
**Condensed interim consolidated
financial statements of
Plurilock Security Inc.**

For the three months ended March 31, 2025 and 2024 (unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim financial statements of Plurilock Security Inc. have been prepared by and are the responsibility of management. These condensed interim consolidated financial statements for the three ended March 31, 2025, have not been reviewed or audited by the Company's independent auditors. All amounts are stated in Canadian Dollars unless otherwise stated.

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Plurilock Security Inc.

Condensed Interim Consolidated Statements of Financial Position (unaudited)

(Expressed in Canadian dollars)

	Notes	March 31, 2025	December 31, 2024
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		2,641,180	1,399,463
Restricted cash	5	20,000	20,000
Trade and other receivables	6	7,286,192	8,698,200
Tax credits receivable	7	211,614	128,979
Inventory	8	592,170	12,005
Prepaid expenses and deposits	9	25,282,733	19,819,032
Contract asset	10	895,216	433,002
Total current assets		36,929,105	30,510,681
Non-current assets			
Property and equipment	11	30,231	91,543
Right-of-use asset	12	—	4,416
Net investment in sublease	13	—	6,495
Intangible assets	14	1,269,216	1,315,883
Goodwill	14	2,507,355	2,507,202
Other non-current assets		36,346	36,970
Total assets		40,772,253	34,473,190
Liabilities			
Current liabilities			
Trade and other payables	15	10,414,370	12,142,512
Unearned revenue	16	28,562,498	24,703,817
Short-term loans	17	2,275,375	2,408,034
Lease liability	13	—	12,390
Total current liabilities		41,252,243	39,266,753
Non-current liabilities			
Deferred tax liability		19,430	19,440
Convertible debenture	18	328,296	328,296
Total liabilities		41,599,969	39,614,489
Shareholders' equity			
Share capital	20(b)	44,932,278	38,543,997
Equity reserve		924,444	754,642
Foreign currency translation (deficit) reserve		(63,645)	(595,114)
Contributed and other surplus		5,159,000	4,922,606
Accumulated deficit		(51,779,793)	(48,767,430)
Total equity		(827,716)	(5,141,299)
Total equity and liabilities		40,772,253	34,473,190

Nature of operations and going concern

1

Subsequent events

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

Approved by the Board

"Blake Corbet"

Blake Corbet, Director

"Jennifer Swindell"

Jennifer Swindell, Director

Plurilock Security Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (unaudited)
(Expressed in Canadian dollars)

Three months ended March 31,		
<i>Restated - Note 27</i>		
Notes	2025	2024
	\$	\$
Revenue		
Cost of sales	23	12,835,308
Gross profit		(11,016,036)
		2,328,861
Operating expenses		
Research and development	24	333,884
Sales and marketing	24	801,987
General and administrative	24	1,960,576
Stock-based compensation	20 (d)(g)	60,839
Total operating expenses		4,299,155
Operating loss		(1,970,294)
Other expenses		
Foreign exchange translation gain (loss)		(122,985)
Acquisition-related expenses		(4,280)
Financing expenses		(3,843)
Other income		85,326
Impairment on assets		(1,794)
Gain on disposal of assets		—
Interest expenses		(416,659)
Total other expenses		(1,042,069)
Loss for the period before tax		(3,012,363)
Net loss for the period		(3,012,363)
Other comprehensive income (loss)		
Items that may be subsequently reclassified to net results		
Foreign exchange translation difference		(76,665)
Other comprehensive income (loss)		531,469
Comprehensive loss for the period		(2,480,894)
Basic and diluted loss per share (Restated - Note 27)	25	(0.04)
		(0.18)

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

Plurilock Security Inc.

Condensed Interim Consolidated Statements in Changes in Equity (unaudited)

March 31, 2025 and 2024

(Expressed in Canadian dollars)

Notes	Contributed and other surplus			Equity reserve	Foreign currency translation (deficit) reserve	Accumulated deficit	Total
	#	\$	\$				
Balance, January 1, 2024 - Restated (Note 27)	10,168,182	25,370,093	2,919,750	675,879	(302,145)	(37,234,957)	(8,571,380)
Shares issued for convertible debenture interest	20(b)	126,666	76,000	-	-	-	76,000
Recognition of stock-based compensation	20(d)	-	-	60,839	-	-	60,839
Net loss for the period		-	-	-	-	(1,802,249)	(1,802,249)
Other comprehensive loss		-	-	-	(76,665)	-	(76,665)
Balance, March 31, 2024 - Restated (Note 27)	10,294,848	25,446,093	2,980,589	675,879	(378,810)	(39,037,206)	(10,313,455)
Units issued for cash	20(b)	26,944,443	5,500,000	-	-	-	5,500,000
Share issuance costs	20(b)	-	(221,514)	-	-	-	(221,514)
Shares issued for debt settlement		1,092,762	437,105	-	-	-	437,105
Shares issued pursuant to consulting service agreement	20(b)	400,326	200,163	-	-	-	200,163
Shares issued as part of acquisition consideration	20(b)	128,570	245,560	-	-	-	245,560
Warrants issued as private placement broker fee	20(b)	-	(169,828)	-	169,828	-	-
Shares and warrants issued for convertible debenture interest	20(b)	222,751	70,823	-	-	-	70,823
Shares issued for convertible debenture conversion	18	4,367,500	2,324,653	-	664,202	-	2,988,855
Equity component of convertible debenture	18	-	-	-	(222,038)	-	(222,038)
Warrants issued as part of financing on convertible debt - conversion		-	-	85,002	(85,002)	-	-
Warrants issued as part of debt settlement		-	-	-	235,576	-	235,576
Recognition of stock-based compensation	20(d)(g)	-	-	1,629,800	-	-	1,629,800
Exercise of warrants		16,178,051	4,710,942	-	(456,588)	-	4,254,354
Expiry of warrants		-	-	227,215	(227,215)	-	-
Net loss for the period		-	-	-	-	(9,730,224)	(9,730,224)
Other comprehensive loss		-	-	-	(216,304)	-	(216,304)
Balance, December 31, 2024	59,629,251	38,543,997	4,922,606	754,642	(595,114)	(48,767,430)	(5,141,299)
Units issued for cash	20(b)	12,459,125	4,983,650	-	-	-	4,983,650
Share issuance costs	20(b)	-	(277,610)	-	-	-	(277,610)
Warrants issued as private placement broker fee	20(b)	-	(192,722)	-	192,722	-	-
Recognition of stock-based compensation	20(d)(g)	-	-	224,342	-	-	224,342
Exercise of warrants		6,438,493	1,874,963	-	(10,868)	-	1,864,095
Expiry of warrants		-	-	12,052	(12,052)	-	-
Net loss for the period		-	-	-	-	(3,012,363)	(3,012,363)
Other comprehensive gain		-	-	-	531,469	-	531,469
Balance, March 31, 2025	78,526,869	44,932,278	5,159,000	924,444	(63,645)	(51,779,793)	(827,716)

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

Plurilock Security Inc.

Condensed Interim Consolidated Statements of Cashflows (unaudited)

March 31, 2025 and 2024

(Expressed in Canadian dollars)

Three months ended March 31, <i>Restated - Note 27</i>		
	2025	2024
	\$	\$
Net loss for the period	(3,012,363)	(1,802,249)
Operating activities		
Adjustments for		
Amortization	24	104,856
Stock-based compensation	20 (d)(g)	60,839
(Gain)/loss on disposal of asset		—
Impairment on assets		942
Deferred rent		5,553
Interest expense - lease liability	13	778
Unrealized foreign exchange (gain)/loss		590,953
Changes in working capital and other items		
Trade and other receivables		1,412,008
Tax credits receivable		(82,635)
Inventory		(580,165)
Prepaid expenses and deposits		(5,463,701)
Contract asset		(462,214)
Other non-current assets		624
Trade and other payables		(1,728,142)
Unearned revenue		3,858,681
Other non-current liabilities		—
Net cash flows used in operating activities	(5,135,140)	(421,115)
Investing activities		
Net cash provided by from disposal of equipment	11	12,954
Net cash (paid) / acquired from/for business acquisition	5	—
Net cash flows provided by (used in) investing activities		12,954
Financing activities		
Proceeds from issuance of shares, net of issuance costs	20 (b)	4,706,040
Proceeds from warrant exercise		1,864,095
Repayments to short-term loans, net		(132,659)
Repayment of short-term loans (LOC)		—
Lease payments	13	(13,168)
Net cash flows provided by (used in) financing activities		6,424,308
Foreign exchange effect on cash and cash equivalents and restricted cash		(60,405)
Net (decrease)/ increase in cash and cash equivalents and restricted cash		1,302,122
Cash and cash equivalents and restricted cash, beginning of period		1,419,463
Cash and cash equivalents and restricted cash, end of period	2,661,180	629,473

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

Plurilock Security Inc.**Condensed Interim Consolidated Statements of Cashflows (unaudited)**

March 31, 2025 and 2024

(Expressed in Canadian dollars)

Plurilock Security Inc.**Condensed Interim Consolidated Statements of Cash Flows (unaudited)**

(Expressed in Canadian dollars)

Supplemental cash flow information

Non-cash financing and investing activities

Three months ended March 31,

	Notes	2025	2024
		\$	\$
Warrants issued as brokers fee pursuant to financing	20(e)	192,722	-
Shares issued for convertible debenture interest payment	20(b)	-	76,000

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

Plurilock Security Inc.**Notes to the Condensed Interim Consolidated Financial Statements (unaudited)**

March 31, 2025 and 2024

(Expressed in Canadian dollars)

1. Nature of operations and going concern

Plurilock Security Inc. ("Plurilock", "PSI" or the "Company"), formerly Libby K Industries Inc. ("Libby K"), was incorporated under the BC Business Corporations Act on July 5, 2018. The Company's head office and principal place of business is located at 1021 West Hastings Street, MNP Tower, 9th Floor, Vancouver, BC, V6E 0C3, Canada.

The Company's common shares trade on the TSX-V as a Tier 1 technology issuer under the ticker symbol "TSX-V: PLUR" and on the OTCQB under the ticker symbol "OTCQB: PLCKF".

Plurilock is an identity-centric cybersecurity company offering IT and cybersecurity solutions through its Solutions Division, paired with proprietary AI-driven and cloud-friendly security products through its Technology Division.

As at the consolidated financial statements December 31, 2024 date, Plurilock had two wholly owned subsidiaries - Plurilock Security Solutions Inc. ("PL") and Integra Network Corporation ("INC"). PL was formed following the amalgamation of PL and 1243540 B.C. Ltd. on September 17, 2020 pursuant to a Qualifying Transaction ("QT"). INC was acquired on March 4, 2022. PL in turn has one wholly owned subsidiary, Plurilock Security Corp. ("PLUS"). PLUS was incorporated on November 15, 2017 in the State of Delaware, USA. On March 31, 2021, PLUS acquired Aurora Systems Consulting Inc. ("ASC"), a provider of advanced cybersecurity technology and services based in the State of California, USA. PLUS acquired all of the outstanding securities of ASC. On July 22, 2021, Plurilock incorporated an Indian subsidiary, Plurilock Security Private Limited ("PSP"). PSP is owned 99.99% by PSI and 0.01% by PL.

These condensed interim consolidated financial statements report that the Company has a net loss of \$3,012,363 and \$1,802,249 for the three months ended March 31, 2025, and 2024, respectively and an accumulated deficit of \$51,779,793 and \$48,767,430 as at March 31, 2025 and December 31, 2024, respectively. The Company has financed its operating cash requirements primarily through the issuance of share capital. The Company's ability to realize the carrying value of its assets and to continue as a going concern is dependent upon the successful execution of the Company's strategic plan to improve the scale and profitability of its business to achieve future profitable operations. It will be necessary for the Company to raise additional funds from time to time for the continued execution of its strategic plan. These funds may come from sources which include the issuance of shares, the issuance of debt or alternative sources of financing. The ability of the Company to continue as a going concern is dependent upon the continued support from the Company's shareholders, lenders, and the Company's ability to attain profitable operations in the near future. There can be no assurance that the Company will successfully generate sufficient operating cash flows or raise sufficient funds to continue the execution of its strategic plan and to operate as a going concern. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on May 30, 2025.

Plurilock Security Inc.**Notes to the Condensed Interim Consolidated Financial Statements (unaudited)**

March 31, 2025 and 2024

(Expressed in Canadian dollars)

2. Basis of presentation*Statement of compliance*

These condensed interim consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards issued by the International Accounting Standards Board ("IASB") and IFRIC® Interpretations of the IFRS Interpretations Committee issued and effective as of December 31, 2024. The Company's material accounting policies are presented in Note 3 to the consolidated financial statements for the year ended December 31, 2024, and have been consistently applied in the preparation of these condensed interim consolidated financial statements.

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Basis of presentation

These condensed interim consolidated financial statements were prepared on a going concern basis, under the historical cost convention, except for certain items not carried at historical cost as noted below. These condensed interim consolidated financial statements are presented in Canadian dollars.

Critical accounting estimates and judgements

In preparing these condensed interim consolidated financial statements management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant estimates and judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the most recent annual consolidated financial statements.

3. Material accounting policies

The preparation of these condensed interim financial statements is based on accounting principles and practices consistent with those used in the preparation of the Company's audited financial statements for the year ended December 31, 2024, unless otherwise indicated.

There are no new IFRS standards issued, but not yet effective, that may affect the condensed interim consolidated financial statements of the Company.

These condensed interim consolidated financial statements include the financial statements of the Company and its subsidiaries (Note 1).

Plurilock consolidates subsidiaries controlled by the Company. Control exists when the Company is exposed, or has the rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries. The financial results of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

All intercompany balances, transactions, revenues, and expenses are eliminated.

Plurilock Security Inc.**Notes to the Condensed Interim Consolidated Financial Statements (unaudited)**

March 31, 2025 and 2024

(Expressed in Canadian dollars)

4. New accounting policies

The following new standards, amendments to standards and interpretations have been issued but are not effective during the three months ended March 31, 2025 and the year ended December 31, 2024.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) — the amendments sought to improve the information that an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within 12 months after the reporting period. These amendments to IAS 1 override but incorporate the previous amendments, classification of liabilities as current or non-current, issued in January 2020, which clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities should be classified as non-current if a company has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, and are to be applied retrospectively. There was no material impact on adoption.

The IASB's newly issued IFRS Accounting Standard, IFRS 18 Presentation and Disclosure in Financial Statements aims to improve the usefulness of information presented and disclosed financial statements. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with early application permitted. AcSB will ballot IFRS 18 and complete its endorsement process in Q2 2024. The company has not adopted this standard and will plan implementation by the prescribed deadline.

The Company does not expect the amendment or any other amendments to standards and interpretations applicable to the Company and not yet effective for the three months ended March 31, 2025 to have a significant effect on its condensed interim consolidated financial statements.

5. Restricted cash

Restricted cash contains deposits held as securities against the Company's business credit cards. The renewal terms on these deposits are twelve months. We have no ability to draw on such funds as long as they remain restricted under the applicable arrangements.

6. Trade and other receivables

The Company's trade receivables and other receivables are comprised of the following:

	March 31, 2025	December 31, 2024
	\$	\$
Trade receivables	7,286,192	8,698,200
	7,286,192	8,698,200

As at March 31, 2025, \$1,155,066 or 10.4% of the trade receivables balance is over 90 days past due compared to \$977,528 or 11% as at December 31, 2024 and 56.3% of the trade receivable balances are owing from 5 customers as at March 31, 2025 compared to 74.5% owing from 5 customers as at December 31, 2024. The Company evaluates credit losses on a regular basis based on the aging and collectability of its receivables.

Plurilock Security Inc.**Notes to the Condensed Interim Consolidated Financial Statements (unaudited)**

March 31, 2025 and 2024

(Expressed in Canadian dollars)

7. Tax credits receivable

The Company's tax credits receivable are comprised of the following:

	March 31, 2025	December 31, 2024
	\$	\$
Tax credits receivable	211,614	128,979
	211,614	128,979

Tax credits receivable balance as at March 31, 2025 of \$211,614 is related to goods and services tax ("GST") receivable compared to \$128,979 as at December 31, 2024.

8. Inventory

	March 31, 2025	December 31, 2024
	\$	\$
Finished goods	592,170	12,005
	592,170	12,005

Inventory balance as at March 31, 2025 of \$592,170 (\$12,005 as at December 31, 2024) is related to products under the Company's possession but not yet delivered to customers.

Amounts of \$2,684,315 of inventories was expensed during the three months ended March 31, 2025, as cost of sales (\$1,277,645 during the three months ended March 31, 2024).

9. Prepaid expenses and deposits

	March 31, 2025	December 31, 2024
	\$	\$
Prepaid service contracts	771,649	321,750
Deposits	955	954
Advance to supplier	24,510,129	19,496,328
	25,282,733	19,819,032

Prepaid service contracts consist of various prepaid agreements including online subscriptions, insurance, membership fees, marketing and consulting services for mainly corporate finance and investor relations purposes. As at March 31, 2025, the Company had an advance to suppliers balance of \$24,510,129, compared to \$19,496,328 as at December 31, 2024, reflecting prepayments made for inventory.

Plurilock Security Inc.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)
 March 31, 2025 and 2024
 (Expressed in Canadian dollars)

10. Contract Asset

	March 31, 2025	December 31, 2024
	\$	\$
Contract Asset	895,216	433,002
	895,216	433,002

As at March 31, 2025, the Company recognized a contract asset of \$895,216, compared to \$433,002 as at December 31, 2024, reflecting revenue earned but not yet billed, aligning with the Company's revenue recognition policies.

11. Property and equipment

Property and equipment consist of furniture, computer equipment and a vehicle and are broken down as follows:

Property and equipment - cost	\$
Balance January 1, 2024	234,812
Additions	42,191
Foreign exchange gain	(2,031)
Balance December 31, 2024	274,972
Disposals	(61,861)
Foreign exchange gain	2,220
Balance March 31, 2025	215,331

Property and equipment - accumulated depreciation	\$
Balance January 1, 2024	151,387
Depreciation for the year	32,042
Balance December 31, 2024	183,429
Depreciation for the period	50,578
Disposals	(48,907)
Balance March 31, 2025	185,100

Property and equipment net book value	\$
At December 31, 2024	91,543
At March 31, 2025	30,231

Plurilock Security Inc.**Notes to the Condensed Interim Consolidated Financial Statements (unaudited)**

March 31, 2025 and 2024

(Expressed in Canadian dollars)

12. Right-of-use asset

Right-of-use asset relates to an office space lease acquired as part of the business acquisition. During the three months ended March 31, 2025, the Company fully depreciated all of its right-of-use assets. The following table provides a reconciliation of this right-of-use asset:

Balance January 1, 2024	52,848
Derecognition of ROU asset	1,988
Depreciation	(50,420)
Balance December 31, 2024	4,416
Depreciation	(4,416)
Balance March 31, 2025	-

13. Lease liability

Lease liability relates to the lease of office spaces acquired as part of business acquisitions, for which the lease term ends on January 31, 2025, and February 28, 2025 respectively, and were discounted using an interest rate of 10%. During the three months ended March 31, 2025, the Company recognized \$778 (March 31, 2024 - \$5,433) in interest expense on the lease liability and paid out the lease liability obligations and forfeited extending the lease terms.

On April 1, 2023, the Company subleased the above discussed office space for which the lease term ends on February 28, 2025. The Company is an intermediate lessor and subleased its whole office space (head lease). The Company has assessed the classification of its sublease arrangements in accordance with IFRS 16 and has determined that they qualify as finance leases. Accordingly, the recognition of lease income and expense is consistent with the finance lease accounting principles outlined in the accounting policies note. The sub-lease of office space is for 23 months. The sublease payments are fixed, the difference between payments from sublease and payments to the head lease has been recorded under 'Impairment on Assets' on condensed interim consolidated statements of loss and comprehensive loss.

Lease liability	\$
Balance January 1, 2024	122,153
Add: interest during the year	5,670
Less: payment during the year	(115,433)
Balance December 31, 2024	12,390
Add: interest during the period	778
Less: payment during the period	(13,168)
Balance March 31, 2025	-

14. Intangible assets and goodwill

Intangible assets consist of (i) patent costs incurred in 2015 related to three (3) 20-year patents ("**Patents**") covering certain aspects of our behavioral biometric algorithms, (ii) a U.S. government wide procurement contract ("**Procurement Contract**"), (iii) a brand name ("**Brand name**"), and (iv) customer relationships ("**Customer Relationships**") acquired as a part of business acquisitions.

Plurilock Security Inc.**Notes to the Condensed Interim Consolidated Financial Statements (unaudited)**

March 31, 2025 and 2024

(Expressed in Canadian dollars)

14. Intangible assets and goodwill (continued)

The changes in the Company's intangible assets for the three months ended March 31, 2025 and at December 31, 2024 are as follows:

	Patent	Procurement Contract	Customer Relationships	Brand	Total
Cost					
January 1, 2024	\$100,000	\$275,559	\$1,699,284	\$369,674	\$2,547,083
Additions	-	-	104,266	-	104,266
Foreign exchange	-	23,764	-	31,882	55,646
December 31, 2024	\$100,000	\$299,323	\$1,803,550	\$401,556	\$2,706,995
Foreign exchange	-	-	183	23	206
March 31, 2025	\$100,000	\$299,323	\$1,803,733	\$401,579	\$2,707,201
Amortization					
January 1, 2024	\$45,000	\$249,960	\$736,060	\$	\$1,133,586
Additions	5,000	26,696	203,163	-	234,859
Foreign exchange	-	22,667	-	-	22,667
December 31, 2024	\$50,000	\$299,323	\$939,223	\$	\$1,391,112
Additions	1,250	-	45,624	-	46,874
Foreign exchange	-	-	-	-	-
March 31, 2025	\$51,250	\$299,323	\$984,846	\$	\$1,437,985
Net Book Value					
December 31, 2024	\$50,000	\$ -	\$864,327	\$401,556	\$1,315,883
March 31, 2025	\$48,750	\$ -	\$818,887	\$401,579	\$1,269,216

Goodwill	\$
Balance January 1, 2024	2,308,148
Change in foreign exchange evaluation	199,054
Balance December 31, 2024	2,507,202
Change in foreign exchange evaluation	153
Balance March 31, 2025	2,507,355

Plurilock Security Inc.**Notes to the Condensed Interim Consolidated Financial Statements (unaudited)**

March 31, 2025 and 2024

(Expressed in Canadian dollars)

14. Intangible assets and goodwill (continued)

During the three months ended March 31, 2025, management completed an impairment indicator assessment related to the brand and goodwill, at the time of the assessment management found no indicators to be evident warranting an impairment on intangibles or goodwill.

15. Trade and other payables

The Company's trade and other payables are comprised of the following:

	March 31, 2025	December 31, 2024
	\$	\$
Trade payables and accrued liabilities	9,637,730	11,493,347
Payroll liabilities	804,997	709,835
Other payables	(28,357)	(60,670)
	10,414,370	12,142,512

Accrued liabilities as at March 31, 2025, included contingent considerations of \$Nil (\$212,041 as at December 31, 2024) including performance-based earnout to be paid to the vendors as part of business acquisitions. During the three months ended March 31, 2025, the Company paid out \$287,870 to certain vendors as part of the business acquisition consideration that was recorded in accrued liabilities. During the year ended December 31, 2024, the Company issued \$245,560 of shares to certain vendors as part of the business acquisition consideration of which \$191,705 was recorded in accrued liabilities and the remaining balance of \$53,855 to the Company's consolidated statements of loss and comprehensive loss.

16. Unearned revenue

	\$
Balance January 1, 2024	18,487,955
Amounts received	(15,108,695)
Revenue recognized	19,642,975
Foreign exchange	1,681,582
Balance December 31, 2024	24,703,817
Amounts received	(26,641,959)
Revenue recognized	30,492,328
Foreign exchange	8,312
Balance March 31, 2025	28,562,498

Unearned revenue as at March 31, 2025 and December 31, 2024 consisted of cash collected under customer contracts with goods or services that had not yet been delivered.

17. Short-term loans

On October 17, 2023, the Company announced the increase to its Pathward line of credit ("LOC") from up to US\$4 million (CAD\$5.7 million) to US\$7 million (CAD\$10.1 million) to its wholly owned subsidiary, Aurora Systems Consulting, Inc. ("Aurora"). The interest rate of the loan is prime plus 4.25% on any outstanding amount. The loan is eligible up to 85% of accounts receivable. During the three months ended March 31, 2025, the Company paid \$108,120 (March 31, 2024 -

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17. Short-term loans (continued)

\$171,015) in interest on the Pathward line of credit.

	March 31, 2025	December 31, 2024
	\$	\$
Line of credit (LOC)	2,275,375	2,408,034
	2,275,375	2,408,034

18. Convertible debenture

The Company completed two rounds of financing on August 15, 2022, and September 20, 2022 in the form of convertible debenture. On August 15, 2022, the Company completed the first tranche (the "**First Tranche**") of the financing for aggregate gross proceeds of \$1,245,000 through non-brokered private placement of convertible debenture units ("**Debenture Units**") at \$1,000 per debenture unit ("**Financing**").

Each debenture consists of \$1,000 principal amount of 10% unsecured convertible debenture of the Company with a maturity date of 48 months from the date of issuance, subject any forced conversion in certain circumstances and 500 common share purchase warrants. Each warrant will entitle the holders thereof to acquire one common share of the Company at an exercise price of \$0.40 per warrant share for 24 months from the date of the issuance. The Warrants will be subject to an accelerated expiry if, anytime following the date of issuance, the weighted average daily trading price of the common shares of the Company on the TSX Venture Exchange is or exceeds \$0.50 for any 10 consecutive trading days, in which the holder may, at the Company's election, be given notice, by way of a news release, that the Warrants will expire 30 days following the date of such notice. Subject to approval from the TSXV, the Debentures will be convertible at the holder's option into common shares (the "**Debenture Shares**") at a conversion price of \$0.285 per Debenture Share. On September 20, 2022, the Company completed the second tranche (the "Second Tranche") of the financing for aggregate gross proceeds of \$285,000 through non-brokered private placement of debenture units at \$1,000 per debenture unit. These debenture units have the same terms as the First Tranche debenture units.

According to IFRS 9 as well as IAS 32, part of the debenture units with total value of \$1,166,666 has been classified as liabilities on the consolidated statements of financial position. This portion of the debenture units has been valued at its fair value at initial recognition.

The convertible feature of the debenture units as well as the warrants attached with total value of \$363,334 have been classified as equity reserves and on the consolidated statements of equity. The fair values of the convertible feature of the debenture units and the warrants are assessed at residual value at initial recognition with no subsequent measurement.

A total of \$38,273 broker fee and direct expenses were incurred in relation to the First and Second Tranche of the financing. An additional amount of broker warrants of \$13,800 was issued as compensation for completing the financing. The broker warrants have been classified as equity and its fair values were assessed with the Black-Scholes model with no subsequent revaluation.

Broker fees paid in cash and broker warrants issued were proportionated according to the liabilities and equity portions of the convertible debenture discussed above and accounted for as transaction costs and netted against equity and liabilities accordingly. During the year ended December 31, 2023, the Company issued 44,028 common shares at \$1.25 related to the December 31, 2022 interest payment and recognized a total of \$152,000 of interest expense related to the June 30, 2023 and December 31, 2023 interest payments of which 54,285 common

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18. Convertible debenture (continued)

shares were issued and settled at \$1.40.

During the year ended December 31, 2024, the Company settled the December 31, 2023 interest payment by issuing 126,666 common shares at \$0.60 and 147,756 common shares for interest accrued on conversion and recognized \$70,823 of interest expense on the Company's consolidated statements of loss and comprehensive loss. The Company settled the June 30, 2024 interest payment by issuing 74,995 common shares at \$0.30 and settled the December 31, 2024 interest payment of \$13,750 in cash. The Company recognized \$20,098 of interest accretion on the convertible debt and \$10,000 of convertible debt was converted for 3,509 common shares.

On June 28, 2023, the Company announced the repricing of 76,500 of convertible debenture warrants from exercise price of \$4.00 per warrant to \$2.00 per warrant subject to TSX.V approval. In addition, the Company repriced the initially issued \$1,530,000 of convertible debentures with a conversion exercise price of \$2.85 per share to \$2.00 per share for all unconverted debentures. On July 11, 2023, the TSX.V approved the warrant and conversion exercise reprice to \$2.00.

During year ended December 31, 2024, the Company provided Debenture holders an opportunity to convert the Debentures at a reduced conversion price of \$0.25 for a period of 30 days. The warrants held by those Debenture holders who elected to convert their debentures during the inducement period were cancelled and received one full common share purchase warrant for each debenture share issued on conversion of the Debentures. Each induced warrant entitles the holder of thereof to purchase one additional share for a period of one year at price of \$0.30.

During the year ended December 31, 2024, the Company incurred a loss of \$1,153,268 related to convertible debt inducements, contributing to a total net loss of \$1,817,470 for the period. During the year ended December 31, 2024, \$1,245,000 of convertible debt was converted for 4,367,500 common shares. Upon conversion of the induced convertible debt, 53,500 warrants were canceled and replaced with 4,280,000 new warrants. The fair value of the newly issued warrants was \$664,202, which was recognized as a loss on inducement in the Company's consolidated statements of loss and comprehensive loss. During the three months ended March 31, 2025, the Company recognized \$Nil (\$Nil – three months ended March 31, 2024) in interest accretion on the convertible debt and no convertible debt was converted into common shares.

The following table summarizes the continuity of the Convertible Debenture:

	<i>Debt Portion</i>	<i>Equity Portion</i>	<i>Total Convertible Debenture</i>
	\$	\$	\$
Balance January 1, 2024	1,257,545	360,960	1,618,505
Interest accretion recognized	20,098	-	20,098
Convertible debt converted to common shares	(949,347)	(307,040)	(1,256,387)
Balance December 31, 2024	328,296	53,920	382,216
Interest accretion recognized	-	-	-
Convertible debt converted to common shares	-	-	-
Balance March 31, 2025	328,296	53,920	382,216

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20. Share capital*(a) Authorized*

Unlimited number of common shares without par value and without special rights or restrictions attached.

Effective April 19, 2024, a share consolidation of the Company's issued and outstanding common shares on the basis of ten pre-consolidated common shares for one post-consolidated common share. As a result, the Company's issued and outstanding warrants and stock options were also consolidated on a ten-to-one basis. All information relating to basic and diluted loss per share, issued and outstanding common shares, share purchase warrants, broker warrants, stock options, share and per share amounts in these consolidated financial statements have been adjusted retrospectively to reflect the share consolidation for all prior periods presented. Following the share consolidation, the issued capital of the Company was reduced to 10,294,848 shares, 2,584,800 warrants and 1,079,683 stock options outstanding.

The total issued and outstanding share capital consists of 78,526,869 and 59,629,251 common shares without par value as at March 31, 2025 and December 31, 2024 respectively.

(b) Issued and outstanding

During the three months ended March 31, 2025, the Company completed the following transactions:

- 12,459,125 units at \$0.40 were issued for total gross proceeds of \$4,983,650 and share issuance costs of \$277,610. Each unit is comprised of one common share and one common share purchase warrant, where each three-year warrant is exercisable at \$0.50. There was no value allocated to the warrants under the residual method. 689,675 broker warrants were issued, where each three-year warrant is exercisable with the same terms as the other warrants issued. \$192,722 was allocated as fair value to the broker warrants and recorded as share issuance costs.
- 1,349,050 warrants were exercised at \$0.25 for total gross proceeds of \$337,262.
- 5,089,443 warrants were exercised at \$0.30 for total gross proceeds of \$1,526,833.

During the year ended December 31, 2024, the Company completed the following transactions:

- 22,500,000 units at \$0.20 were issued for total gross proceeds of \$4,500,000 and share issuance costs of \$186,514. Each unit is comprised of one common share and one common share purchase warrant, where each two-year warrant is exercisable at \$0.25 in the first year and \$0.40 in the second year. There was no value allocated to the warrants under the residual method. 1,016,575 broker warrants were issued, where each two-year warrant is exercisable with the same terms as the other warrants issued. \$145,207 was allocated as fair value to the broker warrants and recorded as share issuance costs.
- 4,444,443 units at \$0.225 were issued for total gross proceeds of \$1,000,000 and share issuance costs of \$35,000. Each unit is comprised of one common share and one common share purchase warrant, where each warrant is exercisable at \$0.30 for a period of two years. There was no value allocated to the warrants under the residual method. 155,555 broker warrants were issued, where each two-year warrant is exercisable with the same terms as the other warrants issued. \$24,621 was allocated as fair value to the broker warrants and recorded as share issuance costs.

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20. Share capital (continued)*(b) Issued and outstanding (continued)*

- 1,092,762 units at a fair value \$0.40 were issued for settlement of debt in the amount of \$437,105. Each unit is comprised of one common share and one common share purchase warrants, where each two-year warrant is exercisable at \$0.25 in the first year and \$0.40 in the second year. The Company recognized a loss on debt settled in the amount of \$454,128 on the Company's consolidated statements of loss and comprehensive loss of which \$218,552 was related to the excess value of settlement of debt and \$235,576 fair value of the warrants issued.
- 128,570 common shares at \$1.90 were issued as part of the acquisition consideration of Atrion where \$191,705 was recorded in accrued liabilities and the remaining balance was recognized as loss in the Company's consolidated statements of loss and comprehensive loss.
- 126,666 common shares at \$0.60 were issued related to the December 31, 2023 interest payment for convertible debenture in the amount of \$76,000 recorded in accrued liabilities.
- 74,995 common shares at \$0.30 were issued related to the June 30, 2024 interest payment for convertible debenture in the amount of \$22,500 recorded in accrued liabilities.
- 4,427,756 common shares were issued on the induced convertible debenture conversion plus interest accrued in the amount of \$1,118,323 (Note 18).
- 14,211,451 warrants were exercised at \$0.25 for total gross proceeds of \$3,552,863.
- 1,892,555 warrants were exercised at \$0.30 for total gross proceeds of \$567,767.
- 22,826 warrants were exercised at \$1.40 for total gross proceeds of \$31,956.
- 1,219 warrants were exercised at \$1.45 for total gross proceeds of \$1,768.
- 50,000 warrants were exercised at \$2.00 for total gross proceeds of \$100,000.
- 400,326 common shares at \$0.50 were issued pursuant to the consulting agreement to a certain director of the Company in the amount of \$200,163.
- 87,500 common shares were issued on the convertible debenture conversion in the amount of \$175,000 (Note 18).

(c) Stock option plan

On June 18, 2024, the Plurilock Board of Directors approved the replacement of the Plurilock ESOP Plan with a new Plurilock stock option plan ("Omnibus Incentive Plan") for the purchase of an aggregate of 3,460,000 common shares to employees, officers, directors, and consultants of the Company, pursuant to the terms of the Omnibus Plan. The stock options are exercisable at \$0.30 per share, expire in five years from the date of grant, and most options vest immediately. Some options vest 25% each quarter over the course of the year. Subject to shareholder approval.

Under the Omnibus Plan, the Company adopted a rolling 10% stock option plan and fixed 10% RSU plan. The maximum number of non-voting shares available for issuance under the Omnibus Plan is 10% of the issued and outstanding common shares.

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20. Share capital (continued)*(c) Stock option plan (continued)*

On June 24, 2024, the Company granted to an officer of the Company an aggregate of 3,460,000 options to purchase common shares at an exercise price of \$0.30 per share, expire in five years from the date of grant, and most options vest immediately. Some options vest 25% each quarter over the course of the year.

On July 12, 2024, the Company granted certain consultants of the Company an aggregate of 280,000 options to purchase common shares at an exercise price of \$1.03 per share, which will vest immediately from the grant date.

On July 30, 2024, the Company granted certain consultants of the Company an aggregate of 20,000 options to purchase common shares at an exercise price of \$1.00 per share, which will vest immediately from the grant date.

On August 16, 2024, the Company granted certain consultants of the Company an aggregate of 150,000 options to purchase common shares at an exercise price of \$2.13 per share, which will vest immediately from the grant date.

On September 4, 2024, the Company granted certain employees and consultants of the Company an aggregate of 195,000 options to purchase common shares at an exercise price of \$0.73 per share, which will vest immediately from the grant date.

On September 4, 2024, the Company granted certain employees and consultants of the Company an aggregate of 100,000 options to purchase common shares at an exercise price of \$1.00 per share, which will vest immediately from the grant date.

On September 16, 2024, the Company granted certain employees and consultants of the Company an aggregate of 20,000 options to purchase common shares at an exercise price of \$0.65 per share, which will vest immediately from the grant date.

On October 15, 2024, the Company granted certain employees and consultants of the Company an aggregate of 335,000 options to purchase common shares at an exercise price of \$0.66 per share, with various vesting dates.

On November 13, 2024, the Company granted certain employees and consultants of the Company an aggregate of 150,000 options to purchase common shares at an exercise price of \$0.435 per share, which will vest immediately from the grant date.

On February 21, 2025, the Company granted certain employees and consultants of the Company an aggregate of 200,000 options to purchase common shares at an exercise price of \$0.40 per share, which will vest immediately from the grant date.

On March 12, 2025, the Company granted certain employees and consultants of the Company an aggregate of 250,000 options to purchase common shares at an exercise price of \$0.30 per share, which will vest immediately from the grant date.

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20. Share capital (continued)**(c) Stock option plan (continued)**

The following table summarizes the continuity of the Company's Employee Stock Option Plan ("ESOP"):

	Number of options #	Weighted average exercise price \$
Balance, January 1, 2024	1,126,764	2.80
Granted	4,713,879	0.45
Forfeited	(339,600)	1.73
Expired	(750,617)	3.24
Balance, December 31, 2024	4,750,426	0.48
Granted	450,000	0.34
Forfeited	(90)	1.50
Expired	(10)	1.50
Balance, March 31, 2025	5,200,326	0.47

Additional information concerning stock options outstanding as at March 31, 2025 and December 31, 2024 is as follows:

The number of exercisable stock options as of March 31, 2025 was 4,489,064 with an average exercise price of \$0.47 per stock option as compared to 4,138,086 with an average exercise price of \$0.48 per stock option as of December 31, 2024.

The weighted average remaining contractual life and exercise prices of stock options outstanding as at March 31, 2025 and December 31, 2024, as follows:

Exercise price	March 31, 2025		December 31, 2024	
	Number of stock options	Weighted average contractual life (in years)	Number of stock options	Weighted average contractual life (in years)
\$ 0.30	3,705,000	4.23	3,455,000	4.48
\$ 0.40	200,000	4.90	-	-
\$ 0.44	150,000	4.62	150,000	4.87
\$ 0.65	20,000	4.47	20,000	4.71
\$ 0.66	335,000	3.87	335,000	4.79
\$ 0.73	195,000	4.43	195,000	4.68
\$ 1.00	120,000	4.42	120,000	4.66
\$ 1.03	280,000	4.28	280,000	4.53
\$ 1.50	40,230	7.82	40,330	8.11
\$ 2.00	5,000	7.92	5,000	8.17
\$ 2.13	150,000	4.38	150,000	4.63
\$ 3.70	96	6.99	96	7.23
Total	5,200,326	4.30	4,750,426	4.57

The estimated fair value of each option granted under the Company's SOP was estimated on the grant date using the Black-Scholes option pricing model with the following weighted average assumptions. The volatility used is based on volatilities of peer companies:

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20. Share capital (continued)

(c) Stock option plan (continued)

Approval date	Exercise price	Share price at grant date	Expected life (years)	Expected volatility	Risk-free interest rate	Expected dividends	Options issued	Expiry date
March 31, 2023	\$ 1.50	\$ 1.65	10.00	125%	3.66%	0.00%	5,000	March 31, 2033
February 28, 2023	\$ 2.00	\$ 1.95	10.00	124%	2.99%	0.00%	5,000	February 28, 2033
January 31, 2023	\$ 1.50	\$ 1.25	10.00	123%	3.50%	0.00%	5,000	January 31, 2033
January 31, 2023	\$ 1.50	\$ 1.25	10.00	118%	3.50%	0.00%	89,200	January 31, 2033
March 24, 2022	\$ 3.70	\$ 3.60	10.00	112%	1.92%	0.00%	58,716	March 24, 2032
June 24, 2024	\$ 0.30	\$ 0.29	5.00	130%	3.76%	0.00%	3,460,000	June 24, 2029
July 12, 2024	\$ 1.03	\$ 1.03	5.00	141%	3.10%	0.00%	280,000	July 12, 2029
July 30, 2024	\$ 1.00	\$ 1.00	5.00	146%	3.10%	0.00%	20,000	July 30, 2029
August 16, 2024	\$ 2.13	\$ 2.13	5.00	151%	3.10%	0.00%	150,000	August 16, 2029
September 4, 2024	\$ 1.00	\$ 0.73	5.00	159%	2.84%	0.00%	100,000	September 4, 2029
September 4, 2024	\$ 0.73	\$ 0.73	5.00	159%	2.84%	0.00%	195,000	September 4, 2029
September 16, 2024	\$ 0.65	\$ 0.65	5.00	157%	2.66%	0.00%	20,000	September 16, 2029
October 15, 2024	\$ 0.66	\$ 0.66	5.00	139%	2.90%	0.00%	335,000	October 15, 2029
November 13, 2024	\$ 0.44	\$ 0.44	5.00	137%	3.02%	0.00%	150,000	November 13, 2029
February 21, 2025	\$ 0.40	\$ 0.33	5.00	112%	2.66%	0.00%	200,000	February 21, 2030
March 12, 2025	\$ 0.30	\$ 0.29	5.00	112%	2.66%	0.00%	250,000	March 12, 2030

(d) Stock-based compensation reserve

Total stock-based compensation related to stock options cost recognized in the Company's condensed interim consolidated financial statements of loss and comprehensive loss for the three months ended March 31, 2025, was \$71,457 compared to \$60,839 during the same period in prior year and is credited to contributed surplus.

Total stock-based compensation expense for the three months ended March 31, 2025, is comprised of the expense pursuant to stock options issued to related parties (as discussed in Note 26) of \$Nil compared to \$34,639 respectively in prior year for the same periods and to other parties of \$71,457 compared to \$26,200 respectively in the prior year for the same periods.

(e) Warrants

There were 25,242,280 warrants as at March 31, 2025, compared to 18,686,667 as at December 31, 2024.

The following table summarizes the continuity of the warrants:

	Number of warrants #	Weighted average exercise price \$
Balance, January 1, 2024	2,637,800	2.10
Private placement	26,944,443	0.32
Finder's fee for private placement	1,172,130	0.32
Convertible debt warrants forfeited on conversion	(53,000)	2.00
Convertible debenture conversion warrants issued	4,280,000	0.30
Shares for debt settlement	1,092,762	0.33
Expired	(1,209,417)	2.13
Warrants Exercised	(16,178,051)	0.26
Balance, December 31, 2024	18,686,667	0.50
Private placement - special warrants	12,459,125	0.50
Finder's fee for private placement - special warrants	689,675	0.50
Expired	(154,694)	1.95
Warrants Exercised	(6,438,493)	0.29
Balance, March 31, 2025	25,242,280	0.54

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20. Share capital (continued)**(e) Warrants (continued)**

During the year ended December 31, 2024, the Company provided Debenture holders an opportunity to convert the Debentures at a reduced conversion price of \$0.25 for a period of 30 days.

The warrants held by those Debenture holders who elected to convert their debentures during the inducement period were cancelled and received one full common share purchase warrant for each debenture share issued on conversion of the Debentures. Each induced warrant entitles the holder of thereof to purchase one additional share for a period of one year at price of \$0.30.

On conversion of the induced convertible debt, 53,500 warrants were cancelled and replaced with 4,280,000 warrants on conversion with a fair value of \$664,202 which was recognized as a loss on inducement on the Company's consolidated statements of loss and comprehensive loss.

(f) Special Warrants

During the three months ended March 31, 2025, the Company closed a non-brokered private placement of 12,459,125 special warrants at the price of \$0.40 per Special Warrant for gross proceeds of \$4,983,650. Each special warrant will automatically convert into one unit of the Company. Each Unit shall consist of one common share of the Company and one transferable common share purchase warrant. Each Warrant shall entitle the holder thereof to acquire one share at a price of \$0.50 per share for a period of three years following the date of issue.

(g) Restricted share units

On June 18, 2024, the Plurilock Board of Directors approved the replacement of the Plurilock ESOP Plan with a new Plurilock stock option plan ("Omnibus Incentive Plan") for the purchase of an aggregate of 3,800,000 common shares to employees, officers, directors, and consultants of the Company, pursuant to the terms of the Omnibus Plan.

The RSUs are exercisable at \$0.30 per share, 3-year vesting period with 1/3 vesting on the date that is one year from the date of grant and another 1/3 every 12 months thereafter. Under the Omnibus Plan, the Company adopted a rolling 10% stock option plan and fixed 10% RSU plan. The maximum number of RSU's the Company can issue under the plan is 4,051,485 RSUs.

On June 18, 2024, the Company granted to certain officers, employees, and consultants of the Company an aggregate of 3,800,000 RSU's, which has a 3-year vesting period with 1/3 vesting on the date that is one year from the date of grant and another 1/3 every 12 months thereafter. The total fair value of the RSU's granted is \$1,026,000 to be recognized as the RSUs vest. During the three months ended March 31, 2025, the Company recognized \$152,885 compared to \$Nil respectively during the same period in the prior year of stock-based compensation on the condensed interim consolidated statements of loss and comprehensive loss.

On August 15, 2024, shareholders of the Company approved the new Omnibus Plan and issuance of RSU's and options to certain officers, employees and consultants issued on June 18, 2024.

Total stock-based compensation expense for the months ended March 31, 2025, is comprised of the expense pursuant to restricted share units issued to related parties (as discussed in Note 26) of \$152,885 compared to \$Nil respectively in prior year for the same periods.

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21. Capital risk management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and cash equivalents, restricted cash, loans, convertible debenture, and equity comprised of issued share capital, contributed surplus and equity reserve:

	March 31, 2025	December 31, 2024
	\$	\$
Cash and cash equivalents	2,641,180	1,399,463
Restricted cash	20,000	20,000
Short-term loans	(2,275,375)	(2,408,034)
Convertible debenture	(328,296)	(328,296)
Share capital	(44,932,278)	(38,543,997)
Contributed surplus	(5,159,000)	(4,922,606)
Equity reserve	(924,444)	(754,642)
Total	(50,958,213)	(45,538,112)

The Company manages its capital structure and adjusts it considering economic conditions. The Company, upon approval from its Board of Directors, balances its overall capital structure through new share issuances, loans, or by undertaking other activities as deemed appropriate under the specific circumstances.

22. Financial instruments

The Company's financial instruments consist of cash and cash equivalents, restricted cash, trade and other receivables, trade payables and accruals, short term loans, and convertible debenture.

Cash and cash equivalents and restricted cash are classified as financial assets at amortized cost and are initially recognized at fair value and subsequently carried at amortized cost less any impairment. Trade receivables as collateral for loans are classified as financial assets at FVTOCI and are initially recognized at fair value and subsequently measured with FVTOCI. Trade and other receivables other than trade receivables as collateral for loans are classified as financial assets at amortized cost and are initially recognized at fair value and subsequently carried at amortized cost less any impairment. The carrying value of these financial assets approximates their fair value due to the relatively short period to maturity.

Trade payables and accruals, short term loans, lease liability, and a portion of convertible debenture are classified as financial liabilities at amortized cost and recognized at fair value and subsequently carried at amortized cost. The carrying value of other financial liabilities approximate fair value due to the relatively short period to maturity.

Financial risk management

Management and monitoring of financial risks are performed by the Company's management, which manages all financial exposures. The Company is exposed to various financial risks through its financial instruments: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and other price risk). The following analysis enables users to evaluate the nature and extent of the risks at the end of each reporting period.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's significant financial

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22. Financial instruments (continued)*Financial risk management**(a) Credit risk (continued)*

assets include cash and cash equivalents, restricted cash and trade and other receivables. The Company mitigates credit risk on cash by placing it at credit-worthy financial institutions.

The carrying amounts of the financial assets represent the Company's maximum credit exposure:

	March 31, 2025	December 31, 2024
	\$	\$
Cash and cash equivalents	2,641,180	1,399,463
Restricted cash	20,000	20,000
Trade and other receivables	7,286,192	8,698,200
	9,947,372	10,117,663

The Company transacts with customers with strong credit ratings and strives to minimize credit risk by performing credit reviews, ongoing credit evaluation and account monitoring procedures. The credit risk associated with trade receivables with the aging balances over 90 days at March 31, 2025 is considered lower than normal given the customers of the Company are governments. All of the Company's receivables have been reviewed for indicators of impairment and, if any, bad debt expenses have been recorded. The aging of trade and other receivables is as follows:

	March 31, 2025			December 31, 2024
	0-30 days	31-90 days	Over 90 days	\$
	\$	\$	\$	\$
Trade receivables	5,065,066	2,051,966	169,160	7,286,192
	5,065,066	2,051,966	169,160	8,698,200

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rates of the Company's short-term loans are fixed; as a result, the Company is not subject to significant interest rate risk. Interest rate on the Company's cash deposits and guaranteed income certificates held at the bank is nominal.

(c) Liquidity risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due or can only do so at excessive costs.

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due, through cash flows from its operations and anticipating any investing and financing activities. The Company manages its liquidity risk by forecasting cash flows required for operations and anticipated financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

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22. Financial instruments (continued)*Financial risk management (continued)**(d) Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company enters into foreign currency purchase and sale transactions and has assets and liabilities that are denominated in foreign currencies. The Company is exposed to the financial risk of earnings fluctuations arising from changes in foreign exchange rates and the degree of volatility of these rates. The Company does not currently use derivative instruments to reduce its exposure to foreign currency risk.

A breakdown of the Company's financial instruments by currency, presented in Canadian dollars, is presented below:

	March 31, 2025				December 31, 2024				Total
	USD	INR	EUR	CAD	Total	USD	INR	EUR	
Cash and cash equivalents	383,473	82,535	214,603	1,960,569	2,641,180	417,954	94,553	205,543	681,413 1,399,463
Restricted cash	-	-	-	20,000	20,000	-	-	-	20,000 20,000
Trade and other receivables	6,645,621	10,661	-	629,910	7,286,192	7,513,349	58,252	-	1,126,599 8,698,200
Trade payables and accruals	8,847,644	34,633	-	755,453	9,637,730	10,870,607	45,971	-	576,769 11,493,347
Short-term loans	2,275,375	-	-	-	2,275,375	2,408,034	-	-	- 2,408,034
Lease liability	-	-	-	-	-	5,268	-	-	7,122 12,390
Convertible debenture	-	-	-	328,296	328,296	-	-	-	328,296 328,296

Significant exchange rates used

	March 31, 2025	December 31, 2024
Average rate for the period/year		
US dollar	1.4359	1.4000
Indian Rupee	0.0166	0.0166
European Euro	1.5196	1.4816
Statement of financial position rates		
US dollar	1.4394	1.4393
Indian Rupee	0.0168	0.0168
European Euro	1.5540	1.4928

The table below shows the Company's sensitivity to foreign exchange rates for its U.S. dollar, European Euro and Indian Rupee financial instruments, the foreign currencies in which the Company's assets and liabilities are denominated:

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22. Financial instruments (continued)*Financial risk management (continued)**(d) Currency risk (continued)*

	March 31, 2025 increase/(decrease) in equity	December 31, 2024 increase/(decrease) in equity
10% appreciation of the U.S. dollar against Canadian dollar	(409,393)	(535,261)
10% depreciation of the U.S. dollar against Canadian dollar	409,393	535,261
10% appreciation of the European Euro against Canadian dollar	21,460	20,554
10% depreciation of the European Euro against Canadian dollar	(21,460)	(20,554)
10% appreciation of the Indian Rupee against Canadian dollar	5,856	10,684
10% depreciation of the Indian Rupee against Canadian dollar	(5,856)	(10,684)

(e) Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value reflects market conditions at a given date and, for this reason, may not be representative of future fair values or of the amount that will be realized upon settling the instrument.

To the extent possible, the Company uses data from observable markets to measure the fair value of an asset or liability. Fair value measurements are established based on a hierarchy into three levels that categorizes the inputs to valuation techniques.

Level 1 – Fair value measurement based on quoted prices (unadjusted) observable in active markets for identical assets or liabilities.

Level 2 – Fair value measurement using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 – Fair value measurement using inputs that are not based on observable market data (unobservable inputs).

The carrying value of cash and cash equivalents, restricted cash, trade and other receivables, trade payables and accruals and short-term loans approximates their fair value due to the relatively short-term maturity of these financial instruments and are measured and reported at amortized cost. The carrying values of the liability portion of the convertible debenture are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

The fair value of financial assets and liabilities are as follows:

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22. Financial instruments (continued)*Financial risk management (continued)**(e) Fair values (continued)*

	March 31, 2025	December 31, 2024
	\$	\$
Cash and cash equivalents	2,641,180	1,399,463
Restricted cash	20,000	20,000
Trade and other receivables	7,286,192	8,698,200
Total financial assets	9,947,372	10,117,663
Trade payables and accruals	9,637,730	11,493,347
Short-term loans	2,275,375	2,408,034
Lease liability	-	12,390
Convertible debenture	328,296	328,296
Total financial liabilities	12,241,401	14,891,232

(f) Contractual cash flows

The contractual maturity of short-term loans, lease liability, convertible debenture and trade payables and accruals are shown below:

	March 31, 2025		
	Due in less than a year	Due between one to five years	Total
	\$	\$	\$
Trade payables and other payables	9,637,730	-	9,637,730
Short-term loans	2,275,375	-	2,275,375
Convertible debenture	-	328,296	328,296
Total	11,913,105	328,296	12,241,401

	December 31, 2024		
	Due in less than a year	Due between one to five years	Total
	\$	\$	\$
Trade payables and other payables	11,493,347	-	12,142,512
Short-term loans	2,408,034	-	2,408,034
Lease liability	12,390	-	12,390
Convertible debenture	-	328,296	328,296
Total	13,913,771	328,296	14,891,232

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23. Segment information

The Company's operating segments are organized according to similar economic characteristics by the markets and types of products it serves and are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"). The CEO and CFO are considered the chief operating decision-makers ("CODMs") and have the authority for resource allocation and are responsible for assessing the Company's performance.

(a) Operating segments

Plurilock has two operating segments, the Technology Division and the Solutions Division. The following table provides an overview of these segments and underlying businesses.

Technology Division

The Technology division, operated under the Plurilock brand, builds and operates Plurilock's own proprietary product (DEFEND) as well as the acquired product (CloudCodes). The Technology division is operated by PSI, PL, PLUS and PSP. The Company's corporate overhead expenses associated with PSI are allocated to the Technology Division.

Solutions Division

The Solutions division is separately operated by ASC and INC. The Solutions division offers services, cybersecurity industry products and technologies other than Plurilock's own proprietary products (DEFEND). Acquisition related costs associated with acquiring ASC and INC have also been allocated to the Solutions Division.

(b) Consolidated total assets and liabilities

For the purposes of monitoring segment performance and allocating resources between segments, the Company's CODMs monitor the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments with the exception of investments in associates. Goodwill has been allocated to the reportable segment where the acquisition took place. Total assets and liabilities by reportable operating segments are as follows:

	March 31, 2025			December 31, 2024		
	\$			\$		
	Technology Division	Solutions Division	Total	Technology Division	Solutions Division	Total
Total assets	3,809,815	36,962,438	40,772,253	2,446,941	32,026,249	34,473,190
Total liabilities	(2,435,002)	44,034,971	41,599,969	952,165	38,662,324	39,614,489

Plurilock Security Inc.**Notes to the Condensed Interim Consolidated Financial Statements (unaudited)**

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23. Segment information (continued)**(c) Revenue from major products and services**

Under both the Technology Division and the Solutions Division, revenue is generated from the below three categories.

(i) Hardware and maintenance sales

Hardware and maintenance sales revenues are comprised of products that proactively prevent, secure, and manage advanced cybersecurity threats and malware for customers.

(ii) Software, license, and maintenance sales

Software, license, and maintenance sales revenues are comprised of fees that provide customers with access to propriety and third-party software licenses and related support and updates during the term of the customer agreements.

(iii) Professional services

Professional services are generally on either a fixed fee, milestone based, time & material or subscription basis. These services are generally distinct from other goods or services that the Company might provide to the same customer under the same or separate contracts.

Revenue from the above categories under each segment for three months ended March 31, 2025 and 2024 are as follows:

	Three months ended March 31,					
	Restated - Note 27					
	2025		2024			
	Technology Division	Solutions Division	Total Revenue	Technology Division	Solutions Division	Total Revenue
	\$	\$	\$	\$	\$	\$
Hardware and systems sales	-	2,720,232	2,720,232	-	1,362,232	1,362,232
Software, license and maintenance sales	-	12,405,475	12,405,475	244,632	9,820,646	10,065,278
Professional services	176,343	3,738,564	3,914,907	-	1,407,798	1,407,798
Total	176,343	18,864,271	19,040,614	244,632	12,590,676	12,835,308

(d) Segment revenue, gross margin, and operational results

Management evaluates each segment's performance based on gross margin which factors in directly attributable segment revenues, cost of sales, as well as net income/(loss) before taxes. Segment net income represents segment revenues less cost of sales, minus operating expenditures including sales and marketing, research, and development as well as general and administrative expenses under each segment. The Company's revenue, cost of sales, gross margin and net income for the three months ended March 31, 2025 and 2024 are as follow:

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23. Segment information (continued)

(d) Segment revenue, gross margin, and operational results (continued)

	For the three months ended March 31,					
	2025			2024		
	Technology Division	Solutions Division	Total	Technology Division	Solutions Division	Total
	\$	\$	\$	\$	\$	\$
Revenue	176,343	18,864,271	19,040,614	244,632	12,590,676	12,835,308
Cost of sales	45,022	16,666,731	16,711,753	74,113	10,941,923	11,016,036
Gross profit	131,321	2,197,540	2,328,861	170,519	1,648,753	1,819,272
Gross margin	74.5%	11.6%	12.2%	69.7%	13.1%	14.2%
Total operating expenses	1,897,243	2,401,912	4,299,155	982,761	2,174,525	3,157,286
Other expenses	-	-	1,042,069	-	-	464,235
Net income (loss) before taxes	(1,765,922)	(204,372)	(3,012,363)	(812,242)	(525,772)	(1,802,249)

(e) Revenue and long-lived assets by geographic locations

Geographic revenue information is based on the location of the customers invoiced. Long-lived assets include property and equipment, non-current deposits, right-of-use asset, intangible assets, and goodwill.

	For the three months ended	
	Restated - Note 27	
	March 31, 2025	March 31, 2024
	\$	\$
Revenue		
United States	16,899,327	11,971,860
India	122,716	124,888
Canada	2,018,571	738,560
	19,040,614	12,835,308

	March 31, 2025	December 31, 2024
	\$	\$
Long-lived assets		
United States	1,286,993	3,894,621
Canada	48,800	67,888
	1,335,793	3,962,509

Plurilock Security Inc.**Notes to the Condensed Interim Consolidated Financial Statements (unaudited)**

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24. Operating expenses

	For the three months ended	
	March 31, 2025	March 31, 2024
	\$	\$
Research and development		
Communication and IT services	22,831	84,869
Contractors	-	19,726
Government assistance	-	-
Office and general	-	966
Salaries and benefits	203,969	255,300
COGS allocation	-	(26,977)
Travel and entertainment	-	-
	226,800	333,884
Sales and marketing		
Advertising and promotion	5,115	7,771
Communication and IT services	12,334	28,529
Contractors	3,500	13,073
Marketing	52,546	3,312
Office and general	1,274	27
Salaries and benefits	604,133	595,596
Sales commission	212,401	153,679
Travel and entertainment	4,594	-
	895,896	801,987
General and administrative		
Amortization and depreciation	101,868	104,856
Bad debt	-	353,499
Communication and IT services	153,600	73,362
Contractors	92,756	7,114
Insurance	42,987	25,241
Office and general	128,693	123,441
Professional fees	299,654	157,203
Investor relations and regulatory filing	399,239	67,216
Salaries and benefits	1,688,157	1,042,151
Travel and entertainment	45,163	6,493
	2,952,117	1,960,576

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25. Loss per share

Basic loss per share is calculated by dividing net loss for the period attributable to common shareholders by the weighted average number of common shares outstanding during the period.

Diluted loss per share is calculated by dividing net loss for the period attributable to common shareholders by the weighted average number of common shares outstanding during the period plus the weighted average number of common shares, if any, that would be issued on conversion of all the dilutive potential effects.

All of the outstanding stock options and share purchase warrants as at March 31, 2025 and 2024 were anti-dilutive as the Company was in a loss position.

The basic and diluted net loss per share for the Company for the period is calculated using the following:

For the three months ended		
	Restated - Note 27	
	March 31, 2025	March 31, 2024
	\$	\$
Numerator		
Net loss for the period	(3,012,363)	(1,802,249)
Denominator		
Weighted average number of common shares outstanding, basic and diluted	68,996,088	10,293,453
Basic and diluted loss per share	(0.04)	(0.18)

26. Related party transactions

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's Board of Directors and members of the executive team.

The following table summarizes the related party transactions:

For the three months ended		
	March 31, 2025	March 31, 2024
	\$	\$
Salaries, benefits and consulting fees	476,196	272,484
Stock-based compensation expense*	489,575	34,639
	965,771	307,123

* Reflects the amount recorded as expense in the condensed interim consolidated statement of loss and comprehensive loss. The fair value of stock-based compensation is measured at grant date and is recognized as an expense over the vesting period.

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27. Restatement of previously issued condensed interim consolidated financial statements

The Company has restated its comparative column to these condensed interim consolidated financial statements for the three months ended March 31, 2024.

The Company reviewed its revenue recognition in accordance with IFRS 15. The Company has reassessed and changed from principal recognition to agent recognition for hardware maintenance and support transactions where the vendor has prime responsibility for carrying out the contractual obligations. The Company also reassessed that where it is reselling software and is principal, the revenue recognition is over time as opposed to a point in time. These changes created the following changes as represented in the tables below:

1. On the Statements of Loss and Comprehensive Loss for the three months ended March 31, 2024:
 - a. Revenue was increased by \$1,260,378.
 - b. Cost of sales was increased by \$1,976,241.
 - c. Operating expenses decreased by \$26,224.
 - d. Foreign exchange translation difference decreased by \$182,704.
2. On the Statements of Financial Position as at March 31, 2024:
 - a. Trade and other receivables decreased by \$4,021,699.
 - b. Prepaid expenses and deposits increased by \$19,335,072.
 - c. Trade and other payables decreased by \$5,051,557.
 - d. Unearned revenue increased by \$23,904,625.

All issued and outstanding common shares, per share amounts, earnings per share, and outstanding equity instruments and awards exercisable into common shares in the condensed interim consolidated financial statements of the Company and notes thereto have been retroactively adjusted to reflect the (10:1) share consolidation on April 19, 2024 for all prior periods presented.

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The following tables present the impact of the restatement on the Company's previously reported condensed interim consolidated statements of financial position for the three months ended March 31, 2024:

	Previously reported	Adjustments	Restated
Assets			
Current			
Cash and cash equivalents	609,473	—	609,473
Restricted cash	20,000	—	20,000
Trade and other receivables	9,129,230	(4,021,699)	5,107,531
Tax credits receivable	193,467	—	193,467
Inventory	1,608,696	—	1,608,696
Prepaid expenses and deposits	336,752	19,335,072	19,671,824
Total current assets	11,897,618	15,313,373	27,210,991
Non-current			
Property and equipment	76,958	—	76,958
Right-of-use asset	41,489	—	41,489
Net investment in sublease	35,997	—	35,997
Intangible assets***	1,758,559	(378,640)	1,379,919
Goodwill****	3,545,244	(1,189,628)	2,355,616
Other non-current assets	36,502	—	36,502
Total assets	17,392,367	13,745,105	31,137,472
Liabilities			
Current			
Trade and other payables	15,127,150	(5,051,557)	10,075,593
Unearned revenue	2,026,553	23,904,625	25,931,178
Short-term loans	3,824,687	—	3,824,687
Lease liability - current	97,409	—	97,409
Total current liabilities	21,075,799	18,853,068	39,928,867
Non-current			
Lease liability - non-current	—	—	—
Deferred income tax liability	18,831	—	18,831
Convertible debenture	1,257,545	—	1,257,545
Other non-current liabilities	245,684	—	245,684
Total liabilities	22,597,859	18,853,068	41,450,927
Shareholders' equity			
Share capital	25,446,093	—	25,446,093
Equity reserve	675,879	—	675,879
Foreign currency translation reserve*	14,044	(392,854)	(378,810)
Contributed and other surplus	2,980,589	—	2,980,589
Accumulated deficit**	(34,322,097)	(4,715,109)	(39,037,206)
Total equity	(5,205,492)	(5,107,963)	(10,313,455)
Total equity and liabilities	17,392,367	13,745,105	31,137,472

* Included in the foreign currency translation reserve adjustment, from opening balance adjustment as of January 1, 2024.

** Included in the accumulated deficit adjustment, is from opening balance adjustment as of January 1, 2024.

*** Included in intangible assets adjustment, is from opening balance adjustment as of January 1, 2024.

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**** Included in goodwill adjustment, is from opening balance adjustment as of January 1, 2024.

The following tables present the impact of the restatement on the Company's previously reported condensed interim consolidated statements of loss and comprehensive loss and cash flows for the three months ended March 31, 2024:

	Previously reported	Adjustments	Restated
Revenue	11,574,930	1,260,378	12,835,308
Cost of sales	(9,039,795)	(1,976,241)	(11,016,036)
Gross profit	2,535,135	(715,863)	1,819,272
Operating Expenses			
Research and development	333,884	—	333,884
Sales and marketing	801,987	—	801,987
General and administrative	1,986,800	(26,224)	1,960,576
Impairment on goodwill and intangibles	—	—	—
Share-based compensation	60,839	—	60,839
Total operating expenses	3,183,510	(26,224)	3,157,286
Operating income (loss)	(648,375)	(689,639)	(1,338,014)
Other income (expenses)			
Foreign exchange gain (loss)	(122,985)	—	(122,985)
Other income (expense)	85,326	—	85,326
Acquisition related expenses	(4,280)	—	(4,280)
Financing expenses	(3,843)	—	(3,843)
Impairment on assets	(1,794)	—	(1,794)
Loss on disposal of assets	—	—	—
Interest expense	(416,659)	—	(416,659)
Total other expenses	(464,235)	—	(464,235)
Loss for the period before tax	(1,112,610)	(689,639)	(1,802,249)
Income tax recovery	—	—	—
Net loss for the period	(1,112,610)	(689,639)	(1,802,249)
Other comprehensive (loss) income			
Items that may be subsequently reclassified to net loss			
Foreign exchange translation difference	106,039	(182,704)	(76,665)
Other comprehensive (loss) income	106,039	(182,704)	(76,665)
Total comprehensive loss for the period	(1,006,571)	(872,343)	(1,878,914)
Loss per share - basic, dilutive			
Basic loss per share	(0.10)	(0.08)	(0.18)
Statement of cash flow impacts			
Net cash (used in) provided by operating activities	(683,179)	262,064	(421,115)
Net cash (used in) provided by financing activities	(3,563)	—	(3,563)
Net cash (used in) provided by investing activities	(760,273)	(76,000)	(836,273)
Effect of exchange rate on cash	18,295	(186,064)	(167,769)

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28. Subsequent events

Management has evaluated subsequent events through May 30, 2025 and determined that no events requiring disclosure or adjustment have occurred.