

LEONOVUS INC. ANNOUNCES Q2 2019 FINANCIAL RESULTS AND BUSINESS UPDATE

OTTAWA, Canada August 27, 2019 – Leonovus Inc., (“Leonovus”) (TSXV: LTV) today announced its operating and financial results for the quarter ended June 30, 2019. Amounts are in U.S. dollars unless otherwise stated.

The Company incurred a net loss of \$818,000 in the second quarter of 2019 and a net loss of \$2,995,000 for the first half of 2019 compared to a net loss of \$1,230,000 in the comparable quarter of 2018 and a net loss of \$1,970,000 for the first half of 2018. Total operating expenses decreased to \$796,000 for the second quarter of 2019 compared to \$1,236,000 in Q2 2018. For the six months ended June 30, 2019, operating expenses increased from \$2,258,000 in 2018 to \$2,353,000 in 2019. Revenue for the second quarter of 2019 was \$19,000 compared to \$Nil the same quarter for 2018. The Company continued its investment in Sales, Marketing, Product Development and G&A however at a reduced rate beginning in the second quarter of 2019. The Company continues to look for cost saving initiatives with plans to reduce expenses to \$300,000 per month.

The Company had cash and cash equivalents of \$1,545,000 as at June 30, 2019, as compared to \$3,646,000 at December 31, 2018. The Company will need additional cash by Q1 2020. Revenues from Smart Filer are expected to start in Q4 2019. The financing of the Galaxa project is currently under review as no funds have been raised to date. Feedback from potential investors that they understand and like the project but would prefer it to be revenue-generating before they invest. The Galaxa project continues to be an important corporate strategic initiative and the Company will launch a limited version of the product this fall to support the Smart Filer project. Our primary focus is on generating revenue, but we must consider all sources of funding, including new equity or debt, strategic initiatives and/or partnerships.

On August 13, 2019 Leonovus launched the free ‘Data Discovery Tool’, which allows customers to visualize their file storage profile and create reports that include the number of files and the amount of storage they consume according to file type and the date they were last accessed.

Early this fall we will release another new product called Leonovus Smart Filer with the capabilities of Data Discovery Tool embedded. Smart Filer addresses the greater than 50% compounded unstructured data growth problem (Gartner, 2018) facing many IT departments by taking current file server infrastructure and automatically extending it to lower-cost secondary or cloud storage.

“We have had eighteen months of operations since our financing and have eliminated and or paid off over 3.75 M in debt that we inherited, built the team, and successfully launched our Vault multi-cloud data controller technology with several successful proof of concept installations. However, it became clear in late 2018 that while companies were moving their data to a single cloud, moving their data to Vault’s multi-cloud architecture was ‘futuristic’. The Vault technology was successful in all our proof of concept installations, but the purchase horizon was too far in the future. We were not solving an immediate IT problem. Based on the feedback from potential customers, we decided to design and build the Smart Filer product. The first generally available release of Smart Filer will launch in mid-September 2019. The analytics tools in Smart Filer were packaged into the free Data Discovery Tool, which launched on August 13, 2019 as an early marketing initiative. Based on current feedback from customers, we expect to receive purchase orders for Smart Filer this fall,” said Michael Gaffney, Chair and CEO.

Smart Filer is an information lifecycle management (ILM) solution that analyzes existing file storage and extends its capacity automatically and transparently. According to customer-defined policies, infrequently accessed files are automatically removed from high-cost, high-performance primary storage, and placed in secondary or cloud storage, without any changes to how users and applications access them. When Leonovus Vault is deployed with Smart Filer, customers not only have lower data storage costs but enhanced data security and durability.

Galaxa Smart Cloud will also launch this fall, which in combination with Smart Filer and Vault gives Leonovus a unique one-stop-shopping product in the data storage industry. Customers will perform data storage analytics with the Data Discovery Tool; use Smart Filer to seamlessly apply policy and offload data to the cloud; optionally use Vault in a multi-cloud storage architecture for hyper-securing the data and finally Galaxa Smart Cloud will offer buyers a pre-packaged marketplace of cloud storage vendors. With this complete vertically integrated and interoperating suite of products and services, Leonovus accelerates and

simplifies cloud offload and migration, meaning the time to reaping the economic benefits of cloud-based data storage is shortened.

About Leonovus

Leonovus is a software provider that offers object-based storage solutions which untether your data, both on-premises and in the cloud. Designed with the IT manager in mind, Leonovus' patented algorithms analyze, classify, encrypt, shred and spread 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 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.

This press release may contain forward-looking statements and information, which may involve risks and uncertainties. The results or events predicted in these statements may differ materially from actual results or events. Factors that might cause a difference include, but are not limited to, competitive developments, risks associated with Leonovus' growth, the state of the financial markets, regulatory risks and other factors. There can be no assurance or guarantees that any statements of forward-looking information contained in this release will prove to be accurate. Actual results and future events could differ materially from those anticipated in such statements. These and all subsequent written and oral statements containing forward-looking information are based on the estimates and opinions of management on the dates they are made and expressly qualified in their entirety by this notice. Unless otherwise required by applicable securities laws, Leonovus disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Readers should not place undue reliance on any statements of forward-looking information that speak only as of the date of this release. Further information on Leonovus' public filings, including its most recent audited consolidated financial statements, are available at www.sedar.com.

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