



TruTrace Technologies Announces Fiscal 2019 Financial and Operating Results

TORONTO, August 23, 2019 /CNW/ - TruTrace Technologies Inc. (CSE: TTT; OTCQB: TTTSF) ("TruTrace" or the "Company"), creator of the first fully-integrated blockchain platform that registers and tracks intellectual property for the cannabis industry, today announced its financial and operating results for the year ended April 30, 2019. The Company operated as BLOCKStrain Technology Corp. until April 2019 when it changed its name to TruTrace Technologies Inc. All figures are stated in Canadian dollars.

"We are very proud of what our team has accomplished in our first full year of operations, advancing from a start-up to the developer of a comprehensive platform for tracking cannabis from genome to sale," said TruTrace Technologies CEO Robert Galarza. "Our momentum has continued into fiscal 2020, highlighted by the recent commencement of the Shoppers Drug Mart medical cannabis traceability pilot program. I believe our technology will play an instrumental role in empowering producers, medical practitioners, regulators and consumers with information regarding what truly is in the cannabis products in the market."

Financial Highlights

- The Company generated revenue of \$10,000 in fiscal 2019, compared to nil in fiscal 2018.
- Comprehensive loss was \$14.8 million for the year, compared to \$0.5 million in the prior period. Significant fiscal 2019 operating expenses included \$4.3 million of corporate development costs, \$3.2 million of stock-based compensation and \$2.2 million of product development costs. The Company also incurred \$2.3 million of non-recurring listing charges in Q1 2019 related to its reverse takeover.
- Loss before listing expenses, impairment and stock-based compensation was \$9.2 million in fiscal 2019, compared to \$0.5 million in the prior period. The variance as compared to the prior period was due to having a full year of expenses in 2019 compared to having only start-up product development costs and travel costs in 2018.
- Funds used in operations totaled \$9.0 million for the year, compared to \$0.5 million in the prior period.
- Cash on hand was \$1.2 million as at April 30, 2019, compared to \$25,109 at April 30, 2018.

Fiscal 2019 Operating Highlights

- In May 2018, the Company completed its Qualifying Transaction, raised gross proceeds of \$10.5 million through the issuance of 35 million common shares, and began trading on the TSX Venture Exchange.
- In May 2018, the Company announced that WeedMD was the first licensed producer ("LP") to join its platform, and in October 2018, the Company announced the formal launch of its

proprietary genome tracking software following the collection of WeedMD's cannabis plant DNA. Testing began in November 2018 and the 'first-of-its-kind' cannabis strain validation registration program was completed by January 2019.

- In January 2019, the Company began working with California-based NXT Water to begin validating the hemp-derived CBD fitness water, AKESO.
- In February 2019, the Company announced that Harvest One/United Greeneries had joined its Genome Strain and Clone Registration Program.
- In February 2019, prior to the formal rebrand to TruTrace Technologies, BLOCKStrain was featured in Georgia Straight Cannabis for its platform capabilities and how it is bringing accountability to the industry. Additional highlights included a March 2019 feature in The Growth Op on the TruTrace platform and how it helps LPs stay accountable, and CEO Robert Galarza's participation on a panel about leveraging technology for accountability at Toronto's O'Cannabiz Conference in April 2019.
- In February 2019, the Company entered into a non-binding letter of intent to acquire all of the securities of privately-held Spark Digital Technologies Inc., owner of the IgnitePro™ platform, which is expected to combine with the Company's technology to establish a more robust, full-service offering and ensure regulation and compliance standards are being met and protected on the blockchain.
- The Company added key talent to its leadership team, including Swapan Kakumanu as Chief Financial Officer, Dr. James LaValle as Chief Medical Manager and Dr. Gina Conte as Director of Genetics, as well as cannabis industry pioneer Derek Pedro to the Advisory Board. Mr. Kakumanu and James Carter joined the Board of Directors.

Subsequent Events

- In June 2019, Shoppers Drug Mart announced an initiative to develop and deploy a blockchain-secured pilot program intended to increase transparency, interoperability and product identification within the medical cannabis industry (the "Pilot Program"). The Pilot Program will use the Company's StrainSecure™ technology as a central hub for identity management, asset tracking, validation, and product authentication. StrainSecure will also serve as a master registry for standardized testing, product verification, and quality assurance.
- A number of LPs have been announced as participants in the Pilot Program, including: WeedMD, Zenabis Global, Inc., United Greeneries and The Flowr Corporation, with other LPs expected to be announced in the coming weeks.
- The Company has signed agreements with a number of prospective partners expected to contribute to the successful implementation of its technology, including demand-side cannabis data and analytics company Strainprint Technologies Ltd., analytical testing provider and Molecular Science Corp., genomics technology company Shivom Ventures Limited, cannabis consultancy and technology firm TheraCann International Benchmark Corporation, analytical services company A&L Canada Laboratories and cannabis testing lab Anandia.
- In June 2019, the Company delisted from trading on the TSX Venture Exchange and began trading on the Canadian Securities Exchange in order to pursue development opportunities outside of Canada. In July 2019, the Company commenced trading on the OTCQB® Venture Market under the symbol TTTSF, and expects that this listing will provide TruTrace with increased visibility with prospective global investors, improved liquidity and a more diversified shareholder base.

- Mr. Galarza continued to establish himself as a thought leader on accountability in the cannabis industry through a May 2019 appearance at MaRS Discovery in Toronto about trust, the Blockchain, and how TruTrace has successfully married cannabis to the platform.
- In August 2019, the Company closed the first tranche of a non-brokered private placement financing raising gross proceeds of \$510,000.

Outlook

“Our role in the Pilot Program has been tremendously important for TruTrace, and we expect it to enable us to demonstrate the value of our technology platform to a broad cross-section of the industry,” said Robert Galarza. “We are beginning to see traction in the U.S. as we continue to evolve our platform in an effort to become the industry benchmark.”

With the launch of its platform, TruTrace offers an easily-integrated blockchain solution that tracks cannabis from Genome to Sale™ through the supply chain and provides actionable quality assurance and real-time testing data to the cannabis industry.

The Company’s goal is to build a framework for licensed producers as well as micro cultivators that are entering the newly legalized ecosystem, helping them to easily and inexpensively move their products through testing procedures. TruTrace then places that testing data on the blockchain for immutability and intellectual property protection, and feed that information through the ecosystem for full visibility into the supply chain. The resulting outcome is a trustworthy source of product and inventory data that can be used to support anything from clinical trials to medical efficacy studies, as well as providing regulators, medical practitioners, patients and even retail consumers a much-desired level of actionable intelligence. With TruTrace, all parties can see whether a product is clean, safe, pesticide-free and truly is what it claims to be.

More detailed financial information and analysis with respect to TruTrace's results of operations are available in its audited financial statements and management’s discussion and analysis for the period ended April 30, 2019, both of which can be found on SEDAR at www.sedar.com.

About TruTrace Technologies:

TruTrace Technologies has developed the first integrated blockchain platform to register and track intellectual property in the cannabis industry. TruTrace's technology allows cannabis growers and breeders to identify and secure rights to their intellectual property. It also streamlines the administrative process and reduces the costs of genetic and mandatory quality-control testing for legal cannabis. TruTrace's technology is proprietary, immutable and cryptographically secure, thereby establishing an accurate and permanent account for cannabis strains from ownership to market.

For More Information:

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Disclaimer for Forward-Looking Information

This news release includes forward-looking information within the meaning of Canadian securities legislation, concerning the business of TruTrace, including statements regarding: the current economic climate and its effect on the Corporation's client base business; the Corporation's ability to successfully acquire new customers; the Corporation's ability to successfully implement its technology; Management's assumptions regarding the sustainability of recurring revenue streams; that our technology will play an instrumental role in empowering producers, medical practitioners, regulators and consumers with information regarding what truly is in the cannabis products in the market; the IgnitePro™ platform is expected to combine with the Company's technology to establish a more robust, full-service offering and ensure regulation and compliance standards are being met and protected on the Blockchain; the Pilot Program is intended to increase transparency, interoperability and product identification within the medical cannabis industry; the Pilot Program will use the Company's StrainSecure™ technology as a central hub for identity management, asset tracking, validation, and product authentication; StrainSecure will also serve as a master registry for standardized testing, product verification, and quality assurance; other LPs are expected to be announced as participants in the Pilot Program in the coming weeks; that a number of prospective partners are expected to contribute to the successful implementation of the Company's technology; the Company's expectation that the Pilot Program will enable it to demonstrate the value of its technology platform to a broad cross-section of the industry; and the Corporation's expected profitability. Although the Company believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because the Company can give no assurance that it will prove to be correct and actual results and future events could differ materially from those anticipated in such information. Forward-looking information necessarily involves known and unknown risks, including, without limitation, risks associated with: general economic conditions; adverse industry events; loss of markets; future legislative and regulatory developments in Canada, the United States, and elsewhere; inability to access sufficient capital from internal and external sources, and/or inability to access sufficient capital on favourable terms; and other risks beyond the Company's control. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Company. Readers are cautioned not to place undue reliance on any forward-looking information contained in this news release. Forward-looking information contained in this news release is provided as of the date of this news release. The Company disclaims any intent or obligation to update publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.