ROUTE1 INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2020

As of April 29, 2021

The following discussion and analysis of the financial condition and results of operations (this "**MD&A**") of Route1 Inc. (also referred to as "**we**", "**us**", "**our**", "**Route1**", or the "**Company**"), should be read in conjunction with the Company's consolidated financial statements and related notes as at and for the year ended December 31, 2020. These consolidated financial statements, including comparatives, have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

This Management Discussion & Analysis ("MD&A") has been reviewed and approved by the Company's Board of Directors prior to filing.

The information in this MD&A is current to April 29, 2021 and all amounts are in Canadian dollars, unless otherwise noted.

FORWARD-LOOKING STATEMENTS

The following discussion may contain forward-looking statements about matters that involve risks and uncertainties, such as statements of Route1's plans, objectives, expectations and intentions, as well as financial trends. The discussion also includes cautionary statements about these matters. You should read the cautionary statements made below as being applicable to all forward-looking statements wherever they appear in this document. In drawing a conclusion or making a forecast or projection set out in the forward-looking information, the Company takes into account the following material factors and assumptions in addition to the above factors: the Company's ability to execute on its business plan; the integration of acquired businesses; the acceptance of the Company's devices and services by its customers; the timing of execution of outstanding or potential customer orders by the Company; the sales opportunities available to the Company; the Company's subjective assessment of the likelihood of success of a sales lead or opportunity; the Company's historic ability to generate sales leads or opportunities; and that sales will be completed at or above the Company's estimated margins. This list is not exhaustive of the factors that may affect our forward-looking information. These and other factors should be considered carefully and readers should not place undue reliance on such forward-looking information.

Factors that could cause Route1's actual results to differ materially from the forward-looking statements are contained herein and include, but are not limited to, overall economic conditions, competitive pressures, successfully integrating acquired businesses and unexpected technology changes. Additional information concerning risks and uncertainties affecting Route1's business and other factors that could cause financial results to fluctuate is set forth later in this document, as well as elsewhere herein, and is contained in Route1's filing with Canadian securities regulatory authorities, available on the SEDAR website (www.sedar.com) under Route1 Inc. and on the Company's website (www.route1.com).

This MD&A includes additional disclosures on the critical accounting policies and estimates, additional disclosure on the quarterly selected financial information, additional discussion and analysis on the factors affecting the Company's financial performance, additional disclosure on future liquidity and capital needs including the addition of a tabular presentation of contractual obligations, additional disclosure on the last eight quarters, and details of related party transactions. The Company does not believe that any of the additional information provided, and that has not been otherwise disclosed in other filings, is material in nature.

INTELLECTUAL PROPERTY NOTICES

See https://www.route1.com/terms-of-use/ for notice of Route1's intellectual property.

OVERVIEW

Route1 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.

With offices and staff in Boca Raton, FL, Scottsdale, AZ, Chattanooga, TN, Cincinnati, OH, Denver, CO, Glen Allen, VA, and Toronto, Canada, Route1 provides leading-edge solutions to public and private sector clients around the world. Route1 is listed in Canada on the TSX Venture Exchange under the symbol ROI and on the OTCQB in the United States under the symbol ROIUF.

HIGHLIGHTS

On January 31, 2020, the Company announced that at Genetec's Connect 20 event held the previous night in San Diego, California, Route1's wholly owned subsidiary PCS Mobile was named the "Genetec AutoVu Premier Partner of the Year – North America".

- The Genetec AutoVu™ automatic license plate recognition or ALPR system automates license plate reading and identification, making it easier for law enforcement and for municipal and commercial organizations to locate vehicles of interest and enforce parking restrictions.
- PCS Mobile has been successful as a premier partner for Genetec AutoVu for more than five years in the states of Arizona, California, Colorado, Nevada, New Mexico, Oregon and Washington.

On February 3, 2020, the Company announced that Dr. Barry C. West has stepped down as a member of Route1's Board of Directors and accepted an invitation from the Company to Chair its U.S. Government Advisory board.

On March 16, 2020, the Company provided an update on the use of its MobiKEY technology during the COVID-19 outbreak.

- Over the last five business days previous to this date, there has been a significant spike in the demand for MobiKEY enabling devices, particularly Fusion3 devices, and MobiKEY software subscription sales and quote activity for both Department of Defense ("DoD") and certain civilian agencies of the U.S. government as well as financial services companies and banks across North America.
- Route1 added 209 paying MobiKEY subscribers and sold 174 MobiKEY Fusion3 devices. Based on purchase orders in hand and funds obligated to purchase, Route1 expects to add more than 500 additional paying MobiKEY subscribers and sell 3,000 additional MobiKEY Fusion3 devices over the next five to seven business days.

- Route1 expects to make a further order for 5,000 MobiKEY Fusion3 devices early next week, however this number could grow based on quick responses from clients. Subsequent to the issuance of this press release an order for 6,000 devices was placed.

On March 19, 2020, the Company announced today an update on its business operations.

- The Company announced Q4 2019 gross profit of $2,750 (in 000s of Canadian dollars) compared to $1,858 (in 000s of Canadian dollars) for Q4 2018

Corporate Development

- In order to expand our enterprise and public safety client base, and grow profitability through the leveraging of our human and technology capital, on April 3, 2020 Route1 will acquire the assets of Mobile-Tek Consulting, LLC, a reseller of rugged mobile device hardware. Route1 will pay cash of US $50,000 in two instalments for the assets of the company and also assume US $25,000 in net working capital.
- Based in Cincinnati, Ohio, Mobile-Tek sells rugged devices and applications including but not limited to Panasonic Toughbook mobile computers, Fujitsu and Getac rugged and semi-rugged tablets, Zebra handheld devices, and accessories from Gamber-Johnson and Havis to public safety and enterprise clients principally in the states of Ohio, West Virginia, Michigan, Indiana and Kentucky. The company also refurbishes off warranty rugged devices and resells them.

Airwatch Litigation

- On October 7, 2019, Route1 appealed to the United States Court of Appeals for the Federal Circuit from the district court's August 7, 2019 decision finding that AirWatch has not infringed Route1's U.S. Patent No 7,814,216. Briefings will be complete on March 20, 2020, and Route1 expects that a decision is likely in the fourth quarter of 2020 or first quarter of 2021.

VMWare Canadian Lawsuit

- In December 2018, Route1 Inc. commenced a patent infringement lawsuit in Canada against VMware, Inc., asserting that at least five claims of Route1's patent were infringed.
- The case has since proceeded and Route1 Inc. has received further disclosure from VMware, Inc. As a result, on March 11, 2020 Route1 Inc. filed an amended Statement of Claim increasing the number of infringed claims from Route1's patent from five to thirty-four.
- The Canadian lawsuit continues to proceed, with inventor and corporate examinations having been conducted in Toronto, Ontario and Chandler, Arizona in Q1 2020.

On March 23, 2020, the Company provided an update to its March 16, 2020 news release in regards to the use of its MobiKEY technology during the COVID-19 outbreak.

- Sale and quote activity for both Department of Defense ("DoD") and certain civilian agencies of the U.S. government as well as Corporate America and Canada has dramatically increased as the working implications of COVID-19, particularly the requirement to work from home, have been mandated by most levels of government and business.
- Last week Route1 added 654 paying MobiKEY subscribers and sold 3,157 MobiKEY Fusion3 and MobiKEY Classic 3 devices.
- Last week Route1 placed an order for 6,000 MobiKEY Fusion3 devices. The Company currently has a purchase order backlog in excess of 4,000 MobiKEY Fusion3 devices, with the majority of the backlog for clients with an enterprise license agreement – thus there is not a 1:1 relationship between device sales and new subscriptions.

On April 23, 2020, the Company announced Q4 and full year 2019 financial results and provided an update on use of the MobiKEY technology during the COVID-19 outbreak.

- Demand for the Company's MobiKEY technology has increased significantly.

- Over the previous 7 weeks the company added net 2,675 MobiKEY subscribers and sold 4,975 devices.
- The Company granted independent board directors, officers and employees stock options in the aggregate amount of 1,325,000 with an exercise price equal to the closing share price that day, or $0.68 per share.

On May 4, 2020, the Company announced an amendment to the Normal Course Issuer Bid (NCIB), increasing the maximum purchase price per common share purchased under the NCIB to $0.75 from $0.60.

On May 26, 2020, the Company reported its financial results for Q1 2020.

- The Company announced Q1 2020 revenue of $6,363 and gross profit of $2,366 (in 000s of Canadian dollars) compared to revenue of $3,462 and profit $1,762 (in 000s of Canadian dollars) for Q1 2019.

On June 1, 2020, the Company announced that PCS was awarded a three-year contract with seven, one-year renewal option years by the State of California to provide officers with an Automatic License Plate Recognition (ALPR) system. Agencies throughout the State of California can take advantage of the partnership agreement to purchase ALPR systems for their agencies.

On August 25, 2020, the Company announced 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 new client for Route1 has the ability to increase their user base in increments of 1,000 subscriptions. The annual software license for the 4,000 users is valued at approximately US $1.5 million.

On August 26, 2020, the Company reported its financial results for Q2 2020.

- The Company announced Q2 2020 revenue of $6,969 and gross profit of $2,781 (in 000s of Canadian dollars) compared to revenue of $3,430 and gross profit of $1,758 (in 000s of Canadian dollars) for Q2 2019.
- The Company announced that on August 25, 2020 it granted independent board directors and employees 400,000 stock options with an exercise price equaling to the closing share price on August 27.

On September 24, 2020, the Company announced that First Community Bank chose the Company's MobiKEY solution for 27 branches and 80 staff members over competing solutions.

On September 28, 2020, the Company announced that it has provided the TSX Venture Exchange (the "Exchange") its Notice of Intention (the "Notice") to move forward with a further normal course issuer bid ("NCIB"), subject to approval by the Exchange.

- The Notice provides that Route1 may, during the 12–month period commencing September 27, 2020 and ending September 26, 2021, purchase on the Exchange up to 1,755,980 common shares in total, being approximately 5% of the outstanding common shares as at September 28, 2020.
- The price which Route1 will pay for any such shares will be the market price at the time of acquisitions, provided, however, that Route1 will not pay more than $0.75 per common share. The actual number of common shares which may be purchased pursuant to the NCIB and the timing of any purchases will be determined by management of Route1.
- All common shares purchased pursuant to the NCIB will be purchased for cancellation, and all such purchases will be made on the open market through the facilities of the Exchange. The NCIB will be conducted through Canaccord Genuity Corp., a member of the Exchange.

On October 8, 2020, the Company provided an update on its litigation with AirWatch LLC ("AirWatch").

- The Federal Circuit Court of Appeals affirmed the prior decision of the United States District Court for the District of Delaware granting summary judgment to AirWatch on Route1's claim for infringement of the 7,814,216 patent.

On October 22, 2020, the Company announced an update on its business operations.

- The Company announced Q3 2020 gross profit of $3,013 (in 000s of Canadian dollars) compared to $2,761 (in 000s of Canadian dollars) for Q3 2019.
- The Company expects the Navy Authorizing Official to grant the Company the Authority to Operate the new Department of the Navy DEFIMNET by the middle of November 2020.

On November 25, 2020, the Company reported its financial results for Q3 2020.

- The Company announced Q3 2020 revenue of $9,147 and gross profit of $3,013 (in 000s of Canadian dollars) compared to revenue of $8,714 and gross profit of $2,761 (in 000s of Canadian dollars) for Q3 2020.
- The Company announced that it intends to raise up to $2,500,000 by way of a non-brokered private placement of units of the Company at a price of $0.85 per unit. Each unit will consist of one common share in the capital of the Company and one common share purchase warrant, exercisable for a period of 18 months at a price of $1.00 per share.

On December 8, 2020, the Company announced 2019 annual general and special meeting results.

- Tony P. Busseri, Peter F. Chodos, Michael F. Doolan, David A. Fraser, Michael D. Harris, John Marino and Edward M. Reeder Jr. were elected as the Company's directors. Following the meeting, the Board of Directors met and selected Mr. Harris to continue to serve as Chairman of the Board of the Company.
- Grant Thornton LLP were appointed as the Company's auditors in respect of the year ending December 31, 2020.
- The Company's stock option plan was re-approved.

On December 9, 2020, the Company announced that the size of the private placement was increased to $3,000,000.

On December 16, 2020, the Company announced that it had closed its previously announced $3,000,000 private placement, based on strong demand. The Company granted an adviser 200,000 stock options with an exercise price of $1.05.

On December 29, 2020, the Company announced that it had entered into a settlement agreement with AirWatch and its parent company VMWare.

- The settlement ended the patent infringement litigation between the parties in both the United States and Canada.
- The Company agreed to pay US $1,400,000 to VMWare as a settlement.

On March 29, 2021, the Company announced that it had acquired DataSource Mobility, LLC and its wholly owned subsidiary, VetSource Mobility, LLC (collectively "DSM").

- Founded in 2007, DSM is primarily a reseller of ruggedized tablets and laptops along with associated accessories.
- DSM is located in Clarksville, Tennessee and serves markets in the Southeastern United States including Alabama, Missouri, Tennessee and Texas.

- The Company paid US $1,300,000 in cash at closing to acquire DSM and did not assume any debt.
- The Company has agreed to share with DSM's prior owners the gross profit generated by defined DSM accounts based on exceeding certain thresholds in 2021 and 2022.
- The Company's wholly owned subsidiary PCS Mobile was named AutoVu Premier Partner of the Year – USA by Genetec Inc. for the fifth consecutive year.
- On March 19, 2021, the holder of 3,000,000 Company common share purchase warrants issued on March 22, 2018 with an exercise price of $0.50 were exercised in full on a cashless basis, resulting in the issuance of 1,355,443 common shares. This particular holder now owns 3,855,443 Company common shares amounting to 9.6% of the Company's issued and outstanding common shares.

BASIS OF PRESENTATION

Route1 acquired Portable Computer Systems, Inc. ("PCS") on June 28, 2019. No operational activity occurred between the acquisition date and June 30, 2019. The operations of PCS have been included for all subsequent periods.

NON-IFRS FINANCIAL MEASURE: Adjusted EBITDA

Within this MD&A, we use the term Adjusted EBITDA (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 us to compare our operating performance over time on a consistent basis. We believe that certain investors and analysts use Adjusted EBITDA to measure a company's ability to service debt and to meet other payment obligations, or as a common valuation measurement in the technology industry.

The table below reconciles Adjusted EBITDA to operating profit before other income (expense) for the quarters presented.

	For the Quarters Ended				
In thousands of Canadian dollars	**Dec 31 2020**	Sep 30 2020	Jun 30 2020	Mar 31 2020	Dec 31 2019
Adjusted EBITDA	**$768**	$778	$556	$358	$676
Depreciation and amortization	**(325)**	(327)	(346)	(326)	(286)
Stock-based compensation	**(171)**	(76)	(141)	(109)	(98)
Operating profit before other income (expense)	**$272**	$375	$69	($77)	$292

SELECTED FINANCIAL INFORMATION

The following table outlines selected unaudited financial information of the Company on a consolidated basis for the three months and year ended December 31, 2020 and 2019.

(in thousands of Canadian dollars, except per share amounts)	**For the Three Months Ended**		**For the Year Ended**	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
STATEMENT OF OPERATIONS				
Revenue				
Subscription revenue and services	**$2,528**	$2,511	**$9,575**	$7,833
Devices and appliances	**4,637**	5,891	**20,038**	16,169
Other	**62**	1	**94**	7
Total revenue	**7,227**	8,403	**29,707**	24,010
Cost of revenue	**4,315**	5,653	**18,635**	14,978
Gross profit	**2,912**	2,750	**11,072**	9,031
Operating expenses				
General administration	**1,389**	1,133	**5,686**	4,302
Research and development	**200**	192	**763**	609
Selling and marketing	**880**	1,035	**3,486**	3,302
Total operating expenses	**2,469**	2,360	**9,935**	8,214
Operating profit before stock-based compensation and patent litigation	**443**	390	**1,137**	817
Patent litigation	**(1,058)**	(195)	**(1,610)**	(1,289)
Stock-based compensation	**(171)**	(98)	**(497)**	(322)
Operating (loss) profit after stock-based compensation and patent litigation	**(786)**	97	**(970)**	(794)
Acquisition expenses	**-**	-	**(14)**	(74)
Interest expense	**(52)**	(34)	**(163)**	(89)
(Loss) gain on litigation settlement	**(56)**	-	**163**	-
Other expense	**(36)**	(262)	**(656)**	(262)
Foreign exchange (loss) gain	**(37)**	(4)	**(71)**	8
Asset disposal loss	**-**	-	**-**	(16)
Total loss for the period before income tax	**(967)**	(203)	**(1,711)**	(1,227)
Income tax expense	**31**	713	**4**	673
Total (loss) income for the period after income tax	**(936)**	510	**(1,707)**	(554)
Other comprehensive income (loss)				
Foreign currency translation	**(70)**	29	**(80)**	5
Comprehensive (loss) income	**($1,006)**	$539	**($1,787)**	($549)
(Loss) income per share	**($0.03)**	$0.01	**($0.05)**	($0.02)

(in thousands of Canadian dollars, except per share amounts)	**For the Three Months Ended**		**For the Year Ended**	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
CASH FLOW INFORMATION				
Operating activities	**($3,515)**	$64	**$256**	$328
Investing activities	**906**	(174)	**(458)**	(1,795)
Financing activities	**1,601**	(28)	**1,315**	622
Net cash inflow (outflow)	**(1,008)**	(138)	**1,113**	(845)
Consolidation currency adjustment	**(81)**	(56)	**(102)**	(102)
Cash, beginning of period	**2,226**	320	**126**	1,073
Cash, end of period	**$1,137**	$126	**$1,137**	$126
Working capital	**($3,371)**	($2,829)	**($3,371)**	($2,829)
Total assets	**$14,176**	$12,630	**$14,176**	$12,630
Shareholders' equity	**$2,141**	$980	**$2,141**	$980

COMPARISON FOR THE THREE MONTHS ENDED DECEMBER 31, 2020 AND 2019

Revenue

Revenue for the three months ended December 31, 2020 was $7,227,175, representing a decrease of $1,176,201 from $8,403,376 for the same period in 2019. The comparison, discussed by segment, is as follows:

Subscription Revenue and Services

Revenue from the subscription revenue and services segment includes: (a) application software subscription based revenue (MobiKEY, ActionPLAN, *Powered by MobiNET,* DerivID and MobiENCRYPT); (b) DEFIMNET platform and other appliance licensing or yearly maintenance; (c) technology as a service ("TaaS") under term contracts; and (d) other services.

For the three months ended December 31, 2020, revenue from the subscription revenue and services segment was $2,528,120, representing an increase of $16,793 from $2,511,327, for the same period in 2019.

Subscription revenue and services, as a percentage of total revenue, represented 35.0% for the current period compared to 29.9% for the prior year period.

Subscription revenue and services by quarter *(in thousands of Canadian dollars)*	**Dec 31 2020**	Sept 30 2020	June 30 2020	Mar 31 2020	Dec 31 2019
Application software	**2,015**	1,923	1,665	1,217	1,202
Technology as a service (TaaS)	**204**	241	315	321	353
Other services	**309**	435	509	420	956
Total	**2,528**	2,599	2,489	1,958	2,511

Devices and Appliances

Revenue from MobiKEY devices (MC3 device, the MobiKEY Fusion device and the MobiKEY Fusion3 device) and appliances (the DEFIMNET platform and the MobiNET Aggregation Gateway), Group Mobile ruggedized computing devices and accessories, and PCS ruggedized computing devices, license plate recognition equipment and accessories for the three months ended December 31, 2020 was $4,636,731, representing a decrease of $1,254,435 from $5,891,166 for the same period in 2019. The decrease is reflective of the variability in device revenue which are transactional in nature and can result in large fluctuations depending on the timing of device sales.

Devices and appliances revenue as a percentage of total revenue represents 64.2% of total revenue for the current period compared to 70.1% for the prior year period.

Other revenue

Other revenue for the three months ended December 31, 2020 was $62,324 compared to $883 for the same period in 2019. The increase is attributable to the recognition in income of certain deposits held by PCS Mobile from prior to its acquisition by the Company.

Gross Profit

Gross profit is revenue minus the cost of revenue. The cost of revenue includes the cost of our devices and appliances sold to clients, the cost to operate and maintain the Route1 MobiNET platform as well as the cost of shipping and packaging.

The cost of revenue for the three months ended December 31, 2020 was $4,315,105, representing a decrease of $1,338,295 from $5,653,400 for the same period in 2019. The decrease in cost of revenue is a result of decreased device and appliance revenue, which is transactional in nature.

Gross profit for the three months ended December 31, 2020 was $2,912,071 or 40.3% of gross revenue, representing an increase of $162,094 from a gross profit of $2,749,977 or 32.7% of gross revenue for the same period in 2019. Gross profit as a percentage of revenue increased due to changes in the revenue mix, including an increased amount of MobiKEY application software revenue which has higher gross margins.

Expenses

Operating expenses consist of general administration, research and development, and selling and marketing. Operating expenses for the three months ended December 31, 2020 were $2,469,512, representing an increase of $109,059 from $2,360,453, for the same period in 2019.

General administration

General administration expenses consist primarily of salaries and benefits for administrative staff, professional fees, rent, telephone, computer related expenses, directors' fees, insurance, public company and regulatory costs, depreciation and amortization and other indirect costs.

General administration expenses for the three months ended December 31, 2020 were $1,388,889, representing an increase of $256,031 from $1,132,858 for the same period in 2019. The majority of the change can be summarized as follows:

- Additional office leases and intangible assets acquired in the purchase of PCS resulted in increased

amortization of approximately $39,000.
- Decreased rent expense of $49,000 due to the end of a short-term lease in PCS.
- Decreased director fees of $12,000.
- Increased salary expenses of approximately $68,000 resulting from increased salaries and headcount changes.
- Increased bonus expenses of approximately $57,000 in 2020 compared to the same period in 2019 as a result of a reversal in 2019 of certain accruals related to performance targets not attained by a former employee of Group Mobile.
- Increased professional fees expense of approximately $63,000 due to increased capital markets costs, as well as increased accounting and legal fees.
- Increase in other costs of approximately $72,000 resulting from a reversal in 2019 of certain contract accruals related to the acquisition of Group Mobile. This was offset by decreased costs of approximately $36,000 related to items including charitable donations and computer related expenses.
- Increased insurance expenses of $18,000 resulting from increased Directors and Officers insurance costs in 2020 and the reversal in 2019 of insurance over-accruals that had been made in PCS.

Research and development

Research and development expenses consist of salaries and benefits for the research and development department, and other professional fees associated with development work.

Research and development expenses for the three months ended December 31, 2020 were $200,145, representing an increase of $7,689 from $192,456 for the same period in 2019. The majority of the change can be summarized as follows:
- Training costs increased by approximately $11,000 to cross-train staff on the license plate recognition equipment line offered by PCS.
- Salaries and benefits increased by approximately $11,000. The increase is primarily related to salary increases for some staff and exchange rate fluctuations.
- The accrual for expected SR&ED recoveries increased by approximately $15,000, as a result of continued evaluation of the estimated amount of eligible expenditures.

Selling and marketing

Selling and marketing expenses consist primarily of salaries and commissions, agent fees, marketing and trade shows, and travel and entertainment.

Selling and marketing expenses for the three months ended December 31, 2020 were $880,478, representing a decrease of $154,662 from $1,035,140 for the same period in 2019. The majority of the change can be summarized as follows:
- Decreased salary expenses of approximately $21,000 as a result of headcount and compensation changes.
- Increased commissions costs of approximately $27,000 with an increase of approximately $87,000 as a result of increased sales of MobiKEY products and services offset by a decrease of approximately $60,000 resulting from decreased device sales.
- Decreased travel and tradeshow expenses of approximately $140,000 as a result of significantly reduced travel during the COVID-19 pandemic and cancelled trade shows.
- Decreased brand building and other expenses of approximately $21,000 due to decreased Internet marketing.

Other Items

Stock-based compensation

Stock-based compensation was $170,538 for the three months ended December 31, 2020, an increase of $72,894 from $97,644 for the same period in 2019. The contributing factor to the increased expense was the larger number of options granted in 2020 compared to 2019, at a higher average stock price, resulting in more of options vesting at a greater value during the three months ended December 31, 2020 as compared to the same period in 2019.

Patent litigation expenses

Patent litigation expenses consist of legal fees and other third-party costs incurred to prosecute cases of alleged patent infringement. Legal costs to prosecute the alleged patent infringement complaint are expensed as incurred with any potential gain on settlement to be recognized on realization. The expense incurred for the three months ended December 31, 2020 was $1,058,033, an increase of $863,674 from $194,359 for the same period in 2019. The increase is a result of the settlement of the AirWatch litigation net of the recovery of the litigation funding liability.

For additional information see **"PATENT LITIGATION"** in this MD&A.

Foreign exchange (loss) gain

Foreign exchange gains or losses are primarily attributable to fluctuations in the Canadian/U.S. dollar exchange rates. The loss attributable to foreign exchange translation on balance sheet items such as Accounts Receivable, Accounts Payable and bank accounts denominated in foreign currencies was $37,623 for the three months ended December 31, 2020, an increase of $34,110 from $3,513 for the same period in 2019. There was moderate volatility of the Canadian dollar against the U.S. dollar during the fourth quarter of 2020, from a high of $1.2718 to a low of $1.3349, whereas there was less volatility during the fourth quarter of 2019, with a high of $1.2970 to a low of $1.3330.

From time to time, the Company may enter into U.S. dollar forward contracts to mitigate possible foreign exchange risk. The timing and amount of foreign exchange contracts are estimated based on existing or anticipated sales, current conditions in the Company's markets, the estimated timing of payments denominated in Canadian dollars and the Company's past experience. The Company's policy is not to utilize financial instruments for trading or speculative purposes. There were no such forward contracts outstanding as of December 31, 2020.

Net (Loss) Income After Taxes

Net loss for the three months ended December 31, 2020 was $935,988, representing a decrease of $1,447,350 from a net income of $511,362 for the same period in 2019.

COMPARISON FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Revenue

Revenue for the year ended December 31, 2020 was $29,706,652, representing an increase of $5,697,027 from $24,009,625 for the same period in 2019. The comparison, discussed by segment, is as follows:

Subscription Revenue and Services

Revenue from the subscription revenue and services segment includes: (a) application software subscription based revenue (MobiKEY, ActionPLAN, *Powered by MobiNET,* DerivID and MobiENCRYPT); (b) DEFIMNET platform and other appliance licensing or yearly maintenance; (c) technology as a service ("TaaS") under term contracts; and (d) other services.

For the year ended December 31, 2020, revenue from the subscription revenue and services segment was $9,574,317, representing an increase of $1,740,892 from $7,833,425, for the same period in 2019. This increase was the result of increased subscription revenues from MobiKEY application software as a result of significant user growth.

Subscription revenue and services, as a percentage of total revenue, represented 32.2% for the current year as compared to 32.6% for the prior year period.

Devices and Appliances

Revenue from MobiKEY devices (MC3 device, the MobiKEY Fusion device and the MobiKEY Fusion3 device) and appliances (the DEFIMNET platform and the MobiNET Aggregation Gateway) and Group Mobile ruggedized computing devices and accessories for the year ended December 31, 2020 was $20,038,257, representing an increase of $3,869,265 from $16,168,992 for the same period in 2019. The increase is reflective of the variability in device revenue which is transactional in nature and can result in large fluctuations depending on the timing of device sales, as well as inclusion of a full year of PCS Mobile device sales in 2020.

Devices and appliances revenue as a percentage of total revenue represents 67.5% of total revenue for the current period compared to 67.3% for the prior year period.

Other revenue

Other revenue for the year ended December 31, 2020 was $94,078 compared to $7,208 for the same period in 2019.

Gross Profit

Gross profit is revenue minus the cost of revenue. The cost of revenue includes the cost of our devices and appliances sold to clients, the cost to operate and maintain the Route1 MobiNET platform as well as the cost of shipping and packaging.

The cost of revenue for the year ended December 31, 2020 was $18,634,617, representing an increase of $3,656,428 from $14,978,189 for the same period in 2019. The increase in cost of revenue for the year is reflective of the increase in device sales during the year., Gross profit for the year ended December 31, 2020 was $11,072,035 or 37.3% of gross revenue, representing an increase of $2,040,599 from a gross profit of $9,031,436 or 37.6% of gross revenue for the same period in 2019.

Expenses

Operating expenses consist of general administration, research and development, and selling and marketing. Operating expenses for the year ended December 31, 2020 were $9,935,803, representing an increase of $1,721,719 from $8,214,084, for the same period in 2019.

General administration

General administration expenses consist primarily of salaries and benefits for administrative staff, professional fees, rent, telephone, computer related expenses, directors' fees, insurance, public company and regulatory costs, depreciation and amortization and other indirect costs.

General administration expenses for the year ended December 31, 2020 were $5,686,369, representing an increase of $1,384,188 from $4,302,181 for the same period in 2019. The majority of the change can be summarized as follows:

- Increased director fees of approximately $9,000.
- Increased amortization expense of approximately $199,000, primarily due to the acquisition of PCS and the addition of right of use assets and computer equipment.
- Increased salary expenses of approximately $473,000, with $75,000 resulting from the acquisition of PCS and $398,000 resulting from increased salaries and headcount changes.
- Increased bonus expenses of approximately $112,000.
- Increased accounting expense of approximately $74,000 to reflect increased costs as a result of the acquisition of PCS and fees paid for a potential acquisition.
- Increased insurance costs of approximately $38,000 as the result of the acquisition of PCS and an increase in insurance rates.
- Increased professional fees of approximately $81,000, $51,000 of which related to capital markets activities and $30,000 to the use of recruitment services.
- Increased legal fees of approximately $30,000, primarily due to the acquisition of PCS.
- Increased other general administration expenses of approximately $367,000, with $54,000 as the result of the acquisition of PCS and $313,000 as the result of reversing certain accruals in 2019.

Research and development

Research and development expenses consist of salaries and benefits for the research and development department, and other professional fees associated with development work.

Research and development expenses for the year ended December 31, 2020 were $763,311, representing an increase of $153,846 from $609,465 for the same period in 2019. The majority of the change can be summarized as follows:

- Salaries and benefits increased by approximately $154,000 due to increased salaries and headcount changes as well as the capitalization of salaries related to the development of ScreenSTOP and CipherSPOT in 2019.
- Training costs increased by approximately $4,000 as a result of the cross-training of employees on PCS Mobile LPR technologies.
- The accrual for expected SR&ED recoveries increased by approximately $4,000, as a result of continued evaluation of the estimated amount of eligible expenditures.

Selling and marketing

Selling and marketing expenses consist primarily of salaries and commissions, agent fees, marketing and trade shows, and travel and entertainment.

Selling and marketing expenses for the year ended December 31, 2020 were $3,486,123, representing an increase of $183,685 from $3,302,438, for the same period in 2019. The majority of the change can be summarized as follows:

- Increased salary expenses of approximately $335,000 due to increased sales and marketing head count from the acquisitions of PCS.
- Increased commissions costs of approximately $101,000 primarily due to increased revenues generated by the Company's application software products.
- Decreased travel and tradeshow expenses of approximately $197,000 as a result of the COVID-19 pandemic.
- Decreased wire services costs of $7,000 due to a move to a lower-cost provider.
- Decreased other expenses of approximately $50,000 due to marketing development funds generated by PCS and decreased trade show attendance in 2020.

Other Items

Stock-based compensation

Stock-based compensation was $496,872 for the year ended December 31, 2020, an increase of $174,303 from $322,569 for the same period in 2019. The contributing factor to the increased expense was the higher number of options vesting at a higher valuation during the year as compared to 2019.

Patent litigation expenses

Patent litigation expenses consist of legal fees and other third-party costs incurred to prosecute cases of alleged patent infringement. Legal costs to prosecute the alleged patent infringement complaint are expensed as incurred with any potential gain on settlement to be recognized on realization. The expense incurred for the year ended December 31, 2019 was $1,609,807, an increase of $320,791 from $1,289,016 for the same period in 2019. For additional information see **"PATENT LITIGATION"** of this MD&A.

Acquisition Expenses

Acquisition expenses for the year ended December 31, 2020 were $13,885, a decrease of $59,895 compared to $73,780 for the same period in 2019. The acquisition expenses were incurred for the assumption of Mobile-Tek's operations in April 2020 and the acquisition of PCS Mobile on June 28, 2019.

For additional information, see **"BUSINESS COMBINATION"** of this MD&A.

Foreign exchange (loss) gain

Foreign exchange gains or losses are primarily attributable to fluctuations in the Canadian/U.S. dollar exchange rates. The loss attributable to foreign exchange translation on balance sheet items such as Accounts Receivable, Accounts Payable and bank accounts denominated in foreign currencies was $70,572 for the year ended December 31, 2020, an increase of $78,931 from a gain of $8,359 for the same period in 2019. There was high volatility of the Canadian dollar against the U.S. dollar during 2020, from a high of $1.2718 to a low of $1.4496, whereas there was more moderate volatility during 2019, with a high of $1.2970 to a low of $1.3527.

From time to time, the Company may enter into U.S. dollar forward contracts to mitigate possible foreign exchange risk. The timing and amount of foreign exchange contracts are estimated based on existing or anticipated sales, current conditions in the Company's markets, the estimated timing of payments denominated in Canadian dollars and the Company's past experience. The Company's policy is not to utilize financial instruments for trading or speculative purposes.

Net Loss After Taxes

Net loss for the year ended December 31, 2020 was $1,707,242, representing an increase of $1,153,065 from a net loss of $554,177 for the same period in 2019.

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected unaudited financial information of the Company on a consolidated basis for the last eight quarters. The information has been derived from the Company's quarterly unaudited condensed interim consolidated financial statements that, in management's opinion, have been prepared on a basis consistent with the consolidated annual financial statements and are reviewed and approved by the Company's Board of Directors. The Company's quarterly operating results have varied substantially in the past and may vary substantially in the future. Accordingly, the information below is not necessarily indicative of results for any future quarter.

As at and for the three month period ended (in thousands of Canadian dollars, except per share data)

	Dec-31 2020	Sep-30 2020	Jun-30 2020	Mar-31 2020	Dec-31 2019	Sep-30 2019	Jun-30 2019	Mar-31 2019
STATEMENT OF OPERATIONS								
Revenue								
Subscription revenue and services	**$2,528**	$2,599	$2,489	$1,958	$2,511	$2,136	$1,610	$1,576
Devices and appliances	**4,637**	6,523	4,477	4,401	5,891	6,576	1,819	1,883
Other	**62**	25	3	4	1	2	1	3
Total revenue	**7,227**	9,147	6,969	$6,363	8,403	8,714	3,430	3,462
Cost of revenue	**4,315**	6,134	4,188	3,997	5,653	5,953	1,672	1,700
Gross profit	**2,912**	3,013	2,781	2,366	2,750	2,761	1,758	1,762
Operating expenses								
General administration	**1,389**	1,456	1,481	1,359	1,133	1,157	1,015	997
Research and development	**200**	189	204	171	192	186	147	84
Selling and marketing	**880**	917	885	804	1,035	993	662	612
Total operating expenses	**2,469**	2,562	2,570	2,334	2,360	2,336	1,824	1,693
Operating profit (loss) before stock-based compensation and patent litigation	**443**	451	211	32	390	425	(66)	69
Patent litigation	**(1,058)**	(381)	(67)	(104)	(195)	(279)	(289)	(527)
Stock-based compensation	**(171)**	(76)	(141)	(109)	(98)	(106)	(82)	(36)
Operating (loss) profit after stock-based compensation and patent litigation	**(786)**	(6)	3	(181)	97	40	(437)	(494)
Acquisition (expenses) recovery	**-**	2	(16)	-	-	-	(74)	-
Interest expense	**(52)**	(30)	(35)	(45)	(34)	(33)	(11)	(11)
Gain on litigation settlement	**(56)**	218	-	-	-	-	-	-
Other expense	**(36)**	(620)	-	-	(262)	-	-	-
Foreign exchange (loss) gain	**(37)**	(43)	(33)	43	(4)	(6)	9	9
Asset disposal gain (loss)	**-**	**-**	-	-	-	-	-	(16)
Total (loss) income for the period before income tax expense	**(967)**	(479)	(81)	(183)	(203)	1	(513)	(512)
Income tax recovery (expense)	**31**	(49)	21	**-**	713	-	(40)	-
Total (loss) income for the period after income tax expense	**(936)**	(528)	(60)	(183)	510	1	(553)	(512)
Other comprehensive income								
Foreign currency translation	**(70)**	(41)	(58)	88	29	(22)	3	(5)
Comprehensive (loss) income	**($1,006)**	($569)	($118)	($95)	$539	($21)	($550)	($517)
(Loss) earnings per share	**($0.03)**	($0.01)	($0.00)	($0.01)	$0.01	($0.00)	($0.02)	($0.01)
Adjusted EBITDA	**$768**	$778	$556	$358	$676	$743	$200	$322

CASH FLOW INFORMATION								
Operating activities	**($3,515)**	$1,523	$1,773	$472	$64	$20	$965	($617)
Investing activities	**906**	(489)	(240)	(633)	(174)	(154)	(1,303)	(268)
Financing activities	**1,601**	1,092	(1,543)	165	(28)	(247)	696	201
Net cash inflow (outflow)	**(1,008)**	2,126	(10)	4	(138)	(381)	358	(684)
Consolidation currency adjustment	**(81)**	(7)	1	(14)	(56)	(1)	(23)	(22)
Cash, beginning of period	**2,226**	107	116	126	320	702	367	1,073
Cash, end of period	**$1,137**	$2,226	$107	$116	$126	$320	$702	$367
BALANCE SHEET INFORMATION								
Working capital	**($3,371)**	($4,549)	($3,454)	($3,141)	($2,829)	($2,643)	($2,406)	($927)
Total assets	**$14,176**	$15,749	$12,283	$11,501	$12,630	$11,780	$12,268	$8,803
Shareholders' equity	**$2,141**	$37	$778	$950	$980	$473	$854	$860

The Company's revenue and financial results are difficult to forecast and have historically fluctuated on a quarterly basis. It is expected that quarterly revenue and financial results will become more stable than previously; however, revenues may continue to fluctuate as the Company grows its revenues and customer base. Fluctuations in results are related to the growth of the Company's revenue, the timing of revenue being recognized and sales to customers, who may place large single orders in any one quarter, the timing of staffing and infrastructure additions to support growth and future acquisitions.

LIQUIDITY AND CAPITAL RESOURCES

Management continually assesses liquidity in terms of the ability to generate sufficient cash flow to fund the business. Net cash flow is affected by the following items: i) operating activities, including fluctuations in the levels of accounts receivable, inventory, prepaid expenses, accounts payable and contract liability; ii) investing activities, including the purchase of capital assets; and iii) financing activities, including the issuance of and/or repurchase of capital stock.

Cash generated in operating activities

For the purposes of this MD&A, the Company defines non-cash working capital generated as the net changes in working capital balances, and defines net cash used by the day-to-day operations as the net loss and items not affecting cash and cash equivalents, as both are included in net cash generated from operating activities in the financial statements.

The net cash flow generated from operating activities for the year ended December 31, 2020 was $256,275, compared to $328,228 in the same period in 2019, representing a decrease of $71,953. Non-cash working capital generated was $1,278,927 for the year ended December 31, 2020 compared to $47,084 generated a year earlier, representing an increase in cash generated of $1,231,843. Net cash used by the day–to-day operations for the year ended December 31, 2020 was $1,022,652 compared to $281,144 generated in 2019, representing an increase in cash used of $1,303,796. The decrease in net cash generated by operating activities for the year ended December 31, 2020, compared to the prior year is due to a decrease in accounts receivable and an increase in contract liability offset by increases in other receivables, inventory and decreases in accounts payable.

Cash used in investing activities

Cash used in investing activities for the year ended December 31, 2020 was $458,055 compared to cash used of $1,795,398 in the same period in 2019, representing a decrease of $1,337,343. The decrease in cash used is primarily driven by the acquisition of PCS in 2019.

Cash generated by financing activities

Cash generated by financing activities was $1,315,366 for the year ended December 31, 2020 compared to cash generated of $621,948 for the same period in 2019, an increase of $693,418. The increase was primarily driven by proceeds from the private placement and the issuance of promissory notes, offset by repayment of bank indebtedness, the repurchase of common shares for cancellation and the repayment of notes payable and lease liabilities.

The Company's current business plan projects further revenue growth in 2021 and beyond. The Company believes that its success in securing sales contract vehicles with the U.S. government will lead to growth within the U.S. government and future opportunities with other governments. The Company believes that sales from software applications will increase in 2021 and beyond as a result of an increase in teleworking and the development of new software applications. In addition, the Company expects to increase revenue in Group Mobile and PCS Mobile and expects to leverage these acquisitions by offering its products and services to corporate and industrial clients.

The Company's need for capital includes items such as computer hardware and software, expenditures to support sales, marketing and general administration activities and working capital. The Company has financed its cash and/or capital requirements through operating cash flow, bank and other indebtedness, and the issuance of equity.

The Company's credit facility in Canada consists of a revolving demand facility of $875,000 and a $150,000 credit card facility. The operating facility carries an interest rate equal to the lender's prime rate of interest plus 1.5%. The credit facility is secured by the assets of Route1 and guaranteed by a subsidiary of the Company.

The Company's wholly owned subsidiary, PCS Mobile, has an asset-based revolving credit facility in the amount of US $1,500,000. The facility carries an interest rate of 50 basis points over the prime rate published daily in the Wall Street Journal. The availability under the facility is based on a percentage of the aggregate of certain accounts receivable and inventory. The facility is secured by the assets of PCS and is guaranteed by the Company and a wholly owned subsidiary of the Company.

On September 16, 2020, Route1 entered into a promissory note agreement with a private lender in the amount of $650,000 (Promissory Note C). The note bears interest at 10% per annum and any amounts drawn must remain outstanding for a minimum of six months from the date of the agreement and thereafter may be repaid without premium, penalty or bonus. The note matures on September 15, 2021 unless the term is extended by mutual agreement. The promissory note is secured by a pledge of the shares of the Company's wholly owned subsidiary, Route 1 Security Corporation, and a general security agreement over all current and hereafter acquired personal property of the Company. The promissory note is subordinated to the Company's existing bank credit facilities in both Canada and the United States. At December 31, 2020 the balance drawn on the promissory note was $357,372. The note was entered into in order to provide part of the collateral for the bond posted in connection with the Company's litigation in the United States.

In the normal course of business operations of Group Mobile and PCS Mobile, the Company may be required to guarantee certain trade payables to the value-added distributors from which Group Mobile and PCS Mobile purchase product to sell to their customers. Such guarantees would be enforced only if Group Mobile or PCS Mobile could not pay the distributor for goods acquired from such distributor and the amounts under such guarantees would vary from time to time based on the volume of purchases from the particular distributor. The Company has entered into these continuing, unconditional guarantees with several of the larger vendors/suppliers to Group Mobile and PCS Mobile.

In the normal course of operations, Group Mobile and PCS Mobile may enter into continuing purchase money security interests with distributors and original equipment manufacturers. These security interests relate specifically to the products purchased from each distributor and original equipment manufacturer and the amounts secured will vary from time to time with purchases.

INVENTORY

On a quarterly basis or when necessary, management reviews the carrying value of inventory. Inventory is valued at the lower of cost and net realizable value, which is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale. For the quarters ended December 31, 2020 and 2019, management determined no adjustment to the carrying value was required.

RELATED PARTY TRANSACTIONS

The Company has directors and officers who are considered related parties. The Company had the following transactions and/or outstanding amounts with related parties. All transactions are recorded at their exchange amounts.

- The Company incurred expenses (including CPP and EHT) payable to and on behalf of the independent members of the Board of Directors of $363,995 (December 31, 2019 - $355,379). These transactions are in the normal course of operations and are paid or payable for directorship services. As at December 31, 2020, accounts payable included $100,314 owing to directors (December 31, 2019 - $102,088). The Company also incurred stock-based compensation expense related to stock options granted to directors in the amount of $180,512 (December 31, 2019 - $94,678.
- The Company made payments (including HST) to 1220764 Ontario Inc. for management services provided by Mr. Tony P. Busseri, a director and the CEO of the Company in the amount of $185,979 for the period between January 1, 2019 and May 31, 2019. Commencing June 1, 2019, Mr. Busseri was employed by the Company and payments made are included as part of key management.
- The Company made payments to or incurred expenses for key management (President and Chief Executive Officer, Chief Technology Officer and the Chief Financial Officer) in the year ended December 31, 2020 as follows, with 2019 comparatives:

	December 31, 2020	December 31, 2019
Short-term employee benefit	**$1,149,564**	$884,475
Stock-based compensation expense	**255,837**	62,353
	$1,405,401	$946,828

PATENT LITIGATION

Patent litigation expenses consist of legal fees and other third-party costs incurred to prosecute cases of alleged patent infringement. Legal costs to prosecute the alleged patent infringement complaint are expensed as incurred with any potential gain on settlement to be recognized on realization.

Patent litigation expenses for the year ended December 31, 2020, were $1,609,807 (December 31, 2019 - $1,289,016). In 2020, patent litigation expenses include the costs related to the settlement with AirWatch net of the recovery of the litigation financing liability.

The following were the key events during the course of the patent litigation:

- On March 27, 2017, the Company filed a complaint against AirWatch LLC ("AirWatch") in the US District Court for the District of Delaware for infringement of Route1's U.S. Patent No. 7,814,216 (the "216 Patent"), seeking damages and an injunction.
- On June 1, 2017, the Company served AirWatch with the complaint.
- On July 24, 2017, AirWatch filed its answer, defenses and counterclaims to the Company's complaint. AirWatch counterclaimed against the Company seeking declaratory judgments of non-infringement and invalidity as well as costs, disbursements and reasonable legal fees incurred in connection with the complaint.
- On September 22, 2017, AirWatch and VMWare, Inc. (parent company of AirWatch) filed a petition for Inter Partes Review ("IPR") with the United States Patent and Trademark Office ("USPTO").
- On March 20, 2018, the USPTO upheld Route1's position and denied the institution of the IPR.
- In December 2018, Route1 Inc. commenced a patent infringement lawsuit in Canada against VMware, Inc., asserting that at least five claims of Route1's patent was infringed.
- On August 7, 2019, Route1 was provided with a court order in relation to Route1's action against AirWatch. The court granted AirWatch's motion for summary judgment for non-infringement (the "Order").
- On October 28, 2019, AirWatch filed a motion in district court to claim cost reimbursement for the litigation.
- On March 31, 2020, the district court entered an order granting AirWatch's request for attorneys' fees in part, and directing further submissions from the parties regarding the amount of fees to be awarded.
- On August 24, 2020, the Court issued an order granting AirWatch's motion for attorneys' fees in part and denying it in part, ordering a payment to AirWatch in the amount of US $1,666,673.
- On September 22, 2020, the Company posted a fully collateralized bond with the court in the amount of US $1,669,840 ($2,226,065) including statutory interest for one year.
- On December 29, 2020, the Company and VMWare, Inc. reached a settlement to conclude the litigation in both Canada and the United States whereby the Company would pay VMWare, Inc. US $1,400,000 by March 31, 2021 from the proceeds of the bond. The payment was made subsequent to the year end.

BUSINESS COMBINATION - PCS

On June 28, 2019, the Company completed the acquisition of 100% of the outstanding shares of PCS Mobile. The purchase consideration consisted of (i) cash of US $1,030,000; (ii) a 3% unsecured, three year note in the amount of US $250,000 (Note A); (iii) a 2.37% unsecured note, payable monthly over 36 months in the amount of US $720,000 (Note B); and (iv) 1,120,000 common shares of Route1.

Based in Denver, Colorado, 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, police and public safety as well as state and local government. 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.

The Company issued 1,120,000 common shares as partial consideration for the acquisition. The fair value of the common shares issued as consideration was based on the closing price of a Route1 common share on the Toronto Venture Exchange on June 28, 2019 of $0.50 per share. The common shares issued are subject to an escrow whereby 100% of the common shares may not be traded until June 28, 2020 after which 50% of the shares may be traded. The balance of the shares is released from escrow pro rata over the following six months such that by December 28, 2020, 1,120,000 shares are freely tradable. Given the restrictions on trading, the value of the shares issued as purchase consideration was discounted to $456,960. On June 28, 2019, the daily average exchange rate between the United States dollar and the Canadian dollar as reported by the Bank of Canada was US $1=CDN $1.3087.

The notes issued as part of the purchase consideration have been discounted to reflect a market-based rate of interest. Based on a market rate of interest of 6% per annum, the values of Notes A and B were discounted to market-based values of $309,008 and $898,953, respectively.

The acquisition of PCS Mobile was accounted for using the acquisition method of accounting in accordance with IFRS 3 with the results of operations consolidated with those of the Company effective June 28, 2019. The goodwill recorded on the balance sheet is not tax deductible. Transaction costs of $73,780 related to the acquisition of PCS Mobile have been expensed and included in operating expenses in the consolidated statements of comprehensive income.

The table below summarizes the estimated fair value of the consideration transferred and the estimated fair values of the major classes of assets acquired and liabilities assumed at the acquisition date.

Assets Acquired	**US Dollars**	**Canadian Dollars**
Cash and cash equivalents	$199,134	$260,607
Accounts receivable	1,414,842	1,851,604
Inventory	845,564	1,106,589
Prepaid expenses	16,789	21,971
Current assets	2,476,329	3,240,771
Furniture and equipment	45,853	60,008
Intangible assets	600,000	785,221
Goodwill	1,189,839	1,557,142
Non-current assets	1,835,692	2,402,371
Total assets	4,312,021	5,643,142
Liabilities Assumed		
Accounts payable and other liabilities	1,702,148	2,227,602
Contract liability	160,077	209,493
Deferred tax liability	147,600	193,164
Total liabilities	2,009,825	2,630,259
Fair value of net assets acquired	2,302,196	3,012,883
Net consideration issued	$2,302,196	$3,012,883

CRITICAL ACCOUNTING ESTIMATES

The consolidated financial statements have been prepared in accordance with IFRS. Management makes certain estimates and relies on certain assumptions relating to reporting the Company's assets and liabilities as well as operating results in order to prepare the audited financial statements in conformity with IFRS. On an on-going basis, the Company evaluates its estimates and assumptions including those related to revenue, the valuation of accounts receivable, the estimation of useful lives of the various classes of capital assets, the valuation of assets acquired in business combinations, stock-based compensation expense, and the measurement of income tax valuation allowances. Actual results could differ from those estimates, which are as follows:

- The Company's revenue is derived from (i) hardware sales (i.e. MC3 device, the MobiKEY Fusion3 device and the MobiKEY Fusion device) and subscription services (i.e. MobiKEY application software and Action Plan, *powered by MobiNET*); and (ii) sales of ruggedized computing devices and related accessories and services, as well as license plate recognition hardware and related services. The Company recognizes revenue in accordance with IFRS 15.
- In the determination of the valuation of accounts receivable, including the allowance for doubtful accounts, the Company relies on current customer information, payment history and trends as well as future business and economic conditions.
- The determination of inventory obsolescence allowance.

- The estimation of useful lives of the various classes of capital assets is based upon history and experience of similar assets within each class.
- The Company estimates the value of the value of the assets acquired in the business combinations on the basis of fair value to the ongoing operations of the acquired business.
- The fair value of stock options is based on certain estimates applied to the Black-Scholes option-pricing model as disclosed in the Company's financial statements.
- The recognition of SRED tax credits and government grants (if any).
- The measurement of the income tax valuation allowance is based upon estimates of future taxable income and the expected timing of reversals of temporary differences.

At the date of the authorization of the consolidated financial statements for the year ended December 31, 2020, several new, but not yet effective Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact to the Company's consolidated financial statements.

FINANCIAL INSTRUMENTS

Establishing fair value

The carrying amount of financial instruments including cash and cash equivalents, accounts receivable and accounts payable and other liabilities approximates fair value because of the short-term nature of these instruments.

The following table sets out the classification, carrying amount, and fair value of the Company's financial assets and liabilities as at December 31, 2020 and December 31, 2019:

	December 31, 2020		December 31, 2019	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
FINANCIAL ASSETS				
Cash and cash equivalents	**$1,137,474**	**$1,137,474**	$125,544	$125,544
Accounts receivable	**$3,310,701**	**$3,310,701**	$4,964,615	$4,964,615
FINANCIAL LIABILITIES				
Bank indebtedness	**$777,299**	**$777,299**	$1,359,695	$1,359,695
Accounts payable and other liabilities	**$4,063,359**	**$4,063,359**	$5,147,494	$5,147,494
Notes payable	**$1,014,840**	**$1,014,840**	$1,055,670	$1,055,670

FINANCIAL INSTRUMENTS - RISK MANAGEMENT

The carrying amount of financial instruments including cash and cash equivalents, accounts receivable, other receivables and accounts payable and other liabilities approximates fair value because of the short-term nature of these instruments.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The Company has exposure to credit risk, liquidity risk and market risk associated with its financial assets and liabilities. The Board has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the Audit Committee which is responsible for monitoring the Company's compliance with risk management policies. The Audit Committee regularly reports to the Board on its activities.

The Company's risk management program seeks to minimize potential adverse effects on the Company's financial performance and ultimately shareholder value. The Company manages its risks and risk exposures through a system of internal controls and sound business practices.

The Company's financial instruments and the nature of the risks to which they may be subject are set out in the following table:

	Credit	Liquidity	Foreign Exchange	Interest Rate
Cash and cash equivalents	Yes		Yes	Yes
Accounts receivable	Yes		Yes	
Other receivables	Yes		Yes	
Bank indebtedness		Yes	Yes	Yes
Accounts payable and other liabilities		Yes	Yes	
Notes payable		Yes	Yes	

Credit risk

Credit risk arises from cash held with banks and credit exposure to customers, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value (net of allowances) of the financial assets. The objective of managing credit risk is to prevent losses on financial assets. The Company assesses the credit quality of counterparties, taking into account their financial position, past experience and other factors. During the year ended December 31, 2020, the largest single customer represented approximately $1,560,000 of revenue (December 31, 2019 - $2,651,000).

Cash and cash equivalents consist of bank balances. Credit risk associated with cash is minimized substantially by ensuring that these financial assets are held in highly rated financial institutions. At December 31, 2020, the Company had cash consisting of deposits with Schedule 1 banks in Canada and their subsidiaries in the U.S., a large money centre bank in the U.S. and a large regional bank in the U.S. of $1,137,474 (December 31, 2019 - $125,544).

Accounts receivable consist primarily of accounts receivable from invoicing for subscriptions, devices and services. The Company's credit risk arises from the possibility that a customer which owes the Company money is unable or unwilling to meet its obligations in accordance with the terms and conditions in the contracts with the Company, which would result in a financial loss for the Company. This risk is mitigated through established credit management techniques, including monitoring customer's creditworthiness, setting exposure limits and monitoring exposure against these customer credit limits.

The Company measures a loss allowance based on the lifetime expected credit losses. Lifetime expected credit losses are estimated based on factors such as the Company's past experience of collecting payments, the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables, financial difficulty of the borrower, and it becoming probable that the borrower will enter bankruptcy or financial re-organization. Financial assets are written off when there is no reasonable expectation of recovery. Subsequent recoveries of amounts previously written off reduce other expenses in the statement of comprehensive income. As at December 31, 2020, the largest single customer's account receivable represented $419,631 (December 31, 2019 – $1,148,251) of the total accounts receivable. This account receivable was collected in full subsequent to the year end.

The following table outlines the details of the aging of the Company's receivables as at December 31, 2020 and December 31, 2019:

	December 31, 2020	December 31, 2019
Current	**$2,304,560**	$3,704,055
Past due		
1 – 60 days	**597,511**	1,066,043
Greater than 60 days	**408,630**	194,517
Less: Allowance for doubtful accounts	**-**	-
Total accounts receivable, net	**$3,310,701**	$4,964,615

The following table outlines the details of the Company's other receivables as at December 31, 2020 and December 31, 2019:

	December 31, 2020	December 31, 2019
Other receivables	**$1,254,774**	$134,640
Less: Reserve	**(597,401)**	-
Total other receivables, net	**$657,373**	$134,640

In the third quarter of 2020, the Company was the victim of a fraud in the United States perpetrated by a group posing as legitimate customers with the goal of purchasing rugged devices. As soon as the Company became aware of the fraud, it took steps to contact and then work with both federal and local authorities. The reserve, after recovery of some of the rugged devices from these transactions, was $597,401 (US $469,212). The expense related to the reserve is included as part of Other Expenses on the Consolidated Statements of Loss and Comprehensive Loss. The Company has paid its vendor of record the full amount and has no further financial obligations as a result of the fraud. The Company has been in contact with its insurers and to date has not received support for its claim under its policies. The Company expects to pursue coverage from its insurers to mitigate the loss incurred as a result of the fraud. There can be no assurance the Company will receive any amount of compensation.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. In order to meet its financial liabilities, the Company has primarily relied and expects to continue to rely primarily on collecting its accounts receivable as they come due.

The Company's ability to manage its liquidity risk going forward will require some or all of the following: the ability to generate positive cash flows from operations and secure capital and/or credit facilities on reasonable terms in the current marketplace. The following table details the Company's contractual maturities for its financial liabilities, including interest payments and operating lease commitments, as at December 31, 2020:

	2021	**2022**	**2023 and Beyond**	**Total**
Accounts payable and other liabilities	$4,063,359	$-	$-	$4,063,359
Notes payable	764,796	267,372	-	1,032,168
Lease commitments	877,143	532,661	1,783,512	3,193,316
	$5,705,298	$800,033	$1,783,512	$8,288,843

Bank indebtedness does not have a contractual maturity and as such has not been included in the above table.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the fair value of recognized assets and liabilities or future cash flows or the Company's results of operation.

Foreign exchange

The functional currency of the parent company is Canadian dollars and the reporting currency is Canadian dollars. As at December 31, 2020, the Company had non-Canadian dollar net monetary liabilities of approximately US $820,000 (December 31, 2019 – assets of approximately US $443,000). An increase or decrease in the U.S. to Canadian dollar exchange rate by 5% as at December 31, 2020 would have resulted in a gain or loss in the amount of $41,000 (December 31, 2019 – gain or loss of $22,150).

Interest rate

The Company has cash balances and bank indebtedness which may be exposed to interest rate fluctuations. At December 31, 2020, cash balances were $1,137,474 (December 31, 2019 - $125,544), bank indebtedness balances were $777,299 (December 31, 2019 – $1,359,695) and the interest rate sensitivity is not material.

SHARE REPURCHASE PROGRAM

On September 17, 2018, the Company announced with approval from the TSX Venture Exchange its intention to make another NCIB. The NCIB permits the Company to purchase for cancellation up to 5% of the common shares in the public float. The maximum number of shares allowed for repurchase is 1,840,535. Purchases under the NCIB may occur during the 12-month period commencing September 27, 2018 and ending September 26, 2019, or the date upon which the maximum number of common shares has been purchased by the Company. Purchases for cancellation under the NCIB during the period from September 27, 2018 to September 26, 2019 were 1,608,700 common shares.

On September 24, 2019, the Company received approval from the TSX Venture Exchange to make another NCIB. The NCIB permits the Company to purchase for cancellation up to 5% of the common shares in the public float. The maximum number of shares allowed for repurchase is 1,816,855. Purchases under the NCIB may occur during the 12-month period commencing September 27, 2019 and ending September 26, 2020, or the date upon which the maximum number of common shares has been purchased by the Company. Purchases for cancellation under the NCIB during the period from September 27, 2019 to September 26, 2020 were 1,167,500 common shares.

In May 2020, the Company announced an amendment to the Normal Course Issuer Bid (NCIB), increasing the maximum purchase price per common share purchased under the NCIB to $0.75 from $0.60.

On September 28, 2020, the Company received approval from the TSX Venture Exchange to make another NCIB. The NCIB permits the Company to purchase for cancellation up to 5% of the common shares in the public float. The maximum number of shares allowed for repurchase is 1,755,980. Purchases under the NCIB may occur during the 12-month period commencing September 27, 2020 and ending September 26, 2021, or the date upon which the maximum number of common shares has been purchased by the Company. Purchases for cancellation under the NCIB during the period from September 27, 2020 to December 31, 2020 were 15,000 common shares.

For the year ended December 31, 2019, the Company purchased 1,624,100 shares for cancellation under the NCIBs at an average price of approximately $0.39 per share.

For the year ended December 31, 2020, the Company purchased 800,491 shares for cancellation under the NCIBs at an average price of approximately $0.62 per share.

SHARE CAPITAL AND OPTIONS

The Company's authorized share capital consists of the following:

- Unlimited number of common shares with voting rights and no par value.
- Unlimited number of non-cumulative, non-voting first preferred shares with no fixed dividend rate, issuable in series.
- Unlimited number of non-cumulative, non-voting second preferred shares with no fixed dividend rate, issuable in series.
- Unlimited number of non-cumulative, non-voting Series A first preferred shares with no fixed dividend rate, issuable in series and convertible into common shares at the option of the holder on a one-for-one basis at any time after October 31, 2000.

	Number of Common Shares	Common Shares $
Balance, January 1, 2019	36,305,500	$22,142,402
Shares issued April 19, 2019	103,700	86,254
Shares issued June 28, 2019	1,120,000	456,960
Shares repurchased for cancellation	(1,624,100)	(634,573)
Share issuance costs	-	(8,810)
Balance, December 31, 2019	35,905,100	$22,042,233
Shares issued November 4, 2020	**60,000**	**56,196**
Shares issued December 16, 2020	**3,529,411**	**1,823,116**
Shares repurchased for cancellation	**(800,491)**	**(496,468)**
Share issuance costs	**-**	**(55,003)**
Balance, December 31, 2020	**38,694,020**	**$23,370,074**

- As at April 28, 2021, 40,049,463 common shares are outstanding.
- There are 3,312,500 common share purchase options ("Options") outstanding to acquire 3,312,500 common shares at various prices.
- The following common share purchase warrants are outstanding:
    - 3,000,000 common share purchase warrants with an expiry date of March 22, 2021, enabling the holder to purchase 3,000,000 common shares at an exercise price of $0.50 per share. The warrants may be exercised on a cash or cashless basis.
    - 3,574,411 common share purchase warrants with an expiry date of June 16, 2022, enabling the holder to purchase 3,573,411 common shares at an exercise price of $1.00 per share.

Private Equity Placement

On December 16, 2020, the Company completed a private placement of 3,529,411 units (comprised of one common share and one warrant) for gross proceeds of $3,000,000. A portion of the proceeds were allocated to warrants based on the valuation below with the residual value allocated to common shares.

OFF-BALANCE SHEET ARRANGEMENTS

As of December 31, 2020, there are no off-balance sheet arrangements.

RISK FACTORS AND UNCERTAINTY

Although management has a positive outlook for the Company and continually improves and adapts the Company's risk mitigation strategies, operating in the technology industry inherently involves a certain level of risk and uncertainty. In management's opinion, the following risk factors, among others, should be considered when evaluating the Company's business and its results of future operations:

- Management's ability to secure additional financing, if needed, on reasonable terms. Access to such financing on acceptable commercial terms will be dependent on the timing of recognition and receipt of cash from our current receivables and contracts, on our ability to demonstrate execution of our business strategy and the general condition of the credit and/or equity markets. Such additional financing may be dilutive in nature to existing shareholders.
- The Company's access to credit or capital could be restricted based on an economic downturn that would restrict credit availability worldwide and could also impact its ability to continue operations.
- A portion of the Company's projected revenue is tied to renewals from MobiKEY application software subscriptions with one or more U.S. Government ("USG") accounts. If one or more USG

accounts were to discontinue their relationship with the Company, such events could have a material adverse impact on the Company's operating results and financial condition.

- The Company's revenues are derived primarily from the United States and, with respect to MobiKEY application software subscriptions, from U.S. federal governmental agencies and departments as well as state and local governments and agencies. With a change in administration, governmental agencies and departments often defer material changes in their operations and purchases of products and services until a new cabinet is appointed, the political direction is confirmed and agency leadership is appointed. This deferral and possible change in political direction following an election could have a material adverse effect on the prospects, operations and results of operations of the Company.
- Certain Chief Information Officers of governmental agencies in the United States are required to resign following the election of a new President. There is no assurance that a resigning Chief Information Officer will be reappointed or that a newly appointed Chief Information Officer will be supportive (or continue to be supportive) of the Company's products and services. A change in the senior officers and decision makers in the U.S. government and its agencies could have a material adverse effect on the Company.
- Funding of the United States government is a complex and contentious process and may result in temporary funding of government through continuing resolutions or government shutdowns. Such circumstances may result in delays in sales and renewals of existing contracts with government agencies.
- The Company's ability to collect payment on a timely basis for products and services delivered may have a material adverse impact on the Company's liquidity position.
- Third-party claims for infringement of intellectual property rights by Route1, and the outcome of any litigation with respect thereto, may harm the Company's competitive advantage in the secure remote access industry.
- Should Route1 be unable to successfully obtain patent or other proprietary or statutory protection for its technologies and products, the Company's competitive advantage in the secure remote access industry may be harmed.
- Route1's ability to obtain rights to use certain software or components which are supplied by third parties may not be sufficient to support future sales volumes.
- Should Route1 be unable to run efficient and uninterrupted operation of its MobiNET platform, such inability could impact on the credibility of the Company's product and services.
- Should Route1 be unable to establish new customers, and to build on its existing customer base, such inability could also slow the Company's continued growth.
- Should Route1 be unable to integrate acquired businesses successfully, such inability could have an adverse effect on the Company.
- The occurrence of a breach or perception of a breach of Route1's secure product and service offering may have an impact on the credibility of the Company's product and services.
- The inappropriate disclosure of confidential information of the Company may have an impact on the credibility of the Company's product and services.
- Competition, both with existing providers as well as with any future providers entering the marketplace, within the secure remote access industry may hamper future sales growth.
- Route1's reliance on its suppliers and the risk that suppliers will not be able to deliver required components on a timely basis may slow future sales growth.
- Any future government(s) regulation of the secure remote access industry, including but not limited to restrictions on encryption of the MobiKEY device and the MobiNET platform may limit future growth.

- Any significant economic downturn in geographic areas where Route1 engages in business activities may cause those government agencies to reduce discretionary budget spending in areas such as secure access solutions, and purchases of other services and products offered by the Company.
- Any delays in the budget approval process by the U.S. government may delay the procurement and spending in areas such as digital security solutions.
- The Company's rugged mobile technology solutions and license plate recognition business depends on a small group of large vendors from whom the Company purchases equipment to sell to end users. The Company expects that purchases will be delivered by the vendor on a timely basis. Any disruption in the supply chain could adversely affect the business.
- The Company is dependent on obtaining acceptable payment and credit terms with certain vendors. The lack of such terms could adversely affect the ability of the Company to purchase and sell product.
- The Company depends on purchasing product from its vendors at acceptable prices and being able to sell the product to end users at acceptable margins. Unfavourable variances in the prices from vendors and the prices paid by end users would have an adverse effect on the business.
- The Company resells its products and solutions to a wide variety of manufacturing companies and state and local governments. Any deterioration in the creditworthiness of the Company's customer base could have an adverse effect on the Company's ability to sustain the business without collecting the amounts due from customers.
- The Company resells its products and sells its solutions to state and local governments and law enforcement agencies. Any delay or decrease in funding of these entities would have an adverse impact on the Company's business.
- The products sold by the Company are subject to technological obsolescence. To the extent that the Company has non-current inventory, it could be subject to a loss on the sale or write-down of such old or obsolete inventory.
- Counterparties to purchase and sale agreements of businesses may be in breach of their representations and warranties or covenants to the Company requiring the Company to seek indemnification or other contractual or legal remedy.
- The majority of the Company's customers purchase product on a purchase-order basis. The Company is dependent on the strength of the economy as well as that of the customer and the customer's capital budget and ability to continue purchasing product sold by the Company.
- The Company ships its product to customers through third parties and price increases and transportation disruptions could adversely affect the business.
- The rugged mobile technology solutions business is highly competitive and profit margins can be adversely affected by a host of factors including the availability of sufficient working capital to operate the business. The required working capital may not be available to the Company on acceptable terms or in the amounts required to operate the business profitably.
- The Company records transactions in Canadian dollars and conducts business primarily in the United States. The volatility of the Canadian dollar against the U.S. dollar can impact financial results negatively should the Canadian dollar appreciate significantly.
- As a result of Covid-19, incidences of commercial fraud have increased. Should the company be subjected to external fraudulent schemes, its business may be adversely affected.
- As a result of Covid-19, the state and local governments and law enforcement agencies may postpone or cancel the installation of certain of the Company's products and solutions. Such postponements or cancellations could adversely affect the Company's business.
- There is no assurance that any forward-looking statement will materialize. Unless otherwise indicated, forward-looking statements describe expectations as of the date of this document.
- Route1 disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

COVID-19

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada and the United States, businesses are being forced to cease or limit operations for long or indefinite periods of time. Global stock markets have also experienced significant volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The COVID-19 pandemic has affected the Company's business both positively and negatively. The Company's secure remote access technology has benefited from the requirements to telework. Sales of MobiKEY© subscriptions and related enabling devices have increased and will continue to be reflected in the financial results for 2021 and beyond.

The impact of COVID-19 on the balance of the Company's business had initially been the disruption in the supply chain for ruggedized devices and accessories during the first quarter of 2020 that has mostly been corrected. In addition, client facility shutdowns and deferral of installation services for certain license plate recognition projects have also occurred as a result of the virus. As various states across the United States are taking steps to reopen the economy, facilities are reopening and installation activities are moving forward.

Legal proceedings

In the course of operations, the Company may (i) be subject to litigation claims from customers, suppliers, patent holders, resellers and former employees and (ii) seek to enforce its intellectual and other property rights and rights to indemnification. A provision is recognized when the probability that the event will occur is greater than the probability that it will not. The Company regularly reviews any outstanding claims to see if they meet the criteria. A provision is calculated based on management's best estimate of probable outflow of economic resources.

REVENUE INFORMATION

Revenue for the recurring revenue and services is reported as a contract liability on the statement of financial position and is recognized as earned revenue for the period in which the subscription and/or service is provided. For the sale of devices, revenue or contract liability is recognized at the time transfer of ownership of the device occurs. At December 31, 2020, the Company had $3,727,374 (December 31, 2019 - $1,908,315) in contract liability.

The following table provides a presentation of the Company's revenue streams for the year ended December 31, 2020 and 2019:

	2020		2019	
	Revenue	**% of Total**	Revenue	% of Total
Subscription revenue and services	**$9,574,317**	**32.2**	$7,833,425	32.6
Devices and appliances	**20,038,257**	**67.5**	16,168,992	67.4
Other	**94,078**	**0.3**	7,208	0.0
	$29,706,652	**100.0**	$24,009,625	100.0

The following table provides a geographic presentation of the Company's revenue streams for the year ended December 31, 2020 and 2019:

	2020		2019	
	Revenue	**% of Total**	Revenue	% of Total
USA	**$29,503,033**	**99.3**	$23,852,020	99.3
Canada	**203,619**	**0.7**	157,605	0.7
	$29,706,652	**100.0**	$24,009,625	100.0

SUBSEQUENT EVENTS

On March 19, 2021, the Company received notice that the holder of the 3,000,000 common share purchase warrants issued in connection with the acquisition of Group Mobile Int'l, LLC in March 2018 would exercise its right to purchase common shares on a cashless basis pursuant to the terms of the warrant agreement. The Company issued 1,355,443 common shares in connection with the exercise of the warrants.

On March 29, 2021, the Company acquired DataSource Mobility, LLC and its wholly owned subsidiary, VetSource Mobility, LLC (collectively "DSM") for US $1,300,000. Route1 has also agreed to share with DSM's prior owners the gross profit generated by defined DSM accounts once the actual gross profit exceeds a threshold for the balance of the 2021 calendar year and 2022 calendar year. The threshold is US $375,000 for the last nine months of 2021 and US $500,000 for calendar year 2022.

ADDITIONAL INFORMATION

Additional information about Route1 is available from Route1's website at www.route1.com, the SEDAR website at www.sedar.com, or by request from Route1's head office at 8 King Street East, Suite 600, Toronto, Ontario, Canada M5C 1B5 (telephone 416-848-8391).