



Fiscal Year 2014 - Investor Conference Call and Webcast

April 1, 2015

Tony Busseri, Chief Executive Officer

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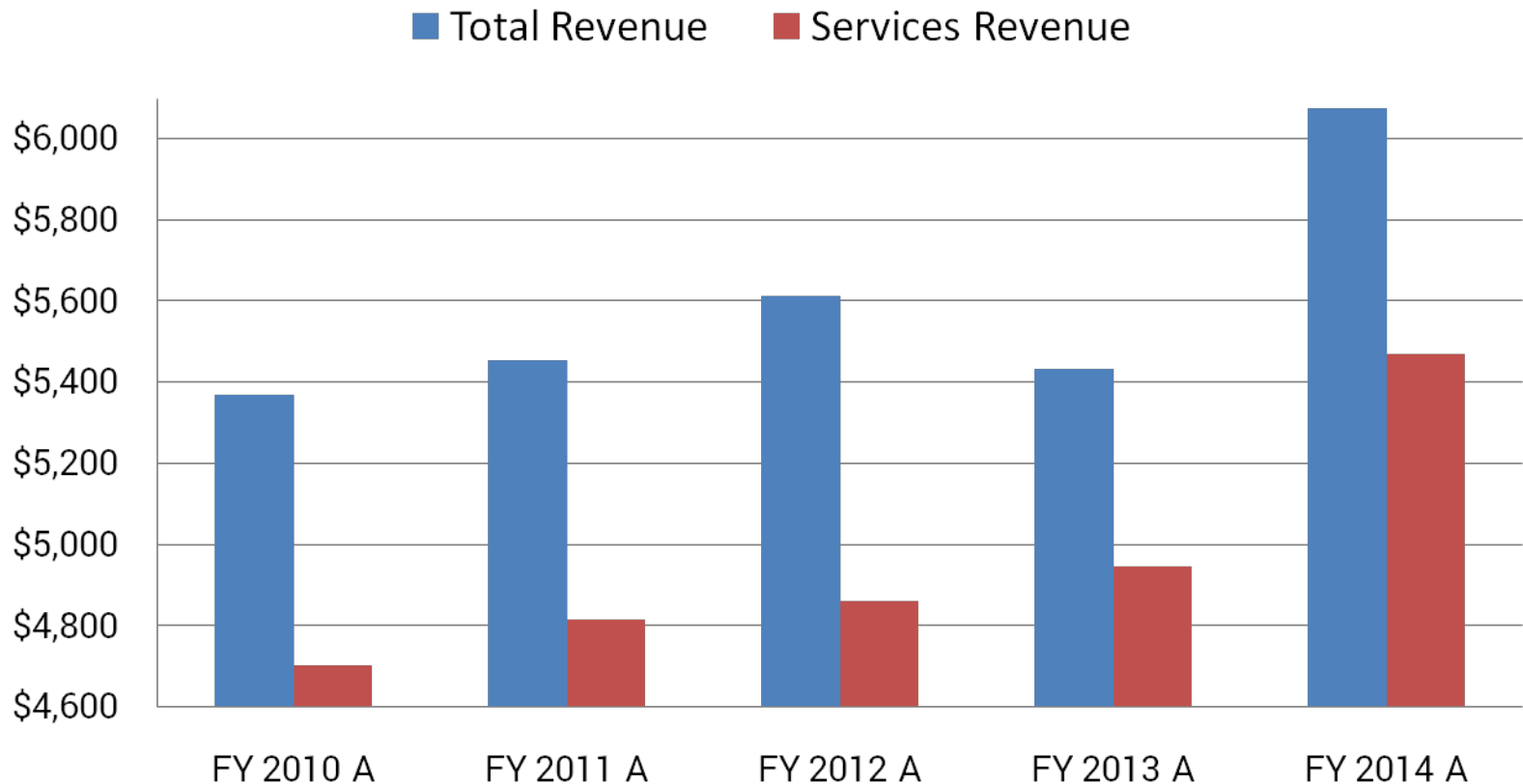


Annual Operating Performance

In CAD \$000s	FY 14 Audited	FY 13 Audited	FY 12 Audited	FY 11 Audited	FY 10 Audited
Revenue	6,078	5,433	9,050	5,456	5,370
Gross Margin	4,932	4,296	7,488	4,461	4,698
Operating Income	535	(189)	2,738	(1,391)	(286)
EBITDA	901	72	2,918	(1,226)	(180)
Net Income	637	(343)	2,158	(1,911)	(2,095)



Growing Recurring Revenue in CAD 000s

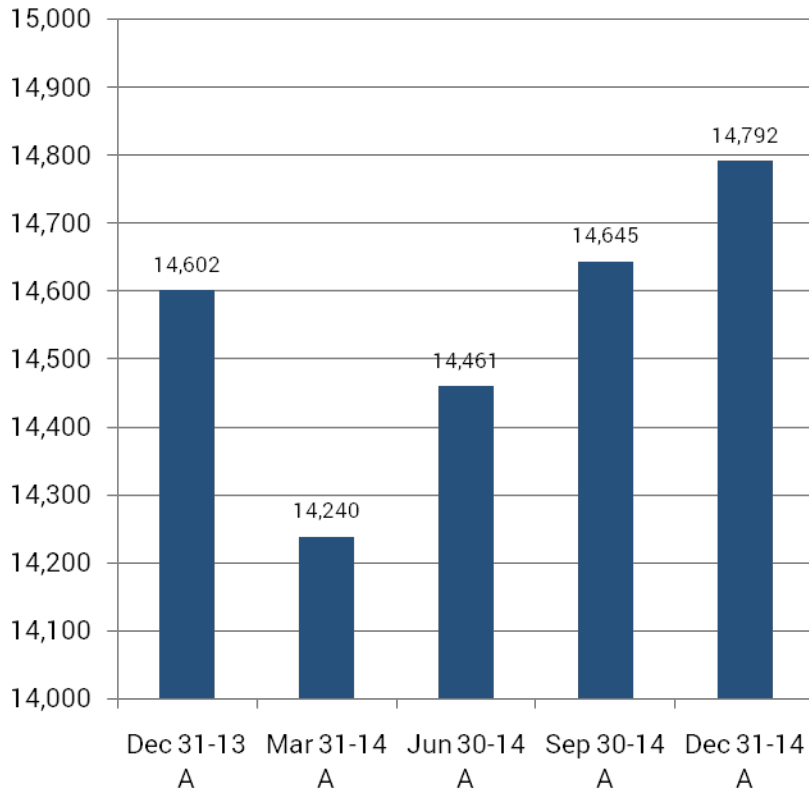


Note: FY 2011 and FY 2012 are pro forma values, adjusted for the removal of an arbitration award.

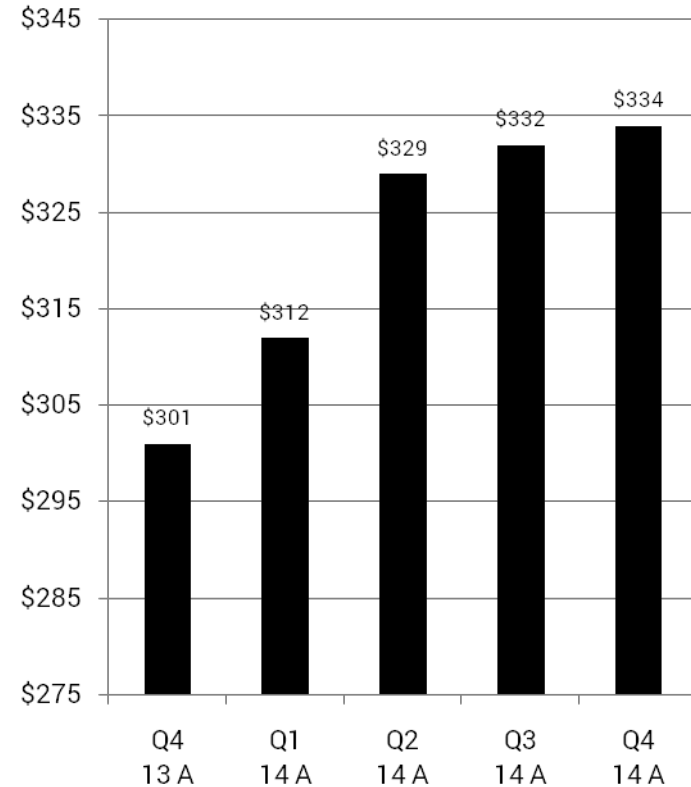


Paid, Active Users

Number of Paid, Active Users



ARPU

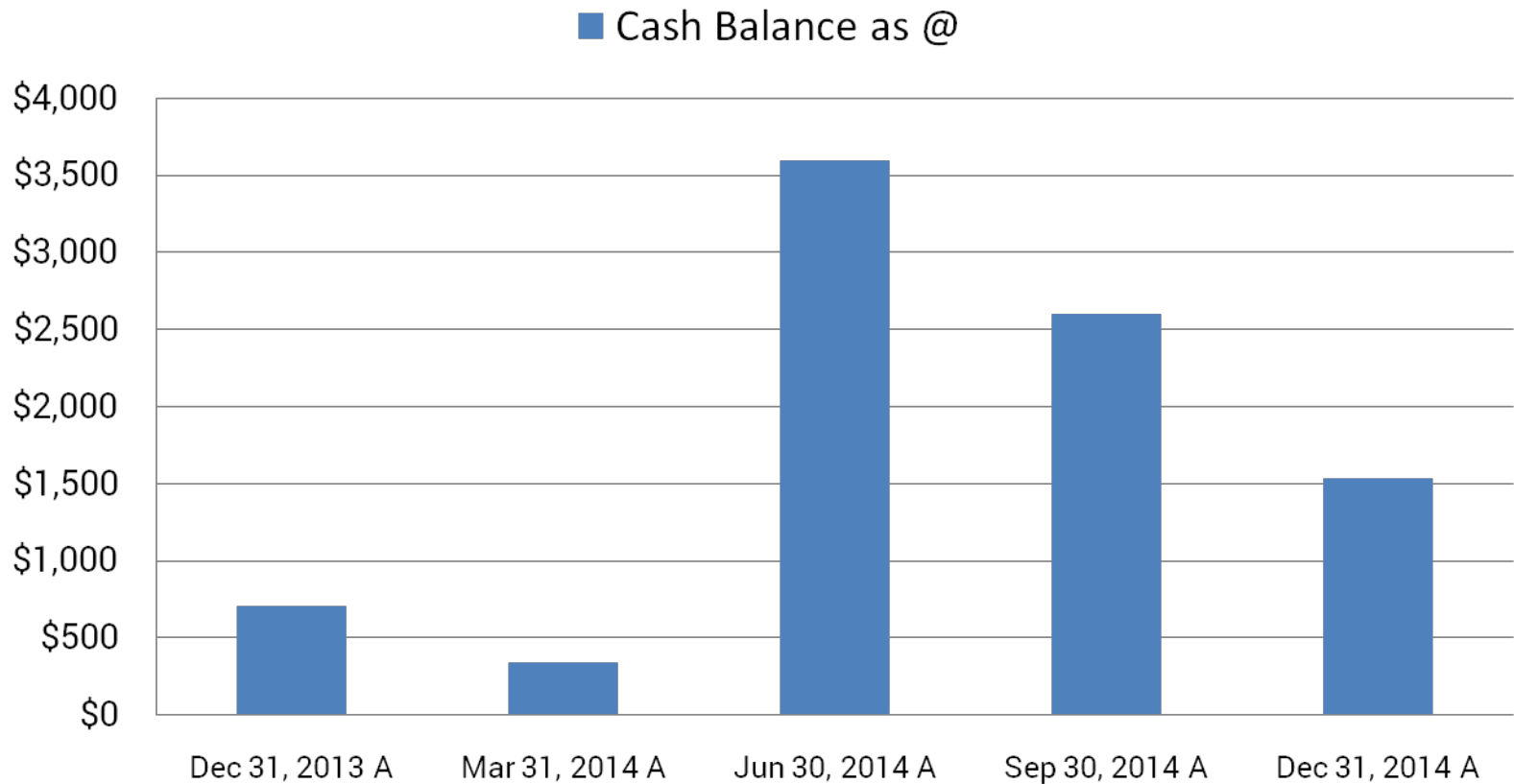


Annual Cash Flow

In CAD \$000s	FY 14 Audited	FY 13 Audited	FY 12 Audited	FY 11 Audited	FY 10 Audited
Operating Activities	1,313	430	1,629	(246)	(1,097)
Investing Activities	(131)	(484)	(478)	(221)	(85)
Financing Activities	(349)	0	(483)	69	1,027
Net Cash Flow	833	(55)	668	(398)	(156)
Cash, Beginning	700	755	87	484	640
Cash, End	1,533	700	755	87	484



Cash Flow Seasonality in CAD Thousands



Annual Balance Sheet

In 000s of CAD Dollars	FY 14 Audited	FY 13 Audited	FY 12 Audited	FY 11 Audited	FY 10 Audited
Cash	1,533	700	735	87	484
Total current assets	2,246	1,588	1,928	5,723	2,044
Total current liabilities	1,926	1,715	1,739	7,430	2,684
Net working capital	320	(127)	189	(1,707)	(640)
Fixed and intangible assets	563	799	574	276	227
Total assets	2,976	2,387	2,503	5,999	2,272
Bank debt	0	0	0	0	0
Total liabilities	2,031	1,854	1,886	7,539	2,864



What do we expect from FY 2015?

- Route1's earning will be positively impacted by a declining CAD dollar to the USD dollar.
 - Large USG renewals in March and April 2015 – USD \$4 million.
 - Renewal rate in 2014 was 91 cents; 2015 it will be between 79 and 88 cents.
- Impactful MobiKEY user growth.
- Client diversification – US FWS should become a larger client.
- Technology advancement and expansion of capabilities.



The Market and Route1's Positioning

Vertical

- Secure, enterprise mobility.

Problem Statement

- Employees, remote workers and contractors demand access to their workspace from anywhere, from any device.
- Unlocking these productivity gains can dramatically increase the organization's exposure to security threats & the risk of network breaches.
- At the same time IT professionals are being asked to support mobility and BYOD initiatives on tightening budgets.

Market's Current Response

- Real and material disconnect between what seems as an obvious issue – security of enterprise data - and the actions being taken, with select exceptions.



The Market and Route1's Positioning

Route1's Current Niche

- Security conscious organizations.
- Users that need to access a full desktop.

Our Next Move

- Expand “use cases” through evolving and leveraging components of our technology.



Increasing Impact of Data Breaches

- FTC vs. Wyndham Worldwide – Mounting legal risk.
 - U.S. Federal court Judge Salas confirms FTC’s authority to regulate data security practices - *April 2014*
- Target CEO resigns after security breach.
 - TGT market cap reduced by \$6.2 Billion from \$62B to \$55.8 - *May 2014*
- Largest HIPAA fine to date.
 - HHS fines New York Presbyterian Hospital and Columbia University \$4.8 Million - *May 2014*

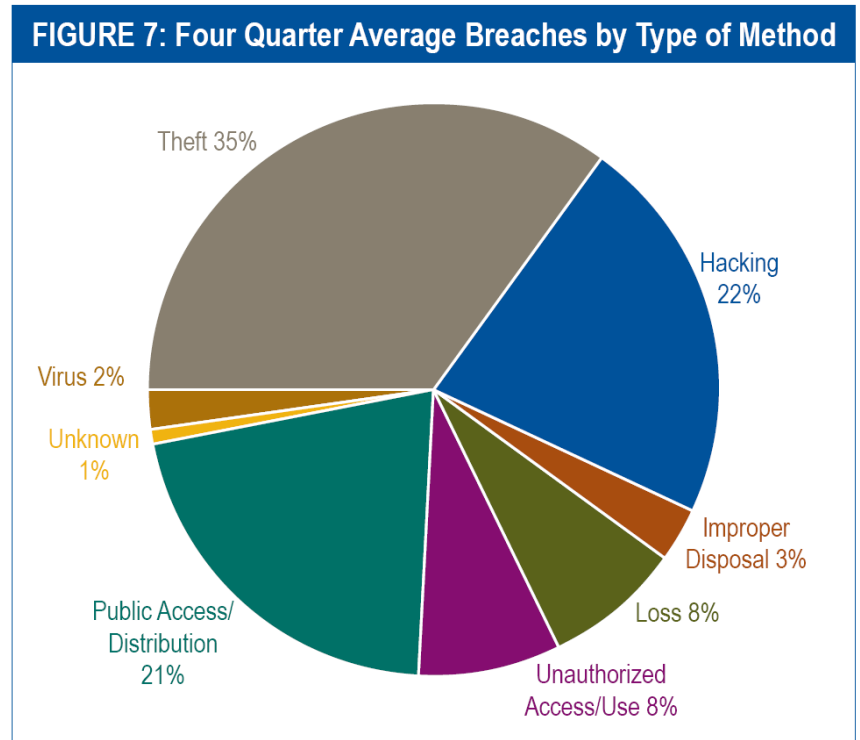
Implications

- Data integrity and security is a **business or strategic issue**, not an IT issue
- Growing order of magnitude of the **economic consequence** attached to a data breach



Top Reasons for Data Breaches

- More than 46% of breaches are due to:
 - Lost, stolen or improperly disposed of laptops, USB sticks or mobile devices.
- 33% due to “Unauthorized Access” or “Hacking”.
 - A compromised remote asset is often the entry point.

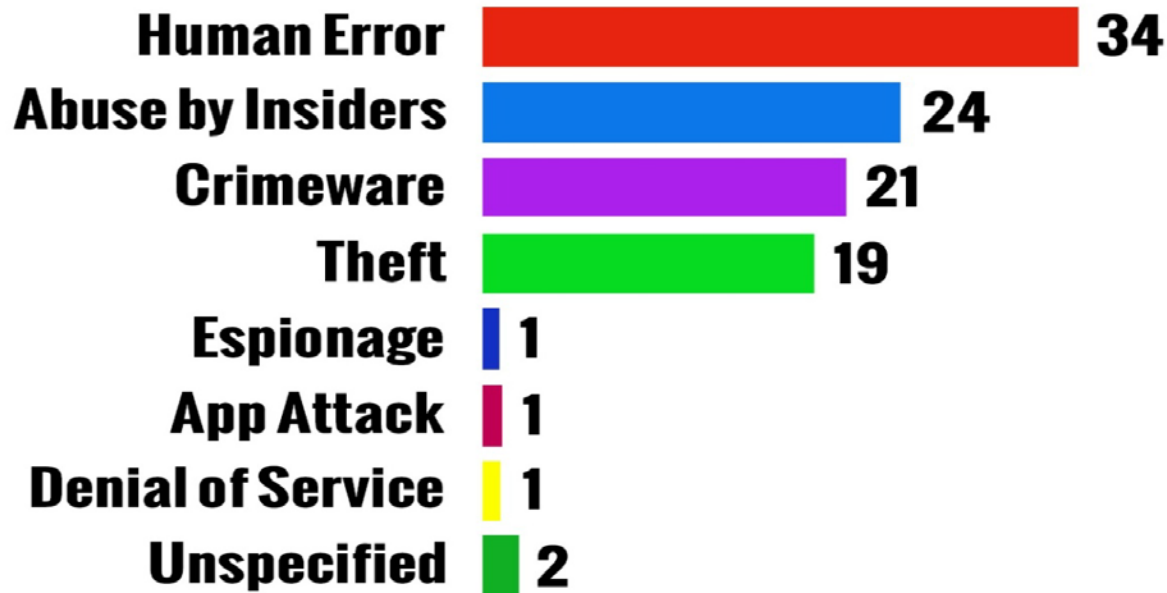


March, 2013 – **Navigant**
Information Security & Data Breach Report



Data Breach Investigations Report

Government Security Risks



Verizon 2014



**Enterprise mobility has
proven to be a major risk to
information security
practices across all sectors**



2015 Business and Product Dev Plan

1. Renew key lighthouse accounts.
 - EITSD (the Pentagon) complete.
 - US DHS CBP over the next 4 weeks.
2. Build on expanding USG government opportunities.
3. Open up new USG and Canadian government opportunities.
4. **Leverage core technological competencies to bring new offerings to market.**



Business Development - Key Initiatives

1. US Navy

- Organic growth impacted due to an NGEN contract transition issue.
- Expect to be resolved this month.

2. EITSD

- Organic growth, close on additional DOD organizations that are in pilot phases.

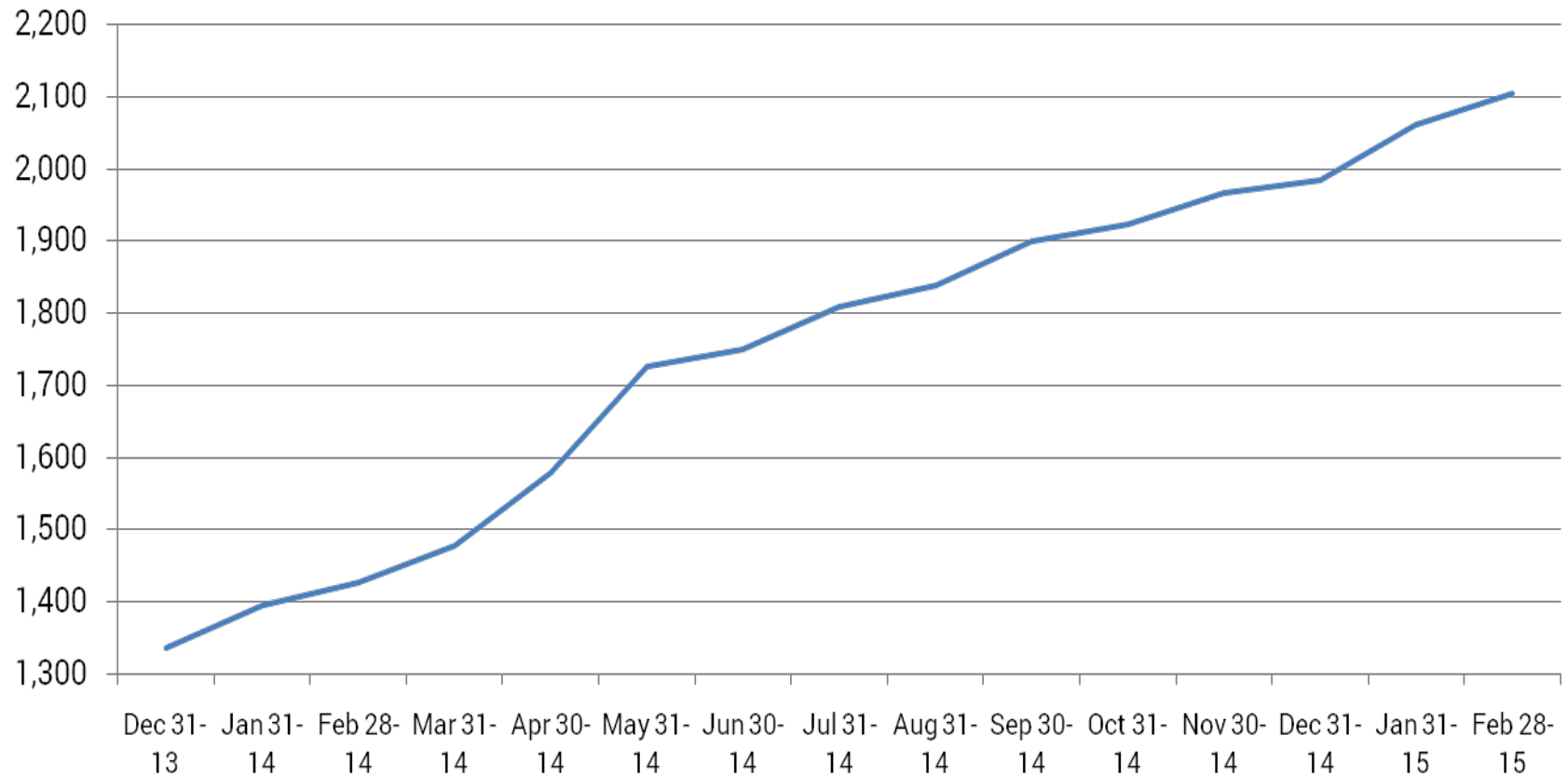
3. DOI FWS

- In the process of installing a DEFIMNET.
- Active marketing program ongoing to drive demand.
- Expect to include additional DOI components and non-DOI departments.



US Department of the Navy

Paid, Active Users



Business Development - Key Initiatives

4. Natural Resources Canada (NRCAN)

- Paid pilot ongoing.
- Larger opportunity - NRCAN has 4,000 people.

5. CBSA

- Paid pilot ongoing.

6. Financial Sector

- Targeted approach for small-mid sized US banks and Credit Unions.
- Attending FIS Global InfoShare Conference, April 21 - April 24.



MobiKEY Roadmap

Release	Attributes	Target Month
MobiKEY 4.5	Bug fixes Mac OS X audio support Improved driver Mac OS X Yosemite support Scaling Secure storage Secure remote scanning	April 20, 2015
MobiKEY for Android 4.5	Android OS support	May 31, 2015
MobiKEY for iOS 4.5	Bug fixes Improved UX	June 30, 2015
MobiKEY 5.0	Remote multi-monitor support Bug fixes	November 2015
Map 3.0	Improved UX	August 2015



New Offerings

We spend most of our resources keeping MobiKEY current

1. New operating systems to support.
 - In 2015, Android for Samsung, Linux and Windows Metro.
2. New functionality, improved user experience and new versions of enabling devices.
 - Bootable operating system from MobiKEY.
3. Improved security measurers.
4. Bug fixes.

As we generate greater cash flow we will reinvest in innovation.



In Summary

- Poised to reap the benefits of incremental users.
 - Software-as-a-Service solution (recurring revenue) creates a highly scalable business model.
- Macro environment moving towards acting versus talking about security.
 - Extensive market opportunity for secure mobility and authentication.
- Superior usability, functionality and security over traditional VPN access.
- High assurance communication from known and unknown endpoints.
- Valuable intellectual property protects the unique cyber security solution.





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Q and A with Tony Busseri, Chief Executive Officer