

Q2-20 Shareholder Update Presentation

North America's most advanced provider of
secure data intelligence solutions to drive your
business forward.

August 26, 2020

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Our Focus is Our Clients

Gain Actionable Intelligence, Generate Exceptional Outcomes.

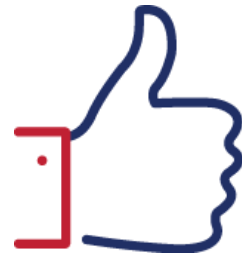
Route1 partners with our clients to assist them in securing and then leveraging their data to make better decisions that lead to:



INCREASED
PROFITABILITY



IMPROVED
EFFICIENCIES



**ENHANCED
OUTCOMES**



GREATER MARKET
SHARE



SUSTAINABLE
COMPETITIVE
ADVANTAGES

We Are an “Outcomes” Based Company

Our Four Pillars of Strength



We deliver exceptional client outcomes.

Data Security and User Authentication

Our IP: MobiNET (DEFIMNET), MobiKEY, DerivID



Data Acquisition and Analytics Technology

Our IP: MobiNET, ActionPLAN, ScreenSTOP

What we resell: Fixed and mobile video systems including ALPR



Data Visualization

What we resell: Fully rugged and semi rugged laptops, tablets, and handhelds, along with vehicle mounts, modems, and other accessories



New Technology and Services

Our in-house core capability: (a) Software development, (b) managed hardware services including TaaS, (c) on-premise client connectivity, and (d) hardware break & fix

Annual Operating Performance

In 000s of CAD Dollars	FY19 A	FY18 A	FY17 A	FY16 A	FY15 A	FY14 A	FY13 A
Revenue	24,009	26,231	6,070	7,447	6,397	6,078	5,433
• Subscription Revenue and Services	7,455	6,209	5,698	7,080	6,218	5,470	4,948
Gross Margin	9,031	7,499	4,745	5,973	5,233	4,932	4,296
• Gross Margin %	38%	29%	78%	80%	82%	81%	79%
Expenses	8,214	6,892	4,736	5,231	4,515	4,397	4,485
Operating Income	817	607	9	742	718	535	(189)
EBITDA	1,941	1,275	401	1,203	1,152	901	72
AirWatch Litigation	(1,289)	(841)	(270)	(56)	0	0	0
Net (Loss) Income	(554)	(434)	(610)	330	728	637	(343)

Quarterly Operating Performance

In 000s of CAD Dollars	Q2 A 2020	Q1 A 2020	Q4 A 2019	Q3 A 2019	Q2 A 2019	Q1 A 2019
Revenue	6,969	6,363	8,403	8,714	3,430	3,462
• Subscription Revenue and Services	2,489	1,958	2,511	2,136	1,610	1,576
• Devices, Appliances and Other	4,480	4,405	5,891	6,578	1,820	1,886
Gross Margin	2,781	2,366	2,750	2,761	1,758	1,762
• Gross Margin %	40%	37%	33%	32%	51%	51%
Expenses	2,570	2,334	2,360	2,336	1,824	1,693
Operating Income	211	32	390	426	(66)	69
EBITDA	556	358	676	744	200	322
Net Income (Loss)	(60)	(183)	511	0	(554)	(513)

Subscription Revenue and Services

In 000s of CAD Dollars	Q2 A 2020	Q1 A 2020	Q4 A 2019	Q3 A 2019	Q2 A 2019	Q1 A 2019
Application Software	1,665	1,217	1,202	1,182	1,196	1,186
Technology as a Service	315	321	353	322	311	306
Other Services	509	420	956	632	103	84
Total	2,489	1,958	2,511	2,136	1,610	1,576

Subscription Revenue and Services

In 000s of CAD Dollars	Q2 A 2020	Q1 A 2020	Q4 A 2019	Q3 A 2019	Q2 A 2019	Q1 A 2019
General and Administration	1,481	1,359	1,133	1,157	1,015	997
Research and Development	204	171	192	186	147	85
Selling and Marketing	885	804	1,035	993	662	612
Total	2,570	2,334	2,360	2,336	1,824	1,693

Quarterly Commentary

10%

Revenue increased by approximately 10% over Q1-20

37%

Application software revenue increased by 37% over Q1-20

40%

Gross margin increased to 40% resulting from additional MobiKEY subscription revenue

COVID-19

COVID-19 had an adverse impact on our device and LPR business delaying purchases and installations

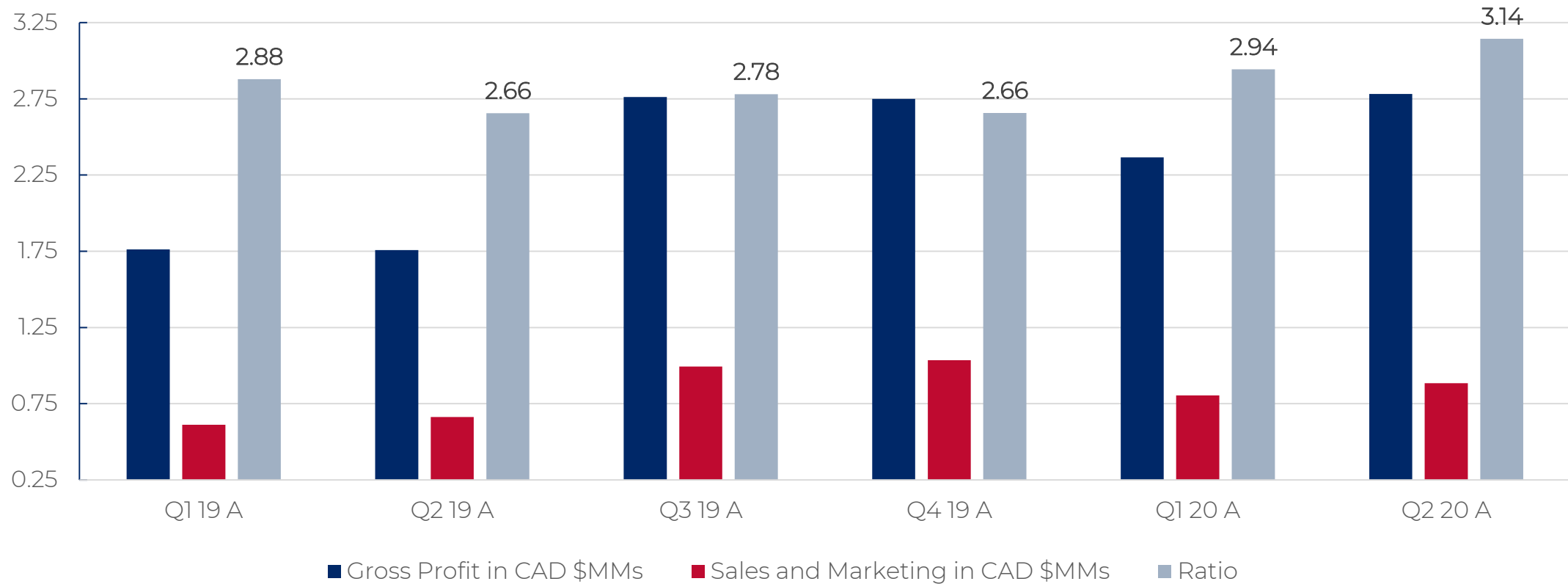
\$800k

Working capital, net of contract liability, was \$800,000 vs (\$1,570,000) in Q1-20

\$194k

Purchased 289,000 shares for cancellation for \$194,000; six month total of 394,500 common shares for \$238,368

Gross Profit to Sales and Marketing Cost Ratio



Balance Sheet

In 000s of CAD Dollars	Jun 30 2020 A	Mar 31 2020 A	Dec 31 2019 A	Sep 30 2019 A	Jun 30 2019 A	Mar 31 2019 A
Cash	107	116	125	320	702	367
Total current assets	5,448	4,391	6,206	6,106	6,219	5,106
Total current liabilities	8,901	7,532	9,034	8,749	8,626	6,033
Contract liability (incl. in current liabilities)	4,253	1,571	1,750	2,422	2,258	2,626
Net working capital	(3,453)	(3,141)	(2,828)	(2,643)	(2,407)	(927)
Non-current assets	6,835	7,110	6,424	4,932	5,307	2,955
Total assets	12,283	11,501	12,630	11,780	12,268	8,803
Bank debt and seller notes	1,193	2,461	2,415	2,294	1,862	-
Total liabilities	11,504	10,551	11,650	11,307	11,415	7,943
Shareholders' Equity	778	950	980	473	854	860

Capital Expenditures

In 000s of CAD Dollars	Q2 A 2020	Q1 A 2020	Q4 A 2019	Q3 A 2019	Q2 A 2019	Q1 A 2019
Leasehold Improvements	-	-	-	-	(3)	4
Furniture and Equipment	3	22	-	-	-	-
Computer Hardware (including TaaS)	203	13	56	172	152	198
Computer Software	-	-	11	2	-	-
Intangibles	39	175	10	-	70	11
Total	242	210	77	174	220	213

Summary of Q2-20 large investments:

\$81K

JSP DEFIMNET firewalls

\$46K

MobiNET load balancer

\$37K

internal servers

\$17K

TaaS assets

\$13K

PCs

Looking Ahead

2020 is all about CHANGE



Working from home is here to stay



Policing and law enforcement budgets are being cut and or funds reallocated



Community transparency is a critical theme

- Body worn cameras
- ALPR
- Data access and security



The upcoming federal election will have a “real” impact on the economy and how tax dollars are spent

Sales, Marketing and Operations Update

New Client, New Contract

4,000

of annual MobiKEY subscriptions on Monday's purchase order.

1,000

Size of increments of subscriptions that client has the option to add to order.

80%

The percentage increase in recurring MobiKEY subscriptions in the last ½ year.

NOT COVID

This sales process began before February 2020 and purchase was based on features and functionality.

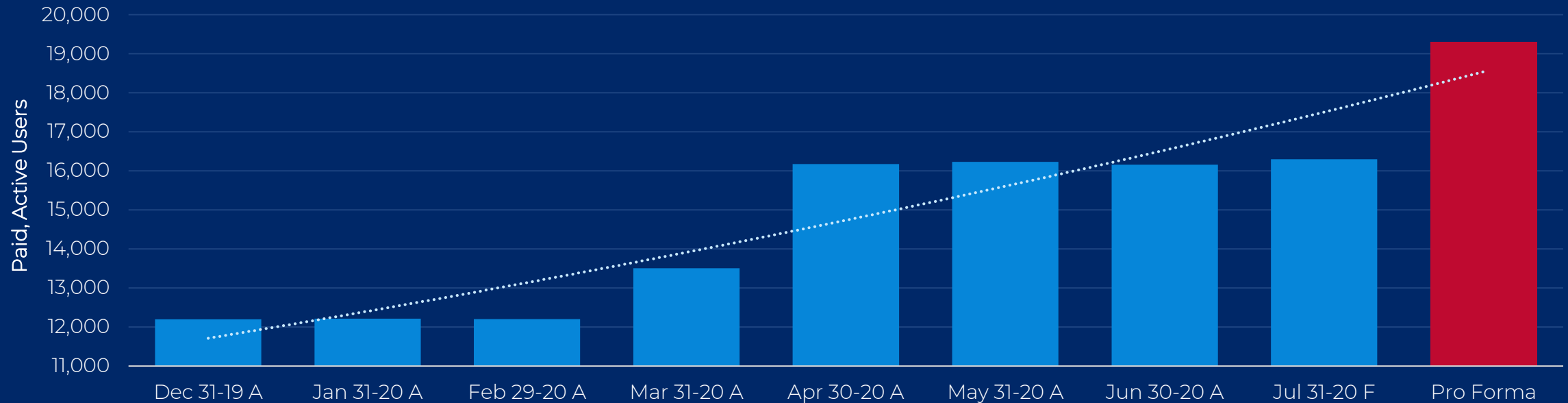
\$1.5M

Approximate value in US dollars of the initial order of 4,000 subscriptions.

\$740k

Projected monthly MobiKEY subscription revenue (CAD) going forward compared to \$405k in Feb. 2020.

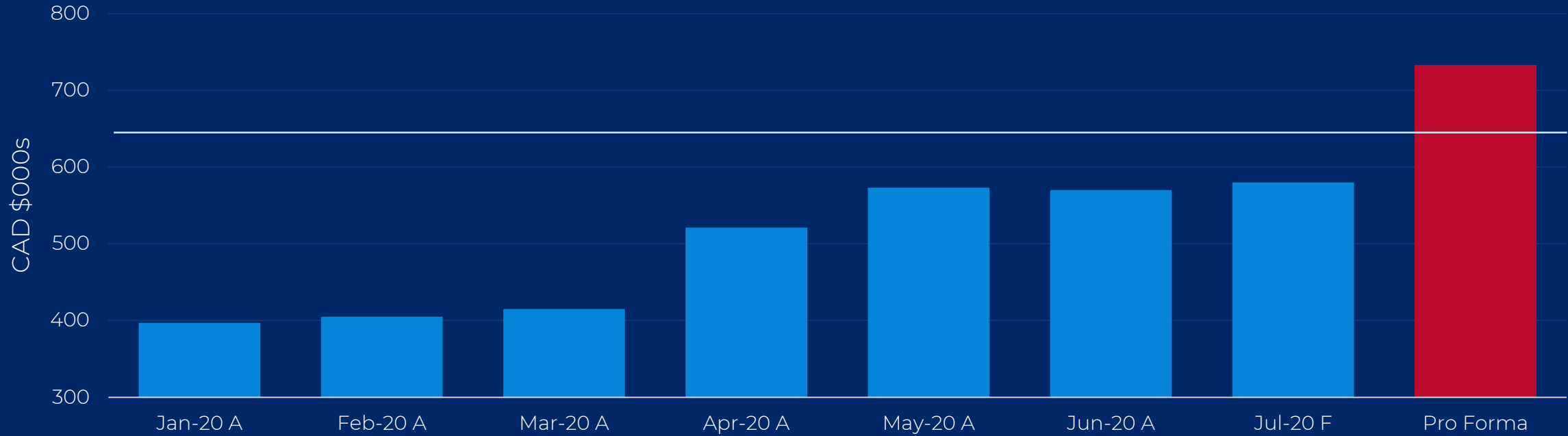
Understanding the MobiKEY Impact : Subs



Note:

1. The MobiKEY user count does not include the surge 15,000 users granted to JSP at no additional revenue;
2. The MobiKEY user count includes the removal of approximately 420 DON MobiKEY users in June 2020 (based on accounts no longer being active) with replacement MobiKEY users expected to come on line in Q3-20; and
3. There is a timing gap between MobiKEY Fusion3 devices being received by DON users, and the DON user's purchase of a subscription being approved and the user being turned on.
4. Pro Forma includes Aug 25-20 announced DoD order.

Understanding the MobiKEY Impact : **Revenue**



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Data Security and User Authentication

MobiKEY

Department of the Navy (DON)

New DEFIMNET:

- New Navy ATO expected in Q3-20.
- Shipping to NOC Norfolk, VA by August 27, 2020.
- With the new infrastructure and updated software – MobiKEY 7.0 approved, the expectation is to see new interest in MobiKEY and increased monthly subscriptions.

The Rebrand



Gresham Hill, our new VP, Marketing took on the project to help us move to one identity. Instead, he proposed an entire rebrand of Route1.

The new look and direction has been well received by our partners and clients.

Route1 Represents:

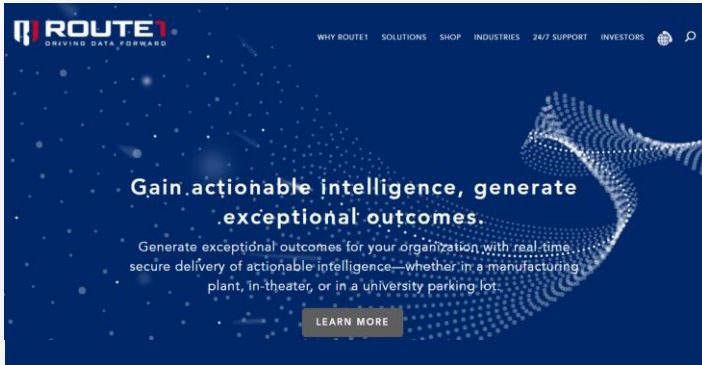
- Strength
- Security
- Principled
- Intelligent
- Trustworthy

The Results included:

- A New Logo
- A New Tagline: “Driving Data Forward”
- Hundreds of redesigned documents
- A July/August marketing campaign to key clients and partners

The Rebrand

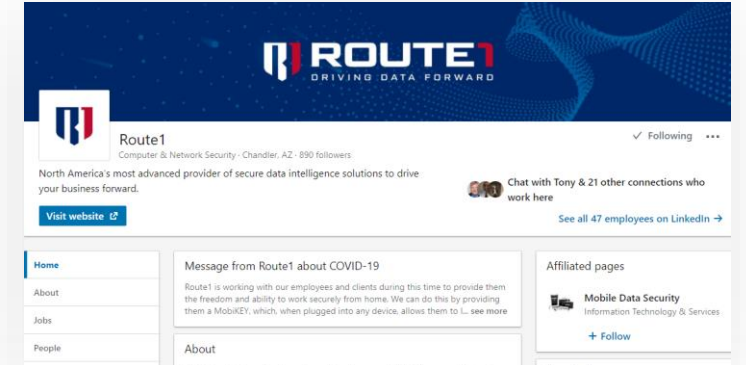
Route1.com



Sales Collateral



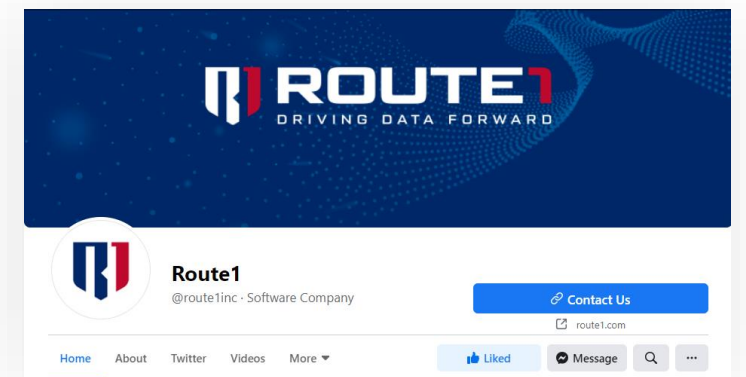
LinkedIn



Business Cards



Facebook



Messaging

Our messaging is being fine-tuned to focus in on the growing opportunities before us. Three unique market segments and company-defining messages have emerged from this effort:



COMMUNITIES

Route1 builds smart, secure communities by combining our expertise in cyber security with our suite of intelligent solutions. From fixed and mobile video (ALPR and body worn cameras) to audio detection systems to mobile workforce security, Route1 provides transparent, unbiased data that leads to responsible policing, safer schools, new or enhanced revenue streams, and more efficient governments.



GOVERNMENT

Route1 builds a smart, secure government by protecting your mobile workforce against cyber security threats via our patented MobiKEY technology and DEFIMNET, an identity management and service delivery platform that is approved and used by The Department of Defense, including the Pentagon, and all branches of the Military, as well as enterprise to fully protect data at rest, data in use, and data in transit.



ENTERPRISE

Route1 builds smart, secure companies by utilizing our data acquisition and analytics expertise to leverage your information through new technologies and engineering IIoT ecosystems that lead to smarter factories, well sites and refineries, and resilient critical infrastructure. We are on the forefront of engineering the latest Industry 4.0 secure technology. Both inside and outside the factory walls, we protect your operations against cyber security threats and enable mobility of your personnel through our patented un-VPN technology that includes zero trust network access and enterprise identity management used by enterprise across all industries including the financial services sector, the Pentagon, and all branches of the Military.

Software Engineering and Infrastructure Engineering



Software

- All about MobiKEY 7.1
 - Supports unified communications and specifically MS Teams and Skype
- Enhanced ActionPLAN for a Canadian-based Tier I parts manufacturer
 - Deeper parsing of data based no client specs
 - Moving towards intelligent information



Infrastructure and Production Platforms

- DON DEFIMNET 3.0 accreditation
- Enhanced JSP DEFIMNET reporting
- Expansion of JSP DEFIMNET

AirWatch

01

March 31, 2020 judge awarded AirWatch costs; orders parties to provide arguments on the issue of amount.

02

August 24, 2020, court order received in the amount of US\$1,666,667.78.

03

ROI will appeal the order and it will have to post a bond for 100% of the amount of the award in order to prevent AirWatch from executing on the judgment while the award is under appeal.

AirWatch

04

August 10, 2020 - received an order from the Federal Circuit Court of Appeal that oral arguments scheduled to be heard on September 3, 2020 in respect of the decision on Summary Judgment would not take place. Instead, the court would “hear” the appeal on the briefs already submitted. Decision expected shortly after September 3, 2020. If ROI successful in this appeal, the fee award will likely be vacated.

05

Canadian litigation continues with completion of discoveries expected in November 2020.

06

Awaiting response from USPTO with respect to our appeal on the re-examination filed June 27, 2020.

From Pivot to Strong Execution

01

California ALPR

Win and market the “gateway” ALPR law enforcement bid win.

02

MobiKEY

Advance enterprise MobiKEY orders

03

EBITDA

Drive operational performance.

04

Management Tools

Implement new management tools

05

Marketing Capabilities

Demonstrate new marketing capabilities

06

DON DEFIMNET

Turn on new DON DEFIMNET

07

BWC and Fixed Video

Acquire BWC and fixed video capability and enhanced operational / engineering capabilities

THANK YOU



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