PLURILOCK SECURITY INC.

BUSINESS ACQUISITION REPORT

FORM 51-102F4

Item 1. Identity of Company

1.1 Name and Address of Company

Plurilock Security Inc. (the "**Company**")
#330 - 702 Fort Street
Victoria, BC V8W 1H2

1.2 Executive Officer

The following executive officer of the Company is knowledgeable about the significant acquisition and this business acquisition report:

Roland Sartorius, Chief Financial Officer
Telephone: 604 899-8476

Item 2. Details of Acquisition

2.1 Nature of Business Acquired

The Company has completed the acquisition (the "**Acquisition**") of all of the issued and outstanding shares of Aurora Systems Consulting, Inc. ("**Aurora**") pursuant to the terms of a share exchange agreement (the "**Definitive Agreement**") dated March 26, 2021 among the Company, Plurilock Security Corp., Aurora and the sole shareholder of Aurora (the "**Seller**").

2.2 Date of Acquisition

The Company completed the Acquisition on March 31, 2021.

2.3 Consideration

Pursuant to the terms of the Definitive Agreement, the Company paid to the Seller US$896,714 in cash, subject to a working capital adjustment, and issued to the Seller 698,888 common shares of the Company (the "**Closing Consideration Shares**") at a deemed price of $0.54 per share. The Seller is entitled to a performance-based earnout of US$300,000 in common shares of Plurilock (the "**Earnout Shares**"). The Earnout Shares will be issued at a deemed price equal to the closing trading price of the common shares of Plurilock on the TSXV on the date prior to announcement of the issuance of the Earnout Shares, subject to a minimum share price of $0.30. The Closing Consideration Shares are subject to certain contractual restrictions on trading for a period of 18 months from the date of issuance.

US$90,000 of the consideration was placed in escrow for 12 months to satisfy any indemnification obligations to the Company, as well as any purchase price adjustments pursuant to the terms of the definitive agreement.

Plurilock also paid a transaction fee to an arm's length third party consultant in $25,000 in cash and issued 46,296 common shares of the Company at a deemed price of C$0.54 per share. These shares are subject to statutory hold period expiring on the date that is four months and a day from the date of issuance.

2.4 Effect on Financial Position

The Company does not have any current plans or proposals for material changes in its business affairs or the affairs of any of its subsidiaries, including Aurora, which may have a significant effect on the results of operations and financial position of the Company.

2.5 Prior Valuations

No valuation opinion was obtained in the last 12 months by the Company or Aurora, as no such valuation opinion was required by securities legislation or a Canadian exchange or market to support the consideration under the Acquisition.

2.6 Parties to the Transaction

The Acquisition was not with an informed person, associate or affiliate of the Company as defined in Section 1.1 of National Instrument 51 – 102 *Continuous Disclosure Obligations*.

2.7 Date of Report

April 9, 2021

Item 3. Financial Statements

Audited financial statements of Aurora and related notes thereto for the years ended December 31, 2020 and 2019 are attached hereto as Schedule “A”.

SCHEDULE A

FINANCIAL STATEMENTS OF AURORA SYSTEMS CONSULTING INC.

[See attached]

Financial statements of
Aurora Systems Consulting, Inc.

Years ended December 31, 2020 and 2019

Mazars USA LLP is an independent member firm of Mazars Group.

mazars

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Independent Auditors' Report

To the Management and Shareholder of Aurora Systems Consulting, Inc.

We have audited the accompanying financial statements of Aurora Consulting, Inc. which comprises the statements of financial position as of December 31, 2020 and 2019, and the related statements of income, changes in equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Aurora Consulting, Inc. as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Mazars USA LLP

March 30, 2021

Aurora Systems Consulting, Inc.
Statement of financial position
(Expressed in U.S. dollars)

	Notes	December 31, 2020	December 31, 2019	January 1, 2019
		$	$	$
Assets				
Current				
Cash and cash equivalents		943,855	86,693	1,102,342
Trade and other receivables	4	5,067,182	2,534,730	2,679,122
Receivables from related parties	13	204,963	238,041	30,457
Tax credits receivable		45,184	—	—
Prepaid expenses		39,950	—	—
		6,301,134	2,859,464	3,811,921
Non-current				
Property and equipment	5	—	—	69
Other non-current assets		17,921	19,611	15,712
Total assets		6,319,055	2,879,075	3,827,702
Liabilities				
Current				
Trade and other payables	6	4,904,911	2,267,955	3,142,286
Deferred revenue		64,091	—	—
Short-term loans	7	554,631	—	201,910
		5,523,633	2,267,955	3,344,196
Non-current				
Long-term loans	7	148,732	—	—
Total liabilities		5,672,365	2,267,955	3,344,196
Shareholder's equity				
Share capital	8	203,691	203,691	203,691
Retained earnings		442,999	407,429	279,815
		646,690	611,120	483,506
Total liabilities and shareholder's equity		6,319,055	2,879,075	3,827,702

The accompanying notes are an integral part of the financial statements.

Aurora Systems Consulting, Inc.

Statement of income

(Expressed in U.S. dollars)

	Notes	Years ended December 31, 2020 $	2019 $
Revenue	11	28,136,389	19,085,434
Cost of revenue		(26,713,508)	(17,474,205)
Gross profit		1,422,881	1,611,229
Operating Expenses			
Sales and marketing	12	439,941	523,476
General and administrative	12	836,439	934,272
		1,276,380	1,457,748
Operating income		146,501	153,481
Finance costs, net		7,901	2,761
Net income before income taxes		138,600	150,720
Income taxes		3,404	1,843
Net income		135,196	148,877
Earnings per share		135	149

The accompanying notes are an integral part of the financial statements.

Aurora Systems Consulting, Inc.

Statement of changes in equity

(Expressed in U.S. dollars)

	Shares	Share Capital	Retained Earnings	Total
	#	$	$	$
Balance, January 1, 2019	1,000	203,691	279,815	483,506
Shareholder distributions	—	—	(21,263)	(21,263)
Net income for the year	—	—	148,877	148,877
Balance, December 31, 2019	**1,000**	**203,691**	**407,429**	**611,120**
Shareholder distributions	—	—	(99,626)	(99,626)
Net income for the year	—	—	135,196	135,196
Balance, December 31, 2020	**1,000**	**203,691**	**442,999**	**646,690**

The accompanying notes are an integral part of the financial statements.

Aurora Systems Consulting Inc.
Statement of cash flows
(Expressed in U.S. dollars)

	Years ended December 31, 2020	2019
	$	$
Cash flows from operating activities		
Net income for the year	135,196	148,877
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,690	914
Non-cash interest on long-term loans	4,631	—
Forgiveness of PPP Loan	(201,098)	—
Changes in assets and liabilities:		
Trade and other receivables	(2,532,454)	144,393
Receivables from related parties	33,078	(7,584)
Tax credits receivable	(45,184)	—
Prepaid expenses	(39,950)	—
Other non-current assets	—	(4,745)
Trade and other payables	2,636,957	(874,331)
Deferred revenue	64,091	—
Net cash provided by (used in) operating activities	56,957	(592,476)
Cash flows from financing activities		
Proceeds from PPP loan	199,830	—
Proceeds from SBA loan	150,000	—
Proceeds from (repayment of) short term loans	550,000	(201,910)
Advances to related parties	—	(200,000)
Shareholder distributions	(99,625)	(21,263)
Net cash provided by (used in) financing activities	800,205	(423,173)
Net increase (decrease) in cash and cash equivalents	857,162	(1,015,649)
Cash and cash equivalents, beginning of year	86,693	1,102,342
Cash and cash equivalents, end of year	943,855	86,693

The accompanying notes are an integral part of the financial statements.

1. Nature of operations and continuance of business

Aurora Systems Consulting, Inc. ("Aurora" or the "Company") is a company incorporated under the laws of the State of California, United States, on March 12, 2001. The Company is a provider of cybersecurity hardware and software and cybersecurity consulting services, including penetration testing, and vulnerability assessments. The Company's head office and principal place of business is located at Suite 202 – West 237th Street, Torrance, California, United States, 90505. The Company also operates a liaison office in Mumbai, India that provides back office support for the sales and accounting departments.

These financial statements report that as of December 31, 2020, the Company has a current year net income of $135,196 ($148,877 in 2019) and accumulated retained earnings of $442,999 (December 31, 2019: $407,429). The Company meets most of its cash needs through revenue generated by sales. Additional operating cash requirements are met through the strategic use of both short-term and long-term debt financing.

2. Basis of presentation and statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued and effective as of the reporting dates, as adopted by the European Union. As these financial statements are the Company's first financial statements prepared in accordance with IFRS, they were prepared in accordance with IFRS 1, First-Time Adoption of IFRS. The Company did not present financial statements in previous periods.

The financial statements were prepared on a going concern basis, under the historical cost convention, except where otherwise stated, and are presented in United States dollars.

These financial statements were authorized for issue by the Board of Directors on March 30, 2021.

3. Significant accounting policies

First-time adoption of IFRS

This historical financial information for the years ended December 31, 2020 and 2019 is the first the Company has prepared in accordance with IFRS, with its transition date being January 1, 2019. Since no financial statements of the Company have been previously prepared, the historical financial information presented in this report does not include any IFRS first-time adoption reconciliation. A January 1, 2019 opening balance sheet is included in the statement of financial position.

Cash and cash equivalents

The Company considers cash and cash equivalents to include amounts held in banks and highly liquid, low risk investments with remaining maturity of three months or less. There were no cash equivalents at December 31, 2020 and 2019.

Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment. A provision for impairment of trade receivables is established based on a forward-looking "expected loss" impairment model. The carrying amount of the trade receivables is reduced using the provision for impairment account, and the amount of any increase in the provision for impairment is recognized in the statement of income. When a trade receivable is uncollectible, it is written off against the provision for impairment account for trade receivable. Subsequent recoveries of amounts previously written off are credited to the statement of income.

Tax credits receivable

Amounts received or receivable resulting from government assistance programs are reflected as reductions of the cost of the assets or expenses to which they relate when the Company becomes eligible to accrue them, provided there is reasonable assurance the benefits will be realized.

Property and Equipment

Equipment is recorded at cost, less accumulated depreciation, and any impairment charges. When the cost of replacing part of an item of equipment is capitalized, the carrying amount of the replaced part is derecognized. Maintenance and repair expenditures that do not improve or extend productive life are expensed in the period incurred. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the depreciation period or method, as appropriate, and are treated as changes in accounting estimates. To the extent that the Company cannot fully amortize the full value of the asset in the year of purchase, property and equipment is amortized over the estimated useful lives using the straight-line method and the following duration:

Computer Applications	3 years
Electronical Equipment	5 years
Furniture & Fixtures	7 years

Leases

In accordance with IFRS 16 – Leases, contracts which give the lessee a right to control the use of an identified asset for a period of time in exchange for consideration are accounted for in the statement of financial position, with the exception of low value assets and contracts with a duration below twelve months as allowed by the standard.

Leases are recorded on the statement of financial position at the date when the underlying asset is made available to the lessee. The lease liability is accrued against a right to use the rent asset and is equal to the committed future lease payments discounted over the duration of the lease, as well as the exercise price of the options when it is reasonably certain that they will be exercised. The right-of-use asset is adjusted, if necessary, by the payments made in advance to the lessor, the initial direct costs incurred net of the incentives received by the lessor and dismantling costs when an obligation is identified. The initial lease term for the lease liability calculation corresponds to the contractual term. Future lease payments are discounted using the incremental borrowing rate of the lessee.

The Company elected to use the practical expedient not to apply the new lessee accounting model to leases for which the lease term ends within twelve months after the date of initial application. Instead, these leases are accounted for as short-term leases, and therefore, the lease payments associated with those leases is recognized as an expense on a straight-line basis over the lease term.

In addition, the Company has elected to apply the exemption for low-value assets on a lease-by-lease basis. The lease payments associated with those leases will be recognized as an expense on a straight-line basis over the lease term.

As of December 31, 2020, and 2019, the Company has two leases for its Torrance and Mumbai offices. The lease in Torrance is a month-to-month lease and as such, is accounted as a short-term lease. The lease in Mumbai is immaterial and therefore, was treated as a low-value asset lease.

Income taxes

The Company is a registered S corporation under applicable federal and state income tax laws for the years ended December 31, 2020 and 2019. In lieu of the Company's income taxes, the shareholder is taxed on the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements. The Company does pay income tax under the rules of the State of California.

With respect to uncertain tax positions, the tax consequences of events should follow the manner in which the Company expects the tax position to be resolved with the taxation authorities as of the date of the financial position. The Company assesses its uncertain tax positions at the level of the individual uncertainty. The Company does not have any entity-level uncertain tax positions.

Share capital

The Company's shares are classified as equity. Share capital is presented at the value of the shares issued and any additional amounts invested in the Company.

Revenue recognition

Revenue is recognized when control of a good or service transfers to a customer in accordance with a five-step model:

1. Identify the contracts with customers
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when the entity satisfies a performance obligation

The Company accounts for a contract with a customer when it has approval and commitment from all parties, the rights of the parties and payment terms are identified, the contract has commercial substance and collectability of consideration is probable. Revenue is recognized when control of the promised services or goods (the performance obligation) is transferred to customers, and in an amount that reflects the consideration the Company expects to receive in exchange for those services or goods (the transaction price). The Company measures revenue by estimating the transaction price based on the consideration specified in the customer arrangement. Revenue is recognized as the performance obligations are satisfied.

The Company derives revenues from three main sources: (1) hardware and physical software sales, (2) electronic software license and maintenance sales and (3) professional services. It obtains all its customer arrangements through direct sales in the United States.

The Company does not provide a guaranteed right of return to its customers except where required by law. A customer needs to obtain permission for a return prior to its acceptance by the Company.

(a) Hardware and physical software sales

The Company provides physical computer hardware and software to customers upon submission of an approved purchase order or a signed Company quote. The Company's sales of hardware and physical software, which are made in the capacity of principal, are generally distinct goods because the customer can usually benefit from the hardware either on its own or with other resources. Hardware and software sales performance obligations are fully satisfied at the point the hardware is shipped to the customer and the licenses are delivered and control of the software passes to the customer. As such, revenue is recognized upon shipment of the hardware and delivery of the software to the customer.

(b) Electronic software license and maintenance sales

Electronic software and maintenance sales revenues are comprised of fees that provide customers with access to third-party software licenses and related support and updates during the term of the arrangement. Electronic software license and maintenance sales are recognized on a point in time basis because the Company's performance obligations are fully satisfied at the point the licenses and maintenance contracts with the software vendors are delivered. Electronic software license and maintenance sales are either recognized on electronic delivery to the customer, or in the case of a renewal, at the start of the renewal term.

(c) Professional services

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. This is because the customer can benefit from the services from other resources. In addition, the services are not generally integrated with or dependent on other services that might be provided to the customer. The customer receives and consumes the benefits of the services as the Company performs and therefore, these revenues are recognized ratably over the contract term for subscription managed contracts or on a proportional performance basis for the remaining contracts.

The Company's arrangements with its customers generally do not include variable consideration. The transaction price for the Company's products and services is usually fixed at the amount specified in the contract. When selling products or services under the same or linked contracts and those products or services represent one performance obligation, the Company allocates the total transaction price by reference to the prices it charges for those products and services when sold separately, i.e. their stand-alone selling prices.

The Company has determined that it acted as principal in all its performance obligations and therefore, the revenue is recognized at the gross amount of consideration to which it expects to be entitled. The Company determined it is a principal because it obtains control over the products and services in advance of transferring those products and services to the customer. The Company is primarily responsible for fulfilling the promise to provide the specified products or services to the customers, as it obtains control before they are delivered to the customer, and also typically has responsibility for acceptability of the specified products or services. In addition, the Company has primary responsibility for fulfilling the contractual promises to the customer, assumes inventory risk in the event of cancellation of the sale for any reason and has discretion in establishing the prices of the products and services.

The Company capitalizes the costs of obtaining a contract. The Company determined that these costs generate or enhance the Company's resources in a way that enables it to satisfy its performance obligations. The costs capitalized as of December 31, 2020 and 2019 were not significant.

Deferred revenue

Deferred revenue consists of customer payments received for performance obligations that have not yet been satisfied.

Cost of revenue

The primary components of cost of revenue are the purchase price for all computer hardware, software and related support, as well as an allocation of the related employee compensation and benefits, costs related to the operation of the Company's SaaS-hosted infrastructure, services, and any operating supplies.

Sales and marketing

The primary components of sales and marketing are staff compensation and benefits, third-party marketing programs, communications, travel, and professional services.

General and administration

The primary components of general and administration are staff compensation and benefits, communications, general office expenses, rent, travel, insurance, professional services, and amortization of property and equipment.

Finance income and costs

Finance income comprises interest income on funds invested. Finance costs comprises interest expense on borrowings.

Financial instruments

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL") or at amortized cost.

- Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income statement. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the statement of income in the period in which they arise.
- Financial assets at fair value through other comprehensive income ("FVTOCI"): Equity instruments that are not held for trading may be irrevocably designated as FVTOCI on initial recognition, on an investment by investment basis, and any subsequent changes in the instruments fair value are recognized in other comprehensive income. Debt instruments that are not designated as FVTPL can be recognized as FVTOCI if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and its contractual terms give rise on specified

dates to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

- Financial assets at amortized cost: Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading or designated as at FVTPL, are measured at amortized cost using the effective interest method.

Estimated fair values for financial instruments are designed to approximate amounts at which the instruments could be exchanged in a current arm's-length transaction between knowledgeable willing parties.

The Company classifies and discloses fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The three levels of the fair value hierarchy are:

Level 1 – Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Valuation techniques based on inputs other than quoted prices included in 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 – Valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer ("CEO"). The Company has determined that it has only one reportable segment under IFRS 8, which is that of 'Cyber security solutions provider'. An analysis of revenues by product and services lines and customer type, which form one reportable segment, is set out in Note 11.

Main sources of estimation uncertainty and critical judgements by management

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 financial statements, and the carrying 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:

(a) Revenue recognition, contracts with multiple performance obligations

The Company enters into contracts with its customers that may include promises to transfer multiple products 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.

When recognizing revenue, the group is required to assess whether its role in satisfying its various performance obligations is to provide the goods or services itself (in which case it is considered to be acting as principal) or arrange for a third-party to provide the goods or services (in which case it is considered to be acting as agent). There is often considerable judgment in determining whether the Company is principal or agent. The Company's assessment is based primarily upon whether it controls the goods or services prior to their transfer to the customer. However, the nature of these products and services means that a purely control based assessment does not always lead to a clear conclusion. Consequently, the Company additionally considers the other characteristics of principal set out in IFRS 15. These include whether the Company has primary responsibility for fulfilling the contractual promises made to the customer, whether the Company assumes inventory risk and whether it has discretion in establishing the selling price.

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. Generally, the Company is able to establish SSP based on observable prices of products or services sold separately in comparable circumstances to similar customers. In the case of third-party software and hardware, the Company can refer to the Manufacturer's Suggested Retail Price (the "MSRP"). The Company generally uses a range of SSP when it has observable prices.

(b) *Carrying values of allowances for unrecoverable accounts receivable*

Management estimates the allowance for doubtful accounts as it relates to trade and other receivables based on the expected credit losses.

New and amended standards adopted by the Company

The following standards were adopted in the year ended December 31, 2019, effective January 1, 2019.

(a) *IFRS 16 – Leases*

IFRS 16 (leases), replacing IAS 17 and the associated IFRIC and SIC interpretations, removes the distinction between operating leases and finance leases, all leases will be recognized on the balance sheet, and is effective January 1, 2019. Under IAS 17, lease contracts were qualified as either a finance lease or an operating lease, with a specific accounting treatment for each category. Refer to Note 3 for further details.

The following standards are applicable for periods beginning on or after January 1, 2020. These policies have been adopted and there has been no material impact to the financial statements.

(b) *Amendments to IAS 1 - Presentation of financial statements ("IAS 1") and IAS 8 - Accounting policies, changes in accounting estimates and errors ("IAS 8")*

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

The amendments are applied prospectively for annual periods beginning on or after January 1, 2020.

(c) Amendments to references to the conceptual framework in IFRS standards

Together with the revised conceptual framework, which became effective upon publication on March 29, 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS. The document contains amendments to various IFRS.
The amendments are effective for annual periods beginning on or after January 1, 2020.

(d) Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations ("IFRS 3") to help entities determine whether an acquired set of activities and assets is a business or not. The amendments clarified the minimum requirements for a business, removed the assessment of whether market participants are capable of replacing any missing elements, added guidance to help entities assess whether an acquired process is substantive, narrowed the definitions of a business and of outputs, and introduced an optional fair value concentration test. The amendments to IFRS 3 are effective for business combinations or asset acquisitions with acquisition dates on or after January 1, 2020.

4. Trade and other receivables

The Company's trade and other receivables are comprised of the following:

	December 31, 2020	**December 31, 2019**
	$	**$**
Gross trade receivables	5,067,062	2,533,315
Less: provision for impairment	—	—
Net trade receivables	5,067,062	2,533,315
Other receivables	120	1,415
	5,067,182	2,534,730

Trade receivables are amounts due from customers for products and services sold in the ordinary course of business.

They are generally due for settlement within 30 days and are therefore all classified as current.

Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components, in which case they are recognized at fair value. The Company holds the trade receivables with the objective of collecting the contractual cash flows, and so it measures them subsequently at amortized cost. Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

The Company evaluates credit losses on a regular basis based on the aging and collectability of its receivables. At December 31, 2020 and 2019, 24.7% and 1.5% of the Company's trade receivables balance is over 60 days past due, respectively. Based on the Company's assessment, no provision for impairment has been recorded as of December 31, 2020, 2019 or January 1, 2019.

5. Property and Equipment

Furniture & Fixtures includes furniture used in Aurora's Torrance and India offices as well as any improvements done at the Company's cost. Equipment consists of computer hardware and software purchased by the Company. The two categories are broken down as follows:

	Furniture & Fixtures $	Equipment $
Cost		
Balance January 1, 2019	75,879	101,175
Additions	-	-
Disposals	-	-
Balance December 31, 2019	75,879	101,175
Additions	-	-
Disposals	-	-
Balance December 31, 2020	75,879	101,175
Accumulated Depreciation		
Balance January 1, 2019	75,879	101,106
Depreciation for the period	-	69
Disposals	-	-
Balance December 31, 2019	75,879	101,175
Depreciation for the period	-	-
Disposals	-	-
Balance December 31, 2020	75,879	101,175
Net book value		
At January 1, 2019	-	69
At December 31, 2019	-	-
At December 31, 2020	-	-

6. Trade and other payables

The Company's trade and other payables are comprised of the following:

	December 31, 2020 $	December 31, 2019 $
Trade payables	4,724,915	2,116,665
Accrued liabilities	43,842	54,337
Payroll liabilities	136,154	96,953
	4,904,911	2,267,955

Trade payables are unsecured and are usually paid between 30 and 60 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

7. Short-term and long-term debt

	December 31, 2020 $	December 31, 2019 $
SBA Loan (a)	153,363	—
Line of Credit (b)	550,000	—
	703,363	—
Due for settlement in under 12 months	(554,631)	—
Due for settlement after 12 months	148,732	—

Continuity of promissory notes	December 31, 2020	December 31, 2019
Opening balance	—	—
Proceeds on promissory notes in the year	150,000	—
Interest expense	3,363	—
Repayments during the year	—	—
Total	153,363	—
Less: current portion of promissory notes	(4,631)	—
Long-term portion of promissory notes	148,732	—

(a) SBA Loan

On June 9, 2020, the United States Small Business Administration (the "SBA") provided funds to the Company (the "SBA Loan) from the under its Economic Injury Disaster Loan ("EIDL") assistance program in light of the impact of the COVID-19 pandemic on the Company's business. The principal amount of the EIDL Loan is $150,000, with proceeds to be used for working capital purposes. Interest accrues at the rate of 3.75% per annum. Installment payments, including principal and interest, are due monthly beginning June 9, 2021 (twelve months from the date of the SBA Loan (defined above)) in the amount of $731 per month. The balance of principal and interest is payable thirty years from the date of the SBA Loan. In connection therewith, the Company received an additional $10,000 advance, which does not have to be repaid.

(b) Line of credit

The Company has a line of credit agreement with a bank of $700,000. There were no borrowings against the line at December 31, 2019 while $550,000 was used at December 31, 2020. The line bears interest at the bank's prime lending rate which was 5% at December 31, 2020. The line is reviewed annually and is due on demand.

Additionally, in April 2020, the Company entered into a promissory note ("CARES Act Loan") of $199,830 with its bank, under the Paycheck Protection Program ("PPP") created by the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). Repayment of the CARES Act Loan is guaranteed by the U.S. Small Business Administration ("SBA"). As of December 31, 2020, the CARES Act Loan is scheduled to mature on April 20, 2022, has a 1.00% interest rate and is subject to the terms and conditions applicable to PPP loans.

The CARES Act Loan is eligible for forgiveness if the proceeds are used for qualified purposes within a specified period and if at least 60% is spent on payroll costs. As of December 31, 2020, the Company has used all of the proceeds from the CARES Act Loan for qualified purposes in accordance with the CARES Act and SBA regulations. The Company anticipates full forgiveness and as such, the CARES Act Loan was recognized as a grant to offset payroll expenses which are allocated to cost of revenue, sales and marketing expenses and general and administrative in the statement of income for the year ended December 31, 2020.

8. Share capital

The Company is authorized to issue 75,000 shares without nominal or par value. As of December 31, 2020, and 2019, 1,000 shares were issued and outstanding.

The following table summarizes the Company's issued and outstanding share capital:

	Number of shares	Amount
	#	$
Balance, January 1, 2019	1,000	203,691
Balance, December 31, 2019	1,000	203,691
Balance, December 31, 2020	1,000	203,691

9. Capital risk management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to the shareholder and benefits to other stakeholders. The capital structure of the Company consists of cash and cash equivalents, loans, and equity comprised of issued share capital:

	December 31, 2020	December 31, 2019
	$	$
Cash and cash equivalents	943,855	86,693
Short-term loans	554,631	—
Long-term loans	148,732	—
Share capital	203,691	203,691
	1,850,909	290,384

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 balance its overall capital structure through new share issuances and loans, or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged for the year ended December 31, 2020.

10. Financial instruments

The Company's financial instruments consist of cash and cash equivalents, trade and other receivables, receivables from related parties, trade and other payables, and loans.

The Company's classification and measurement basis of its financial instruments are as follows:

Financial instruments	Classification and measurement basis
Cash and cash equivalents	Amortized cost
Trade and other receivables	Amortized cost
Trade and other payables	Amortized cost
Short-term loans	Amortized cost
Long-term loans	Amortized cost
Receivables from related parties	Amortized cost

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 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.

The significant financial risks to which the Company is exposed are credit risk, interest rate risk, and liquidity risk.

(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 and trade and other receivables. The Company mitigates credit risk on cash by placing it at a credit-worthy financial institution. Trade receivables are primarily due from the governmental or state entities of the United States and therefore, credit risk is low. Receivables from related parties consist primarily of a note receivable from the shareholder and CEO of the Company. The carrying amounts of the financial assets represent the Company's maximum credit exposure:

	December 31, 2020 $	**December 31, 2019 $**
Cash and cash equivalents	943,855	86,693
Receivables from related parties	204,963	238,041
Trade and other receivables	5,067,182	2,534,730
	6,216,000	2,859,464

(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 loans 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 costs. The Company's ability to continue as a going concern is dependent on management's ability to grow revenue, raise required funding through shares issuances and/or short-term or long-term borrowings. 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. Management and the shareholder are actively involved in the review, planning and approval of significant expenditures and commitments.

11. Disaggregated revenue information

The Company operates primarily in one principal business, that being selling cyber security solutions to customers in government and other sectors. All Company's customers are in the United States.

(a) Revenue by products and services

	December 31, 2020 $	December 31, 2019 $
Revenue		
Hardware and physical software	22,098,147	12,259,142
Electronic software license and maintenance sales	5,639,492	6,071,805
Professional Services	398,750	754,487
	28,136,389	19,085,434

(b) Revenue by customer type

	December 31, 2020 $	December 31, 2019 $
Revenue		
US federal government	19,901,264	6,781,540
US state governments	6,311,133	7,486,877
US local governments	547,928	1,004,614
Commercial	1,376,064	3,812,403
	28,136,389	19,085,434

12. Operating expenses

	December 31, 2020 $	December 31, 2019 $
Sales and marketing		
Salaries and benefits	371,846	401,248
Sales commission	144,372	152,920
Advertising and promotion	43,046	56,102
Communication and IT services	7,828	7,817
Travel and entertainment	6,703	20,668
Office and general	1,349	3,921
Contractors	917	2,301
Marketing development funds received	(136,121)	(121,500)
	439,941	523,476
General and administrative		
Salaries and benefits	560,358	599,972
Office and general	198,703	215,949
Travel and entertainment	28,153	62,259
Communication and IT services	18,978	20,367
Professional fees	17,188	22,783
Insurance	11,369	12,028
Depreciation and amortization	1,690	914
	836,439	934,272

13. Related party transactions

The following table summarizes the related party transactions:

	December 31, 2020 $	December 31, 2019 $
Wages and benefits paid to the shareholder and CEO of the Company	144,106	148,924
Note receivable from the shareholder and CEO of the Company	200,000	200,000
Receivables due from related parties through common ownership	4,963	38,041
	349,069	386,965

The note receivable from the shareholder and CEO of the Company bears interest at 3.54% per annum and interest paid through 2020 and 2019 was not material. The note receivable from the shareholder and CEO of the Company was repaid after year-end (see Note 14).

14. Subsequent events

In March 2021, the note receivable from the shareholder and CEO of the Company of $200,000 and receivables due from related parties through common ownership of $4,963 were repaid.

On March 16, 2021, the SBA extended the deferral period for the EIDL loan for another year. Therefore, the SBA loan will be payable starting on June 9, 2022.

On March 26, 2021, the Company entered into a share purchase agreement with Plurilock Security Corp. and Plurilock Security, Inc (collectively "Plurilock") for Plurilock to acquire 100% of the issued and outstanding shares of capital stock of the Company. Pursuant to the terms of the definitive agreement, Plurilock has agreed to pay the Company an aggregate consideration of $1,500,000 payable as follows: (i) $900,000 in cash payable on closing (the "Closing Cash Payment"), subject to a working capital adjustment; (ii) $300,000 in common shares of Plurilock (the "Closing Consideration Shares") payable on closing; and (iii) a performance-based earnout of $300,000 in common shares of Plurilock (the "Earnout Shares") based off the net income of the Company determined in accordance to IFRS for the fiscal year ended December 31, 2021. The Closing Consideration Shares will be issued at a deemed price of $0.54 per share. The Earnout Shares will be issued at a deemed price equal to the closing trading price of the common shares of Plurilock on the TSXV on the date prior to announcement of issuance of the Earnout Shares. The Closing Consideration Shares will be subject to certain contractual restrictions on trading for a period of 18 months from the date of issuance. Upon completion of the Proposed Transaction, the Company will become a subsidiary of Plurilock.

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