



## Route1 Provides Third Quarter 2020 Business Update

*Posts Record Quarterly Gross Profit*

**Toronto, Canada, October 21, 2020** - Route1 Inc. (OTCQB: ROIUF and TSXV: ROI) (the “Company” or “Route1”), an advanced North American provider of data-centric business empowerment solutions, today provided an operations update after the completion of its third quarter that ended September 30, 2020.

### ***Revenue and Gross Profit***

In 000s of CAD dollars	<b>Q3 2020</b>	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Revenue					
Subscription and services	<b>2,599</b>	2,489	1,958	2,511	2,136
Devices and appliances	<b>6,523</b>	4,477	4,401	5,891	6,576
Other	<b>25</b>	3	4	1	2
Total revenue	<b>9,147</b>	6,969	6,363	8,403	8,714
Cost of revenue	<b>6,134</b>	4,188	3,997	5,653	5,953
Gross profit	<b>3,013</b>	2,781	2,366	2,750	2,761
Gross margin	<b>33%</b>	40%	37%	33%	32%

The gross profit for the third quarter of 2020 is an all-time high for the company. The gross margin is directly related to the mix of the revenue for the quarter.

### ***Gross Profit to Sales and Marketing Cost Ratio (the “Ratio”)***

<b>Q3 2020</b>	Q2 2020	Q1 2020	Q4 2019	Q3 2019
<b>3.31</b>	3.14	2.94	2.66	2.78

As previously communicated, Route1’s benchmark ratio for fiscal year 2020 is between 3 and 3.25. As the Company is able to grow its gross profit attributable to subscription-based revenue, it will result in an improved Ratio.

### ***Business Development Update***

**DOD CONTRACT AWARD:** Route1 announced on August 24, 2020 that it had been awarded a purchase order to provide a one-year license with three one-year renewal options to an agency of the U.S. Department of Defense for 4,000 MobiKEY subscriptions. The annual software license for the 4,000



users is valued at approximately US \$1.5 million. The new client for Route1 has the ability to also increase their user base in increments of 1,000 subscriptions. To date, Route1 has onboarded more than 2,000 MobiKEY users and expects that 4,000 users will be onboarded prior to November 30, 2020.

The third quarter subscription revenue and gross profit depicted above does not reflect the impact of the DoD contract award across a full quarter. A full quarter's subscription revenue impact from this contract award is approximately US \$375,000; the third quarter of 2020 included approximately US \$150,000 of subscription revenue.

DEPARTMENT OF THE NAVY ATO: Based on the most recent information provided to Route1, the Company now expects the Navy Authorizing Official (NAO) to grant Route1 the Authority to Operate (ATO) the new Department of the Navy DEFIMNET by the middle of November 2020. The new DEFIMNET called DEFIMNET 3.0, will provide the Navy, for the first time, a private cloud infrastructure that is fully redundant, similar to all other DEFIMNET platforms Route1 has deployed with the DoD. Further, the deployment of DEFIMNET 3.0 comes with [MobiKEY 7.1](#) which was commercially released on August 31<sup>st</sup>. MobiKEY 7.1 features include enhanced video conferencing, optimized audio capture and playback and an improved experience using desktop applications.

ALPR REVENUE: As communities and businesses have reopened and started to adjust to their new operating reality with coronavirus, Route1 revenues and project opportunities derived from Automated License Plate Reader (ALPR) technology are building again. Further Route1 believes that as communities continue to invest in transparent, responsible law enforcement, there will be increased demand for ALPR and body-worn camera technology. Route1 has made an investment in its video team to support the expected growth in video-based project revenue.

### ***Q3 2020 Financial Results Notification***

Route1 will report its third quarter financial results for the three and nine-month periods ended September 30, 2020 before the markets open on Wednesday, November 25, 2020.

### ***Annual General and Special Meeting Notification***

Route1 will hold its annual general and special meeting ("AGM") at the offices of Route1 Inc., 7300 N. Via Paseo Del Sur, Suite 202, Scottsdale, Arizona on December 8, 2020 at 10 a.m. (Toronto time). There will not be a management presentation at the end of the AGM.

### **[About Route1 Inc.](#)**

Route1 Inc. 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](http://www.route1.com).

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