



SEKUR PRIVATE DATA LTD.

(FORMERLY GLOBEX DATA LTD.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021

(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.

SEKUR PRIVATE DATA LTD.
(FORMERLY GLOBEX DATA LTD.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Expressed in Canadian Dollars)
As at

	June 30, 2022	December 31, 2021
ASSETS		
Current		
Cash and cash equivalents	\$ 6,386,716	\$ 8,812,477
Receivables	26,792	48,555
Prepaid expenses (Notes 6 and 9)	275,490	775,294
	<u>6,688,998</u>	<u>9,636,326</u>
Non-current		
Equipment (Note 3)	618,634	666,900
Intangible asset (Note 4)	2,552,573	2,552,573
	<u>618,634</u>	<u>666,900</u>
Total Assets	\$ 9,860,205	\$ 12,855,799
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 78,238	\$ 77,633
Due to related parties (Note 6)	352	97
Licensee fees payable (Notes 1, 4 and 6)	10,231	52,734
	<u>88,821</u>	<u>130,464</u>
Shareholders' equity		
Share capital (Note 5)	21,931,542	20,982,323
Shares subscribed (Note 5)	39,750	-
Reserves (Note 5)	5,221,699	5,228,563
Deficit	(17,421,607)	(13,485,551)
	<u>9,771,384</u>	<u>12,725,335</u>
Total Liabilities and Shareholders' Equity	\$ 9,860,205	\$ 12,855,799

Nature of operations and going concern (Note 1)
Subsequent events (Note 11)

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.

SEKUR PRIVATE DATA LTD.
(FORMERLY GLOBEX DATA LTD.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited)
(Expressed in Canadian Dollars)

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
REVENUE (Note 10)	\$ 113,365	\$ 10,119	\$ 201,400	\$ 18,841
EXPENSES				
Accounting and audit (Note 6)	35,760	18,690	47,980	28,375
Consulting fees	25,364	12,935	26,660	113,080
Credit card processing fees	11,518	-	11,518	-
Depreciation (Note 3)	42,069	-	48,266	-
Legal	20,139	2,329	20,952	7,046
Licensee fees (Notes 1, 4 and 6)	10,123	998	18,908	1,862
Marketing	1,710,693	676,156	3,246,206	954,268
Office and administration	21,981	12,005	29,453	18,652
Rent and virtual office	9,950	1,867	12,615	10,715
Share-based payments (Notes 5 and 6)	-	-	-	663,493
Software maintenance (Note 6)	419,595	233,105	575,945	440,657
Transfer agent and filing fees	24,070	16,910	51,654	25,931
Travel	8,626	-	37,624	-
	(2,339,888)	(974,995)	(4,127,781)	(2,264,079)
OTHER ITEMS				
Interest income	8,270	-	11,722	387
Loss on foreign exchange	(9,365)	(13,831)	(21,397)	(18,775)
	(1,095)	(13,831)	(9,675)	(18,388)
Net loss and comprehensive loss for the period	\$ (2,227,618)	\$ (978,707)	\$ (3,936,056)	\$ (2,263,626)
Basic and diluted loss per share	\$ (0.02)	\$ (0.01)	\$ (0.03)	\$ (0.03)
Weighted average number of common shares outstanding	116,044,811	80,981,691	115,016,170	74,983,740

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

SEKUR PRIVATE DATA LTD.
(FORMERLY GLOBEX DATA LTD.)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended June 30, 2022 and 2021

(Unaudited)

(Expressed in Canadian Dollars)

	Number of Shares	Share Capital \$	Shares Subscribed \$	Reserves \$	Deficit \$	Shareholders' Equity \$
Balance, December 31, 2020	57,000,713	6,161,300	22,780	996,016	(4,073,067)	3,107,029
Shares issued	20,900,327	4,548,038	(22,780)	-	-	4,525,258
Share issue costs	-	(331,983)	-	82,343	-	(249,640)
Exercise of stock options	2,720,000	596,827	-	(266,427)	-	330,400
Exercise of warrants	5,136,715	835,372	-	(53,437)	-	781,935
Shares issued for accounts payable	50,000	18,000	-	-	-	18,000
Share-based payments	-	-	-	663,493	-	663,493
Net loss for the period	-	-	-	-	(2,263,626)	(2,263,626)
Balance, June 30, 2021	85,807,755	11,827,554	-	1,421,988	(6,336,693)	6,912,849
Balance, December 31, 2021	113,701,188	20,982,323	-	5,228,563	(13,485,551)	12,725,335
Shares issued	2,321,585	812,555	-	-	-	812,555
Exercise of warrants	384,000	80,414	-	(6,864)	-	73,550
Shares subscribed	-	-	39,750	-	-	39,750
Shares issued for marketing services	150,000	56,250	-	-	-	56,250
Net loss for the period	-	-	-	-	(3,936,056)	(3,936,056)
Balance, June 30, 2022	116,556,773	21,931,542	39,750	5,221,699	(17,421,607)	9,771,384

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

SEKUR PRIVATE DATA LTD.
(FORMERLY GLOBEX DATA LTD.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
For the six months ended June 30, 2022 and 2021
(Unaudited)
(Expressed in Canadian Dollars)

	2022	2021
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net loss	\$ (3,936,056)	\$ (2,263,626)
Items not affecting cash:		
Depreciation	48,266	-
Shares issued for marketing services	56,250	-
Share-based payments	-	663,493
Changes in non-cash working capital items:		
Receivables	21,763	(36,179)
Prepaid expenses	499,804	(41,465)
Accounts payable and accrued liabilities	605	31,614
Due to related parties	255	16,684
Licensee fees payable	(42,503)	812
Cash used in operating activities	<u>(3,351,616)</u>	<u>(1,628,667)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued for cash	812,555	4,525,258
Share issue costs	-	(249,640)
Exercise of stock options	-	330,400
Exercise of warrants	73,550	781,935
Shares subscribed	39,750	-
Cash provided by financing activities	<u>925,855</u>	<u>5,387,953</u>
Change in cash and cash equivalents	(2,425,761)	3,759,286
Cash, beginning	8,812,477	494,927
Cash and cash equivalents, ending	\$ 6,386,716	\$ 4,254,213
Cash and cash equivalents:		
Cash	\$ 1,381,732	\$ 4,254,213
Money market mutual funds	5,004,984	-
	<u>\$ 6,386,716</u>	<u>\$ 4,254,213</u>
Supplemental cash flow information:		
Cash received for interest	\$ 11,722	\$ 387
Transfer to share capital on exercise of stock options	\$ -	\$ 266,427
Transfer to share capital on exercise of broker's warrants	\$ 6,864	\$ 53,437
Fair value of agent's warrants	\$ -	\$ 82,343
Shares issued for accounts payable	\$ -	\$ 18,000

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SEKUR PRIVATE DATA LTD.
(FORMERLY GLOBEX DATA LTD.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended June 30, 2022 and 2021

(Unaudited)

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

a) Nature of operations

Sekur Private Data Ltd. (formerly 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. On April 14, 2022, the Company changed its name to Sekur Private Data Ltd. and the Company’s common shares and tradable warrants were listed on the Canadian Securities Exchange under the new symbols “SKUR” and “SKUR.WT”, respectively. The Company began trading on the OTCQX as of April 29, 2022 under the trading symbol SWISF.

The Company is a Cybersecurity and Internet Privacy provider of Swiss-hosted solutions for secure communications and secure data management. 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 June 30, 2022, the Company had a deficit of \$17,421,607 since inception and incurred negative operating cash flows. As at June 30, 2022, the Company had a working capital balance of \$6,600,177 (December 31, 2021 - \$9,505,862) and available cash of \$6,386,716 (December 31, 2021 - \$8,812,477). 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 condensed consolidated interim 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 condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 10, 2022.

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

For the six months ended June 30, 2022 and 2021

(Unaudited)

(Expressed in Canadian Dollars)

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 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, 2021.

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, 2021.

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.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Use of estimates and judgments (cont'd...)

- 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 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.

These 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

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(Unaudited)

(Expressed in Canadian Dollars)

3. EQUIPMENT

	Solid-state Drives	Servers	Total
Cost:			
As at December 31, 2020	\$ -	\$ -	\$ -
Additions during the year	99,172	573,926	673,098
As at December 31, 2021 and June 30, 2022	99,172	573,926	673,098
Accumulated depreciation:			
As at December 31, 2020	-	-	-
Depreciation for the year	6,198	-	6,198
As at December 31, 2021	6,198	-	6,198
Depreciation for the period	12,394	35,872	48,266
As at June 30, 2022	18,592	35,872	54,464
Net book value:			
At December 31, 2021	\$ 92,974	\$ 573,926	\$ 666,900
At June 30, 2022	\$ 80,580	\$ 538,054	\$ 618,634

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 period ended June 30, 2022, the Company accrued licensee fees of \$18,908 (2021 - \$1,862) in respect of the Reseller Agreement.

As at June 30, 2022, \$10,231 (December 31, 2021 - \$52,734) was payable to GDSA pursuant to the Reseller Agreement.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended June 30, 2022 and 2021

(Unaudited)

(Expressed in Canadian Dollars)

5. 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 June 30, 2022, the Company:

- a) Closed a private placement consisting of 2,321,585 units at a price of \$0.35 per unit for proceeds of \$812,555. 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 \$0.70 per share for two years.
- b) Issued 150,000 common shares at a fair value of \$56,250 for marketing services.
- c) Received proceeds of \$73,550 from the exercise of 384,000 warrants and received share subscriptions of \$39,750 for warrants that were exercised subsequent to June 30, 2022.

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).

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended June 30, 2022 and 2021

(Unaudited)

(Expressed in Canadian Dollars)

5. **SHARE CAPITAL** (cont'd...)

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 June 30, 2022, there were 4,794,001 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, 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 and June 30, 2022	16,540,000	0.47

The weighted-average remaining contractual life of options at June 30, 2022 was 6.94 years (year ended December 31, 2021 – 7.43 years).

Additional information regarding stock options outstanding as at June 30, 2022 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	

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

During the period ended June 30, 2022, the Company granted nil (year ended December 31, 2021 - 14,000,000) stock options with a fair market value of \$nil (year ended December 31, 2021 - \$4,555,966) or \$nil (year ended December 31, 2021 - \$0.33) per option which was charged to operations. In April 2021 and June 2021 of the previous fiscal year, 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:

	Period ended June 30, 2022	Year ended December 31, 2021
Risk-free interest rate	-	0.43% - 1.38%
Expected life (in years)	-	5 - 10
Expected volatility	-	125% - 135%

Warrants

	Number of Warrants	Weighted Average Exercise Price (\$)
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
Issued	2,321,585	0.70
Exercised	(384,000)	0.19
Expired	(7,863)	0.20
Outstanding, June 30, 2022	33,726,499	0.53

The weighted-average remaining contractual life of warrants at June 30, 2022 was 0.84 years (year ended December 31, 2021 – 1.26 years).

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For the six months ended June 30, 2022 and 2021

(Unaudited)

(Expressed in Canadian Dollars)

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

Additional information regarding warrants outstanding as at June 30, 2022 is as follows:

Exercise price (\$)	Number of warrants	Expiry Date
0.75	5,690,000	July 22, 2022*
0.25	129,760	July 22, 2022*
0.15	7,610,000	January 15, 2023
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
0.70	2,321,585	April 18, 2024
	33,726,499	

* Expired subsequent to June 30, 2022, unexercised.

During the period ended June 30, 2022, the Company granted nil (year ended December 31, 2021 - 640,000) agent's warrants with a fair market value of \$nil (year ended December 31, 2021 - \$82,343) or \$nil (year ended December 31, 2021 - \$0.13) 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:

	Period ended June 30, 2022	Year ended December 31, 2021
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 period ended June 30, 2022, the Company incurred \$25,580 (2021 - \$25,575) in accounting fees and corporate services to an accounting firm in which an officer of the Company is a partner. As at June 30, 2022, there was \$352 (December 31, 2021 - \$nil) owing to this firm. This balance is unsecured, non-interest bearing and has no fixed terms of repayment.

As at June 30, 2022, there was \$nil (December 31, 2021 - \$97) 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.

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6. RELATED PARTY TRANSACTIONS (cont'd...)

During the period ended June 30, 2022, the Company granted nil (year ended December 31, 2021 – 13,950,000) stock options with a fair value of \$nil (year ended December 31, 2021 - \$4,536,550) to directors and officers of the Company. In April 2021 and June 2021 of the previous fiscal year, 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 period ended June 30, 2022, the Company paid software maintenance fees of \$320,609 (2021 - \$151,296) and licensee fees of \$18,908 (2021 - \$1,862) to GDSA (see Notes 1 and 4). As at June 30, 2022, \$nil in software maintenance fees was included in prepaid expenses (December 31, 2021 - \$85,000).

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 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.

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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, accounts payable and accrued liabilities and licensee fees payable that are denominated in US dollars. At June 30, 2022, 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 period.

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;

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9. CONTRACTUAL OBLIGATIONS (cont'd...)

- 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.

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). As at June 30, 2022, \$55,423 was included in prepaid expenses (December 31, 2021 - \$303,286).

10. REVENUE

Sekur Private Data Ltd. serves consumers, businesses and governments worldwide and distributes a suite of encrypted e-mails, secure messaging and secure communication, and a suite of cloud-based storage, disaster recovery and document management tools (the "Solutions") developed by GDSA. All data and data traffic is hosted and transmitted in secure servers located in Switzerland that are held and managed by GDSA. The Company sells its Solutions through its websites sekur.com and sekursuite.com, and through its approved distributors and telecommunications companies. The Company offers 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.

Solutions 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 solution type:

	Period ended June 30, 2022	Year ended December 31, 2021
B2B individually/bulk	\$ 1,622	\$ 6,496
Sekur	199,778	138,385
	\$ 201,400	\$ 144,881

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10. REVENUE (cont'd...)

(b) Total Revenues by geographical location

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

	Period ended June 30, 2022	Year ended December 31, 2021
Mexico	\$ 805	\$ 585
United States	<u>200,595</u>	<u>144,296</u>
	<u>\$ 201,400</u>	<u>\$ 144,881</u>

11. SUBSEQUENT EVENTS

Subsequent to the period ended June 30, 2022, the Company:

- a) Issued 313,334 common shares from the exercise of warrants for proceeds of \$47,000 of which \$39,750 was received during the period ended June 30, 2022.