



An advanced North American technology company that empowers their clients with data-centric solutions that drive greater profitability, improve operational efficiency and gain sustainable competitive advantages – all while emphasizing a strong cybersecurity and information assurance posture.

Q3 2019 Shareholder Call

November 26, 2019

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Route1 Public Market Snapshot

Incorporation Year	2004		
Stock Price	CAD \$0.36 as at November 22, 2019		
52 Week High / Low	CAD \$0.27 to \$0.80		
Fully Diluted Common Shares Outstanding	36.1 million		
Market Capitalization	CAD \$13.0 million		
Employees	52		
FY 2018 Revenue	CAD \$26 million		
FY End	December 31		
Offices	Toronto, Canada Boca Raton, FL	Denver, CO Chattanooga, TN	Washington, DC Chandler, AZ
Ticker	TSXV: ROI OTCQB: ROIUF		

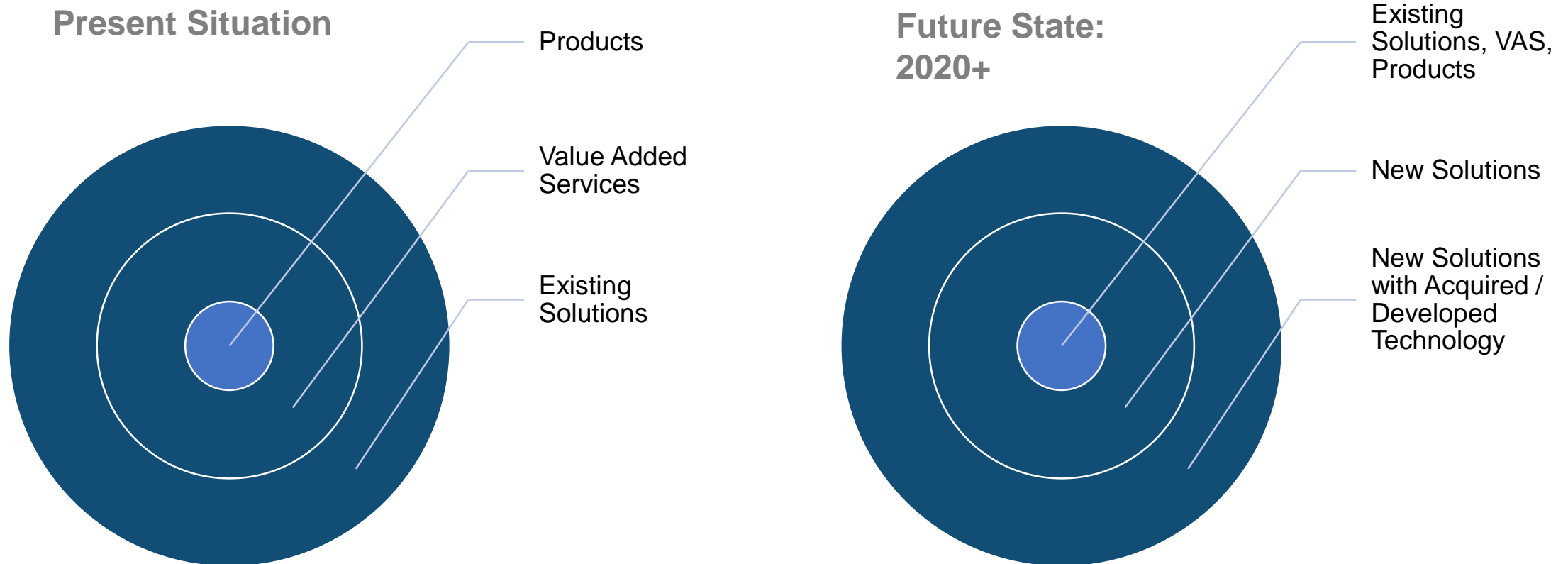
About Us

Route1 Inc., also operating under the tradenames GroupMobile and PCS Mobile is an advanced North American technology company that empowers their clients with data-centric solutions that drive greater profitability, improve operational efficiency and gain sustainable competitive advantages – all while 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 of operations 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.

An Outcomes Based Approach

Our Go-to-Market Sales Evolution



*The fundamental evolution from a product company to **an outcomes based company***

We Are an “Outcomes” Based Company

We deliver exceptional client outcomes through real-time secure delivery of actionable intelligence to decision makers, whether it be in a plant, in-theater or in a university parking lot. **Our core competencies are:**

1. Data Security and User Authentication

- **Our IP:** MobiNET (DEFIMNET), MobiKEY, DerivID

2. Data Acquisition and Analytics Technology

- **Our IP:** MobiNET, ActionPLAN, ScreenSTOP
- **What we resell:** Genetec AutoVu

3. Data Visualization – Rugged Devices and Accessories

- **Our IP:** NA
- **What we resell:** Various OEM’s rugged devices including fully and semi rugged laptops, fully and semi rugged tablets, rugged handhelds, docks and mounts, wireless products, printers and scanners, gateways and modems, and accessories

4. New Technology and Services

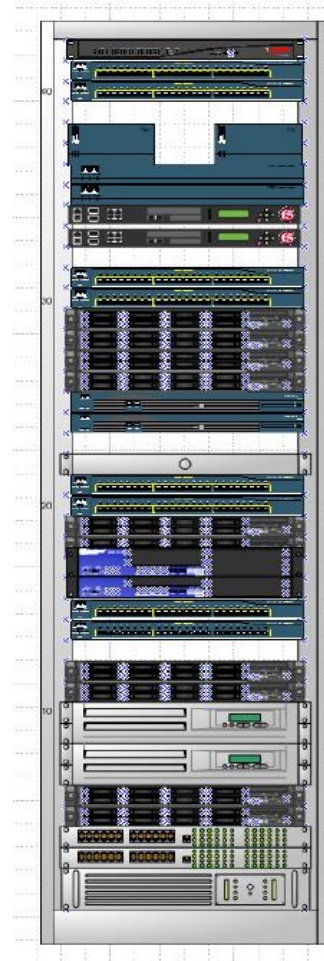
- **Our in-house core capability:** (a) Software development, (b) managed hardware services including TaaS, (c) on-premise client connectivity, and (d) hardware break and fix



MobiNET: our Service Delivery Platform

What is MobiNET?

- **Multi-Tenant (MobiNET) or Single Tenant (DEFIMNET)**
- **Secure Cloud:** Best in class implementation of a system and networking framework
- **Identity – Authentication – Authorization:** Public Key Infrastructure
- **PKI:** Certificate Authority Hierarchy
- **Control and Signaling:** Enabling the Applications
- **Provisioning and Administration:** MAP
- **System Monitoring and Incident Response:** R1Scout
- **Auditing and Reporting**
- **Traversing Firewalls:** MobiNET Switching Arrays
- **Securing Connections:** CryptoPath



DEFIMNET Facts

- High Availability
- Designed for scalability; unlimited granular horizontal scalability across all components
- Can be used for Route1 derived credential technology, DerivID
- Can be used for other solutions needing authentication services
- Not a single security breach in over a decade of field operations
- Authorities to Operate (ATOs) from: OSD, Department of the Navy, USMC and Department of the Interior



Data Acquisition and Analytics: Genetec AutoVu™



AutoVu™

- Automatic license plate recognition (ALPR) system
- Automates license plate reading and identification, making it easier for law enforcement and for municipal and commercial organizations to locate vehicles of interest and enforce parking restrictions
- Designed for both fixed and mobile installations
- Ideal for a variety of applications and entities, including law enforcement, municipal, and commercial organizations

New Technology and Services

We are building a robust Data Services Group

- Materially contributes to revenue and profitability
- Strengthens relationships and retention with existing customers
- Exposes competencies to new large opportunities

The approach can be broken down into three principal areas of focus

1. Software development
2. Managed and professional services
3. Break and fix (enhancement of the legacy business)

Other services as a client's "pain point" dictates including IT services

Where will growth come from?

1. New Technologies discovered and built around “outcomes”, the discovery of unknown or unarticulated issues which drive better outcomes for our customer.
2. Expansion of our core sales channel, product selling. Entering new customers and verticals and reestablishing lost contacts.
3. Expansion of our existing outcome technologies: MobiKEY, DerivID, ScreenSTOP, ActionPLAN.
4. Acquisition of new technologies or markets share.
5. Enhanced selling techniques and personnel.
6. Constant differentiation in pre and post sales/service support.
7. Reestablishing a strong bond with Getac, Panasonic and Technical Partners.

Q3 2019 Financial Update

What We Have Accomplished

- Purchased PCS Mobile
- Increased debt facilities
 - RBC increased to \$875,000 from \$500,000 and \$100,000 credit card facility
 - New Vectra Bank line of credit for U.S. \$1,500,000
- Built a new DEFIMNET for the DON, upgraded our MobiNET infrastructure and invested in other internal infrastructure at a cost of \$523,000 to Sep 30-19
- Repurchased our shares using the NCIB
 - 1,441,000 shares at a cost of \$564,327 to Nov 20-19
- Gross profit has increased in excess of 40% since Q2 2018
- EBITDA has increased to \$1,266,000 for the nine (9) months ended Sep 30-19
 - FY 2018 annual EBITDA was \$1,275,000

Quarterly Operating Performance

In 000s of CAD Dollars	Q3 A 2019	Q2 A 2019	Q1 A 2019	Q4 A 2018	Q3 A 2018	Q2 A 2018
Revenue	8,714	3,430	3,462	4,074	14,895	5,577
Subscription Revenue and Services	2,136	1,610	1,576	1,628	1,684	1,632
Devices, Appliances and Other	6,578	1,820	1,886	2,446	13,210	3,943
Gross Margin	2,761	1,758	1,762	1,858	2,584	1,957
Gross Margin %	32%	51%	51%	46%	17%	35%
Expenses	2,335	1,824	1,693	1,714	2,150	1,891
Operating Income	426	(66)	69	144	434	65
EBITDA	744	200	322	330	627	272
Net Income (Loss)	0	(554)	(513)	(355)	188	13

Q3-19 Commentary

- Subscription revenue and services increased from Q3 2018 as a result of PCS Mobile services provided
- Devices and appliances decreased from Q3 2018 are a result of the large Entergy sale in that period
- General and administration expense was lower as a result of:
 - Reversal of US \$120,000 accrual (partial) set up for NIPA contract from the GroupMobile acquisition
 - Reversal of US \$39,000 accrual arising from the acquisition of Group Mobile. This amount was subsequently settled in November 2019 for US \$35,000 and will be included in Q4 expenses
 - Bonus accrual of \$55,000
- Selling and marketing expenses increased resulting from higher commissions, travel and marketing expenses post the acquisition of PCS Mobile
- Stock-based compensation expense increased as a result of the Q2 grant of options
- Interest expense consists of interest on the bank loan, vendor notes and the notional debt arising from IFRS 16
- Patent litigation:
 - Last quarter of significant expense for the US lawsuit until the appeal is heard
 - Patent challenge ongoing with the USPTO
 - Canadian litigation proceeding

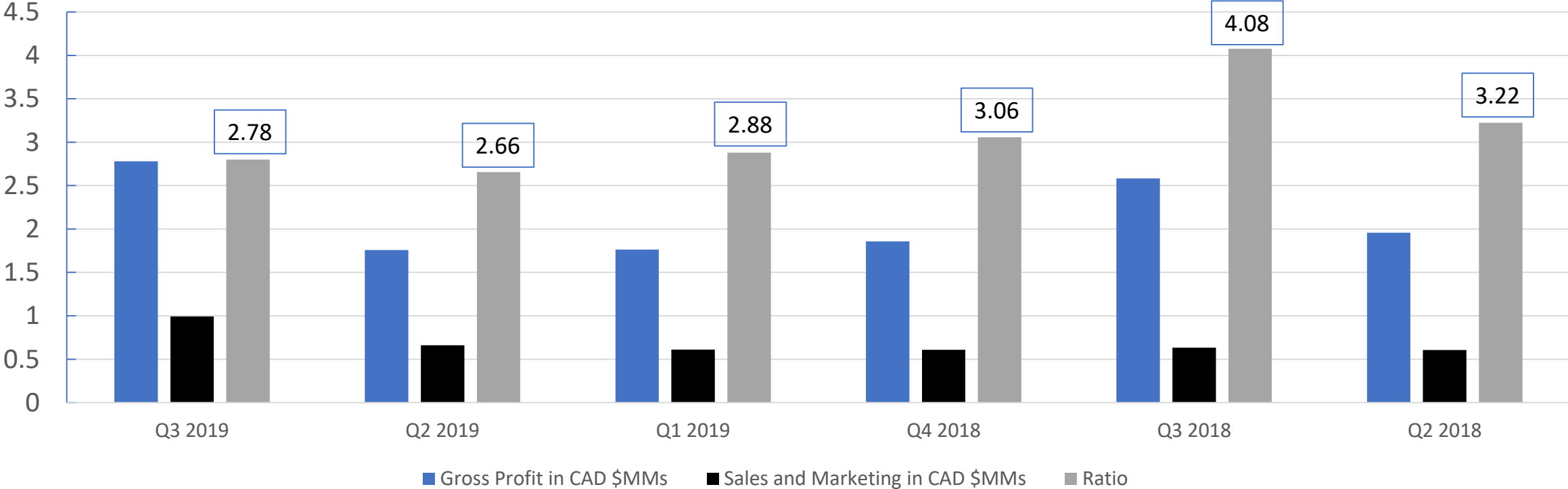
Subscription Revenue and Services

In 000s of CAD Dollars	Q3 A 2019	Q2 A 2019	Q1 A 2019	Q4 A 2018	Q3 A 2018	Q2 A 2018
Application Software	1,182	1,196	1,186	1,169	1,193	1,181
Technology as a Service	322	311	306	329	288	266
Other Services	632	103	84	130	203	186
Total	2,136	1,610	1,576	1,628	1,684	1,633

Operating Expenses

In 000s of CAD Dollars	Q3 A 2019	Q2 A 2019	Q1 A 2019	Q4 A 2018	Q3 A 2018	Q2 A 2018
General and Administration	1,157	1,015	997	942	1,350	1,090
Research and Development	186	147	85	164	166	193
Selling and Marketing	993	662	612	608	634	607
Total	2,336	1,824	1,693	1,714	2,150	1,891

Gross Profit to Sales and Marketing Cost Ratio



Balance Sheet

In 000s of CAD Dollars	Sep 30 2019 A	Jun 30 2019 A	Mar 31 2019 A	Dec 31 2018 A	Sep 30 2018 A	Jun 30 2018 A	Dec 31 2017 A
Cash	320	702	367	1,073	2,289	1,084	1,037
Total current assets	6,106	6,219	5,106	3,664	6,074	4,988	2,035
Total current liabilities	8,749	8,626	6,033	4,034	5,559	4,863	1,829
Contract liability (incl. in current liabilities)	2,422	2,258	2,626	1,540	2,279	2,641	1,495
Net working capital	(2,643)	(2,407)	(927)	(370)	515	125	206
Fixed and intangible assets	4,932	5,307	2,955	2,267	1,457	1,626	394
Total assets	11,780	12,268	8,803	6,673	8,273	7,892	3,171
Bank debt and seller notes	2,294	1,862	-	-	-	-	-
Total liabilities	11,307	11,415	7,943	5,208	5,795	5,034	1,935
Shareholders' Equity	473	854	860	1,465	2,178	2,085	1,236

Acquisition: PCS Mobile

- **Opening Balance Sheet**

	US Dollars
Assets Acquired	
Cash and cash equivalents	\$ 198,029
Trade and other receivables	1,418,800
Inventory	812,591
Prepaid expenses	<u>16,789</u>
Current Assets	2,455,209
Furniture and fixtures	29,376
TaaS assets	16,477
Intangible assets	700,000
Goodwill	<u>930,910</u>
Non-current Assets	<u>1,676,763</u>
Total assets	<u>\$ 4,131,972</u>
Liabilities Assumed	
Trade and other payables	\$ 1,367,087
Employee liabilities	33,468
Sales tax payable	6,468
Customer deposits	197,042
Contract liability	<u>225,712</u>
Total liabilities	<u>\$ 1,829,777</u>
Fair value of net assets acquired	<u>\$ 2,302,195</u>
Net Consideration Issued	<u>\$ 2,302,195</u>

- **Purchase Consideration**

Item	USD
Cash	\$ 1,030,000
Note A	\$ 236,119
Note B	\$ 686,905
Common Shares	\$ 349,171
Total	<u>\$ 2,302,195</u>

NCIB

- Opening Common Stock Balance (post consolidation), January 1, 2019: 36,305,500
- **Less:** 2019 NCIB Purchases:
 - Q1 2019: nil
 - Q2 2019: 77,200 shares at a cost of \$41,100
 - Q3 2019: 1,179,900 shares at a cost of \$463,160
 - Q4 2019 (to November 20, 2019): 184,500 shares at a cost of \$60,067
- **Add:** PCS Acquisition Shares Issued (Q2 2019): 1,120,000
- **Add:** Exercised Stock Options (Q2 2019): 103,700
- Common Share Balance as at November 20, 2019: 36,087,600

AirWatch Litigation Update

US Action

- New judge appointed Mar 29-19: Kent A. Jordan
- Summary judgment order received August 7, 2019 granting AirWatch LLC summary judgment on non-infringement and denying on invalidity
- Notice of appeal filed on October 4, 2019 after AirWatch removed its invalidity claim; our appellate brief will be filed December 9
- AirWatch filed motion for costs on October 28; response to this is due November 25; AirWatch will file its response December 6.
- Received 216 Patent Rejection Notice from the USPTO on September 6-19
 - Patent counsel confident of upholding the patent
 - Filed petition re: Objection to Finality on October 25, 2019
 - Filed response to “Final” rejection on November 6, 2019
 - Awaiting response from USPTO to our petition and response

AirWatch Litigation Update

CAD Action

- Route1 filed a claim against VMWare Inc., AirWatch LLC and AirWatch Canada on Dec 21-18
 - Filed our response to VMWare defense April 25, 2019
 - Discussions with AirWatch counsel about protective order and discovery timetable
 - Requesting a trial date for Q4 2020
 - Documents exchange completed in October 2019; depositions/discovery commenced; expect completion of this phase on Q1 2020
 - Once this phase is complete, a trial date for Q4 2020 will be requested

CAD Trading Price



Merger and Acquisitions

- Acquisition focus for 2019 and beyond
 - Targets to have revenue and positive cash flow
 - License plate recognition integrators or vendors
 - Businesses supporting the LPR business including video management storage
 - Software applications to enhance our data analytics business
 - Tuck-in acquisitions for product sales segment



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