

Route1 Reports 2019 First Quarter Financial Results

Toronto, May 23, 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 first quarter (Q1) financial results for the period ended March 31, 2019.

Statement of operations	Q1	Q4	Q3	Q2	Q1	Q4
<i>In 000s of CAD dollars</i>	2019	2018	2018	2018	2018	2017
Revenue						
Subscription revenue and services	1,576	1,628	1,684	1,633	1,264	1,263
Devices and appliances	1,883	2,440	13,207	3,936	388	109
Other	3	6	4	7	32	48
Total revenue	3,462	4,074	14,895	5,577	1,684	1,420
Cost of revenue	1,700	2,216	12,311	3,620	585	331
Gross profit	1,762	1,858	2,584	1,957	1,099	1,089
Operating expenses	1,693	1,714	2,150	1,891	1,135	1,164
Operating profit (loss) ¹	69	144	434	65	(36)	(75)
Total other expenses ^{2,3}	581	499	246	52	244	170
Net income gain (loss)	(513)	(355)	188	13	(280)	(245)

¹ Before stock based compensation

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

³ 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, not as a reduction to patent litigation expense. 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.

Subscription revenue and services	Q1	Q4	Q3	Q2	Q1	Q4
<i>in 000s of CAD dollars</i>	2018	2018	2018	2018	2018	2017
Application software	1,186	1,169	1,193	1,180	1,260	1,263
Technology as a service (TaaS)	307	329	289	266	-	-
Other services	83	130	203	186	4	-
Total	1,576	1,628	1,684	1,633	1,264	1,263

Adjusted EBITDA	Q1	Q1	Q4	Q3	Q2	Q1	Q4
<i>in 000s of CAD dollars</i>	2019	2019⁵	2018	2018	2018	2018	2017
Gross Profit	1,762	1,762	1,858	2,584	1,957	1,099	1,089
Adjusted EBITDA ⁴	322	235	331	627	272	46	24
Amortization	254	186	186	193	207	82	99
Operating profit (loss)	69	49	144	434	65	(36)	(75)

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.

⁵ Does not include the impact of adopting IFRS 16.

Route1 used cash for operating activities of approximately \$0.22 million during Q1 2019 compared with cash used in operating activities of \$0.15 million in Q1 2018. Non-cash working capital of \$0.50 million was used in Q1 2019 compared to \$0.48 million of cash used in the same period a year earlier. Net cash used in the day-to-day operations for the three months ended March 31, 2019 was \$0.72 million compared to cash used of \$0.63 million in Q1 2018.

Balance sheet extracts	Mar 31	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
<i>in 000s of CAD dollars</i>	2019	2019⁵	2018	2018	2018	2018	2017
Cash	367	367	1,073	2,289	1,084	600	1,037
Total current assets	5,106	5,100	3,664	5,881	4,872	6,172	2,035
Total current liabilities	6,033	5,689	4,034	5,917	5,227	6,749	1,829
Net working capital	(927)	(589)	(370)	(36)	(355)	(577)	206
Total assets	8,803	8,136	6,673	8,733	7,892	9,179	3,171
Bank debt	-	-	-	-	-	-	-
Total shareholders' equity ³	860	994	1,465	1,928	1,888	1,931	1,236

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 Monday, June 17, 2019 at 4 p.m. eastern

Participants should dial Toll-Free: 1-800-263-0877 or Toll/International: 1-646-828-8143 at least 10 minutes prior to the conference, pass code 1954942. For those unable to attend the call, a replay will be available on Monday June 17, 2019 after 7:00 p.m. eastern at Toll-Free 1-844-512-2921 or Toll/International 1-412-317-6671, pass code 1954942 until 11:59 am on Monday July 1, 2019.

The webcast will be presented live at <http://public.viavid.com/index.php?id=134761>.

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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