SEKUR PRIVATE DATA LTD.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in Canadian Dollars)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Sekur Private Data Ltd.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statement of financial position of Sekur Private Data Ltd. (the "Company") as at December 31, 2023, and the related consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the year ended December 31, 2023, and the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2023 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We have also audited the adjustments described in Note 12 that were applied to restate the 2022 consolidated financial statements to correct prior year errors. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2022 consolidated financial statements of the Company other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2022 consolidated financial statements taken as a whole.

Material Uncertainty Related to Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has had a deficit since inception and has incurred negative operating cash flows which raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

We have served as the Company's auditor since 2023.

MNP LLP

Vancouver, Canada

April 18, 2024

Chartered Professional Accountants

MNP LLP

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Sekur Private Data Ltd.

Opinion on the Consolidated Financial Statements

We have audited, before the effects of the restatement of comparative amounts as disclosed in Note 12 to the 2023 consolidated financial statements of Sekur Private Data Ltd. (the "Company")(the "2023 financial statements"), the accompanying consolidated statement of financial position of the Company as of December 31, 2022, and the related consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the year ended December 31, 2022, and the related notes (collectively referred to as the "2022 financial statements") (the 2022 financial statements before the effects of the restatement of comparative amounts disclosed in Note 12 to the 2023 financial statements are not presented herein). In our opinion, the 2022 financial statements before the effects of the restatement of comparative amounts disclosed in Note 12 to the 2023 financial statements, present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and the results of its operations and its cash flows for the year ended December 31, 2022, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We were not engaged to audit, review, or apply any procedures to the restatement of comparative amounts as disclosed in Note 12 to the 2023 financial statements and, accordingly, we do not express an opinion or any other form of assurance about whether such adjustments are appropriate and have been properly applied. Those restatements were audited by the successor auditor.

Basis for Opinion

These 2022 financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's 2022 financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement, whether due to fraud or error. The Company is not required to have, nor were we engaged to perform, an audit of internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
May 1, 2023

We began serving as the Company's auditor in 2020. In 2023, we became the predecessor auditor.

SEKUR PRIVATE DATA LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
As at December 31, 2023 and 2022

		2023		2022
				(Restated – Note 12)
ASSETS				
Current				
Cash and cash equivalents	$	**924,739**	$	4,038,704
Receivables		**42,746**		34,041
Prepaid expenses		**39,401**		180,065
		1,006,886		4,252,810
Non-current				
Equipment (Note 3)		**546,362**		752,399
Total Assets	$	**1,553,248**	$	5,005,209
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	$	**272,080**	$	255,539
Royalty fees payable (Note 4)		**38,104**		38,755
Deferred revenue		**92,783**		109,018
		402,967		403,312
Shareholders' equity				
Share capital (Note 5)		**22,457,126**		22,001,842
Reserves (Note 5)		**6,069,868**		5,221,699
Accumulated other comprehensive income		**20,007**		20,973
Deficit		**(27,396,720)**		(22,642,617)
		1,150,281		4,601,897
Total Liabilities and Shareholders' Equity	$	**1,553,248**	$	5,005,209

Nature of operations and going concern (Note 1)

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.

SEKUR PRIVATE DATA LTD.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the years ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

		2023		2022 (Restated – Note 12)
REVENUE (Note 11)	**$**	**543,182**	$	426,782
EXPENSES				
Accounting and audit (Notes 5 and 6)		**191,865**		121,480
Consulting fees (Note 5)		**471,457**		55,486
Credit card processing fees		**30,436**		26,213
Data center and hardware maintenance (Note 6)		**820,000**		523,997
Director's fees (Notes 5 and 6)		**347,757**		-
Legal		**81,391**		64,008
Marketing (Notes 5 and 9)		**2,038,797**		5,038,529
Office and administration		**28,995**		55,276
Research, development and software maintenance (Note 3)		**908,279**		787,404
Rent		**33,050**		29,325
Royalty fees (Notes 4 and 6)		**51,897**		46,268
Transfer agent and filing fees		**98,512**		119,306
Travel		**72,919**		93,613
		(5,175,355)		(6,960,905)
OTHER ITEMS				
Interest income		**100,866**		66,348
Loss on settlement of marketing agreement		**(180,000)**		-
Loss on foreign exchange		**(42,796)**		(61,998)
Impairment of intangible asset (Note 4)		**-**		(2,552,573)
		(121,930)		(2,548,223)
Net loss for the year		**(4,754,103)**		(9,082,346)
Other comprehensive loss				
Items that may be reclassified subsequently to profit or loss:				
Currency translation adjustment		**(966)**		17,754
Net loss and comprehensive loss for the year	**$**	**(4,755,069)**	$	(9,064,592)
Basic and diluted loss per share	**$**	**(0.04)**	$	(0.08)
Weighted average number of basic and diluted common shares outstanding		**117,763,592**		116,003,853

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

SEKUR PRIVATE DATA LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the years ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital $	Reserves $	Accumulated Other Comprehensive Income $	Deficit $	Shareholders' Equity $
Balance, December 31, 2021 (Restated – Note 12)	113,701,188	20,982,323	5,228,563	3,219	(13,560,271)	12,653,834
Shares issued	2,321,585	812,555	-	-	-	812,555
Exercise of warrants	852,668	150,714	(6,864)	-	-	143,850
Shares issued for marketing services	150,000	56,250	-	-	-	56,250
Net loss for the year (Restated – Note 12)	-	-	-	17,754	(9,082,346)	(9,064,592)
Balance, December 31, 2022 (Restated – Note 12)	117,025,441	22,001,842	5,221,699	20,973	(22,642,617)	4,601,897
Exercise of options	250,000	72,289	(22,289)	-	-	50,000
Shares issued for marketing services	1,357,500	202,995	-	-	-	202,995
Shares issued for settlement of marketing agreement	1,000,000	180,000	-	-	-	180,000
Share-based payments	-	-	870,458	-	-	870,458
Net loss for the year	-	-	-	(966)	(4,754,103)	(4,755,069)
Balance, December 31, 2023	**119,632,941**	**22,457,126**	**6,069,868**	**20,007**	**(27,396,720)**	**1,150,281**

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

SEKUR PRIVATE DATA LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

		2023		2022 (Restated – Note 12)
CASH FLOWS USED IN OPERATING ACTIVITIES				
Net loss for the year	**$**	**(4,754,103)**	$	(9,082,346)
Items not affecting cash:				
Depreciation		**228,033**		137,040
Loss on settlement of marketing agreement		**180,000**		-
Shares issued for marketing services		**202,995**		56,250
Share-based payments		**870,458**		-
Impairment of intangible asset		**-**		2,552,573
Changes in non-cash working capital items:				
Receivables		**(8,705)**		14,514
Prepaid expenses		**140,664**		595,229
Accounts payable and accrued liabilities		**16,541**		177,809
Royalty fees payable		**(651)**		(13,979)
Deferred revenue		**(16,235)**		37,517
Cash used in operating activities		**(3,141,003)**		(5,525,393)
CASH FLOWS FROM FINANCING ACTIVITIES				
Shares issued for cash		**-**		812,555
Exercise of options		**50,000**		-
Exercise of warrants		**-**		143,850
Cash provided by financing activities		**50,000**		956,405
CASH FLOWS USED IN INVESTING ACTIVITIES				
Equipment acquired		**(21,996)**		(222,539)
Cash used in investing activities		**(21,996)**		(222,539)
Effect of exchange rate on cash		**(966)**		17,754
Change in cash and cash equivalents		**(3,113,965)**		(4,773,773)
Cash and cash equivalents, beginning		**4,038,704**		8,812,477
Cash and cash equivalents, ending	**$**	**924,739**	$	4,038,704
Cash and cash equivalents:				
Cash	**$**	**703,593**	$	604,094
Money market mutual funds		**221,146**		3,434,610
	$	**924,739**	$	4,038,704
Supplemental cash flow information:				
Transfer to share capital on exercise of stock options	**$**	**22,289**	$	-
Transfer to share capital on exercise of broker's warrants	**$**	**-**	$	6,864
Shares issued for marketing services	**$**	**202,995**	$	56,250

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

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.

These consolidated financial statements were authorized for issue by the Board of Directors on April 18, 2024.

b) Going concern

As at December 31, 2023, the Company had a deficit of $27,396,720 (2022 - $22,642,617 (Restated – Note 12)) since inception and incurred negative operating cash flows of $3,141,003 (2022 - $5,525,393 (Restated – Note 12)). As at December 31, 2023, the Company had a working capital balance of $603,919 (2022 - $3,849,498 (Restated – Note 12)). The Company's continued operation as a going concern is dependent upon its ability to generate positive cash flows and/or obtain additional financing sufficient to fund continuing activities and acquisitions. While the Company continues to review operations in order to identify strategies and tactics to increase revenue streams and financing opportunities, there is no assurance that the Company will be successful in such efforts; if the Company is not successful, it 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 the Company does not start generating and significantly increase revenues to meet these increased operating expenses and/or obtain financing until its revenues meet these operating expenses, the Company's business, financial condition and operating results could be materially adversely affected. The Company cannot be sure when or if it will ever achieve profitability and, if the Company does, it may not be able to sustain or increase that profitability. These factors form a material uncertainty that cast substantial doubt on the Company's ability to continue as a going concern.

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.

2. MATERIAL 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"), effective for the Company's reporting for the year ended December 31, 2023.

2. MATERIAL ACCOUNTING POLICIES (cont'd…)

Basis of presentation

These consolidated financial statements 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.

Significant estimates and judgments

The preparation of these consolidated 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 consolidated financial statements.

a) Ability to continue as a going concern – The assessment of the Company's ability to continue as a going concern, achieve positive cash flow from operations and/or obtain necessary equity or other financing to pay for its operating expenditures and meet its liabilities for the next 12 months from issue of the consolidated financial statements, involves significant judgment based on historical experiences and other factors including expectation of future events that are believed to be reasonable under the circumstances.

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 of intangibles – 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. 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) Share-based payments - determining the fair value of stock options requires judgment related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's future operating results or on other components of shareholders' equity.

2. MATERIAL ACCOUNTING POLICIES (cont'd…)

e) Income taxes - the estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred income tax provisions or recoveries could be affected.

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 intercompany transactions and balances have been eliminated.

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.

Functional and presentation currency

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 is the Canadian dollar. During the year ended December 31, 2023, the Company determined that the functional currency of its subsidiary was the United States Dollar for the current year and prior years. Therefore the Company has restated the previous year's consolidated financial statements to reflect this determination retroactively (Note 12).

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.

2. MATERIAL ACCOUNTING POLICIES (cont'd…)

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 consolidated statements 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 the consolidated statements of loss and comprehensive loss.

Revenues from contracts with customers

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.

The Company earns revenue from providing Swiss-hosted Cybersecurity and Internet Privacy solutions for secure communications and secure data management worldwide.

The Company applies IFRS 15 to revenue streams. The Company recognizes revenue in a manner that depicts the transfer of promised goods or services to a customer at an amount that reflects the consideration expected to be received in exchange for transferring those goods and services, applying the following five steps:

1. Identify the contract with a customer;

2. Identify the performance obligations in the contract;

3. Determine the transaction price;

4. Allocate the transaction price to the performance obligations; and

5. Recognize revenue when, or as, the Company satisfies a performance obligation

Subscription Revenue

The Company's Swiss-hosted Cybersecurity and Internet Privacy solutions are subscription SaaS offerings. Performance obligations in the Company's contracts generally consist of access to licensing software as a service provided to customers and customers do not have the right to take possession of the cloud-based software platform. Fees are based on several factors, including the solutions subscribed for by the customer and the number of endpoints purchased by the customer. The monthly subscription fees are typically payable within 30 days after the execution of the arrangement, and thereafter upon renewal or subsequent installment. The Company initially records the subscription fees as deferred revenue and recognizes revenue on a straight-line basis over the term of the agreement. The typical subscription term is monthly or annual. The Company's contracts with customers typically include a fixed amount of consideration and are generally non-cancellable and without any refund-type provisions. Revenue represents cash received from customers, net of rebates and discounts.

2. MATERIAL ACCOUNTING POLICIES (cont'd…)

Deferred Revenue

The deferred revenue balance consists of subscription services, which have been invoiced upfront, and are recognized as revenue only when the revenue recognition criteria are met. The Company's subscription contracts are typically invoiced to its customers at the beginning of the term. The Company recognizes subscription revenue rateably over the contract term beginning on the commencement date of each contract, the date that services are made available to customers.

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
- Equipment — 4 years

Intangible assets

Intangible assets consist of the Company'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. It was measured initially at fair value and is tested for impairment annually, or if there is an indication that the value has declined. The Company also, on at least an annual basis, formally estimates the current recoverable amount to ensure that it remains in excess of its carrying value.

Recoverable amount in this context refers to the higher of an asset's fair value net of costs of disposals and its value in use.

2. MATERIAL ACCOUNTING POLICIES (cont'd…)

To determine the current recoverable amount, an estimate of the asset's "value in use" is necessary. However, such estimates are inherently uncertain and require significant judgments regarding all variables used. This process involves projecting future events and activities, which obviously cannot be established with the level of certainty associated with historical results. Extended periods of time, and related sources of capital, are usually necessary to advance and develop the data required to make for more accurate projections of economic viability. Until that point, the measurement of recoverable amounts remains highly uncertain.

Costs incurred by the Company to create, enhance or develop intangible assets are eligible for capitalization only if specific outcomes have been achieved, generally the achievement of technical feasibility and commercial viability. Prior to that point, such costs are expensed as incurred.

Research and development

Research and development expenditures are included in software maintenance expense and relate to research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized in profit or loss as incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. No development expenditures have been deferred to date.

Research and development costs includes fees paid to contract research organizations and other vendors who conduct certain research and development activities on behalf of the Company. The amount of expenses recognized in a period related to research arrangements with third parties is based on estimates of work performed using an accrual basis of accounting. These estimates are based on services provided, contractual terms and experience with similar contracts. The Company monitors these factors and adjusted the estimates accordingly.

Software maintenance

Under the terms of the agreements with GlobeX Data S.A. (see Note 4) the Company is responsible for all costs associated with maintaining the software platform hosting the products, any costs associated with making changes to the products and any work performed in relation to integrations with other resellers and telecommunications operators. These costs are expensed to the consolidated statements of loss and comprehensive loss. The Company is also responsible for any additional infrastructure, such as servers, as it grows its customer base and needs more storage and processing power. These costs are capitalized to equipment on the consolidated statements of financial position. The Company's equipment (Note 3) is located in the data center leased by GlobeX Data S.A.

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. The fair value of these options are recorded to Reserves. 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 Company 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.

2. MATERIAL ACCOUNTING POLICIES (cont'd…)

Earnings (loss) per share

The Company presents basic income (loss) per share for its common shares, calculated by dividing the income (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted income (loss) per share does not adjust the income (loss) attributable to common shareholders or the weighted average number of common shares outstanding when the effect is antidilutive.

Share capital

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

Share issuance costs related to uncompleted share subscriptions are charged to operations in the period they are incurred.

Reserves

The reserves is used to recognize the fair value of stock option and warrant grants prior to exercise, expiry or cancellation and the fair value of other share-based consideration paid at the date of payment.

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	Amortized cost
Receivables (excluding GST)	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Royalty 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.

2. MATERIAL ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

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

All financial instruments are initially recognized at fair value on the consolidated statements 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 statements of loss and comprehensive loss for the year.

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.

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.

2. MATERIAL ACCOUNTING POLICIES (cont'd…)

Adoption of new accounting standards

The Company adopted the following amendments which are effective for annual reporting periods beginning on or after January 1, 2023:

• *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)*

This amendment requires companies to provide more specific disclosures about their accounting policies and the judgments made in applying these policies that have the most significant effect on the financial statements. The new definition of significant accounting policies, now material accounting policy information, is broader in scope, capturing accounting policy information that is important to understanding the judgments made in preparing the financial statements, and those policies that require the most significant judgments and estimates by the Company. The adoption of this amendment for annual reporting period beginning January 1, 2023 did not have a material impact on the consolidated financial statements.

• *Definition of Accounting Estimates (Amendments to IAS 8)*

This amendment replaces the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The Company will apply the amendments to changes in accounting estimates and errors, if any, as they arise in future periods. The adoption of this amendment for annual reporting period beginning January 1, 2023 did not have a material impact on the consolidated financial statements.

• *Deferred Tax related to Assets and Liabilities Arising from Single Transaction (Amendment to IAS 12)*

This amendment clarifies the accounting for deferred tax arising from single transactions, such as business combinations and asset acquisitions, by requiring companies to recognize deferred tax for temporary differences that arise from the initial recognition of assets and liabilities in a single transaction. The adoption of this amendment for annual reporting period beginning January 1, 2023 did not have a material impact on the consolidated financial statements.

• *International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)*

The amendments introduce a mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the implementation of the Organization for Economic Co-operation and Development's (OECD) Pillar Two model rules and provide disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

New accounting standards issued but not yet effective

• *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)*

This amendment clarifies that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period. This amendment is effective for annual reporting periods beginning on or after January 1, 2024. The Company does not expect the adoption of this amendment to have a material impact on its consolidated financial statements.

(Expressed in Canadian Dollars)

3. EQUIPMENT

	Solid-state Drives	Servers	Equipment	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	99,172	796,465	-	895,637
Additions during the year	-	-	21,996	21,996
As at December 31, 2023	99,172	796,465	21,996	917,633
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 year, included in research, development and software maintenance expense	24,792	199,117	4,124	228,033
As at December 31, 2023	55,778	311,369	4,124	371,271
Net book value:				
At December 31, 2022	$ 68,186	$ 684,213	$ -	$ 752,399
At December 31, 2023	$ 43,394	$ 485,096	$ 17,872	$ 546,362

4. INTANGIBLE ASSET

On March 30, 2018, the Company acquired all of the issued and outstanding shares of GlobeX Data Inc. ("GDI"), a company with a common director. 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.

4. INTANGIBLE ASSET (cont'd…)

On May 7, 2017, the Company (as licensee) entered into the *GlobeX Data Secure Cloud Services Licensee 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 year ended December 31, 2023, the Company accrued royalty fees of $51,897 (2022 - $46,268) in respect of the Reseller Agreement.

As at December 31, 2023, $38,104 (2022 - $38,755) was payable to GDSA pursuant to the Reseller Agreement.

The Company reperformed its impairment test at December 31, 2022, and determined that the carrying value was in excess of its recoverable amount. Therefore the Company recorded an impairment of the intangible asset of $2,522,573 for the year ended December 31, 2022 and restated the consolidated financial statements (Note 12).

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, 2023, the Company:

a) Issued 1,357,500 common shares at a fair value of $202,995 for marketing services.

b) Issued 1,000,000 common shares at a fair value of $180,000 for settlement of a marketing agreement.

c) Received proceeds of $50,000 from the exercise of 250,000 stock options.

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 of which $Nil was allocated to the warrants. 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.

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (cont'd…)

Stock Options

The Company adopted a stock option plan on April 30, 2018. The stock option plan provides that, subject to the requirements of the CSE, the aggregate number of securities reserved for issuance will be 15% of the number of the Company's common shares issued and outstanding at the time such options are granted. The exercise price of option grants will be determined by the Board of Directors but will not be less than the closing market price of the common shares on the CSE less allowable discounts at the time of grant. All options granted under the stock option plan will expire not later than the date that is ten years from the date that such options are granted.

	Number of Options	Weighted Average Exercise Price ($)
Outstanding at December 31, 2021	16,540,000	0.47
Expired/cancelled	(16,540,000)	0.47
Outstanding at December 31, 2022	-	-
Granted	11,516,272	0.10
Exercised	(250,000)	0.20
Outstanding and exercisable, December 31, 2023	**11,266,272**	**0.10**

The weighted-average remaining contractual life of options at December 31, 2023 was 7.27 years (2022 – nil years).

Additional information regarding stock options outstanding as at December 31, 2023 is as follows:

Number of Options	Exercise Price ($)	Expiry Date
100,000	0.15	May 17, 2024
3,000,000	0.20	August 30, 2026
8,166,272	0.06	January 13, 2033
11,266,272		

During the year ended December 31, 2023, the Company granted 11,516,272 (2022 - nil) stock options with a fair market value of $870,458 (2022 - $nil) or $0.08 (2022 - $nil) per option which was charged to operations in the following accounts: $70,110 (2022 - $nil) to accounting, $416,975 (2022 - $nil) to consulting, $347,757 (2022 - $nil) to director's fees, $7,819 (2022 - $nil) to legal and $27,797 (2022 - $nil) to marketing. The following assumptions were used for the Black-Scholes valuation of the stock options assuming no expected dividends or forfeitures:

	Year ended December 31, 2023	Year ended December 31, 2022
Risk-free interest rate	**2.89% - 4.69%**	-
Expected life (in years)	**1-10**	-
Expected volatility	**116.70% - 155.57%**	-

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (cont'd…)

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	(25,116,486)	0.47
Outstanding, December 31, 2023	**2,321,585**	**0.70**

The weighted-average remaining contractual life of warrants at December 31, 2023 was 0.30 years (2022 – 0.51 years). No value was allocated to the warrants.

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

Exercise price ($)	Number of warrants	Expiry Date
0.70	2,321,585	April 18, 2024
	2,321,585	

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, 2023, the Company incurred $43,940 (2022 - $45,820) in accounting fees and corporate services to an accounting firm in which an officer of the Company is a partner. As at December 31, 2023, there was $4,285 (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 December 31, 2023, there was $nil (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 year ended December 31, 2023, the Company granted 7,821,272 (2022 – nil) stock options with a fair value of $407,703 (2022 - $nil) to directors and officers of the Company of which $59,946 (2022 - $nil) was recorded to accounting expense and $347,757 (2022 - $nil) was recorded to director's fees.

During the year ended December 31, 2023, the Company paid or accrued data center and hardware maintenance fees of $820,000 (2022 - $523,997) and royalty fees of $51,897 (2022 - $46,268) to GDSA, a company with common directors (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 amortized cost.

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 of $924,739 (2022 - $4,038,704) 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.

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 December 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.

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

e) *Interest rate risk*

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

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 two media services company in the United States to assist the Company in furthering its media awareness through television, production, media analysis and procurement as follows:

- May 10, 2021 – 14-month campaign with Accel Media International LLC ("AMI"): 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 ($19,870) per month and 500,000 common shares of the Company. This agreement continued on a month-to-month basis;

- June 1, 2021 – 14-month campaign with AMI: 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 ($6,623) per month and 500,000 common shares of the Company. The Company has the right to produce two additional segments, at US$2,500 ($3,312) 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

- October 25, 2021 – 18-month marketing campaign with AMI: as for the May 10, 2021 agreement. As compensation for performing these services, AMI will receive US$30,000 ($39,740) 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 US$572,000 ($757,711) based on the Company's share price of $0.44 on that date (see Note 5).

(Expressed in Canadian Dollars)

9. CONTRACTUAL OBLIGATIONS (cont'd…)

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 ($718,633) of which US$120,000 ($161,089) was paid in payments ranging from US$15,000 ($19,870) to US$25,000 ($33,117) and were recorded to marketing expenses on the consolidated statements of loss and comprehensive loss during the year ended December 31, 2023.

On October 16, 2023, the Company amended the January 25, 2023 agreement to pay five monthly payments of US$17,500 ($23,182) from November 2023 to March 2024 and issue 1,571,428 common shares (not issued) as payment for services to be provided in fiscal 2024.

10. INCOME TAXES

A reconciliation of income taxes at the statutory rate of 27% (2022 – 27%) with the reported taxes is as follows:

	Year ended December 31, 2023	2022 (Restated – Note 12)
Loss for the year before income taxes	**$ (4,754,103)**	$ (9,082,346)
Recovery of income taxes computed at statutory rates	**(1,284,000)**	(2,452,000)
Non-deductible (non-taxable) permanent differences	**234,000**	(17,000)
Differing effective tax rate on loss in foreign jurisdiction	**(4,000)**	(19,000)
Unrecognized deferred tax assets	**1,035,000**	2,488,000
Impact of foreign exchange and other	**19,000**	-
Total income tax expense (recovery)	**$ -**	$ -

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values.

The unrecognized deductible temporary differences at December 31, 2023 and 2022 are comprised of the following:

	As at December 31, 2023	2022 (Restated – Note 12)
Equipment	**$ 3,057,000**	$ 3,582,000
Non-capital losses	**16,191,000**	12,429,000
Share issue costs	**221,000**	389,000
	$ 19,469,000	$ 16,400,000

At December 31, 2023, the Company has non-capital loss carry forwards in Canada aggregating $13,969,000 (2022 - $10,598,000) which expire over the period between 2037 and 2043, available to offset future taxable income in Canada.

At December 31, 2023, the Company has non-capital loss carry forwards in the United States of America aggregating $2,222,000 (2022 - $1,831,000) which do not expire, available to offset future taxable income in the United States of America.

Tax attributes are subject to review, and potential adjustment, by competent authority.

(Expressed in Canadian Dollars)

11. SEGMENT INFORMATION

The operating segment is reported in a manner consistent with the internal reporting provided to the key management team that comprises the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO") and the Chief Operating Officer ("COO"). The key management team fulfills the role of the chief operating decisionmaker. The key management team is responsible for allocating resources and assessing the performance of the Company's operating segments. The Company manages its business under a single reportable operating segment, being the Swiss-hosted Cybersecurity and Internet Privacy solutions for secure communications and secure data management worldwide.

(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:

		Year ended December 31, 2023		Year ended December 31, 2022 (Restated – Note 12)
Business to Business partners	**$**	**11,211**	$	4,635
Direct customer purchases		**531,971**		422,147
	$	**543,182**	$	426,782

(b) Total Revenues by geographical location

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

		Year ended December 31, 2023		Year ended December 31, 2022 (Restated – Note 12)
Latin America	**$**	**7,975**	$	1,611
United States		**535,207**		425,171
	$	**543,182**	$	426,782

The Company operates in one reportable operating segment, being a Cybersecurity and Internet Privacy provider for secure communications and data management. Geographical information is as follows:

		Total Current Assets		Equipment		Total
December 31, 2023						
Canada*	$	515,538	$	546,362	$	1,061,900
United States		491,348		-		491,348
	$	1,006,886	$	546,362	$	1,553,248
December 31, 2022						
Canada	$	3,696,936	$	752,399	$	4,449,335
United States		555,874		-		555,874
	$	4,252,810	$	752,399	$	5,005,209

* The equipment is owned by Sekur Private Data Ltd. but is located in Switzerland.

(Expressed in Canadian Dollars)

12. RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

The Company has restated its comparative column to these consolidated financial statements for the year ended December 31, 2022. During the current year, the Company:

a) Determined that the functional currency of its subsidiary was the United States Dollar and not the Canadian dollar as previously reported. The correction of this error resulted in an opening balance of $3,219 of accumulated other comprehensive income as at January 1, 2022 and a translation adjustment of $17,754 recorded in the consolidated statements of loss and comprehensive loss for the year ended December 31, 2022.
b) Determined that the recoverable amount of the indefinite life intangible asset was $nil as at December 31, 2022, and as such, recorded an impairment loss of $2,552,573 for the year ended December 31, 2022.
c) Reviewed the Company's revenue recognition in accordance with IFRS 15 and concluded that revenue from customer subscriptions had been recognized prior to the satisfaction of performance obligations. This resulted in an adjustment to defer revenue previously recognized during the year ended December 31, 2022 to the subsequent fiscal year. To correct this error, deferred revenue of $109,018 and $71,501 was recorded on the consolidated statements of financial position at December 31, 2022, and January 1, 2022, respectively, and an adjustment was made to decrease revenue by $37,517 in the consolidated statements of loss and comprehensive loss for the year ended December 31, 2022.
d) Recorded an adjustment for $84,269 to correct a cut-off error for services provided during the year ended December 31, 2022, for which an expense had been incorrectly recorded in the subsequent fiscal year, which resulted in an understatement of 2022 expenses and accounts payable as at December 31, 2022.

The following tables present the impact of the restatement on the Company's previously reported consolidated financial statements for the year ended December 31, 2022:

Statement of financial position impacts	Previously reported	Adjustments	Restated
ASSETS			
Current			
Cash and cash equivalents	$ 4,038,704	$ -	$ 4,038,704
Receivables	34,041	-	34,041
Prepaid expenses	180,065	-	180,065
	4,252,810	-	4,252,810
Non-current			
Equipment (Note 3)	752,399	-	752,399
Intangible asset (Note 4)	2,552,573	(2,552,573)	-
Total Assets	$ 7,557,782	$ (2,552,573)	$ 5,005,209

(Expressed in Canadian Dollars)

12. RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS (cont'd…)

LIABILITIES AND SHAREHOLDERS' EQUITY						
Current liabilities						
Accounts payable and accrued liabilities	$	171,270	$	84,269	$	255,539
Royalty fees payable (Note 4)		38,755		-		38,755
Deferred revenue		-		109,018		109,018
		210,025		193,287		403,312
Shareholders' equity						
Share capital (Note 5)		22,001,842		-		22,001,842
Reserves (Note 5)		5,221,699		-		5,221,699
Accumulated other comprehensive income		-		20,973		20,973
Deficit		(19,875,784)		(2,766,833)		(22,642,617)
		7,347,757		(2,745,860)		4,601,897
Total Liabilities and Shareholders' Equity	$	7,557,782	$	(2,552,573)	$	5,005,209

Statement of loss and comprehensive loss impacts		**Previously reported**		**Adjustments**		**Restated**
Revenue	$	464,299	$	(37,517)	$	426,782
Operating expenses		(6,876,636)		(84,269)		(6,960,905)
Loss on foreign exchange		(44,244)		(17,754)		(61,998)
Impairment of intangible asset		-		(2,552,573)		(2,552,573)
Net loss for the year		(6,390,233)		(2,692,113)		(9,082,346)
Currency translation adjustment		-		17,754		17,754
Net loss and comprehensive loss for the year	$	(6,390,233)	$	(2,674,359)	$	(9,064,592)
Basic and diluted loss per share	$	(0.06)	$	(0.02)	$	(0.08)

Statement of cash flow impacts		**Previously reported**		**Adjustments**		**Restated**
Net cash used in operating activities	$	(5,507,639)	$	(17,754)	$	(5,525,393)
Net cash provided by financing activities	$	956,405	$	-	$	956,405
Net cash used in investing activities	$	(222,539)	$	-	$	(222,539)
Effect of exchange rate on cash	$	-	$	17,754	$	17,754

(Expressed in Canadian Dollars)

12. RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS (cont'd…)

The following tables present the impact of the restatement on the Company's opening balances at January 1, 2022 for liabilities and shareholders' equity:

Statement of financial position impacts	Previously reported	Adjustments	Restated
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	$ 77,730	$ -	$ 77,730
Royalty fees payable (Note 4)	52,734	-	52,734
Deferred revenue	-	71,501	71,501
	130,464	71,501	201,965
Shareholders' equity			
Share capital (Note 5)	20,982,323	-	20,982,323
Reserves (Note 5)	5,228,563	-	5,228,563
Accumulated other comprehensive income	-	3,219	3,219
Deficit	(13,485,551)	(74,720)	(13,560,271)
	12,725,335	(71,501)	12,653,834
Total Liabilities and Shareholders' Equity	$ 12,855,799	$ -	$ 12,855,799

13. REVERSE STOCK SPLIT

On November 9, 2022, the Company's Board of Directors approved a reverse stock split of the Company's common shares. The reverse stock split can be executed up to a ratio of 100:1. At December 31, 2023, if completion of the reverse stock split was 100:1, the number of issued and outstanding shares of the Company's common shares would decrease from 119,632,941 shares to approximately 1,196,329 common shares.

Share and per share data presented in the accompanying consolidated financial statements have not been adjusted for a reverse stock split if it were to occur. Pro forma share and per share data, giving retroactive effect to the reverse stock split, are as follows (rounded to the nearest cent):

	Year ended December 31, **2023**	2022
	Pro Forma Amounts Unaudited	
Net loss per common share – basic and diluted		
Basic and diluted – as reported (pre-stock split)	**$ (0.04)**	$ (0.08)
Basic and diluted – pro forma (post-stock split) (unaudited)	**$ (4.04)**	$ (7.81)
Weighted average shares outstanding		
Basic and diluted – as reported (pre-stock split)	**117,763,592**	116,003,853
Basic and diluted – pro forma (post-stock split) (unaudited)	**1,177,636**	1,160,039