

# Leonovus Inc. Announces Q3 2018 Financials and Business Update

OTTAWA, Nov. 28, 2018 /CNW/ - **Leonovus Inc.**, ("**Leonovus or the Company**") (TSXV: LTV) (OTC: LVNSF) today announced its operating and financial results for the quarter ended September 30, 2018. All amounts are in USD.

As of this date, Leonovus has identified and qualified 62 customer projects and added three channel partners in Q3. Most of these customers are large enterprises. The Company expects to add nine new product trials by the end of Q1 2019. These customers include government departments, Fortune 1,000 companies, law enforcement agencies, health care and NGOs. These trials include four Canadian Federal Departments that are in or entering into a statement of work and trial agreements under the BCIP program and schedule to begin validation in Q2-Q3 FY2019 that will represent a potential of up to \$2M CAD in recognizable revenue in the short run with the potential to expand and continue into future years.

Enterprise and government sales cycles remain lengthy as Leonovus is an enabler of secure data archiving and migration which entails numerous variables to be in place including customer enabling cloud services, compliance management, data sovereignty, data management, project planning and implementation.

Leonovus now has seven patents issued, with an additional two in final review stage and three in draft as well as over 320 patent claims. The patent issued this past quarter gained protection in 8 EU countries.

The Company incurred a net loss of \$1,633,000 in the third quarter of 2018 and a net loss of \$3,603,000 for the first nine months of 2018 compared to a net loss of \$655,000 in the comparable quarter of 2017 and a net loss of \$1,605,000 for the first nine months of 2017. Predominantly due to the expansion of our development and go-to-market team our operating expenses increased to \$1,557,000 for the third quarter of 2018 and \$3,815,000 for the first nine months of 2018 as compared to \$270,000 and \$987,000 for the third quarter and first nine months of 2017, respectively. Revenue for the third quarter of 2018 was \$11,000 of production revenue compared to \$9,000 proof of concept revenue for the same quarter of 2017. The Company has additional potential projects with its large Canadian banking client which are expected to generate additional revenues in 2019.

The Company has a strong balance sheet and cash balance which was \$6,284,000 on September 30, 2018, as compared to \$1,094,000 on September 30, 2017.

Leonovus is the only software-defined storage solution that shreds and spreads data securely across multiple public clouds while making it unintelligible to anyone with direct access to the cloud storage. Using its patented data fragmentation and distribution techniques, Leonovus also ensures that data recovery should any of the cloud storage endpoints become unavailable, providing high levels of data durability and enabling customers to avoid vendor lock-in. Our blockchain technology is a significant differentiator for hyper-secure data storage applications requiring a chain of evidence, compliance or auditability.

The Galaxa whitepaper was released on November 12, 2018, at a special event during the Singapore Fintech Festival. "Over the past twelve months, we have focused on productizing our technology and building out all the necessary parts of an innovative software company. The Galaxa project is an integral part of the Company's strategy as it will significantly leverage our investment in hyper-secure distributed data storage," said Michael Gaffney, Chairman & Chief Executive Officer.

Mr. Gaffney is the keynote speaker at Wall Street event organized by [SMC Capital](#) in New York City on November 29. SMC Capital is an NYC-based investment and advisory firm focused exclusively on projects and tokens related to blockchain tech, digital currency, and Security Token Offerings (STOs).

#### About Leonovus

Leonovus is a cloud solutions software provider that offers the leading blockchain enabled software-defined object storage solution (SDOSS) and governance, risk management and compliance (GRC) solution for the modern enterprise. Designed with the IT manager in mind, Leonovus' patented algorithms virtualize, transform, slice and disperse data across a network of on-premises, hybrid or multi-cloud storage nodes – allowing for the most secure yet internally accessible form of object-based data storage that provides GRC across the entire solution. The advanced geo-distributed architecture minimizes latency, optimizes geo-availability, reduces remote backup costs and meets data sovereignty requirements. With its software and hardware agnostic design, Leonovus provides Petabyte scalability and allows the enterprise to utilize its existing idle storage resources, extend the useable lifespan of depreciated resources and improve the enterprise's overall ROI. To learn more, please visit [www.leonovus.com](http://www.leonovus.com).

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