

Plurilock Security Inc. Reports Record First Quarter Fiscal 2024 Financial Results

- Gross Margin \$2.5 million, 21.9% of sales in Q1 2024 vs. \$2.1 million, 13.6% in Q1 2023.
- Plurilock Critical Services growth of 66% to \$1.0 million in Q1 2024 from \$0.6 million in Q1 2023.

Vancouver, British Columbia--(Newsfile Corp. - May 30, 2024) - 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, 2024. All dollar figures are stated in Canadian dollars, unless otherwise indicated.

"During the first quarter of 2024, Plurilock achieved growth in its services, a key strategic initiative for the company," said Ian L. Paterson, CEO of Plurilock. "Plurilock is diligently marching forward with its Critical Services offer and gaining momentum towards its profitability goals."

Key Business Milestones During Q1 Fiscal 2024

- Gross margins increased to 21.9% in Q1 2024 from 13.6% in Q1 2023, driven by increases in Critical Services mix and margin improvements in margin throughout the Company's portfolio.
- Services sales increased 66% driven by Plurilock's focus on Critical Services and traction it is seeing with new clients.
- Adjusted EBITDA improved to a loss of \$0.4M in Q1 2024 from a loss of \$1.0M from stronger margins and cost containment versus the prior year.

First Quarter Fiscal 2023 Financial Highlights

- Total revenue for the three months ended March 31, 2023, was \$11,574,930 as compared to \$15,767,328 for the year three months ended March 31, 2023. Revenue for the three months ended March 31, 2024 and 2023, included revenue from both the Technology Division and the Solutions Division. Revenue for the three months ended March 31, 2024, is lower than the comparative period as a result of the timing on a few large orders and lower volume from the Integra acquisition ("**INC**") offset partially by +66% growth in professional services sales.
- Hardware and systems sales revenue for the three months ended March 31, 2024, totalled \$8,915,252 compared to \$12,444,129 respectively in the prior three months ended March 31, 2023. Software, license, and maintenance sales revenue for the three months ended March 31, 2024, was \$1,647,753 compared to \$2,713,578 in the prior period ended March 31, 2023. Professional services revenue was \$1,011,925 for the three months ended March 31, 2024, compared to \$609,621 in the prior period ended March 31, 2023.
- Hardware and systems sales revenues for the three months ended March 31, 2024, accounted for 77.0% of total revenues compared to 78.9% for the three months ended March 31, 2023. Software, license and maintenance sales revenues for the three months ended March 31, 2024, accounted for 14.2% compared to 17.2% for the three months ended March 31, 2023. Professional services revenue for the three months ended March 31, 2024, accounted for 8.7% of total revenues, compared to 3.9% for the three months ended March 31, 2023.
- Gross margin for the three months ended March 31, 2024, was 21.9% compared to 13.6% for the three months ended March 31, 2023.
- Adjusted EBITDA for the three months ended March 31, 2024 was \$(369,551) compared to

\$(971,966) in the prior three months ended March 31, 2023.

- Cash and cash equivalents and restricted cash on March 31, 2024 was \$629,473 compared to \$2,058,193 on December 31, 2023.
- During the three months ended March 31, 2024, the Company used \$683,179 of cash from operating activities compared to \$1,699,960 in the prior year.

First Quarter Fiscal 2023 Operational Highlights

- On January 3, 2024, the Company received a US\$4.7 million sale order from a US public library.
- On January 24, 2024 the Company received a US\$2.5 million cybersecurity sale order from the US hospital system.
- On February 21, 2024, the Company launched its new Critical Services offer. This offer is aimed at enabling security and resilience for multinational companies and business partners with geopolitical exposure.

Outlook for 2024

The Company remains committed to reaching cash flow breakeven by growing Plurilock Critical Services as well as continuing to identify more opportunities to achieve financial and operational efficiencies across all business units. At the end of December 2023, Plurilock enacted a plan in accordance with this strategy and expects to realize approximately \$2.0 million in savings on an annualized basis.

Summary of Key Financial Metrics

	Three months ended March 31,	
	2024	2023
	\$	\$
Revenue	11,574,930	15,767,328
<i>Hardware and systems sales</i>	8,915,252	12,444,129
<i>Software, license and maintenance sales</i>	1,647,753	2,713,578
<i>Professional services</i>	1,011,925	609,621
Gross margin (%)	21.9%	13.6%
Net loss for the year	(1,112,610)	(1,357,987)
Basic and diluted loss per share - for the period	(0.10)	(0.17)
EBITDA⁽¹⁾	(441,886)	(1,265,133)
Reconciliation of EBITDA:		
Net loss for the period	(1,112,610)	(1,357,987)
Foreign exchange translation gain/(loss)	122,985	(150,684)
Amortization	131,080	97,554
Interest expenses	416,659	143,545
Income tax recovery	-	2,439
Impairment on goodwill	-	-
Adjusted EBITDA⁽¹⁾	(371,130)	(971,966)
Reconciliation of adjusted EBITDA:		

EBITDA⁽¹⁾	(441,886)	(1,265,133)
Stock-based compensation	60,839	165,310
Financing expenses	3,843	109,794
Acquisition-related expenses	4,280	14,724
Loss on disposal on assets	-	3,339
Impairment on assets on assets	1,794	-

	March 31, 2024	December 31, 2023
	\$	\$
Cash and cash equivalents	609,473	1,917,770
Restricted cash	20,000	140,423
Total current assets	11,897,618	21,607,729
Total assets	17,392,367	2,715,736
Total current liabilities	21,075,799	29,941,855
Total liabilities	22,597,859	31,471,496

Note:

(1) Non-GAAP measure. Earnings before interest, taxes, depreciation, and amortization ("**EBITDA**") and Adjusted EBITDA should not be construed as alternatives to net income/loss determined in accordance with IFRS. EBITDA and Adjusted EBITDA do not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. The Company defines EBITDA as earnings before interest, taxes, and amortization. Adjusted EBITDA is defined as EBITDA before stock-based compensation, financing, and acquisition related expenses. 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.

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, financing, and acquisition-related 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 calculations.

Quarterly Filings

Management's Discussion and Analysis and Interim Condensed Consolidated Financial Statements and the notes thereto for the fiscal period ended March 31, 2024 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 sells Cyber Security solutions to the United States and Canadian Federal Governments along with Global 2000 companies. Through these relationships, Plurilock sells its unique brand of Critical Services - aiding clients with our expertise to defend against, detect, and prevent costly data breaches and cyber-attacks.

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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.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.



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