Plurilock Announces Acquisition of Integra Networks Corporation

- *Integra is a leading provider of enterprise-level technology solutions, with a large Canadian government client network*
- *Purchase price of CA$1.2 million to be funded via a combination of Plurilock shares, cash on hand, and milestone driven earn outs*
- *The acquisition is intended to provide Plurilock with another compelling opportunity to build shareholder value through accretive and disciplined capital allocation to extend its distribution channels, while adding newtop-tier customers to its business*

Vancouver, British Columbia--(Newsfile Corp. - March 7, 2022) - Plurilock Security Inc. (TSXV: PLUR) (OTCQB: PLCKF) and related subsidiaries ("Plurilock" or the "Company"), an identity-centric cybersecurity solutions provider for workforces, is pleased to announce that the Company has acquired all the issued and outstanding shares of Integra Networks Corporation ("Integra"), a leading Canadian enterprise IT and cybersecurity solutions provider (the "Transaction").

Since 1985, Integra has been an IT business solutions provider to Canada's public and private sector. Integra focuses primarily on the federal government, serving more than 50 organizations over the last three years, with multiple top-tier customers including Shared Services Canada, Department of National Defence, and the Royal Canadian Mounted Police.

By leveraging Plurilock's zero trust identity technology and strong sales distribution channels, this acquisition is expected to equip Integra to further serve customers with leading-edge cybersecurity solutions and expand its footprint in the public and private sectors. In addition, this Transaction enables Plurilock™ to expand its geographic footprint, facilitate access and ongoing growth opportunities servicing the Canadian government, and expand its East-Canadian operations.

"We are excited to welcome the Integra team to the Plurilock family," said Ian L. Paterson, CEO of Plurilock. "Foundationally, Integra checked a number of boxes we were looking for in an accretive acquisition. With a strong presence in the Canadian federal government with Tier 1 government agency customers, a strong balance sheet, proven sales of CA$5 million, 19% gross margin over the last 12 months, and profitable operations[1] resulting from 35 years of experience, we are looking forward to onboarding the team and exploring new synergistic opportunities to scale our combined operations."

"The closing of this Transaction represents our second as a public company and serves as another milestone in our mission to acquire accretive cybersecurity and IT assets with great customers, capabilities, and distribution channels where we can cross sell our high-margin solutions to deliver economies of scale," continued Paterson.

"We are excited to become a part of the Plurilock family of companies," said Nagwa Koressa, President of Integra. "Plurilock's approach to customer success is the perfect fit for Integra's service-focused model. This acquisition brings with it a tremendous number of benefits to our loyal team and our customers, including the opportunity to become a part of an award-winning global cybersecurity company that is developing cutting-edge zero trust identity technology."

Plurilock plans to continue evaluating other accretive and profitable acquisition targets that will extend its distribution channels, while adding new top-tier customers and competitive technology assets to its business. The Company currently has an active M&A pipeline. Amongst others, the acquisition strategy includes the October 21, 2021 announcement of the definitive asset purchase agreement of CloudCodes Software Private Limited, a leading cloud security provider based in India. Closing of the CloudCodes transaction is currently awaiting Indian regulatory approval.

Given Plurilock's active M&A program, the Company plans to use a combination of debt, earn-outs, and rewards-based compensation in addition to cash and common shares to complete new acquisitions in order to minimize shareholder dilution.

Canada's Federal Government Spending on Cybersecurity

As outlined in Canada's 2021 Federal Budget, the Canadian government proposed to allocate CA$330.6 million and CA$456.3 million over five years to defending taxpayer information against digital breaches and enhancing and protecting its cyber networks, respectively.[2]

Canada's National Cyber Security Action Plan, funded through the 2018 budget, allocated CA$507.7 million from 2019 to 2024 with a CA$108.8 million ongoing commitment moving forward, demonstrates that the Canadian government intends to make significant investments in cybersecurity and IT technology to support the initiatives outlined in the plan.[3]

With the growing cyber threat and shift to zero trust security, Plurilock intends to support this demand for cybersecurity technology at the federal level, in addition to serving enterprises across other key industry verticals.

Transaction Details

On March 4, 2022, the Company entered into a share purchase agreement (the "Share Purchase Agreement') with Integra and Integra's sole shareholder (the "Vendor"). Pursuant to the terms of the Share Purchase Agreement, the total consideration payable by the Company to the Vendor is CA$1,200,000, payable as follows: (i) CA$600,000 in cash payable on closing, subject to working capital adjustment; and (ii) 476,190 common shares of Plurilock, issuable at closing (the "Consideration Shares") at CA$0.42 per Consideration Share, for a total value of CA$200,000 in Consideration Shares. CA$75,000 in cash and 178,571 Consideration Shares have been placed in escrow for 12 months to satisfy any indemnification obligations to the Company. Further, the Share Purchase Agreement includes future based performance-based earnout provisions, whereby up to CA$400,000 in common shares of Plurilock (the "Earnout Shares") may be issued to the Vendor. The Earnout Shares will be issued at a deemed price equal to the closing trading price of the common shares of Plurilock on the TSXV on the date prior to announcement of the issuance of the Earnout Shares. The Consideration Shares are subject to certain contractual restrictions on trading for a period of 36 months from the date of issuance.

About Integra

Integra is a cybersecurity and IT solutions leader, supporting implementation of technology solutions for the Canadian federal, provincial and local governments, as well as educational institutions, global healthcare organizations and world-class enterprise companies.

For more information, visit https://integranetworks.com/partners.

About Plurilock

Plurilock provides identity-centric cybersecurity for today's workforces. The Plurilock family of companies enables organizations to operate safely and securely while reducing cybersecurity friction. Plurilock offers world-class IT and cybersecurity solutions through its Solutions Division, paired with proprietary, AI-driven and cloud-friendly security through its Technology Division. Together, the Plurilock family of companies delivers persistent identity assurance with unmatched ease of use.

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Forward-Looking Statements

This press release may contain certain forward-looking statements and forward-looking information (collectively, "forward-looking statements") related 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, the completion of the Transaction, obtaining all the necessary approval and consents related to the Acquisition, the intention of the Canadian government to spend the amounts set out in the 2021 Federal Budget towards cyber security, the impact of general economic conditions, the success of the Company in obtaining new or extended contracts or orders; the Company's ability to maintain existing customers or develop new customers; the Company's ability to successfully integrate acquisitions of other businesses and/or companies or to realize on the anticipated benefits thereof; and unforeseen events, developments, or factors causing any of the aforesaid expectations, assumptions, and other factors ultimately being inaccurate or irrelevant. This list is not exhaustive of the factors that may affect the Company's forward-looking statements. 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. Risks and uncertainties about the Company's business are more fully discussed under the heading "Risk Factors" in its most recent Annual Information Form. They are otherwise disclosed in its filings with securities regulatory authorities available on SEDAR at www.sedar.com.

1. Unaudited figures
2. https://www.budget.gc.ca/2021/pdf/budget-2021-en.pdf
3. https://www.publicsafety.gc.ca/cnt/rsrcs/pblctns/ntnl-cbr-scrt-strtg-2019/ntnl-cbr-scrt-strtg-2019-en.pdf

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