Plurilock Security Inc.
Management's Discussion and Analysis
For the year ended December 31, 2025

Introduction

This management's discussion and analysis ("MD&A") for Plurilock Security Inc. ("Plurilock" or the "Company" or "PSI") should be read in conjunction with the Company's consolidated financial statements as at and for year ended December 31, 2025 and 2024 which have been prepared in accordance with International Financial Reporting Standards ("IFRS")– see note 2 of the December 31, 2025 consolidated financial statements for further information. These documents, along with any additional information about the Company, are available on SEDAR+ at www.sedarplus.ca. Except as otherwise indicated or where the context so requires, references to "Plurilock" or the "Company" include Plurilock and its subsidiaries. All dollar figures stated herein are expressed in Canadian dollars ($ or Cdn$), unless otherwise specified.

The Company Background

Plurilock was incorporated under the BC Business Corporations Act on July 5, 2018. The Company's head office and principal place of business is located at 1021 West Hastings Street, MNP Tower, 9th Floor, Vancouver, BC, V6E 0C3, Canada.

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

Plurilock is a services-led, product-enabled, AI-native cybersecurity company that solves complex cyber problems in high-stakes environments where failure isn't an option. Trusted by Five-Eyes governments, NATO-aligned agencies, and Global 2000 enterprises, we defend critical infrastructure and safeguard the systems that power various facets modern life. Our Critical Services deliver operational resilience through unmatched expertise, proprietary IP, and AI-driven playbooks.

As at the consolidated financial statements December 31, 2025, Plurilock had five 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.

Plurilock operates one operating segment with two business lines: the Services Business line and the Solutions Business line. The Services Business, Plurilock Critical Services ("**PLCS**"), delivers cybersecurity consulting that tailors enterprise-grade defenses to each client's specific needs, helping protect the critical systems that underpin society. The Services Business line operates under the legacy Plurilock brand. The Solutions Business line resells a wide range of cybersecurity industry products and technologies to meet customer needs. The Solutions Business also sells services directly to end users. The Solutions Division is operated by ASC and INC.

The date of this MD&A is April 20, 2026, the date on which it was approved by the Board of Directors.

Forward-looking statements

Certain statements in this MD&A constitute forward-looking statements within the meaning of applicable securities laws. Forward-looking statements include, but are not limited to, the Company's goals, expected costs, objectives, growth strategies, merger and acquisition program and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "should", "plans" or "continue", or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management.

Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those contemplated by such statements. Factors that could cause such differences include the highly competitive nature of the Company's industry, government regulation and funding and other such risk factors described herein and in other disclosure documents filed by the Company with Canadian securities regulatory agencies and commissions. This list is not exhaustive

of the factors that may impact the Company's forward-looking statements. These and other factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. As a result of the foregoing and other factors, no assurance can be given as to any such future results, levels of activity or achievements and neither the Company nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements. The factors underlying current expectations are dynamic and subject to change.

Although the forward-looking statements contained in this MD&A are based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. All forward-looking statements in this MD&A are qualified by these cautionary statements. Other than specifically required by applicable laws, we are under no obligation and we expressly disclaim any such obligation to update or alter the forward-looking statements whether as a result of new information, future events or otherwise except as may be required by law. These forward-looking statements are made as of the date of this MD&A.

Selected 2025 financial information

The following selected financial information for the years ended December 31, 2025, and 2024 has been derived from the annual consolidated financial statements and should be read in conjunction with those financial statements and related notes. Non-IFRS measures are defined below.

	Year ended December 31,	
	2025	**2024**
	$	**$**
Operating Revenues		
Revenue	**60,988,824**	**58,149,365**
Hardware and systems sales	6,144,293	8,755,823
Software, license and maintenance sales	42,191,823	40,819,016
Professional services	12,652,708	8,574,526
Gross margin (%)	**10.9%**	**12.2%**
Net loss for the year	**(7,264,482)**	**(11,532,473)**
Basic and diluted loss per share - for the year	**(0.10)**	**(0.31)**
EBITDA[(1)]	**(5,465,411)**	**(9,877,930)**
Reconciliation of EBITDA:		
Net loss for the year	(7,264,482)	(11,532,473)
Foreign exchange translation gain/(loss)	69,514	235,268
Amortization	246,304	317,321
Interest expenses	1,387,304	1,071,599
Income tax recovery expense (recovery)	95,007	25,568
Impairment on assets	942	4,787
Adjusted EBITDA[(1)]	**(5,206,437)**	**(3,866,787)**
Reconciliation of adjusted EBITDA:		
EBITDA[(1)]	(5,465,411)	(9,877,930)
Stock-based compensation	770,031	1,690,639
Financing expenses	285,512	271,022
Acquisition-related expenses	161,442	461,645
Investor relations	992,891	998,334
Loss (gain) on disposal of assets	(1,669)	(407)
Loss on settlement of debt	-	454,128
Loss on convertible debt conversion inducement	-	1,817,470
Unrealized gain on marketable security	(1,086,224)	-
(Income) loss from discontinued operations	(863,009)	318,312

	December 31, 2025	**December 31, 2024**
	$	$
Cash and cash equivalents	**2,540,764**	**1,399,463**
Restricted cash	**20,000**	**20,000**
Total current assets	**21,739,247**	**30,510,681**
Total assets	**25,263,812**	**34,473,190**
Total current liabilities	**27,137,517**	**39,266,753**
Total liabilities	**29,540,222**	**39,614,489**
Weighted average common shares outstanding (millions)	**76.3**	37.5

Note:

*(1) Non-GAAP measure. Earnings before interest, taxes, depreciation, and amortization ("**EBITDA**") and Adjusted EBITDA should not be construed as alternatives to net income/loss determined in accordance with IFRS. EBITDA and Adjusted EBITDA do not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. The Company*

defines EBITDA as earnings before interest, taxes, impairment on assets and amortization. Adjusted EBITDA is defined as EBITDA before stock-based compensation, financing, investor relations and acquisition related expenses, loss on convertible debt conversion., loss on settlement of debt, impairment of assets, impairment of goodwill and intangibles, unrealized gain or loss on marketable securities, and income and loss from discontinued operations. The Company believes that EBITDA and Adjusted EBITDA is a meaningful financial metric for investors as it adjusts income to reflect amounts which the Company can use to fund working capital requirements, service future interest and principal debt repayments and fund future growth initiatives.

Fiscal 2025 Financial Highlights

- Total revenue for the year ended December 31, 2025, was $60,988,824 as compared to $58,149,365 for the year ended December 31, 2024. Revenue for the year ended December 31, 2025, increased from professional services growth offsetting lower resell revenue. Revenue for the year ended December 31, 2025, increased from professional services growth and resell momentum in the year. This has been restated and re-presented to reflect the discontinued operations from the technology division.
- Hardware and systems sales revenue for the year ended December 31, 2025, totalled $6,144,293 compared to $8,755,823 in the comparative year ended December 31, 2024. Software, license, and maintenance sales revenue for the year ended December 31, 2025, was $42,191,823 compared to $40,819,016 in the comparative period. Professional services revenue was $12,652,708 for the year ended December 31, 2025, compared to $8,574,526 in the year ended December 31, 2024. This has been restated and re-presented to reflect the discontinued operations from the technology division.
- Hardware and systems sales revenues for the year ended December 31, 2025, accounted for 10.1% of total revenues compared to 15.1% for the year ended December 31, 2024. Software, license and maintenance sales revenues for the year ended December 31, 2025, accounted for 69.2% compared to 70.2% for the year ended December 31, 2024. Professional services revenue for the year ended December 31, 2025, accounted for 20.8% of total revenues, compared to 14.7% for the year ended December 31, 2024. This has been restated and re-presented to reflect the discontinued operations from the technology division.
- Gross margin for the year ended December 31, 2025, was 10.9% compared to 12.2% for the year ended December 31, 2024. This has been restated and re-presented to reflect the discontinued operations from the technology division.
- Adjusted EBITDA for the year ended December 31, 2025 was $(5,206,437) compared to $(3,866,787) during the same period in the prior year. This has been restated and re-presented to reflect the discontinued operations from the technology division.
- Cash and cash equivalents and restricted cash on December 31, 2025 was $2,560,764 compared to $1,419,463 on December 31, 2024.
- During the year ended December 31, 2025, the Company used $6,219,789 of cash from operating activities compared to $7,056,064 used of cash during the same periods in the prior year. Of which $7,072 was used in discontinued operating activities for the year ended December 31, 2025 and $40,062 was provided from discontinued operating activities during the same period in the prior year.

Annual 2025 Operational Highlights

- 27-Jan-25 Plurilock Closes Over-Subscribed Special Warrant Offering for gross proceeds of $4,983,650
- 28-Jan-25 Plurilock Appoints Former Deputy National Security Advisor to the British Prime Minister to Its Industry Advisory Council, Elizabeth Sizeland
- 06-Feb-25 Plurilock Announces U.S. Federal Contract Extension of NASA SEWP V and Investor Awareness Campaign
- 18-Feb-25 Plurilock Secures Multiple High-Profile Government Sales in the U.S. and Canada for a total combined value of CAD $1.3 Million
- 20-Feb-25 Plurilock Secures US$800,000 Services Contract with Leading U.S. Hospital
- 26-Feb-25 Plurilock Launches New Offensive Security Offerings to Strengthen Cyber Resilience

- 10-Mar-25 Plurilock Secures CAD$1.4 Million Contract with Canadian Federal Government
- 18-Mar-25 Plurilock Recognized for Cybersecurity Excellence with Multiple Industry Awards
- 25-Mar-25 Plurilock and Forcepoint Partner to Strengthen Cybersecurity Solutions and Expand Market Reach
- 31-Mar-25 Warrants exercised through Q1 2025 generated gross proceeds of $1,864,095 to the Company's working capital
- 02-Apr-25 Plurilock Secures $5.9 Million in new contracts across several Federal and Public Sector Clients
- 16-Apr-25 Plurilock Security Presenting at Planet MicroCap Showcase and Attending RSAC(TM) 2025 Conference
- 17-Apr-25 Plurilock Provides Corporate Update Highlighting Strategic Focus, Sector Strength, and Margin Expansion
- 5-Jun-25 Plurilock Secures $1.3M in New Critical Services Contracts Across U.S. Commercial Clients
- 25-Jun-25 Plurilock Announces Results of Annual General Meeting
- 26-Jun-25 Plurilock Announces $2.54 Million CAD Sale to NASDAQ-Listed Enterprise for AI Cybersecurity
- 10-Jul-25 Plurilock Named Certified Services Partner for Forcepoint
- 09-Sep-25 Sale of CloudCodes assets to Scope Technologies Corp. completed.
- 01-Oct-25 The Company appointed Michael Ruiz a cybersecurity veteran as Chief Technology Officer and General Manager of Critical Services Division.
- 31-Oct-25 $3 Million strategic investment completed through the issuance of convertible debenture and warrants.
- 03-Nov-25 US$624,000 software and services contract with major U.S. State law enforcement agency signed.
- 05-Nov-25 US$868,600 in critical services contracts with Nasdaq-listed semiconductor manufacturer.

Company

Overview

Cybersecurity has become a critical national security concern in addition to a significant business risk. Complex solutions are needed to combat today's threats, which can originate from a diverse set of actors, and span multiple technology surfaces that individuals, businesses, and governments interact with constantly. In addition, solutions must comply with increasingly complex regulations and ensure the safety of contemporary business environments. Plurilock's mission is to deliver customized, enterprise-grade, cybersecurity defenses that reflect each client's unique risk profile, operating environment, and compliance requirements. Plurilock leads with services while combining advanced technologies with hands-on expertise.

PSI is headquartered in Vancouver, B.C., Canada with sales offices in Canada, U.S.A and India. The Company's website is www.plurilock.com.

PSI has the following material, directly or indirectly, wholly owned subsidiaries:

1. PL, a company incorporated under the laws of British Columbia, Canada;
2. PLUS, a company incorporated under the laws of the State of Delaware, U.S.A.;
3. ASC, a company incorporated under the laws of the State of California, U.S.A.;
4. INC, a company incorporated under the laws of Ontario, Canada.

Plurilock operates two business lines: a Services Business line and a Solutions Business line. The Services Business line, operating under PLCS (Plurilock Critical Services), provides specialized cybersecurity consulting and managed services. The Solutions Business line, operated separately as ASC and INC, resells hardware and software. The Solutions Business line also sells services directly to end users as well.

Services Business Line

Plurilock's Critical Services Business deliver end-to-end cybersecurity consulting. PLCS is designed to provide operational resilience, rapid incident response, advanced security architecture, and ongoing managed services to help enterprise, defense, and public sector clients build and protect mission-critical systems.

Solutions Business Line

Plurilock's Solutions Business resells cybersecurity industry products and technologies to ensure organizations can effectively deploy proven, integrated security solutions that protect data, meet industry standards, and scale with future needs. The Solutions Business supports clients' business-critical applications with a deeply consultative approach to cybersecurity, combining partner-provided solutions with in-house cybersecurity services to help clients address the complex challenges of cybersecurity. ASC and INC sell both hardware and packaged software and offers both expert integration services and long-term managed services capabilities delivered through PLCS.

Principal Products and Services

Services Business

Through PLCS, the Company assists organizations in supporting, architecting, building, and rebuilding infrastructure through a security and resiliency lens, enabling organizations critical to western democracies to continue to fulfill their roles. PLCS provides customized, enterprise-grade defenses that align with each client's unique risk profile, operational environment, and compliance obligations.

PLCS draws on the Company's experience with Canadian and United States federal government work, providing world-class professional services in four areas:

- Digital transformation: cloud and multi-cloud infrastructure and migration, enterprise networking, technology logistics, data and AI implementation and migration, and continuity and resilience design
- Cyber engineering: cloud security, identity security, network security, endpoint, on-premises, and cloud data loss

prevention

- Cyber operations: penetration testing, environment and surface hardening, threat intelligence and monitoring, incident response and management, digital forensics, disaster recovery, security awareness and training
- Advisory and GRC services: standards and compliance assessments (SOC 1 and 2, ISO 27001, CMMC, NIST and NIST CSF, PCI, MITRE, and others), supply chain and geopolitical risk assessment and management, cyber maturity optimization, resilience training, war gaming and tabletop exercises

Solutions Business

Plurilock's Solution Business provides clients with a one-stop-source for best-of-breed, Tier-1 cybersecurity products and technologies from leading vendors covering cybersecurity risks and services along with enterprise service provisions to manage these product deployments and their integration and operation.

Operations

Plurilock is headquartered in Vancouver, British Columbia, Canada. The Company's Technology and Solutions Divisions have various regional offices in Canada, United States, and India.

Plurilock currently sells to larger enterprise and government customers. For this reason, sales cycles are relatively long and unpredictable as well as seasonal. There may be fluctuations in sales and cash flow in quarters during which large sales are completed.

Plurilock does not anticipate any effects on major aspects of the business over the next 12 months resulting from termination or renegotiation of contracts.

Plurilock's staff have deeply rooted domain knowledge of the regional and global cybersecurity industry, which provides a competitive advantage through its specialized cybersecurity consulting skills as well as sales, training, and support capabilities. As of the date hereof, Plurilock has 40 full and part-time staff and 36 contractors.

Sales, support, services, and information technology development are located and managed at Plurilock's divisional offices. Plurilock will add regional sales offices as required and will continue to rely on securing channel partners in markets where Plurilock does not maintain a sales force. These partners in local markets conduct in-person sales, support, and account relations activity in close collaboration with Plurilock to ensure client satisfaction and retention.

Plurilock develops its proprietary technology and delivers services through a mix of full-time employees and specialized contractors. The Company holds several patents related to its core intellectual property and continues to file for additional protections.

Plurilock's most important intangible assets are its proprietary intellectual property and the practical expertise of its team in designing and implementing advanced cybersecurity solutions.

Markets

Plurilock is a services-led, product-enabled, AI-native cybersecurity company focused exclusively on business-to-business **("B2B")** sales worldwide. Globally, there are roughly one billion knowledge workers, employees who rely on technology to deliver higher value through their work, and these organizations face rising regulatory and threat pressures that demand advanced, customized cyber defenses.[i1] In particular, outbound sales efforts for both divisions target four markets aggressively:

1. **Global Commercial & Enterprise** – Plurilock focuses on industries facing the most intense cyber-threat pressure and complex regulatory requirements. Key verticals include advanced manufacturing, financial services, and critical infrastructure operators, where even short disruptions can have national or economic consequences. Plurilock delivers customized, enterprise-grade defenses that align with each client's unique risk profile, operational environment, and compliance obligations.
2. **Global Allied Governments** – Building on a strong track record with Canadian and U.S. federal agencies, Plurilock is expanding its reach to NATO-aligned governments and allied defense organizations worldwide. Through high-level engagements with cybersecurity leaders and procurement officials across Ottawa, Brussels and other NATO

[1] Who Are Knowledge Workers And How Do We Enable Them?

https://www.forbes.com/sites/sisense/2021/12/01/who-are-knowledgeworkers-and-how-do-we-enable them/?sh=2a04bb2a6018

hubs, Plurilock is positioned to support large-scale cyber and defense initiatives as allied nations allocate unprecedented budgets to protect critical systems and infrastructure.

3. **North American federal government sales.** Plurilock and its holdings have multiple existing contracts with both U.S. and Canadian federal government agencies and maintain currently a number of procurement vehicles, including a NASA Solutions for Enterprise-Wide Procurement contract, a Government-Wide Acquisition Contract, and a General Services Administration STARS-II contract to enable the conducting of business with U.S. Federal agencies such as the U.S. Department of Defense, U.S. Air Force, and U.S. Department of the Navy.
4. **North American state, local, and education ("SLED") sales.** Plurilock and its holdings maintain procurement vehicles, expertise, and existing relationships to sell to public sector and critical infrastructure organizations below the federal level, representing an expanding area of aggressive focus. Available procurement vehicles include multiple California Multiple Awards Schedule contracts, with recently closed SLED business that includes the California State Teachers' Retirement System and the California Department of Motor Vehicles.

Go to Market

Plurilock is highly focused on B2B sales and goes to market by identifying prospects in federal government and SLED verticals, and regulated commercial organizations that:

- Face significant IT & cybersecurity risks and requirements;
- Face significant regulatory and compliance pressure to address such cybersecurity risks and liabilities; and
- Demonstrate or show evidence of budgetary allocations to enable such purchases.

Sales Strategy

Plurilock pursues these clients with a "land and expand" sales model that combines the resale of third-party products with upselling/cross-sales of high-margin services and Plurilock's own high-margin recurring revenue products. Any initial sale forms the basis of a business relationship that enables subsequent, more lucrative sales.

Plurilock's sales process relies on an organic force of specialized B2B sales representatives, developed long-term relationships, a well-considered sales strategy, and extensive support from marketing teams, infrastructure, and initiatives:

- Sales representatives retain and grow their customer base by maintaining close, meaningful relationships with their clients, partners, and team members. This direct engagement generates on-the-ground expertise that enables effective prioritization and decision-making, producing high rates of customer satisfaction.
- Partnerships are signed, maintained, and promoted with pride and similarly close contact, enabling relationship prioritization in terms of pricing, knowledge distribution, and other kinds of access. Marketing of these partnerships prioritizes brand consistency and leveraging partner relationships to enable thought leadership when engaging key decision-makers.
- In addition to its team of B2B sales representatives, Plurilock may in the future add touchless self-service purchasing options operated through its corporate website, with self-service options serving as supplements to, rather than replacements for, expert B2B sales labor.

Marketing expenses, excluding employee labor costs, are currently centered heavily on software, infrastructure, and advertising expenses including inbound sales such as website & other advertising platforms; outbound direct sales and event-driven sales are also represented here.

Growth Strategy

Plurilock employs a multi-pronged strategy to ensure continued rapid growth:

- **Organic acquisition of new customers through referrals.** Plurilock retains existing customers by maintaining deep engagement, including in-person sales and engineering team visits to develop and refine security strategy and client relationships. These positive relationships, combined with product line breadth, enable increased customer base penetration and expansion to adjacent markets through references and organic word-of-mouth marketing.

- **Cross-sell services and resell expansion to existing customer base.** Plurilock has expanded sales by reaching out to existing customers across several verticals and looks to grow the share of wallet for each customer by continuing to cross-sell services while expanding the resell base of products it serves to each customer.
- **Channel partners to accelerate awareness.** In regions without a direct Plurilock presence, Plurilock employs channel partners to drive awareness and empowers these channel partners with regular close interaction and a deep library of marketing and sales collateral.
- **Strategic acquisition of synergistic companies.** Plurilock continues to pursue strategic acquisitions that enhance its go-to-market and sales capabilities. The acquisitions of ASC and INC, which provided Plurilock with an already extremely successful sales organization and extensive stable of best-of-breed cybersecurity products to enable comprehensive solutions provision and cross-sale capabilities, is broadly representative of Plurilock's strategy to:
    - enable the provision of the more comprehensive, single-provider solution set for which the market is increasingly calling.
    - add complementary capabilities that accelerate adoption and sales of core Plurilock technologies and the integration of these technologies into delivered solution.

Future acquisitions may include, but are not limited to, those that add capabilities in managed and professional services, those that add additional solutions sales capabilities and sales volume, and core technologies or intellectual property able to further enhance the utility and differentiation of core Plurilock products and technologies.

Acquisition Strategy

Plurilock's growth strategy also includes completing strategic acquisitions. In assessing the suitability of potential acquisition targets ("**PAT**"), Plurilock considers numerous operational and strategic factors as they relate to Plurilock which may include, amongst others, the following: enhanced, additional and diversified product offerings and customer lists; strong brands and intellectual property; additional sales channel and partnerships; new revenue streams in adjacent market segments; and accretive revenue and costs synergies.

To date, Plurilock has completed four such acquisitions: ASC, INC, CloudCodes (divested in September 2025), and Atrion.

There is significant competition for PATs due to the dynamic nature of the security industry. Plurilock may need to pay a premium to acquire desirable PATs. In North America, there are several hundred companies that fit the PAT profile identified by Plurilock, but some have not achieved the revenue scale, or product-market-fit to make them accretive to Plurilock's core business.

Plurilock's acquisition model is expected to include paying for acquisitions with a combination of cash, common shares, and earnout payments (debt). Acquisitions may also be structured to accommodate the continued involvement for the vendor and the retention of individuals key to the success and viability of the acquired firm. The structure of Plurilock's acquisitions, including the proportion of cash, Common Shares, and earnout payments/debt as consideration are subject to deal specific factors including business, legal, and tax advice, and are reviewed and approved by the Company's Board of Directors.

Plurilock does not necessarily envision integrating newly acquired businesses under one common corporate brand. Instead, Plurilock's strategy may include maintaining the value created by the vendor by retaining the identity, specialization, and other success factors of the target firm within its local market. Each PAT will be reviewed and negotiated separately.

Overall performance and discussion of operations

Revenue

Plurilock has one operating segment with two business lines: the Services Business and the Solutions Business. The Services Business, operated under PLCS, provides cybersecurity consulting and managed services to secure the vital systems that support modern society. The Solutions Division, operated by ASC and INC, resells cybersecurity industry products and technologies to meet customer needs. The Solutions Business also sells services directly to end users.

Plurilock derives revenue from the three main sources under both the Services Business and the Solutions Business:

1. *Hardware and systems sales (Solutions Business Line)*
    a. Hardware and systems sales revenue is comprised of products that proactively prevent, secure and manage advanced cybersecurity threats and malware for customers.
2. *Software, license, and maintenance sales (Solutions Business Line)*
    a. 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.
3. *Professional Services (Services Business Line)*
    a. 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.

The following table shows the details of revenue es from operations for the year ended December 31, 2025 and 2024:

	For the year ended December 31,				
	2025		2024	Change	
	$	%	$	%	%
Hardware and systems sales	**6,144,293**	10.1%	8,755,823	15.1%	-29.8%
Software, license and maintenance sales	**42,191,823**	69.2%	40,819,016	70.2%	3.4%
Professional services	**12,652,708**	20.7%	8,574,526	14.7%	47.6%
Total revenue	**60,988,824**	100.0%	58,149,365	100.0%	4.9%

Total revenue for the year ended December 31, 2025, was $60,988,824 compared to $58,149,365 during the same periods in the prior fiscal year. Revenue for the year ended December 31, 2025 increased from professional services growth offsetting lower resell revenue.

Hardware and systems sales revenue for the year ended December 31, 2025, totalled $6,144,293 compared to $8,755,823 respectively in the comparative period ended December 31, 2024.

Software, license, and maintenance sales revenue for the year ended December 31, 2025, was $42,191,823 compared to $40,819,016 in the comparative period.

Professional services revenue was $12,652,708 for the year ended December 31, 2025, compared to $8,574,526 in the year ended December 31, 2024. Professional services revenue expanded meaningfully year over year, revenue grew by 48%, reflecting a deliberate shift toward higher-quality revenue and improved delivery efficiency. This improvement was accompanied by strong top-line performance in the segment, with professional services revenue significantly increasing year over year, driven by continued demand for the Company's cybersecurity expertise and deeper penetration within existing customer accounts. The combination of revenue growth and margin expansion underscores the scalability of the Company's services model.

Hardware and systems sales revenues for the year ended December 31, 2025, accounted for 10.1% of total revenues compared to 15.1% for the year ended December 31, 2024. Software, license and maintenance sales revenues for the year ended December 31, 2025, accounted for 69.2% compared to 70.2% for the year ended December 31, 2024. Professional services revenue for the year ended December 31, 2025, accounted for 20.7% of total revenues, compared to 14.7% for the year ended December 31, 2024. The Company continues to focus its growth strategy on increasing its three revenues streams, organically, cross selling and through acquisitions.

Gross Profit and Gross Margin

The following table summarizes gross profit and gross margin from operations for the year ended December 31, 2025 and 2024:

	For the year ended December 31,	
	2025	2024
	$	$
Revenue	**60,988,824**	58,149,365
Cost of sales	**(54,371,487)**	(51,056,334)
Gross profit	**6,617,337**	7,093,031
Gross profit (%)	***10.9%***	*12.2%*

Gross profit depends on the product mix and costs of sales for the reporting periods. Cost of sales include expenses related to the procurement of hardware, software, cost of using external cloud-based server providers, project management effort, customer support staff and third-party subcontractors.

Gross profit as a percentage of revenue for the year ended December 31, 2025, decreased to 10.9% and decreased to compared to 12.2% during the same periods in the prior year. The change in gross profit year to date relates to discontinued operations services mix offset by timing on rebates, tariffs and foreign currency exposure that occurred during the year that was not anticipated.

Management continues to place increased strategic emphasis on the professional services business as a core margin-accretive growth engine. As the Company scales its professional services footprint across North America, it expects to realize further operating leverage and continued margin improvement. In parallel, the solutions business is being actively leveraged as a strategic entry point to establish and deepen enterprise relationships, creating a pipeline of downstream professional services opportunities and reinforcing a synergistic, higher-margin revenue mix over time.

The margin expansion is expected to grow in the coming year supported by enhanced project execution, improved resource utilization, and a disciplined approach to pricing and contract selection, with the Company prioritizing engagements that enable account expansion and long-term value creation.

Research and Development Expenses ("R&D")

The following table is a breakdown of the Company's R&D related expenses for the year ended December 31, 2025 and 2024:

	For the year ended	
	December 31, 2025	December 31, 2024
	$	$
Research and development		
Communication and IT services	**15,235**	10,460
Salaries and benefits	**33,615**	23,542
	48,850	34,002

For the year ended December 31, 2025, Plurilock's R&D expenses totalled $48,850 compared to $34,002 during the same periods in the prior year. R&D expenses primarily include salaries and benefits, contractor fees, and communication & IT services. The net decrease in R&D expenses is due to the winding down and disposal of discontinued ops.

Sales and Marketing expenses ("S&M")

The following is a breakdown of the Company's S&M related expenses for the year ended December 31, 2025, and 2024:

	For the year ended	
	December 31, 2025	**December 31, 2024**
Sales and marketing	**$**	$
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
	2,910,341	2,807,428

For the year ended December 31, 2025, the Company's S&M expenses totalled $2,910,341 compared to $2,807,428 during the same periods in the prior year. S&M expenses primarily include salaries and benefits, marketing, sales commission, and web hosting fees. The increase in sales commission and marketing expense is due to the increase sales throughout the year and sales campaigns to continue growth and bran exposure of the Company's critical services business.

Sales and marketing expenses may continue to increase in the future as the Company seeks to execute on its sales growth strategy with the addition of more sales & marketing staff, both organically and through acquisitions.

General and Administrative expenses ("G&A")

The following table is a breakdown of the Company's G&A related expenses for the year ended December 31, 2025 and 2024:

	For the year ended	
	December 31, 2025	December 31, 2024
General and administrative	**$**	$
Amortization	**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
	10,160,775	9,928,106

For the year ended December 31, 2025, G&A expenses totalled $10,160,775 compared to $9,928,106 during the same periods in the prior year. G&A expenses primarily included salaries and benefits, professional fees (audit & accounting, legal and corporate finance), investor relations and regulatory filing fees, communication, and IT services as well as office and general expenses. December 31, 2025 were higher primarily on an increased headcount in the beginning of the year, increased audit costs, and a bad debt offset by reduced investor relations spending.

Stock-based compensation

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.

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.

The Company issued stock options to directors, officers, employees, and consultants in Q1, Q2, Q3, and Q4 2025 compared to stock options issued during Q2, Q3 and Q4 2024. The fair value of these options, as determined on the date of grant, is being recognized as an expense according to the vesting periods of the options. See Note 20 of the December 31, 2025, consolidated financial statements for further information.

Summary of Quarterly Results

	December 31, 2025 (Q4)	September 30, 2025 (Q3)	June 30, 2025 (Q2)	March 31, 2025 (Q1)	December 31, 2024 (Q4)	September 30, 2024 (Q3)	June 30, 2024 (Q2)	March 31, 2024 (Q1)	December 31, 2023 (Q4)
	$	$	$	$	$	$	$	$	$
Revenue	10,490,604	15,393,747	16,240,202	18,864,271	17,207,519	14,263,076	14,088,094	12,590,676	11,418,021
Gross Profit (loss)	1,210,382	1,361,987	1,847,428	2,197,541	2,436,019	987,963	2,020,296	1,648,753	(300,262)
Gross Profit (loss) %	11.5%	8.8%	11.4%	11.6%	14.2%	6.9%	14.3%	13.1%	-2.6%
Net loss from continuing operations	(865,380)	(2,475,133)	(2,013,967)	(2,773,012)	(2,391,895)	(3,761,560)	(3,482,600)	(1,578,107)	(3,335,248)
Net income (loss) from discontinued operations	(132,696)	1,451,919	(216,862)	(239,351)	381,264	(224,050)	(251,383)	(224,142)	(2,588,694)
Net loss for the period	(998,076)	(1,023,214)	(2,230,829)	(3,012,363)	(2,010,631)	(3,985,610)	(3,733,983)	(1,802,249)	(5,923,942)
Basic and diluted loss per share for:									
Continuing Operations	(0.01)	(0.03)	(0.03)	(0.04)	(0.04)	(0.08)	(0.09)	(0.16)	(0.33)
Discontinued Operations	(0.00)	0.02	(0.00)	(0.00)	0.01	(0.00)	(0.01)	(0.02)	(0.25)
Net loss for the period	(0.01)	(0.01)	(0.03)	(0.04)	(0.03)	(0.08)	(0.10)	(0.18)	(0.58)

Liquidity and capital resources

Cash and cash equivalents and restricted cash

As at December 31, 2025, and December 31, 2024, the Company had $2,540,764 and $1,399,463 of cash and cash equivalents respectively. As at December 31, 2025 and December 31, 2024, the Company had $20,000 and $20,000 of restricted cash.

Operating activities

During the year ended December 31, 2025, the Company used $6,219,789 of cash from operating activities compared to the Company having used $7,056,064 during the same periods in the prior year. Of which $7,072 was used in discontinued operating activities for the year ended December 31, 2025 and $40,062 was provided by from discontinued operating activities during the same period in the prior year.

Investing activities

During the year ended December 31, 2025, the Company generated $48,441 of cash on investing activities, compared to using $42,191 of cash during the same periods in the prior year all related to continuing operations.

Financing activities

During the year ended December 31, 2025, the Company generated cash of $7,157,160 from financing activities compared to generating $6,927,422 during the same periods in the prior year all related to continuing operations.

Short-term loans

During the year ended December 31, 2025, the Company and the lender agreed to close the facility effective December 8, 2025 and the Company settled outstanding balance in accordance with the facility's existing repayment terms.

Off balance sheet arrangements

As at December 31, 2025, and the date of the MD&A, the Company does not have any off-balance sheet arrangements.

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
	2,341,425	2,689,180

* 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.

The Company has agreed to indemnify its board of directors and officers in accordance with the Company's policies. The Company maintains insurance policies that may provide coverage against certain claims.

Critical accounting estimates

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:

- *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 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.

New accounting policies not yet adopted

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.

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.

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 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.

Investments and other financial assets

(i) Classification

Financial assets are classified into two categories based on measurement:

• amortized cost; and

• measurement at fair value either through other comprehensive income ("OCI") or through profit and loss.

This classification depends on the Company's business model for managing its financial assets and contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

(ii) Recognition and derecognition Regular way purchases and sales of financial assets are recognised on their trade date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(iii) Measurement At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial instruments and other instruments

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

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

Financial risk management

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

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's significant financial assets include cash and cash equivalents, restricted cash, trade receivables and marketable securities. The Company mitigates credit risk on cash by placing it at credit-worthy financial institutions.

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

The Company transacts with customers with strong credit ratings and strives to minimize credit risk by performing credit reviews, ongoing credit evaluation and account monitoring procedures. The credit risk associated with trade receivables with the aging balances over 90 days at 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. 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.

(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
Average rate for the year		
US dollar	**1.3977**	1.4000
Indian Rupee	**0.0160**	0.0166
British Pounds	**1.8420**	1.7510
European Euro	**1.5783**	1.4819
Statement of financial position rates		
US dollar	**1.3725**	1.4393
Indian Rupee	**0.0153**	0.0168
British Pounds	**1.8428**	1.7541
European Euro	**1.6089**	1.4816

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	**(431,679)**	(535,261)
10% depreciation of the U.S. dollar against Canadian dollar	**431,679**	535,261
10% appreciation of the British pounds against Canadian dollar	**(571)**	-
10% depreciation of the British pounds against Canadian dollar	**571**	-
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	**2,394**	10,684
10% depreciation of the Indian Rupee against Canadian dollar	**(2,394)**	(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, marketable securities, trade payables and accruals and short-term loans approximates their fair value due to the relatively short-term maturity of these financial instruments and are measured and reported at amortized cost. The carrying values of the liability portion of the convertible debenture are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

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

	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**	-
Total financial assets	**9,439,470**	10,117,663
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
Total financial liabilities	**14,010,251**	14,242,067

(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**
	$	**$**	**$**
Trade payables and other payables	**11,265,588**	**-**	**11,265,588**
Short-term loans	**-**	**-**	**-**
Convertible debenture	**346,760**	**2,397,903**	**2,744,663**
	11,612,348	**2,397,903**	**14,010,251**

	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

Subsequent events

Disclosure of outstanding share data

As of April 20, 2026, the Company has the following securities outstanding:

Description	Number	Exercise Price Per Share and Expiry
Common shares	79,615,980	
Options	7,014,216	Exercise price from $0.23 to $3.70 and which expire between April 2025 and March 2033
Warrants	35,344,272	Exercise price from $0.25 to $2.00 and which expire between July 2025 and October 2028
Restricted Stock Units	5,500,000	Granted shares restricted until December 2027 and December 2028
Convertible debentures	13,180,978	Exercise price $2.00 expiring August 26, 2026 and $0.23 expiring October 9, 2028
Total diluted number of shares	**140,655,446**	

Risks and uncertainties

The following are certain factors relating to the Company's business which prospective investors should carefully consider before deciding whether to purchase Common Shares in the Company's authorized capital. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this MD&A. These risks and uncertainties are not the only ones the Company is facing. Additional risk and uncertainties not presently known to Plurilock, or that Plurilock currently deems immaterial, may also impair our operations. If any such risks actually occur, the business, financial condition, liquidity and results of our operations could be materially adversely affected:

1. *Alignment of Plurilock's cost structure with revenue*

Plurilock must ensure that its costs and workforce continue to be proportionate to demand for its services. Failure to align Plurilock's cost structure and headcount with net revenue could adversely affect Plurilock's business, financial condition and results of operations. Plurilock attempts to mitigate the risks of short-term revenue shifts by having a large portion of employee compensation based on the revenue of the employee's business unit, and for management to consolidate revenue and operating profit.

Plurilock is a growth company, and in order to facilitate growth, Plurilock must continually invest in resources and overhead costs ahead of planned revenue. Accordingly, Plurilock may operate with substantial negative cash flow in the future. The majority of Plurilock's revenues from certain of its business units are generated from a few customers. There can be no guarantee that any agreements with these customers will be extended or renewed, or, if extended or renewed, that they will be extended or renewed on the same or similar terms. Failure by Plurilock to maintain these relationships could have a material adverse impact on the business and financial condition of Plurilock. While Plurilock expects this concentration of business to decrease over time, it may continue to depend upon a relatively small number of clients for a significant portion of revenue into the foreseeable future.

2. *Ability to Predict Profitability and risks associated with any continued sales growth*

Plurilock focuses on several key performance metrics including, but not limited to, Revenue, Net Income (Loss), EBITDA and Adjusted EBITDA. Management believes that IFRS profitability will increase over time, however, due to the evolving business model and the unpredictability of its emerging and competitive category of security products, the Company may not be able to accurately forecast the rate of adoption of its services and hence its revenue growth and profitability. The Company bases its current and future expense levels and its investment plans on estimates of future revenue growth. Plurilock may not be able to adjust its spending quickly enough if the rate of new or renewed subscriptions falls short of its expectations. In addition, the intense competition the Company faces in the sales of its products and services and general economic and business conditions (including foreign exchange rates) can put pressure on it to change its prices. If Plurilock's

competitors offer deep discounts on certain products or services or develop products that the marketplace considers more valuable, the Company may need to lower its prices or offer other favorable terms in order to compete successfully. Any such changes may reduce margins and could adversely affect operating results. Plurilock's operating results may also fluctuate significantly on a quarterly basis. Accordingly, period-to-period comparisons of its operating results may not necessarily be a meaningful indicator of future performance. Plurilock has remained focused on sales growth. This has resulted, at times, in increasing headcount and operational costs to generate and support this growing customer base, which has placed, and will continue to place, to the extent that Plurilock is able to sustain such growth, significant strain on Plurilock's management, administrative, operational, and financial infrastructure. Plurilock anticipates that further growth will be required to address increases in the customer base, further development of its products, and expansion into new geographic areas, amongst other areas of its business and operations. Further growth will require Plurilock to continue to hire, train and manage new employees as needed. If new hires perform poorly, or if Plurilock is unsuccessful in hiring, training, managing and integrating new employees, or if Plurilock is unsuccessful in retaining existing employees, its business may be harmed. In addition, Plurilock may look to expand its engineering and sales teams in an attempt to increase sales growth. Such sales growth may not match, or exceed, the increase in operating costs associated with hiring, training, managing, and integrating of such employees.

3. *Plurilock's focus on larger enterprise customers could result in greater costs, less favourable commercial terms, and other adverse impacts to Plurilock*

   As Plurilock continues to direct more sales efforts at larger enterprise customers, Plurilock could face greater costs, less favourable commercial and contract terms and conditions, greater due diligence and technical scrutiny, longer sales cycles, less predictability in completing some sales and greater fluctuation in sales and cash flow in quarters where these large deals conclude. In this market segment, the customer's decision to use Plurilock's service or products may be an enterprise-wide decision and, if so, these types of sales may require Plurilock to provide increased product discounts, additional global support and professional services, increased service level availability, greater levels of education and training regarding the use and benefits of the service.

   As a result of these factors, these sales opportunities may require Plurilock to devote greater sales support and professional services resources to individual customers, driving up costs and time required to complete sales and diverting sales and professional services resources to a smaller number of larger transactions.

4. *Plurilock is reliant on key management*

   The success of Plurilock is dependent upon the ability, expertise and judgement of its senior management.

   Shortages in qualified personnel or the loss of key personnel could adversely affect the financial condition of Plurilock and results of operations of the business. The loss of any of Plurilock's senior management or key employees could materially and adversely affect Plurilock's ability to execute its business plan and strategy and Plurilock may not be able to find adequate replacements on a timely basis, or at all.

5. *Plurilock operates in a highly competitive industry and may be unable to retain clients or market share*

   Plurilock operates in a highly competitive business and may be unable to retain clients or market share. The cybersecurity industry is highly competitive, and the barriers to entry are low. There are many competitors, and new competitors are entering the market constantly. Current and new competitors may be better capitalized, have a stronger operating history, have more expertise and be able to provide comparable or superior services at the same or lower cost. Long-term contracts also form a small and declining portion of Plurilock's revenue. There is no assurance that Plurilock will be able to retain clients or its market share in the future, nor can there be any assurance that it will, in light of competitive pressures, be able to maintain or increase its current margins, or reach and sustain profitability.

6. *Plurilock may not be able to attract new customers, maintain its existing consumer base or grow or upgrade the products provided to these customers*

   To expand Plurilock's customer base, Plurilock needs to convince potential customers to allocate a portion of their discretionary budgets to purchase Plurilock's solutions. Plurilock's sales efforts often involve educating its prospective customers about the uses and benefits of Plurilock's solutions. Enterprises and governments that use other forms of security

products may be hesitant to purchase Plurilock's solutions if they believe that these products are more cost effective, provide substantially the same functionality as Plurilock's solutions, or provide a level of security that is sufficient to meet their needs. Plurilock may have difficulty convincing prospective customers of the value of adopting Plurilock's solutions. Even if Plurilock is successful in convincing prospective customers that Plurilock's solutions are critical to protect against cyberattacks, they may not decide to purchase Plurilock's solutions for a variety of reasons, some of which are out of Plurilock's control. For example, any deterioration in general economic conditions, including a downturn due to COVID-19, may cause Plurilock's customers to cut their overall security and IT operations spending, and such cuts may fall disproportionately on security solutions like Plurilock's. Economic weakness, customer financial difficulties, and constrained spending on security and IT operations may result in decreased revenue, reduced sales, lengthened sales cycles, increased churn, lower demand for Plurilock's products, and adversely affect its results of operations and financial conditions.

If organizations do not continue to adopt Plurilock's solutions, Plurilock's sales will not grow as quickly as anticipated, or at all, and Plurilock's business, results of operations, and financial condition would be harmed.

In order for Plurilock to maintain or improve its financial and operational results, it is important that Plurilock's existing customers renew their subscriptions for Plurilock's solutions when existing contract terms expire, and that Plurilock expand its commercial relationships with its existing customers by selling and deploying to more endpoints in their environments, selling additional types of services, and/or moving these customers to higher tiers of Plurilock's solutions.

Plurilock's customers typically have no obligation to renew their subscription for Plurilock's solutions after the expiration of their contractual subscription period, and in the normal course of business, some customers have elected not to renew. In addition, customers may seek to renew for shorter contract subscription lengths, reduce the number of users accounts, or downgrade to lower tiers of Plurilock's solutions.

Customer retention and expansion may decline or fluctuate as a result of a number of factors, including customers' satisfaction with Plurilock's services, pricing, customer security and networking issues and requirements, customers' spending levels, mergers and acquisitions involving its customers, industry developments, competition and general economic conditions. Plurilock is focused on maintaining or increasing its customer renewal and growth rates efficiently and cost effectively. However, if Plurilock's efforts to maintain and expand its relationships with its existing customers are not successful, its business, results of operations, and financial condition may materially suffer.

7. *Plurilock may not be able to prevent damages resulting from a cybersecurity attack*

Plurilock's business uses confidential information about candidates (successful and unsuccessful), employees, and clients. Plurilock is subject to cyberattacks, computer viruses, social engineering schemes and other means of unauthorized access to its systems. Plurilock has not experienced any material losses to date related to cyber-attacks or other information security breaches, but there can be no assurance that Plurilock will not incur such losses in the future. The security controls over sensitive or confidential information and other practices implemented by Plurilock and its third-party vendors may not prevent the improper access to, disclosure of, or loss of such information. Failure to protect the integrity and security of such confidential and/or proprietary information could expose Plurilock to fines, litigation, contractual liability, damage to its reputation and increased compliance costs. In addition, as cyber threats continue to evolve, Plurilock may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

8. *There are risks inherent in Plurilock's acquisition strategy*

Plurilock intends to continue actively pursuing accretive business acquisitions in Canada, the United States, India and/or internationally consistent with its investment strategy. Such acquisitions involve inherent risks including but not limited to: (a) unanticipated costs; (b) potential loss of key employees of the company or the business acquired; (c) unanticipated changes in business, industry or general economic conditions that affect the assumptions underlying the acquisition; and (d) decline in the value of the acquired business or assets. Further, there can be no assurance that an acquired business will achieve the desired levels of revenue, profitability or productivity or otherwise perform as expected. Any one or more of these factors could cause Plurilock to fail to realize the anticipated benefits of the acquisition in question. Additionally, there can be no assurance that Plurilock will be able to successfully identify suitable acquisition targets and complete acquisitions on terms beneficial to Plurilock and its shareholders. Plurilock's failure to successfully execute its acquisition strategy could have a material adverse effect on its business. Moreover, Plurilock may be required to use available cash, incur debt, issue

securities, or a combination of these in order to complete an acquisition. This could affect Plurilock's future flexibility and ability to raise capital, operate or develop its business, and could dilute its existing shareholders' holdings, as well as decrease the trading price of the Common Shares.

In addition, the process of acquiring and integrating companies into Plurilock's existing business may also result in unforeseen difficulties which may absorb significant management attention, require significant financial resources, and be disruptive to operations causing the business and results of operations to suffer materially. There is no assurance that when evaluating a possible acquisition, Plurilock will correctly identify and manage the risks and costs inherent in the business or asset to be acquired.

9. *Plurilock's business is subject to broader economic factors*

Any adverse change in general economic conditions may adversely affect Plurilock's business and financial condition. The demand for workforce solutions is highly dependent upon the state of the economy and upon the staffing needs of Plurilock clients, which creates uncertainty and volatility.
As economic activity slows, the need for temporary and new employees decreases. Significant declines in demand of any region or industry in which Plurilock has a major presence may significantly decrease its revenues and profits. Deterioration in economic conditions or the financial or credit markets could also have an adverse impact on the ability of Plurilock to collect payment for services.

It is difficult for Plurilock to forecast future demand for its services due to the inherent uncertainty in forecasting the direction and strength of economic cycles, the terms and nature of future staffing assignments and the financial viability of its clients. Additionally, Plurilock may experience a decline in revenue before a decline in economic activity is seen in the broader economy. When it is difficult for Plurilock to accurately forecast future demand, Plurilock may not be able to determine the optimal level of personnel and investment necessary to profitably take advantage of growth opportunities.

10. *Current and future global economic and political volatility and uncertainty may negatively impact Plurilock's financial performance and results of operations as well as its ability to predict future spending requirements and growth, if any*

Current and future global economic, political and social conditions remain volatile and uncertain, especially in certain parts of the world. As a result, it is difficult to estimate the level of growth or contraction for the global economy as a whole. It is even more difficult to estimate economic growth or contraction in various sectors and regions, including the markets in which the Company operates. Because all components of Plurilock's budgeting and forecasting are dependent upon estimates of growth or contraction in the markets it serves and the demand for its products and services, the prevailing economic uncertainties render estimates of future income and expenditures very difficult to make. Adverse changes may occur wavering consumer confidence, unemployment, declines in stock markets, contraction of credit availability, declines in real estate values, stagnant economic conditions, increasing nationalism and protectionism, trade tensions and tariff uncertainty, political deadlock, war, social unrest or other factors affecting economic conditions generally. These changes may negatively affect the sales of our products and services and, therefore, may impact our ability to meet our targets for revenue, Adjusted EBITDA and cash from operating activities.

11. *Plurilock's business may suffer if it cannot continue to protect its intellectual property rights*

Plurilock's revenue, cost of revenue, and expenses may suffer if Plurilock cannot continue to protect its intellectual property rights, or if third parties assert that Plurilock violates their intellectual property rights. Plurilock and its subsidiaries rely upon patent, copyright, trademark and trade secret laws in the United States and Canada and similar laws in other countries, and agreements with employees, customers, suppliers and other parties, to establish and maintain intellectual property rights in its principal products, amongst other items. PLURILOCK, AURORA and the INTEGRA logos are unregistered trademarks of Plurilock. An unregistered trademark provides its owners with common law rights to prevent another party from representing its goods or services as that of another. The risk of Plurilock using an unregistered trademark in a particular country is that such use risks infringing on the registered or unregistered trademark of another party. Such infringement may result in liability to Plurilock and the loss of use of such trademark.

The industry in which Plurilock competes may include new or existing entrants that own, or claim to own, intellectual property, and Plurilock has received, and may receive in the future, assertions and claims from third parties that the Company's

products infringe on their patents or other intellectual property rights.
Litigation has been, and in the future may continue to be, necessary to determine the scope, enforceability, and validity of third-party proprietary rights or to establish Plurilock's proprietary rights.

Any of Plurilock's direct or indirect intellectual property rights could be challenged, invalidated, or circumvented, or such intellectual property rights may not be sufficient to permit Plurilock to take advantage of current market trends or otherwise to provide competitive advantages, which could result in costly or delayed product redesign efforts, discontinuance of certain product offerings, or other competitive harm. Further, the laws of certain countries do not protect proprietary rights to the same extent as the laws of Canada or the United States. Therefore, in certain jurisdictions, Plurilock may be unable to protect its proprietary technology adequately against unauthorized third-party copying or use, which could adversely affect its competitive position. Third parties also may claim that Plurilock or customers or partners indemnified by Plurilock are infringing upon their intellectual property rights. Even if management believes that the claims are without merit, the claims can be time-consuming and costly to defend, and divert management's attention and resources away from the business. Claims of intellectual property infringement also might require Plurilock to redesign affected products, enter into costly settlement or license agreements (if such licenses can be obtained on commercially reasonable terms, or at all) or pay costly damage awards, or face a temporary or permanent injunction prohibiting the marketing or selling certain of its products, which could result in Plurilock's business, operating results and financial condition being materially adversely affected.

12. *Plurilock may be unable to obtain patent or other proprietary or statutory protection for new or improved technologies or products*

    Plurilock's research and development activities and commercial success depend in part upon its ability to develop new or improved technologies and products, and to successfully obtain patent or other proprietary or statutory protection for these technologies and products in Canada, the United States, India and other countries. Plurilock seeks to patent concepts, components, protocols, and other inventions that are considered to have commercial value or that will likely yield a technological advantage. Plurilock owns rights to patented and patent pending technologies in the United States, Canada, India and other countries. Plurilock may not be able to develop new technology that is patentable; new patents may not be issued in connection with Plurilock's pending applications; allowed claims may not be sufficient to protect Plurilock's new technology; and patents may not be obtained by Plurilock in every jurisdiction where Plurilock's products are sold. Furthermore, any patents issued could be challenged, invalidated or circumvented and may not provide proprietary protection or a competitive advantage. New entrants to the field may have been issued patents and may have filed patent applications or may obtain additional patents and proprietary rights for technologies similar to those that Plurilock has made or may make in the future. Since patent applications filed before November 29, 2000 in the United States are maintained in secrecy until issued as patents, and since publication or public awareness of new technologies often lags behind actual discoveries, Plurilock cannot be absolutely certain that it was the first to develop the technology covered by its pending patent applications or that it was the first to file patent applications for the technology. In addition, the disclosure in Plurilock's new patent applications, particularly in respect of the utility of its claimed inventions, may not be sufficient to meet the statutory requirements for patentability in all cases. As a result, there can be no assurance that Plurilock's new patent applications will result in enforceable patents, nor can the breadth of allowed claims in Plurilock's patents, and their enforceability, be predicted. Even if Plurilock's patents are held to be enforceable, others may be able to design around these patents or develop products similar to Plurilock's products that are not within the scope of these patents.

13. *Plurilock's research and development efforts may not be successful*

    Plurilock believes that it must continue to dedicate a significant amount of resources to its research and development efforts to maintain and develop its solutions and maintain and enhance its competitive position.

    Plurilock recognizes the costs associated with these research and development investments earlier than the anticipated benefits, and the return on these investments may be lower, or may develop more slowly, than it expects. If Plurilock spends significant resources on research & development and is unable to generate an adequate return on its investment, its business, financial condition and results of operations may be materially and adversely affected.

14. *Plurilock's software may contain errors, vulnerabilities, or defects*

    The software technology enabling Plurilock's software services is complex and the related application software may contain

errors, vulnerabilities or defects, especially when upgrades or new versions are released. Any errors or vulnerabilities that are discovered after commercial release could result in loss of revenues or delay in market acceptance, diversion of development resources, damage to Plurilock's reputation, increased service and warranty costs, liability claims and its end customers' unwillingness to buy products from Plurilock. In addition, it is possible that Plurilock's product, vendor supply chain or externally sourced technology may become the subject of a third-party attack or disruption, whether malicious or otherwise. This could detrimentally affect the persistence of Plurilock's technology, which could have a material adverse effect on its business.

15. *Uncertainty of Liquidity and Sourcing Capital Requirements*

The future capital requirements of the Company will depend on many factors, including the number and size of acquisitions consummated, rate of growth of its customer base, the costs of expanding into new markets, the growth of the market for cybersecurity services and the costs of administration. In order to meet such capital requirements, the Company may consider additional public or private financing (including the incurrence of debt and the issuance of additional common shares) to fund all or a part of a particular venture, which could entail dilution of current investors' interest in the Company. There can be no assurance that additional funding will be available or, if available, that it will be available on acceptable terms. If adequate funds are not available, the Company may have to reduce substantially or otherwise eliminate certain expenditures. There can be no assurance that the Company will be able to raise additional capital if its capital resources are depleted or exhausted. Further, due to regulatory impediments and lack of investor appetite, the ability of the Company to issue additional common shares or other securities exchangeable for or convertible into common shares to finance acquisitions may be restricted.

16. *Directors and officers of Plurilock may be subject to conflicts of interest*

Plurilock is subject to various potential conflicts of interest because of the fact that some of its officers and directors are engaged in a range of business activities. In addition, Plurilock's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to Plurilock. In some cases, Plurilock's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to Plurilock's business and affairs and that could adversely affect Plurilock's operations. These business interests could require significant time and attention of Plurilock's executive officers and directors.

In addition, Plurilock may also become involved in other transactions which conflict with the interests of its directors and the officers who may from time-to-time deal with persons, firms, institutions or corporations with which Plurilock may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of Plurilock. In addition, from time to time, these persons may be competing with Plurilock for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under the *Business Corporations Act* (British Columbia).

17. *Dependence on Distribution Channels*

Plurilock's product and sales strategies include its ability to partner with successful distribution partners. The Company's products may compete with other solutions developed and/or marketed by another distribution partner or otherwise lose favour with these partners.

Its distribution partners may also cease or reduce marketing its products with limited or no notice and with little or no penalty. New distribution partners require extensive training and may take several months or more to achieve productivity. If any of its distribution partners elect to sell competing products, this could have a material adverse effect on the Company's business, operating results, and financial condition. In addition, if any of its distribution partners cease or reduce marketing our solutions and/or the Company fails to manage these important sales and distribution channels effectively, Plurilock may have to change its sales strategies, which could have a material adverse effect on its business, operating results, and financial condition.

18. *The Company relies on third parties to provide some of its services and its business will be harmed if it is unable to provide these services in a cost-effective manner*

The Company relies heavily on third parties such as cloud computing service vendors and partners to provide some of its services. If these third parties were unable or unwilling to provide these services in the future, or if these third parties are ineffective at providing services, the Company would need to obtain such services from other providers. This could cause the Company to incur additional costs or cause interruptions in its business until these services are replaced.

19. *Growing stringent regulations and compliance requirements*

Regulatory bodies are increasing cybersecurity requirements, and cybersecurity practices are therefore becoming a board-level fiduciary and legal concern. Evidence for this can be seen in the proliferation of standards and regulations, including the General Data Protection Regulation, the Payment Card Industry Data Security Standard, the Health Insurance Portability and Accountability Act ("**HIPPA**"), the Federal Information Security Management Act, and the Gramm-Leach-Bliley Act, amongst others. As requirements grow, the use of point solutions and hotfixes to maintain near-term compliance is also increasing, causing intractable complexity, high maintainability costs, and unforeseen knock-on vulnerabilities.

As a result, there is growing enterprise demand for risk-based authentication solutions, common, extensible infrastructures to support compliance regimes, and the collection of more sophisticated and timely security intelligence. As a result, Plurilock's business operates in an environment in which government regulations and funding play a key role. Any change in governmental regulation and licensing requirements or their interpretation and application, which are beyond the Company's control, could adversely affect the business, financial condition, and results of operations of the business. In addition, the Company could incur significant costs in the course of complying with any changes in the regulatory regime. Non-compliance with any existing or proposed laws or regulations could result in audits, civil or regulatory proceedings, fines, penalties, injunctions, recalls or seizures, any of which could adversely affect the reputation, operations, or financial performance of the Company.

20. *Ethical Business Conduct*

Any failure of Plurilock to adhere to its corporate governance or business policies, the law or ethical business practices could significantly affect its reputation and brands and could therefore negatively impact the Company's financial performance. The Company's framework for managing ethical business conduct includes the adoption of a Code of Business Conduct and Ethics which directors, employees, advisors and consultants of the Company are required to acknowledge and agree to. As well, as part of an independent audit and security function the Company maintains a whistle blowing hotline. There can be no assurance that these measures will be effective to prevent violations of law or ethical business practices.

21. *Confidentiality & Privacy of Information*

The Company's staff may have access, in the course of their duties, to certain information of the Company's customers. Although, all staff are required to sign confidentiality agreements, there can be no assurance that the Company's existing policies, procedures and systems will be enough to address the privacy concerns of existing and future customers. If a customer's privacy is violated, or if the Company is found to have violated any law or regulation, it could be liable for damages or for criminal fines or penalties.

22. *The Company Needs to Comply with Financial Reporting and Other Requirements as a Public Company*

The Company is subject to reporting and other obligations under applicable Canadian & US securities laws, as well as TSXV (including National Instrument 52-109) & OTC rules. These reporting and other obligations place significant demands on the Company's management, administrative, operational, and accounting resources. Moreover, any failure to maintain effective internal controls could cause the Company to fail to meet its reporting obligations or result in material misstatements in its consolidated financial statements. If the Company cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be materially harmed, which could also cause investors to lose confidence in the Company's reported financial information, which could result in a lower trading price of its securities. Management does not expect that Company's disclosure controls and procedures and internal controls over financial reporting will prevent all error and all fraud. A control system, no matter how well designed and implemented, can provide only reasonable assurance that its objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide Plurilock assurance that all control issues within a company are detected. The inherent limitations include the realities that judgements in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of some persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost- effective control system, misstatements due to error or fraud may occur and not be detected.

23. *Plurilock has limited operating history*

Prior to the QT, Plurilock was a CPC and as a result has not commenced commercial operations and has no assets other than cash. Following the QT, Plurilock adopted the business of PL. PL began carrying on business in 2008 and has been incurring operating losses and cash flow deficits since inception. Plurilock is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, and limitations with respect to personnel, financial, and other resources.

There is no assurance that Plurilock will be successful, and the likelihood of success must be considered in light of its early stage of operations. The majority of Plurilock's revenues are generated from a few customers. If economic or other factors were to change and thus impact these customers or the market, then the revenues of Plurilock would be negatively impacted. To the extent Plurilock has negative operating cash flow in future periods, it may need to allocate a portion of its cash reserves to fund such operating cash flow. Plurilock may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that Plurilock will be able to generate a positive cash flow from operations, that additional capital or other types of financing will be available when needed, or that such financings will be on favourable terms.

24. *Damage to Plurilock's brand may harm its results*

Plurilock's business depends on its strong reputation. Anything that harms Plurilock's reputation will likely harm its results. As a provider of temporary and permanent staffing, Plurilock's reputation is dependent, in part, on the performance of its employees. If Plurilock's clients become dissatisfied with the performance of Plurilock's employees, or if any of Plurilock's employees engage in or are believed to have engaged in conduct that is harmful to Plurilock's clients, Plurilock's ability to retain existing clients and maintain or expand its client base may be negatively affected. Plurilock's ability to attract suitable candidates to fulfil both temporary and permanent positions is also affected by the external perception of its brand and reputation.

Damage to Plurilock's reputation can be the result of the actual or perceived occurrence of any number of events and could include any negative publicity, whether true or not. Although Plurilock operates in a manner that is respectful to all stakeholders and that takes care in protecting its image and reputation, Plurilock does not ultimately have direct control over how it is perceived by others.

Reputational damage could negatively affect its ability to attract and retain employees, decreased shareholder confidence, increased challenges in maintaining relationships with prospective clients and other industry participants, and an impediment to its ability to execute its business plan, thereby having a material adverse impact on financial performance, financial condition, cash flows and growth prospects.

25. *Plurilock faces fluctuating foreign exchange rates*

Plurilock's reporting and functional currency is the Canadian dollar. However, a significant portion of operating expenses is denominated in U.S. dollars. As a result, Plurilock is exposed to fluctuations in the U.S. dollar exchange rate for which it has not entered into foreign exchange hedges. Currency markets by their nature are volatile and have seen recent increased volatility. A significant appreciation of the Canadian dollar relative to the U.S. dollar could materially impact the profitability of Plurilock. In addition, Plurilock will be exposed to greater foreign exchange risk from other countries as its operations, and its operating expenses, expand in foreign jurisdictions.

26. *The price of the Company's common shares may be volatile*

The price of the Common Shares may be volatile and subject to wide fluctuations because of a variety of factors, many of which are beyond Plurilock's control including the following:

- actual or anticipated quarterly fluctuations in its operating results and financial condition;
- changes in financial estimates or publication of research reports and recommendations by financial analysts;
- reports in the press or investment community generally or relating to Plurilock's reputation or the industry in which it operates;
- strategic actions by Plurilock or its competitors, such as acquisitions, restructurings, dispositions, or financings;
- fluctuations in the stock price and operating results of Plurilock's competitors;
- future sales of Plurilock's equity or equity-related securities;
- proposed or adopted regulatory changes or developments;
- domestic and international economic & political factors unrelated to Plurilock's performance; and general market conditions.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying

asset values, or prospects of such companies. Accordingly, the market price of the Company's common shares may decline even if Plurilock's operating results, underlying asset values or prospects have not changed. There can be no assurance that continuing fluctuations in price and volume will not occur.

27. *The market price of the common shares may decline due to the large number of convertible securities issued and outstanding common shares eligible for future sale*

    Sales of substantial amounts of Common Shares in the public market, or the perception that these sales could occur, could cause the market price of the Company's common shares to decline. These sales could also make it more difficult for Plurilock to sell equity or equity-related securities in the future at a time and price that it deems appropriate.

28. *Plurilock may be subject to litigation*

    Plurilock may become party to litigation, either as plaintiff or defendant, from time to time in the ordinary course of business including but not limited to actions related to Plurilock's commercial relationships, employment matters, and services delivered. Such matters include both actual and threatened claims. Should any litigation in which Plurilock becomes involved be determined against Plurilock, such a decision could adversely affect Plurilock's ability to continue operating, and the market price for the Common Shares. Even if Plurilock is successful in litigation, litigation can redirect significant company resources.

29. *Risks related to Plurilock's foreign operations*

    Plurilock intends to continue to pursue and commit resources to growth opportunities beyond North America which could result in international sales accounting for an increasing portion of Plurilock's consolidated revenues. Plurilock will be subject to a number of risks associated with international business activities that may increase liability or costs, lengthen sales and/or product development cycles, or require significant management attention. International operations carry certain risks and associated costs, such as: the complexities and expense of administering a business abroad; complications in compliance with, and unexpected changes in legal and regulatory restrictions or requirements; foreign laws, international import and export legislation; trading and investment policies; economic and political instability; foreign currency fluctuations; exchange controls; increased nationalism and protectionism; tariffs and other trade barriers; difficulties in collecting accounts receivable; potential adverse tax consequences; uncertainties of laws and enforcement relating to intellectual property and privacy rights; unauthorized copying of software; difficulty in managing a geographically dispersed workforce in compliance with diverse local laws and customs; potential governmental expropriation (especially in countries with undemocratic/authoritarian ruling parties); and other factors depending upon the country involved. There can be no assurance that Plurilock will not experience these risks in the future. If foreign operations expand to the point where they account for a significant portion of Plurilock's consolidated revenues, the presence of such risks could have a material adverse effect on Plurilock's business, financial condition, and results of operations.

30. *Lenders may penalize or otherwise act against Plurilock if it is unable to meet its obligations under financial instruments*

    Plurilock's ability to continue its operations is dependent upon the continued support of its shareholders, its ability to obtain additional financing as and when required and generating revenue. Currently, Plurilock's revenues combined with its financing activities provide enough resources to fund its obligations as they come due.

31. *Plurilock does not anticipate paying dividends on the Common Shares*

    Plurilock has not previously paid any dividends and does not anticipate paying any dividends in the foreseeable future. Dividends paid by Plurilock would be subject to tax and, potentially, withholdings. Any decision to declare and pay dividends in the future will be made at the discretion of the Board and will depend on, among other things, financial results, cash requirements, contractual restrictions, and other factors that the Board may deem relevant. As a result, investors may not receive any return on an investment in Common Shares, other than an appreciation in share price.

32. *Management has discretion concerning unallocated funds*

    Management will have discretion concerning the use and allocation of Plurilock's available funds as well as the timing of their expenditure. As a result, shareholders will be relying on the judgement of management for the application of the

available funds. The results and the effectiveness of the application of the funds are uncertain. If Plurilock's cash reserves are not applied effectively, Plurilock's results of operations may suffer.

33. *Plurilock may issue additional equity securities or engage in other transactions that could dilute its book value or affect the priority of the Company's common shares, which may adversely affect the market price of the Company's common shares*

The Board may determine from time to time that it needs to raise additional capital by issuing additional Company common shares or other securities. Except as otherwise described in this document, Plurilock will not be restricted from issuing additional common shares, including securities that are convertible into or exchangeable for, or that represent the right to receive, the Company's common shares. Because Plurilock's decision to issue securities in any future offering will depend on market conditions and other factors beyond Plurilock's control, it cannot predict or estimate the amount, timing, or nature of any future offerings, or the prices at which such offerings may be affected. Additional equity offerings may dilute the holdings of Plurilock's existing shareholders or reduce the market price of the Common Shares, or both. Holders of the Company's common shares are not entitled to pre-emptive rights or other protections against dilution. New investors also may have rights, preferences and privileges that are senior to, and that adversely affect, Plurilock's then-current holders of the Company's common shares. Additionally, if Plurilock raises additional capital by making offerings of debt or preference shares, upon liquidation of Plurilock, holders of its debt securities and preference shares, and lenders with respect to other borrowings, may receive distributions of its available assets before the holders of the Company common shares.

34. *Plurilock is a holding company with its only material assets being direct or indirect ownership of PL, PLUS, INC and ASC*

Plurilock is a holding company and essentially all of its assets are the capital stock of its subsidiaries. Consequently, Plurilock's cash flows and ability to leverage future business opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to Plurilock. The ability of its subsidiaries to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt, if any.

In the event of a bankruptcy, liquidation, or reorganization of any of its subsidiaries, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to Plurilock.

35. *Income tax related risks*

Significant judgement is required in determining Plurilock's provision for income taxes. Various internal and external factors may have favourable or unfavourable effects on Plurilock's future provision for income taxes, income taxes payable and/or effective income tax rate. These factors include but are not limited to: changes in tax laws, regulations and/or rates; results of audits by tax authorities; changing interpretations of existing tax laws or regulations; changes in estimates of prior years' items; future levels of R&D spending; changes in the overall mix of income among the different jurisdictions in which Plurilock operates; and changes in overall levels of income before taxes. To the extent that the taxation authorities do not agree with Plurilock's tax positions, Plurilock may not be able to realize all, or a portion of the tax benefits recognized. Furthermore, new accounting pronouncements or new interpretations of existing accounting pronouncements can have a material impact on Plurilock's effective income tax rate. Plurilock and its subsidiaries file income tax returns and pay income taxes in jurisdictions where Plurilock believes it is subject to tax. In jurisdictions in which Plurilock and its subsidiaries do not believe they are subject to tax and therefore do not file income tax returns, Plurilock can provide no certainty that tax authorities in those jurisdictions will not subject one or more tax years (since inception of Plurilock or its subsidiaries) to examination. Tax examinations are often complex as tax authorities may disagree with the treatment of items reported by Plurilock, the result of which could have a material adverse effect on Plurilock's financial condition and results of operations.

In addition, in response to significant market volatility and disruptions to business operations resulting from COVID-19, legislatures and taxing authorities in many jurisdictions in which Plurilock operates may propose changes to their tax rules. These changes could include modifications that have temporary effect, and more permanent changes. The impact of these potential new rules on Plurilock, its long-term tax planning, and its tax effective tax rate could be material.

36. *Plurilock's business could be disrupted because of actions of certain shareholders or potential acquirers of Plurilock*

    If any of the holders of Common Shares commence a proxy contest, advocate for change that is not necessarily in the best interests of Plurilock and all of its stakeholders, make public statements critical of Plurilock's performance or business, or engage in other similar activities, or if Plurilock becomes subject to a potential acquisition target, then Plurilock's business could be adversely affected because Plurilock may have difficulty attracting and retaining employees and clients due to perceived uncertainties as to its future direction and negative public statements about its business. In addition, responding to proxy contests and other similar actions by shareholders is likely to result in Plurilock incurring substantial additional costs and significantly diverting the attention of management and employees; and, if individuals are elected to the Board with a specific agenda, the execution of Plurilock's strategic plan may be disrupted or a new strategic plan altogether may be implemented, which could have a material adverse impact on its business, financial condition or results of operations. Further, any of these matters or any such actions by shareholders may impact and result in volatility of the price of the Company's common shares.

37. *Plurilock's reliance on copyrights, trademarks, trade secrets, confidentiality procedures and similar contractual provisions*

    In addition to patents, Plurilock relies on, among other things, copyrights, trademarks, trade secrets, confidentiality procedures and contractual provisions to protect its proprietary rights in Canada, the United States, and other countries.

    As a result, it is possible that the following may occur: some or all of the confidentiality agreements entered into by Plurilock with its employees, consultants, business partners, customers, potential customers and other third parties will not be honoured; third parties will independently develop equivalent technology or misappropriate Plurilock's technology and/or designs; disputes will arise with Plurilock's strategic partners, customers or others concerning the ownership of intellectual property; there may occur an unauthorized disclosure of source code, know-how or trade secrets; or contractual provisions may not be enforced in foreign jurisdictions. There can be no assurance that Plurilock will be successful in protecting its proprietary rights in Canada, the United States, and other countries.

38. *Plurilock's Federal government business is subject to direct action from the current and future administrations*

    Plurilock relies on stability in the Federal government processes. A disruption to the federal government buying process could have a negative impact to Plurilock's Federal government business.

39. *Other Risks*

    There can be no assurance that an active and liquid market for the Company's common shares will develop, and investors may find it difficult to resell the common shares.