



## Route1 Announces Q4 and Full Year 2020 Financial Results

Toronto, Canada, April 29, 2021 - [Route1 Inc.](#) (OTCQB: ROIUF and TSXV: ROI) (the “Company” or “Route1”), an advanced North American provider of data-centric business empowerment solutions, today reported its financial results for the three and twelve-month periods ended December 31, 2020.

### Fiscal Year 2020

The Company’s operating results for fiscal year 2020 with comparatives are as follows:

<i>In 000s of CAD dollars</i>	FY 2020	FY 2019	FY 2018	FY 2017
Revenue				
Device	20,038	16,169	19,972	321
Services	9,574	7,834	6,209	5,698
Other	94	7	49	51
Total Revenue	29,707	24,010	26,231	6,070
Cost of revenue	18,635	14,978	18,732	1,325
Gross profit	11,072	9,032	7,499	4,745
Operating expenses	9,936	8,214	6,892	4,736
Operating profit <sup>1</sup>	1,136	818	607	9
Patent litigation <sup>2</sup>	1,610	1,289	841	270
Total other expenses <sup>3,4</sup>	1,233	82	200	349
Net income (loss)	(1,707)	(554)	(434)	(610)

<sup>1</sup> Before stock-based compensation

<sup>2</sup> For FY 2020, the Company incurred expenses for patent litigation net of the reversal of an accounting liability reflecting the funds the Company received from its litigation funding agreement. The Company has concluded the litigation with VMWare in both Canada and the United States and will incur no additional expense for this litigation.

<sup>3</sup> Includes gain on litigation, gain or loss on asset disposal, stock-based compensation expense, interest expense, income tax recovery, foreign exchange loss or gain, other expenses and acquisition expense.

For FY 2020, Total Other Expenses (in 000s of CAD dollars) are comprised of the following items:

<b>Gains</b>		<b>Losses or Expenses</b>	
Litigation Settlement	163	Reserve for goods fraudulently taken	597
		Stock-based compensation	497
		Interest	163
		Foreign exchange	71
		Other	68
<b>Total Gains</b>	<b>163</b>	<b>Total Losses or Expenses</b>	<b>1,396</b>
		<b>Total Other Expenses</b>	<b>1,233</b>

## Q4 2020

The Company's operating results for Q4 2020 with comparatives are as follows:

Statement of operations <i>In 000s of CAD dollars</i>	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Revenue						
Subscription and services	2,528	2,599	2,489	1,958	2,511	2,136
Devices and appliances	4,637	6,523	4,477	4,401	5,891	6,576
Other	62	25	3	4	1	2
Total revenue	7,227	9,147	6,969	6,363	8,403	8,714
Cost of revenue	4,315	6,134	4,188	3,997	5,653	5,953
Gross profit	2,912	3,013	2,781	2,366	2,750	2,761
Operating expenses	2,469	2,562	2,570	2,334	2,360	2,336
Operating profit <sup>1</sup>	443	451	211	32	390	425
Patent litigation <sup>2</sup>	1,058	381	67	104	195	279
Total other expenses <sup>3</sup>	321	598	204	111	(315)	145
Net income (loss)	(936)	(528)	(60)	(183)	510	1
Subscription and services revenue <i>in 000s of CAD dollars</i>	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Application software	2,015	1,923	1,665	1,217	1,202	1,182
Technology as a service (TaaS)	204	241	315	321	353	322
Other services	309	435	509	420	956	632
Total	2,528	2,599	2,489	1,958	2,511	2,136
Adjusted EBITDA <i>in 000s of CAD dollars</i>	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Gross Profit	2,912	3,013	2,781	2,366	2,750	2,761
Adjusted EBITDA <sup>4</sup>	768	778	556	358	676	743
Amortization	325	327	346	326	286	318
Operating profit (loss)	443	451	211	32	390	425

<sup>4</sup> Adjusted EBITDA is defined as earnings before interest, income taxes, depreciation and amortization, stock-based compensation, patent litigation, restructuring and other costs. Adjusted EBITDA does not have any standardized meaning prescribed under IFRS and is therefore unlikely to be comparable to similar measures presented by other companies. Adjusted EBITDA allows Route1 to compare its operating performance over time on a consistent basis.

Balance sheet extracts	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
<i>In 000s of CAD dollars</i>	2020	2020	2020	2020	2019	2019
Cash	1,137	-	107	116	126	320
Total current assets	6,408	8,836	5,448	4,391	6,206	6,106
Total current liabilities	9,779	13,385	8,901	7,532	9,035	8,749
Net working capital	(3,371)	(4,549)	(3,453)	(3,141)	(2,829)	(2,643)
Net working capital (adjusted for contract liability)	256	490	800	(1,570)	(1,078)	(221)
Total assets	14,176	15,749	12,283	11,501	12,630	11,780
Bank debt and seller notes	1,792	2,609	1,193	2,461	2,415	2,294
Total shareholders' equity	2,141	37	778	950	980	473

  

Net cash flow	Q4	Q3	Q2	Q1	Q4	Q3
<i>In 000s of CAD dollars</i>	2020	2020	2020	2020	2019	2019
Cash generated (used) in operating activities	(3,513)	1,523	1,773	472	64	20
Cash used in investing activities	906	(489)	(240)	(633)	(174)	(154)
Cash generated (used) in financing activities	1,601	1,092	(1,543)	165	(28)	(247)
Net cash inflow (outflow)	(1,008)	2,126	(10)	4	(138)	(381)

#### Q4 2020 Material Events

- December 16, 2020 – Route1 closed its previously announced \$3,000,000 private placement. The \$3,000,000 was raised by way of a non-brokered private placement of units of the Company at a price of \$0.85 per Unit. Each unit consists of one common share in the capital of Route1 and one common share purchase warrant. Each warrant will be exercisable into one common share for a period of 18 months at a price of \$1.00 per share.
- December 29, 2020 – Route1 entered into a settlement agreement with AirWatch and its parent company VMWare ending the patent infringement litigation between the parties in both the United States and Canada. Under the terms of the settlement agreement, Route1 will pay US\$1,400,000 to VMWare.

#### Stock Option Grant

The Company yesterday granted an employee stock options in the aggregate amount of 400,000 with an exercise price equal to the closing share price on Thursday, April 29, 2021. The stock options will expire on April 29, 2026 and will vest thirty percent on the first anniversary, thirty percent on the second anniversary and the remainder on the third anniversary. Under the Company's stock option plan, 10% of the issued capital is reserved for issuance for a total of 3,841,996 options. As of today's date,



including the above grant, a total of 3,712,500 options are currently outstanding under the stock option plan.

### **Business Update Conference Call and Webcast**

The Company will hold a conference call and web cast to provide a business update on Thursday, April 29, 2021 at 9:00 am eastern.

Participants should dial Toll-Free: 877-407-0782 or Toll/International: 201-689-8567 at least 10 minutes prior to the conference call and web cast. For those unable to attend the call, a replay will be available on April 30, 2021 after 4 pm eastern at Toll-Free 877-481-4010 or Toll/International 919-882-2331 passcode #41087 until 9 am on Thursday, May 13, 2021.

The webcast will be presented live at <https://www.webcaster4.com/Webcast/Page/2167/41087>.

### **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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