Plurilock Security Inc.
Management's Discussion and Analysis
For the three and nine months ended September 30, 2021

Introduction

This management's discussion and analysis ("**MD&A**") for Plurilock Security Inc. ("**Plurilock**" or the "**Company**" or "**PSI**") should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements as at and for the three and nine months ended September 30, 2021 and 2020 which have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting ("**IAS 34**") using accounting policies consistent with International Financial Reporting Standards ("**IFRS**") ("**interim financial statements**"). As such, the interim financial statements do not contain all the disclosures required by IFRS for annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2020 and 2019 ("**consolidated financial statements**"). Except as otherwise indicated or where the context so requires, references to "Plurilock" or the "Company" include Plurilock and its subsidiaries. All dollar figures stated herein are expressed in Canadian dollars ($ or Cdn$), unless otherwise specified.

The Company Background

Plurilock, formerly Libby K Industries Inc. ("**Libby K**"), was incorporated under the BC Business Corporations Act on July 5, 2018. The Company's head office and principal place of business is located at 1021 West Hastings Street, MNP Tower, 9th Floor, Vancouver, BC, V6E 0C3, Canada.

The Company's common shares trade on the TSX-V as a Tier 2 technology issuer under the ticker symbol "TSX-V: PLUR" and on the OTCQB under the ticker symbol "OTCQB: PLCKF".

Plurilock is an identity-centric cybersecurity company offering IT and cybersecurity solutions through its solutions division, paired with proprietary AI-driven and cloud-friendly security products through its technology division.

Plurilock has one wholly owned subsidiary, Plurilock Security Solutions Inc. ("**PL**"), which was formed following the amalgamation of PL and 1243540 B.C. Ltd. on September 17, 2020, pursuant to a Qualifying Transaction ("**QT**"). PL in turn has one wholly owned subsidiary, Plurilock Security Corp. ("**PLUS**"). PLUS was incorporated on November 15, 2017, in the State of Delaware, USA. On March 31, 2021, PLUS completed the acquisition of Aurora Systems Consulting Inc. ("**ASC**" or "**Aurora**"), a provider of advanced cybersecurity technology and services based in the State of California, USA. PLUS acquired all of the outstanding securities of Aurora. On July 22, 2021, Plurilock incorporated an Indian subsidiary, Plurilock Security Private Limited ("**PSP**"). PSP is owned 99.9% by PSI and 0.01% by PL.

The date of this MD&A is November 26, 2021, the date on which it was approved by the Board of Directors.

Forward-looking statements

Certain statements in this MD&A constitute forward-looking statements within the meaning of applicable securities laws. Forward-looking statements include, but are not limited to, the Company's goals, expected costs, objectives, growth strategies, merger and acquisition program and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "should", "plans" or "continue", or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management.

Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those contemplated by such statements. Factors that could cause such differences include the highly competitive nature of the Company's industry, government regulation and funding and other such risk factors described herein and in other disclosure documents filed by the Company with Canadian securities regulatory agencies and commissions. This list is not exhaustive of the factors that may impact the Company's forward-looking statements. These and other factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. As a result of the foregoing and other factors, no assurance can be given as to any such future results, levels of activity or achievements and neither the Company nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements. The factors underlying current expectations are dynamic and subject to change.

Although the forward-looking statements contained in this MD&A are based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. All forward-looking statements in this MD&A are qualified by these cautionary statements. Other than specifically required by applicable laws, we are under no obligation and we expressly disclaim any such obligation to update or alter the forward-looking statements whether as a result of new information, future events or otherwise except as may be required by law. These forward-looking statements are made as of the date of this MD&A.

Selected Q3 2021 financial information

The following selected financial information for the three and nine months ended September 30, 2021 and 2020 has been derived from the condensed interim consolidated financial statements and should be read in conjunction with those financial statements and related notes. Non-IFRS measures are defined below.

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	**2021**	2020
	$	$	**$**	$
Revenue	***15,245,948***	*168,854*	***23,926,019***	*351,705*
Hardware sales	***13,866,649***	-	***21,447,857***	-
Electronic software license and maintenance sales	***1,294,124***	*84,915*	***2,099,934***	*248,395*
Professional services	***85,175***	*83,939*	***378,228***	*103,310*
Cost of sales	**(14,685,812)**	(32,497)	**(22,669,817)**	(54,395)
Gross profit	**560,136**	136,357	**1,256,202**	297,310
Gross margin	**3.7%**	80.8%	**5.3%**	84.5%
Comprehensive loss for the period	**(1,487,540)**	(1,750,540)	**(4,428,878)**	(2,850,916)
EBITDA(1)	**(1,474,825)**	(1,740,995)	**(4,397,229)**	(2,801,511)
Adjusted EBITDA(1)	**(1,244,593)**	(276,205)	**(3,286,133)**	(1,313,954)
Basic and diluted loss per share - for the period	**(0.03)**	(0.07)	**(0.08)**	(0.13)
Weighted average common shares outstanding	**58,967,025**	25,428,332	**58,601,288**	22,328,011
Reconciliation of EBITDA and adjusted EBITDA:				
Comprehensive loss for the period	**(1,487,540)**	(1,750,540)	**(4,428,878)**	(2,850,916)
Amortization	**9,839**	6,372	**27,371**	17,064
Interest expenses	**2,876**	3,173	**4,278**	32,341
EBITDA(1)	**(1,474,825)**	(1,740,995)	**(4,397,229)**	(2,801,511)
Share-based compensation	**215,688**	8,828	**703,490**	31,595
Listing expenses	**-**	1,455,962	**1,911**	1,455,962
Financing expenses	**-**	-	**99,805**	-
Acquisition related expenses	**14,544**	-	**305,890**	-
Adjusted EBITDA(1)	**(1,244,593)**	(276,205)	**(3,286,133)**	(1,313,954)

	September 30, 2021	December 31, 2020
	$	$
Cash & cash equivalents	**7,050,291**	1,721,179
Trade and other receivables	**4,465,416**	118,796
Prepaid expenses and deposits	**297,602**	207,559
Total current assets	**12,426,130**	2,116,777
Total non-current assets	**1,798,034**	111,747
Total assets	**14,224,164**	2,228,524
Trade and other payables	**9,537,062**	409,616
Unearned revenue	**355,584**	94,700
Total current liabilities	**9,896,501**	521,173
Total non-current liabilities	**230,508**	30,000
Total liabilities	**10,127,009**	551,173

Note:

(1) *Non-GAAP measure. Earnings before interest, taxes, depreciation and amortization ("**EBITDA**") and Adjusted EBITDA should not be construed as alternatives to net income/loss determined in accordance with IFRS. EBITDA and Adjusted EBITDA do not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. The Company defines EBITDA as earnings before interest, taxes, and amortization. Adjusted EBITDA is defined as EBITDA before share-based compensation, listing, financing and acquisition related expenses. The Company believes that EBITDA and Adjusted EBITDA is a meaningful financial metric for investors as it adjusts income to reflect amounts which the Company can use to fund working capital requirements, service future interest and principal debt repayments and fund future growth initiatives.*

Q3 2021 Financial Highlights

- Total revenue for the three months ended September 30, 2021 was $15,245,948 as compared to $8,604,310 for the three months ended June 30, 2021.
- Total revenue for the three and nine months ended September 30, 2021 was $15,245,948 and $23,926,019 respectively, compared to $168,854 and $351,705 over the same periods in the prior fiscal year. The increase in revenue is primarily due to revenue generated from the new Solutions Division post ASC acquisition.
- Hardware sales revenue for the three and nine months ended September 30, 2021 totalled $13,866,649 and $21,447,857, respectively. No hardware revenue was recorded in the prior year. Electronic software license and maintenance sales revenue for the three and nine months ended September 30, 2021 was $1,294,124 and $2,099,934, respectively, compared to $84,915 and $248,395 over the same periods in the prior year. Professional services revenue was $85,175 and $378,228 for the three and nine months ended September 30, 2021, respectively, compared to $83,939 and $103,310 over the same periods in the prior year.
- Hardware sales revenues for the three and nine months ended September 30, 2021 accounted for 91% and 89.6% of total revenues respectively, compared to nil % for the same periods in 2020. Electronic software, license and maintenance sales revenues for the three and nine months ended September 30, 2021 accounted for 8.5% and 8.8% respectively, compared to 50.3% and 70.6% for the same periods in 2020. Professional services revenue for the three and nine months ended September 30, 2021 accounted for 0.6% and 1.6% of total revenues respectively, compared to 49.7% and 29.4% for the same periods in 2020. Hardware revenues was the new revenue stream added to the Company after the acquisition of ASC.
- Gross margins for three and nine months ended September 30, 2021 was 3.7% and 5.3%, respectively, compared to 80.8% and 84.5% over the same periods in the prior year.
- Adjusted EBITDA for the three and nine months ended September 30, 2021 was $(1,244,593) and $(3,286,133), respectively, compared to $(276,205) and $(1,313,954) over the same periods in the prior year.
- Cash & cash equivalents on September 30, 2021 was $7,050,291 compared to $1,721,179 on December 31, 2020.
- During the three and nine months ended September 30, 2021, the Company generated $1,904,265 and $327,717 of cash from operating activities respectively, compared to using $346,795 and $865,338 during the same periods in 2020.

Q3 2021 Operational Highlights

- On September 15, 2021, Plurilock released ADAPT Administration Dashboard V1.2 to customers under the Early Access Program.
- On September 17, 2021, the Company transitioned its auditors from Deloitte LLP to Mazars, LLP.
- On September 29, 2021, the Company received a SOC2 Type II report from the security and compliance firm BARR Advisory, P.A., indicating that Plurilock met all requirements by completing an examination that focuses on five trust service principles of security, which includes confidentiality, security, availability, processing integrity, and the privacy of customer data to obtain the SOC2 Type II certification for the ADAPT and DEFEND products.
- On September 30, 2021, the Company deployed Plurilock DEFEND 5.4 in Asia. This was the first time Plurilock DEFEND version 5 was deployed outside of North America.

- On September 30, 2021, Plurilock was named "Authentication Solution of the Year" as a winner of the 2021 Cybersecurity Breakthrough Awards, for its cutting-edge DEFEND continuous authentication product.
- During Q3 2021 the Company announced US $8.36 million new orders and contracts which included US $1.7 million and US $1.9 million orders with the U.S. Department of Defense that were announced on July 15, 2021, and July 21, 2021 respectively, an order for US $1.08 million with the U.S. Air Force that was announced on August 23, 2021 as part of the National Aeronautics and Space Administration (**"NASA"**)'s Solution for Enterprise-Wide Procurement ("**SEWP**") program, a United States Government-Wide Acquisition Contract Vehicle ("**GWAC**").

Company

Overview

Plurilock is an identity-centric cybersecurity solutions provider to businesses.

Cybersecurity has become an identity-driven discipline, and identity-driven solutions are needed to combat today's pressing threats, comply with regulation, and ensure the safety of contemporary business environments. Plurilock's vision is to meet this need by delivering solutions that combine next-generation identity technologies with best-of-breed cybersecurity tools, all delivered with a customer-obsessed focus.

Plurilock is headquartered in Vancouver, B.C., Canada with sales offices in Canada, U.S.A and India. The Company's website is www.plurilock.com.

PSI has the following material, directly or indirectly, wholly owned subsidiaries:

1. PL, a company incorporated under the laws of British Columbia, Canada;
2. PLUS, a company incorporated under the laws of the State of Delaware, U.S.A.;
3. ASC , a company incorporated under the laws of the State of California, U.S.A.; and
4. PSP, a company incorporated under the laws of India.

Effective March 31, 2021 with the acquisition of ASC, Plurilock started operating two business divisions, the Technology Division and the Solutions Division. The Technology Division, operates under the legacy Plurilock brand, builds and operates Plurilock's own proprietary products. The Technology Division is operated by the Company, PL, PLUS and PSP. The Solutions Division, created after the March 31, 2021 acquisition of ASC, offers ASC's services and resells cybersecurity industry products and technologies to meet customer needs. The Solutions Division is separately operated by ASC.

Technology Division

At Plurilock's heart is the ability to recognize individuals and verify identities using cutting-edge behavioral biometric signatures, each generated by applying machine learning in the background to personal behavioral and input patterns, physical location, and other contextual data, as users do their normal work. Plurilock joins this capability to industry-leading products and services in powerful solutions that secure the systems and attack surfaces that are of greatest cybersecurity concern in today's enterprises—all without requiring new user training, authentication steps, security hardware, or helpdesk support.

Solutions Division

ASC supports clients' business-critical applications with a deeply consultative approach to cybersecurity, combining partner-provided solutions with in-house security services to help clients address the complex challenges of cybersecurity. ASC sells both hardware and packaged software and offers both expert professional services and long-term managed services capabilities.

Principal Products and Services

Technology Division

Plurilock offers a core, multiple-patent-protected technology that confirms user identity without passwords, numeric MFA codes, fingerprints, or other common identity confirmation technologies. This enables robust control of access to key systems and data resources while eliminating obstacles that hamper adoption of other security tools. It does this by:

- observing user keyboard behavior, pointer behavior, physical location, machine identity, network context, and other factors on an ongoing basis and in real time,
- analyzing this data using machine learning techniques to generate a unique and evolving identity signature for each distinct user as work happens, and
- leveraging this identity signature to grant or deny access as appropriate, every few seconds throughout the workday, without additional user or administrator steps.

This core capability is incorporated directly into Plurilock's two branded products:

- Plurilock DEFEND, an enterprise continuous authentication platform that confirms user identity or alerts security teams to detected intrusions in real time, as regular work is carried out, without otherwise inconveniencing or interrupting users; and
- Plurilock ADAPT, a standards-based login multi-factor authentication ("**MFA**") platform that provides added login security without relying on fingerprint scans, SMS codes, authenticator apps, hardware tokens, or other intrusive legacy MFA requirements.

Solutions Division

ASC provides an extensive line of best-of-breed, Tier-1 IT and cybersecurity technologies, services and products covering each of the major service areas and risk areas in cybersecurity along with enterprise service provisions to manage these product deployments and their integration and operation.

The combination of Plurilock's next-generation technology offerings and ASC's stable of cybersecurity capabilities enables the creation of enterprise-reading, single-provider solutions that cover traditional, organization-wide cybersecurity requirements while also providing cutting-edge capabilities to address emerging threats.

Operations

Plurilock's sales cycles are relatively long, seasonal and unpredictable as a result of the Company's focus on larger enterprise and government sales and the current vendor hardware supply chain bottlenecks resulting from a post-pandemic spike in demand converging with industrial production struggling to catch up after lengthy Covid-induced shutdowns. As a result, sales may be delayed resulting in fluctuations in sales and cash flow in quarters during which large sales are completed. Plurilock does not anticipate any effects on major aspects of the business over the next 12 months resulting from termination or renegotiation of contracts.

Plurilock's employees have deeply rooted domain knowledge of the regional and global cybersecurity industry, which provides a competitive advantage through its specialized software architecting and development skills and its sales, training and support capabilities. As of the date hereof, Plurilock has 42 full and part-time employees.

Sales, support, and information technology software development offices are located and managed at Plurilock's two division offices. Plurilock will add regional sales offices as required and will continue to rely on securing channel partners in markets where Plurilock does not maintain a sales force. These partners in local markets conduct in-person sales, support, and account relations activity in close collaboration with

Plurilock to ensure client satisfaction and retention.

Plurilock develops its products using employed software developers, as well as retaining specialized sub-contractors on a case-by-case basis. The Company holds several patents, related to our core intellectual property and is actively filing for additional parents. Plurilock technologies and services depend on a variety of "open source" software tools, applications, and libraries. The continued availability of these tools, applications, and libraries under appropriate commercially compatible licences is important to the segment.

Plurilock's most important intangible assets are its intellectual property, maintained as a body of trade secrets in the form computer code, and the practical knowledge and experience of behavioural biometrics methods and approaches gained through operational experimentation.

Markets

Plurilock is directly focused on business-to-business ("**B2B**") sales in the North American market, particularly the United States and Canada, where there are some 65 million white-collar employees.[1] In particular, outbound sales efforts for both divisions target three markets in North America aggressively:

1. **Federal government sales.** Plurilock has multiple existing contracts with the U.S. federal government agencies and maintains a number of procurement vehicles, including a NASA Solutions for Enterprise-Wide Procurement contract, a Government-Wide Acquisition Contract, and a General Services Administration STARS-II contract to enable the conduct of business with US Federal agencies such as the US Department of Defense, US Air Force, and US Department of the Navy.
2. **State, local, and education ("SLED") sales.** Plurilock maintains procurement vehicles, expertise, and existing relationships to sell to public sector and critical infrastructure organizations below the federal level, representing an expanding area of aggressive focus. Available procurement vehicles include multiple California Multiple Awards Schedule ("**CMAS**") contracts, with recently closed SLED business that includes the California State Teachers' Retirement System and the California Department of Motor Vehicles.
3. **Commercial entity sales.** Key verticals in the commercial market space are marked by significant cyber-threat pressure and/or significant regulatory compliance requirements with regard to cybersecurity, data safety, and privacy. Plurilock sells to commercial entities facing either of these realities.

[1] Kaiser Family Foundation, www.kff.org/other/state-indicator/blue-and-white-collar-workers/?dataView=1&currentTimeframe=0&sortModel=%7B%22colId%22%3A%22Location%22%2C%22sort%22%3A%22asc%22%7D

Go to Market

Plurilock is highly focused on B2B sales and goes to market by identifying prospects in federal government and SLED verticals, and regulated commercial organizations that:

- Face significant IT & cybersecurity risks and requirements;
- Face significant regulatory and compliance pressure to address such cybersecurity risks and liabilities; and
- Demonstrate or show evidence of budgetary allocations to enable such purchases.

Sales Strategy

Plurilock pursues these clients with a "land and expand" sales model that combines the resale of third-party products with upselling/cross-sales of high-margin services and Plurilock's own high-margin recurring revenue products. Any initial sale forms the basis of a business relationship that enables subsequent, more lucrative sales.

Plurilock's sales process relies on an organic force of specialized B2B sales representatives, a well-considered sales strategy, and extensive support from marketing teams, infrastructure, and initiatives:

- Sales representatives retain and grow their customer base by maintaining close, meaningful relationships with their clients, partners, and team members. This direct engagement generates on-the-ground expertise that enables effective prioritization and decision-making, producing high rates of customer satisfaction.
- Partnerships are signed, maintained, and promoted with pride and similarly close contact, enabling relationship priority in pricing, knowledge distribution, and other kinds of access. Marketing of these partnerships prioritizes brand consistency and leveraging partner relationships to enable thought leadership when engaging key decision-makers.
- In addition to its force of B2B sales representatives, Plurilock may in the future add touchless self-service purchasing options operated through its corporate website, with self-service options serving as supplements to, rather than replacements for, expert B2B sales labor.

Marketing expenses, excluding employee labor costs, are currently centered heavily on software, infrastructure, and advertising expenses including inbound sales such as website & other advertising platforms; outbound direct sales and event-driven sales.

Growth Strategy

Plurilock employs a multi-pronged strategy to ensure continued rapid growth:

- **Organic acquisition of new customers through referrals.** Plurilock retains existing customers by maintaining deep engagement, including in-person sales and engineering team visits to develop and refine security strategy and client relationships. These positive relationships, combined with product line breadth, enable increased customer base penetration and expansion to adjacent markets through references and organic word-of-mouth marketing.
- **Channel partners to accelerate awareness.** In regions without a direct Plurilock presence, Plurilock employs channel partners to drive awareness and empowers these channel partners with regular close interaction and a deep library of marketing and sales collateral.
- **Strategic acquisition of synergistic companies.** Plurilock continues to pursue strategic acquisitions that enhance its go-to-market and sales capabilities. The acquisition of Aurora, which provided Plurilock with an already extremely successful sales organization and extensive stable of best-of-breed cybersecurity products to enable comprehensive solutions provision and cross-sale

capabilities, is broadly representative of Plurilock's strategy to:

- enable the provision of the more comprehensive, single-provider solution set for which the market is increasingly calling, and
- add complementary capabilities that accelerate adoption and sales of core Plurilock technologies and the integration of these technologies into delivered solutions.

Future acquisitions may include, but are not limited to, those that add new capabilities in cloud and remote work security, capabilities in managed and professional services provision, and core technologies or intellectual property able to further enhance the utility and differentiation of core Plurilock products and technologies.

Acquisition Strategy

Plurilock's growth strategy also includes completing strategic acquisitions. In assessing the suitability of potential acquisition targets ("**PAT**"), Plurilock considers numerous operational and strategic factors as they relate to Plurilock which may include, amongst others, the following: enhanced, additional and diversified product offerings and customer lists; strong brands and intellectual property; additional sales channel and partnerships; new revenue streams in adjacent market segments; and accretive revenue and costs synergies.

To date, Plurilock has made one such acquisition, that being the share purchase of ASC on March 31, 2021. There is significant competition for PATs due to the dynamic nature of the security industry. Valuations for PATs are at an all-time market high and Plurilock may need to pay a premium to acquire desirable PATs. In North America, there are several hundred companies that fit the PAT profile identified by Plurilock, but some many have not achieved the revenue scale, or product-market-fit to make them accretive to Plurilock's core business.

Plurilock's acquisition model is expected to include paying for acquisitions with a combination of cash, shares, and earn-out payments. Acquisitions may also be structured to accommodate the continued involvement for the vendor and the retention of individuals key to the success and viability of the acquired firm. The structure of Plurilock's acquisitions, including the proportion of cash, shares, and earn-out payments/debt as consideration are subject to deal specific factors including business, legal, and tax advice, and are reviewed and approved by the Board.

Plurilock does not necessarily envision integrating newly acquired businesses under one common corporate brand. Instead, Plurilock's strategy may include maintaining the value created by the vendor by retaining the identity, specialization, and other success factors of the target firm within its local market. Each PAT will be reviewed and negotiated separately.

Overall performance and discussion of operations

COVID-19 Impact on Operations and Financial Position

In March 2020, the World Health Organization declared the coronavirus (specifically identified as "**COVID-19**") a global pandemic. COVID-19 has had a limited impact on the Company's operations. All employees have switched to working remotely during this time. The Company has resources available to fulfill its customers' deliverables. The Company does not expect that the impact of COVID-19 will materially affect its business and financial results. The Company believes its response plan represents its positive contribution to the society and the business community.

Revenue

Effective March 31, 2021 with the ASC acquisition, Plurilock started operating two business divisions, the Technology Division and the Solutions Division. The Technology Division, operates under the legacy Plurilock brand, builds and operates Plurilock's own proprietary products. The Technology Division is operated by the Company, PL and PLUS. The Solutions Division, created after the March 31, 2021 acquisition of Aurora, is separately operated and offers services and resells cybersecurity industry products and technologies to meet customer needs.

Revenue is generated from the below three sources under both the Technology Division and the Solutions Division:

1. *Hardware sales*
    a. Hardware sales revenue is comprised of products that proactively prevent, secure and manage advanced cybersecurity threats and malware for customers.
2. *Electronic software license and maintenance sales*
    a. Electronic software and maintenance sales revenues are comprised of fees that provide customers with access to propriety and third-party software licenses and related support and updates during the term of the customer agreements.
3. *Professional Services*
    a. Professional Services are generally on either a fixed fee, milestone based, time & material or subscription basis. These services are generally distinct from other goods or services that the Company might provide to the same customer under the same or separate contracts.

The following table shows the details of revenues from operations for the three and nine months ended September 30, 2021 and 2020:

	For the three months ended September 30,				
	2021		2020		Increase/-Decrease
	$	%	$	%	%
Hardware sales	**13,866,649**	91.0%	—	0%	n/a
Electronic software license and maintenance sales	**1,294,124**	8.4%	84,915	50.3%	1424%
Professional services	**85,175**	0.6%	83,939	49.7%	1%
Total revenue	**15,245,948**	100%	**168,854**	100%	8929%

	For the nine months ended September 30,				
	2021		2020		Increase/-Decrease
	$	%	$	%	%
Hardware sales	**21,447,857**	89.6%	—	0.0%	n/a
Electronic software license and maintenance sales	**2,099,934**	8.8%	248,395	70.6%	745%
Professional services	**378,228**	1.6%	103,310	29.4%	266%
Total revenue	**23,926,019**	100%	**351,705**	100%	6703%

Total revenue for the three and nine months ended September 30, 2021 was $15,245,948 and $23,926,019 respectively, compared to $168,854 and $351,705 over the same periods in the prior fiscal year. The increase in revenue is primarily due to revenue generated from the new Solutions Division post ASC acquisition.

Hardware sales revenue for the three and nine months ended September 30, 2021 totalled $13,866,649 and $21,447,857, respectively. No hardware revenue was recorded in the prior year. Electronic software license and maintenance sales revenue for the three and nine months ended September 30, 2021 was $1,294,124 and $2,099,934, respectively, compared to $84,915 and $248,395 over the same periods in the prior year. Professional services revenue was $85,175 and $378,228 for the three and nine months ended September 30, 2021, respectively, compared to $83,939 and $103,310 over the same periods in the prior year.

Hardware sales revenues for the three and nine months ended September 30, 2021 accounted for 91.0% and 89.6% of total revenues respectively, compared to nil % for the same periods in 2020. Electronic software, license and maintenance sales revenues for the three and nine months ended September 30, 2021 accounted for 8.4% and 8.8% respectively, compared to 50.3% and 70.6% for the same periods in 2020. Professional services revenue for the three and nine months ended September 30, 2021 accounted for 0.6% and 1.6% of total revenues respectively, compared to 49.7% and 29.4% for the same periods in 2020.

The Company continues to focus its growth strategy on increasing its three revenues streams, organically and through acquisitions.

Gross Profit and Gross Margin

The following table summarizes gross profit and gross margin from operations for the three and nine months ended September 30, 2021 and 2020:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	**2021**	2020
	$	$	**$**	$
Revenue	**15,245,948**	168,854	**23,926,019**	351,705
Cost of sales	**(14,685,812)**	(32,497)	**(22,669,817)**	(54,395)
Gross profit	**560,136**	136,357	**1,256,202**	297,310
Gross profit (%)	***3.7%***	*80.8%*	***5.3%***	*84.5%*

Gross profit depends on the product mix and costs of sales for the reporting periods. Cost of sales include expenses related to the procurement of hardware, software, cost of using external cloud-based server providers, project management effort, customer support staff and third-party subcontractors.

Gross profit as a percent of revenue for the three and nine months ended September 30, 2021, decreased to 3.7% and 5.3% respectively versus 80.8% and 84.5% respectively during the same periods in 2020. The change in gross profit percentages is primarily a result of the ASC acquisition under the Solutions Division. The Solutions Division gross margin is lower than that of the Technology Division due to different pricing strategies and direct cost structures. For the three months ended September 30, 2021, gross margin from Hardware sales in the Solutions Division was lower compared to previous quarters as a result the unprecedented current supply chain delays which are exacerbated by the global COVID pandemic. The supply chain delays have significantly slowed down sales from higher-margin hardware products. It is expected that the delayed higher-margin hardware products to be sold in the subsequent quarter hence increasing the overall gross profit of the Solutions Division. To date, the Company has not experienced any sales order cancellations as a result of the current supply chain delays.

On April 27, 2021, the Company's Paycheck Protection Program ("**PPP**") loan obtained from the Coronavirus Aid, Relief, and Economic Security Act ("**CARES Act**") was forgiven. The amount of $ 102,982 forgiven was recognized and netted against the Solutions Division cost of sales during the nine months ended September 30, 2021.

Research and Development Expenses ("R&D")

The following table is a breakdown of the Company's R&D related expenses for the three and nine months ended September 30, 2021 and 2020:

	For the three months ended		For the nine months ended	
	September 30, 2021 $	September 30, 2020 $	**September 30, 2021 $**	September 30, 2020 $
Research and development				
Communication and IT services	**70,705**	38,396	**163,710**	104,593
Contractors	**74,593**	11,278	**179,193**	11,278
Government assistance	**-**	(186,954)	**(41,228)**	(340,446)
Office and general	**1,697**	427	**4,244**	1,892
Salaries and benefits	**246,710**	192,042	**698,652**	591,567
SRED tax credit	**-**	(14,726)	**(277)**	(107,614)
Travel and entertainment	-	65	-	2,129
COS allocation	**(20,537)**	(45,767)	**(51,777)**	(78,825)
	373,168	(5,239)	**952,517**	184,574

For the three and nine months ended September 30, 2021, Plurilock's R&D expenses of $373,168 and $952,517 respectively primarily include salaries and benefits, contractors fees, and communication & IT services. For the three and nine months ended September 30, 2021 the Company received nil and $41,228 respectively, in government assistance from the Canadian National Research Council ("**NRC**") Industrial Research Assistance Program ("**IRAP**"), compared to $89,916 and $129,878 during the same periods in 2020. During the three and nine months ended September 30, 2021, the Company did not receive any government assistance from the Government of Canada under the relief programs for the COVID-19 pandemic as compared to $97,038 and $210,568 during the same periods in 2020.

R&D expenses may continue to increase in the future as the Company seeks to evolve and improve its behavioral biometrics authentication platform, invest in new technology and products that will enhance the Company's value proposition to customers and provide additional revenues.

Sales and Marketing expenses ("S&M")

The following is a breakdown of the Company's S&M related expenses for the three and nine months ended September 30, 2021, and 2020:

	For the three months ended		For the nine months ended	
	September 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
Sales and marketing	**$**	$	**$**	$
Advertising and promotion	**19,622**	11,886	**68,779**	25,732
Communication and IT services	**26,065**	16,889	**74,141**	41,470
Contractors	**176,891**	42,910	**310,851**	65,685
Government assistance	**-**	(35,553)	**-**	(69,037)
Marketing	**14,263**	23,768	**(16,715)**	39,078
Office and general	**3,598**	-	**7,539**	2,643
Salaries and benefits	**376,846**	182,537	**892,960**	539,306
Sales commission	**120,867**	1,848	**165,877**	13,687
Travel and entertainment	**2,821**	-	**4,218**	614
	740,973	244,285	**1,507,650**	659,178

For the three and nine months ended September 30, 2021, the Company's S&M expenses of $740,973 and $1,507,650 respectively, primarily include salaries and benefits, contractors fees as well as sales commission, compared to $244,285 and $659,178 for the same periods in 2020. The increase of S&M expenses is a result of the additional sales staff in the Solutions Division as a result of the ASC acquisition as well as increased contractors and advertising and promotion activities in the Technology Division.

Sales & marketing expenses may continue to increase in the future as the Company seeks to execute on its sales growth strategy with the addition of more sales & marketing staff, both organically and through acquisitions.

General and Administrative expenses ("G&A")

The following table is a breakdown of the Company's G&A related expenses for the three and nine months ended September 30, 2021 and 2020:

	For the three months ended		For the nine months ended	
	September 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
General and administrative	**$**	$	**$**	$
Amortization	**9,839**	6,372	**27,371**	17,064
Bad Debt	**-**	-	**23,177**	-
Communication and IT services	**18,013**	10,660	**47,283**	31,893
Contractors	**60,793**	56,600	**164,897**	200,606
Government assistance	**(14,406)**	(17,441)	**(101,154)**	(37,531)
Insurance	**27,060**	3,103	**38,726**	16,286
Office and general	**71,419**	9,019	**151,159**	26,577
Professional fees	**135,793**	3,158	**459,906**	292,856
Public Market	**92,324**	12,552	**520,495**	12,552
Salaries and benefits	**341,105**	84,916	**744,957**	220,883
Travel and entertainment	**3,987**	1,568	**5,700**	15,201
	745,927	170,507	**2,082,517**	796,387

For the three and nine months ended September 30, 2021, G&A expenses of $745,927 and $2,082,517 respectively primarily included salaries and benefits, professional fees (audit & accounting, legal and corporate finance) and public market expenses (investor relations and regulatory filing fees), compared to $170,507 and $796,387 for the same periods in 2020. The increase in G&A expenses compared to the prior year primarily related to increased public market related expenses, professional as well as increased salaries and benefits as a result of the increased headcount post the ASC acquisition.

On April 27, 2021, the Company's PPP loan obtained from the CARES Act was forgiven. The amount of $14,406 and $101,154 forgiven was recognized as Government Assistance and netted against operating expenses under General and administrative department for the three and nine months ended September 30, 2021.

Share-based compensation

During the three and nine months ended September 30, 2021, the Company recognized $215,688 and $703,490 respectively, of share-based compensation expense, compared to $8,828 and $31,595 for the same periods during 2020. The increase in share-based compensation expenses for the three and nine months ended September 30, 2021, compared to the prior year was a result of additional options granted during Q4 2020 and Q1 2021.

The Company issued stock options to directors, employees and consultants in Q4 2020 and Q1 2021. The fair value of these options, as determined on the date of grant, is being recognized as an expense according to the vesting periods of the options. See Note 14 of the September 30, 2021, condensed interim consolidated financial statements for further information.

Summary of Quarterly Results

	September 30, 2021 (Q3)	June 30, 2021 (Q2)	March 31, 2021 (Q1)	December 31, 2020 (Q4)	September 30, 2020 (Q3)
	$	$	$	$	$
Revenue	15,245,948	8,604,310	75,761	127,624	168,854
Gross Profit	560,136	629,194	66,872	103,478	136,357
Gross Profit %	3.7%	7.3%	88.3%	81.1%	80.8%
Net loss for the period	(1,440,269)	(1,431,899)	(1,574,758)	(1,744,923)	(1,740,823)
Basic and diluted loss per share	(0.03)	(0.02)	(0.03)	(0.06)	(0.07)

Liquidity and capital resources

Cash and cash equivalents

As at September 30, 2021 and December 31, 2020, the Company had $7,050,291 and $1,721,179 of cash and cash equivalents.

Operating activities

During the three and nine months ended September 30, 2021, the Company generated $1,904,265 and $327,717 of cash from operating activities respectively, compared to using $346,795 and $865,338 during the same periods in 2020.

Investing activities

During the three and nine months ended September 30, 2021, the Company used $29,929 and generated $3,855 of cash on investing activities, compared to using $7,722 and $17,795 during the same periods in 2020.

Financing activities

During the three and nine months ended September 30, 2021, the Company generated cash of $274,790 and $5,053,679 from financing activities compared to generating $2,631,305 and $3,799,847 during the same periods in 2020.

Off balance sheet arrangements

As at September 30, 2021 and the date of the MD&A, the Company does not have any off-balance sheet arrangements.

Related party transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's Board of Directors and members of the executive team.

The following table summarizes the related party transactions:

	For the three months ended		For the nine months ended	
	September 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
	$	$	**$**	$
Salaries, benefits and consulting fees	**181,605**	159,568	**481,369**	551,387
Stock-based compensation expense*	**176,221**	6,721	**563,687**	23,135
	357,826	166,289	**1,045,056**	574,522

Note:
* Reflects the amount recorded as expense in the condensed interim consolidated statement of loss and comprehensive loss.
The fair value of stock-based compensation is measured at grant date and is recognized as an expense over the vesting period.

The Company has agreed to indemnify its board of directors and officers in accordance with the Company's policies. The Company maintains insurance policies that may provide coverage against certain claims.

Contingencies

On March 31, 2021, Plurilock acquired ASC. As part of the transaction, the vendor is entitled to a performance-based earnout of up to $377,940 (US$300,000) in Plurilock common shares ("**Earnout Shares**"). The earnout is contingent on ASC's December 31, 2021 IFRS audited net income being at least US$125,000. The Earnout Shares will be issued at a deemed price equal to the closing trading price of the common shares of Plurilock on the TSX-V on the date prior to announcement of the issuance of the Earnout Shares, subject to a minimum share price of $0.30.

As part of the Plurilock transaction to acquire certain assets of CloudCodes Software Private Limited (see Subsequent events note (1)), the Company has agreed to pay a transaction fee to an arm's length third party consultant on the transaction closing date. The transaction fee is contingent on the Company successfully closing the transaction.

In the ordinary course of business, the Company may be subject to ongoing audits by tax authorities. While the Company believes that its tax filing positions are appropriate and supportable, from time-to-time certain matters may be reviewed and challenged by the tax authorities.

Critical accounting estimates

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the carrying amount of assets and liabilities, and disclosures of contingent assets and liabilities as at the date of the consolidated financial statements, and the recorded amount of revenues and expenses for the reporting period. These estimates are changed periodically, and as adjustments become necessary, they are reported in profit or loss in the period in which they become known.

The significant accounting policies subject to such estimates that, in the Company's opinion, could significantly affect the reported results or financial position, are as follows:

- *Going concern considerations*

The Company has financed its operating cash requirements primarily through the issuance of share capital. The Company's ability to realize the carrying value of its assets and to continue as a going concern is based upon the continued support from the Company's shareholders and the successful execution of the Company's strategic plan to improve the scale and profitability of its business to achieve future profitable operations. It will be necessary for the Company to raise additional funds from time to time for the continued execution of its strategic plan. These funds may come from sources which include the issuance of shares, the issuance of debt or alternative sources of financing. During the nine months ended September 30, 2021, the Company completed two rounds of non-brokered private placement financing totaling $5.16 million and generated $789,975 from the exercising of warrants. In addition, on November 10, 2021, Plurilock closed the bought-deal financing for aggregate gross proceeds of $4.60 million – see Subsequent Events Note (3) below. As a result of the increase in cash and working capital from the financings, in addition to the anticipated cash flows expected to be achieved from execution of the Company's strategic plan in the next twelve months, Plurilock has concluded that there is no material uncertainty with respect to the Company's ability to continue as a going concern for the next twelve months.

The estimates used by Plurilock in reaching the above conclusion are based on information available as of the date the condensed interim consolidated statement of financial position was authorized for issuance and included internally generated cash flow forecasts. Accordingly, actual results could differ from these estimates and resulting variances may be material to management's assessment.

- *Revenue recognition, contracts with multiple performance obligations*

The Company enters into contracts with its customers that may include promises to transfer multiple subscription services and services. A performance obligation is a commitment in a contract with a customer to transfer products or services that are distinct. Determining whether products and services are distinct performance obligations that should be accounted for separately or combined as one unit of accounting may require significant judgment.

The Company's subscription services are distinct as such services are often sold separately. In determining whether services are distinct, the Company considers the following factors for each type of services agreement: the availability of the services from other vendors; the nature of the services; and the timing of when the services contract was signed in comparison to the start date of any related subscription services.

The Company allocates the transaction price to each distinct performance obligation on a relative standalone selling price ("**SSP**") basis. The SSP is the price at which the Company would sell a promised product or service separately to a customer. Judgment is required to determine the SSP for each distinct performance obligation. In certain cases, the Company is able to establish SSP based on observable prices of products or services sold separately in comparable circumstances to similar customers. The Company generally uses a range of SSP when it has observable prices.

If SSP is not directly observable, for example when pricing is highly variable, the Company uses a range of SSP. The Company determines the SSP range using information that may include market conditions or other observable inputs. The Company may have more than one SSP for individual products and services due to the stratification of those products and services by customer size, geography, and the other factors noted above.

➢ *Valuation of share-based compensation*

The Company uses the Black-Scholes model to value share options issued to employees. The model's estimates include inputs that require management estimates and judgement, such as volatility of the underlying equity instruments, forfeiture rate and expected life of stock options.

➢ *Carrying values of allowances for unrecoverable trade receivables*

The Company recognizes allowance for expected credit loss on accounts receivable that are measured at amortized cost. The amount of expected credit loss ("**ECL**") is updated at each reporting date to reflect changes in credit risk since initial recognition of the trade and other receivables. The Company recognizes lifetime ECL for its trade and other receivables. The expected credit losses on these financial assets are estimated using the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

➢ *Recoverability of tax credits*

In prior year comparative figures, the Company accrued refundable incentive tax credits earned through the Scientific Research and Experimental Development ("**SRED**") program administered through the Canada Revenue Agency ("**CRA**"). The recoverability of qualified expenditures is based on the results of the assessment by the CRA. Management estimates the recoverable amount of research and development costs based on experience with prior assessments under the program.

The Company also accrues tax credits through the Employee Retention Credit ("**ERC**") program through the Internal Revenue Service ("**IRS**") as part of the Coronavirus Tax Relief initiatives. The recoverability of qualified wages is based on the result of the assessment by the IRS. Management assesses the recoverable amount of the ERC based on the IRS' published guidance and best estimates.

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimates above, that has the most significant effect on the amounts in the Company's condensed interim consolidated financial statements, are related to:

- Determination of the functional currency of the Company and its subsidiaries;
- Determination of the stand-alone selling prices for the licenses.

Financial instruments and other instruments

The Company's financial instruments consist of cash and cash equivalents, tax credits receivable, trade and other receivables, trade and other payables and government loans.

Cash and cash equivalents, tax credits receivable and trade and other receivables are classified as financial assets at amortized cost and are initially recognized at fair value and subsequently carried at amortized cost less any impairment. The carrying value of these financial assets approximates their fair value due to the relatively short period to maturity.

Trade and other payables and government loans are classified as financial liabilities at amortized cost and recognized at fair value and subsequently carried at amortized cost. The carrying value of these other financial liabilities approximates fair value due to the relatively short period to maturity.

Financial risk management

Management and monitoring of financial risks is performed by the Company's management, which manages all financial exposures. The Company is exposed to various financial risks through its financial instruments:

credit risk, liquidity risk and market risk (including currency risk, interest rate risk and other price risk). The following analysis enables users to evaluate the nature and extent of the risks at the end of each reporting period.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's significant financial assets include cash and cash equivalents, accounts receivable, and tax credits receivable. The Company mitigates credit risk on cash by placing it at a credit-worthy financial institution. Tax credits receivable and other receivables are due from CRA and the IRS. The carrying amounts of the financial assets represent the Company's maximum credit exposure:

	September 30, 2021 $	December 31, 2020 $
Cash and cash equivalents	**7,050,291**	1,721,179
Trade and other receivables	**4,465,416**	118,796
Tax credits receivable	**128,346**	69,243
	11,644,053	1,909,218

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rates of the Company's short-term loans and loans payable to related parties are fixed; as a result, the Company is not subject to significant interest rate risk. Interest rate on the Company's cash deposits and guaranteed income certificates held at the bank is nominal.

(c) Liquidity risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due or can only do so at excessive cost. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short term borrowing. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due, through cash flows from its operations and anticipating any investing and financing activities. The Company manages its liquidity risk by forecasting cash flows required for operations and anticipated financing activities. Plurilock and it's Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

(d) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Plurilock enters into foreign currency purchase and sale transactions and has assets and liabilities that are denominated in foreign currencies. The Company is exposed to the financial risk of earnings fluctuations arising from changes in foreign exchange rates and the degree of volatility of these rates.

The Company does not currently use derivative instruments to reduce its exposure to foreign currency risk.

A breakdown of the Company's financial instruments by currency, presented in Canadian dollars, in presented below:

	September 30, 2021				December 31, 2020			
	USD	**INR**	**CAD**	**Total**	USD	INR	CAD	Total
Cash and cash equivalents	**4,740,278**	**10,240**	**2,299,773**	**7,050,291**	128,352	-	1,592,827	1,721,179
Trade and other receivables	**4,226,994**	**-**	**238,422**	**4,465,416**	40,450	-	78,346	118,796
Tax credits receivable	**57,314**	**-**	**71,032**	**128,346**	-	-	69,243	69,243
Trade and other payables	**8,700,550**	**9,160**	**827,352**	**9,537,062**	14,048	-	395,568	409,616
Government loan	**200,508**	**-**	**30,000**	**230,508**	-	-	30,000	30,000

The majority of the US dollar amounts are held at the Company's subsidiaries that have a US dollar functional currency so there would be no impact to the net loss. The Company estimates the impact from a five percent increase or decrease in the US dollar relative to the Canadian dollar would be insignificant to the net loss of the period.

(e) Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value reflects market conditions at a given date and, for this reason, may not be representative of future fair values or of the amount that will be realized upon settling the instrument.

To the extent possible, Plurilock uses data from observable markets to measure the fair value of an asset or liability. Fair value measurements are established based on a hierarchy into three levels that categorizes the inputs to valuation techniques:

Level 1 – Fair value measurement based on quoted prices (unadjusted) observable in active markets for identical assets or liabilities.

Level 2 – Fair value measurement using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Fair value measurement using inputs that are not based on observable market data (unobservable inputs).

The carrying value of cash and cash equivalents, trade and other receivables, and trade and other payables approximates their fair value due to the relatively short-term maturity of these financial instruments. The carrying value of loans is initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

Subsequent events

(1) On October 21, 2021, Plurilock, PL and PSP entered into definitive asset purchase agreements to acquire certain assets of CloudCodes Software Private Limited, an award-winning cloud access security broker based in India. As of the date of this MD&A, the transactions have not closed.

(2) On October 28, 2021, Plurilock announced that it submitted documentation to finalize a patent pending with the United States Patent and Trademark Office ("**USPTO**") that covers enhancements to its continuous authentication solution. The patent application, titled "Side-Channel Communication Reconciliation of Biometric Timing Data for User Authentication During Remote Desktop Sessions", documents a new side channel for the Company's continuous authentication solutions that will eliminate timing delays for authenticating user identity for remote work setups.

(3) On November 2, 2021, Plurilock announced that it has entered into an agreement (the "**Offering**") with Leede Jones Gable Inc. as the lead underwriter and sole bookrunner (the "**Underwriter**") pursuant to which the Underwriter has agreed to purchase, on a bought-deal basis, 8,000,000 common shares for gross proceeds to the Company of $4.00 million at a price of $0.50 per common share (the "**Offering Price**"). The Underwriters were also granted an option (the "**Over-Allotment Option**"), exercisable in whole or in part and from time to time, at any time until 30 days after the closing of the Offering, to purchase from the Company up to 1,200,000 additional common shares at the Offering Price for additional gross proceeds of up to $600,000 to the Company. On November 10, 2021, the Company closed the Offering. Pursuant to the Offering, the Company issued an aggregate of 9,200,000 Shares at the Offering Price for aggregate gross proceeds of $4.60 million, including the exercise in full of the Over-Allotment Option. Insiders of the Company purchased 80,000 Shares under the Offering, which constituted "related party transactions" within the meaning of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions.

(4) On November 4, 2021, Plurilock announced the passing of board director Molly Falconer de Ramel.

(5) on November 9, 2021, Plurilock announced a strategic partnership with Absolute Software™ (NASDAQ: ABST) (TSX: ABST), a leader in next generation Endpoint Resilience™ solutions, pairing their Application Persistence™ capabilities with the Company's DEFEND continuous authentication solution.

(6) On November 10, 2021, the Company paid off the Canadian Emergency Business Account ("**CEBA**") term loan in the amount of $30,000. Since 75% of the CEBA term loan of $40,000 is repaid before December 31, 2022, the Company is qualified for the early payment credit and the repayment of the remaining 25% (or $10,000) of the CEBA term loan will be forgiven.

(7) On November 12, 2021, Plurilock granted 1,823,500 stock options to certain officers, employees and consultants at an exercise price of $0.52 per option share with various vesting periods.

Disclosure of outstanding share data

As of November 26, 2021, the Company has the following securities outstanding:

Description	**Number**	**Exercise Price Per Share and Expiry**
Common shares	69,687,572	NA
Options	9,978,240	Exercise price from $0.2 to $0.67 and which expire between February 2024 and November 2031
Warrants	11,484,157	Exercise price from $0.3 to $0.65 and which expire between September 2022 and February 2023
Total diluted number of shares	**91,149,969**	

Risks and uncertainties

The Company's management believes that the following risks are among the most important in order to understand the issues that face its financial performance, business and its approach to risk management:

1. **Customer Concentration -** The majority of the Company's revenues are currently generated from a few customers. If economic or other factors were to change and thus impact these customers or the market, then the revenues of the Company would be negatively impacted.
2. **Ability to Predict Rate of Growth and Profitability** – Plurilock focuses on several key performance metrics including, but not limited to, Revenue, Net Income (Loss), EBITDA and Adjusted EBITDA. Management believes that IFRS profitability will increase over time, however, due to the evolving SaaS business model and the unpredictability of its emerging and competitive category of security products, the Company may not be able to accurately forecast the rate of adoption of its services and hence its revenue growth and profitability. The Company bases its current and future expense levels and its investment plans on estimates of future revenue growth. Plurilock may not be able to adjust its spending quickly enough if the rate of new or renewed subscriptions falls short of its expectations. In addition, the intense competition the Company faces in the sales of its products and services and general economic and business conditions (including foreign exchange rates) can put pressure on it to change its prices. If Plurilock's competitors offer deep discounts on certain products or services or develop products that the marketplace considers more valuable, the Company may need to lower its prices or offer other favorable terms in order to compete successfully. Any such changes may reduce margins and could adversely affect operating results. Plurilock's operating results may also fluctuate significantly on a quarterly basis. Accordingly, period-to-period comparisons of its operating results may not necessarily be a meaningful indicator of future performance.
3. **Efforts to Sell to Larger Enterprise Customers** – As Plurilock currently sells to larger enterprise and government customers, the Company could face greater costs, less favourable terms and conditions, greater due diligence, longer sales cycles, less predictability in completing some sales and greater fluctuation in sales and cash flow in quarters where these large deals conclude. In this market segment, the customer's decision to use Plurilock's products may be an enterprise-wide decision and, if so, these types of sales may require the Company to provide increased product discounts, additional global support and professional services, increased service level availability, greater levels of education and training regarding the use and benefits of the service, as well as education regarding privacy and data protection laws and regulations to prospective customers with international operations. As a result of these factors, these sales opportunities may require Plurilock to devote greater sales support and professional services resources to individual customers, driving up costs and time required to complete sales and diverting sales and professional services resources to a smaller number of larger transactions.

3\. **The Company is reliant on its key personnel –** The Company's success depends substantially on its small number of officers and executives. If the Company should lose the services of one or more key members of its executive, its ability to implement its business plan could be severely impaired.

4\. **Dependence on Distribution Channels** – Plurilock's product and sales strategies include its ability to partner with successful distribution partners. The Company's products may compete with other solutions developed and/or marketed by another distribution partner or otherwise lose favour with these partners. Its distribution partners may also cease or reduce marketing its products with limited or no notice and with little or no penalty. New distribution partners require extensive training and may take several months or more to achieve productivity. If any of its distribution partners elect to sell competing products, this could have a material adverse effect on the Company's business, operating results and financial condition. In addition, if any of its distribution partners cease or reduce marketing our solutions and/or the Company fails to manage these important sales and distribution channels effectively, Plurilock may have to change its sales strategies, which could have a material adverse effect on its business, operating results and financial condition.

5. **Competition** – It is possible that new competitors will enter the markets with products similar to those sold by Plurilock. Several competitors are marketing or have announced the development of products that could be in competition with Plurilock. In addition, as the Company develops new products, it may begin competing against companies with whom it did not previously compete. Such competitors may be able to develop and expand their products more quickly, adapt more swiftly to new or emerging technologies and changes in customer requirements, take advantage of acquisition and other opportunities more readily, devote greater resources to the marketing and sale of their services and products than Plurilock and place downward pressure on the pricing of its products. Accordingly, the entry of new competitors could have a material adverse effect on Plurilock's business, financial condition and results of operations. Industry consolidation also may affect prices or demand for our products.

6. **Emerging Products and Technology** – The market for Plurilock's products is still emerging and continued growth and demand for, and acceptance of, these products remain uncertain. In addition, other emerging technology and products may impact the viability of the market for the Company's products. Plurilock's continued success will depend upon its ability to keep pace with technological and marketplace change and to introduce, on a timely and cost-effective basis, new and enhanced products that satisfy changing customer requirements and achieve market acceptance. There can be no assurance that Plurilock will be able to respond effectively to changes in technology or customer demands. Moreover, there can be no assurance that Plurilock's competitors or current partners will not develop competitive products or that any such products will not have an adverse effect upon Plurilock's business, financial condition or results of operations.

7. **Cybersecurity –** The Company relies on digital and internet technologies to conduct and expand its operations, including reliance on information technology to process, transmit and store sensitive and confidential data resulting in exposure to cybersecurity risks. Such risks may include unauthorized access, use, or disclosure of sensitive information, corruption or destruction of data, or operational disruption resulting from system impairment (e.g., malware). Third parties to whom the Company outsources certain functions, or with whom their systems interface, are also subject to the risks outlined above and may not have or use appropriate controls to protect confidential information. A breach or attack affecting a third-party service provider or partner could harm the Company's business even if the Company does not control the service that is attacked. A compromise of the Company's information technology or confidential information and third parties with whom the Company interacts, may result in negative consequences, including the reputational harm affecting customer and/or investor confidence, potential liability under privacy, security, consumer protection or other applicable laws, regulatory penalties and additional regulatory scrutiny, any of which could have a material adverse effect on the Company's business, financial position, results of operations or cash flows. The Company continues to place a significant focus on its cybersecurity technologies, processes and practices to protect its networks, systems, computers and data from attack, damage or unauthorized access.

8. **The Company relies on third parties to provide some of its services and its business will be harmed if it is unable to provide these services in a cost-effective manner -** The Company relies heavily on third parties such as cloud computing service vendors and partners to provide some of its services. If these third parties were unable or unwilling to provide these services in the future, or if these third parties are ineffective at providing services, the Company would need to obtain such services from other providers. This could cause the Company to incur additional costs or cause interruptions in its business until these services are replaced.

9. **Acquisitions and integration of new businesses create risks and may affect operating results** The Company may acquire additional businesses. The Company's M&A strategy involves a number of risks related to the realization of synergies and overall integration of the Company's operations including but not limited to integration, human resources, company culture, information technology, data integrity, information systems, business processes and financial management. The integration of acquired businesses requires the dedication of substantial effort, time and resources on the part of the Company's management which may divert management's focus and resources from other strategic

opportunities and from operational matters during this process. There can be no assurance that management will be able to integrate the operations of each of the businesses successfully or achieve all of the synergies or other benefits that are anticipated as a result of the acquisitions. The extent to which synergies are realized and the timing of such cannot be assured. Any inability of management to successfully integrate the operations of the acquired businesses could have a material adverse effect on the business, financial condition and results of operations of Plurilock.

10. **Economic and Geo-Political Uncertainty -** Current and future global economic and geo-political conditions remain volatile and uncertain. As a result, it is difficult to estimate the level of growth or contraction for the global economy as a whole. It is even more difficult to estimate economic growth or contraction in various sectors and regions, including the markets in which the Company operates. Because all components of the Company's budgeting and forecasting are dependent upon estimates of growth or contraction in the markets it serves and the demand for its products and services, the prevailing economic uncertainties render estimates of future income and expenditures very difficult to make. Adverse changes may occur as a result of stagnant economic conditions, trade tensions and tariff uncertainty, political deadlock, nationalism and protectionism, wavering consumer confidence, unemployment, declines in stock markets, contraction of credit availability, declines in real estate values, or other factors affecting economic conditions generally. These changes may negatively affect the sales of the Company's services and, therefore, may impact our ability to meet its targets for Revenue, Net Income (Loss), EBITDA, and Adjusted EBITDA.

    The COVID-19 contagious disease outbreak resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in significant economic uncertainty. These measures adopted by various governments worldwide could impact the Company's business whether through supply chain disruptions or retail demand. However, at this time, it is not possible for the Company to reliably estimate the duration or magnitude of the adverse results of the outbreak and its impact on the Company's financial results in future periods. The continued spread of the COVID-19 around the globe and the responses of governmental authorities and corporate entities, including through mandated or voluntary shutdowns, could lead to a prolonged general slow-down in the global economy with temporary disruptions and slowdowns to work forces and customers. The situation is dynamic and changing day-to-day, such that the Company will continue to monitor it closely as it develops and will take appropriate measures to mitigate any impact on the Company.

11. **Intellectual Property Protection** – Plurilock's revenue, cost of revenue, and expenses may suffer if it cannot protect its intellectual property rights, or if third parties assert that Plurilock violates its intellectual property rights. The Company relies upon patent, copyright, trademark and trade secret laws in Canada and the United States, and agreements with employees, customers, suppliers and other parties, to establish and maintain intellectual property rights in its Plurilock technology platform. However, the industry in which the Company competes may include new or existing entrants that own, or claim to own, intellectual property and the Company has received, and may receive in the future, assertions and claims from third parties that the Company's products infringe on their patents or other intellectual property rights (see *"Technology & Patent Portfolio"* above). Litigation in the future may be necessary to determine the scope, enforceability and validity of third-party proprietary rights or to establish the Company's proprietary rights. Any of the Company's direct or indirect intellectual property rights could be challenged, invalidated or circumvented, or such intellectual property rights may not be sufficient to permit Plurilock to take advantage of current market trends or otherwise to provide competitive advantages, which could result in costly or delayed product redesign efforts, discontinuance of certain product offerings or other competitive harm. Third parties also may claim that Plurilock or customers or partners indemnified by Plurilock are infringing upon their intellectual property rights. Even if the Company believes that the claims are without merit, the claims can be time-consuming and costly to defend and divert management's attention and resources away from the business. Claims of intellectual property infringement also might require Plurilock to redesign affected products, enter into costly settlement or license agreements (if such licenses can be obtained on commercially reasonable terms, or at all) or pay costly damage awards, or face a temporary or permanent injunction prohibiting

the marketing or selling certain of our products, which could result in the Company's business, operating results and financial condition being materially adversely affected.

12. **Additional Patent Applications** – The Company's research and development activities and commercial success depend upon its ability to develop new or improved technologies and products and to successfully obtain patent or other proprietary or statutory protection for these technologies and products in Canada and the United States. The Company seeks to patent concepts, components, protocols and other inventions that are considered to have commercial value or that will likely yield a technological advantage. The Company owns rights to patented and patent pending technologies in Canada and the United States. However, the Company may not be able to develop new technology that is patentable, allowed claims may not be sufficient to protect the Company's new technology, and patents may not be obtained by the Company in every jurisdiction where the Company's products are sold. Furthermore, any patents issued could be challenged, invalidated or circumvented and may not provide proprietary protection or a competitive advantage. New entrants to the field may have been issued patents and may have filed patent applications or may obtain additional patents and proprietary rights, for technologies similar to those that the Company has made or may make in the future. Since patent applications filed before November 29, 2000 in the United States are maintained in secrecy until issued as patents, and since publication or public awareness of new technologies often lags behind actual discoveries, the Company cannot be absolutely certain that it was the first to develop the technology covered by its pending patent applications or that it was the first to file patent applications for the technology. In addition, the disclosure in the Company's new patent applications, particularly in respect of the utility of its claimed inventions, may not be sufficient to meet the statutory requirements for patentability in all cases. As a result, there can be no assurance that the Company's new patent applications will result in enforceable patents, nor can the breadth of allowed claims in the Company's patents, and their enforceability, be predicted. Even if the Company's patents are held to be enforceable, others may be able to design around these patents or develop products similar to the Company's products that are not within the scope of these patents.

13. **Research and Development -** Plurilock believes that it must continue to dedicate a significant amount of resources to its research and development efforts to maintain its competitive position. The Company recognizes the costs associated with these research and development investments earlier than the anticipated benefits, and the return on these investments may be lower, or may develop more slowly, than they expect. If Plurilock spends significant resources on research and development and is unable to generate an adequate return on its investment, it's business, financial condition and results of operations may be materially and adversely affected.

14. **Product Errors and Third-Party Mischief** – The software technology enabling the Company's software services is complex and, despite testing prior to their release, the related application software may contain errors, vulnerabilities or defects, especially when upgrades or new versions are released. Any errors or vulnerabilities that are discovered after commercial release could result in loss of revenues or delay in market acceptance, diversion of development resources, damage to Plurilock's reputation, increased service and warranty costs, liability claims and our end-customers' unwillingness to buy products from us. In addition, it is possible that the Company's product may become the subject of a third-party attack or disruption, whether malicious or otherwise. This could detrimentally affect the persistence of the Company's technology, which could have a material adverse effect on its business.

15. **Growing stringent regulations and compliance requirements -** Regulatory bodies are increasing cybersecurity requirements, and cybersecurity practices are therefore becoming a board-level fiduciary and legal concern. Evidence for this can be seen in the proliferation of standards and regulations, including the General Data Protection Regulation, the Payment Card Industry Data Security Standard, the Health Insurance Portability and Accountability Act ("**HIPPA**"), the Federal Information Security Management Act, and the Gramm-Leach-Bliley Act, amongst others. As requirements grow, the use of point solutions and hotfixes to maintain near-term compliance is also increasing, causing intractable complexity, high maintainability costs, and unforeseen knock-on vulnerabilities. As a result, there is growing enterprise demand for risk-based authentication solutions, common, extensible infrastructures to support compliance regimes, and the collection of more sophisticated and timely security intelligence.

As a result, Plurilock's business operates in an environment in which government regulations and funding play a key role. Any change in governmental regulation and licensing requirements or their interpretation and application, which are beyond the Company's control, could adversely affect the business, financial condition and results of operations of the business. In addition, the Company could incur significant costs in the course of complying with any changes in the regulatory regime. Non-compliance with any existing or proposed laws or regulations could result in audits, civil or regulatory proceedings, fines, penalties, injunctions, recalls or seizures, any of which could adversely affect the reputation, operations or financial performance of the Company.

16. **Uncertainty of Liquidity and Capital Requirements -** The future capital requirements of the Company will depend on many factors, including the number and size of acquisitions consummated, rate of growth of its customer base, the costs of expanding into new markets, the growth of the market for cybersecurity services and the costs of administration. In order to meet such capital requirements, the Company may consider additional public or private financing (including the incurrence of debt and the issuance of additional common shares) to fund all or a part of a particular venture, which could entail dilution of current investors' interest in the Company. There can be no assurance that additional funding will be available or, if available, that it will be available on acceptable terms. If adequate funds are not available, the Company may have to reduce substantially or otherwise eliminate certain expenditures. There can be no assurance that the Company will be able to raise additional capital if its capital resources are depleted or exhausted. Further, due to regulatory impediments and lack of investor appetite, the ability of the Company to issue additional common shares or other securities exchangeable for or convertible into common shares to finance acquisitions may be restricted.

17. **Ethical Business Conduct -** Any failure of Plurilock to adhere to its corporate governance or business policies, the law or ethical business practices could significantly affect its reputation and brands and could therefore negatively impact the Company's financial performance. The Company's framework for managing ethical business conduct includes the adoption of a Code of Business Conduct and Ethics which directors, employees, advisors and consultants of the Company are required to acknowledge and agree to. As well, as part of an independent audit and security function the Company maintains a whistle blowing hotline. There can be no assurance that these measures will be effective to prevent violations of law or ethical business practices.

18. **Confidentiality & Privacy of Information -** The Company's staff may have access, in the course of their duties, to certain information of the Company's customers. Although, all staff are required to sign confidentiality agreements, there can be no assurance that the Company's existing policies, procedures and systems will be enough to address the privacy concerns of existing and future customers. If a customer's privacy is violated, or if the Company is found to have violated any law or regulation, it could be liable for damages or for criminal fines or penalties.

19. **Directors and Officers May Have Conflicts of Interest -** Certain of the directors and/or officers of the Company may also serve as directors and/or officers of other companies and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers involving the Company are being made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company.

20. **The Company Needs to Comply with Financial Reporting and Other Requirements as a Public Company -** The Company is subject to reporting and other obligations under applicable Canadian & US securities laws, as well as TSXV (including National Instrument 52-109) & OTC rules. These reporting and other obligations place significant demands on the Company's management, administrative, operational and accounting resources. Moreover, any failure to maintain effective internal controls could cause the Company to fail to meet its reporting obligations or result in material misstatements in its consolidated financial statements. If the Company cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be materially harmed, which could also cause investors to lose confidence in the Company's reported financial information, which could result in a lower trading price of its securities. Management does not expect that Company's disclosure controls and procedures and internal controls over financial reporting will prevent all error and all fraud. A control system, no matter how well designed and implemented, can provide only reasonable assurance that its objectives

will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide Plurilock assurance that all control issues within a company are detected. The inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of some persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost- effective control system, misstatements due to error or fraud may occur and not be detected.

21. **Other** - There can be no assurance that an active and liquid market for the Company's common shares will develop, and investors may find it difficult to resell the common shares.