim financial statements –

TrackX Holdings Inc.
Interim Condensed Consolidated Statements of Loss and Comprehensive Loss
(Unaudited and Expressed in Canadian Dollars)

	Note	Three Months June 30 2022	Three Months June 30 2021	Nine Months June 30 2022	Nine Months June 30 2021
Revenues	3m, 13	$ 348,458	$ 727,833	$ 1,246,485	$ 2,040,623
Cost of Sales	15	237,472	470,912	786,703	1,023,719
Gross Margin		110,986	256,921	459,782	1,016,904
Gross Margin Percentage		32%	35%	37%	50%
Expenses	15				
Amortization of intangible assets	8	81,189	49,853	236,380	169,722
Depreciation of equipment	7	599	11,163	3,682	59,365
Depreciation of right to use assets	18	23,634	15,792	75,215	15,792
General and administrative		132,948	362,191	757,028	1,119,560
Sales and marketing		(4,654)	492,036	30,955	645,093
Share-based compensation	12	5,864	429,151	9,397	572,201
Total Expenses		239,580	1,360,186	1,112,657	2,581,733
(Loss) from Operations		(128,594)	(1,103,265)	(652,875)	(1,564,829)
Interest income		-	33		33
Interest expense and financing costs		22,324	246,062	147,334	473,487
Interest for lease liability		3,108	-	9,381	-
Gain on sale of line of business	14		-	-	189,914
Write-off of accounts payable			-	-	28,053
Other Income		-	24,596	5,054	325,289
Net income (loss)		(154,026)	(1,324,698)	(804,536)	(1,495,027)
Foreign exchange translation adjustment	2c, 3c, 3w	351,166	(192,360)	516,405	(505,826)
Comprehensive income (loss)		$ 197,140	$ (1,517,058)	$ (288,131)	(2,000,853)
Basic income (loss) per common share		$ (0.00)	$ (0.02)	$ 0.00	$ (0.02)
Fully diluted income (loss) per common share		(0.00)	(0.02)	0.00	(0.01)
Weighted average common shares outstanding – basic		137,099,835	90,553,835	138,899,835	90,553,835
Weighted average common shares outstanding – diluted		176,814,835	137,099,835	176,814,835	86,308,333

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TrackX Holdings Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

Cash Provided By (Used In):		Nine Months Ended June 30 2022		Nine Months Ended June 30 2021
Operating activities:				
Net income (loss)	$	(804,536)	$	(1,495,027)
Items not affecting cash:				
Amortization of intangible assets		236,380		214,884
Depreciation of equipment		3,682		11,866
Depreciation of right of use assets		75,215		15,792
Allowance for bad debt				135,380
Finance cost				97,408
Interest accrual		156,715		48,432
Share-based compensation		8,912		572,201
Shares issued for interest payable		-		65,585
Change in non-cash working capital:				
Accounts receivable		32,049		(1,456,114)
Accounts receivable – related party		(109,914)		-
Prepaid expenses and other current assets		77,610		160,289
Accounts payable and accrued liabilities		405,655		(260,490)
Due to related parties		106,405		(20,397)
Right to use assets		-		(52,018)
Debt settlement cost				35,366
Contract liability		54,838		1,178,543
Cash (used in) provided by operating activities		243,011		(748,300)
Investing activities:				
Lease liability payments		(56,129)		
Development expenses capitalized in intangible assets		(223,210)		(140,121)
Cash used in investing activities		(279,339)		(140,121)
Financing activities:				
Proceeds from the issuance of shares and conversion of warrants		165,000		2,000,000
Payments on notes payable		(90,000)		(874,564)
Cash provided by financing activities		75,000		1,125,436
Net change in cash		38,672		237,015
Foreign exchange impact on cash		(74,491)		(6,477)
Cash - beginning of year		61,162		17,849
Cash - end of year	$	25,343	$	248,387

Supplemental non-cash investing and financing information (See Note 21)

- The accompanying notes are an integral part of these unaudited condensed interim financial statements –

TrackX Holdings Inc.
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Number of shares	Share capital $	Reserve $	Cumulative translation adjustment $	Deficit $	Total $
Balance, September 30, 2020	**88,964,349**	**$ 15,060,467**	**$ 1,757,496**	**$ (499,150)**	**$ (19,315,474)**	**$ (2,996,661)**
Shares Issued for interest	1,589,486	79,474	-	-	-	79,474
Share based compensation	-	-	44,058	-	-	44,058
Shares issued for cash	40,000,000	2,000,000	-	-	-	2,000,000
Shares issued as finders' fee on transaction	1,146,000	97,408	-	-	-	97,408
Warrants issued	-	(1,687,200)	1,687,200	-	-	-
Warrants exercised	3,200,000	240,000	(134,976)	-	-	105,024
Financing Expense	-	-	(144,998)	-	-	(144,998)
Comprehensive income	-	-	-	188,883	-	188,883
Net loss	-	-	-	-	(758,723)	(758,723)
Balance, September 30, 2021	**134,899,835**	**$ 15,790,149**	**$ 3,208,780**	**$ (310,267)**	**$ (20,074,197)**	**$(1,385,535)**
Share-based compensation			(5,379**)**			(5,379)
Warrants exercised	2,220,000	165,000				165,000
Comprehensive income (loss)				7,630		7,630
Net Income					(170,153)	(170,153)
Balance, December 31, 2021	**137,099,835**	**15,955,149**	**3,203,401**	**(302,637)**	**(20,244,350)**	**(1,388,437)**
Share-based compensation			8,912			8,912
Comprehensive income (loss)				157,609		157,609
Net Income					(480,357)	(480,357)
Balance, March 31, 2022	**137,019,835**	**15,955,149**	3,212,313	**(145,028)**	**(20,894,860)**	(1,702,273)
Share-based compensation			5,864			5,864
Comprehensive income (loss)				(299,344)		(299,344)
Net Income					(154,026)	(154,026)
Balance, June 30, 2022	**137,019,835**	**15,955,149**	**3,218,177**	**(444,372)**	**(20,878,733)**	**(2,149,779)**

- The accompanying notes are an integral part of these unaudited condensed interim financial statements –

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1. Nature of Operations and Going Concern

TrackX Holdings Inc. (formerly Cougar Minerals Corporation) (the **"Company**" or "**TrackX Holding**s") was incorporated under the Canadian Business Corporation Act on April 21, 2004, and continued into British Columbia on January 11, 2016. The Company's head office is located at 7800 East Union Avenue, Suite 430, Denver, Colorado 80237 United States of America and its registered office and records office is located at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia V6B 2R9, Canada. The Company's common shares are publicly listed on the Toronto Stock Exchange's Venture Exchange (the "**TSX-V**") under the symbol "**TKX**".

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operation as a going concern for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At June 30, 2022, the Company had not achieved profitable operations, had an accumulated deficit of $21,529,243 since inception and expects to incur further losses in the development of its business. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

Although the Company has been successful in the past in obtaining financing, there can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows from its future operations. If the Company is unable to obtain adequate additional financing, the Company would be required to curtail its planned operations, expansion and customer deployments.

Reverse Takeover

On May 26, 2016, the Company completed the reverse takeover transaction ("**RTO**") pursuant to which it acquired TrackX, Inc. ("**TrackX**") (formerly TrackX, LLC) which operates under the laws of the state of Delaware, United States of America ("**USA**"). TrackX delivers SaaS-based enterprise tracing, tracking & collaboration solutions to leading brands seeking 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, retail, financial services, technology and government. The head office of TrackX is located at 7800 East Union Ave, Suite 430, Denver, CO 80237 United States of America.

On closing of the RTO, TrackX, Inc. became a wholly owned subsidiary of the Company. As TrackX, Inc. is deemed to be the accounting acquirer for accounting purposes, its assets and liabilities and operations are included in the consolidated financial statements at their historical carrying value. TrackX Inc.'s operations were considered to be a continuance of the business and operations of TrackX, LLC. The Company's results of operations are those of TrackX Inc., with TrackX Holdings operations being included from May 26, 2016, onwards, the closing date.

2. Basis of Presentation

a) Statement of Compliance

These unaudited interim condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard ("**IAS**") 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("**IASB**"). Accordingly, certain information normally included in annual financial statements prepared in accordance in accordance with the International Accounting Standards as issued by the International Financial Reporting Standards Board ("**IFRS**"), as issued by the International Accounting Standards Board **("IASB")** and the International Financial Reporting Interpretations Committee **("IFRIC")** has been omitted or condensed. The unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's audited financial statement for the year ended September 30, 2020. However, selected explanator notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

b) Approval of the Financial Statements

These financial statements were approved and authorized for issue by the Board of Directors on August 29, 2022.

c) Functional and Presentation Currency

The functional currency of a company is the currency of the primary economic environment in which the company operates. The presentation currency for a company is the currency in which the company chooses to present its financial statements.

These financial statements are presented in Canadian dollars, the Company's presentation currency. The functional currency of TrackX Holdings, the legal parent company is Canadian dollars and TrackX, the subsidiary, is United States dollars.

Assets and liabilities for each statement of financial position presented (including comparatives) are translated at the closing rate at the date of that statement of financial position. This would include any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as part of the assets and liabilities of the foreign operation:

- Income and expenses for each income statement (including comparatives) are translated at exchange rates approximately at the dates of the transactions; and
- All resulting exchange differences are recognized in other comprehensive income.

Translation of Foreign Currency

(i) Foreign Currency Transactions
Monetary and non-monetary transactions denominated in foreign currencies are translated into the entity's functional currency at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate prevailing at the reporting date. Foreign currency translation differences are recognized in earnings or loss.

(ii) Foreign Operations
The assets and liabilities of foreign operations, including fair value adjustments arising on acquisition, are translated into Canadian dollars at the exchange rates at the reporting date. The earnings and expenditures of foreign operations are translated into Canadian dollars each month using the monthly average foreign exchange rate applicable for that month. Currency translation differences, including those on monetary items that form part of a net investment in a foreign operation, are recognized in other comprehensive income ("OCI") as a translation gain or loss on foreign operations, and may be subsequently reclassified to earnings or loss on disposal of a foreign operation.

d) Basis of Consolidation

The consolidated financial statements include, on a consolidated basis, assets, liabilities, revenues and expenses of the Company and TrackX, which carries out business in the United States of America. All intercompany transactions and balances are eliminated on consolidation.

3. Significant Accounting Policies

a) Use of critical accounting judgment and estimates

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. Estimates and assumptions are pervasive throughout the financial statements and are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and future periods impacted.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i. Cash generating units

The determination of the Company's cash generating units ("**CGU**") impacts the measurement of impairment that is recognized in the financial statements. The determination of CGU's requires judgement in defining the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. CGUs are determined by similar market locations, shared infrastructure type of services provided, similar exposure to political risk, market risk and materiality.

b) IFRS 9 – Financial Instruments

The Company followings the guidance of IFRS 9 which sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial assets. IFRS 9 replaces the guidance in IAS 39 Financial Instruments:

Recognition and Measurement, on the classification and measurement of financial assets. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

A financial asset is classified as measured at amortized cost; fair value through other comprehensive income or fair value through profit or loss (FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The Company's financial assets which consist primarily of cash, trade and other receivables, and contract assets are classified at amortized cost.

(Unaudited and Expressed in Canadian Dollars)

c) IFRIC 22 – Foreign Currency Transactions and Advance Considerations

When the Company receives consideration or is paid in advance of the recognition of a related asset, expense, or income the exchange rate used is based on the exchange rate as at the date when the pre-payment asset or deferred liability is recognized. The Company did not receive consideration or was not paid in advance of the recognition of a related asset, expense, or income for the year ended September 30, 2021.

d) Accounts receivable and contract liability

The recoverability of trade and other receivables are included in the statement of financial position; based on estimated recovery. Cash received in advance of completed services is recorded as contract liability.

e) Allowance for doubtful accounts

The Company records an allowance for doubtful accounts related to trade and other receivables that are considered to be uncollectible. The allowance is based on the Company's knowledge of the financial condition of its customers, the aging of the receivables, the current business environment and historical experience. A change to these factors could impact the estimated allowance and the provision for bad debts.

f) Customer concentrations

A significant portion of the Company's accounts receivable and revenue has historically been concentrated from various customers each year. For the year ended September 30, 2021, two customers accounted for 82% of accounts receivable and three customers accounted for 89% of revenue. For the year ended September 30, 2020, three customers accounted for 89% of accounts receivable and four customers accounted for 78% of revenue.

g) Inventory

The Company holds inventory for sale. If hardware is ordered for a customer that hardware is delivered directly to the customer. The inventory as of September 30, 2021, was hardware returned from a customer due to an implementation delay and will be reallocated to different implementations. Inventory is carried at cost and was fully impaired on September 30, 2021 as it is uncertain as to when and if the inventory will be utilized.

h) Fixed assets

Items of fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Gains and losses on disposal of an item of fixed assets are determined by comparing the proceeds from disposal with the carrying amount of item and are recognized net in profit or loss. Depreciation is calculated upon the depreciable amount, which is the cost of an asset less its residual value, if any. Depreciation is recognized in operations over the estimated useful lives of fixed assets, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The Company rates for depreciation are as follows:

Furniture and fixtures	3 years
Leasehold improvements	3 years
Computer equipment	3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted as appropriate.

i) Intangible assets

The Company owns intangible assets consisting of purchased intellectual property. Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired in connection with a business combination are initially recorded at fair value (Note 8). Following initial recognition, intangible assets are carried at initial carrying value less any accumulated amortization and any accumulated impairment losses.

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in operations as incurred. The Company does not hold any intangible assets with indefinite lives. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment at each reporting date or whenever there is an indication that the intangible asset may be impaired.

The amortization method and amortization period of an intangible asset with a finite life is reviewed at least quarterly. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

Intangible assets with finite useful lives are amortized over their estimated useful lives as follows:

Intellectual property	3 years
Acquired technology	3 years
Customer relationships	3 years
Development costs	1 year

j) Internally capitalized intangible costs and development expenditures

Development costs that meet the criteria are capitalized as an intangible asset and amortized over the period the Company expects to benefit from such costs. Criteria necessary to capitalize development costs include technical feasibility, intention to complete and sell the asset, ability to sell the asset, probability of future economic benefits and market for such asset, availability of technical resources to complete development, and the ability to reliably measure the costs related to such development.

k) Intangibles – impairment

The application of the Company's accounting policy for intangible assets requires judgment in determining whether it is likely that future economic benefits will flow to the Company's respective CGU's, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. At least annually or whenever there is an indicator for impairment management evaluates the recoverable amount, which is the higher of an asset's fair value less costs to sell and value in use. Intangibles are written down to their recoverable amount when a decline is identified. The determination of the recoverable amount requires the use of management's best assessment of the related inputs into the valuation models, such as future cash flows and discount rates. As of September 30, 2021, there was no impairment of intangibles.

l) Impairment of long-lived assets

The carrying amount of the Company's long-lived assets (which includes equipment and intangible assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss. The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs. The Company and its operations are considered to be the CGU. As September 30, 2021, there was no impairment of long-lived assets.

m) IFRS 15 – Revenue from Contracts with Customers

The Company adopted IFRS 15 Revenue from Contracts with Customers with a date of initial application of October 1, 2018. IFRS 15 introduced a single model for recognizing revenue from contracts with customers. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods and services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services.

The details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Company's various goods and services are set out below.

Sale of goods and services

The Company sells hardware, software and related services. When a contract includes more than one performance obligation, the total amount of the consideration to be received is allocated to distinct goods and services based on the SSP for each of the goods and services within the contract.

Revenue is recognized upon transfer of control of promised goods or services to the customers in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. The Company's contracts often include a number of promised goods or services such as software licenses, SaaS, support and professional services. The Company's goods and services are generally distinct and accounted for as separate performance obligations. A good or service is distinct if the customer can benefit from it on its own or together with other readily available resources, and the Company's promise to transfer the good or service is separately identifiable from other promises in the contractual arrangement with the customer.

i. Perpetual software license fees:

The Company generates revenues through the sale of perpetual software licenses which enables the customer to use the software on their devices. For software licenses, where the SSP is highly variable, the Company applies the residual method, which determines the SSP of the software licenses by subtracting the sum of the SSP's of the other goods and services in the contract from the total transaction price.

Software licenses provide the customer with a right to use the software. Revenue is recognized for these licenses when the customer can benefit from the license, which is typically when it is delivered or made available to the customer, at a point in time. For software licenses that include significant customization to, or development of the software revenue is recognized when the customer is able to use the license.

ii. SaaS, hosting, and maintenance fees:

For SaaS, hosting and maintenance fees the SSP is determined based on the price at which the Company separately sells or would separately sell each service. Revenue from SaaS, hosting and maintenance fees are deferred and recognized ratably over the contract term beginning on the date the software is activated.

iii. Integration, implementation, and installation fees:

These fees include software integration and configuration, hardware installation, and customer training services. The SSP for these services is determined based on the price at which the Company separately sells the service.

The revenue for these services is recognized over time as the services are delivered to the customer. When contracted on a fixed fee basis, revenue is generally recognized progressively by reference to the stage of completion of the contract, measured by the cost incurred to date in relation to the total expected cost to complete the deliverable, commonly referred to as the percentage of completion method. For contracts billed on a time and material basis, the Company invoices the customer and recognizes revenue equal to the amount of time incurred during the period.

iv. Customization and enhancement fees:

Software customization and enhancement contracts are either on a fixed fee or time and material basis. The SSP for these services is determined based on the price at which the Company separately sells the service. These revenues are recognized based on the substance of the transaction. This can result in revenues recognized as services are performed or based on the circumstances deferred and recognized at a point of time upon completion of the integration into the customer application.

v. Hardware sales:

For hardware sales the SSP is determined based on the price that the Company separately sells the product. Revenue from hardware is recognized at a point in time, when ownership transfers to the customer.

The Company recognizes an asset for the incremental costs of obtaining a contract with a customer if it expects the costs to be recoverable and has determined that certain sales commissions meet the requirements to be capitalized. Capitalized contract acquisition costs are amortized consistent with the pattern of transfer of the goods or services to which the asset relates. The amortization period includes anticipated contract renewals where there is either no renewal commission or a renewal commission that is not commensurate with the initial commission. The Company applies the practical expedient available under IFRS and does not capitalize incremental costs of obtaining contracts if the amortization period is one year or less.

n) Provisions

Provisions are recorded when a present legal, statutory or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, if the effect is material, its carrying amount is the present value of those cash flows.

o) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities including key members of management and the Board of Directors that are members of the same group, under common control, or provide key management personnel services to another entity. A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations between related parties.

p) Business combinations

The acquired assets and assumed liabilities are recognized at fair value on the date the Company effectively obtains control. The measurement of each business combination is based on the information available at the acquisition date. The determination of fair value of the acquired intangible assets, property and equipment and other assets and liabilities assumed at the date of the acquisition as well as the useful lives of any intangible assets and equipment are based on assumptions.

q) Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee. The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. At each reporting date, the Company revises its estimates of the number of options that are expected to vest, based on the non-market vesting conditions. Consideration paid for the shares on the exercise of stock options is credited to share capital. In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be reliably measured, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services rendered. Expired stock options are transferred from reserves to deficit.

r) Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

s) Income taxes

Income tax is recognized in operations except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

t) Warrants issued in debt and equity financing transactions

The Company engages in debt and equity financing transactions to obtain the funds necessary to continue operations. These debt and equity financing transactions may involve issuance of common shares or units. Units comprise a certain number of common shares and a certain number of share purchase warrants ("**Warrants**"). Depending on the terms and conditions of each debt and equity financing agreement, the Warrants are exercisable into additional common shares at a price prior to an expiry date stipulated by the debt and equity financing agreement. Warrants that are part of units are assigned a value based on the residual value method. The residual value of warrants is included in reserves. Warrants that are issued as payment for broker or agency fees are accounted for as share issue costs. Expired warrants are transferred from reserves to share capital.

u) Income/loss per share

The Company presents basic and diluted income/loss per share data for its common shares, calculated by dividing the income/loss attributed to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted income/loss per share does not adjust the income/loss attributed to the common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

v) Financial instruments

i. Financial assets:

All financial assets are recognized and derecognized on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value. Financial assets are classified into the following categories: financial assets 'at fair value through profit or loss' ("**FVTPL**"), 'held-to-maturity investments', 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets classified as FVTPL are measured at fair value with any resultant gain or loss recognized in profit or loss. Financial assets classified as available-for-sale are measured at fair value with any resultant gain or loss being recognized directly under other comprehensive income. Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. When available-for-sale financial assets are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in profit or loss. Financial assets classified as loans and receivables and held to maturity, are measured at amortized cost using the effective interest rate method.

ii. Financial liabilities:

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Other financial liabilities including borrowings are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest recognized on an effective yield basis.

iii. De-recognition of financial liabilities:

The Company derecognizes financial liabilities when the obligations are discharged, cancelled or expire.

The Company's financial instruments are classified as follows:

Financial assets:		Classification:
Cash	-	FVTPL
Accounts receivable	-	Loans and receivables
Accounts receivable – related party	-	Loans and receivables
Deposits	-	Loans and receivables
Financial liabilities:		Classification:
Accounts payable and accrued liabilities	-	Other financial liabilities
Right to use liability	-	Other financial liabilities
Contract liability	-	Other financial liabilities
Due to related party	-	Other financial liabilities
Promissory notes payable	-	Other financial liabilities
Promissory notes payable in default	-	Other financial liabilities

iv. Impairment of financial assets:

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization.

v. Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instrument measured at fair value on the statement of financial position consists of cash, which is measured at level 1 of the fair value hierarchy.

vi. Offsetting of financial instruments:

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. The Company has no financial instruments which have been offset.

w) Accumulated other comprehensive income

Accumulated other comprehensive consists of the net income and other comprehensive income (“OCI”).

The Company’s financial statements include a Statement of Loss and Comprehensive Loss, which includes the components of comprehensive income.

For the Company, OCI is comprised of foreign currency translation differences for foreign operations which are presented within the shareholders’ equity section of the statement of financial position.

x) In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic. This coronavirus outbreak has severely restricted the level of economic activity around the world. In response to this coronavirus outbreak, the governments of many countries, states, cities and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes. Temporary closures of businesses have been ordered and numerous other businesses have temporarily closed voluntarily. Further, individuals' ability to travel has been curtailed through mandated travel restrictions and may be further limited through additional voluntary or mandated closures of travel-related businesses. The Company has not experienced any significant changes or estimates in the financial statements as a result of COVID-19.

y) The Company had two office leases and had adopted the IFRS 16 Leases reporting effective October 1, 2019. The Company has chosen the transition option of not restating and recognizing the amounts at transition date of October 1, 2019. The company does not have any other leases or contracts that would be identified as leases. The lease liabilities were measured at present value and discounted at 5%. A corresponding amount for both leases were recognized for an equal amount to the lease liability. The new standard did not have an effect on equity. As of September 30, 2021, the Company only has one office lease which is accounted for under IFRS 16.

z) IFRIC 23 Uncertainty over Income Tax Treatments clarifies the recognition and measurement for income tax when it is unclear whether a taxation authority will accept the tax treatment claimed. An uncertain tax position arises where there is more than one possible interpretation of how tax regulations apply to a given transaction or event. The interpretation requires the Company to determine whether uncertain tax treatments are assessed separately or as a group. The interpretation also requires an assumption that a taxation authority has full knowledge of all relevant information. Where it is not probable that a taxation authority will accept an uncertain tax treatment, it requires the Company to reflect the effect of the uncertainty in the accounting tax position. Finally, reassessment should be performed on a yearly basis in the event of changes in facts and circumstances. Based on the assessment performed, this interpretation had no material impact on the Company’s uncertain income tax accounting positions recognized.

aa) Leases – Right to use assets

Lease for right to use assets

Leased assets reflect "right of use" assets and are valued at their initial cost. Cost includes the sum of the lease payments over the term of the lease plus any direct costs of the lease minus incentives received. The assets are periodically reviewed for impairment losses which would, if incurred, reduce the value of the assets.

Lease right to use liabilities

Lease liabilities are measured at the value of the future lease payments. Lease payments include the value of the payments, any residual value guarantees and if applicable, payments for an option to renew. The liability is presented on the statement of financial position in the liabilities section

Depreciation of lease for right to use assets

The lease assets are depreciated using the straight-line method over the life of the lease.

4. Accounting pronouncements to be adopted in 2022

The Company is reviewing the following accounting pronouncements and the effects on the Company's financial statements beginning fiscal 2022:

a) IFRS 3 Business Combinations – establishes principles and requirements for an acquirer.

b) Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Polices, Changes in Accounting Estimates and Errors – IFRS board is considering changes to the IFRS Taxonomy.

5. Business Combination

On June 28, 2017, the Company completed the acquisition of all of the assets and certain liabilities of broTECH Solutions, LLC ("**broTECH**") pursuant to an Asset Purchase Agreement (the "**Purchase Agreement**"). The Company entered into this purchase agreement to broaden its product offerings for customers, expand its platform and development resources, as well as extend industry leadership in asset tracking and the Industrial Internet of Things ("**IIoT**").

On August 24, 2018, an amendment to the Purchase Agreement was executed which released the security interest in purchased assets by broTECH. In exchange for the release of the security interest the payment of the purchase price was amended upon execution as follows:

I. Accelerated payment of the equal quarterly installments totaling $648,845 ($500,000) USD with the last installment paid March 24, 2020.

ii. Accelerated release of the common shares scheduled to be released in 2018 totaling 581,972 common shares upon execution of the Purchase Agreement amendment. On January 2, 2019, the remaining commons shares in escrow were released, totaling 1,454,940.

(Unaudited and Expressed in Canadian Dollars)

6. Accounts Receivable

	June 30 2022	September 30 2021
Trade receivables - net	$ 331,731	$ 299,681
Accounts receivable – related party	708,730	818,644
Total	**$ 1,040,461**	**$ 1,118,325**

The Company currently does not factor its accounts receivable. At June 30, 2022, and September 30, 2021, three customers accounted for 90% of accounts receivable and two customers accounted for 89% of accounts receivables, respectively. The Company accounted for an allowance against accounts receivable at June 30, 2022, and September 30, 2021, of $40,265 and $66,308, respectively.

7. Fixed Assets

Fixed assets are recorded at historical cost less related accumulated depreciation and impairment losses, adjusted for cumulative translation.

	Furniture and Fixtures	Leasehold Improvements	Computer Equipment	Total
Cost				
Balance at September 30, 2021	**$ 76,592**	**$ 12,935**	**$ 80,492**	**$ 170,019**
Additions / (disposals)	-	-	-	
Cumulative translation adjustment	1,287	218	1,353	2,858
Balance at June 30, 2022	**$ 77,879**	**$ 13,153**	**$ 81,845**	**$ 172,877**
Depreciation				
Balance at September 30, 2021	**$ 75,708**	**$ 12,935**	**$ 75,782**	**$ 164,425**
Additions / (disposals)		-	1,222	1,222
Cumulative translation adjustment	2,171	218	2,907	5,296
Balance at June 30, 2022	**$ 77,879**	**$ 13,153**	**$ 79,911**	**$ 170,943**
Carrying Value as at September 30, 2021	**$ 884**	**$ -**	**$ 4,710**	**$ 5,594**
Carrying Value as at June 30, 2022	**$ -**	**$ -**	**$ 1,934**	**$ 1,934**

8. Intangible Assets

	Intellectual Property
Cost	
Balance at September 30, 2021	**$ 4,413,112**
Additions/(disposals)	282,704
Cumulative translation adjustment	(458,698)
Balance at June 30, 2022	**$ 4,237,118**
Amortization	
Balance at September 30, 2021	**$ 4,359,637**
Additions/(disposals)	227,838
Cumulative translation adjustment	(451,226)

(Unaudited and Expressed in Canadian Dollars)

Balance at June 30, 2021	**$**	**4,136,249**
Carrying Value as at September 30, 2021	**$**	**53,475**
Carrying Value as at June 30, 2022	**$**	**100,869**

Intellectual property includes patents, architecture, source code, trademarks, and other intellectual property that support the TrackX suite of products. Development costs include external direct costs of services and the payroll and payroll-related costs for employees who are directly associated with the software development project.

9. Contract Liability

Contract liability consists of customer deposits received in advance of product installed or services performed.

10. Promissory Notes

On August 28, 2018, the Company issued the initial tranche of two separate promissory notes of $1,300,000 each for a total issuance of $2,600,000. The notes bear interest at 10% per annum and mature on August 28, 2022. The value of the promissory notes at inception was determined to be $2,350,389, net of transactions costs of $100,800.

The estimated discount rate was 13.50% and is subject to estimation uncertainty. The discount to the promissory notes will be amortized over the term of the notes using the effective interest method. For the three months ended September 30, 2021, $80,986 in financing costs was recognized which comprises interest expense and amortization. No principal amortization applied for the first twelve-month period following the issuance date. Thereafter, $130,000 is payable in quarterly installments on the first Business Day of each quarter during the second, third and fourth year of the Term. As additional consideration, the Company issued 400,000 common share purchase warrants per $1,300,000 of promissory note. A second tranche of up to $2,600,000 may be drawn upon subject to the Company achieving certain business goals including an average of 15% increase in recurring and total revenue for two successive fiscal quarters and the Company achieving a positive adjusted EBITDA as defined for the same successive fiscal quarters. The notes are secured against all current and future assets of the Company and its wholly owned operating subsidiary.

Closing Date of Promissory Notes	**August 28, 2018**
Proceeds from issuance of promissory notes	$ 2,600,000
Repayment	-
Transactions costs	(100,800)
Discount on the notes	(148,811)
Effective interest on note discount	87,091
Balance at September 30, 2019	**$ 2,437,480**
Repayment	(520,000)
Debt Discount	(47,442)
Effective interest on note discount	75,606
Balance in default at September 30, 2020	**$ 1,945,644**
Debt Discount	47,442
Repayment	(560,000)
Effective interest on note discount	61,346
Balance at September 30, 2021	**$1,494,432**

(Unaudited and Expressed in Canadian Dollars)

Debt Discount	12,334
Repayment	(38,000)
Balance at September 30, 2021	**$1,468,766**
Debt Discount	(6,399)
Repayment	(90,000)
Effective interest on note discount	68,589
Balance at June 30, 2022	**$1,440,956**

On August 15, 2019, the Company issued a promissory note of $409,241 which is subordinated to the $2,600,000 promissory note. The note bears interest at 6% per annum, 10% of the value of the note in common shares of stock at $0.13 per share and 50% coverage in warrants valued at $0.08 using the Black Scholes valuation method. The entire outstanding principal balance and all unpaid accrued interest shall become fully due and payable at the demand of the Holder. The warrants and common shares were not issued at September 30, 2021. The number of shares (475,235) and warrants (2,376,188) to be issued upon settlement as of September 30, 2021.

The following table details the components of the promissory notes balance at September 30, 2021:

Closing Date of Note	**August 15, 2019**
Proceeds from issuance of promissory notes	$ 409,241
Repayment	-
Discount on the notes	(37,766)
Effective interest on note discount	29,318
Balance at September 30, 2020	**$ 400,793**
Repayment	-
Effective interest on note discount	26,544
Balance at September 30, 2021	**$ 427,337**
Repayment	-
Effective interest on note discount	(13,134)
Balance at June 30, 2022	**$ 414,203**

11. Shareholders' Equity

a) Authorized and Issued Share Capital

The Company is authorized to issue an unlimited number of common shares.

b) Share Capital Transactions

On April 8, 2021, the Company had completed a non-brokered private placement of 40,000,000 units of the Company (the "Units") at a price of $0.05 per Unit for gross proceeds of up to $2,000,000 (the "Offering"). Each Unit consists of one common share of the Company (a "Share") and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to purchase one additional Share of the Company at an exercise price of $0.075 at any time within 24 months of the closing of the Offering. The Company issued 1,146,000 shares as a finders' fee at a price of $0.085 per share or $97,408.

c) Stock Options

On May 26, 2016, the Company established a 10% fixed incentive stock option plan known as the TrackX Stock Option Plan ("**Stock Option Plan**"). Under the terms of the Agreements, the exercise price of each option is set, at a minimum, at the fair value of the common shares at the date of grant. Stock options granted to certain employees, directors and officers of the Company are subject to vesting terms as decided by the Board of Directors. All exercise prices are denominated in Canadian Dollars. Prior to the Stock Option Plan, the Company has Nil options outstanding. The total number of common shares approved to be issued under the Stock Option Plan is 13,881,718. As of June 30, 2022, 3,215,000 options have been granted. There are 10,666,718 options available for granting.

The following is a summary of the stock option transactions for the nine months ended June 30, 2022, and the year ended September 30, 2021:

September 30, 2021	Issued	Cancelled	Exercised	June 30, 2022	Exercise Price	Expiry Date
1,450,000	-	-	-	1,450,000	$0.075	May 26, 2026
40,000		-		40,000	$0.250	May 26, 2026
300,000	-	-	-	300,000	$0.075	May 16, 2023
1,890,000		(865,000)		1,025,000	$0.075	March 1, 2031
	400,000			400,000	$0.070	November 15, 2031
3,680,000	-	(865,000)	-	3,215,000		
Exercisable				2,692,083		

The following is a summary of the stock option transactions for the period ended June 30, 2022:

The following weighted average assumptions were used using the Black-Scholes model:

Stock price volatility	92.52%
Risk-free interest rate	1.00%
Expected life of options	4 years
Expected dividend yield	0.00%

During the nine months ended June 30, 2022, the Company recorded share-based compensation of $9,397 for options that vested during the current period. On March 1, 2021, the Company granted to Directors, Officers and Employees of the Company of incentive stock options to purchase up to 1,965,000 common shares in the capital of the Company exercisable at a price of $0.075 per share for a period of ten years. On November 15, 2021, the Company granted incentive stock option to purchase up to 400,000 common shares to a director. The Company also repriced 2,215,000 of outstanding options to $0.075 per share for Directors, Officers and Employees of the Company using the Black-Scholes pricing model. The repricing of the existing options did not reduce the number of options or modify the vesting conditions. The value of options was measured before and after the modification resulting in a reduction of the fair value of the options. Per IFRS 2.27, the Company did not record the decrease in value and the options will continue to be recognized for services received as consideration base on the original grant date of the options.

d) Warrants

(Unaudited and Expressed in Canadian Dollars)

The following is a summary of the warrant transactions for the period ended June 30, 2022, and September 30, 2021:

September 30, 2021	Issued	Cancelled	Exercised	June 30, 2022	Exercise Price	Expiry Date
800,000	-	-	-	800,000	$0.280	August 28, 2022
2,600,000	-	-	-	2,600,000	$0.250	August 28, 2022
36,800,000	-		(2,200,000)	34,600,000	$0.075	April 8, 2023
40,200,000	-	-	(2,200,000)	38,000,000		

The following weighted average assumptions were used for the Black-Scholes valuation model:

Stock price volatility	86.0%
Risk-free interest rate	1.00%
Expected life of warrants	1.6 years
Expected dividend yield	0.00%

On January 22, 2020, 2,600,000 warrants were issued in conjunction with the issuance of two promissory notes (Note 10). The warrants are exercisable at $0.065 per common share for a period of four years. The warrants were subsequently revalued at $0.25 per common share. The fair value of the warrants was $63,944 using the Black-Scholes valuation.

On April 8, 2021, 40,000,000 warrants were issued in conjunction with a non-brokered private placement The warrants are exercisable at $0.075 for a period of two years. The fair value of the warrants was $1,687,200 using the Black-Scholes valuation. The warrants are treated as equity since the warrant holder has the right to convert the warrants into a fixed number of shares for a fixed amount which is consistent with International Accounting Standard 32 (IAS32).

13. Revenues

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Nine Months Ended June 30, 2022	Nine Months Ended June 30, 2021
Perpetual software license fees	$ -	$ 379,829	$ -	$ 379,829
SaaS, hosting and maintenance	113,407	153,483	383,165	519,900
Hardware sales	-	1,790	96,634	41,875
Integration and other fees	235,051	192,731	678,297	1,099,019
Royalty fees	-	-	88,389	-
	$ 348,458	**$ 727,833**	**$ 1,246,485**	**$ 2,040,623**

14. Expenses by Nature

(Unaudited and Expressed in Canadian Dollars)

Total salaries and wages as well as other personnel related expenses included in Cost of Sales and Expenses for the three months and nine months ended June 30, 2022 were $129,148 and $372,174, respectively compared to three months and nine months ended June 30, 2021 $114,718 and $527,550, respectively.

15. Segmented Information

The Company's operations are conducted primarily in the United States. Revenues are disclosed in Note 13. Capital assets are located primarily in the United States.

16. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of equity comprised of shareholders' equity, reserves and deficit.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as considered appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements.

17. Right of Use Assets

In April of 2021 the Company terminated its lease in Riverside, CA. On May 1, 2021, the Company renewed their lease in Denver, CO for an additional 39 months. During the year ended September 30, 2021, the Company recorded a Right-to-Use asset in the amount of $301,809 using a weighted average incremental borrowing of 5%. Total lease payments were $86,123 and financing cost of $9,381 were expensed for the nine months ended June 30, 2022.

Below are the depreciation and financing expenses for the Company's office lease:

For the nine months ended June 30, 2022:

		Right to Use Assets
Cost		
Balance at September 30, 2021	$	316,123
Additions		
Cumulative translation adjustment		91,233
Balance at June 30, 2022	$	407,356
Depreciation		
Balance at September 30, 2021	$	44,187
Additions		116,653
Cumulative translation adjustment		46,737
Balance at June 30, 2022	$	207,577
Carrying Value at September 30, 2021	$	271,936
Carrying Value at June 30, 2022	$	199,779

18. 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 June 30, 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.

(Unaudited and Expressed in Canadian Dollars)

For the three months and nine months ended June 30, 2022, and June 30, 2021, details are as follows:

	Three Months ended June 30, 2022	**Nine Months ended June 30, 2022**	**Three Months ended June 30, 2021**	**Nine Months ended June 30, 2021**
Salaries and wages	$ 63,160	$ 189,480	$ 91,792	$ 353,452
Consulting	-	-	45,579	136,738
Automobile allowance	-	6,442	3,229	12,218
Share-based compensation	27,300	4,812	381,048	508,064
	$ 63,160	**$ 200,734**	**$ 521,648**	**$ 1,010,472**

Included in share-based compensation for the nine months and three months ended June 30, 2022, are $27,300 and $4,812, respectively (2021 - $263,440 and $197,580, 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 June 30, 2022, 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 June 30, 2022.

At June 30, 2022, $533,742, was due to a related party (see Note 10).

19. Financial Instruments

a) 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. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company is exposed to liquidity risk.

b) 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.

c) 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 has promissory notes with a fixed 10% and 6% interest rate. The Company's sensitivity to interest rates is minimal.

d) Foreign Currency Risk is the risk on fluctuation of currency related to monetary items with a settlement currency other than US dollars. Based on the above net exposures and assuming that all other variables remain constant, a 10% increase or decrease in the Canadian dollar against the US dollar would result in a decrease or increase in the reported loss of approximately $60,000 in the period.

e) Fair Value Hierarchy

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. 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 and accrued liabilities are equal to their carrying values due to the short-term nature of these instruments.