



SEKUR PRIVATE DATA LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

(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.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Expressed in Canadian Dollars)
As at

	March 31, 2023	December 31, 2022
ASSETS		
Current		
Cash and cash equivalents	\$ 3,290,210	\$ 4,038,704
Receivables	8,040	34,041
Prepaid expenses	72,819	180,065
	3,371,069	4,252,810
Non-current		
Equipment (Note 3)	696,422	752,399
Intangible asset (Note 4)	2,552,573	2,552,573
	3,371,069	4,252,810
Total Assets	\$ 6,620,064	\$ 7,557,782
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	\$ 32,105	\$ 171,270
Royalty fees payable (Notes 4 and 6)	51,841	38,755
	83,946	210,025
Shareholders' equity		
Share capital (Note 5)	22,001,842	22,001,842
Reserves (Note 5)	5,647,385	5,221,699
Deficit	(21,113,109)	(19,875,784)
	6,536,118	7,347,757
Total Liabilities and Shareholders' Equity	\$ 6,620,064	\$ 7,557,782

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.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**

(Unaudited)

(Expressed in Canadian Dollars)

	Three months ended March 31, 2023	Three months ended March 31, 2022
REVENUE (Note 10)	\$ 131,739	\$ 88,035
EXPENSES		
Accounting and audit (Notes 5 and 6)	79,860	12,220
Consulting fees	852	1,296
Credit card processing fees	7,889	-
Data center and hardware maintenance (Note 6)	170,000	70,000
Director's fees (Notes 5 and 6)	347,757	-
Legal	21,115	813
Marketing (Note 9)	588,263	1,535,513
Office and administration	4,844	7,472
Research, development and software maintenance (Note 3)	116,909	92,547
Rent and virtual office	6,357	2,665
Royalty fees (Notes 4 and 6)	13,110	8,785
Transfer agent and filing fees	15,249	27,584
Travel	19,733	28,998
	(1,391,938)	(1,787,893)
OTHER ITEMS		
Interest income	32,393	3,452
Loss on foreign exchange	(9,519)	(12,032)
	22,874	(8,580)
Net loss and comprehensive loss for the period	\$ (1,237,325)	\$ (1,708,438)
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding	117,025,441	113,976,099

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

SEKUR PRIVATE DATA LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the three months ended March 31, 2023 and 2022

(Unaudited)

(Expressed in Canadian Dollars)

	Number of Shares	Share Capital \$	Reserves \$	Deficit \$	Shareholders' Equity \$
Balance, December 31, 2021	113,701,188	20,982,323	5,228,563	(13,485,551)	12,725,335
Exercise of warrants	384,000	80,414	(6,864)	-	73,550
Net loss for the period	-	-	-	(1,708,438)	(1,708,438)
Balance, March 31, 2022	114,085,188	21,062,737	5,221,699	(15,193,989)	11,090,447
Balance, December 31, 2022	117,025,441	22,001,842	5,221,699	(19,875,784)	7,347,757
Share-based payments	-	-	425,686	-	425,686
Net loss for the period	-	-	-	(1,237,325)	(1,237,325)
Balance, March 31, 2023	117,025,441	22,001,842	5,647,385	(21,113,109)	6,536,118

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

SEKUR PRIVATE DATA LTD.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**

For the three months ended March 31, 2023 and 2022

(Unaudited)

(Expressed in Canadian Dollars)

	2023	2022
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net loss	\$ (1,237,325)	\$ (1,708,438)
Items not affecting cash:		
Depreciation	55,977	6,197
Share-based payments	425,686	-
Changes in non-cash working capital items:		
Receivables	26,001	25,412
Prepaid expenses	107,246	80,645
Accounts payable and accrued liabilities	(139,165)	(67,236)
Royalty fees payable	13,086	7,875
Cash used in operating activities	(748,494)	(1,655,545)
CASH FLOWS FROM FINANCING ACTIVITIES		
Exercise of warrants	-	73,550
Cash provided by financing activities	-	73,550
Change in cash and cash equivalents	(748,494)	(1,581,995)
Cash, beginning	4,038,704	8,812,477
Cash and cash equivalents, ending	\$ 3,290,210	\$ 7,230,482
Cash and cash equivalents:		
Cash	\$ 774,525	\$ 2,328,504
Money market mutual funds	2,515,685	4,901,978
	\$ 3,290,210	\$ 7,230,482
Supplemental cash flow information:		
Cash received for interest	\$ 32,393	\$ 3,452
Transfer to share capital on exercise of broker's warrants	\$ -	\$ 6,864

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

SEKUR PRIVATE DATA LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2023 and 2022

(Unaudited)

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

a) Nature of operations

Sekur Private 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. 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 March 31, 2023, the Company had a deficit of \$21,113,109 since inception and incurred negative operating cash flows. As at March 31, 2023, the Company had a working capital balance of \$3,287,123 (December 31, 2022 - \$4,042,785) and available cash of \$3,290,210 (December 31, 2022 - \$4,038,704). Therefore, management concludes that the Company has sufficient funds to fund its operations for the next 12 months. Our continued operation as a going concern is dependent upon our ability to generate positive cash flows and/or obtain additional financing sufficient to fund continuing activities and acquisitions. While we continue to review our operations in order to identify strategies and tactics to increase revenue streams and financing opportunities, there is no assurance that we will be successful in such efforts; if we are not successful, we may be required to significantly reduce or limit operations, or no longer operate as a going concern. It is also possible that operating expenses could increase in order to grow the business. If we do not start generating and significantly increase revenues to meet these increased operating expenses and/or obtain financing until our revenues meet these operating expenses, our business, financial condition and operating results could be materially adversely affected. We cannot be sure when or if we will ever achieve profitability and, if we do, we may not be able to sustain or increase that profitability. 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 May 25, 2023.

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.

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

For the three months ended March 31, 2023 and 2022

(Unaudited)

(Expressed in Canadian Dollars)

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

Use of estimates and judgments

The preparation of these condensed consolidated interim 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 condensed consolidated interim 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 exist 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. The Company tests its intangible assets with indefinite useful lives at least annually and whenever there is an indication that the intangible asset may be impaired.
- d) Transaction price for each type of performance obligation – all contracts are subscription-based services. Direct to consumer prices are based on listed prices on our websites www.sekur.com and www.sekursuite.com. Distributor prices are negotiated based on a discount to our published prices. Performance is considered complete for all contracts once a customer completes the subscription process as the activation of the account is immediate.

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

For the three months ended March 31, 2023 and 2022

(Unaudited)

(Expressed in Canadian Dollars)

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

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

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

3. EQUIPMENT

	Solid-state Drives	Servers	Total
Cost:			
As at December 31, 2021	\$ 99,172	\$ 573,926	\$ 673,098
Additions during the year	-	222,539	222,539
As at December 31, 2022 and March 31, 2023	99,172	796,465	895,637
Accumulated depreciation:			
As at December 31, 2021	6,198	-	6,198
Depreciation for the year, included in research, development and software maintenance expense	24,788	112,252	137,040
As at December 31, 2022	30,986	112,252	143,238
Depreciation for the period, included in research, development and software maintenance expense	6,198	49,779	55,977
As at March 31, 2023	37,184	162,031	199,215
Net book value:			
At December 31, 2022	\$ 68,186	\$ 684,213	\$ 752,399
At March 31, 2023	\$ 61,988	\$ 634,434	\$ 696,422

SEKUR PRIVATE DATA LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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(Unaudited)

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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, the Company (as licensee) entered into the *GlobeX Data SA Secure Cloud Services Licensee License Agreement and Program* (the “Reseller Agreement”) with GlobeX Data S.A. (“GDSA”), a Swiss corporation with a common director, whereby GDSA granted the Company 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, the Company 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 Company. 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. The Company 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 the Company. The Company also has the option of collecting funds directly from the End User. Gross service fee revenue is split between GDSA (10%, being the royalty fee recorded to the consolidated statement of comprehensive loss) and the Company (90%). The Reseller Agreement can be terminated by GDSA at any time if the Company fails to cure a breach of any part of the Reseller Agreement within 30 days of receiving written notice of the breach.

On May 7, 2017, the Company (as licensee) entered into the *GlobeX Data Secure Cloud Services Licensee License Agreement and Program* (“Reseller Agreement 2”) with GDSA, 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, except that the Company has 90 days to cure a breach of any part of Reseller Agreement 2.

On July 21, 2022, the Company entered into an Addendum (the “Addendum”) to the Global License Agreement with GDSA. This Addendum allows the Company to market/distribute the Products globally, including Switzerland, Lichtenstein, The Principality of Monte Carlo, The Vatican City State, and The Grand-Duchy of Luxembourg. The Company is permitted to market the Products in Switzerland only through online sales, and is not permitted to enter into a physical Reseller relationship in Switzerland. All other countries globally are now open to market by the Company.

During the period ended March 31, 2023, the Company accrued royalty fees of \$13,110 (2022 - \$8,785) in respect of the Reseller Agreement.

As at March 31, 2023, \$51,841 (December 31, 2022 - \$38,755) 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.

There were no shares issued during the period ended March 31, 2023.

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

For the three months ended March 31, 2023 and 2022

(Unaudited)

(Expressed in Canadian Dollars)

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

During the year ended December 31, 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 \$143,850 from the exercise of 852,668 warrants.

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, 2021	16,540,000	0.47
Expired/cancelled	(16,540,000)	0.47
Outstanding at December 31, 2022	-	-
Granted	8,166,272	0.06
Outstanding and exercisable, March 31, 2023	8,166,272	0.06

The weighted-average remaining contractual life of options at March 31, 2023 was 9.80 years (year ended December 31, 2022 – nil years).

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

For the three months ended March 31, 2023 and 2022

(Unaudited)

(Expressed in Canadian Dollars)

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

During the period ended March 31, 2023, the Company granted 8,166,272 (year ended December 31, 2022 - nil) stock options with a fair market value of \$425,686 (year ended December 31, 2022 - \$nil) or \$0.05 (year ended December 31, 2022 - \$nil) per option which was charged to operations in the following accounts: \$70,110 (year ended December 31, 2022 - \$nil) to accounting, \$347,757 (year ended December 31, 2022 - \$nil) to director's fees and \$7,819 (year ended December 31, 2022 - \$nil) to legal. The following assumptions were used for the Black-Scholes valuation of the stock options assuming no expected dividends or forfeitures:

	Period ended March 31, 2023	Year ended December 31, 2022
Risk-free interest rate	2.89%	-
Expected life (in years)	10	-
Expected volatility	120%	-

Warrants

	Number of Warrants	Weighted Average Exercise Price (\$)
Outstanding, December 31, 2021	31,796,777	0.51
Issued	2,321,585	0.70
Exercised	(852,668)	0.17
Expired	(5,827,623)	0.74
Outstanding, December 31, 2022	27,438,071	0.49
Expired	(9,179,532)	0.23
Outstanding, March 31, 2023	18,258,539	0.62

The weighted-average remaining contractual life of warrants at March 31, 2023 was 0.48 years (year ended December 31, 2022 – 0.51 years).

Additional information regarding warrants outstanding as at March 31, 2023 is as follows:

Exercise price (\$)	Number of warrants	Expiry Date
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
	18,258,539	

*Expired subsequent to March 31, 2023, unexercised.

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

For the three months ended March 31, 2023 and 2022

(Unaudited)

(Expressed in Canadian Dollars)

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 March 31, 2023, the Company incurred \$9,750 (2022 - \$12,220) in accounting fees and corporate services to an accounting firm in which an officer of the Company is a partner. As at March 31, 2023, there was \$3,150 (December 31, 2022 - \$11,293) owing to this firm, included in accounts payable and accrued liabilities. This balance is unsecured, non-interest bearing and has no fixed terms of repayment.

As at March 31, 2023, there was \$6,427 (December 31, 2022 - \$6,427) owing to an officer and director of the Company for expense reimbursements, included in accounts payable and accrued liabilities. This balance is unsecured, non-interest bearing and has no fixed terms of repayment.

During the period ended March 31, 2023, the Company granted 7,821,272 (year ended December 31, 2022 – nil) stock options with a fair value of \$407,703 (year ended December 31, 2022 - \$nil) to directors and officers of the Company of which \$59,946 (year ended December 31, 2022 - \$nil) was recorded to accounting expense and \$347,757 (year ended December 31, 2022 - \$nil) was recorded to director's fees.

During the period ended March 31, 2023, the Company paid data center and hardware maintenance fees of \$170,000 (2022 - \$70,000) and royalty fees of \$13,110 (2022 - \$8,785) to GDSA (see Note 4).

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 and royalty 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.

SEKUR PRIVATE DATA LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2023 and 2022

(Unaudited)

(Expressed in Canadian Dollars)

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

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.

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 royalty fees payable that are denominated in US dollars. At March 31, 2023, 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.

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

For the three months ended March 31, 2023 and 2022

(Unaudited)

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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. This agreement continued on a month-to-month basis until it was extended and amended per the agreement dated January 25, 2023 outlined below;
- a) 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. This agreement continued on a month-to-month basis until it was extended and amended per the agreement dated January 25, 2023 outlined below; and
- b) 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. This agreement was amended per the agreement dated January 25, 2023 outlined below.

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).

On January 25, 2023, the Company amended its outstanding agreements with AMI and entered into a single 24-month agreement to assist the Company in furthering its media awareness. The Company has agreed to pay AMI, in aggregate, US\$542,500.

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

For the three months ended March 31, 2023 and 2022

(Unaudited)

(Expressed in Canadian Dollars)

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. The Company sells its Solutions through its websites sekur.com and sekursuite.com, and through its approved distributors and telecommunications companies. The Company offers its services on a subscription-based model which are charged either monthly or yearly. Each subscription comes with a 7-day free trial and all yearly plans offer a two-month free of charge period as part of a discount for purchasing a yearly plan.

Channel partner contracts are done on a 12-month basis with optional renewal if both parties agree to renew. The Company provides the solution and invoices the channel partners monthly. In some cases, the Company is integrating its billing system directly with the channel partners and the revenues come at the time the channel partner sells the solution. This integration is done via the credit card processor of the Company called Stripe. Prices offered to channel partners are discounted from published prices listed on the Company’s website www.sekurprivatedata.com.

Sales are categorized in the following manner:

- Business-to-business (“B2B”) (channel partners)
- Sekur (direct purchases).

(a) Total Revenues by Major Product Type

Revenue is recognized at the point in time when the customer obtains control of the service. The following table shows the Company’s revenue disaggregated by major solution type:

	Period ended March 31, 2023	Year ended December 31, 2022
B2B (channel partners)	\$ 644	\$ 3,024
Sekur (direct purchases)	131,095	461,275
	\$ 131,739	\$ 464,299

(b) Total Revenues by geographical location

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

	Period ended March 31, 2023	Year ended December 31, 2022
Latin America	\$ -	\$ 1,611
United States	131,739	462,688
	\$ 131,739	\$ 464,299

11. SUBSEQUENT EVENTS

Subsequent to the period ended March 31, 2023, the Company issued 100,000 stock options to consultants of the Company at \$0.15 expiring 1 year from the date of issuance.