

# Plurilock Security Inc. Reports Fiscal 2021 First Quarter Financial Results

Victoria, British Columbia--(Newsfile Corp. - May 31, 2021) - Plurilock Security Inc. (TSXV: PLUR) (OTCQB: PLCKF) and related subsidiaries ("Plurilock" or the "Company"), an identity-centric cybersecurity solution provider for workforces, today announces its financial results for the three months ended March 31, 2021. All dollar figures are stated in Canadian dollars, unless otherwise indicated.

"Fiscal Q1 2021 saw us accelerate our growth by achieving multiple operational initiatives that have positioned us well for the remainder of the year," said Ian L. Paterson, CEO of Plurilock. "Despite the challenging economic environment, we were able to raise over \$5M in growth capital from leading Canadian investors, add notable personnel to our advisory board with global cybersecurity experience and put ourselves in the best position we have been in as a Company since we began trading in September 2020."

"As part of our stated strategy of acquiring accretive assets to complement our existing high margin artificial intelligence products, we completed our first acquisition of cybersecurity solutions provider Aurora Systems Consulting Inc., a company with revenue of \$35.82 million in 2020 and strong presence in the U.S. government vertical," said Mr. Paterson. "With Aurora, we have dramatically increased our distribution, by adding an experienced sales force, contracting vehicles with access 174 California State agencies and a Government-Wide Acquisition Contract with the US Federal Government, as well as a base of over 140 customers."

"With cybersecurity threats continuing to rise globally, we will look to accelerate our presence in the industry by expanding our product portfolio and pursuing additional M&A opportunities that can expand our sales pipeline and deliver needed solutions to this fast-growing industry," continued Mr. Paterson.

## First Quarter Fiscal 2021 Financial Highlights

- Total revenue for the three months ended March 31, 2021 was \$75,761, a decrease of 27% over the same period in the prior fiscal year.
- Electronic software license and maintenance sales revenues accounted for 89% (81% for the same period in 2020) of total revenues. Professional services revenue accounted for 11% (19% for the same period in 2020) of total revenues.
- Electronic software license and maintenance sales revenue was \$67,756 for the three months ended March 31, 2021, compared to \$83,968 over the same period in the prior year.
- Professional services sales revenue was \$8,005 for the three months ended March 31, 2021, compared to \$19,371 over the same period in the prior year.
- Gross margin was 88.3% in Q1 2021, compared to 88.9% over the same period in the prior year.
- Adjusted EBITDA was \$(1,056,397) for the three months ended March 31, 2021 compared to \$(494,514) over the same period in the prior year.
- Cash & cash equivalents on March 31, 2021 was \$5,848,598 compared to \$1,721,179 on the same date in the prior year.
- Cash used in operating activities for the three months ended March 31, 2021 was \$1,158,455, compared to \$205,579 during the same period in the prior fiscal year.

Note: As the acquisition of Aurora Systems Consulting Inc.'s ("Aurora") was completed on March 31, 2021, Plurilock's first quarter fiscal 2021 condensed interim consolidated financial statements include

Aurora's statement of financial position, including but not limited to cash and cash equivalents, trade and other receivables as well as trade and other payables but exclude items from Aurora's statement of loss and comprehensive loss for the three months ended March 31, 2021.

### **First Quarter Fiscal 2021 Operational Highlights**

- On January 13, 2021, the Company announced that it has received a patent pending with the United States Patent and Trademark Office to document a new form of continuous authentication. The application covers a continuous authentication method to validate and confirm the identity of a user during remote work. The process involves comparing the digital user's distinct and unique patterns (i.e. keystrokes) with patterns previously collected, while enabling the user to work on a remote device and/or in a remote setting without any interruption. Plurilock's latest continuous authentication method, as documented in the patent pending application, will enable companies to constantly authenticate the identity of their employees and staff even though the user is completely 'invisible' to them.
- On January 15, 2021, the Company announced that it has entered into a non-exclusive Reseller Agreement with X10 Networks Inc., ("X10") a leading provider of network engineering solutions.
- On January 18, 2021, 1,262,000 restricted common shares that had a four-month holding period since the completion of the 2020 QT expired and were released.
- On January 21, 2021, Plurilock began trading on the Over-the-Counter Market OTCQB Venture Market ("OTCQB") under the ticker "PLCKF". On March 1, 2021, Plurilock received approval from the Depository Trust Company ("DTC") to make their shares eligible on the OTC, allowing United States investors to clear their trades seamlessly under the ticker "PLCKF".
- On January 29, 2021, the Company announced that it had entered into a Reseller Agreement with Tantallon Ltd. ("Tantallon"), a UK-based distributor of cyber defense solutions.
- On February 4, 2021, Plurilock announced the appointment of retired US Vice Admiral, Dr. Jan E. Tighe, to the Company's Advisory Board. Dr. Tighe was commissioned as a cryptologist in the Navy and holds a Doctorate in Electrical Engineering, and currently serves on the boards of Goldman Sachs, IronNet Cybersecurity, Progressive Insurance, and Huntsman Chemical.
- On February 18, 2021, Plurilock announced the closing of its non-brokered private placement consisting of the issuance of 7,914,732 units at a subscription price of \$0.45 per unit, for aggregate gross proceeds to the Company of approximately \$3.56 million.
- On February 26, 2021, due to strong investor demand, Plurilock closed a second non-brokered private placement consisting of the issuance of 3,326,004 units at a subscription price of \$0.48 per unit, for aggregate gross proceeds to the Company of approximately \$1.6 million.
- On March 15, 2021, Plurilock announced the addition of Molly Falconer de Ramel to its board of directors. Ms. de Ramel has over 20 years of experience advising executives in the financial services industry.
- On March 25, 2021 the Company announced that it had entered into a master OEM agreement with Baco Holdings, doing business as "Untangl", a leading contact center technology solutions provider to integrate and resell Plurilock's products.
- On March 31, 2021, Plurilock, completed the acquisition of Aurora Systems Consulting Inc., a provider of advanced cybersecurity technology and services based in California, USA. The Company acquired all of the outstanding securities of Aurora. Pursuant to the terms of the definitive agreement, Plurilock paid Aurora and the shareholder of Aurora, an aggregate consideration of US\$1.5 million, which includes a performance-based earnout of US\$300,000 in common shares of Plurilock. In addition, upon closing of the acquisition, 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.

## Summary of Key Financial Metrics

	Three months ended	
	2021	March 2020
	\$	\$
Revenue	<b>75,761</b>	103,339
<i>Electronic software license and maintenance sales</i>	67,756	83,968
<i>Professional services</i>	8,005	19,371
Cost of sales	<b>(8,889)</b>	(11,482)
Gross profit	<b>66,872</b>	91,857
Gross margin	<b>88.3%</b>	88.9%
Net loss and comprehensive loss for the period	<b>(1,580,680)</b>	(561,802)
EBITDA <sup>(1)</sup>	<b>(1,572,512)</b>	(536,552)
Adjusted EBITDA <sup>(1)</sup>	<b>(1,056,397)</b>	(524,944)
Basic and diluted loss per share - for the period	<b>(0.03)</b>	(0.02)
Common & preferred shares outstanding	<b>58,396,428</b>	25,530,978
<b>Reconciliation of EBITDA and adjusted EBITDA:</b>		
Net loss and comprehensive loss for the period	<b>(1,580,680)</b>	(561,802)
Amortization	<b>7,944</b>	5,212
Interest expense	<b>224</b>	20,038
EBITDA <sup>(1)</sup>	<b>(1,572,512)</b>	(536,552)
Share-based compensation	<b>258,944</b>	11,608
Listing expenses	<b>1,911</b>	-
Financing expenses	<b>7,752</b>	30,430
Acquisition related expenses	<b>247,508</b>	-
Adjusted EBITDA <sup>(1)</sup>	<b>(1,056,397)</b>	(494,514)
	<b>March 31,</b>	December
	<b>2021</b>	31,
	\$	2020
	\$	\$
Cash & cash equivalents	<b>5,848,598</b>	1,721,179
Trade and other receivables	<b>2,808,263</b>	118,796
Prepaid expenses and deposits	<b>364,080</b>	207,559
Goodwill	<b>1,623,263</b>	-
Total Assets	<b>11,040,630</b>	2,228,524
Trade payables and other payables	<b>3,736,373</b>	409,616
Unearned revenue	<b>345,760</b>	94,700
Short-term loans	<b>628,246</b>	-
Total current liabilities	<b>4,723,009</b>	521,173
Total non-current liabilities	<b>224,505</b>	30,000
Total liabilities	<b>4,947,514</b>	551,173

## 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 March 31, 2021 can be obtained from Plurilock's corporate website at [www.plurilock.com](http://www.plurilock.com) and under Plurilock's SEDAR profile at [www.sedar.com](http://www.sedar.com)

## **About Plurilock**

Plurilock provides identity-centric cybersecurity for today's workforces. Plurilock offers world-class cybersecurity solutions paired with AI-driven, cloud-friendly security technologies that deliver persistent identity assurance with unmatched ease of use. The Plurilock family of companies enables organizations to operate safely and securely while reducing cybersecurity friction.

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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