



Route1 Announces Q3 2019 Financial Results

Toronto, Canada, November 26, 2019 - [Route1 Inc.](#) (OTCQB: ROIUF and TSXV: ROI) (the “Company” or “Route1”), an advanced North American provider of data-centric business empowerment solutions today announced its third quarter (Q3) financial results for the period ended September 30, 2019.

Q3 2019 Financial Results

Statement of operations <i>In 000s of CAD dollars</i>	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Revenue						
Subscription and services	2,136	1,610	1,576	1,628	1,684	1,633
Devices and appliances	6,576	1,819	1,883	2,440	13,207	3,936
Other	2	1	3	6	4	7
Total revenue	8,714	3,430	3,462	4,074	14,895	5,577
Cost of revenue	5,953	1,672	1,700	2,216	12,311	3,620
Gross profit	2,761	1,758	1,762	1,858	2,584	1,957
Operating expenses	2,335	1,824	1,693	1,714	2,150	1,891
Operating profit (loss) ¹	426	(66)	69	144	434	65
Total other expenses ^{2,3}	425	488	581	499	246	52
Net income gain (loss)	1	(554)	(513)	(355)	188	13

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 and services revenue <i>in 000s of CAD dollars</i>	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Application software	1,182	1,196	1,186	1,169	1,193	1,180
Technology as a service (TaaS)	322	311	307	329	289	266
Other services	632	103	83	130	203	186
Total	2,136	1,610	1,576	1,628	1,684	1,633

Adjusted EBITDA <i>in 000s of CAD dollars</i>	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Gross Profit	2,761	1,758	1,762	1,858	2,584	1,957
Adjusted EBITDA ⁴	744	200	322	331	627	272
Amortization	318	266	253	187	193	207
Operating profit (loss)	426	(66)	69	144	434	65

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 net cash flow from operating activities of approximately \$0.43 million during Q3 2019 compared with \$0.43 million in Q3 2018. Non-cash working capital used was \$0.41 million in Q3 2019 compared to \$0.97 million in cash generated during the same period a year earlier. Net cash generated by the day-to-day operations for the three months ended September 30, 2019 was nil compared to \$1.40 million in Q3 2018.

Balance sheet extracts <i>In 000s of CAD dollars</i>	Sep 30 2019	Jun 30 2019	Mar 31 2019	Dec 31 2018	Sep 30 2018	Jun 30 2018
Cash	320	702	367	1,073	2,289	1,084
Total current assets	6,109	6,219	5,106	3,664	5,881	4,872
Total current liabilities	8,749	8,626	6,033	4,034	5,917	5,227
Net working capital	(2,643)	(2,407)	(927)	(370)	(36)	(355)
Total assets	11,780	12,268	8,803	6,673	8,733	7,892
Bank debt and seller notes	2,294	1,862	-	-	-	-
Total shareholders' equity ³	473	854	860	1,465	1,928	1,888

Normal Course Issuer Bid (NCIB)

For the three months ended September 30, 2019, the Company purchased 1,179,900 shares for cancellation under the NCIB at an average price of approximately \$0.395 per share. For the nine months ended September 30, 2019, the Company purchased 1,257,100 shares for cancellation under the NCIB at an average price of approximately \$0.403 per share.

PCS Mobile Acquisition

On June 28, 2019, Route1 acquired Portable Computer Systems, Inc. ("PCS Mobile"). The Company completed the purchase of PCS Mobile for total consideration of US \$2.5 million. [PCS Mobile](#) is a computer reseller with expertise in mobile data applications, including wireless products for in-vehicle use. The company offers guidance and state-of-the-art mobile devices for a wide range of applications



including utilities, telecommunications, field services, insurance, healthcare, Fire/EMT, police and public safety - as well as state and local government.

Based in Denver, Colorado, PCS Mobile services customers primarily located in the Southwestern and Rocky Mountain regions of the U.S. Rugged devices and applications include but are not limited to Panasonic Toughbook mobile computers, Xplore and Getac rugged tablets, [Genetec](#) license plate recognition solutions, and accessories from Gamber-Johnson and Havis.

Q3 Financial Results 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 Tuesday, November 26, 2019 at 9 a.m. eastern. Participants should dial Toll-Free: 1-844-369-8770 or 1-862-298-0840 at least 10 minutes prior to the conference. For those unable to attend the call, a replay will be available 1-877-481-4010 or 1-919-882-2331, pass code 56854 until 9:00 am on Tuesday, December 10, 2019.

The webcast will be presented live at www.investornetwork.com/event/presentation/56854.

Annual General and Special Meeting Notification

Route1 will hold its annual general and special meeting ("AGM") at the offices of Fasken Martineau DuMoulin LLP, 333 Bay Street, Suite 2400, Toronto, Ontario on December 2, 2019 at 9 a.m. (Toronto time) for the following purposes:

1. to receive the comparative audited consolidated financial statements of the Corporation for the financial year ended December 31, 2018, together with the report of the auditors thereon;
2. to elect directors of the Corporation for the ensuing year;
3. to appoint Grant Thornton LLP, as Auditor for the ensuing year and to authorize the directors to fix their remuneration;
4. to re-approve the stock option plan of the Corporation; and
5. to transact such other business as may properly come before the Meeting or any adjournment thereof.

There will not be a management presentation at the end of the AGM.

About Route1 Inc.

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 necessary to drive greater profitability, improve operational efficiency and gain sustainable competitive advantages, while always 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 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.

For More Information, Contact:

Tony Busseri

Chief Executive Officer

+1 416 509 1496

tony.busseri@route1.com

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