

Plurilock Security Inc. Reports Fiscal 2020 Third Quarter Financial Results

VICTORIA, BRITISH COLUMBIA – November 27, 2020 – Plurilock Security Inc. (TSXV: PLUR) (“Plurilock” or the “Company”), a leading provider of invisible and continuous authentication technologies for enterprises, today announces its financial results for the three and nine months ended September 30, 2020, a period that ended less than two weeks after Plurilock Security Solution Inc.’s public listing via a reverse takeover of Libby K Industries Inc. on the TSX Venture Exchange. All dollar figures are stated in Canadian dollars, unless otherwise indicated.

“Q3 2020 represents a major milestone in our development as it was our first following the completion of our recent reverse takeover transaction, a concurrent financing and our name change to Plurilock Security Inc.,” said Ian L. Paterson, CEO of Plurilock. “Despite the global headwinds caused by pandemic, we were able to secure \$2.6M in funding in September 2020. With funds now in hand, we are able to execute on our organic growth strategy by expanding our sales force to cater to a growing and global customer base of mid to large sized enterprise companies in need of an authentication solution while pursuing a transformative acquisition strategy to continue broadening our asset mix of cybersecurity tools.”

“Global cybersecurity spending is expected to total \$1 trillion over five years by the end of 2021, according to Cybersecurity Ventures. We anticipate that companies of all sizes will continue to accelerate their security infrastructure spending with up to date and innovative technology,” continued Ian L. Paterson. “With our continuous Multi-Factor Authentication (“MFA”) tools, we are positioned to help these companies secure their enterprise.”

Third Quarter Fiscal 2020 Financial Highlights

- Total revenue for the three and nine months ended September 30, 2020 was \$168,854 and \$351,705 (\$179,216 and \$272,128 respectively in 2019), a decrease of 6% and an increase of 29% over the same periods in the prior fiscal year.
- Government revenue accounted for 50% and 29% of total revenues for the three and nine months ended September 30, 2020 (57% and 53% for the same periods in 2019) while license revenues accounted for 50% and 71% of total revenues for the three and nine months ended September 30, 2020 (43% and 47% for the same periods in 2019).
- Government revenue was \$83,939 and \$103,310 for the three and nine months ended September 30, 2020, compared to \$102,059 and \$143,859 over the same periods in the prior fiscal year.
- License revenue was \$84,915 and \$248,395 for the three and nine months ended September 30, 2020, compared to \$77,157 and \$128,269 over the same periods in the prior fiscal year.
- Gross margin was 80.8% and 84.5% for the three and nine months ended September 30, 2020, compared to 86.7% and 88.5% over the same periods in the prior fiscal year.

- Adjusted EBITDA was \$(276,205) and \$(1,313,954) for the three and nine months ended September 30, 2020 compared to \$(256,182) and \$(1,098,230) over the same periods in the prior fiscal year.
- Cash used in operating activities for the three and nine months ended September 30, 2020 was \$346,795 and \$865,338, compared to \$542,166 and \$1,136,615 during the same periods in the prior fiscal year.
- Cash generated from financing activities for the three and nine months ended September 30, 2020 was \$2,631,305 and \$3,799,847, compared to \$525,301 and \$1,059,289 over the same periods in the prior fiscal year.

Third Quarter Fiscal 2020 Operational Highlights

- On July 30, 2020, the Company was awarded a new contract by the US Department of Homeland Security (“**DHS**”) to continue its development of advanced machine-to-machine (“**M2M**”) authentication and anomaly detection tools. The contract, which totals some US\$198,000, is the third in a series of related contracts funded through the DHS Science and Technology (“**S&T**”) Directorate’s Silicon Valley Innovation Program (“**SVIP**”) and renews the ongoing collaboration between Plurilock and DHS.
- On August 6, 2020, the Company announced that it was awarded advisory services and funding from the National Research Council of Canada Industrial Research Assistance Program (“**NRC IRAP**”) for a research and development project. The funding provides Plurilock with up to \$120,000 to support the development of advanced passwordless authentication technologies that can be used in commercial, enterprise, and highly regulated cybersecurity environments.
- On September 17, 2020, the Company completed a three-cornered amalgamation with Plurilock Security Solutions Inc. and closed a concurrent brokered private placement for aggregate proceeds of \$2.6 million.
- On September 17, 2020, the Company changed its name to Plurilock Security Inc.
- On September 24, 2020, Plurilock shares commenced trading on the TSX Venture Exchange as a Tier 2 technology issuer under the ticker symbol “TSX-V: PLUR”.
- On September 24, 2020, the Company announced it had retained PI Financial Corp. to provide market making services and Thesis Capital Inc. for investor relations services.
- On September 29, 2020, the Company announced that PL was awarded a US\$42,000 annual recurring contract by a major US-based financial services client.

Summary of Key Financial Metrics

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Revenue	168,854	179,216	351,705	272,128
<i>Government</i>	<i>83,939</i>	<i>102,059</i>	<i>103,310</i>	<i>143,859</i>
<i>License</i>	<i>84,915</i>	<i>77,157</i>	<i>248,395</i>	<i>128,269</i>
Cost of sales	(32,497)	(23,849)	(54,395)	(31,255)
Gross profit	136,357	155,367	297,310	240,873
Gross margin	80.8%	86.7%	84.5%	88.5%
Net loss and comprehensive loss for the period	(1,750,540)	(279,144)	(2,850,916)	(1,159,457)
EBITDA ⁽¹⁾	(1,740,995)	(266,726)	(2,801,511)	(1,129,862)
Adjusted EBITDA ⁽¹⁾	(276,205)	(256,182)	(1,313,954)	(1,098,230)
Basic loss per share - for the period	(0.07)	(0.01)	(0.13)	(0.06)
Diluted loss per share - for the period	(0.07)	(0.01)	(0.13)	(0.06)
Weighted average number of common shares	25,428,332	20,374,902	22,328,011	20,323,575
Reconciliation of EBITDA and adjusted EBITDA:				
Net loss and comprehensive loss for the period	(1,750,540)	(279,144)	(2,850,916)	(1,159,457)
Amortization	6,372	2,240	17,064	5,860
Interest expense	3,173	10,178	32,341	23,735
EBITDA ⁽¹⁾	(1,740,995)	(266,726)	(2,801,511)	(1,129,862)
Listing expenses	1,455,962	-	1,455,962	-
Share-based compensation	8,828	10,544	31,595	31,632
Adjusted EBITDA ⁽¹⁾	(276,205)	(256,182)	(1,313,954)	(1,098,230)

	September 30, 2020	December 31, 2019
	\$	\$
Cash & cash equivalents	3,066,542	147,433
Trade and other receivables	324,229	532,016
Total assets	3,855,115	1,002,917
Trade and other payables	1,096,614	340,629
Unearned revenue	51,105	138,659
Loans - short term	52,151	401,033
Loans - related parties	-	52,164
Lease liability - current	17,125	15,893
Total current liabilities	1,216,995	948,378
Total non-current liabilities	43,855	16,856
Total liabilities	1,260,850	965,234

(1) EBITDA and Adjusted EBITDA are non-IFRS measures and are discussed in Non-IFRS Measures section below

Non-IFRS measures

This news release presents information about EBITDA and Adjusted EBITDA, both of which are non-IFRS financial measures, to provide supplementary information about operating performance. Plurilock defines EBITDA as net income or loss before interest, income taxes, depreciation and amortization. Adjusted EBITDA removes non-cash share-based compensation and listing expenses from EBITDA. 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. EBITDA and Adjusted EBITDA are not intended as a substitute for IFRS measures. A limitation of utilizing these non-IFRS measures is that the IFRS accounting effects of the adjustments do in fact reflect the underlying financial results of Plurilock's business and these effects should not be ignored in evaluating and analyzing Plurilock's financial results. Therefore, management believes that Plurilock's IFRS measures of net loss and the same respective non-IFRS measure should be considered together. Non-IFRS measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Readers should refer to the Company's most recently filed MD&A for a more detailed discussion of these measures and their calculation.

Quarterly Filings

Management's Discussion and Analysis and Interim Condensed Consolidated Financial Statements and the notes thereto for the fiscal period ended September 30, 2020 can be obtained from Plurilock's corporate website at www.plurilock.com and under Plurilock's SEDAR profile at www.sedar.com

About Plurilock

Plurilock is a cybersecurity company that provides advanced and continuous authentication for standards and regulatory compliance. Plurilock's software leverages state-of-the-art behavioral-biometric, environmental, and contextual technologies to provide invisible, adaptive, and risk-based MFA solutions with the lowest possible cost and complexity. Plurilock enables organizations to compute safely—and with peace of mind.

For more information, visit <https://www.plurilock.com> or contact:

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Forward-Looking Statements

This press release may contain certain forward-looking statements and forward-looking information (collectively, "forward-looking statements") which relate to future events or Plurilock's future business, operations, and financial performance and condition. Forward-looking statements normally contain words like "will", "intend", "anticipate", "could", "should", "may", "might", "expect", "estimate", "forecast", "plan", "potential", "project", "assume", "contemplate", "believe", "shall", "scheduled", and similar terms. Forward-looking statements are not guarantees of future performance, actions, or developments and are based on expectations, assumptions and other factors that management currently believes are relevant, reasonable, and appropriate in the circumstances. Although management believes that the forward-looking statements herein are reasonable, actual results could be substantially different due to the risks and uncertainties associated with and inherent to Plurilock's business. Additional material risks and uncertainties applicable to the forward-looking statements herein include, without limitation, unforeseen events, developments, or factors causing any of the aforesaid expectations, assumptions, and other factors ultimately being inaccurate or irrelevant. Many of these factors are beyond the control of Plurilock. All forward-looking statements included in this press release are expressly qualified in their entirety by these cautionary statements. The forward-looking statements contained in this press release are made as at the date hereof and Plurilock undertakes no obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events, or otherwise, except as may be required by applicable securities laws.

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