

Route1 Reports 2018 Fourth Quarter and Full Year Financial Results

Toronto, April 25, 2019 - [Route1 Inc.](#) (OTCQB: ROIUF and TSXV: ROI) (the “Company” or “Route1”), North America's most advanced provider of industrial-grade data intelligence, user authentication and ultra-secure mobile workforce solutions, today announced its fourth quarter (Q4) and fiscal year (FY) financial results for the period ended December 31, 2018.

Fourth Quarter (Q4) 2018

Statement of operations	Q4	Q3	Q2	Q1	Q4	Q3	Q2
<i>In 000s of CAD dollars</i>	2018	2018	2018	2018	2017	2017	2017
Revenue							
Subscription revenue and services	1,628	1,684	1,633	1,264	1,263	1,177	1,347
Devices and appliances	2,440	13,207	3,936	388	109	159	24
Other	6	4	7	32	48	2	-
Total revenue	4,074	14,895	5,577	1,684	1,420	1,338	1,371
Cost of revenue	2,216	12,311	3,620	585	331	362	298
Gross profit	1,858	2,584	1,957	1,099	1,089	976	1,073
Operating expenses	1,714	2,150	1,891	1,135	1,164	1,131	1,151
Operating profit (loss) ¹	144	434	65	(36)	(75)	(155)	(78)
Total other expenses ^{2,3}	(499)	(246)	(52)	(244)	170	183	157
Net income gain (loss)	(355)	188	13	(280)	(245)	(338)	(235)

¹ Before stock based compensation and patent litigation

² Includes stock based compensation, AirWatch litigation, gain on acquisition and foreign exchange

³ During the year, the Company, based on the advice of its auditors, adjusted its accounting for the reimbursement of litigation expenses to conform to the year-end presentation. This change resulted in additional litigation expenses of \$393,022 recorded in the quarters ended June 30, 2018 and September 30, 2018. Previously, the Company had recorded the litigation expense reimbursements from Bench Walk as a reduction in patent litigation expense.

Subscription revenue and services	Q4	Q3	Q2	Q1	Q4	Q3	Q2
<i>in 000s of CAD dollars</i>	2018	2018	2018	2018	2017	2017	2017
Application software	1,169	1,193	1,181	1,260	1,263	1,177	1,347
Technology as a service (TaaS)	329	289	266	-	-	-	-
Other services	130	203	186	4	-	-	-
Total	1,628	1,684	1,633	1,264	1,263	1,177	1,347

Adjusted EBITDA	Q4	Q3	Q2	Q1	Q4	Q3	Q2
<i>in 000s of CAD dollars</i>	2018	2018	2018	2018	2017	2017	2017
Gross Profit	1,858	2,584	1,957	1,100	1,089	976	1,073
Adjusted EBITDA ⁴	330	627	272	46	24	(46)	16
Amortization	186	193	207	82	99	109	94
Operating profit (loss)	144	434	65	(36)	(75)	(155)	(78)

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 generated cash from operating activities of approximately \$0.42 million during Q4 2018 compared with cash used in operating activities of \$0.64 million in Q4 2017. Non-cash working capital of \$0.03 million was generated in Q4 2018 compared to \$0.69 million of cash used in the same period a year earlier. Net cash generated from the day-to-day operations for the three months ended December 31, 2018 was \$0.39 million compared to cash generated of \$0.06 million in Q4 2017.

Balance sheet extracts	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
<i>in 000s of CAD dollars</i>	2018	2018	2018	2018	2017	2017	2017
Cash	1,073	2,289	1,084	600	1,037	1,408	2,080
Total current assets	3,664	5,881	4,872	6,172	2,035	2,856	2,924
Total current liabilities	4,034	5,917	5,227	6,749	1,829	2,534	2,396
Net working capital	(370)	(36)	(355)	(577)	206	322	528
Total assets	6,673	8,733	7,892	9,179	3,171	4,081	4,213
Bank debt	-	-	-	-	-	-	-
Total shareholders' equity ⁵	1,465	1,927	1,888	1,931	1,236	1,432	1,720

⁵ The reimbursements received from Bench Walk pursuant to its investment have, based on advice of its auditors, been accounted for as a long-term non-monetary liability within the consolidated financial statements. All such amounts are non-recourse to the Company. In connection with the terms of the agreement, the Company does not have a present obligation to pay any amounts until such time as the litigation has been settled or an event of default has occurred. In the event of an award or settlement of the litigation, the Company will be obligated to pay Bench Walk the greater of 10% of such award or settlement and \$2,000,000 or \$3,000,000 if the litigation proceeds to trial.

Fiscal Year 2018

The Company's operating results in fiscal year 2018 with comparatives are as follows:

<i>In 000s of CAD dollars</i>	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
Revenue						
Device	19,972	321	363	156	536	447
Services	6,209	5,698	7,080	6,218	5,470	4,948
Other	49	51	4	23	71	38
Total Revenue	26,231	6,070	7,447	6,397	6,077	5,433
Cost of revenue	18,732	1,325	1,475	1,164	1,145	1,137
Gross profit	7,499	4,745	5,972	5,233	4,932	4,296
Operating expenses	6,892	4,736	5,230	4,515	4,398	4,485
Operating profit ⁶	607	9	742	718	534	(189)
Patent litigation	841	270	56	0	0	0
Total other expenses	200	349	356	(10)	(103)	154
Net income gain (loss)	434	(610)	330	728	637	(343)

⁶ Before stock-based compensation and patent litigation

“The operating and financial performance delivered by the GroupMobile team during the 2018 year sets the table for an exciting 2019 and beyond,” said Tony Busseri CEO of Route1. “We expect to add software products during the balance of the 2019 year, with new, profitable revenue, that reflects data requirements from our recently acquired customers that came about by sitting down with them and instead of pushing a particular product or service, asking them what they need help with, or simply, what their data pain point is.

We started our business pivot towards being an advanced provider of solutions for the ultra-secure mobile workforce, user authentication and data intelligence in mid-2017 and the plan is working. We expect GroupMobile to grow organically and through acquisition over the next year and continue to aggressively move forward on realizing on the embedded value in our intellectual property.”

Stock Option Grant

The Company today granted independent board directors, officers and employees stock options in the aggregate amount of 7,000,000 with an exercise price equal to the closing share price on Monday April 29, 2019. The stock options expire on April 29, 2024 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 or a total of 34,839,700 options. As of today’s date, including the above grant, a total of 31,650,000 options are currently outstanding under the stock option plan.

Investor Conference Call and Webcast

The Company will also hold a conference call and web cast to discuss the Company's financial results and provide a business update on Friday, April 26, 2019 at 9 a.m. eastern

Participants should dial Toll-Free: 1-800-289-0438 or Toll/International: 1-323-794-2423 at least 10 minutes prior to the conference, pass code 6488702. For those unable to attend the call, a replay will be available on Friday April 26, 2019 after 12:00 p.m. eastern at Toll-Free 1-844-512-2921 or Toll/International 1-412-317-6671, pass code 6488702 until 11:59 pm on Friday May 10, 2019.

The webcast will be presented live at <http://public.viaavid.com/index.php?id=133956>

About Route1 Inc.

Route1, operating under the trade name **GroupMobile**, is North America's most advanced provider of industrial-grade data intelligence, user authentication, and ultra-secure mobile workforce solutions. The Company helps all manner of organizations, from government and military to the private sector, to make intelligent use of devices and data for immediate process improvements while maintaining the highest level of cyber security. 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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