

## FORM 5

### **QUARTERLY LISTING STATEMENT**

Name of Listed Issuer: Tracesafe Inc (the "Issuer").

Trading Symbol: TSF

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

#### **General Instructions**

- (a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

#### **SCHEDULE A: FINANCIAL STATEMENTS**

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.



**TraceSafe Inc.**

Unaudited Condensed Consolidated Interim Financial Statements  
For the nine months ended September 30, 2021 and 2020  
(Expressed in United States dollars unless otherwise stated)

**NOTICE TO READER**

Under National Instrument 51-102, 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 condensed interim financial statements have been prepared by management and were not reviewed by the Company's independent auditor.

TraceSafe Inc.  
Condensed Consolidated Balance Sheets  
*(Expressed in US Dollars – unaudited)*

	September 30 2021	September 30 2020
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 1,557,251	\$ 394,560
Receivables	1,325,592	1,171,511
Prepaid expenses	90,892	891,756
	2,973,735	2,457,827
Fixed assets	34,746	-
Research & Development (Note 5)	-	489,024
Investments	4,070,233	1,182,000
Goodwill	3,650,355	-
	\$ 10,729,069	\$ 4,128,851
<b>Liabilities</b>		
<b>Current liabilities</b>		
Payables	\$ 1,963,925	\$ 726,919
Accrued expenses	641,910	-
Deferred revenue	354,273	30,000
Accounts receivable factoring (Note 7)	937,226	-
Notes Payable (Note 9)	347,825	-
	4,245,159	756,919
<b>Shareholders' equity</b>		
Share capital (Note 3)	19,421,094	13,943,068
Warrant and option reserve	1,286,206	3,740,056
Equity attributable to non-controlling interest	3,514,415	-
Contributed surplus	820,690	-
Accumulated other comprehensive earnings	(31,828)	(34,797)
Retained earnings	(18,526,666)	(14,276,395)
	6,483,910	3,371,932
	\$ 10,731,206	\$ 4,128,851

# TraceSafe Inc.

## Condensed Consolidated Statements of Earnings and Comprehensive Loss (Expressed in US Dollars – unaudited)

	July 1 to September 30		January 1 to September 30	
	2021	2020	2021	2020
<b>Revenue</b>				
Product sale	\$ 5,385,642	\$ 1,085,291	\$ 9,075,578	\$ 1,601,565
Service income	578,981	-	1,575,529	-
	5,964,623	1,085,291	10,651,107	-
<b>Cost of revenue</b>	3,441,996	637,034	7,592,089	959,135
	2,522,627	448,257	3,059,018	642,430
<b>Operating expenses</b>				
Bad debt expense	1,460	-	6,460	-
Bank charges	8,856	3,188	16,223	6,289
Depreciation	2,206	-	4,646	-
Development	521,692	(281,551)	1,466,730	45,504
General and administration (Note 6)	186,896	93,917	569,138	148,683
Marketing	44,411	-	168,286	-
Personnel, payroll, and consultants	926,426	278,920	2,824,865	199,673
Professional fees (Recovery) (Note 10)	(438,750)	549,302	93,731	1,331,870
Regulatory and transfer agent fees	2,756	7,120	25,830	28,886
Stock-based compensation	127,980	227,347	2,254,266	892,985
	1,383,933	878,243	7,430,176	2,689,042
Operating Income (Loss)	1,138,694	(429,986)	(4,371,158)	(2,046,612)
<b>Other items</b>				
Other income	-	-	(11,891)	-
Interest (Note 11)	164,575	86,863	408,291	255,426
Tax	(20,980)	-	39,308	-
Foreign exchange	(10,623)	(5,508)	12,069	(2,456)
Net income (Loss)	\$1,061,630	\$(511,341)	\$ (4,763,027)	\$ (2,299,582)
Net income (Loss) attributed to parent	1,224,836	(940,397)	(2,053,199)	(2,229,582)
Net income (Loss) attributed to non-controlling interest	(219,113)		(2,765,735)	-
Total comprehensive income (Loss)	\$ 1,061,630	\$ (511,341)	\$ (4,763,027)	\$ (2,229,582)
Earnings (Loss) per share attributed to owners of the parent. Basic and diluted	\$ 0.03	\$ (0.02)	\$ (0.05)	\$ (0.08)
Weighted average number of shares outstanding. Basic and diluted	44,911,641	33,767,168	42,040,252	28,741,435

**TraceSafe Inc.**

Condensed Consolidated Statements of Changes in Shareholders' Equity  
*(Expressed in US Dollars – unaudited)*

	July 1 to September 30		January 1 to September 30	
	2021	2020	2021	2020
<b>Share Capital</b>				
Balance - beginning of period	\$ 21,616,364	\$ 12,355,667	\$16,540,138	\$ 11,137,327
Issuance of shares by warrants	-	-	2,750,788	246,454
Issuance of shares by options	-	1,587,401	212,095	1,567,397
Issuance of shares for performance	-	-	2,113,343	665,638
Issuance of shares for service	87,900	-	87,900	-
Repurchase of common shares	-	-	-	-
Balance - end of period	\$ 21,704,264	\$ 13,943,068	\$21,704,264	\$ 13,943,068
<b>Retained Earnings</b>				
Balance - beginning of period	\$ (21,741,314)	\$ (13,750,593)	\$ (15,916,656)	\$ (11,976,813)
Net income (Loss)	1,005,722	(525,802)	(4,818,935)	(2,299,582)
Balance - end of period	(20,735,591)	(14,276,395)	(20,735,591)	(14,276,395)
Adjustment for non-controlling interest	(6,665,482)	-	(6,665,482)	-
Net retained earnings for owners of parent company	\$ (27,401,074)	\$ (14,276,395)	\$ (27,401,074)	\$ (14,276,395)
<b>Number of Shares Outstanding</b>				
Balance - beginning of period	44,716,888	31,287,421	35,765,784	22,238,031
Issuance of shares by warrants	-	-	5,828,850	1,097,213
Issuance of shares by options	-	4,153,850	572,254	10,426,027
Issuance of shares for performance	-	-	2,550,000	1,700,000
Issuance of shares for service	194,753	-	194,753	-
Repurchase of common shares	-	-	-	-
Balance - end of period	44,911,641	35,441,271	44,911,641	35,441,271

# TraceSafe Inc.

## Condensed Consolidated Statements of Cash Flows

(Expressed in US Dollars – unaudited)

	July 1 to September 30		January 1 to September 30	
	2021	2020	2021	2020
<b>Operating activities</b>				
Net income (Loss)	\$ 1,005,722	\$ (525,801)	\$ (4,818,965)	\$ (2,299,582)
Changes in working capital				
Accounts Receivable	1,509,923	(705,541)	518,679	(1,170,315)
Prepaid	80,049	(835,388)	731,988	(868,689)
Depreciation	2,201	-	75,774	-
Accounts Payable	(104,339)	(244,344)	836,110	581,558
A/R Factoring Payable	151,635	-	(530,559)	-
Accrued Liabilities	492,065	-	408,068	-
Loan Payable	-	-	110,000	-
Deferred Revenue	(2,470,555)	30,000	300,355	30,000
Share based compensation	-	892,985	-	892,985
	666,701	(1,388,089)	(2,368,551)	(2,834,043)
<b>Financing activities</b>				
Common Stock	87,900	2,017,339	5,164,127	3,235,679.00
Stock Options	-	-	(2,151,831)	-
Convertible Debenture	-	-	-	781,229
Notes Payable	146,230	-	347,825	-
	234,131	2,017,339	3,360,121	4,016,908
<b>Investing activities</b>				
Acquisition of TraceSafe Technology	-	-	-	(300,000)
Fixed Assets	(8,302)	(489,024)	(39,746)	(489,024)
	(8,302)	(489,024)	(39,746)	(789,024)
<b>Change in cash</b>	892,531	140,226	951,825	393,841
<b>Cash – beginning of period</b>	664,720	254,334	605,426	719
<b>Cash – end of period</b>	\$ 1,557,251	\$ 394,560	\$ 1,557,251	\$ 394,560

## **TraceSafe Inc.**

Notes to Condensed Consolidated Interim Financial Statements  
(Expressed in US Dollars, unless otherwise stated – unaudited)

### **1. Nature and continuance of operations**

TraceSafe Inc. (the “Company”) is listed on the Canadian Securities Exchange (“CSE”) under the symbol “TSF”. The registered office and head office of the Company is Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, British Virgin Islands.

The Company’s business focuses on a self-quarantine monitoring technology “TraceSafe”, a real-time location management services and contact tracing solutions enabled through Bluetooth beacons and enterprise cloud management. The Company is developing leading edge solutions for Enterprise, Healthcare, Education, Government, and large-scale venue management.

The assessment of the Company’s ability to continue is an on-going concern, and its ability to fund potential projects involves significant judgement based on historical experience and other factors (including expectation of future events) that are believed to be reasonable under the circumstances.

The Company’s business involves a high degree of risk and there can be no assurance that current business development activity will ultimately result in profitable operations. The Company’s continued existence is dependent upon its ability to secure future customers and the achievement of profitable operations, or the ability of the Company to raise additional financing.

The outbreak of the coronavirus, also known as “COVID-19”, has spread across the globe and is impacting worldwide economic activity. The extent to which the coronavirus may impact the Company’s business activities will depend on the duration of the outbreak, travel restrictions, business disruptions, and treatment of the disease. The Company continues to closely monitor developments in the coronavirus outbreak, including the potential impact on the Company’s activities and its liquidity.

### **2. Basis of Preparation**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The principle accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

These consolidated financial statements were approved and authorized for issue by the Board of Directors on November 3, 2021.

#### **Basis of Measurement**

The financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

**Basis of Consolidation**

The consolidated financial statements include the accounts of the Company and its controlled entities. Control exists when the Company has power over an investee, exposure or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Company's returns. Details of controlled entities are as follows:

	Jurisdiction of Incorporation	Percentage Owned	
		September 30, 2021	September 30, 2020
Jucca Holdings Limited	British Virgin Islands	100%	100%
Wishland Properties Limited	British Virgin Islands	100%	100%
TraceSafe Technologies Inc.	Nevada, United States	8.2%	20.4%
TraceSafe Asia Pacific Pte Ltd.	Singapore	70%	70%
TraceSafe Canada Inc.	British Columbia, Canada	100%	-

The Company owns 100% of the voting common shares of TraceSafe Technologies Inc. ("TraceSafe Tech") and therefore has consolidated TraceSafe Tech with the equity interest attributable to the non-controlling majority shareholder presented as non-controlling interest. (See Note 8)

TraceSafe Inc. owns 70% of the voting shares of the subsidiary TraceSafe Asia Pacific Pte. Ltd. and the Company required a local director to manage the day-to-day operations and is a representative of the Company. Due to certain agreements related to this arrangement, the Company has functional control and beneficial (100%) ownership.

On March 1, 2021, TraceSafe Canada Inc. was incorporated in the province of British Columbia, Canada. There are no operations in TraceSafe Canada Inc. as of September 30, 2021. Canadian operation is expected to move from Tracesafe Technologies Inc to TraceSafe Canada Inc in Q1 2022.

The Company attributes total comprehensive income or loss of subsidiaries between the owners of the parent entity and the non-controlling interests based on their respective ownership interests. Inter-company balances and transactions are eliminated on consolidation.

**Functional and Presentation Currency**

The financial statements are presented in US dollars, unless otherwise stated. The functional currency of the parent company is the Canadian dollar and the functional currency of each of the Company's subsidiaries is the US dollar, except for TraceSafe Asia Pacific Pte Ltd. whose functional currency is the Singapore dollar.



### 3. Share Capital

#### Authorized share capital

The authorized capital of the company consists of unlimited common shares without par value.

#### Issued share capital

A total of 194,753 common shares were issued between July 1 and September 30, 2021, bringing the total number of shares outstanding to 44,911,641.

<b>Number of Shares Outstanding</b>	<b>January 1 to September 30</b>	
	<b>2021</b>	<b>2020</b>
Balance - beginning of period	35,765,784	22,238,031
Issuance of Common Shares by Warrants	1,216,836	25,000
Issuance of Common Shares by Options	455,000	-
Issuance of Common Shares for Performance	2,550,000	1,700,000
Issuance of Common Shares for Service	524,021	-
Issuance of Common Shares by Exchange	4,400,000	-
Issuance of Common Shares by Debt Conversion	-	899,847
Issuance of Common Shares by Private Placement	-	10,578,993
Balance - end of period	44,911,641	35,441,271

#### Notable share issuances

On March 19, 2021 and June 16, 2021, 3,000,000 and 1,400,000 Class B Non-Voting Common Shares in TraceSafe Tech were exchanged for total of 4,400,000 Common Shares in TraceSafe Inc, as per the Contribution Agreement with WiSilica Inc dated April 22, 2020.

#### 4. Related Party Transactions

Related parties include the Board of Directors, corporate officers, close family members, key management personnel, significant shareholders and enterprises that are controlled by these individuals as well as certain persons performing similar functions in material subsidiaries. This includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole and its subsidiaries.

		July 1 to September 30	
		2021	2020
Cost of Sales	\$	256,166	\$ 345,745
Development		496,422	(281,551)
Management Fees		156,187	56,160
Professional Fees		-	20,296
Finance Charges		-	86,863
	\$	908,775	\$ 227,513

During this period, a total expense of \$847,275 was incurred towards WiSilica Inc. ("WiSilica"), the company that was the vendor of the "TraceSafe" self-quarantine monitoring technology suite. The CEO of the Company's new subsidiary, TraceSafe Technologies Inc., is a significant shareholder of WiSilica. Furthermore, transactions recorded in cost of sales, development (both on balance sheet and profit and loss) and finance charges are in the course of normal business and pursuant to the transition agreement.

#### 5. Research and Development

\$489,024 of Research and Development was capitalized in Q3 2020 for Research and Development done through Q1 to Q3 2020. At 2020 year-end audit, it was determined all Research and Development should be expensed. This amount was expensed in Q4 2020.

#### 6. General and Administrative Expenses

		July 1 to September 30	
		2021	2020
Insurance	\$	37,944	\$ 14,613
Mail & Postage		2,359	-
Meals and Entertainment		8,448	-
Office Supplies		(10,769)	79,304
Phone & Internet		8,114	-
Rent		17,943	-
Software & Web Services		104,425	-
Travel		18,431	-
	\$	186,896	\$ 93,917

## **7. Receivable factoring facility**

On November 3, 2020, the Company entered into a working capital facility agreement for a factoring facility of \$3,000,000. Discount fees of 2.7% of the issued invoice amount of purchased receivable for 0-30 days outstanding and 0.09% of the invoice amount of purchased receivable will be charged to the Company per day past thirty days outstanding. The facility can be cancelled at any time by either party with 30 days written notice. The Company provided a general security agreement to secure the working capital facility.

As of September 30, 2021, the Company had an outstanding owing amount of \$937,226.

## **8. Non-Controlling Interest**

The non-controlling interest represents the non-voting common shares and preferred shares of TraceSafe Tech held by non-controlling interest holders and is related to the consideration transferred in the acquisition of TraceSafe technology.

On March 19, 2021 and June 16, 2021, 3,000,000 and 1,400,000 Class B Non-Voting Common Shares in TraceSafe Tech were exchanged for total of 4,400,000 Common Shares in TraceSafe Inc, as per the Contribution Agreement with WiSilica Inc dated April 22, 2020. As a result, non-controlling interest in TraceSafe Tech changed from 92.5% to 91.8% as of June 16, 2021.

## **9. Note Payable**

On June 10, 2021, TraceSafe Inc signed a convertible note with Patricia Steadman Ltd. for a principal amount of up to \$1,000,000 CAD, of which \$400,000 has been received as of September 30, 2021.

The note is for 1 year with an interest rate of 10.5% per annum.

On July 21, 2021, TraceSafe Inc signed a convertible note with Khione Gateway Inc. for a principal amount of \$33,600 CAD.

The note is for 1 year with an interest rate of 10.5% per annum.

## **10. Professional Fees**

A clean-up was performed on the balance sheet and found a number of accruals from Q4 2020 and Q1 2021 which had either not been reversed when the invoice was received, or no invoice has yet been received. These accruals were determined to be unlikely to be realized in the future and so were reversed in Q3 2021.

## **11. Interest**

Interest relates to charges for Receivables Factoring in the amount of \$164,575

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

## **SCHEDULE B: SUPPLEMENTARY INFORMATION**

The supplementary information set out below must be provided when not included in Schedule A.

### **1. Related party transactions**

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.

**See Financial Statements (Note 4) attached as Schedule A**

### **2. Summary of securities issued and options granted during the period.**

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

- (a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
7/2/2021	Common shares	Units for service	90,000	0.50	n/a	Services	Arm's length	Nil
7/28/2021	Common shares	Units for service	42,253	0.71	n/a	Services	Arm's length	Nil
8/6/2021	Common shares	Units for service	62,500	0.56	n/a	Services	Arm's length	Nil

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant

### 3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

The authorized capital of the company consists of unlimited common shares without par value

- (b) number and recorded value for shares issued and outstanding,

Number of shares: 44,911,641

Share capital: \$21,704,264

- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

Warrants:

Number of warrants	Expiry date		Exercise price
1,138,501	April 29, 2022	CAD\$	0.50
175,001	April 29, 2022	CAD\$	0.50
2,064,425	August 7, 2022	CAD\$	1.50
215,850	August 7, 2022	CAD\$	1.00
3,593,777			

Options:

Number of options		Expiry date		Exercise price
Outstanding	Exercisable			
1,120,000	1,120,000	October 15, 2023	CAD\$	0.20
500,000	500,000	September 15, 2025	CAD\$	0.62
200,000	200,000	November 29, 2025	CAD\$	0.40
75,000	41,667	December 6, 2025	CAD\$	0.52
100,000	33,334	January 14, 2026	CAD\$	0.60
500,000	250,000	July 19, 2026	CAD\$	0.60
4,354,500	-	December 16, 2026	CAD\$	0.60
1,122,000	-	December 16, 2026	CAD\$	0.60
7,971,500	2,145,001			

- (d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

n/a

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

Directors: Wayne Lloyd, James Passin, Gregory Kallinikos, Jeremy Gardner, Murrey Tevlin

Officers: Wayne Lloyd, CEO, Mark Leung, CFO, Betty Anne Loy, Corporate Secretary

## SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

### Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated: May,20, 2022 .

Mark Leung  
Name of Director or Senior Officer

Signed: "Mark Leung"  
Signature

Chief Financial Officer  
Official Capacity

# tracesafe

## Management's Discussion and Analysis

### Forward-Looking Information

Except for statements of historical fact relating to TraceSafe Inc. ("TraceSafe", "TSF" or the "Company"), certain statements contained in this MD&A constitute forward-looking information, future oriented financial information, or financial outlooks (collectively "forward looking information") within the meaning of Canadian securities laws. Forward-looking information may relate to this document and other matters identified in the Company's public filings, TraceSafe's future outlook and anticipated events or results and in some cases, can be identified by terminology such as "may", "will", "could", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "projects", "predict", "potential", "targeted", "possible", "continue", "objective" or other similar expressions concerning matters that are not historical facts and include, access to sufficient capital resources, the timing and amount of future development projects, the timing of cash flows, capital and operating expenditures, the timing of receipt of permits, employee relations, availability of financing and any and all other timing, development, operational, financial, economic, legal, regulatory and political factors that may influence future events or conditions. Such forward-looking statements are based on a number of material factors and assumptions, including, but not limited in any manner, those disclosed in any other of TraceSafe's public filings, availability and final receipt of required approvals, licenses and permits, ability to acquire sufficient working capital to complete technology development projects, access to adequate services and supplies, economic conditions, foreign currency exchange rates, interest rates, access to capital and debt markets and associated cost of funds, availability of a qualified skilled work force, positive employee relations, lack of social opposition and legal challenges, and the ability to settle disputes. While TraceSafe considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed in other TraceSafe's filings. Forward-looking statements are based upon management's beliefs, estimate, and opinions on the date the statements are made and other than as required by law, TraceSafe does not intend and undertakes no obligation to update any forward-looking information to reflect, among other things, new information or future events.

The following management's discussion and analysis ("MD&A") of TraceSafe Inc. (the "Company"), is prepared as of October 25, 2021, and should be read together with the audited consolidated annual financial statements and related annual MD&A for the year ended December 31, 2020.

For the purpose of preparing this MD&A, Management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in or would reasonably be expected to result in a significant change in the market price or value of the Company's common shares; (ii) there is substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.



Further information about the Company and its operations is available on SEDAR at [www.sedar.com](http://www.sedar.com).

All amounts in this MD&A are expressed in United States dollars unless otherwise noted.

## Description of Business

TraceSafe Inc. was incorporated on December 22, 2010 under the Business Corporations Act of British Columbia as a private company and continued into the British Virgin Islands on December 18, 2013.

The registered office of TSF is Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, British Virgin Islands.

TraceSafe has a 100% voting interest in Jucca Holdings Limited, Wishland Properties Limited, and TraceSafe Canada Inc. (newly incorporated as of March 1, 2021).

TraceSafe Inc. owns 70% of the voting shares of the subsidiary TraceSafe Asia Pacific Pte Ltd. The Company required a local director to manage the day-to-day operations and who is a representative of the Company. Due to certain agreements related to this arrangement, the Company has functional control and beneficial ownership.

TraceSafe Inc. owns 100% of the voting shares of the subsidiary TraceSafe Technologies Inc. and issued non-voting shares to Wisilica Inc. as part of the acquisition transaction that closed on May 12, 2020. As of September 30, 2021, Wisilica owned approximately 9% of the issued and outstanding common shares of TraceSafe Technologies Inc., and 100% of its issued and outstanding preferred shares.

	<b>Jurisdiction of Incorporation</b>	<b>Date of Incorporation</b>	<b>Percent Owned</b>	<b>Voting Rights</b>
TraceSafe Inc.	British Virgin Islands	December 22, 2010		
Jucca Holdings Limited	British Virgin Islands	February 1, 2013	100%	100%
Wishland Properties Limited	British Virgin Islands	March 5, 2013	100%	100%
TraceSafe Technologies Inc.	Nevada, United States	April 21, 2020	8.2%	100%
TraceSafe Asia Pacific Pte Ltd.	Singapore	August 5, 2020	70%	70%
TraceSafe Canada Inc.	British Columbia, Canada	March 1, 2021	100%	100%

## Overall Objective

The Company's strategic focus is providing end-to-end solutions that empower organizations with insights captured from data across the environment and their operations. TraceSafe's full suite of health and safety IoT solutions is currently used in global deployments for clients in the enterprise, government, heavy industry, sports and entertainment and tourism sectors. Close partnerships with innovation and industry leaders have resulted in product developments within specific industries, as well as new product lines and inroads into entirely new markets. Q3 notable industries and developments include:

#### Cruise lines

With deployments at three major cruise lines, TraceSafe solutions provide value to the cruise industry in the areas of health and safety, efficiency and compliance. This translates into cautionary optimism for TraceSafe as the current opportunities signed through Q3 2021 address volume sales of setup and product delivered to the three major players. TraceSafe's cruise ship clients remain materially impacted from the ongoing COVID-19 pandemic and have experienced a period of considerable revenue loss caused by both the pandemic and subsequent exclusion from federal relief. TraceSafe believes that the relationships will continue to invest in TraceSafe's solutions, and a more predictable and consistent pattern will only emerge in Q2/Q3 2022 when fleets move to their pre-pandemic schedules. Some clients may look at short term cost-saving measures after the initial purchase but are again likely to look towards TraceSafe as a long-term partner to streamline operations, enhance guest experience and ensure safety and efficiency at scale in the near future.

#### SafeSite Solutions

TraceSafe's SafeSite solution automates health and safety protocols to empower a connected, efficient workforce. With wearable safety sensors and easy integration with existing systems, developers and contractors can rely on SafeSite to provide safe worksites and more. Together with client partner Boustead Projects, TraceSafe has achieved real-time on-site worker movement through integrated smart sensing and was named winner of the Singapore National Innovation Challenge.

#### Security Prowling Audit (SPA) Solution

Safe and secure property management includes regular check-ins at designated locations by security guards. TraceSafe has equipped buildings in both Singapore and Malaysia with automatic sensors that detect activity, enabling security guards to check-in for KPI compliance. This project has sharpened TraceSafe's product innovation vision, helping the Company focus on optimizing its solutions for smart buildings: using the IoT ecosystem to improve energy efficiency and reduce costs associated with property management.

#### Tier 1 Semiconductor Manufacturer

With more than 60,000 devices deployed across all global worksites of this Tier 1 Semiconductor Manufacturer, the TraceSafe platform is being used to analyze contact tracing for facilities management. A new TraceSafe product line was also created to better support this client's operational needs.

#### Southeast Asian Conglomerate:

A large Southeast Asian Conglomerate primarily focused on technology, defense and engineering, received 30,000 TraceSafe wristbands in 2020 and is now using TraceSafe's platform on a subscription

basis (under the Software-as-a-Service model, or SaaS). Revenue estimates for software access and support is \$470K per quarter. This client is currently under contract through November 30, 2021.

### Selected Financial Information

The following tables provide selected annual and quarterly financial information in accordance with IFRS. All amounts are expressed in US Dollars.

Three Months Ended	Total Revenue	Total Operating Expenses	Comprehensive Income	Loss per Share
March 31, 2019	-	(144,585)	(144,585)	(0.01)
June 30, 2019	-	(215,581)	(215,581)	(0.01)
September 30, 2019	-	(130,650)	(130,650)	(0.01)
December 31, 2019	-	(197,357)	(197,357)	(0.01)
March 31, 2020	-	(833,383)	(833,383)	(0.04)
June 30, 2020	516,274	(962,019)	(940,397)	(0.03)
September 30, 2020	1,085,291	(878,243)	(511,341)	(0.02)
December 31, 2020	1,833,332	(3,585,483)	(5,439,911)	(0.13)
March 31, 2021	1,287,175	(4,051,679)	(4,017,808)	(0.08)
June 30, 2021	3,399,309	(5,206,159)	(1,806,850)	(0.01)
September 30, 2021	5,964,623	(1,383,933)	1,061,630	0.03

### Development

In order to meet customer requirements and improve the quality of its products, TraceSafe has continuous development and engineering costs. A breakdown of these costs is as follows:

Period	Development & Engineering Expense
April 1 – June 30, 2020	\$ 430,052
July 1 – September 30, 2020	402,633
October 1 – December 31, 2020	333,337
January 1 – March 31, 2021	455,914
April 1 – June 30, 2021	\$ 441,077
July 1 – September 30, 2021	496,422

### Dividend Payment

Since its incorporation, the Company has not paid any cash dividends on its outstanding common shares. Any future dividend payment will depend on the Company's financial needs to fund its programs, future growth, and any other factors the board may deem necessary to consider. It is highly unlikely that any dividends will be paid in the near future.

### **Results of Operations for the Three Months Ended September 30, 2021**

Revenue increased to \$5,385,642 compared to the 2020 comparable period amount of \$1,085,291. Current year-to-date revenue is \$9,075,578, which surpasses total revenue in 2020 of \$3,559,959.

Cost of sales increased to \$3,430,539 compared to the 2020 comparable period amount of \$637,034.

\$51,409 was accrued for the 2020 year end audit. Accrued was not reversed in Q1 when the invoice was received. Accrual was reversed in Q3.

\$160,679 was accrued in January 2021 for expected expenses for 2020. Expenses were never realized and expenses are now reversed.

Interest increased to \$164,575 compared to the 2020 comparable period amount of \$86,863. This is due to fluctuations in the usage of the receivables factoring facility.

### **Market Expansion**

Sales and Engineering are focused on pivoting the TraceSafe platform to other data, IoT, and location-based services. Current areas of expansion are asset tracking, employee time and attendance, marketing analytics, ESG tracking, and worker safety. For customers using TraceSafe's contact tracing hardware in the coming months, developments have been made to include add-ons to the various TraceSafe devices, such as including RFID access control modules and providing the option of rechargeable batteries.

## Liquidity and Capital Resources

As of September 30, 2021, the Company had a working capital deficit of \$781,822, compared to \$1,700,908 for the same period of 2020. This decrease is due to a combination of increase in Accounts Payable, Accrued expenses and A/R Factoring resulting from increasing operation activities in Q3.

All the current accounts payable and accrued liabilities are due and payable within 12 months.

The Company's working capital amounts are as follows:

		<b>September 30, 2021</b>	<b>September 30, 2020</b>
Cash	\$	1,557,251	\$ 394,560
Accounts Receivable		1,325,592	1,171,511
Prepays		90,892	891,756
Accounts Payable		(1,963,925)	(726,919)
Accrued Expenses		(641,910)	-
A/R Factoring		(937,226)	-
Deferred Revenue		(354,273)	(30,000)
Notes Payable		(347,825)	-
	\$	(1,271,424)	\$ 1,700,908

## Receivables Factoring

On November 3, 2020, the Company entered into a working capital facility agreement for a factoring facility of \$3,000,000. Discount fees of 2.7% of the issued invoice amount of purchased receivable for 0-30 days outstanding and 0.09% of the invoice amount of purchased receivable will be charged to the Company per day past thirty days outstanding.

Currently, TraceSafe operates its production using the just-in-time method; no inventory is held. Once production is complete, the units are immediately shipped to the customer. Production does not commence until a signed contract is received.

It was deemed necessary to enter this agreement in order to decrease the lag time of payment being received from customers. As orders have increased in size and number, cash is needed to purchase raw materials for new contracts. Current turnover time between purchasing raw materials and receiving payment from the customer is estimated to be 90 days.

Management's aim is to decrease and eventually remove the need for the factoring facility over the next 6 months.

### **Off-Balance Sheet Arrangements**

The Company has not engaged in any off-balance sheet arrangements such as: obligations under guarantee contracts, a retained or contingent interest in assets transferred to an unconsolidated entity, any obligation under derivative instruments or any obligation under a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Company or that engages in leasing, hedging or research and development services with the Company.

### **Proposed Transactions and Change of Business**

As is typical with a change of business, the Company is continually reviewing potential merger, acquisition, investment and joint venture transactions and opportunities that could enhance shareholder value. Currently, there are no material transactions being pursued or negotiated by the Group that are not otherwise disclosed herein.

### **Going Concern**

The assessment of the Company's ability to continue is a going concern. The ability to fund potential operations involves significant judgements based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

The Company's continued existence is dependent upon its ability to secure contracts and the achievement of profitable operations, or the ability of the Company to raise additional financing.

These consolidated financial statements have been prepared on a basis which assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether this assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons, including the Company's own resources and external market conditions.

The Company will require additional financing through various means, including but not limited to equity financing, to continue to pursue its development plans and meet its general and administrative costs. There is no assurance that the Company will be successful in raising the additional required funds. These conditions represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. In the event that the Company is not able to secure additional financing and continue as a going concern, material adjustments would be required to the carrying value of assets and liabilities and the balance sheet classification used.

## Related Party Transactions

Related parties include the Board of Directors, corporate officers, close family members, key management personnel, significant shareholders and enterprises that are controlled by these individuals as well as certain persons performing similar functions in material subsidiaries. This includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole and its subsidiaries.

		<b>July 1 to September 30, 2021</b>		<b>July 1 to September 30, 2020</b>
Cost of Sales	\$	256,166	\$	345,745
Development		496,422		(281,551)
Management Fees		156,187		56,160
Professional Fees		-		20,296
Finance Charges		-		86,863
	\$	908,775	\$	227,513

During this period, a total expense of \$847,275 was incurred towards WiSilica Inc. ("WiSilica"), the company that was the vendor of the "TraceSafe" self-quarantine monitoring technology suite. The CEO of the Company's new subsidiary, TraceSafe Technologies Inc., is a significant shareholder of WiSilica. Furthermore, transactions recorded in cost of sales, development (both on balance sheet and profit and loss) and finance charges are in the course of normal business and pursuant to the transition agreement.

## Share Capital and Outstanding Share Information

### Authorized capital

The authorized capital of the company consists of unlimited common shares without par value.

The holders of common shares are entitled to receive dividends which may be declared from time to time, and are entitled to one vote per share at TSF's meetings. All shares are ranked equally with regards to the Company's residual assets.

The equity structure of the group represents the equity structure of the legal parent.

### Issued share capital

Information with respect to outstanding common is as follows:

	<b>January 1 to September 30 2021</b>	<b>2020</b>
Balance - beginning of period	35,765,784	22,238,031
Issuance of Common Shares by Warrants	1,216,836	25,000
Issuance of Common Shares by Options	455,000	-

Issuance of Common Shares for Performance	2,550,000	1,700,000
Issuance of Common Shares for Service	524,021	-
Issuance of Common Shares by Exchange	4,400,000	-
Issuance of Common Shares by Debt Conversion	-	899,847
Issuance of Common Shares by Private Placement	-	10,578,993
Balance - end of period	44,911,641	35,441,271

WiSilica has the ability to convert their shares of TraceSafe Technologies Inc. to TraceSafe Inc. at a value of 1:1. As of September 30, 2021, WiSilica holds the following shares in TraceSafe Technologies:

Class & Kind of Share	Number of Shares	Common Stock Equivalent
Class B – Non-Voting Common Stock	12,974,305	12,974,305
Class A – Preferred Stock	-	-
Class B – Preferred Stock	-	-
	12,974,305	12,974,305

### Critical Accounting Policies and Estimates

The preparation of the Consolidated Financial Statements requires management to make estimates and assumptions about the future that affect the amounts recorded in the Consolidated Financial Statements and accompanying notes. These estimates and assumptions are based on the Company's experience and Management's expectations about future events that are believed to be reasonable under the circumstances, and they are continually being evaluated based on new facts and experience. Actual results may differ from these estimates and assumptions. The effect of a change in accounting estimate is recognized prospectively in the period of change and future periods if the change impacts both periods.

### Board Purpose and Function

The directors and management of the parent company have extensive experience operating and taking projects through to various stages of business and technological development. There is a balanced representation of directors with operational, corporate, and financial backgrounds.

The Board's purpose is to ensure corporate governance, risk, strategy, and shareholder interests are prioritized at all times. The Board currently consists of five directors.

### Risk Factors

The following risk factors, and the information incorporated by reference herein, should be considered carefully. These risk factors could materially and adversely affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

### Financial Instruments



The Company's financial instruments consist of cash, accounts payable, accrued liabilities, and amounts due to related parties. Given their short-term nature, the fair value of these instruments approximates their carrying value. It is management's opinion that the Company is not exposed to significant credit risks arising from these financial instruments.

#### Risk Management

The Company's activities expose it to a variety of risks including interest rate risk, credit risk, liquidity risk, and commodity price risk. Reflecting the current stage of development of the Company's various projects, the Company's overall risk management program focuses on facilitating the Company's ability to continue as a going concern and seeks to minimize potential adverse effects on the Company's ability to execute its change of business plan. Risk management is the responsibility of the finance function. Material risks are identified and monitored and are discussed by senior management and with the Audit Committee and the Board of Directors.

#### Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's fixed rate current accounts in the bank and borrowings. As of the reporting date, the Company has not adopted sensitivity analysis to measure interest rate risk due principally to the fact that the Company has no floating rate financial assets and liabilities.

#### Credit Risk

Credit risk refers to the potential loss arising from any failure by counterparties to fulfill their obligations, as and when they fall due. It is inherent to the business as potential losses may arise due to the failure of its customers and counterparties to fulfill their obligations on maturity periods or due to adverse market conditions. The Company's financial assets exposed to credit risk are primarily composed of cash. Maximum exposure is equal to the carrying values of these assets. The Company's cash is held at a large financial institution.

#### Liquidity Risk

Liquidity risk encompasses the risk that the Company cannot meet its financial obligations. The Company actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Company maintains sufficient levels of cash and cash equivalents to meet its working capital requirements. At the current period ended, the Company had a working capital deficit. The Company will need to raise additional funding in the next 12 months to be able to meet its current obligations.

#### Foreign Exchange Risk

During the period, the Company's subsidiaries operate in various jurisdictions where many of its transactions are denominated in other currencies. Accordingly, the results of operations and financial position of the Company are subject to changes as the exchange rate between the US dollar ("USD") and the other currencies fluctuates. The Company's policy is to manage its foreign financial assets and

liabilities using the best available foreign currency exchange rates. Due to the minimal activity of the Company and its subsidiaries, foreign exchange risk is believed to be limited.

#### Dependence on Key Personnel, Contractors, and Service Providers

Shareholders of the Company rely on the good faith, experience, and judgment of the Company's management, contractors, and service providers in supervising and providing for the effective management of the business and the operations of the Company, including the selection and development of new investment and expansion opportunities. The Company may need to recruit additional qualified contractors and service providers to supplement existing management. The Company will be dependent on a relatively small number of key persons, the loss of any one of whom could have an adverse effect on the Company.

#### Value of Our Common Shares

The value of the Company's common shares could be subject to significant fluctuations in response to variations in quarterly and annual operating results, the success of the Company's business strategy, competition, or other applicable regulations.

#### Additional Funding and Financing Risk

Additional funds will be required for future technology development and investment. There is no assurance that sufficient equity financing will be available at reasonable terms to the Company. In addition, any future equity financings by the Company may result in substantial dilution for existing shareholders.

#### Conflicts of Interest

Certain Directors of the Company also serve as Directors of other companies involved in technology development. Consequently, there exists the possibility that such Directors will be in a position of conflict of interest. Any decisions made by such Directors involving the Company are made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other technology companies. In addition, such Directors will declare, and refrain from voting on, any matter in which such Directors may have a material conflict of interest.

#### Regulatory Matters

The Company's business is subject to various federal, provincial, and local laws governing financial system technology development, taxes, labor standards, occupational health and safety, and other regulatory matters. Development of technologies are also potentially subject to various federal, provincial, and local laws and regulations relating to the protection of the financial monetary markets. A violation of these laws may result in the imposition of substantial fines and other penalties.

#### Litigation Risk

Disputes are common in the technology industry where patents, processes, and know-how are being developed and as such, in the normal course of business, the Company may be involved in various legal actions and proceedings which arise from time to time, some of which may be substantial. However, there is no assurance that the Company's insurance arrangements will be sufficient to cover claims that may arise in the future. Furthermore, the Company may be subject to the risk of claims and legal actions

for various contractual matters, primarily arising from alleged intellectual property infringement, in respect of which insurance is not available.

#### Insufficient Revenues

As of the date of this MD&A, the Company did not have sufficient revenues to cover its operating costs. All of the Company's short to medium-term development and investment project funding must be derived from its existing cash position or from external financing.

#### New Business Venture and Technology Adoption Risk

There is no assurance that the Company will be successful in transitioning to new business ventures, that the technology being developed will be adopted by intended end users, or that the Company's operations will eventually become profitable.

#### Potentially Dilutive Loans from Related Parties and Other Related Party Transactions Risk

Historically, the Company had signed loan agreements and debt settlement agreements with individual investors and related parties to raise cash to continue to fund operations. In addition, upon settlement of the loan through the issuance of shares, existing shareholders are potentially significantly diluted. Furthermore, the investment in Airbeam is a related party transaction as the current Director and CEO is also a Director of Airbeam.

#### Reliance on WiSilica Inc, a significant related party and other related party transactions

With the acquisition of TraceSafe's technology, the Company is highly reliant on key personnel of WiSilica Inc. to conduct its business. Specifically, the Company relies on WiSilica staff to organize all production activity and development activity. Any disruption or disputes with WiSilica may result in significant negative impact to its performance. Furthermore, there is a high level of related party activity with WiSilica.

### **Strategy and Outlook**

The Company remains committed to the creation of shareholder value. The directors and management have a wide entrepreneurial network which provides a range of future opportunities. The focus will be on projects and sectors that attract investor interest and offer significant growth potential.

### **Other Information**

Other information and additional disclosure of the Company's technical reports, material change reports, new releases, and other information may be found on the SEDAR website at <https://www.sedar.com>.

### **Corporate Office**

Craigmuir Chambers, P.O. Box 71,  
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British Virgin Islands.

<b>Issuer Details</b>		For Quarter Ended	Date of Report YY/MM/D
Name of Issuer  Tracesafe Inc		September, 2021	2022/05/20
Issuer Address  Craigmuir Chambers, P.O. Box 71			
City/Province/Postal Code  Road Town, Tortola, British Virgin Islands VG1110		Issuer Fax No.  (   )	Issuer Telephone No.  (604) 283-2339 x 702
Contact Name  Mark Leung		Contact Position  CFO	Contact Telephone No.  (604) 356-8111
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