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

For the three months ended March 31, 2022 and 2021 (unaudited)

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

(Expressed in Canadian dollars)

		<b>March 31, 2022</b>	December 31, 2021
	Notes	\$	\$
<b>Assets</b>			
Current assets			
Cash and cash equivalents		<b>5,997,613</b>	9,468,104
Trade and other receivables	5	<b>3,149,524</b>	6,095,581
Tax credits receivable	6	<b>299,033</b>	281,184
Inventory	7	<b>1,391,164</b>	734,097
Prepaid expenses and deposits	8	<b>415,869</b>	349,664
<b>Total current assets</b>		<b>11,253,203</b>	16,928,630
Non-current assets			
Property and equipment	9	<b>88,959</b>	64,861
Right-of-use asset	10	<b>125,879</b>	—
Intangible assets	12	<b>593,425</b>	622,757
Goodwill	4	<b>1,817,358</b>	852,032
Other non-current assets		<b>13,073</b>	13,218
<b>Total assets</b>		<b>13,891,897</b>	18,481,498
<b>Liabilities</b>			
Current liabilities			
Trade and other payables	13	<b>6,245,367</b>	10,997,987
Unearned revenue	14	<b>308,356</b>	327,763
Short-term loan	15	<b>1,877,937</b>	—
Government loan - current	16	<b>18,984</b>	—
Lease liability	11	<b>40,280</b>	—
<b>Total current liabilities</b>		<b>8,490,924</b>	11,325,750
Non-current liabilities			
Lease liability - non-current	11	<b>95,875</b>	—
Government loan - non-current	16	<b>177,633</b>	201,719
Deferred tax liability		<b>24,167</b>	24,230
<b>Total liabilities</b>		<b>8,788,599</b>	11,551,699
<b>Shareholders' equity</b>			
Share capital	17	<b>20,728,010</b>	20,496,808
Equity reserve		<b>518,438</b>	522,281
Foreign currency translation reserve		<b>(19,247)</b>	(93,174)
Contributed and other surplus		<b>1,932,360</b>	1,681,011
Accumulated deficit		<b>(18,056,263)</b>	(15,677,127)
<b>Total equity</b>		<b>5,103,298</b>	6,929,799
<b>Total equity and liabilities</b>		<b>13,891,897</b>	18,481,498

Subsequent events

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

Approved by the Board

*"Robert Kiesman"*

Robert Kiesman, Director

*"Barry Carlson"*

Barry Carlson, Director

**Plurilock Security Inc.**

**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (unaudited)**

(Expressed in Canadian dollars)

		<b>Three months ended March 31,</b>	
	Notes	<b>2022</b>	2021
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>	20	<b>6,953,052</b>	75,761
Cost of sales		<b>(6,491,950)</b>	(8,889)
Gross profit		<b>461,102</b>	66,872
<b>Operating expenses</b>			
Research and development	21	<b>547,413</b>	273,672
Sales and marketing	21	<b>787,342</b>	304,251
General and administrative	21	<b>1,053,739</b>	526,678
Stock-based compensation	17(d)	<b>251,349</b>	258,944
<b>Total operating expenses</b>		<b>2,639,843</b>	1,363,545
<b>Operating loss</b>		<b>(2,178,741)</b>	(1,296,673)
<b>Other income (expenses)</b>			
Foreign exchange translation gain (loss)		<b>(103,269)</b>	(20,690)
Acquisition-related expenses		<b>(82,352)</b>	(247,508)
Financing expenses		—	(7,752)
Listing expenses		—	(1,911)
Interest expenses		<b>(14,774)</b>	(224)
<b>Total other expenses</b>		<b>(200,395)</b>	(278,085)
<b>Net loss for the period</b>		<b>(2,379,136)</b>	(1,574,758)
<b>Other comprehensive loss</b>			
<b>Items that may be subsequently reclassified to net loss</b>			
Foreign exchange translation difference		<b>73,927</b>	(5,922)
<b>Other comprehensive loss</b>		<b>73,927</b>	(5,922)
<b>Comprehensive loss for the period</b>		<b>(2,305,209)</b>	(1,580,680)
<b>Basic and diluted loss per share</b>	22	<b>(0.03)</b>	(0.03)

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

**Plurilock Security Inc.**  
**Consolidated Statements of Changes in Equity**  
(Expressed in Canadian dollars)

			Contributed and other surplus	Equity reserve	Foreign currency translation reserve	Accumulated deficit	Total
Notes	Share capital						
	#	\$	\$	\$	\$	\$	\$
<b>Balance, January 1, 2021</b>	<b>45,211,251</b>	<b>10,131,702</b>	<b>755,409</b>	<b>208,999</b>	<b>(19,092)</b>	<b>(9,399,667)</b>	<b>1,677,351</b>
Units issued for cash	11,240,736	5,158,111	-	-	-	-	5,158,111
Share issuance costs	-	(296,902)	-	-	-	-	(296,902)
Warrants issued pursuant to private placement financing broker fee	-	(189,375)	-	189,375	-	-	-
Shares issued as part of acquisition consideration	698,888	440,299	-	-	-	-	440,299
Shares issued pursuant to acquisition broker fee	46,296	25,000	-	-	-	-	25,000
Recognition of share-based payments	-	-	258,944	-	-	-	258,944
Exercise of stock options	138,750	55,272	-	(27,522)	-	-	27,750
Exercise of warrants	1,060,507	406,410	-	(23,167)	-	-	383,243
Net loss for the period	-	-	-	-	-	(1,574,758)	(1,574,758)
Other comprehensive loss	-	-	-	-	(5,922)	-	(5,922)
<b>Balance, March 31, 2021</b>	<b>58,396,428</b>	<b>15,730,517</b>	<b>1,014,353</b>	<b>347,685</b>	<b>(25,014)</b>	<b>(10,974,425)</b>	<b>6,093,116</b>
Units issued for cash	9,200,000	4,600,000	-	-	-	-	4,600,000
Share issuance costs	-	(298,667)	-	-	-	-	(298,667)
Warrants issued to underwriters for bought deal	-	(196,048)	-	196,048	-	-	-
Warrant issuance costs	-	-	-	(13,723)	-	-	(13,723)
Shares issued as part of acquisition consideration	-	(185,552)	-	-	-	-	(185,552)
Recognition of stock-based compensation	-	-	678,295	-	-	-	678,295
Exercise of stock options	43,000	12,610	(11,637)	13,647	-	-	14,620
Exercise of warrants	2,048,144	833,948	-	(21,376)	-	-	812,572
Net loss for the period	-	-	-	-	-	(4,702,702)	(4,702,702)
Other comprehensive loss	-	-	-	-	(68,160)	-	(68,160)
<b>Balance, December 31, 2021</b>	<b>69,687,572</b>	<b>20,496,808</b>	<b>1,681,011</b>	<b>522,281</b>	<b>(93,174)</b>	<b>(15,677,127)</b>	<b>6,929,799</b>
Shares issued for services	17(b) 53,809	22,600	-	-	-	-	22,600
Shares issued as part of acquisition consideration	17(b) 476,190	200,000	-	-	-	-	200,000
Shares issued pursuant to acquisition broker fee	17(e) 42,647	14,500	-	-	-	-	14,500
Recognition of stock-based compensation	17(e) —	-	251,349	-	-	-	251,349
Exercise of warrants	17(e) 12,808	7,685	-	(3,843)	-	-	3,842
Net loss for the period	—	-	-	-	-	(2,379,136)	(2,379,136)
Other comprehensive gain/(loss)	—	(13,583)	-	-	73,927	-	60,344
<b>Balance, March 31, 2022</b>	<b>70,273,026</b>	<b>20,728,010</b>	<b>1,932,360</b>	<b>518,438</b>	<b>(19,247)</b>	<b>(18,056,263)</b>	<b>5,103,298</b>

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

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

(Expressed in Canadian dollars)

		<b>Three months ended March 31,</b>	
		<b>2022</b>	<b>2021</b>
		<b>\$</b>	<b>\$</b>
<b>Net loss for the period</b>	Notes	<b>(2,379,136)</b>	<b>(1,574,758)</b>
<b>Operating activities</b>			
Adjustments for			
Amortization	21	<b>41,377</b>	7,944
Stock-based compensation	17(d)	<b>251,349</b>	258,944
Interest expense - short term loans		<b>11,209</b>	—
Interest expense - long term loans		<b>1,874</b>	—
Interest expense - lease liability	11	<b>1,050</b>	348
Non-cash operating expenses		<b>20,000</b>	—
Acquisition-related costs	4	<b>14,500</b>	25,000
Unrealized foreign exchange loss/(gain)		<b>103,269</b>	23,462
Changes in working capital and other items			
Trade and other receivables		<b>2,946,057</b>	58,170
Tax credits receivable		<b>(17,849)</b>	69,243
Inventory		<b>(657,067)</b>	—
Prepaid expenses and deposits		<b>(66,205)</b>	(106,324)
Trade and other payables		<b>(4,752,620)</b>	117,384
Unearned revenue		<b>(19,407)</b>	(37,868)
Net cash flows used in operating activities		<b>(4,501,599)</b>	<b>(1,158,455)</b>
<b>Investing activities</b>			
Acquisition of equipment	9	<b>25,217</b>	(12,974)
Net cash acquired/(paid) from/for business acquisition	4	<b>(871,838)</b>	53,981
Net cash flows used in investing activities		<b>(846,621)</b>	<b>41,007</b>
<b>Financing activities</b>			
Proceeds from issuance of shares, net of issuance costs		<b>—</b>	4,861,207
Proceeds from warrant exercise		<b>3,842</b>	383,244
Proceeds from stock option exercises		<b>—</b>	27,750
Proceeds from short-term loans		<b>1,868,619</b>	—
Repayment of short-term loans		<b>(1,891)</b>	—
Lease payments	11	<b>(3,503)</b>	(4,575)
Net cash flows from financing activities		<b>1,867,067</b>	<b>5,267,626</b>
Foreign exchange effect on cash		<b>10,662</b>	(22,759)
Net increase in cash and cash equivalents		<b>(3,481,153)</b>	4,150,178
Cash and cash equivalents, beginning of period		<b>9,468,104</b>	1,721,179
<b>Cash and cash equivalents, end of period</b>		<b>5,997,613</b>	<b>5,848,598</b>

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

**Plurilock Security Inc.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
(Expressed in Canadian dollars)

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**Supplemental cash flow information**

		<b>Three months ended March 31,</b>	
		<b>2022</b>	2021
Non-cash financing and investing activities			
	Notes	<b>\$</b>	<b>\$</b>
Warrants issued as finders fee pursuant to financing	17(e)	-	189,375
Shares issued as part of acquisition	4	<b>200,000</b>	254,747

## Plurilock Security Inc.

### Notes to the condensed interim consolidated financial statements (unaudited)

March 31, 2022 and 2021

(Expressed in Canadian dollars)

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

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, 9<sup>th</sup> 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 condensed interim consolidated financial statement March 31, 2022 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 99.9% by PSI and 0.01% by PL.

These condensed interim consolidated financial statements report that the Company has a comprehensive loss of \$2,305,209 and \$1,580,680 for the three months ended March 31, 2022 and 2021 respectively and an accumulated deficit of \$18,056,263 and \$15,677,127 and as at March 31, 2022 and December 31, 2021 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. As a result of the above, there may be material uncertainties in the future that may cast significant doubt on the Company's ability to continue as a going concern.

These condensed interim consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at the amounts different from those reflected in the accompanying condensed interim consolidated financial statements.

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on May 27, 2022.

## **2. Basis of presentation**

### *Statement of compliance*

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using the accounting policies consistent with International Financial Reporting Standards ("IFRS").

These condensed interim consolidated financial statements should be read in conjunction with the most recently issued annual consolidated financial statements of the Company, which include information necessary or useful to understanding the Company's operations, financial performance, and financial statement presentation. In particular, the Company's significant accounting policies were presented as Note 3 in the annual consolidated financial statements for the year ended December 31, 2021 and have been consistently applied in the preparation of these condensed interim consolidated financial statements.

### *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.

## **3. Significant accounting policies**

### *Principles of consolidation*

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 subsidiary. 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.

### *Financial instruments*

The Company classifies its financial assets in the following categories:

- Financial assets at fair value through profit or loss ("**FVTPL**"): Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income statement. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the consolidated statement of comprehensive loss in the period in which they arise.
- Financial assets at fair value through other comprehensive income ("**FVTOCI**"): Financial assets are recognized as FVTOCI if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Financial assets at amortized cost: All other financial assets not categorized as FVTPL or FVTOCI are considered financial assets at amortized cost. Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

## Plurilock Security Inc.

### Notes to the condensed interim consolidated financial statements (unaudited)

March 31, 2022 and 2021

(Expressed in Canadian dollars)

### 3. Significant accounting policies (continued)

#### Financial instruments (continued)

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading or designated as at FVTPL, are measured at amortized cost using the effective interest method.

Debt and equity instruments are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of financial liability and equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after reducing all its liabilities. Equity instruments issued by the Company are recognized as proceeds are received, net of direct issue costs.

Equity instruments that are not held for trading may be irrevocably designated as FVTOCI on initial recognition, on an investment-by-investment basis, and any subsequent changes in the instrument's fair value are recognized in other comprehensive income. Debt instruments that are not designated as FVTPL can be recognized as FVTOCI if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

The component parts of convertible financial liabilities issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument. The fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. Transaction costs are allocated to the liability and equity components in proportion to the allocation of the gross proceeds.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share capital. Where the conversion option remains unexercised at the maturity date of the convertible loan note, the balance recognised in equity will be transferred to deficit. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

The Company's classification and measurement basis of its financial instruments are as follows:

Financial instruments	Classification and measurement basis
Cash and cash equivalents	Amortized cost
Trade and other receivables	Amortized cost
Trade receivables as collaterals for loans	FVTOCI
Trade payables and accruals	Amortized cost
Government loans	Amortized cost

## **Plurilock Security Inc.**

### **Notes to the condensed interim consolidated financial statements (unaudited)**

March 31, 2022 and 2021

(Expressed in Canadian dollars)

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#### **3. Significant accounting policies (continued)**

##### *Financial instruments (continued)*

Estimated fair values for financial instruments are designed to approximate amounts at which the instruments could be exchanged in a current arm's-length transaction between knowledgeable willing parties.

The Company classifies and discloses fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The three levels of the fair value hierarchy are:

Level 1 – Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – Valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

##### *Cash and cash equivalents*

The Company considers cash and cash equivalents to include amounts held in banks and highly liquid, low risk investments with maturity of three months or less from the date of acquisition.

##### *Trade and other receivables*

Trade and other receivables are recognized initially at the amount determined under IFRS 15 and subsequently measured at amortized cost less provision for impairment. A provision for impairment of trade receivables is established based on a forward-looking "expected loss" impairment model. The carrying amount of the trade receivables is reduced using the provision for impairment account, and the amount of any increase in the provision for impairment is recognized in the consolidated statement of loss and comprehensive loss. When a trade receivable is uncollectible, it is written off against the provision for impairment account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the consolidated statement of loss and comprehensive loss.

##### *Trade receivables as collaterals for loans*

Trade and other receivables as collateral for loans are recognized initially at the amount determined under IFRS 15 and subsequently measured at FVTOCI.

##### *Government loans*

Amounts received or receivable resulting from government assistance programs are reflected as reductions to the cost of the assets or expenses to which they relate when the Company becomes eligible to accrue them, provided there is reasonable assurance the benefits will be realized.

## **Plurilock Security Inc.**

### **Notes to the condensed interim consolidated financial statements (unaudited)**

March 31, 2022 and 2021

(Expressed in Canadian dollars)

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### **3. Significant accounting policies (Continued)**

#### *Revenue Recognition*

Revenue is recognized when control of a good or service transfers to a customer in accordance with a five-step model:

1. Identify the contracts with customers
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when the entity satisfies a performance obligation

The Company accounts for a contract with a customer when it has approval and commitment from all parties, the rights of the parties and payment terms are identified, the contract has commercial substance and collectability of consideration is probable. Revenue is recognized when control of the promised services or goods (the performance obligation) is transferred to customers, and in an amount that reflects the consideration the Company expects to receive in exchange for those services or goods (the transaction price). The Company measures revenue by estimating the transaction price based on the consideration specified in the customer arrangement. Revenue is recognized as the performance obligations are satisfied.

The Company derives revenues from three main sources: (1) hardware and systems sales, (2) software, license and maintenance sales and (3) professional services.

#### 1) Hardware and systems sales

The Company provides physical computer hardware to customers upon submission of an approved purchase order or a signed Company quote. The Company's sales of hardware, which are made in the capacity of principal, are generally distinct goods because the customer can usually benefit from the hardware either on its own or with other resources. Hardware sales performance obligations are fully satisfied at the point the hardware is delivered to the customer and the control of the hardware passes to the customer. As such, revenue is recognized upon delivery of the hardware to the customer.

#### 2) Software, license and maintenance sales

Software, license and maintenance sales revenue are comprised of fees that provide customers access to third-party software licenses, subscriptions and related support and updates during the terms of arrangements. Software, license and maintenance sales are recognized on a point in time basis because the Company's performance obligations are fully satisfied at the point the licenses and maintenance contracts with the software vendors are delivered. Software, license and maintenance sales are either recognized upon delivery to customers or on a straight-line basis for subscriptions, or in the case of a software renewal, at the start of the renewal term.

#### 3) Professional services

Professional services are generally on either a fixed fee, milestone based, or time & material based. 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. This is because the customer can benefit from the services from other resources. In addition, the services are not generally integrated with or dependent on other services that might be provided to the customer. The customer receives and consumes the benefits of the services as the Company performs and therefore, these revenues are recognized on a milestone basis or on a proportional performance basis.

## **Plurilock Security Inc.**

### **Notes to the condensed interim consolidated financial statements (unaudited)**

March 31, 2022 and 2021

(Expressed in Canadian dollars)

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### **3. Significant accounting policies (Continued)**

#### *Revenue Recognition (continued)*

The Company's arrangements with its customers generally do not include variable consideration. The transaction price for the Company's products and services is usually fixed at the amount specified in the contract. When selling products or services under the same or linked contracts and those products or services represent one performance obligation, the Company allocates the total transaction price by reference to the prices it charges for those products and services when sold separately, i.e., their stand-alone selling prices.

The Company has determined that it acts as principal in all its performance obligations and therefore, the revenue is recognized at the gross amount of consideration to which it expects to be entitled. The Company determines it is a principal because it obtains control over products and services in advance of transferring those products and services to the customer, and also typically has responsibility for acceptability of the specified products or services. In addition, the Company has primary responsibility for fulfilling the contractual promises to the customer, assumes inventory risk in the event of cancellation of the sale for any reason and has discretion in establishing prices of the products and services provided.

#### *Revenue Recognition – Right of return*

The Company does not normally provide a guaranteed right of return to its customers except where required by law. The level of returns experienced by the Company is not material; therefore, no right of return asset or liability is recognized. Revenue is recognized at the full value of the consideration received. This is assessed on an ongoing basis.

#### *Cost of Sales*

The primary components of cost of sales are the purchase price for all computer hardware, software and related support, as well as an allocation of the related employee compensation and benefits, costs related to the operation of the Company's SaaS-hosted infrastructure, services and any operating supplies.

#### *Business Combinations*

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interest issued by the Company in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests (if any) in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

**Plurilock Security Inc.****Notes to the condensed interim consolidated financial statements (unaudited)**

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**3. Significant accounting policies (continued)***Business Combinations (continued)*

When the consideration transferred by the Company in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognized in profit or loss.

*Goodwill*

Goodwill is initially recognized and measured as set out above.

Goodwill is not amortized but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Company's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period. On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

*Inventory*

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis and includes all costs of purchase, costs of conversion (direct costs and an allocation of fixed and variable production overheads) and other costs incurred in bringing the inventory to their present location and condition. Net realizable value is the estimated selling price less estimated costs to complete and sell.

*Government grants*

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. For government grants that are provided for with no specific purposes and is to be used at the Company's management's discretion, the government grant is recognized under other income.

## **Plurilock Security Inc.**

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### **3. Significant accounting policies (continued)**

#### *Stock-based compensation plans*

The Company has a stock option plan and accounts for share options using the fair value-based method. Under the fair value-based method, stock-based compensation cost is measured at fair value at the grant date and is expensed over the award's vesting period. The fair value of stock options is measured using the Black Scholes option pricing model. A corresponding increase in stock-based payment reserve is recorded when stock options are expensed. When stock options are exercised, share capital is credited by the sum of the consideration paid and the related portion previously recorded in stock-based payment reserve.

#### *Warrants*

The Company issues warrants for services and warrants as part of financing transactions. For warrants issued for services, the Company considers these warrants as equity based instruments and follows guidelines under IFRS 2 Stock Based Compensation and uses the Black-Scholes model to value these warrants. For warrants issued as part of financing transactions, the Company treats these warrants under IFRS 9 and IAS 32 Financial Instruments.

#### *Loss per share*

Basic loss per share is calculated by dividing net loss by the weighted average number of common shares outstanding during the period. Diluted income per share is calculated using the treasury stock method, which assumes that cash that would be received on the exercise of stock options is applied to purchase shares at the average price during the period. The difference between the shares issued on the exercise of the stock options and the number of shares purchased under this computation, on a weighted average basis, is added to the number of shares outstanding. Anti-dilutive stock options are not considered in computing diluted income per share. Stock options are typically dilutive when the Company has income for the year and the average market price of the common shares during the year exceeds the exercise price of the options.

#### *Main sources of estimation uncertainty and critical judgements by management*

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the carrying amount of assets and liabilities, and disclosures of contingent assets and liabilities as at the date of the condensed interim consolidated financial statements, and the recorded amount of revenues and expenses for the reporting period. These estimates are changed periodically, and as adjustments become necessary, they are reported in profit or loss in the period in which they become known.

The significant accounting policies subject to such estimates that, in the Company's opinion, could significantly affect the reported results or financial position, are as follows:

#### ➤ *Going concern considerations*

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 based upon the continued support from the Company's shareholders and 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. During the three months ended March 31, 2022, the Company

## **Plurilock Security Inc.**

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### **3. Significant accounting policies (continued)**

#### *Main sources of estimation uncertainty and critical judgements by management (continued)*

##### ➤ *Going concern considerations (continued)*

obtained a Line of Credit (Note 15) totaling \$1.88 million. As a result of the increase in cash and working capital from this financing as well as the anticipated cash flows expected to be achieved from the execution of the Company's strategic plan in the next twelve months, Plurilock has concluded that there is no material uncertainty with respect to the Company's ability to continue as a going concern for the next twelve months.

The estimates used by Plurilock in reaching the above conclusion are based on information available as of the date the consolidated statement of financial position was authorized for issuance and included internally generated cash flow forecasts. Accordingly, actual results could differ from these estimates and resulting variances may be material to management's assessment.

##### ➤ *Revenue recognition, contracts with multiple performance obligations*

The Company enters into contracts with its customers that may include promises to transfer multiple subscription services and services. A performance obligation is a commitment in a contract with a customer to transfer products or services that are distinct. Determining whether products and services are distinct performance obligations that should be accounted for separately or combined as one unit of accounting may require significant judgment.

The Company's subscription services are distinct as such services are often sold separately. In determining whether services are distinct, the Company considers the following factors for each type of services agreement: the availability of the services from other vendors; the nature of the services; and the timing of when the services contract was signed in comparison to the start date of any related subscription services.

The Company allocates the transaction price to each distinct performance obligation on a relative standalone selling price ("**SSP**") basis. The SSP is the price at which the Company would sell a promised product or service separately to a customer. Judgment is required to determine the SSP for each distinct performance obligation. In certain cases, the Company is able to establish SSP based on observable prices of products or services sold separately in comparable circumstances to similar customers. The Company generally uses a range of SSP when it has observable prices.

If SSP is not directly observable, for example when pricing is highly variable, the Company uses a range of SSP. The Company determines the SSP range using information that may include market conditions or other observable inputs. The Company may have more than one SSP for individual products and services due to the stratification of those products and services by customer size, geography, and the other factors noted above.

##### ➤ *Valuation of stock-based compensation*

The Company uses the Black-Scholes model to value share options issued to directors, employees and consultants. The model's estimates include inputs that require management estimates and judgement, such as volatility of the underlying equity instruments, forfeiture rate and expected life of stock options.

### **3. Significant accounting policies (continued)**

Main sources of estimation uncertainty and critical judgements by management (continued)

➤ *Valuation of warrants issued for services*

For warrants issued for services, the Company follows guidelines under IFRS 2 and uses the Black-Scholes model to value these warrants. The model's estimates include inputs that require management estimates and judgement, such as volatility of the underlying equity instruments, forfeiture rate and expected life of warrants.

➤ *Carrying values of allowances for unrecoverable trade and other receivables*

The Company recognizes an allowance for expected credit loss on accounts receivable that are measured at amortized cost. The amount of expected credit loss ("**ECL**") is updated at each reporting date to reflect changes in credit risk since the initial recognition of the trade and other receivables. The Company recognizes lifetime ECL for its trade and other receivables. The expected credit losses on these financial assets are estimated using the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

➤ *Recoverability of tax credits*

The Company accrues tax credits through the Employee Retention Credit ("**ERC**") program through the Internal Revenue Service ("**IRS**") as part of the Coronavirus Tax Relief initiatives. The recoverability of qualified wages is based on the result of the assessment by the IRS. Management assesses the recoverable amount of the ERC based on the IRS' published guidance and best estimates.

➤ *Fair value measurement and valuation processes*

Some of the Company's assets are measured at fair value for financial reporting purposes. The Company hires external valuation professionals to determine the appropriate valuation techniques and inputs for fair value measurements. The Company works closely with the external valuation professionals to establish the appropriate valuation techniques and inputs to the model.

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimates above, that has the most significant effect on the amounts in the Company's consolidated financial statements, are related to:

- Determination of the functional currency of the Company and its subsidiaries; and
- Determination of the stand-alone selling prices for the licenses.

## Plurilock Security Inc.

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#### 4. Business acquisitions

On March 4, 2022, PSI acquired 100% of the issued and outstanding shares of INC, a leading Canadian enterprise IT and cybersecurity solutions provider (the "**Transaction**"). Pursuant to the terms of the Share Purchase Agreement, the total consideration payable by PSI to the Vendor is \$1,690,996 as follows: (i) \$1,090,996 in cash; and (ii) 476,190 common shares of Plurilock (the "**Consideration Shares**"), issuable at \$0.42 per Consideration Share, for a total value of \$200,000 in Consideration Shares. \$75,000 in cash and 178,571 Consideration Shares have been placed in escrow for 12 months to satisfy any indemnification obligations to the Company. Further, the Share Purchase Agreement includes future based performance-based earnout provisions, whereby up to \$400,000 in common shares of Plurilock (the "**Earnout Shares**") may be issued to the Vendor. The Earnout Shares will be issued at a deemed price equal to the closing trading price of the common shares of Plurilock on the TSXV on the date prior to announcement of the issuance of the Earnout Shares. The Consideration Shares are subject to certain contractual restrictions on trading for a period of 36 months from the date of issuance.

Plurilock paid a transaction success fee to an arm's length third party consultant of \$14,500 in cash and issued 42,647 common shares of the Company at a price of \$0.34 per share. These shares are subject to a statutory hold period expiring on the date that is four months and a day from the date of issuance.

All assets and liabilities from INC's statement of financial position have been consolidated as part of Company's condensed interim consolidated statement of financial position as of March 31, 2022.

Revenue and net income from INC's statement of income and comprehensive income have been included in the Company's condensed interim consolidated statement of loss and comprehensive loss for the period from March 4, 2022 to March 31, 2022.

The impact of the INC acquisition on revenue and net income for the three months ended March 31, 2022 is presented below:

	Three months ended March 31, 2022
	\$
Revenue	311,502
Net income	487

The fair value of the purchase price consideration and amounts recognized in respect of the identifiable assets acquired and liabilities assumed related to the INC Acquisition are as set out in the table below ("**Preliminary Purchase Price Allocation**"). Goodwill calculated in the below table represents the expected synergies from combining the operations of INC with the Company, revenue growth and future market development and customer relations. These benefits are not recognized separately from goodwill since the resulting future economic benefits cannot be measured reliably. Goodwill is non-deductible for tax purposes.

**Plurilock Security Inc.****Notes to the condensed interim consolidated financial statements (unaudited)**

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**4. Business acquisitions (continued)**

	(preliminary)
<b>Fair value of purchase consideration</b>	<b>\$</b>
Cash paid at closing of business acquisition	600,000
Cash paid in escrow	490,996
Shares issued	200,000
Deferred acquisition costs/Earnout shares	400,000
<b>Total</b>	<b>1,690,996</b>
	(preliminary)
<b>Fair values of INC's assets and liabilities acquired</b>	<b>\$</b>
Cash and cash equivalents	219,158
Trade and other receivables	1,146,179
Tax credits receivable	75,923
Inventory	28,123
Prepays	30,301
Furniture and equipment	7,329
Right-of-use assets	129,476
Trade and other payables	(779,844)
Lease liability - current	(39,436)
Lease liability - non-current	(99,433)
<b>Net book value of INC</b>	<b>717,776</b>
<b>Values attributable to following booked under Plurilock</b>	<b>\$</b>
Goodwill	973,220
<b>Total</b>	<b>1,690,996</b>

In the prior year on March 31, 2021, Plurilock's United States subsidiary, PLUS, acquired 100% of the outstanding securities and control of ASC ("**ASC Acquisition**"). ASC is a provider of advanced cybersecurity technology and services based in California. The acquisition qualifies as a business combination under IFRS 3. The acquisition is complementary to and was made with a view of growing Plurilock's existing lines of business.

Total aggregate fair value consideration for the ASC Acquisition was \$1,737,573 (US\$1,378,803) ("**Consideration**"). The Company paid to the vendor \$1,130,166 (US\$896,714) in cash, subject to working capital adjustments, and issued to the Vendor 698,888 common shares of Plurilock (the "**Closing Consideration Shares**") at a price of \$0.63 per share. Of the Consideration, \$114,354 (US\$90,000) was placed in escrow for 12 months to satisfy any indemnification obligations to the Company, as well as any purchase price adjustments pursuant to the terms of the definitive agreement. The escrow agent holds the escrow funds and shall only release the escrow funds in accordance with a joint written instruction of Plurilock and the vendor. The vendor is entitled to a performance-based earnout of up to \$377,940 (US\$300,000) in common shares of Plurilock (the "**Earnout Shares**"). The Earnout Shares will be issued at a deemed price equal to the closing trading price of the common shares of Plurilock on the TSX-V on the date prior to the announcement of the issuance of the Earnout Shares, subject to a minimum share price of \$0.30. The Closing Consideration Shares are subject to certain contractual restrictions on trading for a period of 18 months from the date of issuance.

Plurilock paid an ASC Acquisition transaction success fee to an arm's length third party consultant of \$25,000 in cash and issued 46,296 common shares of the Company at a price of \$0.54 per share. These shares are subject to a statutory hold period expiring on the date that is four months and a day from the date of issuance.

**Plurilock Security Inc.****Notes to the condensed interim consolidated financial statements (unaudited)**

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**4. Business acquisitions (continued)**

The fair value of the purchase price consideration and amounts recognized in respect of the identifiable assets acquired and liabilities assumed related to the ASC Acquisition are as set out in the table below.

All assets and liabilities from ASC's statement of financial position had been consolidated as part of Company's condensed interim consolidated statement of financial position as of March 31, 2021.

Revenue and net income from ASC's statement of income and comprehensive income were not included in the Company's condensed interim consolidated statement of loss and comprehensive loss for the three months ended March 31, 2021.

The Company has calculated fair values of the assets and liabilities acquired and identified intangible assets and goodwill that arise as part of the acquisition in the below table. Goodwill calculated in the below table represents the expected synergies from combining the operations of ASC with the Company, revenue growth and future market development and customer relations. These benefits are not recognized separately from goodwill since the resulting future economic benefits cannot be measured reliably. Goodwill is non-deductible for tax purposes.

<b>Fair value of purchase consideration</b>	<b>\$</b>
Cash paid at closing of business acquisition	1,130,166
Cash paid in escrow	114,354
Shares issued	254,747
Deferred acquisition costs/Earnout shares	320,655
Working capital adjustment	(82,350)
<b>Total</b>	<b>1,737,572</b>
<b>Fair values of Aurora's assets and liabilities acquired</b>	<b>\$</b>
Cash and cash equivalents	1,295,216
Trade and other receivables	2,917,391
Inventory	316,811
Prepays	50,237
Furniture and equipment	3,716
Intangible assets	8,840
Other non-current assets	13,150
Short-term loans	(628,750)
Trade and other payables	(3,049,411)
Unearned revenue	(289,160)
Long-term loans	(194,661)
<b>Net book value of Aurora</b>	<b>443,379</b>
<b>Values attributable to following booked under Plurilock</b>	<b>\$</b>
Procurement contract	261,523
Brand name	350,843
Goodwill	852,032
Deferred tax liability	(173,934)
Foreign exchange gain from the transaction	3,729
<b>Total</b>	<b>1,737,572</b>

**Plurilock Security Inc.****Notes to the condensed interim consolidated financial statements (unaudited)**

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**5. Trade and other receivables**

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

	<b>March 31, 2022</b>	December 31, 2021
	\$	\$
Trade receivables	<b>3,104,524</b>	6,095,581
Other receivables	<b>45,000</b>	—
	<b>3,149,524</b>	6,095,581

As at March 31, 2022 \$53,839 or 2% of the trade receivables balance is over 90 days past due compared to \$283 or 0.005% as at December 31, 2021 and 56% of the trade receivable balances are owing from 5 customers compared to 58% owing from 5 customers as at December 31, 2021. The Company evaluates credit losses on a regular basis based on the aging and collectability of its receivables. On March 31, 2022, the Company had no expected credit loss (nil expected credit loss on December 31, 2021). Other receivables consist of \$45,000 receivable from an insurance claim.

**6. Tax credits receivable**

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

	<b>March 31, 2022</b>	December 31, 2021
	\$	\$
Tax credits receivable	299,033	281,184
	<b>299,033</b>	281,184

Tax credits receivable balance as at March 31, 2022 of \$299,033 is related to goods and services tax ("GST") receivable of \$132,068 and \$166,965 for payroll tax credits compared to \$281,184 as at December 31, 2021 which was related to goods and services tax ("GST") receivable of \$112,374 and \$168,810 for payroll tax credits.

**7. Inventory**

	<b>March 31, 2022</b>	December 31, 2021
	\$	\$
Finished goods	<b>1,391,164</b>	734,097
	<b>1,391,164</b>	734,097

Inventory balance as at March 31, 2022 of \$1,391,164 (\$734,097 as at December 31, 2021) is related to products under the Company's possession but not yet delivered to customers. An

**Plurilock Security Inc.****Notes to the condensed interim consolidated financial statements (unaudited)**

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**7. Inventory (continued)**

amount of \$6,317,607 of inventories was expensed during the three months ended March 31, 2022 as cost of sales (nil for the three months ended March 31, 2021).

**8. Prepaid expenses and deposits**

	<b>March 31, 2022</b>	December 31, 2021
	<b>\$</b>	<b>\$</b>
Prepaid service contracts	<b>415,335</b>	346,813
Deposits	<b>534</b>	2,851
	<b>415,869</b>	349,664

Prepaid service contracts consist of various prepaid agreements including online subscriptions, insurance, membership fees, and consulting services for corporate finance and investor relations purposes.

**9. Property and equipment**

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

<b>Property and equipment - cost</b>	<b>\$</b>
<b>Balance January 1, 2022</b>	<b>111,151</b>
Additions	25,217
Additions through acquisition	7,329
Disposals	—
<b>Balance March 31, 2022</b>	<b>143,697</b>
<b>Property and equipment - accumulated amortization</b>	<b>\$</b>
<b>Balance January 1, 2022</b>	<b>46,290</b>
Amortization for the period	8,448
Disposals	—
<b>Balance March 31, 2022</b>	<b>54,738</b>
<b>Property and equipment net book value</b>	<b>\$</b>
<b>At January 1, 2022</b>	<b>64,861</b>
<b>At March 31, 2022</b>	<b>88,959</b>

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**10. Right-of-use asset**

Right-of-use asset relates to an office space lease acquired as part of the business acquisition (Note 4). The following table provides a reconciliation of this right-of-use asset:

<b>Right-of-use asset</b>	<b>\$</b>
<b>Balance January 1, 2022</b>	<b>-</b>
Additions through acquisition	129,476
Amortization	(3,597)
<b>Balance March 31, 2022</b>	<b>125,879</b>

**11. Lease liability**

Lease liability relates to the lease of an office space acquired as part of the business acquisition (Note 4), for which the lease term ends on February 28, 2025, and was discounted using an interest rate of 10%.

<b>Lease liability</b>	<b>\$</b>
<b>Balance January 1, 2022</b>	<b>-</b>
Additions through acquisition	138,608
Add: interest during the period	1,050
Less: payment during the period	(3,503)
<b>Balance March 31, 2022</b>	<b>136,155</b>
<b>Due within twelve months</b>	<b>40,280</b>
<b>Due after twelve months</b>	<b>95,875</b>

**12. Intangible assets**

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**"), and (iii) a brand name ("**Brand name**") acquired as part of a business acquisition.

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**12. Intangible assets (continued)**

Values of intangible assets are broken down as follows:

<b>Patent cost</b>	<b>\$</b>
<b>Balance January 1, 2022</b>	<b>100,000</b>
Additions	-
<b>Balance March 31, 2022</b>	<b>100,000</b>

<b>Patent accumulated amortization</b>	<b>\$</b>
<b>Balance January 1, 2022</b>	<b>35,000</b>
Amortization for the period	1,250
<b>Balance March 31, 2022</b>	<b>36,250</b>

<b>Patent net book value</b>	<b>\$</b>
<b>At January 1, 2022</b>	<b>65,000</b>
<b>At March 31, 2022</b>	<b>63,750</b>

<b>Procurement contract cost</b>	<b>\$</b>
<b>Balance January 1, 2022</b>	<b>271,771</b>
Additions	-
<b>Balance March 31, 2022</b>	<b>271,771</b>

<b>Procurement contract accumulated amortization</b>	<b>\$</b>
<b>Balance January 1, 2022</b>	<b>66,684</b>
Amortization for the period	28,082
<b>Balance March 31, 2022</b>	<b>94,766</b>

<b>Procurement contract net book value</b>	<b>\$</b>
<b>At January 1, 2022</b>	<b>205,087</b>
<b>At March 31, 2022</b>	<b>177,005</b>

<b>Brand name</b>	<b>\$</b>
<b>Balance January 1, 2022</b>	<b>352,670</b>
Additions	-
<b>Balance March 31, 2022</b>	<b>352,670</b>

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**13. Trade and other payables**

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

	<b>March 31, 2022</b>	December 31, 2021
	<b>\$</b>	<b>\$</b>
Trade payables	<b>4,704,446</b>	9,671,940
Accrued liabilities	<b>1,079,641</b>	694,834
Payroll liabilities	<b>459,879</b>	610,801
Other payables	<b>1,401</b>	20,412
	<b>6,245,367</b>	10,997,987

Accrued liabilities as at March 31, 2022 included contingent consideration of \$400,000 related to performance-based earnout shares to be paid to the vendor of the INC Acquisition (Note 4) and contingent consideration of \$320,655, equaling performance-based earnout shares to be paid to the vendor of the ASC Acquisition in the prior year.

**14. Unearned revenue**

	<b>\$</b>
<b>Balance January 1, 2022</b>	<b>327,763</b>
Acquired through acquisition	-
Revenue recognized	(19,407)
Amounts received	-
<b>Balance March 31, 2022</b>	<b>308,356</b>

Unearned revenue as at March 31, 2022 and December 31, 2021 consisted of cash collected under customer contracts with goods or services that had not yet been delivered.

**15. Short-term loan**

On March 8, 2022, the Company obtained a revolving line of credit from Crestmark, the Commercial Finance division of MetaBank®, N.A. (the "**Lender**" or "**Crestmark**") for up to US\$2 million (collectively, the "**LOC**") with an interest rate of 1% monthly interest rate and a minimum average loan balance of US\$500,000. The proceeds of the LOC will be used for working capital purposes. The LOC is secured against all current and future assets of the Company and its subsidiaries, PL, PLUS, and ASC.

	<b>March 31, 2022</b>	December 31, 2021
	<b>\$</b>	<b>\$</b>
Line of credit (LOC)	<b>1,877,937</b>	—
	<b>1,877,937</b>	—

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**16. Government loans**

	<b>March 31, 2022</b>	December 31, 2021
	<b>\$</b>	<b>\$</b>
SBA Loan - current	<b>18,984</b>	—
SBA Loan - non - current	<b>177,633</b>	201,719
	<b>196,617</b>	201,719

On June 9, 2020, the United States Small Business Administration ("**SBA**") provided funds ("**COVID EIDL Loan**") to the Company under the Economic Injury Disaster Loan ("**EIDL**") assistance program in light of the impact of the COVID-19 pandemic. The original principal amount of the COVID EIDL Loan was US \$150,000 with proceeds to be used for the Company's working capital purposes. Interest accrues at 3.75% per annum. Installment payments, including principal and interests, were due monthly beginning June 9, 2021, twelve months from the date of the COVID EIDL Loan ("**Original Installment Start Due Date**") in the amount of US \$731 per month. The balance of principal and interest is payable in full thirty years from the date of the COVID EIDL Loan. On August 11, 2021, the COVID EIDL Loan was updated from US \$150,000 to US \$500,000, installment payment start date was revised to June 9, 2022 (twenty-four months from the date of the COVID EIDL Loan ("**First Revised Installment Start Due Date**")) and installment payments were increased from US \$731 per month to US \$2,515 per month. On March 15, 2022, the SBA announced that the COVID EIDL Loan installment payment start date was further deferred to thirty months from the COVID EIDL Loan date ("**Second Revised Installment Start Due Date**"). The Second Revised Installment Start Due Date is now December 9, 2022.

**17. Share capital***(a) Authorized*

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

*(b) Issued and outstanding*

On January 12, 2022, in connection with the online marketing services provided by AGORA Internet Relations Corp. ("**AGORA**"), the Company issued 53,809 common shares at a deemed price of \$0.42 per share to AGORA as the first installment payment of \$20,000 plus applicable taxes.

On March 4, 2022, Plurilock acquired all the issued and outstanding shares of INC (Note 4). Pursuant to the terms of the Share Purchase Agreement, part of the consideration payable by the Company to the Vendor is 476,190 common shares of Plurilock (the "**INC Consideration Shares**"), issuable at \$0.42 per Consideration Share, for a total value of \$200,000 in Consideration Shares. Among the 476,190 INC Consideration Shares, 178,571 of them have been placed in escrow for 12 months to satisfy any indemnification obligations to the Company.

On March 7, 2022, the Company issued 42,647 common shares (the "**INC Consulting Fee Shares**") at a deemed price of \$0.34 to a strategic consultant (the "**INC Consultant**") of the Company for services provided by the INC Consultant to the Company in connection with the INC acquisition. The INC Consulting Fee Shares are subject to a statutory hold period of four months plus a day from the date of issuance, in accordance with applicable securities law, ending July 12, 2022.

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

The following table summarizes the Company's issued and outstanding share capital:

	Number of common shares #	\$
<b>Balance, December 31, 2021</b>	<b>69,687,572</b>	<b>20,496,808</b>
Shares issued for services	53,809	22,600
Shares issued as part of acquisition consideration	476,190	200,000
Shares issued pursuant to acquisition broker fee	42,647	14,500
Exercise of warrants	12,808	7,685
Other comprehensive loss	—	(13,583)
<b>Balance, March 31, 2022</b>	<b>70,273,026</b>	<b>20,728,010</b>

*(c) Stock option plan*

On March 24, 2022, the Company granted 624,400 stock options to certain directors, officers and employees at an exercise price of \$0.37 under the Plurilock Stock Option Plan ("**Plurilock Plan**").

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

	Number of options #	Weighted average exercise price \$
<b>Balance, January 1, 2022</b>	<b>9,761,907</b>	<b>0.37</b>
Granted	624,400	0.37
Cancelled	(62,937)	0.51
<b>Balance, March 31, 2022</b>	<b>10,323,370</b>	<b>0.37</b>

Additional information concerning stock options outstanding as at March 31, 2022 and December 31, 2021 is as follows:

The number of exercisable stock options as of March 31, 2022 was 4,283,346 with an average exercise price of \$0.34 per stock option as compared to 3,578,332 with an average exercise price of \$0.34 per stock option as of December 31, 2021.

The weighted average remaining contractual life and exercise prices of stock options outstanding as at March 31, 2022 and December 31, 2021 as follows:

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

	<b>March 31, 2022</b>		<b>December 31, 2021</b>	
Exercise price range	<b>Number of stock options</b>	<b>Weighted average contractual life (in years)</b>	<b>Number of stock options</b>	<b>Weighted average contractual life (in years)</b>
\$0.20-\$0.30	<b>416,250</b>	<b>1.86</b>	416,250	2.11
\$0.31-\$0.40	<b>7,938,619</b>	<b>8.71</b>	7,317,657	8.85
\$0.41-\$0.50	<b>50,000</b>	<b>8.85</b>	50,000	9.10
\$0.51-\$0.60	<b>1,818,500</b>	<b>9.31</b>	1,878,000	9.57
\$0.61-\$0.70	<b>100,000</b>	<b>3.96</b>	100,000	4.20
<b>Total</b>	<b>10,323,369</b>	<b>8.50</b>	9,761,907	8.65

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:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Risk-free interest rate	<b>0.27%-1.92%</b>	0.27%-1.79%
Dividend yield	-	—
Expected life (in years)	<b>0.32-6.32</b>	0.39-7
Volatility	<b>100%-112%</b>	100%-112%

*(d) Stock-based compensation reserve*

Total stock-based compensation cost recognized in income for the three months ended March 31, 2022, was \$251,349 compared to \$258,944 in prior year quarter and is credited to contributed surplus.

Total stock-based compensation expense for the three months ended March 31, 2022, is comprised of the expense related to stock options issued to related parties (as discussed in note 23) of \$171,753 compared to \$208,922 in prior year quarter and to other employees of \$79,596 compared to \$50,022 in prior year quarter.

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

There were 11,998,450 warrants as at March 31, 2022 compared to 12,011,258 as at December 31, 2021.

The following table summarizes the continuity of the warrants:

	Number of warrants #	Weighted average exercise price \$
<b>Balance, December 31, 2021</b>	<b>12,011,258</b>	<b>0.53</b>
Exercised	(12,808)	0.30
<b>Balance, March 31, 2022</b>	<b>11,998,450</b>	<b>0.53</b>

**18. 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, loans, and equity comprised of issued share capital, contributed surplus and equity reserve:

	March 31, 2022 \$	December 31, 2021 \$
Cash and cash equivalents	5,997,613	9,468,104
Short-term loans	1,877,937	—
Government loans - current	18,984	—
Government loans - non-current	177,633	201,719
Share capital	20,728,010	20,496,808
Contributed surplus	1,932,360	1,681,011
Equity reserve	518,438	522,281
<b>Total</b>	<b>31,250,975</b>	<b>32,369,923</b>

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

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**19. Financial instruments**

The Company's financial instruments consist of cash and cash equivalents, trade and other receivables, trade payables and accruals and government loans.

Cash and cash equivalents 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 collaterals 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 collaterals 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 and government loans are classified as financial liabilities at amortized cost and recognized at fair value and subsequently carried at amortized cost. The carrying value of these other financial liabilities approximates 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 assets include cash and cash equivalents 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:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	<b>5,997,613</b>	9,468,104
Trade and other receivables	<b>3,149,524</b>	6,095,581
	<b>9,147,137</b>	15,563,685

*(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 and loans payable to related parties 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

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**19. Financial instruments (continued)***Financial risk management (continued)**(c) Liquidity risk (continued)*

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.

*(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, 2022				December 31, 2021			
	USD	INR	CAD	Total	USD	INR	CAD	Total
Cash and cash equivalents	1,872,943	436,333	3,688,337	5,997,613	4,115,478	468,135	4,884,491	9,468,104
Trade and other receivables	2,715,532	-	433,992	3,149,524	6,090,426	-	5,155	6,095,581
Trade payables and accruals	3,690,680	1,152	2,092,255	5,784,087	9,607,798	1,439	757,537	10,366,774
Short-term loans	1,877,937	-	-	1,877,937	-	-	-	-
Government loans - current	18,984	-	-	18,984	-	-	-	-
Government loans - non-current	177,633	-	-	177,633	201,719	-	-	201,719

**Significant exchange rates used**

	March 31, 2022	December 31, 2021
<b>Average rate for the period/year</b>		
US dollar	1.2667	1.2537
Indian Rupee	0.0168	0.0170
<b>Statement of financial position rates</b>		
US dollar	1.2502	1.2641
Indian Rupee	0.0165	0.0170

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

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

	<b>March 31, 2022 increase/(decrease) in equity</b>	December 31, 2021 increase/(decrease) in equity
10% appreciation of the U.S. dollar against Canadian dollar	<b>(117,676)</b>	39,639
10% depreciation of the U.S. dollar against Canadian dollar	<b>117,676</b>	(39,639)
10% appreciation of the Indian Rupee against Canadian dollar	<b>43,518</b>	46,670
10% depreciation of the Indian Rupee against Canadian dollar	<b>(43,518)</b>	(46,670)

*(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, trade and other receivables, and trade payables and accruals 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 value of government loans is initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

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

All financial instruments carried at fair value have been measured using a Level 2 valuation method. The fair value of financial assets and liabilities are as follows:

	<b>March 31, 2022</b>	December 31, 2021
Cash and cash equivalents	<b>5,997,613</b>	9,468,104
Trade and other receivables	<b>3,149,524</b>	6,095,581
<b>Total financial assets</b>	<b>9,147,137</b>	15,563,685
Trade payables and accruals	<b>5,784,087</b>	10,366,774
Short-term loan	<b>1,877,937</b>	-
Government loans - current	<b>18,984</b>	-
Government loans - non-current	<b>177,633</b>	201,719
<b>Total financial liabilities</b>	<b>7,858,641</b>	10,568,493

*(f) Contractual cash flows*

The contractual maturity of short-term loan, government loans and trade payables and accruals is shown below:

<b>March 31, 2022</b>				
	<b>Due in less than a year</b>	<b>Due between one to five years</b>	<b>Due after five years</b>	<b>Total</b>
Trade payables and accruals	<b>5,784,087</b>	-	-	<b>5,784,087</b>
Short-term loan	<b>1,877,937</b>	-	-	<b>1,877,937</b>
Government loans	<b>18,984</b>	<b>177,633</b>	-	<b>196,617</b>
	<b>7,681,008</b>	<b>177,633</b>	-	<b>7,858,641</b>

  

<b>December 31, 2021</b>				
	<b>Due in less than a year</b>	<b>Due between one to five years</b>	<b>Due after five years</b>	<b>Total</b>
Trade payables and accruals	10,336,774	-	-	10,336,774
Government loans	-	190,745	10,974	201,719
	10,336,774	190,745	10,974	10,538,493

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**20. 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 legacy Plurilock brand, builds and operates Plurilock's own proprietary products (ADAPT, DEFEND). The Technology division is operated by PSI, PL, PLUS and PSP.

**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 (ADAPT, 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, 2022		December 31, 2021	
	\$		\$	
	Technology Division	Solutions Division	Technology Division	Solutions Division
Total assets	4,270,371	9,621,526	5,929,630	12,551,868
Total liabilities	2,498,402	6,290,197	1,379,298	10,172,401

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**20. 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 systems sales

Hardware and systems 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 the three months ended March 31, 2022 and 2021 are as follows:

	Three months ended March 31,					
	2022			2021		
	Technology Division	Solutions Division	Total Revenue	Technology Division	Solutions Division	Total Revenue
Hardware and systems sales	-	6,495,896	6,495,896	-	-	-
Software, license and maintenance sales	16,223	413,233	429,456	67,756	-	67,756
Professional services	-	27,700	27,700	8,005	-	8,005
<b>Total</b>	<b>16,223</b>	<b>6,936,829</b>	<b>6,953,052</b>	<b>75,761</b>	<b>-</b>	<b>75,761</b>

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**20. Segmented information (continued)***(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, 2022 and 2021 are as follows:

	Three months ended March 31,					
	Technology Division	2022 Solutions Division	Total	Technology Division	2021 Solutions Division	Total
Revenue	16,223	6,936,829	6,953,052	75,761	-	75,761
Cost of sales	12,973	6,478,977	6,491,950	8,889	-	8,889
Gross profit	3,250	457,852	461,102	66,872	-	66,872
Gross margin	20.0%	6.6%	6.6%	88.3%	0.0%	88.3%
Total operating expenses	2,082,740	557,103	2,639,843	1,363,545	-	1,363,545
Other expenses	91,869	108,526	200,395	30,577	247,508	278,085
<b>Net income/(loss) before taxes</b>	<b>(2,171,359)</b>	<b>(207,777)</b>	<b>(2,379,136)</b>	<b>(1,266,096)</b>	<b>247,508</b>	<b>(1,018,588)</b>

On April 27, 2021, the Company's Paycheck Protection Program ("**PPP**") loan obtained from the Coronavirus Aid, Relief, and Economic Security Act ("**CARES Act**") was forgiven. The amount of \$102,982 forgiven was recognized and netted against cost of sales and G&A operating expenses under the Solutions Division during the year ended December 31, 2021.

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**20. Segmented information (continued)***(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, and intangible assets.

		<b>For the three months ended</b>	
		<b>March 31,</b>	<b>March 31,</b>
		<b>2022</b>	<b>2021</b>
		<b>\$</b>	<b>\$</b>
Revenue			
	United States	<b>6,641,550</b>	75,761
	Canada	<b>311,502</b>	-
		<b>6,953,052</b>	75,761

		<b>March 31,</b>	December 31,
		<b>2022</b>	2021
		<b>\$</b>	<b>\$</b>
Long-lived assets			
	United States	<b>555,631</b>	577,398
	India	<b>7,721</b>	1,507
	Canada	<b>257,984</b>	121,931
		<b>821,336</b>	700,836

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**21. Operating expenses**

	For the three months ended	
	March 31, 2022 \$	March 31, 2021 \$
<b>Research and development</b>		
Communication and IT services	119,028	46,101
Contractors	89,401	52,433
Government assistance	-	(41,228)
Office and general	870	1,091
Salaries and benefits	363,934	231,616
SRED tax credit	-	(277)
COS allocation	(25,820)	(16,064)
	<b>547,413</b>	<b>273,672</b>
<b>Sales and marketing</b>		
Advertising and promotion	19,005	20,112
Communication and IT services	44,178	21,480
Contractors	95,439	64,347
Marketing	37,339	14,701
Office and general	28,660	1,139
Salaries and benefits	485,243	177,862
Sales commission	76,309	4,610
Travel and entertainment	1,169	-
	<b>787,342</b>	<b>304,251</b>
<b>General and administrative</b>		
Amortization	41,377	7,944
Bad debt	-	22,000
Communication and IT services	28,819	12,964
Contractors	91,832	53,490
Insurance	16,808	4,988
Office and general	66,535	10,657
Professional fees	156,221	149,328
Investor relations and regulatory filing	176,673	159,109
Salaries and benefits	470,498	106,172
Travel and entertainment	4,976	26
	<b>1,053,739</b>	<b>526,678</b>

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**22. 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, 2022 and March 31, 2021 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:

	<b>For the three months ended</b>	
	<b>March 31, 2022</b>	March 31, 2021
	<b>\$</b>	<b>\$</b>
Numerator		
Net loss for the period	<b>(2,379,136)</b>	(1,574,758)
Denominator		
Weighted average number of common shares outstanding, basic and diluted	<b>69,903,003</b>	50,908,303
Basic and diluted loss per share	<b>(0.03)</b>	(0.03)

**23. 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:

	<b>For the three months ended</b>	
	<b>March 31, 2022</b>	March 31, 2021
	<b>\$</b>	<b>\$</b>
Salaries, benefits and consulting fees	<b>208,328</b>	144,357
Stock-based compensation expense*	<b>171,753</b>	208,922
	<b>380,081</b>	353,279

\* 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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**25. Subsequent events**

1. On April 1, 2022, the Company appointed Garr Stepheson Jr. as the Chief Revenue Officer and granted him 800,000 stock options at an exercise price of \$0.33 under the Plurilock Plan.
2. On April 4, 2022, ASC, entered into a non-binding letter of intent to acquire all net assets from a regional USA-based IT & cybersecurity company (the "**Asset Acquisition**"). Closing of the Asset Acquisition is subject to the negotiation and entering into of a definitive agreement, the receipt of all applicable approvals (including the TSX Venture Exchange) and the satisfaction or waiver of all closing conditions. There is no assurance as of the date of this Condensed Interim Consolidated Financial Statements that the Asset Acquisition will be completed.
3. On April 7, 2022, Plurilock announced that in accordance with the Share Purchase Agreement dated March 26, 2021 among the Company, PLUS and ASC, the performance-based earnout was achieved and the Company issued 1,154,676 common shares of the Company at \$0.325 per share to the vendor in satisfaction of the earnout payment of US\$300,000.
4. On April 7, 2022, in connection with the online marketing services provided by AGORA, the Company issued 69,538 common shares at a deemed price of \$0.325 per share to AGORA as the second installment payment of \$20,000 plus applicable taxes.
5. On May 2, 2022, Plurilock announced the addition of Jennifer Swindell to its board of directors and granted Ms. Swindell 300,000 stock options at an exercise price of \$0.26 per share under the Plurilock Plan.