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# Consolidated financial statements of Plurilock Security Inc.

For the years ended December 31, 2025 and 2024

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To the Shareholders of Plurilock Security Inc.:

## Opinion

We have audited the consolidated financial statements of Plurilock Security Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and December 31, 2024, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025 and December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

## Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended December 31, 2025 and, as of that date, the Company had an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

## Revenue Recognition

### *Key Audit Matter Description*

We draw attention to Notes 3, and 23 to the consolidated financial statements. The Company has recognized \$42,191,823 from software, license and maintenance sales during the year ended December 31, 2025. Management assessed the various performance obligations present in each contract in effect to determine if revenue was to be recognized at a point in time or over a period of time. Performance obligations in the Company's contracts generally consist of licensing of software, access to third-party software as a service provided to customers, deployment, configuration and integration activities, stand ready obligation on essential support and maintenance during the terms of arrangements.

Significant judgment is involved in determining that the above services are combined together to fulfill the performance obligation of cybersecurity solutions paired with AI-driven cloud-friendly security products to customers which is satisfied over the contract term. Changes in these assessments can have a material impact on the amount of revenue recognized.

The Company uses significant judgment in presentation of revenue contracts with customers in accordance with the principles of IFRS 15 Revenue from Contracts with Customers ("IFRS 15"), to assess whether it acts as a principal in a transaction or as an agent acting on behalf of others in recognition of sale of hardware, software, maintenance and services to customers.

Significant auditor judgment was required to evaluate the Company's significant judgments in assessing each performance obligation within a contract and principal versus agent presentation in consolidated financial statements of the Company. As a result, we considered revenue recognition as a key auditor matter given the significant judgment made by management, an increased extent audit effort was required.

#### *Audit Response*

We responded to this matter by performing audit procedures relating to revenue recognition. Our audit work in relation to this included, but was not restricted to, the following:

- Evaluated the design and implementation of controls over revenue recognition, including those related to the Company's process to identify performance obligations and principal versus agent assessment;
- For a sample of contracts, reviewed the Company's revenue recognition accounting policy to assess whether performance obligations have been appropriately identified and recognized in accordance with IFRS 15;
- Obtained confirmations from selected customers, reviewed software license recognized over the period based on the license term and verified the mathematical accuracy of management's calculations on the portion of revenue that should be recognized, related accounts receivable and deferred revenue balance;
- On a sample basis, directly inquired and obtained evidence that the Company is primarily responsible when another party is involved in providing goods or services to a customer; and
- Assessed the adequacy and appropriateness of the related consolidated financial statement disclosures.

#### ***Assessment of Impairment of Goodwill and Indefinite Life Intangible Assets***

##### *Key Audit Matter Description*

The Company performs impairment testing related to non-financial assets with indefinite useful lives annually and whenever events or changes in circumstances indicate that the carrying value of a cash generating unit ("CGU") might exceed its recoverable amount. The Company performed impairment tests on goodwill and indefinite life intangible assets that were allocated to its CGUs at December 31, 2025, and the recoverable amount was determined using a value in use method. Refer to Notes 3 and 15 of the consolidated financial statements for further details.

We considered this a key audit matter, as there was a high degree of auditor judgment required to evaluate the significant assumptions used in determining the recoverable amount including, but not restricted to, forecasted revenue, earnings before interest, taxes, depreciation and amortization, long-term growth rates, and discount rates. The sensitivity of reasonable changes to the significant assumptions could have a significant impact on the determination of the recoverable amount of the CGUs and the Company's determination of impairment. This resulted in an increased extent of audit effort, including the involvement of internal specialists.

#### *Audit Response*

We responded to this matter by performing audit procedures over the impairment of goodwill and indefinite life intangible assets. Our audit work in relation to this included, but was not restricted to, the following:

- Evaluated the design and implementation of certain internal controls over the impairment process, including the controls related to the significant assumptions used in determining the recoverable amount;

- Assessed management's determination of CGUs, the allocation of goodwill to the identified CGUs and the application of an appropriate valuation methodology to test for impairment;
- Performed retrospective review to compare management's assumptions in prior year expected future cash flows to the actual results to assess the Company's budgeting process and ability to accurately forecast;
- Evaluated the reasonableness of significant assumptions such as forecasted revenue, earnings before interest, taxes, depreciation and amortization and long-term growth rates used in the cash flow model by comparing these assumptions to historical and actual performance, approved budgets, and consistency with industry data. We also considered whether the assumptions were consistent with evidence obtained in other areas of the audit;
- Involved internal specialists in evaluating the appropriateness of management's valuation methodology and assessing the reasonability of the discount rate and other inputs used in the impairment analysis based on industry data and other benchmarks; and
- Assessed the appropriateness of the disclosures relating to the assumptions used in the impairment assessment in the notes to the consolidated financial statements.

### **Other Information**

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Abhishek Kapoor.

Vancouver, British Columbia

April 20, 2026

**MNP** LLP

Chartered Professional Accountants

**Plurilock Security Inc.****Consolidated Statements of Financial Position**

(Expressed in Canadian dollars)

		<b>December 31,</b>	December 31,
		<b>2025</b>	2024
	Notes	\$	\$
<b>Assets</b>			
Current assets			
Cash and cash equivalents		<b>2,540,764</b>	1,399,463
Restricted cash	5	<b>20,000</b>	20,000
Trade receivables	6	<b>4,545,690</b>	8,698,200
Tax credits receivable	7	<b>119,038</b>	128,979
Inventory	8	—	12,005
Prepaid expenses and deposits	9	<b>11,935,376</b>	19,819,032
Contract asset	10	<b>245,363</b>	433,002
Marketable securities	11,27	<b>2,333,016</b>	—
<b>Total current assets</b>		<b>21,739,247</b>	30,510,681
Non-current assets			
Property and equipment	12	<b>22,097</b>	91,543
Right-of-use asset	13	—	4,416
Net investment in sublease	14	—	6,495
Intangible assets	15	<b>1,078,657</b>	1,315,883
Goodwill	15	<b>2,390,940</b>	2,507,202
Other non-current assets		<b>32,871</b>	36,970
<b>Total assets</b>		<b>25,263,812</b>	34,473,190
<b>Liabilities</b>			
Current liabilities			
Trade and other payables	16	<b>11,753,657</b>	12,142,512
Unearned revenue	17	<b>15,037,100</b>	24,703,817
Short-term loans	18	—	2,408,034
Lease liability	14	—	12,390
Convertible debenture - current portion	19	<b>346,760</b>	—
<b>Total current liabilities</b>		<b>27,137,517</b>	39,266,753
Non-current liabilities			
Deferred tax liability		<b>4,802</b>	19,440
Convertible debenture	19	<b>2,397,903</b>	328,296
<b>Total liabilities</b>		<b>29,540,222</b>	39,614,489
<b>Shareholders' equity</b>			
Share capital	20(b)	<b>44,245,648</b>	38,543,997
Equity reserve		<b>2,002,913</b>	754,642
Foreign currency translation (deficit) reserve		<b>(475,639)</b>	(595,114)
Contributed and other surplus		<b>5,982,580</b>	4,922,606
Accumulated deficit		<b>(56,031,912)</b>	(48,767,430)
<b>Total equity</b>		<b>(4,276,410)</b>	(5,141,299)
<b>Total equity and liabilities</b>		<b>25,263,812</b>	34,473,190

Nature of operations and going concern 1

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

Approved by the Board

*"Blake Corbet"*

Blake Corbet, Director

*"Jennifer Swindell"*

Jennifer Swindell, Director

**Plurilock Security Inc.**

**Consolidated Statements of Loss and Comprehensive Loss**

(Expressed in Canadian dollars)

		<b>Year ended December 31,</b>	
		<b>2025</b>	<b>2024*</b>
		<b>\$</b>	<b>\$</b>
	Notes		
<b>Continued Operations</b>			
<b>Revenue</b>	23	<b>60,988,824</b>	58,149,365
Cost of sales		<b>(54,371,487)</b>	(51,056,334)
Gross profit		<b>6,617,337</b>	7,093,031
<b>Operating expenses</b>			
Research and development	24	<b>48,850</b>	34,002
Sales and marketing	24	<b>2,910,341</b>	2,807,428
General and administrative	24	<b>10,160,775</b>	9,928,106
Stock-based compensation	20 (d)(g)	<b>770,031</b>	1,690,639
<b>Total operating expenses</b>		<b>13,889,997</b>	14,460,175
<b>Operating loss</b>		<b>(7,272,660)</b>	(7,367,144)
<b>Other income (expenses)</b>			
Foreign exchange translation gain (loss)		<b>(69,514)</b>	(235,268)
Acquisition-related expenses		<b>(161,442)</b>	(461,645)
Financing expenses		<b>(285,512)</b>	(271,022)
Loss on convertible debt conversion inducement		—	(1,817,470)
Loss on settlement of debt		—	(454,128)
Other income (expenses)		<b>56,997</b>	494,063
Impairment on assets		<b>(942)</b>	(4,787)
Gain on disposal of assets		<b>1,669</b>	407
Unrealized gain on marketable securities	11	<b>1,086,224</b>	—
Interest expenses		<b>(1,387,304)</b>	(1,071,599)
<b>Total other income (expenses)</b>		<b>(759,824)</b>	(3,821,449)
<b>Loss for the year before tax</b>		<b>(8,032,484)</b>	(11,188,593)
Income tax (expense) recovery	28	<b>(95,007)</b>	(25,568)
<b>Net loss for the year from continuing operations</b>		<b>(8,127,491)</b>	(11,214,161)
<b>Discontinued operations</b>			
Net income (loss) from discontinued operations	27	<b>863,009</b>	(318,312)
<b>Net loss for the year</b>		<b>(7,264,482)</b>	(11,532,473)
<b>Other comprehensive income (loss)</b>			
<b>Items that may be subsequently reclassified to net results</b>			
Foreign exchange translation difference from continuing operations		<b>119,563</b>	(293,105)
<b>Other comprehensive income (loss) from continuing operations</b>		<b>119,563</b>	(293,105)
Foreign exchange translation difference from discontinued operations		<b>(88)</b>	136
<b>Other comprehensive income (loss) from discontinued operations</b>		<b>(88)</b>	136
<b>Comprehensive loss for the year</b>		<b>(7,145,007)</b>	(11,825,442)
<b>Basic and diluted gain (loss) per share (Restated - Note 25, 27)</b>			
- Continuing operations	25	<b>(0.11)</b>	(0.30)
- Discontinued operations	25	<b>0.01</b>	(0.01)
<b>Basic and diluted net loss per share (Restated - Note 25, 27)</b>	25	<b>(0.10)</b>	(0.31)

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

\* Comparative information has been re-presented due to discontinued operations . See Note 27

**Plurilock Security Inc.**  
**Consolidated Statements in Changes in Equity**  
December 31, 2025 and 2024  
(Expressed in Canadian dollars)

	Notes	Share capital	Contributed and other surplus	Equity reserve	Foreign currency translation (deficit) reserve	Accumulated deficit	Total	
		#	\$	\$	\$	\$	\$	
<b>Balance, January 1, 2024</b>		<b>10,168,182</b>	<b>25,370,093</b>	<b>2,919,750</b>	<b>675,879</b>	<b>(302,145)</b>	<b>(37,234,957)</b>	<b>(8,571,380)</b>
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)	349,417	146,823	-	-	-	-	146,823
Shares issued for convertible debenture conversion	19	4,367,500	2,324,653	-	664,202	-	-	2,988,855
Equity component of convertible debenture	19	-	-	-	(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)	-	-	1,690,639	-	-	-	1,690,639
Exercise of warrants		16,178,051	4,710,942	-	(456,588)	-	-	4,254,354
Expiry of warrants		-	-	227,215	(227,215)	-	-	-
Net loss from continuing operations for the year		-	-	-	-	-	(11,214,161)	(11,214,161)
Net loss from discontinued operations for the year	27	-	-	-	-	-	(318,312)	(318,312)
Other comprehensive loss		-	-	-	-	(292,969)	-	(292,969)
<b>Balance, December 31, 2024</b>		<b>59,629,251</b>	<b>38,543,997</b>	<b>4,922,606</b>	<b>754,642</b>	<b>(595,114)</b>	<b>(48,767,430)</b>	<b>(5,141,299)</b>
Units issued for cash	20(b)	12,459,125	4,111,511	-	872,139	-	-	4,983,650
Share issuance costs	20(b)	-	(277,610)	-	-	-	-	(277,610)
Shares issued for debt settlement		-	-	-	-	-	-	-
Shares issued pursuant to disposal of subsidiary broker fee	27	200,000	40,000	-	-	-	-	40,000
Warrants issued as private placement broker fee	20(b)	-	(192,722)	-	192,722	-	-	-
Shares issued for convertible debenture interest	20(b)	312,188	63,750	-	-	-	-	63,750
Equity component of convertible debenture	19	-	-	-	294,781	-	-	294,781
Warrants issued as part of financing on convertible debt		-	-	-	271,199	-	-	271,199
Recognition of stock-based compensation	20(d)(g)	-	-	770,031	-	-	-	770,031
Exercise of warrants	20(e)	6,438,493	1,956,722	-	(92,627)	-	-	1,864,095
Expiry of warrants		-	-	289,943	(289,943)	-	-	-
Net loss from continuing operations for the year		-	-	-	-	-	(8,127,491)	(8,127,491)
Net income from discontinued operations for the year	27	-	-	-	-	-	863,009	863,009
Other comprehensive gain		-	-	-	-	119,475	-	119,475
<b>Balance, December 31, 2025</b>		<b>79,039,057</b>	<b>44,245,648</b>	<b>5,982,580</b>	<b>2,002,913</b>	<b>(475,639)</b>	<b>(56,031,912)</b>	<b>(4,276,410)</b>

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

**Plurilock Security Inc.**  
**Consolidated Statements of Cashflows**  
December 31, 2025 and 2024  
(Expressed in Canadian dollars)

		Year ended December 31,	
		2025	2024
		\$	\$
	Notes		
<b>Net loss for the year</b>		<b>(7,264,482)</b>	(11,532,473)
<b>Operating activities</b>			
Adjustments for			
Amortization	24	246,304	317,321
Gain on disposal of asset		(1,669)	(407)
Income tax expense (recovery)	28	95,007	25,568
Stock-based compensation	20 (d)(g)	770,031	1,690,639
Impairment on assets		—	4,787
Bad debt		146,913	(3,456)
Impairment on lease		942	—
Loss on inducement of convertible debt		—	1,817,470
Interest accretion - convertible debt	19	43,602	96,098
Interest expense on convertible debt	19	—	84,573
Interest expense - lease liability	14	778	5,670
Gain on sale of subsidiary	27	(1,277,944)	—
Loss on debt settlement		—	454,128
Acquisition-related costs		—	53,595
Non-cash operating expenses		—	200,163
Non-cash deferred rent		5,553	33,515
Convertible debt interest		63,750	—
Unrealized marketable securities (gain)/loss	11	(1,086,224)	—
Unrealized foreign exchange (gain)/loss		69,514	235,268
Changes in working capital and other items			
Trade and other receivables		3,909,458	(3,571,635)
Tax credits receivable		(9,946)	16,868
Inventory		12,005	1,854,012
Prepaid expenses and deposits		7,882,423	(5,216,509)
Contract asset		187,639	(433,002)
Other non-current assets		4,099	(10,564)
Trade and other payables		(482,542)	847,178
Unearned revenue		(9,535,000)	6,215,862
Other non-current liabilities		—	(240,733)
Net cash flows provided by (used in) operating activities		<b>(6,219,789)</b>	(7,056,064)
<b>Investing activities</b>			
(Acquisition) disposal of equipment	12	12,954	(42,191)
Proceeds from sale of CloudCodes, net of cash disposed	27	35,487	—
Net cash flows provided by (used in) investing activities		<b>48,441</b>	(42,191)
<b>Financing activities</b>			
Proceeds from issuance of shares, net of issuance costs	20 (b)	4,706,040	5,278,486
Proceeds from warrant exercise	20 (b)	1,864,095	4,254,354
Proceeds from convertible debt, net of issuance cost	19	2,938,745	—
Repayments to short-term loans, net		(2,338,552)	(2,489,985)
Lease payments	14	(13,168)	(115,433)
Net cash flows provided by (used in) financing activities		<b>7,157,160</b>	6,927,422
Foreign exchange effect on cash and cash equivalents and restricted cash		155,489	(467,897)
Net (decrease)/ increase in cash and cash equivalents and restricted cash		<b>985,812</b>	(170,833)
Cash and cash equivalents and restricted cash, beginning of year		<b>1,419,463</b>	2,058,193
<b>Cash and cash equivalents and restricted cash, end of year</b>		<b>2,560,764</b>	1,419,463

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

**Plurilock Security Inc.**  
**Consolidated Statements of Cashflows**  
December 31, 2025 and 2024  
(Expressed in Canadian dollars)

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**Supplemental cash flow information**

Non-cash financing and investing activities

		<b>Year ended December 31,</b>	
		<b>2025</b>	2024
		<b>\$</b>	<b>\$</b>
Warrants issued as brokers fee pursuant to financing	Notes 20(e)	<b>192,722</b>	169,828
Warrants issued for debt settlement	20(e)	-	235,576
Shares issued as part of sale of subsidiary	27	<b>40,000</b>	-
Shares received as part of sale of subsidiary consideration	11, 27	<b>1,246,792</b>	-
Shares issued as part of acquisition	20(b)	-	245,560
Shares issued as part of shares for debt settlement	20(b)	-	437,105
Shares issued as part of service consulting agreement	20(b)	-	200,163
Shares issued for convertible debenture interest payment	19	<b>63,750</b>	146,823
Shares issued for convertible debenture conversion	19	-	2,324,653

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

**Plurilock Security Inc.**  
**Notes to the Consolidated Financial Statements**  
December 31, 2025 and 2024  
(Expressed in Canadian dollars)

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**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, 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 offers IT and cybersecurity services and solutions.

As at the consolidated financial statements December 31, 2025 date, Plurilock had four wholly owned subsidiaries. Plurilock Security Solutions Inc. ("**PL**") was formed following the amalgamation of PL and 1243540 B.C. Ltd. on September 17, 2020 pursuant to a Qualifying Transaction ("**QT**"). Integra Network Corporation ("**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. On September 9, 2025, the Company disposed its Indian subsidiary PSP (Note 27).

These consolidated financial statements report that the Company has a net loss of \$7,264,482 and \$11,532,473 for the years ended December 31, 2025, and 2024, respectively and an accumulated deficit of \$56,031,912 and \$48,767,430 as December 31, 2025 and 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 consolidated financial statements were authorized for issue by the Board of Directors on April 20, 2026.

**Plurilock Security Inc.**  
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**2. Basis of presentation**

*Statement of compliance*

These 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, 2025. The Company’s material accounting policies are presented in Note 3 to the consolidated financial statements for the year ended December 31, 2025, and have been consistently applied in the preparation of these consolidated financial statements.

*Basis of presentation*

These 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 consolidated financial statements are presented in Canadian dollars.

**3. Material accounting policies**

*Principles of consolidation*

These 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.

***Foreign currency translation***

The presentation currency for the consolidated financial statements is the Canadian dollars. Items included in these consolidated financial statements of the Company and its subsidiaries are measured using the currency of the primary economic environment in which the individual entity operates (the “functional currency”). The functional currency of the Company is the Canadian dollar and the functional currency of the Company’s subsidiaries is as follows: PL- Canadian dollar; INC – Canadian dollar; PLUS - U.S. dollar; ASC – U.S. dollar and PSP – Indian Rupee.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Company’s foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in a foreign exchange translation reserve. Accumulated amounts in the foreign currency translation reserve will be recognized in profit or loss in the period in which the foreign operation is disposed of.

Transactions in currencies which are not the entity’s functional currency are translated at the exchange rate in effect at the time of the transaction. At each financial position reporting date, the foreign currency denominated monetary assets and liabilities are translated to the functional currency at the exchange rate in effect at the date of the financial position.

Foreign currency denominated non-monetary assets and liabilities are translated to the functional currency at the historical exchange rates in effect on the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss in the period in which they arise.

***Non-current assets held for sale and discontinued operations***

The Company classifies non-current assets and liabilities and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and liabilities and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of net loss and comprehensive loss.

Additional disclosures are provided in Note 27. All other notes to the consolidated financial statements include amounts for continuing operations, unless indicated otherwise.

***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 statements 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.

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

***Financial instruments (continued)***

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 amortized 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 recognized 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 recognized 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 recognized in equity will be transferred to deficit. No gain or loss is recognized 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:

<b>Financial instruments</b>	<b>Classification and measurement basis</b>
Cash and cash equivalents	Amortized cost
Restricted cash	Amortized cost
Trade and other receivables	Amortized cost
Marketable securities	FVTPL
Trade payables and accruals	Amortized cost
Short term loans	Amortized cost
Convertible debenture	Amortized cost

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.

***Cash and cash equivalents***

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

***Restricted cash***

The Company considers restricted cash as amounts with maturity of more than three months and classifies the amounts into current restricted cash within twelve months of maturity and non-current restricted cash beyond twelve months of maturity.

***Trade and other receivables***

Trade and other receivables are recognized initially at the amount determined under IFRS 15: Revenue from Contract with Customers ("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 credit 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 statements 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 statements of loss and comprehensive loss.

***Convertible debenture***

Convertible debentures are separated into their liability and equity components using the residual method. The fair value of the liability component at the time of issue is determined based on an estimated discount rate for debentures without the conversion feature. The fair value of the equity component is determined as the difference between the face value of the convertible debentures and the fair value of the liability component. The equity amount is allocated between the conversion option and warrants based on a proportionate fair value method. After initial recognition, the liability component is carried on an amortized cost basis and will be accreted to its face value over the term to maturity of the convertible debenture at the effective rate. The equity components are not subsequently remeasured. Directly attributable transaction costs relating to the issuance of the convertible debentures are allocated to the liability and equity components in proportion to their carrying amounts.

***Marketable securities***

Marketable securities are recognized initially at fair value on the trade date. Transaction costs are expensed as incurred for financial assets classified as fair value through profit or loss.

The Company classifies its marketable securities as financial assets at fair value through profit or loss ("FVTPL") unless an irrevocable election is made to classify equity investments at fair value through other comprehensive income ("FVOCI").

Subsequent to initial recognition, marketable securities are measured at fair value. Changes in fair value are recognized in profit or loss for instruments classified as FVTPL and in other comprehensive income for instruments classified as FVOCI.

Fair value is determined using quoted market prices in active markets (Level 1 inputs) when available.

***Property and equipment***

Equipment is recorded at cost, less accumulated depreciation, and any impairment charges. When the cost of replacing part of an item of equipment is capitalized, the carrying amount of the replaced part is derecognized. Maintenance and repair expenditures that do not improve or extend productive life are expensed in the period incurred. On an annual basis, the assets' residual values and useful lives are reviewed, and adjusted if appropriate. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the depreciation period or method, as appropriate, and are treated as changes in accounting estimates. The Company amortizes the equipment over their estimated useful lives using the straight-line method and the following duration:

Computer equipment	3 years
Computer applications	3 years
Electronical equipment	5 years
Furniture & fixtures	7 years

***Intangible assets***

Intangible assets consist of patents, a procurement contract, customer relationships, intellectual properties, and a brand name.

Patents cover certain aspects of the Company's behavioral biometric algorithms. Patents acquired from third parties are recorded at cost. Their finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

The procurement contract is a U.S. government wide procurement contract the Company acquired as part of a business acquisition.

The brand name, customer relationships and intellectual properties were also acquired as part of a business acquisition.

**Plurilock Security Inc.**  
**Notes to the Consolidated Financial Statements**  
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***Intangible assets (continued)***

Research costs are charged to operations when they are incurred. Development costs are capitalized as intangible assets when the Company can demonstrate that the technical feasibility of the project has been established; the Company intends to complete the asset for use or sale and has the ability to do so; the asset can generate probable future economic benefits; the technical and financial resources are available to complete the development; and the Company can reliably measure the expenditure attributable to the intangible asset during its development. At December 31, 2025, the Company has not capitalized any development costs.

The Company amortizes its intangible assets over their estimated useful lives using the straight-line method and the following durations:

Patents	20 years
Procurement Contract	69 months
Brand Name	Indefinite (Brand is recognized as part of a business combinations and does not have an identifiable finite number of useful life)
Customer Relationships	5-7 years
Intellectual Properties	5-7 years

***Impairment of assets***

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to an individual CGU or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in profit or loss.

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Goodwill and goodwill impairment are discussed separately below.

***Income taxes***

The tax expense for the period comprises current and deferred income tax. Taxation is recognized in the consolidated statements of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case the tax is recognized in equity.

***Income taxes (continued)***

Current income tax is generally the expected income tax payable on the taxable income for the year calculated using rates substantively enacted at the date of the statements of financial position in the countries where the Company or its subsidiaries operate and generate taxable income and includes any adjustment to income tax payable or recoverable in respect of previous years.

Uncertain income tax positions are accounted for using the standards applicable to current income tax assets and liabilities; i.e. both liabilities and assets are recorded when probable at the Company's best estimate of the amount.

Deferred income tax is recognized using the liability method, based on temporary differences between consolidated financial statements carrying amounts of assets and liabilities and their respective income tax bases. Deferred income tax is determined using tax rates that have been substantively enacted by the date of the consolidated statements of financial position and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled. The amount of deferred income tax recognized is based on the expected manner and timing of realization or settlement of the carrying amount of assets and liabilities. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax assets are reviewed at each date of the consolidated statements of financial position and amended to the extent that it is no longer probable that the related tax benefit will be realized.

Current income tax assets and liabilities are offset when the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. Normally the Company would only have a legally enforceable right to set off a current tax asset against a current tax liability when they relate to income taxes levied by the same taxation authority and the taxation authority permits the Company to make or receive a single net payment. Deferred income tax assets and liabilities are offset when the Company has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

***Share capital***

Share capital is presented at the value of the shares issued. Costs related to issuing the Company's common shares, share options or warrants are reported net of tax as a deduction from the proceeds from the issue.

***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 maintenance sales, (2) software, license, and maintenance sales and (3) professional services.

***Revenue recognition (continued)***

1) Hardware and maintenance 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. Hardware maintenance services performance obligation is to arrange for the delivery of the specified services to the customers and the revenue is recognized on net basis point-in-time.

2) Software, license, and maintenance sales

Performance obligations in the Company's contracts generally consist of licensing of software, access to third-party software as a service provided to customers, deployment, configuration and integration activities, stand-ready obligation on essential support, and maintenance during the terms of arrangements. Revenue is recognized over time, as customers simultaneously receives and consumes the benefits as the Company performs, the customer controls the service as it is created or enhanced, and the Company has an enforceable right to payment for performance completed to date and revenue is recognized over time on a straight-line basis over the term of the contract as and when the performance obligation is fulfilled evenly over the term of the contract.

3) Professional services

Professional services are generally on either a fixed fee, milestone based, or time and 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.

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 except for hardware maintenance services, 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.

The Company has determined that it acts as an agent in hardware maintenance services offered by a third party.

*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.

***Revenue recognition (continued)***

*Contract Assets and Unearned Revenue*

Any excess of revenue recognized over progress billings on revenue contracts is carried as a contract asset in the consolidated financial statements.

Any excess of cash received from progress billings over earned revenue on revenue contracts is carried as an unearned revenue in the consolidated financial statements.

*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.

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 at the same time each year. Goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. CGUs 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.

***Goodwill (continued)***

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized under profit and loss and not reversed in a subsequent period. On disposal of a CGU, 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 and 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.

***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 received and the related portion previously recorded in stock-based payment reserve.

For each restricted share unit ("RSUs") granted to directors, officers and employees, compensation expense is recognized equal to the market value of one common share at the date of grant based on the number of RSUs expected to vest, recognized over the term of the vesting period, with a corresponding credit to contributed surplus.

***Warrants***

The Company issues warrants for services and warrants as part of financing transactions. 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 fulfilling contractual obligations for the Company to deliver a variable number of its own equity instruments, the Company treats these warrants under IFRS 9 *Financial Instruments* ("IFRS 9") and IAS 32 *Financial Instruments: Presentation* ("IAS 32").

***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 estimates, assumptions and critical judgements by management***

The preparation of financial statements in accordance with IFRS requires management to make judgements, 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 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 material accounting policies subject to such estimates, assumptions and judgments that, in the Company's opinion, could significantly affect the reported results or financial position, are as follows:

***Main sources of estimates, assumptions and critical judgements by management (continued)***

➤ *Going concern considerations*

The Company has financed its operating cash requirements primarily through the issuance of share capital and convertible debentures. The Company's ability to realize the carrying value of its assets, discharge its liabilities 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. 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.

The estimates used by the Company in reaching the above conclusion are based on information available as of the date of the consolidated statements 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.

➤ *Impairment of intangible assets including goodwill*

The Company assesses whether there are any indicators of impairment as at the reporting date for all intangible assets. Goodwill and intangible assets with indefinite useful lives are tested for impairment annually and at other times when such indicators exist. Other intangible assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, the Company must estimate the expected future cash flows from the CGUs and choose a suitable discount rate in order to calculate the present value of those cash flows. The key sources of estimation uncertainty are the future business performance over the forecast period (five years), projected long-term growth rates and the discount rates applied.

➤ *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.

➤ *Valuation of warrants issued for services*

For warrants issued for services and as part of financing, the Company follows guidelines under IFRS 2 and uses the Black-Scholes model to assess 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 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.

➤ *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 judgements 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

***Main sources of estimates, assumptions and critical judgements by management (continued)***

significant effect on the amounts in the Company's consolidated financial statements, are related to the determination of the functional currency of the Company and its subsidiaries.

➤ *Assessment of revenue recognition under IFRS 15*

During the year, management assessed the various performance obligations present in each contract in effect and if revenue was to be recognized at a point in time or over a period of time. Judgement was used to determine the identification of those performance obligations, allocation of the transaction price to the performance obligation, and accounting for the consideration payable by the customer.

The Company has made significant judgements in determining that sale of software license, access to third-party software as a service provided to customers, deployment, configuration and integration activities are combined together to fulfill the performance obligation of cybersecurity solutions paired with AI-driven cloud-friendly security products to customers which is satisfied over the contract term as the Company satisfies a portion of its performance obligation each day it provides the cybersecurity solution and revenue is recognized on a straight-line basis over the contract term.

The Company uses significant judgement in presentation of revenue contracts with customers in accordance with the principles of IFRS 15, to assess whether it acts as a principal in a transaction or as an agent acting on behalf of others in recognition of sale of hardware, software, maintenance and services to customers.

Revenue for professional services under fixed fees contracts are recognized based on extent of progress towards completion of the performance obligation, which requires judgement for estimating project inputs and costs for completion and making assumptions for scope changes. Depending on the services provided and on the contract terms, many variables are used in assessing the revenues earned based on the project stage of completion at the reporting date.

For the revenue arrangements comprise multiple performance obligations, estimates are required when determining the relative fair value of each performance obligation utilizing standalone prices for similar performance obligations where it exists or internally generated estimates of standalone price.

**4. New accounting policies**

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

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 in financial statements. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with early application permitted. The Company has not adopted this standard and will plan implementation by the prescribed deadline.

The IASB's newly issued narrow scope amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures provides clarification on financial liability derecognition and financial assets with ESG linked and "non-recourse features". The amendments are effective for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted. The Company has not adopted this standard and will plan implementation by the prescribed deadline.

The Company is assessing the impact of the amendment or any other amendments to standards and interpretations applicable to the Company and not yet effective for year ended December 31, 2025 to have a significant effect on its consolidated financial statements.

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**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 receivables**

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

	<b>December 31, 2025</b>	December 31, 2024
	\$	\$
Trade receivables	<b>4,545,690</b>	8,698,200
	<b>4,545,690</b>	8,698,200

As at December 31, 2025, \$130,509 or 2.9% of the trade receivables balance is over 90 days past due compared to \$977,528 or 11.2% as at December 31, 2024 and 74.7% of the trade receivable balances are owing from 5 customers as at December 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. No expected credit loss provision as at December 31, 2025 and 2024 as the amounts are considered to be fully collectible and substantially current (Note 22 (a)).

**7. Tax credits receivable**

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

	<b>December 31, 2025</b>	December 31, 2024
	\$	\$
Tax credits receivable	<b>119,038</b>	128,979
	<b>119,038</b>	128,979

Tax credits receivable balance as at December 31, 2025 of \$119,038 is related to goods and services tax ("GST") receivable compared to \$128,979 as at December 31, 2024.

**8. Inventory**

	<b>December 31, 2025</b>	December 31, 2024
	\$	\$
Finished goods	—	12,005
	—	12,005

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

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**8. Inventory (continued)**

Amounts of \$5,907,394 of inventories was expensed during the year ended December 31, 2025, as cost of sales (\$7,556,292 during the year ended December 31, 2024).

**9. Prepaid expenses and deposits**

	<b>December 31, 2025</b>	December 31, 2024
	\$	\$
Prepaid service contracts	<b>297,489</b>	321,750
Deposits	<b>534</b>	954
Advance to supplier	<b>11,637,353</b>	19,496,328
	<b>11,935,376</b>	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 December 31, 2025, the Company had an advance to suppliers balance of \$11,637,353 compared to \$19,496,328 as at December 31, 2024, reflecting prepayments made for inventory.

**10. Contract Asset**

	<b>December 31, 2025</b>	December 31, 2024
	\$	\$
Contract Asset	<b>245,363</b>	433,002
	<b>245,363</b>	433,002

As at December 31, 2025, the Company recognized a contract asset of \$245,363 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. Investments**

On September 9, 2025, the Company sold its assets in CloudCodes to Scope Technologies Corp (CSE:SCPE) ("**Scope**"). As part of that transaction, the Company received 4,200,000 shares of Scope at a price of \$0.34 for a total fair value of \$1,428,000 adjusted for the four-month holding period restriction resulting in a discount of \$181,208 adjustment in fair value on the consolidated statements of loss and comprehensive loss. As at December 31, 2025, the Company has revalued the shares of Scope to their current market price of \$0.57 for a total value of \$2,333,016 resulting in \$1,086,224 of unrealized gain on marketable securities on the consolidated statements of loss and comprehensive loss.

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**12. Property and equipment**

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

<b>Property and equipment - cost</b>	<b>\$</b>
<b>Balance January 1, 2024</b>	<b>234,812</b>
Additions	42,191
Foreign exchange gain	(2,031)
<b>Balance December 31, 2024</b>	<b>274,972</b>
Disposals	(75,799)
Foreign exchange gain	(53)
<b>Balance December 31, 2025</b>	<b>199,120</b>

<b>Property and equipment - accumulated depreciation</b>	<b>\$</b>
<b>Balance January 1, 2024</b>	<b>151,387</b>
Depreciation for the year	32,042
<b>Balance December 31, 2024</b>	<b>183,429</b>
Depreciation for the period	56,438
Disposals	(62,844)
<b>Balance December 31, 2025</b>	<b>177,023</b>

<b>Property and equipment net book value</b>	<b>\$</b>
<b>At December 31, 2024</b>	<b>91,543</b>
<b>At December 31, 2025</b>	<b>22,097</b>

**13. Right-of-use asset**

Right-of-use asset relates to an office space lease acquired as part of the business acquisition. During the year ended December 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:

<b>Right-of-use asset</b>	<b>\$</b>
<b>Balance January 1, 2024</b>	<b>52,848</b>
Derecognition of ROU asset	1,988
Depreciation	(50,420)
<b>Balance December 31, 2024</b>	<b>4,416</b>
Depreciation	(4,416)
<b>Balance December 31, 2025</b>	<b>-</b>

**14. Lease liability**

Lease liability relates to the lease of office spaces acquired as part of business acquisitions, for which the lease term ended on January 31, 2025, and February 28, 2025 respectively, and were discounted using an interest rate of 10%. During the year ended December 31, 2025, the Company recognized \$778 (December 31, 2024 - \$5,670) in interest expense on the lease liability and paid out the lease liability obligations and forfeited extending the lease terms.

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**14. Lease liability (continued)**

On April 1, 2023, the Company subleased the above discussed office space for which the lease term ended 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 consolidated statements of loss and comprehensive loss.

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

**15. 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.

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

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**15. Intangible assets and goodwill (continued)**

	Patent	Procurement Contract	Customer Relationships	Intellectual Properties	Brand	Total
<b>Cost</b>						
<b>January 1, 2024</b>	<b>\$100,000</b>	<b>\$275,559</b>	<b>\$1,699,284</b>	<b>\$102,566</b>	<b>\$369,674</b>	<b>\$2,547,083</b>
Foreign exchange	-	23,764	104,266	-	31,882	159,912
<b>December 31, 2024</b>	<b>\$100,000</b>	<b>\$299,323</b>	<b>\$1,803,550</b>	<b>\$102,566</b>	<b>\$401,556</b>	<b>\$2,706,995</b>
Disposed through sale of subsidiary	-	-	(112,870)	-	-	(112,870)
Foreign exchange	-	-	(61,746)	-	(18,622)	(80,368)
<b>December 31, 2025</b>	<b>\$100,000</b>	<b>\$299,323</b>	<b>\$1,628,934</b>	<b>\$102,566</b>	<b>\$382,934</b>	<b>\$2,513,757</b>
<b>Amortization</b>						
<b>January 1, 2024 (Restated)</b>	<b>\$45,000</b>	<b>\$249,960</b>	<b>\$736,060</b>	<b>\$102,566</b>	<b>\$ -</b>	<b>\$1,133,586</b>
Additions	5,000	26,696	203,163	-	-	234,859
Foreign exchange	-	22,667	-	-	-	22,667
<b>December 31, 2024</b>	<b>\$50,000</b>	<b>\$299,323</b>	<b>\$939,223</b>	<b>\$102,566</b>	<b>\$ -</b>	<b>\$1,391,112</b>
Additions	5,000	-	180,450	-	-	185,450
Disposed through sale of subsidiary	-	-	(112,870)	-	-	(112,870)
Foreign exchange	-	-	(28,592)	-	-	(28,592)
<b>December 31, 2025</b>	<b>\$55,000</b>	<b>\$299,323</b>	<b>\$978,211</b>	<b>\$102,566</b>	<b>\$ -</b>	<b>\$1,435,100</b>
<b>Net Book Value</b>						
<b>December 31, 2024</b>	<b>\$50,000</b>	<b>\$ -</b>	<b>\$864,327</b>	<b>\$ -</b>	<b>\$401,556</b>	<b>\$1,315,883</b>
<b>December 31, 2025</b>	<b>\$45,000</b>	<b>\$ -</b>	<b>\$650,723</b>	<b>\$ -</b>	<b>\$382,934</b>	<b>\$1,078,657</b>

<b>Goodwill</b>	<b>\$</b>
<b>Balance January 1, 2024 - Restated</b>	<b>2,308,148</b>
Change in foreign exchange evaluation	199,054
<b>Balance December 31, 2024</b>	<b>2,507,202</b>
Change in foreign exchange evaluation	(116,262)
<b>Balance December 31, 2025</b>	<b>2,390,940</b>

Under IAS 36 "Impairment of Assets", the Company is required to: (1) review its intangible assets in the event of a significant change in circumstances that would indicate potential impairment; and (2) review and test its goodwill and indefinite-life intangible assets annually or in the event of a significant change in circumstances. As part of the annual impairment review, the carrying value of the assets or, if they do not generate independent cash flows individually, the carrying value of the cash-generating unit (CGU) that they belong to is compared to their recoverable amount. CGUs represent the smallest identifiable group of assets that generate cash flows that are largely independent of cash flows from other groups of assets. The recoverable amount represents the higher of the CGU's fair value less the cost to sell and value in use (VIU).

The recoverable amount has been determined based on VIU. Where the recoverable amount is less than the carrying value, an impairment results.

Goodwill acquired from business acquisitions is allocated to each acquirer of its CGUs according to the level at which the Company monitors that goodwill.

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**15. Intangible assets and goodwill (continued)**

Management found no other indicators to be evident warranting an impairment on the remaining intangibles or goodwill.

During the year ended December 31, 2025 and 2024, the Company performed goodwill impairment analysis for goodwill from Aurora CGU and no impairment was recorded. The key assumptions on which the VIU calculations are related to future business performance over the forecast period (five years), projected growth rates and the discount rates applied. The goodwill from the Atrion acquisition in 2022 was rolled under the Aurora CGU for impairment testing purposes as the Company treats the unit as one CGU.

The financial forecast used in the VIU calculation includes the latest estimates on future revenue growth, pricing, cost of goods sold and operating expenses of ASC, which underlie ASC's EBITDA. Management has reviewed and approved the assumptions applied in the financial forecast using historical experience, industry knowledge and considering economic and business risks. In assessing ASC's VIU a pre-tax discount rate of 29.8% and Weighted Average Cost of Capital (WACC) rate of 22.3% were used. In assessing future EBITDA growth, management modelled the underlying movements in the constituents of EBITDA and has used an annual growth rate in the range of 9.1% to 11.9% for revenues including 2.4% revenue growth for the terminal value. Management has also considered reasonable possible changes in the key assumptions underpinning EBITDA including revenue growth, WACC and EBITDA as a percentage of revenue and noticed that with a 5% increase/decrease, there is still available headroom under different scenarios before an impairment needs to be considered.

**16. Trade and other payables**

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

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
	<b>\$</b>	<b>\$</b>
Trade payables and accrued liabilities	<b>11,265,588</b>	11,493,347
Payroll liabilities	<b>361,710</b>	709,835
Other payables	<b>126,359</b>	(60,670)
	<b>11,753,657</b>	12,142,512

Accrued liabilities as at December 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 year ended December 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.

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**17. Unearned revenue**

	\$
<b>Balance January 1, 2024 - (Restated)</b>	<b>18,487,955</b>
Amounts received	19,642,975
Revenue recognized	(15,108,695)
Foreign exchange	1,681,582
<b>Balance December 31, 2024</b>	<b>24,703,817</b>
Amounts received	38,711,436
Revenue recognized	(47,313,995)
Disposed through sale of subsidiary	(131,717)
Foreign exchange	(932,441)
<b>Balance December 31, 2025</b>	<b>15,037,100</b>

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

**18. Short-term loans**

On October 17, 2023, the Company announced the increase to its Pathward line of credit ("LOC") from up to US\$4.0 million (CAD\$5.7 million) to US\$7.0 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 year ended December 31, 2025, the Company paid \$258,960 respectively (December 31, 2024 - \$571,156) in interest on Pathward line of credit. During the year ended December 31, 2025, the Company and the lender agreed to close the facility effective December 8, 2025 and was fully repaid.

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

**19. Convertible debenture**

On November 1, 2025, the Company issued \$3,000,000 principal amount of convertible debentures at \$1,000 per unit through non-brokered private placement offering. Each unit consists of \$1,000 principal amount of debenture and 4000 share purchase warrants of the Company. Each warrant will entitle the holders thereof to acquire one common share of the Company at an exercise price of \$0.25 per warrant share for a period of 36 months from the date of the issuance. The debentures mature and will be repayable on October 31, 2028 and accrue interest at a rate of 10% per annum payable in arrears every quarter from the date of issue. 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 \$0.23 per share.

The convertible debentures represent a compound financial instrument. Part of the debenture units with total value of \$2,372,765 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 \$565,980 of which \$271,199 was allocated to warrants and \$294,781 to convertible feature

**19. Convertible debenture (continued)**

have been classified as equity reserves and on the consolidated statements in changes in 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.

Total transaction costs of \$61,255 directly attributable to the offering were allocated proportionately to the liability in the amount of \$49,457 and \$11,798 to the equity components of the debentures.

The Company completed two rounds of financing on August 15, 2022, and September 20, 2022 in the form of convertible debenture for aggregate gross proceeds of \$1,245,000 and \$285,000 respectively, through non-brokered private placement of convertible debenture units at \$1,000 per debenture unit. 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 at a conversion price of \$0.285 per Debenture Share.

A total of \$38,273 broker fee and direct expenses were incurred in relation to the financing. An additional amount of broker warrants of \$13,800 was issued as compensation for completing the financing.

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.

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. \$1,245,000 of convertible debt was also 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 year ended December 31, 2025, the Company recognized \$43,602 (\$20,098 – December 31, 2024) in interest accretion on the convertible debt and no convertible debt was converted into common shares.

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**19. Convertible debenture (continued)**

The following table summarizes the continuity of the Convertible Debenture:

	<i>Debt Portion</i>	<i>Equity Portion</i>	<i>Total Convertible Debenture</i>
	\$	\$	\$
<b>Balance January 1, 2024</b>	<b>1,257,545</b>	<b>360,960</b>	<b>1,618,505</b>
Interest accretion recognized	20,098	-	20,098
Convertible debt converted to common shares	(949,347)	(307,040)	(1,256,387)
<b>Balance December 31, 2024</b>	<b>328,296</b>	<b>53,920</b>	<b>382,216</b>
Issuance of convertible debt	2,372,765	565,980	2,938,745
Interest accretion recognized	43,602	-	43,602
<b>Balance December 31, 2025</b>	<b>2,744,663</b>	<b>619,900</b>	<b>3,364,563</b>

**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 79,039,057 and 59,629,251 common shares without par value as at December 31, 2025 and December 31, 2024 respectively.

(b) *Issued and outstanding*

During the year ended December 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 and \$872,139 was allocated to the special warrants to subscribers. The fair value of the broker warrants was calculated using the Black-Scholes option pricing model with the following assumptions: volatility of 224%, expected life of three years, no dividends, and a risk-free rate of 3.07%.

**20. Share capital (continued)**

*(b) Issued and outstanding (continued)*

- 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.
- 200,000 shares at a fair value of \$0.20 were issued for finders fees related to the sale of subsidiary in the amount of \$40,000.
- 312,188 units at a fair value of \$0.20 were issued to settle convertible debt interest in the amount of \$63,750.

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.
- 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.
- 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 19).
- 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.

**20. Share capital (continued)**

*(b) Issued and outstanding (continued)*

- 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 19).

*(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.

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, expiring 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.

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**20. Share capital (continued)**

(c) *Stock option plan (continued)*

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 over one year from the grant date.

On April 1, 2025, the Company granted certain employees and consultants of the Company an aggregate of 10,000 options to purchase common shares at an exercise price of \$0.28 per share. 1,000 options will vest one year from the date of grant; 2,000 will vest after two years; 3,000 will vest after three years; and the remaining 4,000 options will vest four years from the date of grant.

On June 12, 2025, the Company granted certain employees and consultants of the Company an aggregate of 1,445,000 options to purchase common shares at an exercise price of \$0.26 per share and an aggregate of 385,000 options to purchase common shares at an exercise price of \$0.23 per share. 200,000 will vest immediately from the grant date and the remaining 1,630,000 will vest 25% each year over four years.

On October 9, 2025, the Company granted certain employees and consultants of the Company an aggregate of 600,000 options to purchase common shares at an exercise price of \$0.25 per share which will vest 25% each year over four years from the grant date.

On October 31, 2025, 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 \$0.23 per share which will vest 25% each year over four years from the grant date.

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

	<b>Number of options #</b>	<b>Weighted average exercise price \$</b>
<b>Balance, January 1, 2024</b>	1,126,764	2.80
Granted	4,713,879	0.45
Forfeited	(339,600)	1.73
Expired	(750,617)	3.24
<b>Balance, December 31, 2024</b>	4,750,426	0.48
Granted	2,990,000	0.27
Forfeited	(354,370)	0.36
Expired	(41,960)	0.31
<b>Balance, December 31, 2025</b>	<b>7,344,096</b>	<b>0.40</b>

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**20. Share capital (continued)**

(c) *Stock option plan (continued)*

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:

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

The number of exercisable stock options as of December 31, 2025 was 7,344,096 with an average exercise price of \$0.40 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 December 31, 2025 and December 31, 2024, are as follows:

Exercise price	December 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)
\$ 0.23	100,000	4.84		
\$ 0.24	235,000	4.45		
\$ 0.25	600,000	3.98		
\$ 0.26	1,445,000	4.45		
\$ 0.28	10,000	4.25		
\$ 0.30	3,610,000	3.53	3,455,000	4.48
\$ 0.40	200,000	4.15		
\$ 0.44	150,000	3.87	150,000	4.87
\$ 0.65	20,000	3.71	20,000	4.71
\$ 0.66	285,000	3.79	335,000	4.79
\$ 0.73	195,000	3.68	195,000	4.68
\$ 1.00	120,000	3.66	120,000	4.66
\$ 1.03	280,000	3.53	280,000	4.53
\$ 1.40	-	-	-	-
\$ 1.50	39,000	7.11	40,330	8.11
\$ 2.00	5,000	7.17	5,000	8.17
\$ 2.13	150,000	3.63	150,000	4.63
\$ 2.60	-	-	-	-
\$ 3.40	-	-	-	-
\$ 3.50	-	-	-	-
\$ 3.70	96	6.23	96	7.23
\$ 5.00	-	-	-	-
\$ 5.20	-	-	-	-
\$ 5.60	-	-	-	-
<b>Total</b>	<b>7,344,096</b>	<b>3.91</b>	<b>4,750,426</b>	<b>4.57</b>

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 24, 2022	\$ 3.70	\$ 3.60	10.00	112%	1.92%	0.00%	58,716	March 24, 2032
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
February 28, 2023	\$ 2.00	\$ 1.95	10.00	124%	2.99%	0.00%	5,000	February 28, 2033
March 31, 2023	\$ 1.50	\$ 1.65	10.00	125%	3.66%	0.00%	5,000	March 31, 2033
June 24, 2024	\$ 0.30	\$ 0.29	5.00	97%	3.76%	0.00%	3,460,000	June 24, 2029
July 12, 2024	\$ 1.03	\$ 1.03	5.00	101%	3.10%	0.00%	280,000	July 12, 2029
July 30, 2024	\$ 1.00	\$ 1.00	5.00	103%	3.10%	0.00%	20,000	July 30, 2029
August 16, 2024	\$ 2.13	\$ 2.13	5.00	105%	3.10%	0.00%	150,000	August 16, 2029
September 4, 2024	\$ 0.73	\$ 0.73	5.00	111%	2.84%	0.00%	195,000	September 4, 2029
September 4, 2024	\$ 1.00	\$ 0.73	5.00	111%	2.84%	0.00%	100,000	September 4, 2029
September 16, 2024	\$ 0.65	\$ 0.65	5.00	110%	2.66%	0.00%	20,000	September 16, 2029
October 15, 2024	\$ 0.66	\$ 0.66	5.00	110%	2.90%	0.00%	335,000	October 15, 2029
November 13, 2024	\$ 0.44	\$ 0.44	5.00	110%	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
April 1, 2025	\$ 0.28	\$ 0.28	5.00	111%	2.72%	0.00%	10,000	April 1, 2030
June 12, 2025	\$ 0.26	\$ 0.23	5.00	110%	2.93%	0.00%	1,445,000	June 12, 2030
June 12, 2025	\$ 0.24	\$ 0.23	5.00	110%	2.93%	0.00%	385,000	June 12, 2030
October 9, 2025	\$ 0.25	\$ 0.19	5.00	109%	2.99%	0.00%	600,000	October 9, 2030
October 31, 2025	\$ 0.23	\$ 0.23	5.00	108%	2.67%	0.00%	100,000	October 31, 2030

(d) *Stock-based compensation reserve*

Total stock-based compensation cost recognized in the Company's consolidated statements of loss and comprehensive loss for the year ended December 31, 2025, was \$770,031 compared to \$1,690,639 in prior year and is credited to contributed surplus.

Total stock-based compensation expense for the year ended December 31, 2025, is comprised of the expense pursuant to stock options issued to related parties (as discussed in Note 26) of \$213,978 compared to \$328,554 in prior year, and to other parties of \$57,853 compared to \$1,025,395 in the prior year.

(e) *Warrants*

There were 35,344,280 warrants as at December 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 \$
<b>Balance, January 1, 2024</b>	<b>2,637,800</b>	<b>2.10</b>
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
<b>Balance, December 31, 2024</b>	<b>18,686,667</b>	<b>0.50</b>
Private placement - special warrants	12,459,125	0.50
Convertible debenture warrants	12,000,000	0.25
Finder's fee for private placement - special warrants	689,675	0.50
Expired	(2,052,694)	0.42
Warrants Exercised	(6,438,493)	0.29
<b>Balance, December 31, 2025</b>	<b>35,344,280</b>	<b>0.46</b>

During the year ended December 31, 2025, the Company issued 12,000,000 warrants for a price of \$0.25 per share related to the convertible debenture financing.

**20. Share capital (continued)**

(e) *Warrants (continued)*

12,459,125 warrants were issued for a price of \$0.50 per share related to the private placement special warrants and 689,675 warrants to brokers related to private placement.

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 per share.

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 year ended December 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 was \$1,026,000 to be recognized as the RSUs vest.

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.

On October 9, 2025, the Company issued 550,000 RSUs, and on October 31, 2025 awarded 1,750,000 RSUs to certain officers, employees and consultants of the Company. The RSUs have a 3-year vesting period with 1/3 vesting on the date that is one year from the date of

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**20. Share capital (continued)**

(g) *Restricted share units (continued)*

grant and another 1/3 every 12 months thereafter. The total fair value of the RSU's granted is \$507,000 to be recognized as the RSUs vest.

Total stock-based compensation expense for the year ended December 31, 2025, is comprised of the expense pursuant to restricted share units issued to related parties (as discussed in Note 26) of \$478,980 and \$19,220 to other parties compared to \$336,690 to related parties and \$Nil to other parties in prior year.

**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, marketable securities, loans, convertible debenture, and equity comprised of issued share capital, contributed surplus and equity reserve:

	<b>December 31, 2025</b>	December 31, 2024
	\$	\$
Cash and cash equivalents	<b>2,540,764</b>	1,399,463
Restricted cash	<b>20,000</b>	20,000
Marketable securities	<b>2,333,016</b>	—
Short-term loans	—	(2,408,034)
Convertible debenture -current	<b>(346,760)</b>	—
Convertible debenture - non-current	<b>(2,397,903)</b>	(328,296)
Share capital	<b>(44,245,648)</b>	(38,543,997)
Contributed surplus	<b>(5,982,580)</b>	(4,922,606)
Equity reserve	<b>(2,002,913)</b>	(754,642)
Total	<b>(50,082,024)</b>	(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, marketable securities, 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 and other receivables 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 marketable securities are classified as financial assets at FVTPL.

Trade payables and accruals, short term loans, lease liability, and convertible debenture are classified as financial liabilities at amortized cost and recognized at fair value and subsequently carried at amortized cost.

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**22. Financial instruments (continued)**

*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, restricted cash, trade and other receivables and marketable securities. 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:

	December 31, 2025 \$	December 31, 2024 \$
Cash and cash equivalents	2,540,764	1,399,463
Restricted cash	20,000	20,000
Trade and other receivables	4,545,690	8,698,200
	<b>7,106,454</b>	<b>10,117,663</b>

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 December 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. No expected credit loss provision as at December 31, 2025 and 2024 as the amounts are considered to be fully collectible and substantially current. The aging of trade and other receivables is as follows:

				December 31, 2025	December 31, 2024
	0-30 days	31-90 days	Over 90 days		
	\$	\$	\$	\$	\$
Trade receivables	3,782,927	632,254	130,509	4,545,690	8,698,200
	3,782,927	632,254	130,509	4,545,690	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 and convertible debentures 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.

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**22. Financial instruments (continued)**

*Financial risk management (continued)*

(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.

(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:

	December 31, 2025					December 31, 2024				
	USD	INR	GBP	CAD	Total	USD	INR	EUR	CAD	Total
Cash and cash equivalents	1,362,143	23,941	-	1,154,680	2,540,764	417,954	94,553	205,543	681,413	1,399,463
Restricted cash	-	-	-	20,000	20,000	-	-	-	20,000	20,000
Trade receivables	4,094,032	-	-	451,658	4,545,690	7,513,349	58,252	-	1,126,599	8,698,200
Marketable securities	-	-	-	2,333,016	2,333,016	-	-	-	-	-
Trade payables and accruals	9,772,969	-	5,711	1,486,908	11,265,588	10,870,607	45,971	-	576,769	11,493,347
Short-term loans	-	-	-	-	-	2,408,034	-	-	-	2,408,034
Convertible debenture - current	-	-	-	346,760	346,760	-	-	-	-	-
Lease liability	-	-	-	-	-	5,268	-	-	7,122	12,390
Convertible debenture - non-current	-	-	-	2,397,903	2,397,903	-	-	-	328,296	328,296

**Significant exchange rates used**

	December 31, 2025	December 31, 2024
<b>Average rate for the year</b>		
US dollar	1.3977	1.4000
Indian Rupee	0.0160	0.0166
British Pounds	1.8420	1.7510
European Euro	1.5783	1.4816
<b>Statement of financial position rates</b>		
US dollar	1.3725	1.4393
Indian Rupee	0.0153	0.0168
British Pounds	1.8428	1.7541
European Euro	1.6089	1.4928

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**22. 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, Indian Rupee and British pounds financial instruments, the foreign currencies in which the Company's assets and liabilities are denominated:

	December 31, 2025 increase/(decrease) in equity	December 31, 2024 increase/(decrease) in equity
	\$	\$
10% appreciation of the U.S. dollar against Canadian dollar	<b>(431,679)</b>	(535,261)
10% depreciation of the U.S. dollar against Canadian dollar	<b>431,679</b>	535,261
10% appreciation of the British pounds against Canadian dollar	<b>(571)</b>	-
10% depreciation of the British pounds against Canadian dollar	<b>571</b>	-
10% appreciation of the European Euros against Canadian dollar	-	20,554
10% depreciation of the European Euros against Canadian dollar	-	(20,554)
10% appreciation of the Indian Rupee against Canadian dollar	<b>2,394</b>	10,684
10% depreciation of the Indian Rupee against Canadian dollar	<b>(2,394)</b>	(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. Marketable securities are measured and reported at FVTPL based on Level 1 inputs. 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.

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**22. Financial instruments (continued)**

*Financial risk management (continued)*

*(e) Fair values (continued)*

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

	December 31, 2025 \$	December 31, 2024 \$
Cash and cash equivalents	2,540,764	1,399,463
Restricted cash	20,000	20,000
Trade and other receivables	4,545,690	8,698,200
Marketable securities	2,333,016	-
<b>Total financial assets</b>	<b>9,439,470</b>	<b>10,117,663</b>
Trade payables and accruals	11,265,588	11,493,347
Short-term loans	-	2,408,034
Lease liability	-	12,390
Convertible debenture	2,744,663	328,296
<b>Total financial liabilities</b>	<b>14,010,251</b>	<b>14,242,067</b>

*(f) Contractual cash flows*

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

	December 31, 2025		
	Due in less than a year \$	Due between one to five years \$	Total \$
<b>Trade payables and other payables</b>	<b>11,265,588</b>	-	<b>11,265,588</b>
<b>Short-term loans</b>	-	-	-
<b>Convertible debenture</b>	<b>346,760</b>	<b>2,397,903</b>	<b>2,744,663</b>
	<b>11,612,348</b>	<b>2,397,903</b>	<b>14,010,251</b>

	December 31, 2024		
	Due in less than a year \$	Due between one to five years \$	Total \$
Trade payables and other payables	11,493,347	-	11,493,347
Short-term loans	2,408,034	-	2,408,034
Lease liability	12,390	-	12,390
Convertible debenture	-	328,296	328,296
	13,913,771	328,296	14,242,067

**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.

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**23. Segment information (continued)**

*(a) Operating segments*

During the year ended December 31, 2024, Plurilock had two operating segments. During the year ended December 31, 2025, the Company discontinued its Technology Division resulting in one operating segment as at the end of the year. This single reportable operating segment derives its revenues from the deployment of solutions and services.

*(b) Revenue from major products and services*

Under the single operating segment, 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 solutions segment for year ended December 31, 2025 and 2024 are as follows:

	For the year ended December 31,	
	2025	2024
	Total Revenue	Total Revenue
	\$	\$
Hardware and systems sales	6,144,293	8,755,823
Software, license and maintenance sales	42,191,823	40,819,516
Professional services	12,652,708	8,574,526
<b>Total</b>	<b>60,988,824</b>	<b>58,149,865</b>

*(c) Major customer information*

A major customer is defined as an external customer that derives revenue equal to 10% or more of the Company's total consolidated revenue.

During the year ended December 31, 2025 one customer accounted for approximately 26.5% (2024 – two customers accounted for 18.7%) of the Company's total consolidated revenues.

These revenues were derived from sales across two of the Company's major product lines:

Solutions business line: Approximately 79.2% (2024 –85.3%) of consolidated revenues.

Services business line: Approximately 20.8% (2024 – 14.7%) of consolidated revenues.

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**23. Segment information (continued)**

(c) *Major customer information (continued)*

All of these revenues were generated within the Company's segment. The Company considers this customer concentration to be an inherent business risk, and the loss of this customer could have a material adverse effect on the Company's financial results.

(d) *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.

	<b>For the year ended</b>	
	<b>December 31, 2025</b>	December 31, 2024
	\$	\$
Revenue		
United States	<b>55,874,525</b>	54,920,302
Canada	<b>5,114,299</b>	3,229,063
	<b>60,988,824</b>	58,149,365

	<b>For the year ended</b>	
	<b>December 31, 2025</b>	December 31, 2024
	\$	\$
Long-lived assets		
United States	<b>3,479,514</b>	3,894,621
Canada	<b>45,051</b>	67,888
	<b>3,524,565</b>	3,962,509

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**24. Operating expenses**

	For the year ended December 31, 2025	December 31, 2024
	\$	\$
<b>Research and development</b>		
Communication and IT services	15,235	10,460
Salaries and benefits	33,615	23,542
	<b>48,850</b>	<b>34,002</b>
<b>Sales and marketing</b>		
Advertising and promotion	6,891	46,763
Communication and IT services	37,797	38,804
Contractors	3,500	4,500
Marketing	59,229	(663)
Office and general	2,678	-
Salaries and benefits	2,083,769	2,175,471
Sales commission	690,645	520,847
Travel and entertainment	25,832	21,706
	<b>2,910,341</b>	<b>2,807,428</b>
<b>General and administrative</b>		
Amortization and depreciation	246,304	317,321
Bad debt	146,746	(3,456)
Communication and IT services	386,165	262,580
Contractors	915,561	690,923
Insurance	204,706	212,301
Office and general	577,943	577,695
Professional fees	1,321,332	1,231,683
Investor relations and regulatory filing	1,180,688	1,810,275
Salaries and benefits	4,935,884	4,659,553
Travel and entertainment	245,446	169,231
	<b>10,160,775</b>	<b>9,928,106</b>

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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 December 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 year ended	
	December 31, 2025	December 31, 2024
	\$	\$
Numerator		
Net loss from continuing operations for the year	(8,127,491)	(11,214,161)
Net income (loss) from discontinued operations for the year	863,009	(318,312)
Net loss for the period	<u>(7,264,482)</u>	<u>(11,532,473)</u>
Denominator		
Weighted average number of common shares outstanding, basic and diluted	76,265,798	37,535,168
Basic and diluted income (loss) per share		
- From continuing operations	(0.11)	(0.30)
- From discontinued operations	0.01	(0.01)
Basic and diluted net loss per share	<u>(0.10)</u>	<u>(0.31)</u>

**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 year ended	
	December 31, 2025	December 31, 2024
	\$	\$
Salaries, benefits and consulting fees	1,648,468	2,023,936
Stock-based compensation expense*	692,957	665,244
	<u>2,341,425</u>	<u>2,689,180</u>

\* Reflects the amount recorded as expense in the 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. Discontinued operations and assets held-for-sale**

Plurilock Security Private Ltd.

On September 9, 2025, the Company sold its assets and liabilities associated with Plurilock Security Private Ltd.'s business (CloudCodes) for a consideration of \$1,528,000. The sale price comprised of cash payment of \$100,000 at the time of closing and 4,200,000 common shares at \$0.34 (at date of closing) per common share into Scope Technologies Corp for total fair value of \$1,428,000 adjusted for the four-month holding period restriction resulting in a discount of \$181,208 adjustment in fair value were issued to the Company. The Company applied a Discount for Lack of Marketability ("DLOM") at 12.69% to adjust for liquidity. The Company incurred \$40,000 of advisory fee costs associated with the sale of transaction paid through issuing 200,000 common shares of the Company at \$0.20 per share. Transaction costs associated with the sale of the subsidiary consisted of \$54,452 not including advisory fee. Following the sale of CloudCodes, the Company determined that technology division operations was no longer commercially sustainable and decided to discontinue its technology division operations which was operating through Plurilock Security Solutions Inc (PL) and Plurilock Security Private Ltd. (PSP). Accordingly, the operating results and operating cash flows for the previously reported subsidiaries are presented as discontinued operations separate from the Company's continuing operations. subsidiaries are presented as discontinued operations separate from the Company's continuing operations.

**Consideration:**

Cash	100,000
Fair value of common shares	1,246,792
Transaction costs	(94,452)
	<b>1,252,340</b>

**Net assets disposed:**

Cash	64,513
Accounts receivable	96,139
Prepaid	1,233
Accounts payable	(55,772)
Deferred revenue	(131,717)
	<b>(25,604)</b>

<b>Gain on disposal</b>	<b>1,277,944</b>
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The results of the entities held-for-sale and other discontinued operations for the periods are presented below:

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**27. Discontinued operations and assets held-for-sale (continued)**

	Year ended December 31,	
	2025	2024
	\$	\$
<b>Revenue</b>	<b>459,462</b>	975,175
Cost of sales	(133,756)	(312,486)
Gross profit	<b>325,706</b>	662,689
<b>Operating expenses</b>		
Research and development	<b>610,306</b>	843,213
Sales and marketing	<b>100,013</b>	255,937
General and administrative	<b>30,322</b>	123,159
<b>Total operating expenses</b>	<b>740,641</b>	1,222,309
<b>Operating loss</b>	<b>(414,935)</b>	(559,620)
<b>Other income (expenses)</b>		
Sale of subsidiary related expenses	<b>(94,452)</b>	—
Other income (expenses)	—	241,308
Gain on sale of subsidiary	<b>1,372,396</b>	—
<b>Total other income</b>	<b>1,277,944</b>	241,308
<b>Loss for the period before tax from discontinued operations</b>	<b>863,009</b>	(318,312)
Income tax (expense) recovery	—	—
<b>Net loss for the period from discontinued operations</b>	<b>863,009</b>	(318,312)
<b>Net loss for the period</b>	<b>863,009</b>	(318,312)
<b>Other comprehensive income (loss)</b>		
<b>Items that may be subsequently reclassified to net results</b>		
Foreign exchange translation difference from discontinued operations	<b>(88)</b>	136
<b>Other comprehensive income (loss) from discontinued operations</b>	<b>(88)</b>	136
<b>Comprehensive loss for the period</b>	<b>862,921</b>	(318,176)
<b>Basic and diluted net loss per share from discontinued operations</b>	<b>0.01</b>	(0.01)

The net cash flows incurred by the disposal group is, as follows:

	For the year ended:	
	December 31, 2025	December 31, 2024
	\$	\$
Operating activities	<b>(7,072)</b>	40,062
Net cash (outflow) inflow	<b>(7,072)</b>	40,062

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**28. Income taxes**

(a) Income tax expense

	<b>December 31, 2025</b>	December 31, 2024
	\$	\$
<b>Current</b>		
Canadian income tax	—	—
Foreign income tax	<b>116,275</b>	29,813
Adjustments in respect of prior year	—	(4,806)
<b>Total current tax</b>	<b>116,275</b>	25,007
<b>Deferred</b>		
Canadian income tax	—	—
Foreign income tax	<b>(21,268)</b>	561
Adjustments in respect of prior year	—	—
<b>Total deferred tax</b>	<b>(21,268)</b>	561
<b>Income tax expense (recovery)</b>	<b>95,007</b>	25,568

(b) Income tax expense (recovery) differs from applying Canadian federal and provincial income tax rates to income (loss) before taxes. The differences are summarized below:

	<b>December 31, 2025</b>	December 31, 2024
	\$	\$
Net loss for the year	(8,032,484)	(11,188,593)
Statutory tax rate	27%	27%
Recovery of tax at statutory rates	(2,168,771)	(3,020,920)
Permanent differences and other	196,823	1,370,493
Rate differential	197,470	(2,133)
Benefit of deferred tax assets not recognized	1,967,741	1,871,685
Foreign exchange	35,202	(87,411)
Share issue costs in equity	(126,989)	(105,662)
Recovery of prior year taxes	—	(4,806)
Other	(6,469)	4,322
<b>Tax recovery</b>	<b>95,007</b>	<b>25,568</b>

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**28. Income taxes (continued)**

(c) Deferred tax balances

	<b>December 31, 2025</b>	December 31, 2024
	<b>\$</b>	<b>\$</b>
Deferred tax asset		
Tax losses carryforwards	122,177	—
Subtotal	122,177	—
Deferred tax liability		
Marketable securities	(122,177)	—
Equipment and other	(2,978)	(6,587)
Intangibles	(1,824)	(12,853)
Subtotal	(126,979)	(19,440)
<b>Net deferred tax liability</b>	<b>(4,802)</b>	<b>(19,440)</b>

Deferred income tax asset is recognized for tax loss carry-forward to the extent that the realization of the related tax benefit through future taxable profits is probable.

(d) Unrecognized losses and other temporary differences

Losses and other temporary differences that have not been included on the consolidated statements of financial position:

	<b>December 31, 2025</b>	December 31, 2024
	<b>\$</b>	<b>\$</b>
Tax loss carryforwards	39,412,309	29,935,243
Financing costs -20(1)(e)	1,246,709	1,027,673
Deductible SR&ED pool	492,716	492,716
Lease obligation	—	700
Deferred revenue	93,163	2,799,283
Equipment and other	4,635,731	2,463,141
Subtotal	<b>45,880,628</b>	<b>36,718,756</b>

The Company's total unused tax losses:

<b>Year of expiry</b>	<b>As at December 31, 2025</b>
2033	62,120
2034	310,875
2035	710,497
2036	421,898
2037	702,068
2038	956,961
2039	1,199,903
2040	840,773
2041	2,474,211
2042	7,251,219
2043	4,631,485
2044	6,033,463
2045	4,787,828
No expiry date	9,029,008
<b>Subtotal</b>	<b>39,412,309</b>