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

For the six months ended June 30, 2026 and 2025 (unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim consolidated financial statements of Plurilock Security Inc. have been prepared by and are the responsibility of management. These condensed interim consolidated financial statements for the six months ended June 30, 2026, have not been reviewed or audited by the Company's independent auditors. All amounts are stated in Canadian Dollars unless otherwise stated.

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

(Expressed in Canadian dollars)

		June 30, 2026	December 31, 2025
	Notes	\$	\$
Assets			
Current assets			
Cash and cash equivalents		2,573,692	2,540,764
Restricted cash	5	20,000	20,000
Trade receivables	6	1,889,152	4,545,690
Tax credits receivable	7	145,382	119,038
Prepaid expenses and deposits	9	13,936,057	11,935,376
Contract asset	10	435,979	245,363
Marketable securities	11,27	—	2,333,016
Total current assets		19,000,262	21,739,247
Non-current assets			
Property and equipment	12	18,671	22,097
Intangible assets	15	1,022,637	1,078,657
Goodwill	15	2,474,882	2,390,940
Other non-current assets		32,787	32,871
Total assets		22,549,239	25,263,812
Liabilities			
Current liabilities			
Trade and other payables	16	6,634,059	11,753,657
Unearned revenue	17	16,504,057	15,037,100
Convertible debenture - current portion	19	346,760	346,760
Total current liabilities		23,484,876	27,137,517
Non-current liabilities			
Deferred tax liability		4,971	4,802
Convertible debenture	19	2,487,584	2,397,903
Total liabilities		25,977,431	29,540,222
Shareholders' equity			
Share capital	20(b)	47,004,535	44,245,648
Equity reserve		2,257,749	2,002,913
Foreign currency translation (deficit) reserve		(97,447)	(475,639)
Contributed and other surplus		6,219,183	5,982,580
Accumulated deficit		(58,812,212)	(56,031,912)
Total equity		(3,428,192)	(4,276,410)
Total equity and liabilities		22,549,239	25,263,812
Nature of operations and going concern	1		
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The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Approved by the Board

"Blake Corbet"

Blake Corbet, Director

"Jennifer Swindell"

Jennifer Swindell, Director

Plurilock Security Inc.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (unaudited)

(Expressed in Canadian dollars)

		Three months ended June 30,		Six months ended June 30,	
	Notes	2026 \$	2025* \$	2026 \$	2025* \$
Continued Operations					
Revenue	23	11,280,638	16,240,202	21,474,907	35,104,473
Cost of sales		(9,326,191)	(14,392,774)	(18,061,192)	(31,059,505)
Gross profit		1,954,447	1,847,428	3,413,715	4,044,968
Operating expenses					
Research and development	24	49,153	2,862	110,726	5,869
Sales and marketing	24	646,099	815,214	1,181,596	1,659,087
General and administrative	24	1,611,971	2,589,260	3,388,642	5,500,173
Stock-based compensation	20 (d)(g)	(76,918)	209,093	91,396	433,435
Total operating expenses		2,230,305	3,616,429	4,772,360	7,598,564
Operating loss		(275,858)	(1,769,001)	(1,358,645)	(3,553,596)
Other income (expenses)					
Foreign exchange translation gain (loss)		64	(89,039)	(499,224)	(679,992)
Acquisition-related expenses		(16,000)	(41,609)	(32,000)	(108,552)
Financing expenses		(17,017)	(15,550)	(18,395)	(241,367)
Loss on sale of marketable securities	11	(743,218)	—	(482,821)	—
Other income (expenses)		34	50,747	28,907	51,650
Impairment on assets		—	—	—	(942)
Gain on disposal of assets		—	—	—	1,669
Unrealized (loss) gain on marketable securities	11	736,000	—	(149,016)	—
Interest expenses		(135,883)	(139,670)	(252,798)	(299,656)
Total other income (expenses)		(176,020)	(235,121)	(1,405,347)	(1,277,190)
Loss for the period before tax		(451,878)	(2,004,122)	(2,763,992)	(4,830,786)
Income tax (expense) recovery		(16,308)	(9,844)	(16,308)	(9,844)
Net loss for the period from continuing operations		(468,186)	(2,013,966)	(2,780,300)	(4,840,630)
Discontinued operations					
Net income (loss) from discontinued operations	27	—	(216,863)	—	(402,562)
Net loss for the period		(468,186)	(2,230,829)	(2,780,300)	(5,243,192)
Other comprehensive income (loss)					
Items that may be subsequently reclassified to net results					
Foreign exchange translation difference from continuing operations		(72,945)	189,638	378,192	720,551
Other comprehensive income (loss) from continuing operations		(72,945)	189,638	378,192	720,551
Foreign exchange translation difference from discontinued operations		—	(499)	—	57
Other comprehensive income (loss) from discontinued operations		—	(499)	—	57
Comprehensive loss for the period		(541,131)	(2,041,690)	(2,402,108)	(4,522,584)
Basic and diluted gain (loss) per share (Restated - Note 25, 27)					
- Continuing operations	25	(0.00)	(0.03)	(0.03)	(0.07)
- Discontinued operations	25	(0.00)	(0.00)	(0.00)	(0.01)
Basic and diluted net loss per share (Restated - Note 25, 27)	25	(0.00)	(0.03)	(0.03)	(0.07)

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

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

Plurilock Security Inc.

Condensed Interim Consolidated Statements in Changes in Equity (unaudited)

June 30, 2026 and 2025

(Expressed in Canadian dollars)

	Notes		Share capital	Contributed and other surplus	Equity reserve	Foreign currency translation (deficit) reserve	Accumulated deficit	Total
		#	\$	\$	\$	\$	\$	\$
Balance, January 1, 2025		59,629,251	38,543,997	4,922,606	754,642	(595,114)	(48,767,430)	(5,141,299)
Units issued for cash	20(b)	12,459,125	4,111,511	-	872,139	-	-	4,983,650
Share issuance costs	20(b)	-	(277,610)	-	-	-	-	(277,610)
Warrants issued as private placement broker fee	20(b)	-	(192,722)	-	192,722	-	-	-
Recognition of stock-based compensation	20(d)(g)	-	-	433,435	-	-	-	433,435
Exercise of warrants		6,438,493	1,956,722	-	(92,627)	-	-	1,864,095
Expiry of warrants		-	-	289,943	(289,943)	-	-	-
Net loss from continuing operations for the period		-	-	-	-	-	(4,840,630)	(4,840,630)
Net loss from discontinued operations for the period	27	-	-	-	-	-	(402,562)	(402,562)
Other comprehensive gain		-	-	-	-	720,608	-	720,608
Balance, June 30, 2025		78,526,869	44,141,898	5,645,984	1,436,933	125,494	(54,010,622)	(2,660,313)
Shares issued for debt settlement		-	-	-	-	-	-	-
Shares issued pursuant to disposal of subsidiary broker fee	27	200,000	40,000	-	-	-	-	40,000
Shares issued for convertible debenture interest	20(b)	312,188	63,750	-	-	-	-	63,750
Equity component of convertible debenture	19	-	-	-	294,781	-	-	294,781
Warrants issued as part of financing on convertible debt		-	-	-	271,199	-	-	271,199
Recognition of stock-based compensation	20(d)(g)	-	-	336,596	-	-	-	336,596
Net loss from continuing operations for the period		-	-	-	-	-	(3,286,861)	(3,286,861)
Net income from discontinued operations for the period	27	-	-	-	-	-	1,265,571	1,265,571
Other comprehensive loss		-	-	-	-	(601,133)	-	(601,133)
Balance, December 31, 2025		79,039,057	44,245,648	5,982,580	2,002,913	(475,639)	(56,031,912)	(4,276,410)
Units issued for cash	20(b)	32,065,000	2,885,850	-	320,650	-	-	3,206,500
Share issuance costs	20(b)	-	(211,320)	-	-	-	-	(211,320)
Warrants issued as private placement broker fee	20(b)	-	(79,393)	-	79,393	-	-	-
Shares issued for convertible debenture interest	20(b)	1,259,611	163,750	-	-	-	-	163,750
Recognition of stock-based compensation	20(d)(g)	-	-	91,396	-	-	-	91,396
Expiry of warrants		-	-	145,207	(145,207)	-	-	-
Net loss for the period		-	-	-	-	-	(2,780,300)	(2,780,300)
Other comprehensive gain		-	-	-	-	378,192	-	378,192
Balance, June 30, 2026		112,363,668	47,004,535	6,219,183	2,257,749	(97,447)	(58,812,212)	(3,428,192)

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

Plurilock Security Inc.
Condensed Interim Consolidated Statements of Cashflows (unaudited)
June 30, 2026 and 2025
(Expressed in Canadian dollars)

		Three months ended June 30,		Six months ended June 30,	
	Notes	2026 \$	2025 \$	2026 \$	2025 \$
Net loss for the period		(468,186)	(2,230,829)	(2,780,300)	(5,243,192)
Operating activities					
Adjustments for					
Amortization	24	47,748	46,730	94,919	148,598
Gain on disposal of asset		—	—	—	(1,669)
Income tax expense (recovery)		16,308	9,844	16,308	9,844
Stock-based compensation	20 (d)(g)	(76,918)	209,093	91,396	433,435
Impairment on assets		—	—	—	942
Bad debt		(1,316)	—	(1,316)	—
Interest accretion - convertible debt	19	50,781	8,431	89,681	8,431
Interest expense on convertible debt	19	88,750	—	163,750	—
Interest expense - lease liability	14	—	—	—	778
Non-cash deferred rent		—	—	—	5,553
Realized marketable securities (gain)/loss	11	743,218	—	482,821	—
Unrealized marketable securities (gain)/loss	11	(736,000)	—	149,016	—
Unrealized foreign exchange (gain)/loss		(64)	89,039	499,224	679,992
Changes in working capital and other items					
Trade and other receivables		937,200	1,520,367	2,657,854	2,932,375
Tax credits receivable		125,775	86,080	(26,344)	3,445
Inventory		—	35,790	—	(544,375)
Prepaid expenses and deposits		2,590,133	9,127,126	(2,000,681)	3,663,425
Contract asset		(18,123)	145,753	(190,616)	(316,461)
Other non-current assets		(95)	2,575	84	3,199
Trade and other payables		(1,768,454)	(2,031,523)	(5,135,906)	(3,759,665)
Unearned revenue		(3,645,104)	(6,970,681)	1,466,957	(3,112,000)
Other non-current liabilities		—	—	—	—
Net cash flows provided by (used in) operating activities		(2,114,347)	47,795	(4,423,153)	(5,087,345)
Investing activities					
Disposal (acquisition) of equipment	12	—	—	—	12,954
Disposal of marketable securities	11	352,782	—	1,701,179	—
Net cash flows provided by (used in) investing activities		352,782	—	1,701,179	12,954
Financing activities					
Proceeds from issuance of shares, net of issuance costs	20 (b)	2,995,180	—	2,995,180	4,706,040
Proceeds from warrant exercise	20 (b)	—	—	—	1,864,095
Repayments to short-term loans, net		—	(1,190,066)	—	(1,322,725)
Lease payments	14	—	—	—	(13,168)
Net cash flows provided by (used in) financing activities		2,995,180	(1,190,066)	2,995,180	5,234,242
Foreign exchange effect on cash and cash equivalents and restricted cash		(118,594)	220,734	(240,278)	160,329
Net (decrease)/ increase in cash and cash equivalents and restricted cash		1,233,615	(1,142,271)	273,206	159,851
Cash and cash equivalents and restricted cash, beginning of period		1,478,671	2,661,180	2,560,764	1,419,463
Cash and cash equivalents and restricted cash, end of period		2,593,692	1,739,643	2,593,692	1,739,643

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

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

June 30, 2026 and 2025

(Expressed in Canadian dollars)

Supplemental cash flow information

Non-cash financing and investing activities

	Notes	Three months ended June 30,		Six months ended June 30,	
		2026	2025	2026	2025
		\$	\$	\$	\$
Warrants issued as brokers fee pursuant to financing	20(e)	79,393	-	79,393	-
Shares issued for convertible debenture interest payment	19	88,750	-	163,750	-

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

Plurilock Security Inc.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

June 30, 2026 and 2025

(Expressed in Canadian dollars)

1. Nature of operations and going concern

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

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

Plurilock offers IT and cybersecurity services and solutions.

As at the consolidated financial statements December 31, 2025 date, Plurilock had four wholly owned subsidiaries. Plurilock Security Solutions Inc. ("**PL**") was formed following the amalgamation of PL and 1243540 B.C. Ltd. on September 17, 2020 pursuant to a Qualifying Transaction ("**QT**"). Integra Network Corporation ("**INC**") was acquired on March 4, 2022. PL in turn has one wholly owned subsidiary, Plurilock Security Corp. ("**PLUS**"). PLUS was incorporated on November 15, 2017 in the State of Delaware, USA. On March 31, 2021, PLUS acquired Aurora Systems Consulting Inc. ("**ASC**"), a provider of advanced cybersecurity technology and services based in the State of California, USA. PLUS acquired all of the outstanding securities of ASC. On July 22, 2021, Plurilock incorporated an Indian subsidiary, Plurilock Security Private Limited ("**PSP**"). PSP is owned 99.99% by PSI and 0.01% by PL. On September 9, 2025, the Company disposed its Indian subsidiary PSP (Note 27).

These condensed interim consolidated financial statements report that the Company has a net loss of \$468,186 and \$2,780,300 for the three and six months ended June 30, 2026, and \$2,230,829 and \$5,243,192 for the three and six months ended June 30 2025, respectively and an accumulated deficit of \$58,812,212 and \$56,031,912 as June 30, 2026, and December 31, 2025, respectively. The Company has financed its operating cash requirements primarily through the issuance of share capital. The Company's ability to realize the carrying value of its assets and to continue as a going concern is dependent upon the successful execution of the Company's strategic plan to improve the scale and profitability of its business to achieve future profitable operations. It will be necessary for the Company to raise additional funds from time to time for the continued execution of its strategic plan. These funds may come from sources which include the issuance of shares, the issuance of debt or alternative sources of financing. The ability of the Company to continue as a going concern is dependent upon the continued support from the Company's shareholders, lenders, and the Company's ability to attain profitable operations in the near future. There can be no assurance that the Company will successfully generate sufficient operating cash flows or raise sufficient funds to continue the execution of its strategic plan and to operate as a going concern. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on August 25, 2026.

2. Basis of presentation

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards issued by the International Accounting Standards Board ("IASB") and IFRIC® Interpretations of the IFRS Interpretations Committee issued and effective as of December 31, 2025. The Company's material accounting policies are presented in Note 3 to the consolidated financial statements for the year ended December 31, 2025, and have been consistently applied in the preparation of these condensed interim consolidated financial statements.

Basis of presentation

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

Critical accounting estimates and judgements

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

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

3. Material accounting policies

The preparation of these condensed interim consolidated financial statements is based on accounting principles and practices consistent with those used in the preparation of the Company's audited financial statements for the year ended December 31, 2025, unless otherwise indicated.

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

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

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

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

4. New accounting policies

The following new standards, amendments to standards and interpretations have been issued but are not effective during the three and six months ended June 30, 2026 and the 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.

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

June 30, 2026 and 2025

(Expressed in Canadian dollars)

4. New accounting policies (continued)

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 the three and six months ended June 30, 2026 to have a significant effect on its condensed interim consolidated financial statements.

5. Restricted cash

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

6. Trade receivables

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

	June 30, 2026	December 31, 2025
	\$	\$
Trade receivables	1,889,152	4,545,690
	1,889,152	4,545,690

As at June 30, 2026, \$216,431 or 5.1% of the trade receivables balance is over 90 days past due compared to \$130,509 or 2.9% as at December 31, 2025 and 58.6% of the trade receivable balances are owing from 5 customers as at June 30, 2026 compared to 74.7% owing from 5 customers as at December 31, 2025. The Company evaluates credit losses on a regular basis based on the aging and collectability of its receivables.

7. Tax credits receivable

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

	June 30, 2026	December 31, 2025
	\$	\$
Tax credits receivable	145,382	119,038
	145,382	119,038

Tax credits receivable balance as at June 30, 2026 of \$145,382 is related to goods and services tax ("GST") receivable compared to \$119,038 as at December 31, 2025.

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

June 30, 2026 and 2025

(Expressed in Canadian dollars)

8. Inventory

	June 30, 2026	December 31, 2025
	\$	\$
Finished goods	—	—
	—	—

Inventory balance as at June 30, 2026 of \$Nil (\$Nil as at December 31, 2025) is related to products under the Company's possession but not yet delivered to customers.

Amounts of \$853,494 and \$1,034,152 of inventories was expensed during the three and six months ended June 30, 2026, as cost of sales (\$1,246,048 and \$3,930,363 during the three and six months ended June 30, 2025).

9. Prepaid expenses and deposits

	June 30, 2026	December 31, 2025
	\$	\$
Prepaid service contracts	163,739	297,489
Deposits	534	534
Advance to supplier	13,771,784	11,637,353
	13,936,057	11,935,376

Prepaid service contracts consist of various prepaid agreements including online subscriptions, insurance, membership fees, marketing and consulting services for mainly corporate finance and investor relations purposes. As at June 30, 2026, the Company had an advance to suppliers balance of \$13,771,784 compared to \$11,637,353 as at December 31, 2025, reflecting prepayments made for inventory.

10. Contract asset

	June 30, 2026	December 31, 2025
	\$	\$
Contract Asset	435,979	245,363
	435,979	245,363

As at June 30, 2026, the Company recognized a contract asset of \$435,979 compared to \$245,363 as at December 31, 2025, reflecting revenue earned but not yet billed, aligning with the Company's revenue recognition policies.

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

June 30, 2026 and 2025

(Expressed in Canadian dollars)

11. Marketable securities

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

During the six months ended June 30, 2026, the Company sold 4,200,000 shares on the market for gross proceeds of \$1,701,179 of which the Company recognized \$482,821 of realized loss on the sale of the marketable securities on the condensed interim consolidated statements of loss and comprehensive loss. As at June 30, 2026, the Company has sold the remaining shares of Scope resulting in \$149,016 of unrealized loss on marketable securities on the condensed interim consolidated statements of loss and comprehensive loss.

12. Property and equipment

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

Property and equipment - cost	\$
Balance January 1, 2025	274,972
Disposals	(75,799)
Foreign exchange gain	(53)
Balance December 31, 2025	199,120
Disposals	—
Foreign exchange gain	651
Balance June 30, 2026	199,771

Property and equipment - accumulated depreciation	\$
Balance January 1, 2025	183,429
Depreciation for the period	56,438
Disposals	(62,844)
Balance December 31, 2025	177,023
Depreciation for the period	4,077
Disposals	—
Balance June 30, 2026	181,100

Property and equipment net book value	\$
At December 31, 2025	22,097
At June 30, 2026	18,671

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

June 30, 2026 and 2025

(Expressed in Canadian dollars)

13. Right-of-use asset

Right-of-use asset relates to an office space lease acquired as part of the business acquisition. During the year ended December 31, 2025, the Company fully depreciated all of its right-of-use assets and no amortization was recorded for the three or six months ended June 30, 2026. The following table provides a reconciliation of this right-of-use asset:

Right-of-use asset	\$
Balance January 1, 2025	4,416
Depreciation	(4,416)
Balance December 31, 2025	-
Depreciation	-
Balance June 30, 2026	-

14. Lease liability

Lease liability relates to the lease of office spaces acquired as part of business acquisitions, for which the lease term ended on January 31, 2025, and February 28, 2025 respectively, and were discounted using an interest rate of 10%. During the three and six months ended June 30 2026, the Company recognized \$Nil and \$Nil (June 30, 2025 - \$Nil and \$778) in interest expense on the lease liability. Due the year ended December 31, 2025, the lease liability obligations were fully paid out, and the lease extension option was forfeited.

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

Lease liability	\$
Balance January 1, 2025	12,390
Add: interest during the period	778
Less: payment during the period	(13,168)
Balance December 31, 2025	-
Add: interest during the period	-
Less: payment during the period	-
Balance June 30, 2026	-

15. Intangible assets and goodwill

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

The changes in the Company's intangible assets for the six months ended June 30, 2026 and at December 31, 2025 are as follows:

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15. Intangible assets and goodwill (continued)

	Patent	Procurement Contract	Customer Relationships	Intellectual Properties	Brand	Total
Cost						
December 31, 2024	\$ 100,000	\$ 299,323	\$ 1,803,550	\$ 102,566	\$ 401,556	\$ 2,706,995
Additions	-	-	-	-	-	-
Disposal through sale of subsidiary	-	-	(112,870)	-	-	(112,870)
Foreign exchange	-	-	(61,746)	-	(18,622)	(80,368)
December 31, 2025	\$ 100,000	\$ 299,323	\$ 1,628,934	\$ 102,566	\$ 382,934	\$ 2,513,757
Additions	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Foreign exchange	-	(3,858)	42,644	-	13,444	52,230
June 30, 2026	\$ 100,000	\$ 295,465	\$ 1,671,578	\$ 102,566	\$ 396,378	\$ 2,565,987
Amortization						
December 31, 2024	\$ 50,000	\$ 299,323	\$ 939,223	\$ 102,566	\$ -	\$ 1,391,112
Disposal through sale of subsidiary	-	-	(112,870)	-	-	(112,870)
Foreign exchange	-	-	(28,592)	-	-	(28,592)
Additions	5,000	-	180,450	-	-	185,450
December 31, 2025	\$ 55,000	\$ 299,323	\$ 978,211	\$ 102,566	\$ -	\$ 1,435,100
Additions	2,500	-	88,342	-	-	90,842
Foreign exchange	-	(3,858)	21,266	-	-	17,408
June 30, 2026	\$ 57,500	\$ 295,465	\$ 1,087,819	\$ 102,566	\$ -	\$ 1,543,350
Net Book Value						
December 31, 2024	\$ 50,000	\$ -	\$ 864,327	\$ -	\$ 401,556	\$ 1,315,883
December 31, 2025	\$ 45,000	\$ -	\$ 650,723	\$ -	\$ 382,934	\$ 1,078,657
June 30, 2026	\$ 42,500	\$ -	\$ 583,759	\$ -	\$ 396,378	\$ 1,022,637

Goodwill	\$
Balance January 1, 2025	2,507,202
Change in foreign exchange evaluation	(116,262)
Balance December 31, 2025	2,390,940
Change in foreign exchange evaluation	83,942
Balance June 30, 2026	2,474,882

During the six months ended June 30, 2026, management completed an impairment indicator assessment related to the brand and goodwill, at the time of the assessment management found no indicators to be evident warranting an impairment on intangibles or goodwill.

16. Trade and other payables

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

	June 30, 2026 \$	December 31, 2025 \$
Trade payables and accrued liabilities	6,338,992	11,265,588
Payroll liabilities	185,399	361,710
Other payables	109,668	126,359
	6,634,059	11,753,657

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16. Trade and other payables (continued)

Accrued liabilities as at June 30, 2026, included contingent considerations of \$Nil (\$Nil as at December 31, 2025) including performance-based earnout to be paid to the vendors as part of business acquisitions. During the three and six months ended June 30, 2026, the Company paid out \$Nil to any vendors as part of the business acquisition consideration that was recorded in accrued liabilities. During the year ended December 31, 2025, the Company paid out \$287,870 certain vendors as part of the business acquisition consideration that was recorded in accrued liabilities.

17. Unearned revenue

	\$
Balance January 1, 2025	24,703,817
Amounts received	38,711,436
Revenue recognized	(47,313,995)
Foreign exchange	(932,441)
Disposed through sale of subsidiary	(131,717)
Balance December 31, 2025	15,037,100
Amounts received	8,854,726
Revenue recognized	(7,984,979)
Foreign exchange	597,210
Balance June 30, 2026	16,504,057

Unearned revenue as at June 30, 2026 and December 31, 2025 consisted of cash collected under customer contracts with goods or services that had not yet been delivered.

18. Short-term loans

On October 17, 2023, the Company announced the increase to its Pathward line of credit ("LOC") from up to US\$4.0 million (CAD\$5.7 million) to US\$7.0 million (CAD\$10.1 million) to its wholly owned subsidiary, Aurora Systems Consulting, Inc. ("Aurora"). The interest rate of the loan is prime plus 4.25% on any outstanding amount. The loan is eligible up to 85% of accounts receivable. During the three and six months ended June 30, 2026, the Company paid \$Nil and \$Nil, respectively (June 30, 2025 – \$52,998 and \$161,118) in interest on Pathward line of credit. During the year ended December 31, 2025, the Company and the lender agreed to close the facility effective December 8, 2025, at which time all outstanding amounts under the facility were fully repaid.

	June 30, 2026	December 31, 2025
	\$	\$
Line of credit (LOC)	—	—
	—	—

19. Convertible debenture

On November 1, 2025, the Company issued \$3,000,000 principal amount of convertible debentures at \$1,000 per unit through non-brokered private placement offering. Each unit consists of \$1,000 principal amount of debenture and 4000 share purchase warrants of the Company. Each warrant will entitle the holders thereof to acquire one common share of the Company at an exercise price of \$0.25 per warrant share for a period of 36 months from the date of the issuance. The debentures mature and will be repayable on October 30, 2028 and accrue interest at a rate of 10% per annum payable in arrears every quarter from the date of issue. Subject to approval from the TSXV, the Debentures will be convertible at the holder's option into common shares (the "**Debenture Shares**") at a conversion price of \$0.23 per share.

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19. Convertible debenture (continued)

The convertible debentures represent a compound financial instrument. Part of the debenture units with total value of \$2,372,765 has been classified as liabilities on the consolidated statements of financial position. This portion of the debenture units has been valued at its fair value at initial recognition.

The convertible feature of the debenture units as well as the warrants attached with total value of \$565,980 of which \$271,199 was allocated to warrants and \$294,781 to convertible feature have been classified as equity reserves and on the consolidated statements in changes in equity. The fair values of the convertible feature of the debenture units and the warrants are assessed at residual value at initial recognition with no subsequent measurement.

Total transaction costs of \$61,255 directly attributable to the offering were allocated proportionately to the liability in the amount of \$49,457 and \$11,797 to the equity components of the debentures.

The Company completed two rounds of financing on August 15, 2022, and September 20, 2022 in the form of convertible debenture for aggregate gross proceeds of \$1,245,000 and \$285,000 respectively, through non-brokered private placement of convertible debenture units at \$1,000 per debenture unit. Each debenture consists of \$1,000 principal amount of 10% unsecured convertible debenture of the Company with a maturity date of 48 months from the date of issuance, subject any forced conversion in certain circumstances and 500 common share purchase warrants. Each warrant will entitle the holders thereof to acquire one common share of the Company at an exercise price of \$0.40 per warrant share for 24 months from the date of the issuance. The Warrants will be subject to an accelerated expiry if, anytime following the date of issuance, the weighted average daily trading price of the common shares of the Company on the TSX Venture Exchange is or exceeds \$0.50 for any 10 consecutive trading days, in which the holder may, at the Company's election, be given notice, by way of a news release, that the Warrants will expire 30 days following the date of such notice. Subject to approval from the TSXV, the Debentures will be convertible at the holder's option into common shares at a conversion price of \$0.285 per Debenture Share.

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

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

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

During the year ended December 31, 2024, the Company incurred a loss of \$1,153,268 related to convertible debt inducements, contributing to a total net loss of \$1,817,470 for the period. \$1,245,000 of convertible debt was also converted for 4,367,500 common shares. Upon conversion of the induced convertible debt, 53,500 warrants were canceled and replaced with 4,280,000 new warrants. The fair value of the newly issued warrants was \$664,202, which was recognized as a loss on inducement in the Company's consolidated statements of loss and comprehensive loss.

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19. Convertible debenture (continued)

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

During the three and six months ended June 30, 2026, the Company recognized \$50,781 and \$89,681 (\$8,431 and \$8,431 – June 30, 2025) in interest accretion on the convertible debt and no convertible debt was converted into common shares. The Company settled the quarterly and semi-annual interest payments due during the six months ended June 30, 2026 by issuing 1,259,611 common shares at \$0.13 and recognized \$88,750 and \$163,750 for the three and six months ended June 30, 2026 (\$June 30, 2025 of interest expense on the Company's condensed interim consolidated statement of loss and comprehensive loss.

The following table summarizes the continuity of the Convertible Debenture:

	<i>Debt Portion</i>	<i>Equity Portion</i>	<i>Total Convertible Debenture</i>
	\$	\$	\$
Balance January 1, 2025	328,296	53,920	382,216
Issuance of convertible debt	2,372,765	565,980	2,938,745
Interest accretion recognized	43,602	-	43,602
Balance December 31, 2025	2,744,663	619,900	3,364,563
Interest accretion recognized	89,681	-	89,681
Balance June 30, 2026	2,834,344	619,900	3,454,244

20. Share capital*(a) Authorized*

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

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

The total issued and outstanding share capital consists of 112,363,668 and 79,039,057 common shares without par value as at June 30, 2026 and December 31, 2025 respectively.

(b) Issued and outstanding

During the six months ended June 30, 2026, the Company completed the following transactions:

- 1,259,611 units at a fair value of \$0.13 were issued to settle convertible debt interest in the amount of \$163,750.

20. Share capital (continued)

(b) Issued and outstanding (continued)

- 32,065,000 units at \$0.10 were issued for total gross proceeds of \$3,206,500 and share issuance costs of \$211,320. Each unit is comprised of one common share. 1,016,575 broker warrants were issued, where each one and half year warrant is exercisable at \$0.10 per share. \$79,393 was allocated as fair value to the broker warrants and recorded as share issuance costs and \$320,650 was allocated to the special warrants to subscribers. The fair value of the broker warrants was calculated using the Black-Scholes option pricing model with the following assumptions: volatility of 105%, expected life of one-half years, no dividends, and an average risk-free rate of 3.08%.

During the year ended December 31, 2025, the Company completed the following transactions:

- 12,459,125 units at \$0.40 were issued for total gross proceeds of \$4,983,650 and share issuance costs of \$277,610. Each unit is comprised of one common share and one common share purchase warrant, where each three-year warrant is exercisable at \$0.50. There was no value allocated to the warrants under the residual method. 689,675 broker warrants were issued, where each three-year warrant is exercisable with the same terms as the other warrants issued. \$192,722 was allocated as fair value to the broker warrants and recorded as share issuance costs and \$872,139 was allocated to the special warrants to subscribers. The fair value of the broker warrants was calculated using the Black-Scholes option pricing model with the following assumptions: volatility of 224%, expected life of three years, no dividends, and a risk-free rate of 3.07%.
- 1,349,050 warrants were exercised at \$0.25 for total gross proceeds of \$337,262.
- 5,089,443 warrants were exercised at \$0.30 for total gross proceeds of \$1,526,833.
- 200,000 shares at a fair value of \$0.20 were issued for finders fees related to the sale of subsidiary in the amount of \$40,000.
- 312,188 units at a fair value of \$0.20 were issued to settle convertible debt interest in the amount of \$63,750.

(c) Stock option plan

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

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

During the six months ended June 30, 2026, the Company granted stock options on the following dates.

On May 29, 2026, the Company granted certain consultants of the Company an aggregate of 135,000 options to purchase common shares at an exercise price of \$0.15 per share which will vest 25% each year over four years from the grant date.

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

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

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

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

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

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

On October 31, 2025, the Company granted certain employees and consultants of the Company an aggregate of 100,000 options to purchase common shares at an exercise price of \$0.23 per share which will vest 25% each year over four years from the grant date.

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

	Number of options #	Weighted average exercise price \$
Balance, January 1, 2025	4,750,426	0.48
Granted	2,990,000	0.27
Forfeited	(354,370)	0.36
Expired	(41,960)	0.31
Balance, December 31, 2025	7,344,096	0.40
Granted	135,000	0.15
Forfeited	(540,000)	0.33
Expired	(1,528,576)	0.65
Balance, June 30, 2026	5,410,520	0.35

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

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

Additional information concerning stock options outstanding as at June 30, 2026 and December 31, 2025 is as follows:

The number of exercisable stock options as of June 30, 2026 was 5,410,520 with an average exercise price of \$0.35 per stock option as compared to 7,344,096 with an average exercise price of \$0.40 per stock option as of December 31, 2025.

The weighted average remaining contractual life and exercise prices of stock options outstanding as at June 30, 2026 and December 31, 2025, are as follows:

Exercise price	June 30, 2026		December 31, 2025	
	Number of stock options	Weighted average contractual life (in years)	Number of stock options	Weighted average contractual life (in years)
\$ 0.15	135,000	3.92		
\$ 0.23	100,000	4.34	100,000	4.84
\$ 0.24	125,000	3.95	235,000	4.45
\$ 0.25	500,000	4.28	500,000	4.78
\$ 0.26	1,445,000	3.95	1,445,000	4.45
\$ 0.28	10,000	3.76	10,000	4.25
\$ 0.30	2,190,000	3.07	3,610,000	3.53
\$ 0.40	150,000	3.65	200,000	4.15
\$ 0.44	-	-	150,000	3.87
\$ 0.65	20,000	3.22	20,000	3.71
\$ 0.66	260,000	3.30	285,000	3.79
\$ 0.73	195,000	3.18	195,000	3.68
\$ 1.00	20,000	3.08	120,000	3.66
\$ 1.03	260,000	3.04	280,000	3.53
\$ 1.40	-	-	-	-
\$ 1.50	520	5.20	39,000	7.11
\$ 2.00	-	-	5,000	7.17
\$ 2.13	-	-	150,000	3.63
\$ 2.60	-	-	-	-
\$ 3.40	-	-	-	-
\$ 3.50	-	-	-	-
\$ 3.70	-	-	96	6.23
\$ 5.00	-	-	-	-
\$ 5.20	-	-	-	-
\$ 5.60	-	-	-	-
Total	5,410,520	3.51	7,444,096	3.91

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

Approval date	Exercise price	Share price at grant date	Expected life (years)	Expected volatility	Risk-free interest rate	Expected dividends	Options issued	Expiry date
March 24, 2022	\$ 3.70	\$ 3.60	10.00	112%	1.92%	0.00%	58,716	March 24, 2032
January 31, 2023	\$ 1.50	\$ 1.25	10.00	123%	3.50%	0.00%	5,000	January 31, 2033
January 31, 2023	\$ 1.50	\$ 1.25	10.00	118%	3.50%	0.00%	89,200	January 31, 2033
February 28, 2023	\$ 2.00	\$ 1.95	10.00	124%	2.99%	0.00%	5,000	February 28, 2033
March 31, 2023	\$ 1.50	\$ 1.65	10.00	125%	3.66%	0.00%	5,000	March 31, 2033
June 24, 2024	\$ 0.30	\$ 0.29	5.00	97%	3.76%	0.00%	3,460,000	June 24, 2029
July 12, 2024	\$ 1.03	\$ 1.03	5.00	101%	3.10%	0.00%	280,000	July 12, 2029
July 30, 2024	\$ 1.00	\$ 1.00	5.00	103%	3.10%	0.00%	20,000	July 30, 2029
August 16, 2024	\$ 2.13	\$ 2.13	5.00	105%	3.10%	0.00%	150,000	August 16, 2029
September 4, 2024	\$ 0.73	\$ 0.73	5.00	111%	2.84%	0.00%	195,000	September 4, 2029
September 4, 2024	\$ 1.00	\$ 0.73	5.00	111%	2.84%	0.00%	100,000	September 4, 2029
September 16, 2024	\$ 0.65	\$ 0.65	5.00	110%	2.66%	0.00%	20,000	September 16, 2029
October 15, 2024	\$ 0.66	\$ 0.66	5.00	110%	2.90%	0.00%	335,000	October 15, 2029
November 13, 2024	\$ 0.44	\$ 0.44	5.00	110%	3.02%	0.00%	150,000	November 13, 2029
February 21, 2025	\$ 0.40	\$ 0.33	5.00	112%	2.66%	0.00%	200,000	February 21, 2030
March 12, 2025	\$ 0.30	\$ 0.29	5.00	112%	2.66%	0.00%	250,000	March 12, 2030
April 1, 2025	\$ 0.28	\$ 0.28	5.00	111%	2.72%	0.00%	10,000	April 1, 2030
June 12, 2025	\$ 0.26	\$ 0.23	5.00	110%	2.93%	0.00%	1,445,000	June 12, 2030
June 12, 2025	\$ 0.24	\$ 0.23	5.00	110%	2.93%	0.00%	385,000	June 12, 2030
October 9, 2025	\$ 0.25	\$ 0.19	5.00	109%	2.99%	0.00%	600,000	October 9, 2030
October 31, 2025	\$ 0.23	\$ 0.23	5.00	108%	2.67%	0.00%	100,000	October 31, 2030
May 29, 2026	\$ 0.15	\$ 0.10	4.00	106%	2.73%	0.00%	135,000	May 29, 2030
							8,346,980	

20. Share capital (continued)*(d) Stock-based compensation reserve*

Total stock-based compensation cost recognized in the Company's condensed interim consolidated statements of loss and comprehensive loss for the three and six months ended June 30, 2026, was \$(76,918) and \$91,396 compared to \$209,093 and \$433,435 during the same period in the prior year and is credited to contributed surplus.

Total stock-based compensation expense for the three and six months ended June 30, 2026, is comprised of the expense pursuant to stock options issued to related parties (as discussed in Note 26) of \$4,526 and \$46,838 compared to \$Nil and \$Nil in prior year, and to other parties of \$36,356 and \$15,687 compared to \$63,080 and \$134,537 in the prior year for the same periods.

(e) Warrants

There were 27,688,644 warrants as at June 30, 2026, compared to 35,344,280 as at December 31, 2025.

The following table summarizes the continuity of the warrants:

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

	Number of warrants #	Weighted average exercise price \$
Balance, January 1, 2025	18,686,667	0.50
Private placement - special warrants	12,459,125	0.50
Convertible debenture warrants	12,000,000	0.25
Finder's fee for private placement - special warrants	689,675	0.50
Expired	(2,052,694)	0.42
Warrants Exercised	(6,438,493)	0.29
Balance, December 31, 2025	35,344,280	0.46
Finder's fee for private placement - special warrants	1,393,200	0.10
Expired	(9,048,836)	0.39
Balance, June 30, 2026	27,688,644	0.46

During the six months ended June 30, 2026, no warrants were issued or exercised.

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

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

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

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

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

(f) Special warrants

During the six months ended June 30, 2026, the Company closed a non-brokered private placement of 32,065,000 special warrants at the price of \$0.10 per Special Warrant for gross proceeds of \$3,206,500. Each special warrant will automatically convert into one unit of the Company. Each Unit shall consist of one common share of the Company. Each Warrant shall entitle the holder thereof to acquire one share at a price of \$0.10 per share for a period of one and half years following the date of issue. On May 22, 2026, the special warrants were converted to common shares.

During the year ended December 31, 2025, the Company closed a non-brokered private placement of 12,459,125 special warrants at the price of \$0.40 per Special Warrant for gross proceeds of \$4,983,650. Each special warrant will automatically convert into one unit of the Company. Each Unit shall consist of one common share of the Company and one transferable

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common share purchase warrant. Each Warrant shall entitle the holder thereof to acquire one share at a price of \$0.50 per share for a period of three years following the date of issue.

20. Share capital (continued)

(g) Restricted share units

On June 18, 2024, the Plurilock Board of Directors approved the replacement of the Plurilock ESOP Plan with a new Plurilock stock option plan ("**Omnibus Incentive Plan**") for the purchase of an aggregate of 3,800,000 common shares to employees, officers, directors, and consultants of the Company, pursuant to the terms of the Omnibus Plan. The RSUs are exercisable at \$0.30 per share, 3-year vesting period with 1/3 vesting on the date that is one year from the date of grant and another 1/3 every 12 months thereafter. Under the Omnibus Plan, the Company adopted a rolling 10% stock option plan and fixed 10% RSU plan. The maximum number of RSU's the Company can issue under the plan is 4,051,485 RSUs.

On June 18, 2024, the Company granted to certain officers, employees, and consultants of the Company an aggregate of 3,800,000 RSU's, which has a 3-year vesting period with 1/3 vesting on the date that is one year from the date of grant and another 1/3 every 12 months thereafter. The total fair value of the RSU's granted was \$1,026,000 to be recognized as the RSUs vest.

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

On October 9, 2025, the Company issued 550,000 RSUs, and on October 31, 2025 awarded 1,750,000 RSUs to certain officers, employees and consultants of the company. The RSUs have a 3-year vesting period with 1/3 vesting on the date that is one year from the date of grant and another 1/3 every 12 months thereafter. The total fair value of the RSU's granted is \$507,000 to be recognized as the RSUs vest.

On May 12, 2026, the Company granted to certain officers of the Company an aggregate of 600,000 RSU's, which has a 3-year vesting period with 1/3 vesting on the date that is one year from the date of grant and another 1/3 every 12 months thereafter. The total fair value of the RSU's granted was \$66,000 to be recognized as the RSUs vest.

Total stock-based compensation expense for the three and six months ended June 30, 2026, is comprised of the expense pursuant to stock options issued to related parties (as discussed in Note 26) of \$96,361 and \$227,285 compared to \$146,014 and \$298,899 in prior year, and to other parties of \$(214,161) and \$(198,414) compared to \$Nil and \$Nil in the prior year for the same periods.

21. Capital risk management

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

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21. Capital risk management (continued)

	June 30, 2026	December 31, 2025
	\$	\$
Cash and cash equivalents	2,573,692	2,540,764
Restricted cash	20,000	20,000
Marketable securities	—	2,333,016
Convertible debenture - current	(346,760)	(346,760)
Convertible debenture - non-current	(2,487,584)	(2,397,903)
Share capital	(47,004,535)	(44,245,648)
Contributed surplus	(6,219,183)	(5,982,580)
Equity reserve	(2,257,749)	(2,002,913)
Total	(55,722,119)	(50,082,024)

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

22. Financial instruments

The Company's financial instruments consist of cash and cash equivalents, restricted cash, trade receivables, marketable securities, trade payables and accruals, 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, 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.

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

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

	June 30, 2026 \$	December 31, 2025 \$
Cash and cash equivalents	2,573,692	2,540,764
Restricted cash	20,000	20,000
Trade receivables	1,889,152	4,545,690
	4,482,844	7,106,454

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 June 30, 2026, 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:

			June 30, 2026 \$	December 31, 2025 \$
	0-30 days \$	31-90 days \$	Over 90 days \$	
Trade receivables	1,436,788	235,933	216,431	4,545,690
	1,436,788	235,933	216,431	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 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.

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

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

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

	June 30, 2026 \$						December 31, 2025 \$					
	USD	INR	AUD	GBP	CAD	Total	USD	INR	GBP	CAD	Total	
Cash and cash equivalents	512,564	22,057	-	-	2,039,071	2,573,692	1,362,143	23,941	-	1,154,680	2,540,764	
Restricted cash	-	-	-	-	20,000	20,000	-	-	-	20,000	20,000	
Trade receivables	1,681,673	-	-	-	207,479	1,889,152	4,094,032	-	-	451,658	4,545,690	
Marketable securities	-	-	-	-	-	-	-	-	-	2,333,016	2,333,016	
Trade payables and accruals	5,804,699	3,316	15,427	44,934	470,616	6,338,992	9,772,969	-	5,711	1,486,908	11,265,588	
Convertible debenture - current	-	-	-	-	346,760	346,760	-	-	-	346,760	346,760	
Convertible debenture - non-current	-	-	-	-	2,487,584	2,487,584	-	-	-	2,397,903	2,397,903	

Significant exchange rates used

	June 30, 2026	December 31, 2025
Average rate for the period		
US dollar	1.3785	1.3977
Indian Rupee	0.0148	0.0160
British Pounds	1.8582	1.8420
Australian Dollars	0.9828	-
Statement of financial position rates		
US dollar	1.4207	1.3725
Indian Rupee	0.0150	0.0153
British Pounds	1.8823	1.8428
Australian Dollars	0.9817	-

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

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

	June 30, 2026 increase / (decrease) in equity	December 31, 2025 increase / (decrease) in equity
	\$	\$
10% appreciation of the U.S. dollar against Canadian dollar	(361,046)	(431,679)
10% depreciation of the U.S. dollar against Canadian dollar	361,046	431,679
10% appreciation of the British pounds against Canadian dollar	(4,493)	(571)
10% depreciation of the British pounds against Canadian dollar	4,493	571
10% appreciation of the Australian dollars against Canadian dollar	(1,543)	-
10% depreciation of the Australian dollars against Canadian dollar	1,543	-
10% appreciation of the Indian Rupee against Canadian dollar	1,874	2,394
10% depreciation of the Indian Rupee against Canadian dollar	(1,874)	(2,394)

(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 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.

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

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

	June 30, 2026 \$	December 31, 2025 \$
Cash and cash equivalents	2,573,692	2,540,764
Restricted cash	20,000	20,000
Trade and other receivables	1,889,152	4,545,690
Marketable securities	-	2,333,016
Total financial assets	4,482,844	9,439,470
Trade payables and accruals	6,338,992	11,265,588
Convertible debenture	2,834,344	2,744,663
Total financial liabilities	9,173,336	14,010,251

(f) Contractual cash flows

The contractual maturity of convertible debenture and trade payables and accruals are shown below:

June 30, 2026			
	Due in less than a year	Due between one to five years	Total
	\$	\$	\$
Trade payables and other payables	6,338,992	-	6,338,992
Convertible debenture	346,760	2,487,584	2,834,344
	6,685,752	2,487,584	9,173,336

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
Convertible debenture	346,760	2,397,903	2,744,663
	11,612,348	2,397,903	14,010,251

23. Segment information

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

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

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23. Segment information (continued)*(a) Operating segments*

During the year ended December 31, 2025, the Company discontinued its Technology Division resulting in one operating segment as at the end of the year. During the three and six months ended June 30, 2026, the Company had one operating segment. This single reportable operating segment derives its revenues from the deployment of solutions and services.

(b) Revenue from major products and services

Under the single operating segment, revenue is generated from the below three categories.

(i) Hardware and maintenance sales

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

(ii) Software, license, and maintenance sales

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

(iii) Professional services

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

Revenue from the above categories under solutions segment for the three and six months ended June 30, 2026 and 2025 are as follows:

	For the three months ended June 30,	
	2026 Total Revenue \$	2025 Total Revenue \$
Hardware and systems sales	1,147,588	1,350,705
Software, license and maintenance sales	7,967,819	10,621,080
Professional services	2,165,231	4,268,417
Total	11,280,638	16,240,202

	For the six months ended June 30,	
	2026 Total Revenue \$	2025 Total Revenue \$
Hardware and systems sales	1,343,839	4,070,937
Software, license and maintenance sales	15,978,320	23,026,555
Professional services	4,152,748	8,006,981
Total	21,474,907	35,104,473

(c) Major customer information

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

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

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23. Segment information (continued)*(b) Major customer information (continued)*

During the six months ended June 30, 2026, one customer accounted for approximately 41.1% (2025 – one customer accounted for 29.6%) of the Company's total consolidated revenues.

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

Solutions business line: Approximately 25.2% (2025 – 15.1%) of consolidated revenues.

Services business line: Approximately 15.9% (2025 – 14.5%) of consolidated revenues.

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

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

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

For the three months ended

	June 30, 2026 \$	June 30, 2025 \$
Revenue		
United States	10,472,006	15,103,606
Canada	808,632	1,136,596
	11,280,638	16,240,202

For the six months ended

	June 30, 2026 \$	June 30, 2025 \$
Revenue		
United States	19,843,486	32,002,933
Canada	1,631,421	3,101,540
	21,474,907	35,104,473

	June 30, 2026 \$	December 31, 2025 \$
Long-lived assets		
United States	3,506,427	3,479,514
Canada	42,550	45,051
	3,548,977	3,524,565

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

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(Expressed in Canadian dollars)

24. Operating expenses

	For the three months ended		For the six months ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
	\$	\$	\$	\$
Research and development				
Communication and IT services	6,020	2,862	11,519	2,862
Salaries and benefits	43,133	-	99,207	3,007
	49,153	2,862	110,726	5,869
Sales and marketing				
Advertising and promotion	527	279	2,268	5,032
Communication and IT services	(14,642)	21,185	(3,860)	30,411
Contractors	24,968	-	24,968	3,500
Marketing	67,867	1,045	72,754	45,282
Office and general	-	1,435	-	2,693
Salaries and benefits	419,687	525,912	827,669	1,090,421
Sales commission	139,276	262,350	238,097	474,146
Travel and entertainment	8,416	3,008	19,700	7,602
	646,099	815,214	1,181,596	1,659,087
General and administrative				
Amortization and depreciation	47,748	45,480	94,919	137,015
Bad debt	(1,316)	-	(1,316)	-
Communication and IT services	124,889	90,087	226,642	224,310
Contractors	136,820	111,138	400,168	203,894
Insurance	61,341	40,731	120,335	83,718
Office and general	83,453	103,694	191,293	231,157
Professional fees	256,544	486,990	547,555	781,661
Investor relations and regulatory filing	129,689	332,983	190,175	732,222
Salaries and benefits	695,543	1,309,524	1,487,680	2,992,400
Travel and entertainment	77,260	68,633	131,191	113,796
	1,611,971	2,589,260	3,388,642	5,500,173

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

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25. Loss per share

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

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

All of the outstanding stock options and share purchase warrants as at June 30, 2026 and 2025 were anti-dilutive as the Company was in a loss position.

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

	For the three months ended		For the six months ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
	\$	\$	\$	\$
Numerator				
Net loss from continuing operations for the period	(468,186)	(2,013,966)	(2,780,300)	(4,840,630)
Net income (loss) from discontinued operations for the period	—	(216,863)	—	(402,562)
Net loss for the period	(468,186)	(2,230,829)	(2,780,300)	(5,243,192)
Denominator				
Weighted average number of common shares outstanding, basic and diluted	93,717,988	78,526,870	86,422,259	73,839,558
Basic and diluted income (loss) per share				
- From continuing operations	(0.00)	(0.03)	(0.03)	(0.07)
- From discontinuing operations	—	(0.00)	—	(0.01)
Basic and diluted loss per share	(0.00)	(0.03)	(0.03)	(0.07)

26. Related party transactions

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

The following table summarizes the related party transactions:

	For the three months ended		For the six months ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
	\$	\$	\$	\$
Salaries, benefits and consulting fees	167,616	458,137	539,970	934,333
Stock-based compensation expense*	100,887	(190,677)	274,123	298,899
	268,503	267,460	814,093	1,233,232

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

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27. Discontinued operations and assets held-for-salePlurilock Security Private Ltd.

On September 9, 2025, the Company sold its assets and liabilities associated with Plurilock Security Private Ltd.'s business (CloudCodes) for a consideration of \$1,528,000. The sale price comprised of cash payment of \$100,000 at the time of closing and 4,200,000 common shares at \$0.34 (at date of closing) per common share into Scope Technologies Corp for total fair value of \$1,428,000 adjusted for the four-month holding period restriction resulting in a discount of \$181,208 adjustment in fair value were issued to the Company. The Company 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 \$49,313 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.

The results of the entities held-for-sale and other discontinued operations for the periods are presented below:

	For the three months ended		For the six months ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Revenue	-	164,761	-	341,104
Cost of sales	-	44,719	-	89,741
Gross profit	-	120,042	-	251,363
Operating expenses				
Research and development	-	273,651	-	497,444
Sales and marketing	-	34,044	-	86,067
General and administrative	-	29,210	-	70,414
Stock-based compensation	-	-	-	-
Total operating expenses	-	336,905	-	653,925
Operating loss	-	(216,863)	-	(402,562)
Other income				
Other income	-	-	-	-
Gain on sale of subsidiary	-	-	-	-
Disposal of subsidiary related expenses	-	-	-	-
Foreign exchange gain or loss	-	-	-	-
Total other income	-	-	-	-
Loss for the year before tax	-	(216,863)	-	(402,562)
Income tax	-	-	-	-
Net loss for the period	-	(216,863)	-	(402,562)
Foreign exchange translation differences	-	(499)	-	57
Other comprehensive income	-	(499)	-	57
Comprehensive loss for the period	-	(217,362)	-	(402,505)

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

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

	For the three months ended:	
	June 30, 2026	June 30, 2025
	\$	\$
Operating activities	-	(111,499)
Net cash (outflow) inflow	-	(111,499)

	For the six months ended:	
	June 30, 2026	June 30, 2025
	\$	\$
Operating activities	-	(136,974)
Net cash (outflow) inflow	-	(136,974)

28. Subsequent events

On July 20, 2026, the Company granted to certain officers and directors of the Company an aggregate of 1,200,000 RSU's, which has a one-year vesting period from the date of grant.

On July 20, 2026, the Company granted certain employees and consultants of the Company an aggregate of 2,820,000 options to purchase common shares at an exercise price of \$0.15 per share which will vest 25% each year over four years from the grant date.