

Route1 Reports Record Results in Third Quarter of 2018

Toronto, November 6, 2018 - [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 third quarter (Q3) financial results for the three and nine months ended September 30, 2018.

Statement of operations	Q3	Q2	Q1	Q4	Q3	Q2
<i>In 000s of CAD dollars</i>	2018	2018	2018	2017	2017	2017
Revenue						
Subscription revenue and services	1,684	1,633	1,264	1,263	1,177	1,347
Devices and appliances	13,207	3,936	388	109	159	24
Other	4	7	32	48	2	-
Total revenue	14,895	5,577	1,684	1,420	1,338	1,371
Cost of revenue	12,311	3,620	585	331	362	298
Gross profit	2,584	1,957	1,100	1,089	976	1,073
Operating expenses	2,150	1,891	1,136	1,164	1,131	1,151
Operating profit (loss) ¹	434	65	(36)	(75)	(155)	(78)
Total other expenses ²	192	(144)	114	170	183	157
Net income gain (loss)	242	209	(150)	(245)	(338)	(235)

¹ Before stock based compensation and patent litigation

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

Subscription revenue and services	Q3	Q2	Q1	Q4	Q3	Q2
<i>in 000s of CAD dollars</i>	2018	2018	2018	2017	2017	2017
Application software	1,193	1,181	1,260	1,263	1,177	1,347
Technology as a service (TaaS)	288	266	-	-	-	-
Other services	203	186	4	-	-	-
Total	1,684	1,633	1,264	1,263	1,177	1,347

Adjusted EBITDA	Q3	Q2	Q1	Q4	Q3	Q2
<i>in 000s of CAD dollars</i>	2018	2018	2018	2017	2017	2017
Gross Profit	2,584	1,957	1,100	1,089	976	1,073
Adjusted EBITDA ³	627	272	46	24	(46)	16
Amortization	193	207	82	99	109	94
Operating profit (loss)	434	65	(36)	(75)	(155)	(78)

³ 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 \$0.5 million during Q3 2018 compared with cash used in operating activities of \$0.2 million in Q3 2017. Non-cash working capital of \$1.0 million was generated in Q3 2018 compared to \$0.5 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 September 30, 2018 was \$1.5 million compared to cash used of \$0.6 million in Q3 2017.

Balance sheet extracts	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
<i>In 000s of CAD dollars</i>	2018	2018	2018	2017	2017	2017
Cash	2,289	1,084	600	1,037	1,408	2,080
Total current assets	5,998	4,989	6,292	2,035	2,856	2,924
Total current liabilities	5,559	4,863	6,292	1,829	2,534	2,396
Net working capital	439	126	-	206	322	528
Total assets	8,198	7,356	8,646	3,171	4,081	4,213
Bank debt	-	-	-	-	-	-
Total shareholders' equity	2,402	2,322	2,256	1,236	1,432	1,720

"I am pleased with the operating and financial performance the GroupMobile team delivered during our recently completed third quarter. The strong quarterly financial results reflect the high quality execution of our Group Mobile Int'l integration plan, closure on the July 2018 US \$5.9 million purchase order for Getac rugged devices from a US based integrated energy company engaged primarily in electric power production and retail distribution operations, delivering to the market cutting edge software applications for data analytics and data security, and the start of realizing on the inherent business value that falls out of acquisition of Group Mobile Int'l earlier this year," said Tony Busseri CEO of Route1. "Of note is the positive impact the addition of the rugged device resale business that we purchased earlier this year. Results will vary from quarter to quarter as device sales can be influenced by one-time large orders similar to the impact the US \$5.9 million had on this third quarter.

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 now producing better than expected results at this point in the business model's maturity. 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."

Investor Conference Call and Webcast

Route1 will hold a conference call and web cast to discuss the Company's financial results and provide a business update on Wednesday, November 7, 2018 at 9 a.m. eastern. Participants should dial Toll-Free: 1-866-548-4713 or Toll/International: 1-323-794-2093 at least 10 minutes prior to the conference, pass code 1767112 . For those unable to attend the call, a replay will be available on November 7, 2018



after 12: 00 p.m. at Toll-Free 1-844-512-2921 or Toll/International 1-412-317-6671, pass code 1767112 until 11:59 pm on November 21, 2018.

The webcast will be presented live at <http://public.viavid.com/index.php?id=131797>.

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 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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