



Route1 Announces Acquisition of Spyrus Solutions

Toronto, Canada, September 15, 2021 - [Route1 Inc.](#) (OTCQB: ROIUF and TSXV: ROI) (the “Company” or “Route1”), an advanced North American provider of data-centric business empowerment solutions, today reported it has acquired [Spyrus Solutions, Inc.](#) (“Spyrus”).

Based in San Jose, California, Spyrus develops and manufactures cryptographic products, including the SPYCOS smart card operating system, enabling strong protection for data-in-motion, data-at-rest and data-in-process. For more than 20 years, Spyrus has delivered encryption, authentication, and digital content security products to U.S. defense and civilian agencies, international government, financial, and healthcare enterprises.

With the acquisition of Spyrus, Route1 is proactively responding to the marketplace to better achieve the mission of leveraging technology to build smarter, safer communities with:

- Products providing safe application execution environment – mitigating the risk of malware introduction;
- Modules to create secure Internet of Things interactions across all sectors – from military applications to consumer electronics;
- Cryptographically enabled MicroSD cards to secure mobile communications for governments and citizens; and
- Next generation of high-performance encrypted data storage devices – from portable flash drives to embedded solid state drives – complemented with high assurance management and control platform.

Spyrus Products

- *USB Solid State Drives* – high assurance data encryption devices with Rosetta-based cryptographic elements for most sensitive military, government and commercial applications.
- *MicroSD Format Cryptographic Tokens and Storage Devices* – cryptographic authentication and encryption capabilities combined with secure storage in a form factor that can be deployed, amongst other applications, within mobile phones and devices.
- *DevicePatrol* – comprehensive endpoint management platform, providing the highest levels of data at rest protection (“DAR”) and mitigating the risk of security breaches to an organization’s infrastructure.
- *NcryptNshare* – software solution that allows geographically dispersed teams to securely collaborate over unsecured communication paths, ensuring the protection of critical data and critical workflows.



The Spyrus Team

Route1 has entered into new employment or independent contractor agreements with the core group of Spyrus hardware and software engineers, as well as sales and support talent. In aggregate Route1 will be adding seven additional team members.

“The acquisition of Spyrus is a milestone event for Route1. It is the first acquisition made by Route1 to acquire additional products and technology in the data security arena. This acquisition is about so much more than technology; it is about talent. With today’s acquisition, Route1 is positioning itself to grow its data security capability, which is currently driven by its flagship [MobiKEY](#) technology, to meet the growing demand to secure data, devices and networks”, said Tony Busseri, Route1’s President and CEO. “As a company, Spyrus is an unfinished business. Leveraging Route1’s management, engineering, and sales and marketing capabilities - in which we have invested aggressively over the last couple of years - should allow us to release the potential of Spyrus.”

Transaction Summary

Route1 acquired Spyrus for cash or assumption of debt obligations of approximately US \$0.58 million with \$0.22 million paid at closing and the balance paid out over the next 12 months. In addition, Route1 has agreed to pay the prior owners of Spyrus additional compensation based on certain gross profit metrics being met (the “Earnout”).

The Earnout payment for calendar years 2021-2024 will work as follows:

- For the remainder of CY 2021 - From date of closing to Dec 31-21, the prior owners will receive 20% of Spyrus’ gross profit above US \$1.0 mm
- For each of CY 2022, 2023 and 2024 – the prior owners will receive 20% of Spyrus’ gross profit once a minimum gross profit threshold of US \$1.5 mm is met
- If the gross profit in any one year exceeds US \$2.5 mm, the Earnout percentage increases from 20% to 25%.

Route1 has acquired cash, accounts receivable net of reserves, and other current assets not including inventory worth US \$0.3 mm. Route1 also has assumed trade accounts payable, customer deposits and deferred revenue of US \$0.3 mm. Deferred revenue makes up US \$0.1 mm of the liability assumption.

Also, Route1 acquired inventory with a book value of US \$1.3 mm that when adjusted for its market value will provide full asset coverage for the purchase price paid.

About Route1 Inc.



Route1 Inc. is an advanced North American technology company that empowers their clients with data-centric solutions necessary to drive greater profitability, improve operational efficiency and gain sustainable competitive advantages, while always emphasizing a strong cybersecurity and information assurance posture. Route1 delivers exceptional client outcomes through real-time secure delivery of actionable intelligence to decision makers, whether it be in a manufacturing plant, in-theater or in a university parking lot. Route1 is listed on the OTCQB in the United States under the symbol ROIUF and in Canada on the TSX Venture Exchange under the symbol ROI. For more information, visit: www.route1.com.

For More Information, Contact:

Tony Busseri
President and Chief Executive Officer
+1 480 500-7030
tony.busseri@route1.com

This news release, required by applicable Canadian laws, does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

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

© 2021 Route1 Inc. All rights reserved. No part of this document may be reproduced, transmitted or otherwise used in whole or in part or by any means without prior written consent of Route1 Inc. See <https://www.route1.com/terms-of-use/> for notice of Route1’s intellectual property.

This news release may contain statements that are not current or historical factual statements that may constitute forward-looking statements or future oriented financial information. These statements are based on certain factors and assumptions, including, expectations regarding the success of the private placement and the terms on which the Company will raise funds, price and liquidity of the common shares, expected financial performance, expected subscribers and subscription-based revenue, business prospects, technological developments, development activities, the ability of the Company to obtain the supersedeas bond in order to appeal the decision to the United States Court of Appeals for the Federal Circuit, and like matters. While Route1 considers these factors and assumptions to be reasonable, based on information currently available, they may prove to be incorrect. These statements involve risks and uncertainties, including but not limited to the risk factors described in reporting documents filed by the Company. Actual results could differ materially from those projected as a result of these and other risks



and should not be relied upon as a prediction of future events. The Company undertakes no obligation to update any forward-looking statement or future oriented financial information to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, except as required by law. Estimates used in this presentation are from Company sources. Past or forecasted performance is not a guarantee of future performance and readers should not rely on historical results or forward-looking statements or future oriented financial information as an assurance of future results.

###