GLOBEX DATA LTD.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in Canadian Dollars)

DeVISSER GRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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Independent Auditor's Report

To the Shareholders of GlobeX Data Ltd.,

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of GlobeX Data Ltd. (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the financial position of the Company as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

Other Matter

The financial statements of the Company for the year ended December 31, 2019, were audited by another auditor who expressed an unqualified opinion on those statements on April 24, 2020.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of $1,319,495 during the year ended December 31, 2020 and had an accumulated deficit of $4,073,067 as at December 31, 2020. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis", but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC, Canada
April 29, 2021

GLOBEX DATA LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
As at

		December 31, 2020		December 31, 2019
ASSETS				
Current				
Cash	**$**	**494,927**	$	965,353
Receivables		**19,472**		7,719
Prepaid expenses		**126,848**		97,694
		641,247		1,070,766
Non-current				
Intangible asset (Note 3)		**2,552,573**		2,552,573
Total Assets	**$**	**3,193,820**	$	3,623,339
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**45,784**	$	65,338
Due to related party (Note 5)		**2,759**		646
Licensee fees payable (Notes 1, 3 and 5)		**38,248**		36,477
		86,791		102,461
Shareholders' equity				
Share capital (Note 4)		**6,161,300**		5,583,237
Shares subscribed (Note 4)		**22,780**		157,000
Reserves (Note 4)		**996,016**		534,213
Deficit		**(4,073,067)**		(2,753,572)
		3,107,029		3,520,878
Total Liabilities and Shareholders' Equity	**$**	**3,193,820**	$	3,623,339

Nature of operations and going concern (Note 1)
Subsequent events (Note 10)

Approved on behalf of the Board of Directors:

"Alain Ghiai"
Director

"Henry Sjöman"
Director

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

GLOBEX DATA LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

		Year ended December 31, 2020		Year ended December 31, 2019
REVENUE (Note 9)	**$**	**26,756**	$	31,615
EXPENSES				
Accounting and audit (Note 5)		**53,754**		65,410
Bad debt expense		**-**		2,768
Consulting fees (Note 5)		**119,345**		129,200
Legal		**4,384**		26,526
Licensee fees (Notes 1, 3 and 5)		**2,675**		2,467
Marketing		**153,333**		62,815
Office and administration		**44,931**		51,334
Rent and virtual office		**38,075**		30,609
Share-based payments (Notes 4 and 5)		**461,803**		238,092
Software maintenance (Note 5)		**409,714**		448,226
Transfer agent and filing fees		**35,453**		60,422
Travel		**30,566**		44,544
		(1,354,033)		(1,162,413)
OTHER ITEMS				
Interest income		**5,660**		7,899
Gain (loss) on foreign exchange		**2,122**		(691)
		7,782		7,208
Net loss and comprehensive loss for the year	**$**	**(1,319,495)**	$	(1,123,590)
Basic and diluted loss per share	**$**	**(0.02)**	$	(0.02)
Weighted average number of common shares outstanding		**54,546,447**		48,951,678

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

GLOBEX DATA LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the years ended December 31, 2020 and 2019
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Shares Subscribed	Reserves	Deficit	Shareholders' Equity
Balance, December 31, 2018	45,256,682	$ 4,166,500	$ 87,280	$ 206,818	$ (1,629,982)	$ 2,830,616
Shares issued	7,163,600	1,790,900	(87,280)	-	-	1,703,620
Share issue costs	-	(374,163)	-	89,303	-	(284,860)
Shares subscribed	-	-	157,000	-	-	157,000
Share-based payments	-	-	-	238,092	-	238,092
Net loss for the year	-	-	-	-	(1,123,590)	(1,123,590)
Balance, December 31, 2019	52,420,282	5,583,237	157,000	534,213	(2,753,572)	3,520,878
Shares issued	4,580,431	586,407	(157,000)	-	-	429,407
Share issue costs	-	(8,344)	-	-	-	(8,344)
Shares subscribed	-	-	22,780	-	-	22,780
Share-based payments	-	-	-	461,803	-	461,803
Net loss for the year	-	-	-	-	(1,319,495)	(1,319,495)
Balance, December 31, 2020	**57,000,713**	**$ 6,161,300**	**$ 22,780**	**$ 996,016**	**$ (4,073,067)**	**$ 3,107,029**

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

GLOBEX DATA LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2020 and 2019
(Expressed in Canadian Dollars)

	2020	2019
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net loss	**$ (1,319,495)**	$ (1,123,590)
Items not affecting cash:		
Share-based payments	**461,803**	238,092
Bad debt expense	**-**	2,768
Changes in non-cash working capital items:		
Receivables	**(11,753)**	(4,146)
Prepaid expenses	**(29,154)**	(89,326)
Accounts payable and accrued liabilities	**6,625**	(21,451)
Due to related party	**2,113**	(28,360)
Licensee fees payable	**1,771**	780
Cash used in operating activities	**(888,090)**	(1,025,233)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued for cash	**403,228**	1,703,620
Share issue costs	**(8,344)**	(197,216)
Shares subscribed	**22,780**	157,000
Cash provided by financing activities	**417,664**	1,663,404
Change in cash	**(470,426)**	638,171
Cash, beginning	**965,353**	327,182
Cash, end	**$ 494,927**	$ 965,353
Cash paid for interest	**$ -**	$ -
Cash paid for income taxes	**$ -**	$ -
Supplemental cash flow information:		
Cash received for interest	**$ 5,660**	$ 7,899
Shares issued to settle accounts payable	**$ 26,179**	$ -
Fair value of agent's warrants	**$ -**	$ 89,303

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

1. NATURE OF OPERATIONS AND GOING CONCERN

a) Nature of operations

GlobeX Data Ltd. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on March 1, 2017 and completed its initial public offering (“IPO”) during the year ended December 31, 2019. The Company’s common shares and tradeable warrants were listed on the Canadian Securities Exchange effective July 22, 2019 under the symbols “SWIS” and “SWIS.WT”, respectively. On November 5, 2019, the Company’s common shares began trading on the OTCQB Venture Market with the trading symbol SWISF.

The Company and its subsidiary (see Note 3) are in the business of marketing and distributing a full suite of cloud-based storage, document management, and secure communication tools. On May 7, 2017, the Company (as licensee) entered into the *GlobeX Data Secure Cloud Services Licensee Agreement and Program* (“Reseller Agreement 2”) with GlobeX Data S.A. (“GDSA”), a Swiss corporation with a common director, whereby GDSA granted to the Company an exclusive, transferrable license to resell the Plan Offerings (as defined) to prospects in all countries except Switzerland, Lichtenstein, the Principality of Monte Carlo, the Vatican City State, Canada and the United States for a perpetual term unless terminated by GDSA. The terms and conditions of Reseller Agreement 2 are the same as for the Reseller Agreement as described in Note 3, except that the Company has 90 days to cure a breach of any part of Reseller Agreement 2.

The Company’s head office and principal address is located at First Canadian Place, 100 King Street West, Suite 5600, Toronto, ON, Canada, M5X 1C9 and the registered and records office is located at 595 Howe Street, Suite 704, Vancouver, BC, Canada, V6C 2T5.

b) Going concern

The Company incurred a net loss of $1,319,495 (2019 - $1,123,590) during the year ended December 31, 2020. As at December 31, 2020 the Company had a working capital surplus of $554,456 (2019 - $968,305) and an accumulated deficit of $4,073,067 (2019 - $2,753,572). The operating and cash flow results raise uncertainty about the ability of the Company to continue as a going concern.

The continued operations of the Company are dependent on future profitable operations, management’s ability to manage costs and the future availability of equity or debt financing. The above facts indicate the existence of material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern. These consolidated financial statements have been prepared on the basis the Company will operate as a going concern, which contemplates the realization of assets and settlement of liabilities and commitments in the normal course of business. These consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, have adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. During the year ended December 31, 2020, the Company suffered a severe setback as a result of COVID-19 due to its high exposure to the emerging markets of Latin America and South Asia. The Company’s contracts and sales were put on pause until March 2021, when Latin America and South Asia started to emerge from the effects of COVID-19. Most of the company’s pre-existing distributors and relationships have remained intact and the Company is in the process of relaunching its efforts and agreements in these emerging markets as their economies begin to open up. The Company also had agreements in place in the Bahamas that were put on pause until recently. Although it is not possible for the Company to predict the duration or magnitude of the adverse results of COVID-19 and its effects on the Company’s business or results of operations at this time, its distribution network has remained intact.

These consolidated financial statements were authorized for issue by the Board of Directors on April 29, 2021.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance to International Financial Reporting Standards

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of presentation

These consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Significant areas requiring the use of management estimates and assumptions include:

- The determination that the Company will continue as a going concern for the next year; and
- The determination that there has been no impairment to the carrying value of the intangible asset.

Judgment is required in assessing whether certain factors would be considered an indicator of impairment or impairment reversal. Management considers both internal and external information to determine whether there is an indicator of impairment or impairment reversal present and, accordingly, whether impairment testing is required.

Basis of Consolidation

These consolidated financial statements incorporate the financial statements of the Company and its controlled subsidiary. Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when an investor has existing rights that give it the ability to direct the activities that significantly affect the investee's returns. This control is generally evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a Company's share capital. All significant intercompany transactions and balances have been eliminated.

The consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiary listed in the following table:

Name of Subsidiary	Country of Incorporation	Ownership Interest	Principal Activity
GlobeX Data, Inc.	USA	100%	Secure Data Management and Communications

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Cash

Cash includes cash on hand and demand deposits. Cash equivalents comprise short-term, highly liquid investments that are readily convertible to known amounts of cash which are subject to insignificant risk of change and have maturities of three months or less from the date of acquisition, held for the purpose of meeting short-term cash commitments rather than for investing or other purposes. As at December 31, 2020 and 2019, the Company had no cash equivalents.

Foreign currencies

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiary is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*. These consolidated financial statements are presented in Canadian dollars.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated. Revenues and expenses are translated at the average rates in effect during applicable accounting periods, except amortization which is translated at historical rates.

Translation of the subsidiary's assets and liabilities is performed using the rate prevailing at the statement of financial position date. Income and expenses are translated at average exchange rates. Exchange differences arising on translation of monetary items or on settlement of monetary items are recorded in profit or loss in the statement of comprehensive loss.

Revenues from contracts with customers

The Company earns revenue from providing secure cloud services comprising secure cloud document management and secure communication services within Canada, the United States and other countries (see Notes 1, 3 and 9). Revenue is recognized at the point in time when the customer obtains control of the service. Control is achieved when the service is performed for the customer, the Company has a present right to payment for the service, significant risks and rewards of ownership have transferred to the customer according to contract terms and there is no unfulfilled obligation that could affect the customer's acceptance of the service. For contract services that last over a year, revenue is recognized over the duration of the contract.

Contact balances

Contract assets are recognized when services are transferred to customers before consideration is received or before the Company has an unconditional right to payment for performance completed to date. Contract assets are subsequently transferred to receivables when the right of payment becomes unconditional. Contract liabilities are recognized when amounts are received from customers in advance of transfer of services. Contract liabilities are subsequently recognized in revenue as or when the Company performs under contracts.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Intangible assets

Intangible assets consist of GDI's Reseller Agreement (see Note 3).

Intangible assets acquired separately are initially recorded at cost. Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses, if any. The accounting for an intangible asset is based on its useful life. Intangible assets with a finite useful life are amortized over their estimated useful life. Intangible assets with an indefinite useful life are not amortized. The amortization method, estimated useful life, carrying value and residual value are reviewed at the end of each reporting period or more frequently, if required, and are adjusted as appropriate. The effect of any changes in estimates are accounted for on a prospective basis.

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The Reseller Agreement was assessed as having an indefinite useful life by management because of its perpetual term.

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, and consultants.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Share capital

Common shares are classified as equity. Proceeds from unit placements are allocated between shares and warrants issued using the residual method. Costs directly identifiable with share capital financing are charged against share capital. Share issuance costs incurred in advance of share subscriptions are recorded as deferred financing costs. Share issuance costs related to uncompleted share subscriptions are charged to operations in the period they are incurred.

Financial instruments

The Company classifies and measures its financial instruments in accordance with IFRS 9 *Financial Instruments* as set out below:

Financial Instrument	**Classification**
Cash	Fair value through profit or loss
Receivables (excluding GST)	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to related party	Amortized cost
Licensee fees payable	Amortized cost

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

Financial assets
The Company classifies its financial assets into the following categories, depending on the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition.

Amortized cost - Amortized cost are those assets which are held within a business whose objective is to hold financial assets to collect contractual cash flows and the terms of the financial assets must provide on specified dates cash flows solely through the collection of principal and interest.

Fair value through other comprehensive income ("FVOCI") - FVOCI assets are those assets which are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial assets give rise on specified dates to cash flows solely through the collection of principal and interest.

Fair value through profit or loss ("FVTPL") - A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or FVOCI. The Company may however make the irrevocable option to classify particular investments as FVTPL.

Impairment of financial assets at amortized cost: The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

Financial liabilities
Management determines the classification of its financial liabilities at initial recognition.

Amortized cost - The Company classifies all financial liabilities as subsequently measured at amortized cost using the effective interest method, except for financial liabilities carried at FVTPL and certain other exceptions.

Financial liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

All financial instruments are initially recognized at fair value on the consolidated statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the consolidated statement of comprehensive loss for the year.

Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Income taxes (cont'd…)

tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

New accounting standards adopted in the year

The Company did not adopted any new accounting standards during the year.

New accounting standards, interpretations and amendments not yet adopted

An amendment to IAS 1 *Presentation of Financial Statements* was issued in January 2020 and applies to annual reporting periods beginning on or after January 1, 2023. The amendment clarifies the criterion for classifying a liability as non-current relating to the right to defer settlement of a liability for at least 12 months after the reporting period.

3. INTANGIBLE ASSET

On March 30, 2018, the Company acquired all of the issued and outstanding shares of GlobeX Data Inc. ("GDI"). As consideration for the acquisition, the Company issued 25 million common shares to GDI, with the license agreement held by GDI being assigned a fair value of $2,552,573.

On April 3, 2017, GDI (as licensee) entered into the *GlobeX Data SA Secure Cloud Services Licensee License Agreement and Program* (the "Reseller Agreement") with GDSA (see Note 1), whereby GDSA granted to GDI an exclusive, non-transferrable license to resell the Plan Offerings (as defined) to prospects in the United States and Canada for a perpetual term unless terminated by GDSA. Pursuant to the Reseller Agreement, GDI markets the Plan Offerings to prospects or customers (the "End User") and the End User subscribes to the Plan Offerings by entering into an end user license agreement (the "EULA") with GDSA by signing a contract with the GDI. Acceptance of a prospect or customer as an End User is at the sole discretion of GDSA, with GDSA having the right to terminate an EULA. GDI has the absolute right to accept any End User and, if it does, it also assumes the liability of acceptance of the End User. GDSA charges the End User a service fee for the Plan Offerings, with payment received by GDSA being remitted to GDI. GDI also has the option of collecting funds directly from the End User. Gross service fee revenue is split between GDSA (10%, being the licensee fee) and GDI (90%). The Reseller Agreement can be terminated by GDSA at any time if GDI fails to cure a breach of any part of the Reseller Agreement within 30 days of receiving written notice of the breach.

During the year ended December 31, 2020, the Company accrued licensee fees of $2,675 (2019 - $2,467) in respect of the Reseller Agreement.

As at December 31, 2020, $38,248 (2019 - $36,477) was payable to GDSA pursuant to the Reseller Agreement.

4. SHARE CAPITAL

The Company has authorized an unlimited number of common shares and preferred shares. No preferred shares have been issued.

During the year ended December 31, 2020, the Company:

a) Closed a private placement consisting of 1,225,196 units at a price of $0.15 per unit for proceeds of $183,779 (of which $157,000 was received during the year ended December 31, 2019). Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase an additional share at a price of $0.20 per share for two years.

b) Closed a private placement consisting of 851,053 units at a price of $0.12 per unit for proceeds of $102,126. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase an additional share at a price of $0.13 per share for one year.

c) Closed a private placement consisting of 2,504,182 units at a price of $0.12 per unit for proceeds of $300,502. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase an additional share at a price of $0.15 per share for two years.

d) Received $22,780 of share subscriptions towards a future share issuance.

During the year ended December 31, 2019, the Company:

a) Issued 1,471,600 common shares in a private placement at a price of $0.25 per share for proceeds of $367,900 (of which $87,280 was received during the year ended December 31, 2018). 120,000 common shares were issued to an officer of the Company.

b) Completed its IPO of 5,692,000 units at a price of $0.25 per unit for proceeds of $1,423,000. Each unit consists of one common share and one tradeable warrant. Each tradeable warrant entitles the holder to purchase an additional share at a price of $0.75 per share for three years from the date of closing of the IPO ("Closing"). The Company issued agent's warrants to purchase a total of 455,360 common shares at a fair value of $89,303 exercisable at $0.25 for three years from Closing. The Company incurred $295,860 of share issue costs in relation to the IPO.

c) Received $157,000 of share subscriptions towards a future share issuance.

Escrow Shares

Following the closing of the IPO, the Company had an aggregate of 31,960,001 common shares held in escrow pursuant to the escrow agreement dated May 8, 2019. The shares are subject to a 10% release on the Listing Date (July 22, 2019), with the remaining escrowed securities being released in 15% tranches every 6 months thereafter. As at December 31, 2020, there were 19,176,001 shares remaining in escrow.

Stock Options

The Company adopted a stock option plan on April 30, 2018. The stock option plan provides that, subject to the requirements of the CSE, the aggregate number of securities reserved for issuance will be 10% of the number of the Company's common shares issued and outstanding at the time such options are granted. The exercise price of option grants will be determined by the Board of Directors, but will not be less than the closing market price of the common shares on the CSE less allowable discounts at the time of grant. All options granted under the stock option plan will expire not later than the date that is ten years from the date that such options are granted.

(Expressed in Canadian Dollars)

4. SHARE CAPITAL (cont'd…)

	Number of Options	Weighted Average Exercise Price ($)
Outstanding at December 31, 2018	1,600,000	0.25
Granted	1,810,000	0.20
Outstanding at December 31, 2019	3,410,000	0.22
Granted	5,160,000	0.12
Expired/cancelled	(3,310,000)	0.22
Outstanding and exercisable, December 31, 2020	**5,260,000**	**0.13**

The weighted-average remaining contractual life of options at December 31, 2020 was 3.92 years (2019 – 4.10 years).

Additional information regarding stock options outstanding as at December 31, 2020 is as follows:

Exercise price	Number of options	Expiry Date
$ 0.12	370,000	June 1, 2021
0.20	100,000	October 10, 2024
0.14	1,450,000	June 12, 2023
0.11	500,000	November 16, 2025
0.12	2,840,000	December 17, 2025
	5,260,000	

During the year ended December 31, 2020, the Company granted 5,160,000 (2019 - 1,810,000) stock options with a fair market value of $461,803 (2019 - $238,092) or $0.09 (2019 - $0.13) per option which was charged to operations. The following assumptions were used for the Black-Scholes valuation of the stock options assuming no expected dividends or forfeitures:

	Year ended December 31, 2020	Year ended December 31, 2019
Risk-free interest rate	**0.27% - 0.46%**	1.40%
Expected life (in years)	**0.5 - 5**	5
Expected volatility	**81% - 130%**	81%

For the year ended December 31, 2019, the expected volatility was calculated using historical volatility of comparable companies as an expectation of the Company's future volatility.

(Expressed in Canadian Dollars)

4. SHARE CAPITAL (cont'd…)

Warrants

	Number of Warrants	Weighted Average Exercise Price ($)
Outstanding at December 31, 2018	-	-
Issued	6,147,360	0.71
Outstanding, December 31, 2019	6,147,360	0.71
Issued	4,580,431	0.16
Outstanding, December 31, 2020	**10,727,791**	**0.48**

The weighted-average remaining contractual life of warrants at December 31, 2020 was 1.47 years (2019 – 2.56 years).

Additional information regarding warrants outstanding as at December 31, 2020 is as follows:

Exercise price	Number of warrants	Expiry Date
$0.13	851,053	May 20, 2021
0.75	5,692,000	July 22, 2022
0.25	455,360	July 22, 2022*
0.20	1,225,196	January 17, 2022
0.15	2,504,182	October 27, 2022
	10,727,791	

*Agent's warrants

During the year ended December 31, 2020, the Company granted nil (2019 - 455,360) agent's warrants with a fair market value of $nil (2019 - $89,303) or $nil (2019 - $0.20) per warrant which was charged to share issue costs. The following weighted average assumptions were used for the Black-Scholes valuation of the warrants assuming no expected dividends or forfeitures:

	Year ended December 31, 2020	Year ended December 31, 2019
Stock price	-	$ 0.25
Risk-free interest rate	-	1.43%
Expected life (in years)	-	3
Expected volatility	-	142%

For the year ended December 31, 2019, the expected volatility was calculated using historical volatility of comparable companies as an expectation of the Company's future volatility.

5. RELATED PARTY TRANSACTIONS

Related party transactions were in the normal course of operations and measured at the exchange amount, which is the amount established and agreed to by the related parties. Key management personnel are the persons responsible for planning, directing and controlling the activities of the Company, and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

During the year ended December 31, 2020, the Company incurred $nil (2019 - $9,000) in consulting fees to a company controlled by a director.

During the year ended December 31, 2020, the Company incurred $39,234 (2019 - $31,985) in accounting fees and corporate services to an accounting firm in which an officer of the Company is a partner. As at December 31, 2020, there was $2,759 (2019 - $646) owing to this firm. This balance is unsecured, non-interest bearing and has no fixed terms of repayment.

During the year ended December 31, 2020, the Company granted 4,570,000 (2019 – 1,540,000) stock options with a fair value of $405,418 (2019 - $200,200) to officers and directors of the Company.

During the year ended December 31, 2020, the Company paid software maintenance fees of $20,000 (2019 - $56,299) and licensee fees of $2,675 (2019 - $2,467) to GDSA (see Notes 1 and 3).

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivables (excluding GST), accounts payable and accrued liabilities, due to related party and licensee fees payable approximate their carrying value. The Company's other financial instrument, being cash, is measured at fair value using Level 1 inputs.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The Company has deposited the cash with its bank from which management believes the risk of loss is remote.

(b) *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when due. Accounts payable and accrued liabilities are due within the current operating year. The Company has a sufficient cash balance to settle current liabilities.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

(c) *Market ri*sk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(d) *Currency risk*

A portion of the Company's financial assets and liabilities are denominated in US dollars. The Company monitors this exposure, but has no hedge positions.

The Company is exposed to currency risk on fluctuations related to cash (US$2,967), accounts payable and accrued liabilities (US$9,108) and licensee fees payable (US$30,020) that are denominated in US dollars. At December 31, 2020, a 10% change in the value to the US dollar as compared to the Canadian dollar would not have a significant effect on net loss.

(e) *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk, from time to time, on its cash balances. Surplus cash, if any, is placed on call with financial institutions and management actively negotiates favorable market related interest rates.

7. CAPITAL DISCLOSURE AND MANAGEMENT

The Company defines its capital as all components of shareholders' equity. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern.

In order to maintain its capital structure, the Company is dependent on equity funding and when necessary, raises capital through the issuance of equity instruments, primarily comprised of common shares. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will make changes to its capital structure as deemed appropriate under the specific circumstances.

The Company is not subject to any externally imposed capital requirements or debt covenants, and does not presently utilize any quantitative measures to monitor its capital. There were no changes to the Company's approach to managing capital during the year.

8. INCOME TAXES

A reconciliation of income taxes at the statutory rate of 27% (2019 – 27%) with the reported taxes is as follows:

	Year ended December 31, **2020**	2019
Expected income tax recovery	**$ (356,000)**	$ (303,000)
Non-deductible permanent differences	**236,000**	66,000
Share issuance costs	**(2,000)**	(78,000)
True up of prior years' tax provisions	**412,000**	-
Change in deferred tax assets not recognized	**(290,000)**	315,000
Deferred income tax recovery	**$ -**	$ -

(Expressed in Canadian Dollars)

8. INCOME TAXES (cont'd…)

	As at December 31, 2020	2019
Non-capital losses	$ **440,000**	$ 716,000
Share issue costs	**50,000**	64,000
Unrecognized deferred tax assets	**(490,000)**	(780,000)
	$ **-**	$ -

The Company has available for deduction against future taxable income non-capital losses of approximately $1,630,000. These losses, if not utilized, will begin to expire in 2037.

9. REVENUE

The Company and GDI market and distribute a suite of cloud-based privacy and security solutions, such as secure email, secure messaging, secure file share and secure data storage and password management solutions (the "Products"), developed by GDSA, with all data and data traffic being hosted and transmitted in secure servers located in Switzerland and held and managed by GDSA. Products are primarily sold through a network of resellers and telecommunications operators and efforts are being made to sell directly to the market also. The Company and GDI offer several ways to partner with distributors:

- Bulk purchase of services with white label potential or co-branding for resale, gifting or reselling by partners to their end users;
- Free trial offer followed by profit sharing with channel partner upon conversion to paid services; and
- Revenue-share model for the business to business ("B2B") sector with telecom operators.

Products are sold to the following customer groups:

- Business to Consumer ("B2C") through regional and country-specific websites set up for the Products;
- B2C bulk, by reselling through large distributors that then sell directly to customers;
- B2B individually and B2B bulk customers, by selling through cloud service brokers and B2B marketplaces; and
- Sekur, marketing directly to high net worth individuals and/or c-level executives or through distributors.

(a) Total Revenues by Major Product Type

The following table shows the Company's revenue disaggregated by major product type:

	Year ended December 31, 2020	2019
B2B individually/bulk	$ **5,657**	$ 5,617
Sekur	**21,099**	25,998
	$ **26,756**	$ 31,615

(b) Total Revenues by Regions

During the years ended December 31, 2020 and 2019, all of the Company's revenues were generated in Canada and the United States.

10. SUBSEQUENT EVENTS

Subsequent to the year ended December 31, 2020, the Company:

a) Closed a private placement consisting of 9,150,000 units at a price of $0.12 per unit for proceeds of $1,098,000 (of which $22,780 was received during the year ended December 31, 2020). Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase an additional share at a price of $0.15 per share for two years. The Company issued 417,000 finder's units under the same terms at a fair value of $50,040. Cash finder's fees were paid of $80,500 and finder's warrants of 640,000 were issued at a fair value of $82,343 under the same terms.

b) Closed a private placement consisting of 4,076,400 units at a price of $0.30 per unit for proceeds of $1,222,920. Each unit consists of one common share and one-half of a share purchase warrant. Each full warrant entitles the holder to purchase an additional share at a price of $0.50 per share for two years. Cash finder's fees were paid of $60,000.

c) Received proceeds of $555,884 from the exercise of 3,629,715 warrants and $279,000 from the exercise of 2,300,000 stock options.

d) Issued 50,000 common shares to settle $18,000 payable to a company for investor relations services.

e) Granted 3,500,000 stock options exercisable at a price of $0.25 for five years and 4,820,000 stock options exercisable at a price of $0.50 for five years.