



Route1 Announces Q1 2020 Financial Results

Toronto, Canada, May 26, 2020 - [Route1 Inc.](#) (OTCQB: ROIUF and TSXV: ROI) (the “Company” or “Route1”), an advanced North American provider of data-centric business empowerment solutions, today reported its financial results for the three-month period ended March 31, 2020.

Statement of operations <i>In 000s of CAD dollars</i>	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Revenue						
Subscription and services	1,958	2,511	2,136	1,610	1,576	1,628
Devices and appliances	4,401	5,891	6,576	1,819	1,883	2,440
Other	4	1	2	1	3	6
Total revenue	6,363	8,403	8,714	3,430	3,462	4,074
Cost of revenue	3,997	5,653	5,953	1,672	1,700	2,216
Gross profit	2,366	2,750	2,761	1,758	1,762	1,858
Operating expenses	2,334	2,360	2,336	1,824	1,694	1,714
Operating profit (loss) ¹	32	390	425	(66)	68	144
Total other expenses ^{2,3}	215	(120)	424	487	580	499
Net income (loss)	(183)	510	1	(553)	(512)	(355)

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 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>	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Application software	1,217	1,202	1,182	1,196	1,186	1,169
Technology as a service (TaaS)	321	353	322	311	307	329
Other services	420	956	632	103	83	130
Total	1,958	2,511	2,136	1,610	1,576	1,628

Adjusted EBITDA <i>in 000s of CAD dollars</i>	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Gross Profit	2,366	2,750	2,761	1,758	1,762	1,858
Adjusted EBITDA ⁴	358	676	743	200	322	331
Amortization	326	286	318	266	254	187
Operating profit (loss)	32	390	425	(66)	68	144

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.

“Q1 2020 operating profit and EBITDA reflect the slowdown experienced in February and March 2020 in rugged device revenue resulting from shipping delays from our manufacturing partners, and towards the end of the first quarter as COVID-19 affected America, we experienced delays to certain contract implementations for license plate recognition technology clients”, stated Route1’s CEO Tony Busseri. “In addition, the offsetting growth in Route1 MobiKEY subscribers and related recurring revenue happened during the last two weeks of March 2020 and, therefore, did not materially impact our financial results for the first quarter of 2020.”

Balance sheet extracts <i>In 000s of CAD dollars</i>	Mar 31 2020	Dec 31 2019	Sep 30 2019	Jun 30 2019	Mar 31 2019	Dec 31 2018
Cash	116	126	320	702	367	1,073
Total current assets	4,391	6,206	6,106	6,219	5,106	3,664
Total current liabilities	7,532	9,035	8,749	8,625	6,033	4,034
Net working capital	(3,141)	(2,829)	(2,643)	(2,406)	(927)	(370)
Total assets	11,501	12,630	11,780	12,268	8,803	6,673
Bank debt and seller notes	2,461	2,415	2,294	1,862	-	-
Total shareholders’ equity ³	950	980	473	854	860	1,465

Route1 generated net cash flow from operating activities of approximately \$0.47 million during Q1 2020 compared with cash used of \$0.62 million in Q1 2019. Non-cash working capital generated was \$0.20 million in Q1 2020 compared to \$0.39 million in cash used during the same period a year earlier. Net cash generated by the day-to-day operations for the three months ended March 31, 2020 was \$0.27 million compared to \$0.22 million used in Q1 2019.

Route1’s net cash balance (including all bank debt) as of May 25, 2020 was approximately \$0.20 million in contrast to a net debt balance of \$1.23 million as at December 31, 2019.

Business Update Conference Call and Webcast



The Company will hold a conference call and web cast to provide a business update later in Q2 2020.

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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