



Route1 Reports 2017 Fourth Quarter and Full Year Financial Results

Toronto, April 26, 2018 - [Route1 Inc.](#) (OTCQB: ROIUF and TSXV: ROI) (the “Company” or “Route1”), a leader in secure data protection technologies and user authentication for government and enterprise, today announced its fourth quarter (Q4) and fiscal year (FY) financial results for the period ended December 31, 2017

Fourth Quarter (Q4) 2017

<i>In 000s of CAD dollars</i>	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Revenue						
Recurring revenue and services	109	1,177	1,347	1,911	1,865	1,808
Devices and appliances	1,263	159	24	30	21	221
Other	48	2	0	0	0	2
Total revenue	1,420	1,338	1,371	1,941	1,886	2,031
Cost of revenue	331	362	298	335	338	448
Gross profit	1,089	976	1,073	1,606	1,548	1,583
Operating expenses	1,164	1,131	1,151	1,289	1,356	1,243
Operating (loss) profit ¹	(75)	(155)	(78)	317	192	340
Total other expenses ²	170	183	157	109	101	34
Comprehensive net (loss) gain	(245)	(338)	(235)	208	91	306

¹ Before stock based compensation and patent litigation

² Includes AirWatch litigation expenses

<i>Recurring revenue and services In CAD dollars</i>	Dec 31 2017	Sep 30 2017	Jun 30 2017	Mar 31 2017	Dec 31 2016	Sep 30 2016
Closing number of MobiKEY subscribers	12,421	12,261	11,649	18,270	17,883	17,344
Revenue per MobiKEY subscriber	\$408	\$393	\$391	\$389	\$388	\$383
MobiKEY subscription revenue ³	\$1,262	\$1,176	\$1,347	\$1,759	\$1,702	\$1,639
Other recurring revenue and services ³	\$1	\$1	\$0	\$152	\$163	\$169
Total recurring revenue and services ³	\$1,263	\$1,177	\$1,347	\$1,911	\$1,865	\$1,808

³ Figures are in thousands

<i>in 000s of CAD dollars</i>	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Gross Profit	1,089	976	1,073	1,606	1,548	1,583
Adjusted EBITDA ⁴	24	(46)	16	406	307	447
Amortization	99	109	94	89	115	107
Operating (loss)profit before patent litigation expense and stock based compensation	(75)	(155)	(78)	317	192	340

⁴ Adjusted EBITDA is defined as earnings before interest, income taxes, depreciation and amortization, stock-based compensation, patent litigation, restructuring and other costs. Adjusted EBITDA does not have any standardized meaning prescribed under IFRS and is therefore unlikely to be comparable to similar measures presented by other companies. Adjusted EBITDA allows Route1 to compare its operating performance over time on a consistent basis.

Route1 used cash in operating activities of approximately \$0.4 million during Q4 2017 compared with cash used in operating activities of \$0.7 million in Q4 2016.

<i>Balance Sheet Extracts</i>	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
<i>In 000s of CAD dollars</i>	2017	2017	2017	2017	2016	2016
Cash	1,037	1,408	2,080	704	1,946	2,898
Total current assets	2,035	2,856	2,924	1,890	2,910	3,938
Total current liabilities	1,829	2,534	2,396	1,113	2,500	3,555
Net working capital	206	322	528	777	410	383
Total assets	3,171	4,081	4,213	3,114	4,190	5,230
Bank debt	0	0	0	0	0	0
Total shareholders' equity	1,236	1,432	1,720	1,904	1,600	1,574

Route1's cash position historically has been at its highest level during the second quarter of the fiscal year as a direct result of the timing of annual enterprise user subscription renewal payments. With the closing of the Group Mobile Int'l, LLC ("Group Mobile") acquisition in March 2018, this likely will change and the highest level of cash on Route1's balance sheet will be tied to the timing of payments of larger hardware based sales.

Fiscal Year 2017

The Company's operating results in fiscal year 2017 with comparatives are as follows:

<i>In 000s of CAD dollars</i>	FY	FY	FY	FY	FY
	2017	2016	2015	2014	2013
Revenue					
Device	321	363	156	536	447
Services	5,698	7,080	6,218	5,470	4,948
Other	51	4	23	71	38
Total Revenue	6,070	7,447	6,397	6,077	5,433
Cost of revenue	1,325	1,475	1,164	1,145	1,137
Gross profit	4,745	5,972	5,233	4,932	4,296
Operating expenses	4,736	5,230	4,515	4,398	4,485
Operating profit ⁵	9	742	718	534	(189)
Patent litigation	270	56	0	0	0
Total other expenses	349	356	(10)	(103)	154
Comprehensive net income	(610)	330	728	637	(343)

⁵ Before stock-based compensation



Group Mobile

Route1 acquired [Group Mobile](#) on March 22, 2018. The company is based in Chattanooga, TN and Chandler, AZ. Under the terms of the Agreement, Route1 issued to the seller 25 million common shares, and 30 million, three-year common share purchase warrants with an exercise price of CAD 5 cents per common share. Further details of the acquisition can be found at www.route1.com/route1-closes-the-acquisition-of-group-mobile/.

Group Mobile supplies rugged mobile technology solutions to leading automotive manufacturing companies and suppliers, other leading manufacturing and distribution companies, as well as local and state governments in the southeastern and southwestern United States.

“Based on historical results we expect Group Mobile to generate quarterly revenue of USD \$3.4 million to USD \$4.5 million and positive EBITDA”, said Tony Busseri, CEO of Route1 Inc. “During our first month of owning Group Mobile we have invoiced approximately USD \$1.1 million, we have orders in hand that haven’t yet been fulfilled of approximately USD \$2.5 million, and we have a strong pipeline of quality opportunities in excess of USD \$10 million. This pipeline reflects traditional Group Mobile products and services, and does not factor in the various technology and sales crossover opportunities for ActionPLAN and MobiKEY, which we identified during our recent company-wide internal sales strategy meetings held on April 12 and 13. These opportunities are now being initiated with existing and prospective customers; this is truly an exciting time at Route1.”

AirWatch Update

On April 19, 2018 AirWatch filed a Request for a Rehearing of its original IPR petition (which was denied) with the Patent Trial and Appeal Board (PTAB). The PTAB will make a decision on the Request for the Hearing on no fixed timetable but historical statistics suggest that a low percentage of Rehearing Requests are granted, when responded to by PTAB.

The litigation process continues to run in parallel to IPR process. A calendar of upcoming milestones can be found at www.route1.com/investors/patent-litigation/.

Business Update

On March 26, 2018, Route1 held an investor call and webcast to discuss the recently announced acquisition of Group Mobile and the status of the AirWatch litigation. A copy of the presentation can be found on Route1’s website: www.route1.com/company-presentations/.

Route1 expects to announce its Q1 2018 results in late May 2018. At that time, Route1 will hold a further shareholder conference call and webcast.



About Route1 Inc.

Route1 Inc. is a world-leader in secure data protection technologies and user authentication for government and enterprise. Route1 solutions enable the workforce to be more productive and more flexible without compromising system access, data-at-rest, or data-in-use. The Company's suite of patented enterprise security solutions combines best-in-class authentication, data security and secure communications with streamlined administration tools, running on a proven, trusted infrastructure. From mobile access to business continuity to best-in-class full system encryption, Route1 offers the most effective, affordable methods to secure the digital fortress, while meeting or exceeding the highest standards for government and industry. Route1 has Full Authority to Operate from the U.S. Department of Defense, the U.S. Department of the Navy, the U.S. Department of the Interior, and other government agencies. The Company is also trusted by enterprise security teams in the banking, healthcare, legal and education sectors, among others. With offices in Washington, D.C., Boca Raton, FL and Toronto, Canada, Route1 serves public and private sector clients around the world. 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.

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This news release contains certain forward-looking statements within the meaning of applicable securities laws, including statements regarding Route1's investment plans, financial outlook and future financial performance. Words such as "expects", "anticipates" and "intends" or similar expressions are intended to identify forward-looking statements.

These forward-looking statements are based on Route1's current projections and expectations about future events and financial trends that management believes might affect its financial condition, operations, results of operations, business strategy, prospects and financial needs, and on certain assumptions and analysis made by Route1 in light of the experience and perception of historical trends,



current conditions and expected future developments and other factors management believes are appropriate. These projections, expectations, assumptions and analyses are subject to known and unknown risks, uncertainties, assumptions and other factors that could cause actual results, performance, events and achievements to differ materially from those anticipated in these forward-looking statements. Although Route1 believes that the assumptions underlying these forward-looking statements are reasonable, they may prove to be incorrect, and readers cannot be assured that actual results will be consistent with these forward-looking statements. Actual results could differ materially from historical results and from those projected in the forward-looking statements as a result of numerous factors, including certain risk factors, many of which are beyond Route1's control, including but not limited to: (i) expected cash position; (ii) integration of acquisitions; (iii) timing of hardware based sales and related payments; (iv) ability to fulfil orders; (v) ability to capitalize on opportunities and to realize synergies across product lines; (vi) the costs and expected results of the patent litigation process initiated by Route1; (vii) exchange rate fluctuations; (ix) historical results not being indicative of future results, (x) expected profit margins, and (xii) other one-time events and other important factors disclosed previously and from time to time in Route1's public filings with the securities commissions or similar securities regulatory authorities in each of the provinces or territories of Canada. The forward-looking statements contained in this news release represent Route1's expectations as of the date of this news release, or as of the date they are otherwise stated to be made, and subsequent events may cause these expectations to change. Route1 undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law.

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