



Route1 Provides Business Update

Alex Shpurov to become Chief Technology Officer

Toronto, Canada, November 1, 2021 - [Route1 Inc.](#) (OTCQB: ROIUF and TSXV: ROI) (the “Company” or “Route1”), an advanced North American provider of data-centric business empowerment solutions, today provided a business update.

New Chief Technology Officer

Alex Shpurov has been hired as Senior Vice President, Chief Technology Officer (“CTO”) and will start on November 8, 2021. Mr. Shpurov brings more than 25 years of experience in delivering enterprise solutions in multiple domains including blockchain, information security and artificial intelligence with a strong focus on the finance, banking and capital markets verticals. Alex also has a history with Route1 as he was Route1’s Principal Java Platform Developer from 2008 to 2012 and, as a result, is very familiar with Route1’s flagship technology MobiKEY powered by MobiNET. Yamian Quintero, Route1’s current CTO, will be leaving the Company on November 19, 2021.

“Yamian has been a valuable contributor at Route1 and we are deeply appreciative of his efforts to advance our flagship MobiKEY technology and being a strong technology leader for us”, said Tony Busseri, Route1’s President and CEO. “With change comes fresh ideas and different viewpoints; Alex will bring that to us. We are very excited to have Alex leading our research and development team on a number of new ideas including: (a) addressing the limitations of traditional public key infrastructure based on certificate authorities - blockchain technology can provide a highly scalable and distributed alternative that is better suited to modern day requirements for finance and banking, smart communities, as well as the rapidly emerging Internet-of-Things ecosystems, (b) leveraging homomorphic encryption that allows computations on encrypted data to support the privacy objectives in cloud-based data analysis across finance and other regulated industries, (c) utilizing machine learning algorithms to transform large data sets into customers’ desired outcomes, including Route1’s ActionPLAN manufacturing optimization data and Security Center [AutoVu](#)[™] from Genetec’s automatic license plate recognition system data, and (d) creating artificial intelligence driven applications in the video intelligence space to enhance the safety of our communities.”

Route1’s very first CTO, Jerry Iwanski, was named Route1’s Executive Vice President and Chief Operating Officer earlier this month after working in various client facing and operational roles. Mr. Iwanski has played an integral role in deepening Route1’s engineering and operating capabilities to support the Company’s growth in the use of license plate recognition technology to build smart, secure communities. Jerry has also led the buildout of Route1’s New Technology and Services team to enable the Company to deliver architected solutions to unify its clients’ disparate and isolated technological



investments that limit their ability to benefit from the data they are collecting and, equally importantly, fail to deliver actionable intelligence on a real time basis based on these data.

Stock Option Grant

Mr. Shpurov has been granted 300,000 stock options, each with an exercise price of the greater of the closing market price of Route1's TSX Venture Exchange common share price on November 8, 2021 and CAD \$0.50. The stock options will expire on November 8, 2026 and will vest thirty percent on the first anniversary, thirty percent on the second anniversary and the remainder on the third anniversary.

Under the Company's stock option plan, 10% of the issued capital is reserved for issuance for a total of 3,807,996 options. Including the above grant, a total of 3,325,000 options are currently outstanding under the Company's stock option plan.

Launching MobilPR

In November 2021, Route1 will introduce MobilPR to the marketplace. MobilPR 1.0 is a Route1-developed mobile application that extends Security Center AutoVu from Genetec to a smart phone. Route1's newest application puts advanced automatic license plate recognition ("ALPR") capability onto users' smart phones – delivering in-the-field intelligence for public safety and parking operations. MobilPR will be available in the Google Play store.

Features include:

- Live-stream continuous license plate recognition.
- Validation against existing hotlists.
- Automatic alerts when LPR generates a hit – shared across user group.
- Situational awareness through sharing of live video streams with other users.
- Location sharing in alert mode.
- Optional "CB Radio" like communication.
- Information is never stored on the device, protecting the chain of custody by integrating video live streams and ALPR events with Security Center AutoVu from Genetec.
- Geo-referencing of events.
- Force augmentation without the high costs of dedicated hardware.
- Powered by the MobiNET secure platform.
- Delivered under a SaaS model.

Route1 offers a complete suite of ALPR solutions including but not limited to Fixed-Mount ALPR and Mobile ALPR. Route1 offers not only best-in-class solution implementation but ongoing white glove support to all clients we partner with. Route1 has the capabilities to leverage our extensive knowledge



and experience in ALPR technology solutions to provide our clients with a solution that will drive greater profitability, improve operational efficiency and lead to better decision making.

Acquisition of Spyrus Solutions, Inc.

On September 15, 2021, Route1 announced the acquisition of 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 governments and financial services enterprises.

With the acquisition of Spyrus, Route1 proactively responded to the marketplace to better achieve our 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.

For the twelve months ended December 31, 2020, Spyrus generated revenue and gross profit of approximately \$2.00 million and \$1.39 million, respectively. Both numbers are in US dollars and are unaudited.

Route1 acquired Spyrus for cash or assumption of certain employee obligations of approximately US \$0.58 million with US \$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 acquired cash, accounts receivable, net of reserves, and other current assets not including inventory worth US \$0.3 mm. Route1 also 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.

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

Through the first six weeks of owning Spyrus, Route1 has realized an improved gross margin and generated positive net cash flow.

Global Chip Shortage and Supply Chain Disruption

Over the course of the last six to eight weeks, delivery times for equipment that directly or indirectly rely upon semiconductor chips has dramatically increased. Route1 is now consistently seeing rugged device and camera lead times of between 12 and 16 weeks. Compounding the chip shortage, installation of license plate recognition technology for law enforcement and campus parking is being adversely affected by delays in the delivery of new vehicles that are required for ALPR deployment.

Route1 took certain actions over the summer based on OEM guidance to mitigate the impact of the global chip shortage on our ability to deliver on purchase orders, including building inventory and encouraging our clients to place orders ahead of their traditional timing cycle. The Company continues to work with its OEM partners to reduce lead times and create project completion certainty for our clients.

With predictions of component manufacturing and logistics impediments varying widely from historical norms, Route1 is having an increasingly difficult time forecasting operating results with the same level of accuracy and reliability that we have had prior.

“We will reduce costs where appropriate to maximize profitability during a period where there isn’t certainty for hardware delivery timing. We will also continue to build out our engineering and services revenue with trusted clients and bring to market new software applications that are not directly connected to hardware purchases. Lastly, Route1 will continue to acquire businesses and assets to enhance these strategic objectives”, said Tony Busseri, Route1’s President and CEO.

Trading on the OTCQB



Based on the low volume of trading activity for Route1 stock on the OTCQB, and the Company's goal to control costs, Route1 will cease to be posted for trading on the OTCQB board at the close of business on November 30, 2021. The Company's common shares will continue to be listed on the TSX Venture Exchange under the symbol ROI.

Annual General and Special Meeting Notification

Route1 will hold its annual general and special meeting ("AGM") at the offices of Route1 Inc., 7300 N. Via Paseo Del Sur, Suite 202, Scottsdale, Arizona on December 7, 2021 at 10 a.m. (Toronto time).

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.

###