



TrustBIX Inc.

Interim Condensed Consolidated
Financial Statements

(Unaudited)

December 31, 2024

(Expressed in Canadian Dollars)

Notice of No Auditor Review of Interim Condensed Consolidated Financial Statements

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

The accompanying unaudited interim condensed consolidated financial statements of TrustBIX Inc. (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.

TrustBIX Inc.

Interim Condensed Consolidated Statement of Financial Position

(Unaudited)

(Expressed in Canadian Dollars)

As at December 31, 2024

	December 31, 2024 \$	September 30, 2024 \$
Assets		
Current assets		
Cash	79,952	72,242
Accounts receivable (note 4)	73,761	39,299
Share subscriptions receivable	1,000	-
Inventory (note 5)	46,657	52,019
Deposits and prepaid expenses (note 6)	289,945	309,069
	491,315	472,629
Property and equipment (note 7)	18,184	19,530
Intangible assets (note 8)	208,048	232,781
Right-of-use assets (note 9)	14,763	16,404
Investment (note 10)	180,244	180,244
	912,554	921,588
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 11)	1,760,550	1,679,786
Unearned revenue and customer deposits (note 12)	741,948	751,516
Debenture (note 13)	35,000	35,000
Loans payable – current portion (note 14)	201,694	155,592
Lease liability – current portion (note 9)	7,312	6,932
	2,746,504	2,628,826
Loans payable (note 14)	539,338	568,854
Lease liability (note 9)	11,545	13,513
	3,297,387	3,211,193
Shareholders' Deficiency		
Share capital issued (note 15(a))	14,056,222	13,969,422
Warrants (note 15(c))	-	7,641
Contributed surplus	3,808,067	3,796,221
Deficit	(20,249,122)	(20,062,889)
	(2,384,833)	(2,289,605)
	912,554	921,588

Nature of operations and going concern (note 1)

Approved by the Board of Directors

(Signed) "Hubert Lau" Director (Signed) "Lap Shing (Andrew) Kao" Director

TrustBIX Inc.

Interim Condensed Consolidated Statements of Changes in (Deficiency) Equity

(Unaudited)

(Expressed in Canadian Dollars)

For the three-month periods ended December 31, 2024 and 2023

	Share capital issued \$	Share capital committed \$	Warrants \$	Contributed surplus \$	Deficit \$	Total \$
Balance – October 1, 2024	13,969,422	-	7,641	3,796,221	(20,062,889)	(2,289,605)
Net loss and comprehensive loss for the period	-	-	-	-	(186,233)	(186,233)
Common shares issued in private placement (note 15(a))	86,800	-	-	-	-	86,800
Expiration of warrants (note 15(c))	-	-	(7,641)	7,641	-	-
Stock-based compensation (note 15(d))	-	-	-	4,205	-	4,205
Balance – December 31, 2024	<u>14,056,222</u>	<u>-</u>	<u>-</u>	<u>3,808,067</u>	<u>(20,249,122)</u>	<u>(2,384,833)</u>
Balance – October 1, 2023	13,572,063	54,000	284,164	3,491,432	(19,352,124)	(1,950,465)
Net loss and comprehensive loss for the period	-	-	-	-	(260,953)	(260,953)
Common shares issued for asset acquisition	250,000	-	-	-	-	250,000
Common shares and warrants issued in private placement (note 15(a))	82,359	(54,000)	7,641	-	-	36,000
Amendment of debenture (note 13)	-	-	-	(2,374)	-	(2,374)
Expiration of warrants (note 15(c))	-	-	(284,164)	284,164	-	-
Stock-based compensation recovery (note 15(d))	-	-	-	(3,205)	-	(3,205)
Balance – December 31, 2023	<u>13,904,422</u>	<u>-</u>	<u>7,641</u>	<u>3,770,017</u>	<u>(19,613,077)</u>	<u>(1,930,997)</u>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TrustBIX Inc.

Interim Condensed Consolidated Statements of Loss and Comprehensive Loss

(Unaudited)

(Expressed in Canadian Dollars)

For the three-month periods ended December 31, 2024 and 2023

	December 31, 2024 \$	December 31, 2023 \$
Revenue		
Licence	50,013	31,730
Hardware and installation	110,275	67,208
Professional and development services	16,016	10,893
Maintenance	185,517	184,723
	<u>361,821</u>	<u>294,554</u>
Expenses		
Consulting fees	165,544	156,358
Wages and benefits	112,633	182,156
Hardware for resale and supplies	89,564	50,729
Office	74,799	70,500
Professional fees	11,666	30,672
Amortization and depreciation	27,719	26,709
Travel, trade shows and conferences	4,485	5,540
Advertising and promotion	11,081	3,264
Foreign exchange gain	(2,390)	(63)
	<u>495,101</u>	<u>525,865</u>
Loss before other (expenses) income and income taxes	<u>(133,280)</u>	<u>(231,311)</u>
Other (expenses) income		
Interest income	180	529
Interest expense	(21,547)	(2,302)
Accretion expense	(31,586)	(27,869)
	<u>(52,953)</u>	<u>(29,642)</u>
Loss before income taxes	<u>(186,233)</u>	<u>(260,953)</u>
Income taxes	<u>-</u>	<u>-</u>
Net loss and comprehensive loss for the period	<u>(186,233)</u>	<u>(260,953)</u>
Basic and diluted loss per share (note 16)	(0.00)	(0.00)

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TrustBIX Inc.**Interim Condensed Consolidated Statements of Cash Flows**

(Unaudited)

(Expressed in Canadian Dollars)

For the three-month periods ended December 31, 2024 and 2023

	December 31, 2024 \$	December 31, 2023 \$
Cash provided by (used in)		
Operating activities		
Net loss for the period	(186,233)	(260,953)
Adjustments to reconcile net loss to cash flows from operating activities:		
Stock-based compensation expense (recovery)	4,206	(3,205)
Amortization and depreciation	27,719	26,709
Accretion expense	31,586	27,864
Interest expense	896	1,152
Cash used in operating activities before changes in items of working capital	(121,826)	(208,433)
Net change in items of non-cash working capital (note 18)	61,220	120,367
	(60,606)	(88,066)
Investing activity		
Cash acquired in asset acquisition	-	1,016
Financing activities		
Proceeds from issuance of common shares and warrants in private placements (note 15(a) and (c))	85,800	33,500
Repayment of loans payable (note 14)	(15,000)	(3,000)
Lease payments (note 9)	(2,484)	(2,422)
	68,316	28,078
Increase (decrease) in cash during the period	7,710	(58,972)
Cash – Beginning of period	72,242	83,997
Cash – End of period	79,952	25,025

TrustBIX Inc.

Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

(Express in Canadian Dollars)

December 31, 2024

1 Nature of operations and going concern

TrustBIX Inc.'s (the "Company" or "TrustBIX") business operations consist of information solutions for the agri-food industry, including:

- ViewTrak Technologies Inc., a wholly owned subsidiary of TrustBIX, which has developed solutions with an emphasis on the livestock sector. Its technologies include:
 - Auction Master Pro ("AMP") - livestock auction market software solution to help build and operate auction activities; and
 - Electronic Pork Grader - pork probe technology to help producers price pork by evaluating fat thickness, lean meat thickness, meat percentage and class.
- Insight Global Inc., a wholly owned subsidiary of TrustBIX, which has developed industrial Internet-of-Things ("IoT") products and traceability solutions. Its technologies include:
 - BIX Location Services - IoT devices to track, protect and identify the movement of high-value moveable equipment used in agriculture and other industries; and
 - BIX (Business InfoXchange System) - a proprietary platform that uses innovative, blockchain-derived technology and data to deliver independent validation of food provenance and sustainable production practices within the supply chain.
- Alberta Food Security Inc., a wholly owned subsidiary of TrustBIX, which holds the exclusive Alberta territory license and an Ontario territory license, along with the opportunity to acquire certain additional licenses, for an innovative Controlled Environment Agriculture vertical indoor farming technology.

The Company and its wholly owned subsidiaries, ViewTrak Technologies Inc. ("ViewTrak"), Insight Global Technology Inc. ("Insight"), BIX Operations Inc. ("BIX Operations"), and Alberta Food Security Inc. ("AFS") are incorporated and domiciled in Canada. The Company and its subsidiaries' principal office is located at #137 – 9650 20th Avenue NW, Edmonton, AB T6N 1G1.

Going concern

These interim condensed consolidated financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS"), which contemplates the realization of assets and satisfaction of liabilities in the normal course of business as they come due.

As at December 31, 2024, the Company had a net working capital deficit of \$2,255,189 (September 30, 2024 - \$2,156,197). For the three months ended December 31, 2024, the Company incurred a net loss of \$186,233 (2023 – \$260,953) and net cash outflow from operating activities of \$60,606 (2023 – \$88,066). As at December 31, 2024, the Company had an accumulated deficit of \$20,249,122 (September 30, 2024 – \$20,062,889). In addition, the Company has lease commitments in the amount of \$23,110 (note 9) and has entered into a contribution agreement with Prairies Economic Development Canada (formerly Western Economic Diversification Canada) ("PrairiesCan") for a repayable financial contribution under the Regional Relief and Recovery Fund with a remaining principal balance of \$928,000 (note 14). Operations during the three months ended December 31, 2024, have been financed primarily from a non-brokered private placement of \$86,800.

TrustBIX Inc.

Notes to the Interim Condensed Consolidated Financial Statements

(Express in Canadian Dollars)

December 31, 2024

1 Nature of operations and going concern (continued)

Going concern (continued)

On November 13, 2023, the company received TSX Venture Exchange ("TSXV") final acceptance for the acquisition of Alberta Food Security Inc. and management is actively pursuing new business opportunities. The Company may also continue to raise financing, including equity and debt, as needed, for working capital and to expand the business.

There can be no assurance that management's efforts will be successful. This uncertainty casts significant doubt upon the Company's ability to continue as a going concern and, accordingly, the appropriateness of the use of accounting principles applicable to going concern.

These interim condensed consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported revenues and expenses that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2 Basis of presentation

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board (the "IASB"). Accordingly, certain information and note disclosures normally included in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed and accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Company for the years ended September 30, 2024 and 2023.

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors on February 24, 2025.

Basis of measurement

These interim condensed consolidated financial statements have been prepared in Canadian dollars, which is the Company's presentation and functional currency, and are prepared on a historical cost basis, except for certain financial instruments, which are measured at fair value.

TrustBIX Inc.

Notes to the Interim Condensed Consolidated Financial Statements

(Express in Canadian Dollars)

December 31, 2024

2 Basis of presentation (continued)

Use of management critical judgment, estimates and assumptions

The preparation of the interim condensed consolidated financial statements requires management to make critical judgments, estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim condensed consolidated financial statements and the reported amounts of revenues and expenses recorded during the reporting period. In making estimates and judgments, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. Actual results may differ from those estimates. Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The critical accounting estimates and judgments made by management in applying the Company's accounting policies were the same as those described in note 2 to the Company's consolidated financial statements for the years ended September 30, 2024 and 2023.

3 Summary of material accounting policies

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

4 Accounts receivable

Included in accounts receivable are the following:

	December 31, 2024 \$	September 30, 2024 \$
Trade accounts receivable	152,785	115,776
Allowance for trade receivables	(79,024)	(79,024)
Other receivables	-	2,547
	73,761	39,299

TrustBIX Inc.

Notes to the Interim Condensed Consolidated Financial Statements

(Express in Canadian Dollars)

December 31, 2024

5 Inventory

Inventory consists of the following:

	December 31, 2024 \$	September 30, 2024 \$
Components and parts	29,636	31,068
Finished goods	17,021	20,951
	46,657	52,019

Inventory expensed during the three months ended December 31, 2024 and 2023 is included in hardware for resale and supplies in the interim condensed consolidated statements of loss and comprehensive loss.

6 Deposits and prepaid expenses

Deposits and prepaid expenses consists of the following:

	December 31, 2024 \$	September 30, 2024 \$
Deposits	256,541	256,541
Prepaid expenses	33,404	52,528
	289,945	309,069

As at December 31, 2024 and September 30, 2024, deposits include AFS orders of indoor farming technology (note 12).

TrustBIX Inc.

Notes to the Interim Condensed Consolidated Financial Statements

(Express in Canadian Dollars)

December 31, 2024

7 Property and equipment

	Computer hardware \$	Computer software \$	Office furniture and equipment \$	Total \$
Cost				
Balance, September 30, 2024 and December 31, 2024	102,543	12,248	16,614	131,405
Accumulated depreciation				
Balance, September 30, 2024	(87,706)	(12,164)	(12,005)	(111,875)
Depreciation	(1,028)	(20)	(298)	(1,346)
Balance, December 31, 2024	(88,734)	(12,184)	(12,303)	(113,221)
Net book value				
Balance, September 30, 2024	14,837	84	4,609	19,530
Balance, December 31, 2024	13,809	64	4,311	18,184

8 Intangible assets

	Software \$	Trademarks \$	License \$	Total \$
Cost				
Balance, September 30, 2024 and December 31, 2024	2,035,509	8,092	261,099	2,304,700
Accumulated amortization and impairment				
Balance, September 30, 2024	(2,035,509)	-	(36,410)	(2,071,919)
Amortization	-	-	(24,733)	(24,733)
Balance, December 31, 2024	(2,035,509)	-	(61,143)	(2,096,652)
Net book value				
Balance, September 30, 2024	-	8,092	224,689	232,781
Balance, December 31, 2024	-	8,092	199,956	208,048

Trademarks are indefinite-lived intangible assets and are not amortized.

The license was acquired as part of the purchase of AFS.

TrustBIX Inc.

Notes to the Interim Condensed Consolidated Financial Statements

(Express in Canadian Dollars)

December 31, 2024

9 Lease liability and right-of-use asset

Right-of-use asset

Below is a summary of the activity related to the Company's right-of-use ("ROU") asset for the three months ended December 31, 2024.

	\$
ROU asset as at September 30, 2024	16,404
Depreciation	<u>(1,641)</u>
ROU asset as at December 31, 2024	<u>14,763</u>

Lease liability

The following is a summary of the activity related to the Company's lease liability for the three months ended December 31, 2024:

	\$
ROU lease liabilities as at September 30, 2024	20,445
Lease payments	(2,484)
Accretion of lease liabilities	<u>896</u>
ROU lease liabilities as at December 31, 2024	<u>18,857</u>
Of which are:	
Current lease liabilities	7,312
Non-current lease liabilities	<u>11,545</u>
	<u>18,857</u>

The Company's anticipated cash outflows related to the lease obligation for the twelve (12) months ending December 31st are as follows:

	\$
2025	10,126
2026	10,375
2027	<u>2,609</u>
	<u>23,110</u>

TrustBIX Inc.

Notes to the Interim Condensed Consolidated Financial Statements

(Express in Canadian Dollars)

December 31, 2024

10 Investment

On November 7, 2019, TrustBIX invested US\$250,000 in a Calgary, Alberta-based company, Provision Analytics Inc., through a convertible debenture offering maturing in 24 months. It accrued simple interest on an annual basis at the rate of 2.5% per annum.

The investment plus accrued interest was converted into non-marketable preferred shares on November 23, 2021 at the transaction price of US\$262,997 (\$333,427). During the year ended September 30, 2022, the Company sold half of the investment in Provision Analytics for gross proceeds of \$180,907.

No significant changes were recorded to initial fair value measurement as at December 31, 2024.

The Company does not have control or significant influence over Provision Analytics and has no participation in its policy-making processes. Each preferred share is convertible, at the option of the Company into common shares.

11 Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are the following:

	December 31, 2024 \$	September 30, 2024 \$
Trade accounts payable	1,147,800	1,036,536
Accrued liabilities	612,750	643,250
	<u>1,760,550</u>	<u>1,679,786</u>

12 Unearned revenue and customer deposits

Unearned revenue and customer deposits consists of the following:

	December 31, 2024 \$	September 30, 2024 \$
Customer deposits	510,180	433,253
Unearned revenue	231,768	318,263
	<u>741,948</u>	<u>751,516</u>

As at December 31, 2024 and September 30, 2024, customer deposits include deposits from AFS customers towards their orders of indoor farming technology and deposits from ViewTrak customers towards the implementation of the Auction Master Pro software program.

TrustBIX Inc.

Notes to the Interim Condensed Consolidated Financial Statements

(Express in Canadian Dollars)

December 31, 2024

13 Debenture

	Three Months ended December 31, 2024 \$	Year ended September 30, 2024 \$
Balance, beginning of period	35,000	37,706
Amendment to debenture	-	2,374
Interest recovery	-	(656)
Payment of interest	-	(4,424)
Balance, end of period	35,000	35,000

On January 27, 2023, the Company issued a convertible debenture with a principal balance of \$150,000 at an interest rate of 10% per annum, with the interest to be paid only in cash, for a term of one (1) year. The convertible debenture was convertible into units of the Company, composed of one (1) common share and one half (1/2) warrant exercisable at a price of \$0.05 per common share for a term of one (1) year, at a price of \$0.05 per unit.

The liability component of the convertible debenture was initially recognized at the fair value of a similar liability that did not have an equity conversion option and using a discount rate of 18%. The equity component of the convertible debenture was recognized at the difference between the fair value of the convertible debenture as a whole and the fair value of the liability component.

During the year ended September 30, 2023, the Company repaid \$115,000 of the principal balance of the convertible debenture. On December 29, 2023, the Company amended the terms of the convertible debenture to extend the maturity date from January 5, 2024 to January 5, 2025 and to remove the option of the holder to convert the convertible debenture into common shares of the Company, such that no securities will be issued as payment for the convertible debenture. All other terms of the previously convertible debenture remained the same.

The holder of the debenture was a director of the Company between April 14, 2023 and November 13, 2023 (note 19).

TrustBIX Inc.

Notes to the Interim Condensed Consolidated Financial Statements

(Express in Canadian Dollars)

December 31, 2024

14 Loans payable

A summary of loans payable as at December 31, 2024 and September 30, 2024 are as follows:

	December 31, 2024 \$	September 30, 2024 \$
Loan payable to related party (note 19)	23,000	23,000
Repayable Regional Relief and Recovery Fund contribution	718,032	701,446
	741,032	724,446
Current portion	(201,694)	(155,592)
Long term portion	539,338	568,854

Repayable Regional Relief and Recovery Fund contribution

On July 27, 2020, the Company entered into a contribution agreement with PrairiesCan for a repayable financial contribution under the Regional Relief and Recovery Fund. Under the contribution agreement, PrairiesCan supported the Company with an investment of \$1,000,000 for general working capital requirements (the "Contribution"). Repayment of the Contribution was to commence on January 31, 2023 and continue in equal monthly instalments until the Contribution was fully repaid by December 31, 2025. The Contribution is unsecured and non-interest bearing, unless repayment is not made as scheduled. Interest is calculated at an average bank rate plus 3%, compounded monthly, on repayments not made as scheduled. The interest calculation ends when repayments are back on schedule.

The Contribution was initially recognized at a fair value of \$506,300. The initial carrying value of the Contribution was calculated using the effective interest rate method, discounting estimated cash flows using the Company's effective interest rate of 18%.

On December 29, 2022, the repayment terms were revised, changing the amount of the monthly installment payments and extending the final installment payment to December 31, 2027. The original Contribution was derecognized from the consolidated statements of financial position and a new Contribution was recognized at a fair value of \$563,649.

The short-term and long-term components of the Contribution at December 31, 2024 are as follows:

	\$
Current portion	178,694
Non-current portion	539,338
	718,032

During the three months ended December 31, 2024, the Company incurred \$31,586 (2023 - \$28,521) of interest accretion expense on the Contribution.

TrustBIX Inc.

Notes to the Interim Condensed Consolidated Financial Statements

(Express in Canadian Dollars)

December 31, 2024

14 Loans payable (continued)

Repayable Regional Relief and Recovery Fund contribution (continued)

The Company's anticipated cash outflows on the Contribution for the twelve (12) months ending December 31st are as follows:

	\$
2025	309,333
2026	309,333
2027	309,334
	<u>928,000</u>

15 Share capital

Authorized

Unlimited common shares, with no par value

Unlimited preferred shares, voting, convertible, designated as Series 1 and Series 2

a) Common shares issued

	Number	\$
Balance as at September 30, 2023	102,869,330	13,572,063
Issued for asset acquisition	25,000,000	250,000
Issued pursuant to private placement (i)	4,500,000	82,359
	<u>132,369,330</u>	<u>13,904,422</u>
Balance as at December 31, 2023	<u>132,369,330</u>	<u>13,904,422</u>
Balance as at September 30, 2024	118,869,330	13,969,422
Issued pursuant to private placement (ii)	4,340,000	86,800
	<u>123,209,330</u>	<u>14,056,222</u>
Balance as at December 31, 2024	<u>123,209,330</u>	<u>14,056,222</u>

(i) A non-brokered private placement financing for 4,500,000 units ("Units") at a price of \$0.02 per Unit for gross proceeds of \$90,000. Each Unit consisted of one common share and one common share purchase warrant, which entitles the holder to purchase one common share at a price of \$0.05 for a period of one (1) year from the date of closing. The gross proceeds of \$90,000 were allocated between share capital and warrants in the amounts of \$82,359 and \$7,641 (note 15(c)), respectively.

(ii) A non-brokered private placement financing for 4,340,000 common shares of the Company ("Common Shares") at a price of \$0.02 per Common Share for gross proceeds of \$86,800.

TrustBIX Inc.

Notes to the Interim Condensed Consolidated Financial Statements

(Express in Canadian Dollars)

December 31, 2024

15 Share capital (continued)

b) Warrants

A summary of the warrants outstanding as at December 31, 2024 and September 30, 2024 and changes during the periods ended on those dates is as follows:

	Three months ended December 31, 2024		Year ended September 30, 2024	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Outstanding – Beginning of period	4,500,000	0.05	4,848,889	0.30
Issued	-	-	4,500,000	0.05
Expired	(4,500,000)	0.05	(4,848,889)	0.30
Outstanding – End of period	-	-	4,500,000	0.05

During the three months ended December 31, 2023, the Company issued warrants in connection with a private placement (note 15(a)(i)). The fair value of the warrants was determined using the Black-Scholes option pricing model with the following weighted average assumptions: stock price of \$0.01, exercise price of \$0.05, volatility of 145%, an expected life of one (1) year, a dividend yield of nil% and a risk-free interest rate of 4.6%.

4,848,889 warrants expired unexercised on October 4, 2023.

Of the 4,500,000 warrants at December 31, 2024, 3,200,000 expired unexercised on October 16, 2024 and 1,300,000 expired unexercised on December 18, 2024.

c) Stock options and compensation expense

The Company has adopted a twenty percent (20%) fixed stock option plan (the "Stock Option Plan") for directors, officers, employees, management company employees and consultants. In accordance with the Stock Option Plan and as approved at the Annual General and Special Meeting of Shareholders on April 14, 2023, the Company has reserved up to a total of 18,886,094 common shares for issuance. The Board of Directors determines the price per common share, the number of common shares which may be allocated to each eligible participant, and all other terms and conditions of the stock options, subject to the rules of the TSX Venture Exchange.

TrustBIX Inc.

Notes to the Interim Condensed Consolidated Financial Statements

(Express in Canadian Dollars)

December 31, 2024

15 Share capital (continued)

c) Stock options and compensation expense (continued)

A summary of the stock options outstanding as at December 31, 2024 and September 30, 2024 and changes during the periods ended on those dates is as follows:

	Three months ended December 31, 2024		Year ended September 30, 2024	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Outstanding – Beginning of period	14,740,185	0.08	10,131,848	0.22
Granted	-	-	8,400,000	0.01
Forfeited	-	-	(133,334)	0.30
Cancelled	-	-	(1,561,666)	0.18
Expired	-	-	(2,096,663)	0.39
Outstanding – End of period	14,740,185	0.08	14,740,185	0.08
Options exercisable – End of period	9,140,185	0.13	9,140,185	0.13

On January 9, 2024, the Company approved the grant of 8,400,000 stock options to directors, officers, employees and consultants. The stock options have an exercise price of \$0.01 and will vest one third on each of the grant, first anniversary and second anniversary dates. The stock options will expire after three years if not exercised.

The fair value of the stock options granted to non-employees was measured at the value of services the Company received.

The Company used the Black-Scholes option pricing model to estimate the fair value of the stock options granted to directors, officers, employees. The Company considered historical volatility of its common shares as well as industry benchmarking in estimating its future stock price volatility. The risk-free interest rate for the expected life of the stock options was based on the yield available on government benchmark bonds with an approximate equivalent remaining term at the time of the grant. The expected life is based on the contractual term, taking into account expected director, employee and non-employee exercise and expected post-vesting employment termination behaviour. The following weighted average assumptions were used to estimate the Black-Scholes fair value of the options granted during the year ended September 30, 2024:

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15 Share capital (continued)

c) Stock options and compensation expense (continued)

	Year ended September 30, 2024
Annualized volatility	166%
Risk-free interest rate	3.8%
Expected life of options in years	3
Dividend rate	nil%
Exercise price	\$0.01
Market price on date of grant	\$0.01
Weighted average fair value	\$0.004

Stock-based compensation expense for the three months ended December 31, 2024 was \$4,206 (2023 – recovery of \$3,205), with a corresponding increase (2023 – decrease) in contributed surplus included in shareholders' deficiency.

The following table summarizes information on stock options outstanding as at December 31, 2024:

Exercise price \$	Number outstanding	Weighted average remaining contractual life in years	Options exercisable
0.01	8,400,000	2.02	2,800,000
0.10	4,700,000	2.38	4,700,000
0.30	1,840,000	2.09	1,840,000
0.60	300,185	0.75	300,185
	<u>14,740,185</u>	2.11	<u>9,140,185</u>

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16 Loss per share

	December 31, 2024 \$	December 31, 2023 \$
Net loss	(186,233)	(260,953)
	#	#
Weighted average number of common shares outstanding – basic and diluted	119,674,656	102,272,591
	\$	\$
Basic and diluted loss per share	(0.00)	(0.00)

For the three months ended December 31, 2024 and 2023, potential shares issuable in exchange for warrants, stock options and the previously convertible debenture have been excluded in the diluted loss per share calculation as their effects would have been anti-dilutive. In addition, 20,000,000 common shares issued by the Company, pursuant to the acquisition of Insight, which were held in escrow until their cancellation on April 23, 2024, have been excluded.

17 Financial instruments and financial risk management

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

Financial instruments recognized on the unaudited interim condensed consolidated statements of financial position dates at fair value are classified in a hierarchy based on the significance of the estimates used in their measurement, as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

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

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17 Financial instruments and financial risk management (continued)

During the three months ended December 31, 2024 and 2023, there have been no transfers between levels of the fair value hierarchy.

Financial risk management

The Company's activities are exposed to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by financial management in conjunction with overall corporate governance.

a) Market risk

i) Currency risk

Some of the Company's transactions, assets and liabilities are denominated in US dollars and thus the Company is exposed to risk arising from changes in exchange rates.

The following table presents the Company's exposure in Canadian dollars to the US dollar as at December 31, 2024 and September 30, 2024:

	December 31, 2024 \$	September 30, 2024 \$
Cash – USD	43,824	52,382
Accounts receivable – USD	44,391	565
Accounts payable and accrued liabilities – USD	(138,395)	(126,690)
	<u>(50,180)</u>	<u>(73,743)</u>
	December 31, 2024 \$	September 30, 2024 \$
CAD\$ - USD	<u>0.6950</u>	<u>0.7408</u>

As at December 31, 2024, based on the Company's foreign currency exposure noted above, varying the foreign exchange rates to reflect a 10% strengthening of the US dollar would have increase net loss by approximately \$5,000 (September 30, 2024 - \$7,000), assuming all other variables remained constant. An assumed 10% weakening of the US dollar would have had an equal but opposite effect to the amounts shown above, assuming all other variables remained constant.

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17 Financial instruments and financial risk management (continued)

Financial risk management (continued)

a) *Market risk (continued)*

ii) Market price risk

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

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

iii) Interest rate risk

The Company does not have any variable rate financial liabilities and is therefore management does not believe it is exposed to significant interest rate risk as at December 31, 2024 and September 30, 2024.

b) *Credit risk*

The Company, in the normal course of business, is exposed to credit risk from its customers. The allowance for doubtful accounts and past due receivables is reviewed by management at each consolidated statement of financial position reporting date. Accounts are considered past due when customers have failed to make the contractually required payment when due, which is generally within 60 days of the billing date.

The Company applied the simplified approach to provide for ECL prescribed by IFRS 9, which permits the use of the lifetime ECL provision for trade receivables and contract assets without a significant financing component.

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

	Three months ended December 31, 2024 \$	Year ended September 30, 2024 \$
Balance – Beginning of period	79,024	4,042
Accounts written off, net of recoveries	-	74,982
Balance – End of period	79,024	79,024

TrustBIX Inc.

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17 Financial instruments and financial risk management (continued)

Financial risk management (continued)

b) Credit risk (continued)

Management believes the risks associated with concentrations of credit risk with respect to accounts receivable are limited due to the nature of the customers and the generally short-term payment cycle.

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

	<u>December 31, 2024</u>		<u>September 30, 2024</u>	
	\$	%	\$	%
Current	39,334	26	13,475	12
31 – 60 days	22,494	15	4,076	4
61 – 90 days	18,729	12	8,623	7
Greater than 90 days	72,228	47	89,602	77
	<u>152,785</u>	<u>100</u>	<u>115,776</u>	<u>100</u>

c) Liquidity risk

As at December 31, 2024, the Company's financial liabilities that mature within one year are:

	<u>December 31, 2024</u>	<u>September 30, 2024</u>
	\$	\$
Accounts payable and accrued liabilities	1,760,550	1,679,786
Loans payable	201,694	155,592
Debenture	35,000	35,000
Lease liability	7,312	6,932
	<u>2,004,556</u>	<u>1,877,310</u>

Accounts payable and accrued liabilities from two (2) vendors of the Company (September 30, 2024 – two (2)) represented \$636,280 or 36% (September 30, 2024 - \$589,780 or 35%) of the Company's total accounts payable and accrued liabilities and are due within one (1) year.

The Company's long-term liabilities include loans payable of \$539,338 (September 30, 2024 - \$568,854) and a lease liability of \$11,545 (September 30, 2024 - \$13,513). Anticipated cash outflows on the lease liability and loans payable as at December 31, 2024 are disclosed in note 9 and 14, respectively.

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17 Financial instruments and financial risk management (continued)

Financial risk management (continued)

c) *Liquidity risk* (continued)

Liquidity risk is the risk the Company will encounter difficulty in meeting financial obligations as they come due. See note 1 for additional disclosure on the Company's financial condition. The Company manages its liquidity risk through the management of its capital structure and financial leverage. It also monitors its cash position to its actual cash position and timing of payments to suppliers, ensuring that sufficient funds are available when payments come due. The Board of Directors reviews and approves any material transactions out of the ordinary course of business.

18 Supplementary cash flow information

Changes in items of non-cash working capital for the three months ended December 31, 2024 and 2023:

	December 31, 2024 \$	December 31, 2023 \$
Accounts receivable	(34,462)	88,722
Inventory	5,362	(5,220)
Deposits and prepaid expenses	19,124	2,193
Accounts payable and accrued liabilities	80,764	(1,846)
Unearned revenue	(9,568)	36,518
	61,220	120,367

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19 Related party transactions and balances

The Company incurred the following amounts in the normal course of business and they have been valued at amounts that are considered established and agreed to by the related parties.

During the three months ended December 31, 2024 and 2023:

	December 31, 2024 \$	December 31, 2023 \$
Office and administrative services to a company controlled by a close family member of a director and member of key management	-	1,341

As at December 31, 2024 and September 30, 2024, the Company has received deposits of \$80,000 from a Company controlled by close family members of a director and member of key management for an order of AFS indoor farming technology (note 6).

As at December 31, 2024 and September 30, 2024, the Company has paid deposits of \$214,541 to a Company with common key management for the manufacturing of AFS indoor farming technology (note 12).

The compensation to key management, and their close family members, during the three months ended December 31, 2024 and 2023 are as follows:

	December 31, 2024 \$	December 31, 2023 \$
Salaries and short-term employee benefits	22,705	19,015
Stock-based compensation	3,303	2,715
Consulting fees	76,574	61,798
	<u>102,582</u>	<u>83,528</u>

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities as at December 31, 2024 and September 30, 2024 include:

	December 31, 2024 \$	September 30, 2024 \$
Salaries and consulting fees due to members of key management and their close family members	480,668	415,913
Companies with common key management	102,837	127,096
Company controlled by a close family member of a director and member of key management for other services	8,923	8,923
	<u>592,428</u>	<u>551,932</u>

TrustBIX Inc.

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19 Related party transactions and balances (continued)

A director of the Company held the outstanding formerly convertible debenture with a remaining principal balance of \$35,000 (note 13). The director resigned effective November 13, 2023.

On August 3, 2023, the Company issued a promissory note (note 14) to a close family member of a director and member of key management for \$23,000. The promissory note bears interest at a rate of 1% per month and matures on August 2, 2025. As at December 31, 2024, \$3,910 of interest is payable on the promissory note and included in accounts payable and accrued liabilities (September 30, 2024 - \$3,220). The Company may pay the outstanding balance at any time before the maturity date without penalty.

20 Government assistance

IRAP

Government assistance includes grants from IRAP. These grants are accounted for as a reduction of related expenditures and are recorded when there is reasonable assurance that the Company has complied with the terms and conditions of the approved grant program.

During the three months ended December 31, 2023, the Company recognized funding of \$3,000 from IRAP, for travel reimbursement, which is netted against travel, trade shows and conferences on the interim condensed consolidated statements of loss and comprehensive loss.

Loan payable

During the year ended September 30, 2020, the Company entered into a contribution agreement with PrairiesCan and received a \$1,000,000 Contribution (note 14).

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21 Segment disclosures

Management has organized the Company under three reportable segments: ViewTrak, the development and sale of information solutions for the livestock industry and related services, BIX, which leverages blockchain-derived technology and unique incentive solutions to deliver independent validation of food provenance and sustainable production practices within the agri-food supply chain, and AFS, which holds the exclusive Alberta territory license for an innovative Controlled Environment Agriculture vertical indoor farming solution.

	Three months ended December 31, 2024			
	AFS	ViewTrak	BIX	Consolidated
	\$	\$	\$	\$
Revenue from external customers	-	359,058	2,763	361,821
Expenses	(61,270)	(359,923)	(46,189)	(467,382)
Amortization and depreciation	(24,733)	(2,986)	-	(27,719)
Other income (expenses)	-	(52,953)	-	(52,953)
Net loss	(86,003)	(56,804)	(43,426)	(186,233)

	Three months ended December 31, 2023			
	AFS	ViewTrak	BIX	Consolidated
	\$	\$	\$	\$
Revenue from external customers	-	288,025	6,529	294,554
Expenses	(13,122)	(393,376)	(92,658)	(499,156)
Amortization and depreciation	(23,356)	(3,353)	-	(26,709)
Other income (expenses)	-	(29,642)	-	(29,642)
Net loss	(36,478)	(138,346)	(86,129)	(260,953)

For the three months ended December 31, 2024, AFS includes \$24,733 (2022 - \$23,356) of amortization and depreciation related to the AFS license (note 8).

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21 Segment disclosures (continued)

Geographical segmentation

The Company's segments are managed on a worldwide basis. Substantially all of the Company's assets are located in Canada.

The following is a summary of revenue by geographic location in which the Company's customers are located for the three months ended December 31, 2024 and 2023:

	December 31, 2024 \$	December 31, 2023 \$
Canada	53,051	79,070
United States	307,001	199,278
Other	1,769	17,206
	<u>361,821</u>	<u>294,554</u>

22 Subsequent events

On January 22, 2025, the repayment terms of the loan payable with PrairiesCan (note 14) were revised, changing the amount of the monthly installment payments. Under the revised terms, the Company's anticipated cash outflows for the twelve (12) months ending December 31st are:

	\$
2025	120,000
2026	394,280
2027	<u>413,720</u>
	<u>928,000</u>

23 Comparative figures

The financial statements for the prior year have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.