



GlobeX Data®

Swiss Secure Cloud and Communications

GLOBEX DATA LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

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 interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

GLOBEX DATA LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited)

(Expressed in Canadian Dollars)

As at

	March 31, 2021	December 31, 2020
ASSETS		
Current		
Cash	\$ 2,856,470	\$ 494,927
Receivables	34,930	19,472
Prepaid expenses	217,922	126,848
	<u>3,109,322</u>	<u>641,247</u>
Non-current		
Intangible asset (Note 3)	<u>2,552,573</u>	<u>2,552,573</u>
Total Assets	\$ 5,661,895	\$ 3,193,820
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 61,452	\$ 45,784
Due to related parties (Note 5)	2,759	2,759
Licensee fees payable (Notes 1, 3 and 5)	38,657	38,248
	<u>102,868</u>	<u>86,791</u>
Shareholders' equity		
Share capital (Note 4)	9,455,304	6,161,300
Shares subscribed (Note 4)	-	22,780
Reserves (Note 4)	1,461,709	996,016
Deficit	(5,357,986)	(4,073,067)
	<u>5,559,027</u>	<u>3,107,029</u>
Total Liabilities and Shareholders' Equity	\$ 5,661,895	\$ 3,193,820

Nature of operations and going concern (Note 1)

Subsequent events (Note 9)

Approved on behalf of the Board of Directors:

"Alain Ghiai"

Director

"Henry Sjöman"

Director

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

GLOBEX DATA LTD.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**

(Unaudited)

(Expressed in Canadian Dollars)

	Three months ended March 31, 2021	Three months ended March 31, 2020
REVENUE (Note 9)	\$ 8,722	\$ 7,374
EXPENSES		
Accounting and audit (Note 5)	9,685	9,248
Consulting fees	100,145	64,194
Legal	4,717	431
Licensee fees (Notes 1, 3 and 5)	864	737
Marketing	278,112	42,055
Office and administration	6,647	12,762
Rent and virtual office	8,848	8,573
Share-based payments (Notes 4 and 5)	663,493	-
Software maintenance (Note 5)	207,552	85,523
Transfer agent and filing fees	9,021	7,572
Travel	-	30,566
	(1,289,084)	(261,661)
OTHER ITEMS		
Interest income	387	2,476
Loss on foreign exchange	(4,944)	(4,788)
	(4,557)	(2,312)
Net loss and comprehensive loss for the period	\$ (1,284,919)	\$ (256,599)
Basic and diluted loss per share	\$ (0.02)	\$ (0.00)
Weighted average number of common shares outstanding	68,919,145	53,376,204

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

GLOBEX DATA LTD.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

For the three months ended March 31, 2021 and 2020

(Unaudited)

(Expressed in Canadian Dollars)

	Number of Shares	Share Capital \$	Shares Subscribed \$	Reserves \$	Deficit \$	Shareholders' Equity \$
Balance, December 31, 2019	52,420,282	5,583,237	157,000	534,213	(2,753,572)	3,520,878
Shares issued	1,225,196	183,779	(157,000)	-	-	26,779
Share issue costs	-	(2,801)	-	-	-	(2,801)
Net loss for the period	-	-	-	-	(256,599)	(256,599)
Balance, March 31, 2020	53,645,478	5,764,215	-	534,213	(3,010,171)	3,288,257
Balance, December 31, 2020	57,000,713	6,161,300	22,780	996,016	(4,073,067)	3,107,029
Shares issued	13,643,400	2,370,960	(22,780)	-	-	2,348,180
Share issue costs	-	(209,984)	-	82,343	-	(127,641)
Exercise of stock options	2,300,000	505,706	-	(226,706)	-	279,000
Exercise of warrants	3,629,715	609,322	-	(53,437)	-	555,885
Shares issued for accounts payable	50,000	18,000	-	-	-	18,000
Share-based payments	-	-	-	663,493	-	663,493
Net loss for the period	-	-	-	-	(1,284,919)	(1,284,919)
Balance, March 31, 2021	76,623,828	9,455,304	-	1,461,709	(5,357,986)	5,559,027

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

GLOBEX DATA LTD.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**

For the three months ended March 31, 2021 and 2020

(Unaudited)

(Expressed in Canadian Dollars)

	2021	2020
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net loss	\$ (1,284,919)	\$ (256,599)
Items not affecting cash:		
Share-based payments	663,493	-
Changes in non-cash working capital items:		
Receivables	(15,458)	(6,685)
Prepaid expenses	(91,074)	582
Accounts payable and accrued liabilities	33,668	44,592
Due to related parties	-	260
Licensee fees payable	409	4,011
Cash used in operating activities	(693,881)	(213,839)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued for cash	2,348,180	600
Share issue costs	(127,641)	(2,801)
Exercise of stock options	279,000	-
Exercise of warrants	555,885	-
Cash provided by financing activities	3,055,424	(2,201)
Change in cash	2,361,543	(216,040)
Cash, beginning	494,927	965,353
Cash, end	\$ 2,856,470	\$ 749,313
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -
Supplemental cash flow information:		
Cash received for interest	\$ 387	\$ 2,476
Transfer to share capital on exercise of stock options	\$ 226,706	\$ -
Transfer to share capital on exercise of broker's warrants	\$ 53,437	\$ -
Fair value of agent's warrants	\$ 82,343	\$ -
Shares issued for accounts payable	\$ 18,000	\$ -

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

GLOBEX DATA LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2021 and 2020

(Unaudited)

(Expressed in Canadian Dollars)

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 \$1,284,919 during the period ended March 31, 2021. As at March 31, 2021 the Company had a working capital surplus of \$3,006,454 and an accumulated deficit of \$5,357,986. 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 condensed consolidated interim 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 condensed consolidated interim 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.

GLOBEX DATA LTD.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months ended March 31, 2021 and 2020

(Unaudited)

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN (cont'd...)

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on May 19, 2021.

2. SIGNIFICANT ACCOUNTING POLICIES**Statement of compliance to International Financial Reporting Standards**

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting.

Basis of presentation

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

These condensed consolidated interim financial statements do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements of the Company for the year ended December 31, 2020.

The Company uses the same accounting policies and methods of computation as in the annual audited consolidated financial statements for the year ended December 31, 2020.

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.

GLOBEX DATA LTD.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months ended March 31, 2021 and 2020

(Unaudited)

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**Basis of Consolidation**

These condensed consolidated interim 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 condensed consolidated interim 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

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 period ended March 31, 2021, the Company accrued licensee fees of \$864 (2020 - \$737) in respect of the Reseller Agreement.

As at March 31, 2021, \$38,657 (December 31, 2020 - \$38,248) was payable to GDSA pursuant to the Reseller Agreement.

GLOBEX DATA LTD.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months ended March 31, 2021 and 2020

(Unaudited)

(Expressed in Canadian Dollars)

4. SHARE CAPITAL

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

During the period ended March 31, 2021, 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 \$17,600 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 \$555,885 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.

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.

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 March 31, 2021, there were 14,382,001 shares remaining in escrow.

GLOBEX DATA LTD.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months ended March 31, 2021 and 2020

(Unaudited)

(Expressed in Canadian Dollars)

4. SHARE CAPITAL (cont'd...)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 15% 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.

	Number of Options	Weighted Average Exercise Price (\$)
Outstanding at December 31, 2019	3,410,000	0.22
Granted	5,160,000	0.12
Expired/cancelled	(3,310,000)	0.22
Outstanding, December 31, 2020	5,260,000	0.13
Granted	3,500,000	0.25
Exercised	(2,300,000)	0.12
Outstanding and exercisable, March 31, 2021	6,460,000	0.19

The weighted-average remaining contractual life of options at March 31, 2021 was 3.94 years (year ended December 31, 2020 – 3.92 years).

Additional information regarding stock options outstanding as at March 31, 2021 is as follows:

Exercise price (\$)	Number of options	Expiry Date
0.12	370,000	June 1, 2021
0.14	1,450,000	June 12, 2023
0.12	1,140,000	December 17, 2025
0.25	3,500,000	January 20, 2026
	6,460,000	

GLOBEX DATA LTD.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months ended March 31, 2021 and 2020

(Unaudited)

(Expressed in Canadian Dollars)

4. SHARE CAPITAL (cont'd...)

During the period ended March 31, 2021, the Company granted 3,500,000 (year ended December 31, 2020 - 5,160,000) stock options with a fair market value of \$663,493 (year ended December 31, 2020 - \$461,803) or \$0.19 (year ended December 31, 2020 - \$0.09) 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:

	Period ended March 31, 2021	Year ended December 31, 2020
Risk-free interest rate	0.43%	0.27% - 0.46%
Expected life (in years)	5	0.5 - 5
Expected volatility	135%	81% - 130%

The expected volatility was calculated using historical volatility of comparable companies as an expectation of the Company's future volatility.

Warrants

	Number of Warrants	Weighted Average Exercise Price (\$)
Outstanding, December 31, 2019	6,147,360	0.71
Issued	4,580,431	0.16
Outstanding, December 31, 2020	10,727,791	0.48
Issued	12,245,200	0.21
Exercised	(3,629,715)	0.15
Outstanding, March 31, 2021	19,343,276	0.37

The weighted-average remaining contractual life of warrants at March 31, 2021 was 1.61 years (year ended December 31, 2020 – 1.47 years).

Additional information regarding warrants outstanding as at March 31, 2021 is as follows:

Exercise price (\$)	Number of warrants	Expiry Date
0.75	5,690,000	July 22, 2022
0.25	182,880	July 22, 2022
0.20	1,225,196	January 17, 2022
0.15	10,207,000	January 15, 2023
0.50	2,038,200	March 31, 2023
	19,343,276	

GLOBEX DATA LTD.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months ended March 31, 2021 and 2020

(Unaudited)

(Expressed in Canadian Dollars)

4. SHARE CAPITAL (cont'd...)

During the period ended March 31, 2021, the Company granted 640,000 (year ended December 31, 2020 - nil) agent's warrants with a fair market value of \$82,343 (year ended December 31, 2020 - \$nil) or \$0.13 (year ended December 31, 2020 - \$nil) 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:

	Period ended March 31, 2021	Year ended December 31, 2020
Risk-free interest rate	0.15%	-
Expected life (in years)	2	-
Expected volatility	135%	-

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 period ended March 31, 2021, the Company incurred \$9,685 (2020 - \$9,248) in accounting fees and corporate services to an accounting firm in which an officer of the Company is a partner. As at March 31, 2021, there was \$784 (December 31, 2020 - \$784) owing to this firm for expense reimbursements. This balance is unsecured, non-interest bearing and has no fixed terms of repayment.

As at March 31, 2021, there was \$1,975 (December 31, 2020 - \$1,975) owing to an officer and director of the Company for expense reimbursements. This balance is unsecured, non-interest bearing and has no fixed terms of repayment.

During the period ended March 31, 2021, the Company granted 3,500,000 (2020 - nil) stock options with a fair value of \$663,493 (2020 - \$nil) to an officer and director of the Company.

During the period ended March 31, 2021, the Company paid software maintenance fees of \$55,296 (2020 - \$nil) and licensee fees of \$864 (2020 - \$737) to GDSA (see Notes 1 and 3).

GLOBEX DATA LTD.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months ended March 31, 2021 and 2020

(Unaudited)

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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.

(c) *Market risk*

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, accounts payable and accrued liabilities and licensee fees payable that are denominated in US dollars. At March 31, 2021, 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.

GLOBEX DATA LTD.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months ended March 31, 2021 and 2020

(Unaudited)

(Expressed in Canadian Dollars)

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

GLOBEX DATA LTD.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months ended March 31, 2021 and 2020

(Unaudited)

(Expressed in Canadian Dollars)

8. REVENUE (cont'd...)

(a) Total Revenues by Major Product Type

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

	Period ended March 31, 2021	Year ended December 31, 2020
B2B individually/bulk	\$ 1,844	\$ 5,657
Sekur	<u>6,878</u>	<u>21,099</u>
	<u>\$ 8,722</u>	<u>\$ 26,756</u>

(b) Total Revenues by Regions

During the period ended March 31, 2021 and the year ended December 31, 2020, all of the Company's revenues were generated in Canada and the United States.

9. SUBSEQUENT EVENTS

Subsequent to the period ended March 31, 2021, the Company:

- a) Closed a private placement consisting of 7,256,593 units at a price of \$0.30 per unit for proceeds of \$2,176,978. 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 \$122,000.
- b) Received proceeds \$18,000 from the exercise of 150,000 stock options.
- c) Received proceeds of \$120,000 from the exercise of 800,000 warrants.
- d) Granted 4,820,000 stock options exercisable at a price of \$0.50 for five years to directors, officers and consultants of the Company.