GlobeX Data®

Swiss Secure Cloud and Communications

GLOBEX DATA LTD.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(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 statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years 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, 2021 and 2020, and its financial performance and its cash flows for the years 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 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 William Nicholls.

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC, Canada
March 4, 2022

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

	December 31, 2021	December 31, 2020
ASSETS		
Current		
Cash and cash equivalents	**$ 8,812,477**	$ 494,927
Receivables	**48,555**	19,472
Prepaid expenses (Notes 6 and 9)	**775,294**	126,848
	9,636,326	641,247
Non-current		
Equipment (Note 3)	**666,900**	-
Intangible asset (Note 4)	**2,552,573**	2,552,573
Total Assets	**$ 12,855,799**	$ 3,193,820
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**$ 77,730**	$ 45,784
Due to related parties (Note 6)	**-**	2,759
Licensee fees payable (Notes 1, 4 and 6)	**52,734**	38,248
	130,464	86,791
Shareholders' equity		
Share capital (Note 5)	**20,982,323**	6,161,300
Shares subscribed (Note 5)	**-**	22,780
Reserves (Note 5)	**5,228,563**	996,016
Deficit	**(13,485,551)**	(4,073,067)
	12,725,335	3,107,029
Total Liabilities and Shareholders' Equity	**$ 12,855,799**	$ 3,193,820

Nature of operations and going concern (Note 1)
Subsequent events (Note 12)

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, 2021	Year ended December 31, 2020
REVENUE (Note 11)	**$ 144,881**	$ 26,756
EXPENSES		
Accounting and audit (Note 6)	**66,395**	53,754
Consulting fees	**139,008**	119,345
Depreciation (Note 3)	**6,198**	-
Legal	**8,428**	4,384
Licensee fees (Notes 1, 4 and 6)	**14,431**	2,675
Marketing	**3,796,378**	153,333
Office and administration	**52,044**	44,931
Rent and virtual office	**35,656**	38,075
Share-based payments (Notes 5 and 6)	**4,555,966**	461,803
Software maintenance (Note 6)	**794,149**	409,714
Transfer agent and filing fees	**48,789**	35,453
Travel	**7,230**	30,566
	(9,524,672)	(1,354,033)
OTHER ITEMS		
Interest income	**7,046**	5,660
Gain (loss) on foreign exchange	**(39,739)**	2,122
	(32,693)	7,782
Net loss and comprehensive loss for the year	**$ (9,412,484)**	$ (1,319,495)
Basic and diluted loss per share	**$ (0.11)**	$ (0.02)
Weighted average number of common shares outstanding	**87,769,397**	54,546,447

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, 2021 and 2020
(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	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
Shares issued	45,517,307	13,046,527	(22,780)	(50,040)	-	12,973,707
Share issue costs	-	(680,297)	-	132,383	-	(547,914)
Exercise of stock options	2,720,000	596,827	-	(266,427)	-	330,400
Exercise of warrants	7,113,168	1,267,966	-	(139,335)	-	1,128,631
Shares issued for accounts payable	50,000	18,000	-	-	-	18,000
Shares issued for marketing services	1,300,000	572,000	-	-	-	572,000
Share-based payments	-	-	-	4,555,966	-	4,555,966
Net loss for the year	-	-	-	-	(9,412,484)	(9,412,484)
Balance, December 31, 2021	**113,701,188**	**20,982,323**	**-**	**5,228,563**	**(13,485,551)**	**12,725,335**

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, 2021 and 2020
(Expressed in Canadian Dollars)

	2021	2020
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net loss	$ (9,412,484)	$ (1,319,495)
Items not affecting cash:		
Depreciation	6,198	-
Foreign exchange	(12,242)	-
Share-based payments	4,555,966	461,803
Shares issued for marketing services	268,714	-
Changes in non-cash working capital items:		
Receivables	(29,083)	(11,753)
Prepaid expenses	(345,160)	(29,154)
Accounts payable and accrued liabilities	49,946	6,625
Due to related parties	(2,759)	2,113
Licensee fees payable	14,486	1,771
Cash used in operating activities	(4,906,418)	(888,090)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued for cash	12,973,707	403,228
Share issue costs	(547,914)	(8,344)
Shares subscribed	-	22,780
Exercise of stock options	330,400	-
Exercise of warrants	1,128,631	-
Cash provided by financing activities	13,884,824	417,664
CASH FLOWS USED IN INVESTING ACTIVITIES		
Equipment acquired	(673,098)	-
Cash used in investing activities	(673,098)	-
Change in cash and cash equivalents	8,305,308	(470,426)
Effect of foreign exchange on cash	12,242	-
Cash, beginning	494,927	965,353
Cash and cash equivalents, end	$ 8,812,477	$ 494,927
Cash and cash equivalents:		
Cash	$ 3,913,654	$ 494,927
Money market mutual funds	4,898,823	-
	$ 8,812,477	$ 494,927
Supplemental cash flow information:		
Cash received for interest	$ 3,694	$ 5,660
Transfer to share capital on exercise of stock options	$ 266,427	$ -
Transfer to share capital on exercise of broker's warrants	$ 139,335	$ -
Fair value of agent's warrants	$ 82,343	$ -
Fair value of Finder's units	$ 50,040	$ -
Shares issued for accounts payable	$ 18,000	$ 26,179

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 4) 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 4, 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

Between January 15, 2021 and November 17, 2021, the Company closed five non-brokered private placements (Note 5) that realized net proceeds of $12,448,573 which will be used to complete the Company's commercialization path and a step to develop profitable operations. As at December 31, 2021, the Company had a deficit of $13,485,551 since inception and incurred negative operating cash flows. Due to the private placements during the year, the Company has increased its working capital balance to $9,505,862 (December 31, 2020 - $554,456) and available cash to $8,812,477 (December 31, 2020 - $494,927). Therefore, management concludes that the Company has sufficient funds to fund its operations for the next 12 months. Ultimately the continuing operations of the Company are dependent upon generating profitable operations and obtaining funding, as required, to allow the Company to achieve its business objectives. While the Company's management believes that there are many financing opportunities available, there is no assurance that it will be able to successfully obtain additional financing as needed. These consolidated financial statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due and do not reflect any adjustments that would be necessary if the going concern basis was not appropriate. If the going concern basis was not appropriate, significant adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the classifications used in the consolidated statements of financial position.

These consolidated financial statements were authorized for issue by the Board of Directors on March 4, 2022.

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").

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

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 these financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Certain of the Company's accounting policies and disclosures require key assumptions concerning the future and other estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities or disclosures within the next fiscal year. Where applicable, further information about the assumptions made is disclosed in the notes specific to that asset or liability. The critical accounting estimates and judgments set out below have been applied consistently to all periods presented in these financial statements.

a) Ability to continue as a going concern – evaluation of the ability of the Company to realize its strategy for funding its future needs for working capital involves making judgments.

b) Equipment – equipment is depreciated over the estimated useful life of the asset to the asset's estimated residual value as determined by management. Assessing the reasonableness of the estimated useful life, residual value and the appropriate depreciation methodology requires judgment and is based on management's experience and knowledge of the industry.

c) Impairment – an evaluation of whether or not an asset is impaired involves consideration of whether indicators of impairment exist. Factors which could indicate impairment exists include: significant underperformance of an asset relative to historical or projected operating results, significant changes in the manner in which an asset is used or in the Company's overall business strategy, the carrying amount of the net assets of the Company being more than its market capitalization or significant negative industry or economic trends. In some cases, these events are clear. However, in many cases, a clearly identifiable event indicating possible impairment does not occur. Instead, a series of individually insignificant events occur over a period of time leading to an indication that an asset may be impaired. Events can occur in these situations that may not be known until a date subsequent to their occurrence. When there is an indicator of impairment, the recoverable amount of the asset is estimated to determine the amount of impairment, if any. If indicators conclude that the asset is no longer impaired, the Company will reverse impairment losses on assets only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Similar to determining if an impairment exists, judgment is required in assessing if a reversal of an impairment loss 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

These 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

Cash and cash equivalents

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.

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. 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…)

Equipment

Equipment is recorded at cost less accumulated depreciation and impairment losses. Cost includes the purchase price and the directly attributable costs to bring the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.

Depreciation of equipment is calculated on a straight-line basis over the assets' estimated useful lives. Where components of an asset have different useful lives, depreciation is calculated on each component separately. Depreciation commences when an asset is ready for its intended use. Estimate of remaining useful lives and residual values are reviewed annually. Changes in estimates are accounted for prospectively.

The expected useful lives of assets depreciated on a straight-line basis are as follows:

- Solid-state Drives 4 years
- Servers 4 years

Intangible assets

Intangible assets consist of GDI's Reseller Agreement (see Note 4).

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 the 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Share capital (cont'd…)

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 and cash equivalents	Fair value through profit or loss
Receivables (excluding GST)	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost
Licensee fees payable	Amortized cost

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 assets are those assets which are held within a business model 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 model 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

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 tax authority on the same taxable entity, or on different taxable 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 adopt any new accounting standards during the year.

New accounting standards, interpretations and amendments not yet adopted

Amendments to IAS 1 – Presentation of Financial Statements: Classifying Liabilities as Non-current

In January 2020, the IASB issued an amendment to IAS 1 *Presentation of Financial Statements* (IAS 1). 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. An entity is required to apply this amendment for annual reporting periods beginning on or after January 1, 2023.

Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use

In May 2020, the IASB issued amendments to IAS 16, *Property, Plant and Equipment* (IAS 16). The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related costs in profit (loss). An entity is required to apply these amendments for annual reporting periods beginning on or after January 1, 2022. The amendments are applied retrospectively only to items of property, plant and equipment that are available for use after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

Amendments to IAS 12 – Income Taxes

In May 2021, the IASB issued amendments to IAS 16, *Income Taxes* (IAS 12). The amendments will require companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The proposed amendments will typically apply to transactions such as leases for the lessee and decommissioning and restoration obligations related to assets in operation. An entity is required to apply these amendments for annual reporting periods beginning on or after January 1, 2023. Early

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

application is permitted. The amendments are applied to transactions that occur on or after the beginning of the earliest comparative period presented.

3. EQUIPMENT

	Solid-state Drives	Servers	Total
Cost:			
As at December 31, 2020 and 2019	$ -	$ -	$ -
Additions during the year	99,172	573,926	673,098
As at December 31, 2021	99,172	573,926	673,098
Accumulated depreciation:			
As at December 31, 2020 and 2019	-	-	-
Depreciation for the year	6,198	-	6,198
As at December 31, 2021	6,198	-	6,198
Net book value:			
At December 31, 2020	$ -	$ -	$ -
At December 31, 2021	$ 92,974	$ 573,926	$ 666,900

The servers will be put in use on April 1, 2022. Accordingly, no depreciation was recorded during the year ended December 31, 2021.

4. 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, 2021, the Company accrued licensee fees of $14,431 (2020 - $2,675) in respect of the Reseller Agreement.

As at December 31, 2021, $52,734 (2020 - $38,248) was payable to GDSA pursuant to the Reseller Agreement.

5. 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, 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) Closed a private placement consisting of 7,256,927 units at a price of $0.30 per unit for proceeds of $2,177,078. 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.

d) Closed a private placement consisting of 19,261,470 units at a price of $0.33 per unit for proceeds of $6,356,285. 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 $0.60 per share for two years. Cash finder's fees were paid of $328,314.

e) Closed a private placement consisting of 5,355,510 units at a price of $0.40 per unit for proceeds of $2,142,204. 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 $0.80 per share for two years. Cash finder's fees were paid of $20,000.

f) Received proceeds of $1,128,631 from the exercise of 7,113,168 warrants and $330,400 from the exercise of 2,720,000 stock options.

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

h) Issued 1,300,000 common shares at a fair value of $572,000 for marketing services (see Note 9).

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.

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (cont'd…)

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 December 31, 2021, there were 9,588,001 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 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	20,320,000	0.52
Exercised	(2,720,000)	0.12
Expired/cancelled	(6,320,000)	0.50
Outstanding and exercisable, December 31, 2021	**16,540,000**	**0.47**

The weighted-average remaining contractual life of options at December 31, 2021 was 7.43 years (2020 – 3.92 years).

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (cont'd…)

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

Exercise price ($)	Number of options	Expiry Date
0.14	1,400,000	June 12, 2023
0.12	1,140,000	December 17, 2025
0.25	3,500,000	January 20, 2026
0.50	6,320,000	July 27, 2031
0.80	4,180,000	December 20, 2031
	16,540,000	

During the year ended December 31, 2021, the Company granted 14,000,000 (2020 - 5,160,000) stock options with a fair market value of $4,555,966 (2020 - $461,803) or $0.33 (2020 - $0.09) per option which was charged to operations. In April 2021 and June 2021, the Company granted 4,820,000 stock options and 1,500,000 stock options to directors, officers and consultants at an exercise price of $0.50 per share for a period of five years. These options were voluntarily returned to the Company in June 2021. The following assumptions were used for the Black-Scholes valuation of the stock options assuming no expected dividends or forfeitures:

	Year ended December 31, 2021	Year ended December 31, 2020
Risk-free interest rate	**0.43% - 1.38%**	0.27% - 0.46%
Expected life (in years)	**5 - 10**	0.5 - 5
Expected volatility	**125% - 135%**	81% - 130%

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	28,182,154	0.44
Exercised	(7,113,168)	0.16
Outstanding, December 31, 2021	**31,796,777**	**0.51**

The weighted-average remaining contractual life of warrants at December 31, 2021 was 1.26 years (2020 – 1.47 years).

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (cont'd…)

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

Exercise price ($)	Number of warrants	Expiry Date
0.20	256,863	January 17, 2022(a)
0.75	5,690,000	July 22, 2022
0.25	164,760	July 22, 2022(b)
0.15	7,710,000	January 15, 2023(c)
0.50	2,038,200	March 31, 2023
0.50	3,628,464	May 14, 2023
0.60	9,630,735	September 3, 2023
0.80	2,677,755	November 17, 2023
	31,796,777	

(a) Subsequent to December 31, 2021, 249,000 warrants were exercised for proceeds of $49,800 and 7,863 warrants expired unexercised.
(b) Subsequent to December 31, 2021, 35,000 warrants were exercised for proceeds of $8,750.
(c) Subsequent to December 31, 2021, 100,000 warrants were exercised for proceeds of $15,000.

During the year ended December 31, 2021, the Company granted 640,000 (2020 - nil) agent's warrants with a fair market value of $82,343 (2020 - $nil) or $0.13 (2020 - $nil) per warrant which was charged to share issue costs. The following assumptions were used for the Black-Scholes valuation of the warrants assuming no expected dividends or forfeitures:

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

6. 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, 2021, the Company incurred $54,395 (2020 - $39,234) in accounting fees and corporate services to an accounting firm in which an officer of the Company is a partner. As at December 31, 2021, there was $nil (2020 - $784) owing to this firm. This balance is unsecured, non-interest bearing and has no fixed terms of repayment.

As at December 31, 2021, there was $97 (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.

6. RELATED PARTY TRANSACTIONS (cont'd…)

During the year ended December 31, 2021, the Company granted 13,950,000 (2020 – 4,570,000) stock options with a fair value of $4,536,550 (2020 - $405,418) to directors and officers of the Company. In April 2021 and June 2021, the Company granted 4,800,000 stock options and 1,500,000 stock options to directors and officers at an exercise price of $0.50 per share for a period of five years. These options were voluntarily returned to the Company in June 2021.

During the year ended December 31, 2021, the Company paid software maintenance fees of $326,295 (2020 - $20,000) and licensee fees of $14,431 (2020 - $2,675) to GDSA (see Notes 1 and 4). As at December 31, 2021, $85,000 in software maintenance fees was included in prepaid expenses.

7. 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 parties and licensee fees payable approximate their carrying value. The Company's other financial instrument, being cash and cash equivalents, 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 and cash equivalents held in bank and investment 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 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.

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

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$340,688), accounts payable and accrued liabilities (US$18,098) and licensee fees payable (US$41,532) that are denominated in US dollars. At December 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.

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.

8. 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.

9. CONTRACTUAL OBLIGATIONS

During the year ended December 31, 2021, the Company entered into three production and broadcasting agreements with a media services company ("AMI") in the United States to assist the Company in furthering its media awareness through television, production, media analysis and procurement as follows:

a) May 10, 2021 – 14-month campaign: development of a biography format television show, production of 14 specialized NASDAQ interviews, tech reports and emerging growth articles, broadcast of the interviews via five media outlets, production and broadcast a minimum of 30 commercials per month and social media support. As compensation for performing these services, AMI will receive US$15,000 per month and 500,000 common shares of the Company;

b) June 1, 2021 – 14-month campaign: broadcast a minimum of two security segments per month via two media outlets. As compensation for performing these services, AMI will receive US$5,000 per month and 500,000 common shares of the Company. The Company has the right to produce two additional segments, at $2,500 per segment, for a maximum of four segments per month; and

c) October 25, 2021 – 18-month marketing campaign: as for the May 10, 2021 agreement. As compensation for performing these services, AMI will receive US$30,000 per month and 300,000 common shares of the Company.

(Expressed in Canadian Dollars)

9. CONTRACTUAL OBLIGATIONS (cont'd…)

On December 23, 2021, an aggregate of 1,300,000 common shares of the Company were issued to AMI at a value of $572,000 based on the Company's share price of $0.44 on that date (see Note 5). During the year ended December 31, 2021, $268,714, of this amount is included in marketing expense and $303,286 is included in prepaid expenses.

10. INCOME TAXES

A reconciliation of income taxes at the statutory rate of 27% (2020 – 27%) with the reported taxes is as follows:

	Year ended December 31,	
	2021	2020
Expected income tax recovery	**$ (2,597,000)**	$ (356,000)
Non-deductible permanent differences	**1,457,000**	236,000
Share issuance costs	**(184,000)**	(2,000)
True up of prior years' tax provisions	**-**	412,000
Change in deferred tax assets not recognized	**1,324,000**	(290,000)
Deferred income tax recovery	**$ -**	$ -

	As at December 31,	
	2021	2020
Equipment	**$ 727,000**	$ -
Non-capital losses	**1,632,000**	440,000
Share issue costs	**180,000**	50,000
Unrecognized deferred tax assets	**(2,539,000)**	(490,000)
	$ -	$ -

The Company has available for deduction against future taxable income non-capital losses of approximately $6,045,000. These losses, if not utilized, will begin to expire in 2037.

11. 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.

(Expressed in Canadian Dollars)

11. REVENUE (cont'd…)

(a) Total Revenues by Major Product Type

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

	Year ended December 31, 2021	2020
B2B individually/bulk	**$ 6,496**	$ 5,657
Sekur	**138,385**	21,099
	$ 144,881	$ 26,756

(b) Total Revenues by geographical location

The following table shows the Company's revenue disaggregated by geographical location:

	Year ended December 31, 2021	2020
Mexico	**$ 585**	$ -
United States	**144,296**	26,756
	$ 144,881	$ 26,756

12. SUBSEQUENT EVENTS

Subsequent to the year ended December 31, 2021, 384,000 warrants were exercised for proceeds of $73,550 (see Note 5).