

Q1 2021 Shareholder Update Presentation

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

May 20, 2021

Company Snapshot



Route1 Inc.									
Incorporation Year	2004								
Stock Price	CAD \$0.55 as at May 12, 2021								
52 Week High / Low	CAD \$0.53 to \$1.14								
Fully Diluted Common Shares Outstanding	39.9 million								
Market Capitalization	CAD \$22 million								
Employees	57								
FY 2020 Revenue	CAD \$30 million								
FY End	December 31								
Offices	<table border="0"> <tr> <td>Scottsdale, AZ</td> <td>Denver, CO</td> </tr> <tr> <td>Washington, DC</td> <td>Boca Raton, FL</td> </tr> <tr> <td>Cincinnati, OH</td> <td>Chattanooga, TN</td> </tr> <tr> <td>Toronto, Canada</td> <td></td> </tr> </table>	Scottsdale, AZ	Denver, CO	Washington, DC	Boca Raton, FL	Cincinnati, OH	Chattanooga, TN	Toronto, Canada	
Scottsdale, AZ	Denver, CO								
Washington, DC	Boca Raton, FL								
Cincinnati, OH	Chattanooga, TN								
Toronto, Canada									
Ticker	OTCQB: ROIUF TSXV: ROI								



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Who Is Route1? We're Building Smart, Secure...



Route1 builds smart, secure communities by combining our expertise in cyber security with our suite of intelligent solutions including video solutions, information security, and data storage.

Communities



Route1 builds smart, secure enterprises by utilizing our data acquisition and analytics expertise to leverage your information through new technologies and engineering Industrial Internet of Things (IIoT) ecosystems

Enterprises



Route1 builds a smart, secure government by protecting your mobile workforce against cyber security threats via our patented MobiKEY technology and DEFIMNET.

Government

We Are an “Outcomes” Based Company

Our Four Pillars of Strength



Data Security and User Authentication

Our IP: MobiNET (DEFIMNET), MobiKEY, DerivID



Data Acquisition and Analytics

Our IP: MobiNET, ActionPLAN, ScreenSTOP

What we resell: Fixed and mobile video systems including ALPR and BWC



Data Visualization

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



New Technology and Services

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

We deliver exceptional client outcomes.

Open Questions



What will be the impact of the second round of COVID-19 closings?

Duration



What will be the new administration's public policy impacts on Route1?

Buy American
DoD funding
Additional public policy initiatives



What will state and local public safety agency budgets look like in 2021?

Federal funding to the state level to address large budget wholes
Policy strings to be attached

Early 2021 Trends and Notes

- ALPR is hot as an offering – usage of video is robust for parking and LE.
- Local government funding for public safety agencies has been modest to robust.
- Colleges and universities have had a “checkered start” to reopening.
 - State of CA installations impacted in Q1 2021
- Federal government funding for IT and cybersecurity initiatives has been reduced.
- DOD focus on rolling out Microsoft 365.
 - Opportunity to reinforce our value add – secure user authentication and secure connectivity.
- The global chip shortage started to impact the rugged device market with extended lead times in late February 2021 and we expect the extended lead times to last into Q4 2021.
- The rugged device OEM market is taking note of our “cradle-to-grave” business model.

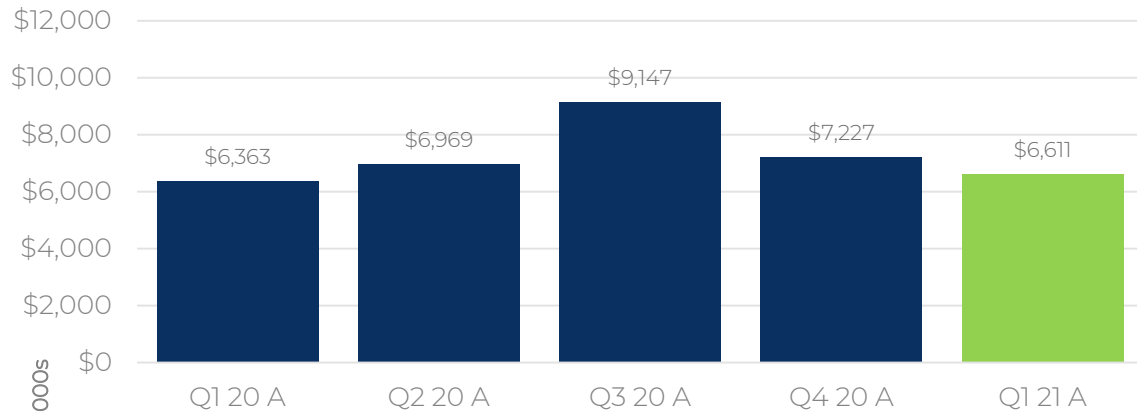
Financial Results

Quarterly Operating Performance

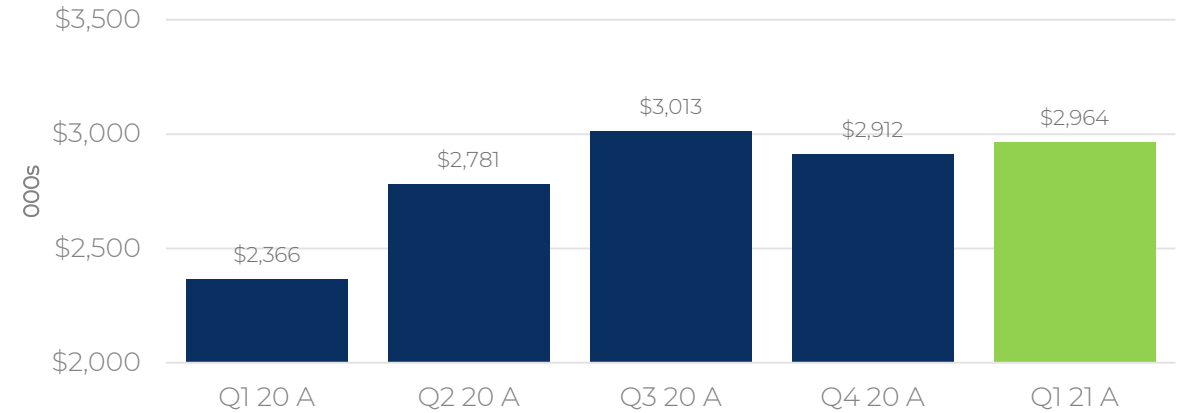
In 000s of CAD Dollars	Q1 A 2021	Q4 A 2020	Q3 A 2020	Q2 A 2020	Q1 A 2020
Revenue	6,611	7,227	9,147	6,969	6,363
• Subscription Revenue and Services	2,758	2,528	2,599	2,489	1,958
Gross Margin	2,964	2,912	3,013	2,781	2,366
• Gross Margin %	45%	40%	33%	40%	37%
Expenses	2,542	2,470	2,562	2,570	2,334
Operating Income	422	443	451	211	32
EBITDA	764	768	779	556	358
Net Income (Loss)	133	(936)	(528)	(60)	(183)

Quarterly Operating Performance

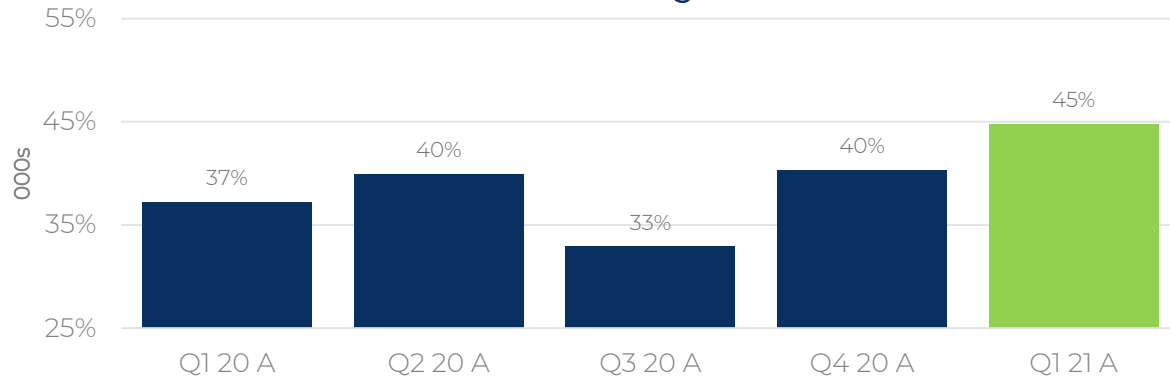
Revenue



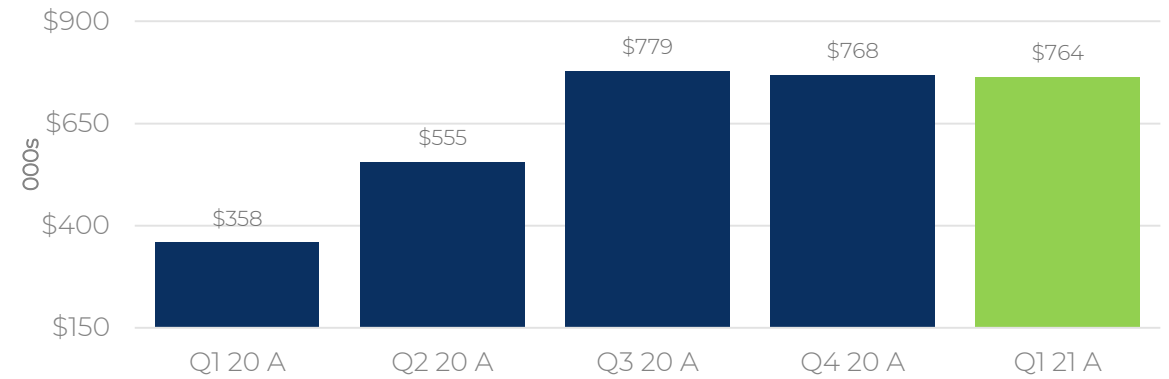
Gross Profit



Gross Margin



EBITDA



Breaking Down Services Revenue

In 000s of CAD Dollars	Q1 A 2021	Q4 A 2020	Q3 A 2020	Q2 A 2020	Q1 A 2020
Application Software	1,977	2,015	1,923	1,665	1,217
Technology as a Service	293	204	241	315	321
Other Services	488	309	435	509	420
Total	2,758	2,528	2,599	2,489	1,958

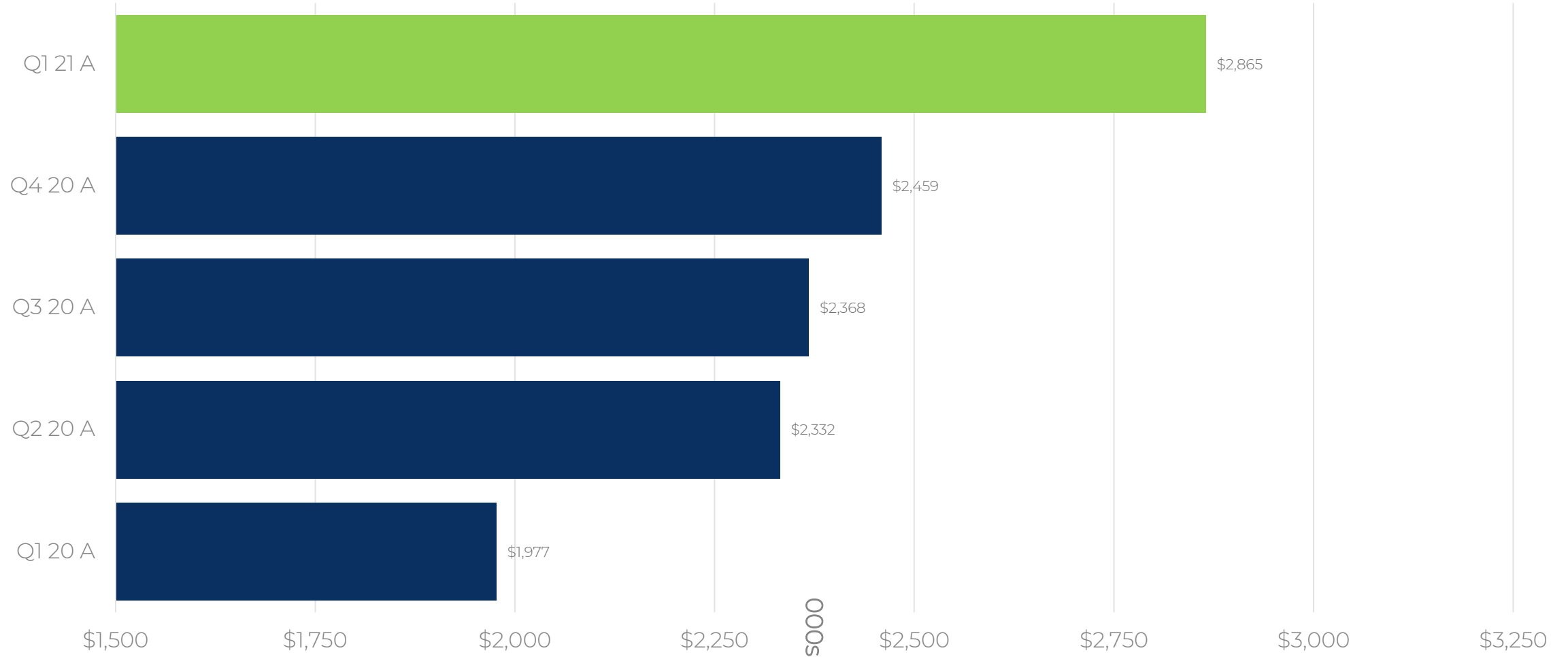
Indirect Costs Under Control

In 000s of CAD Dollars	Q1 A 2021	Q4 A 2020	Q3 A 2020	Q2 A 2020	Q1 A 2020
General and Administration	1,471	1,389	1,456	1,481	1,359
Research and Development	204	200	189	204	171
Selling and Marketing	867	880	917	885	804
Total	2,542	2,469	2,562	2,570	2,334

Q1 2021 Notes

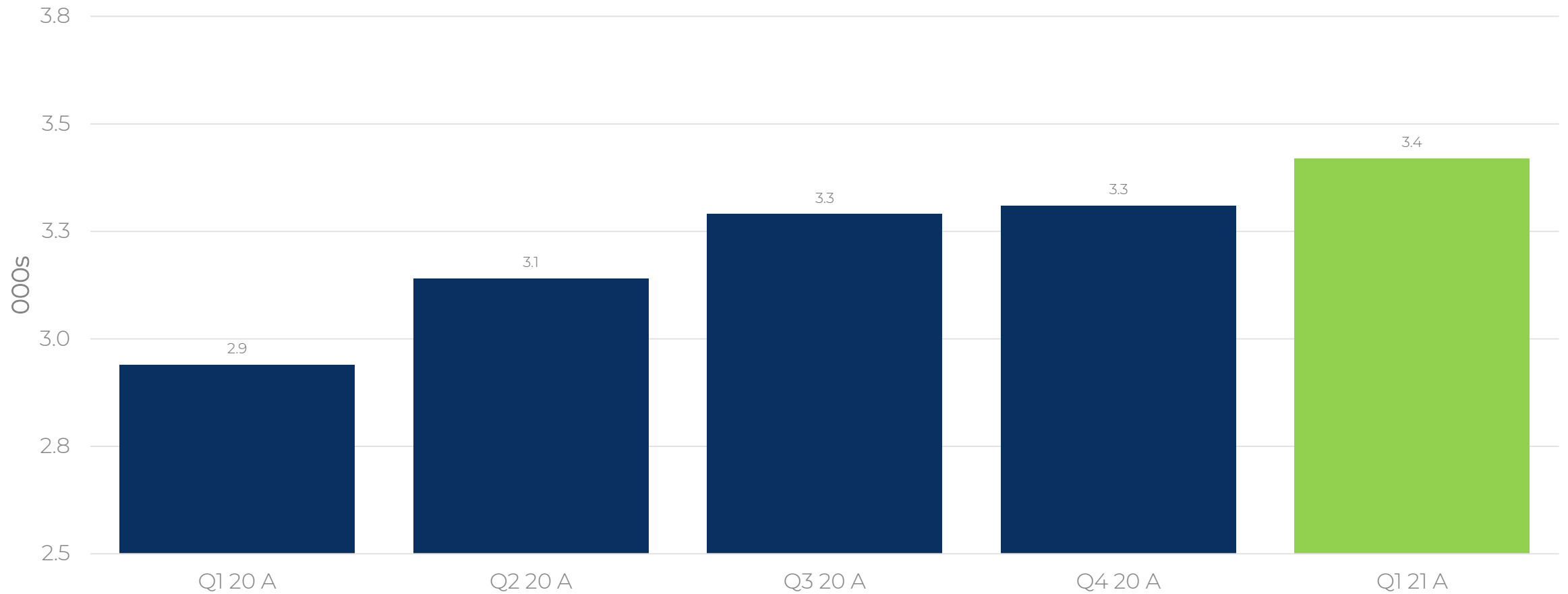
- DataSource Mobility acquisition closed on Mar 29-21.
 - Purchase price of USD \$1.3 mm in cash at closing.
 - No debt assumed.
 - Earnout when GP goes above USD \$375,000 in FY 2021 and USD \$500,000 in FY 2022.
 - FY 2020 generated USD \$5.1 mm in revenue and USD \$0.49 mm in gross profit.
 - **Timing of the transaction reduces ROAA in Q1-21 and impacts working capital due to nature of acquired assets.**
- Foreign exchange comment.
 - CAD dollar against the US dollar has strengthened from 1.45 in March 2020 to 1.21 in May 2021.
 - Lower rate will drive lower CAD dollar revenue on our JSP account upon renewal; starting in Q2-21.
 - Impact of CAD \$20,700 per month.
 - DON account is impacted on a monthly basis in the amount of CAD \$25,000 based on the current rate compared to the 2020 high Fx rate.
- On Mar 19-21 XpresSpa, the holder of 3,000,000 Route1 common share purchase warrants were exercised in full on a cashless basis resulting in the issuance of 1,355,443 common shares.

TTM Performance: EBITDA



Quarterly Operating Performance: GP to SME

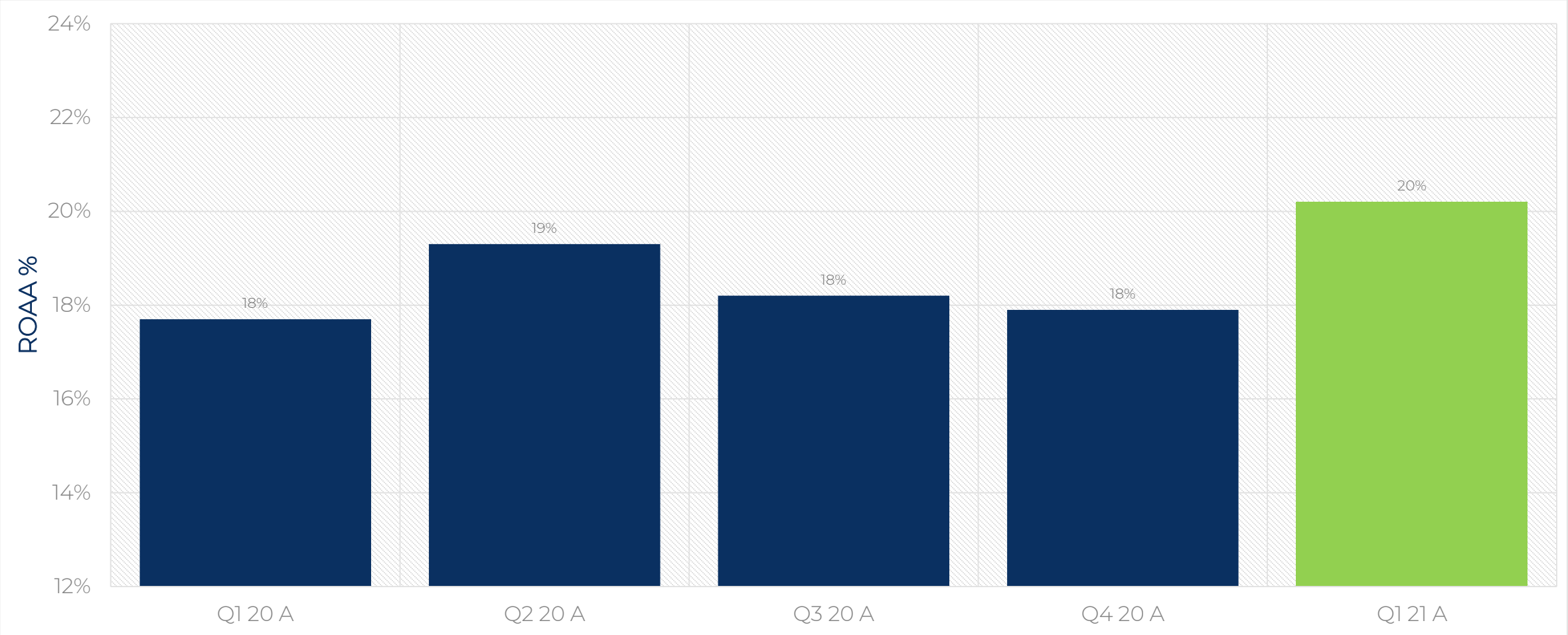
Gross Profit / Sales and Marketing Expense



Balance Sheet

In 000s of CAD Dollars	Mar 31 21 A	Dec 31 20 A	Sep 30 20 A	Jun 30 20 A	Mar 31 20 A	Dec 31 19 A
Cash	513	1,137	-	107	116	125
Total current assets	5,357	6,408	8,836	5,448	4,391	6,206
Total current liabilities	9,887	9,779	13,385	8,901	7,532	9,034
Contract liability - included in current liabilities	3,677	3,627	5,039	4,253	1,571	1,750
Net working capital	(4,530)	(3,371)	(4,549)	(3,453)	(3,141)	(2,828)
Non-current assets	9,029	7,768	6,913	6,835	7,110	6,424
Total assets	14,386	14,176	15,749	12,283	11,501	12,630
Bank debt and promissory/seller notes	1,728	1,792	2,609	1,193	2,461	2,415
Total liabilities	11,944	12,036	15,712	11,504	10,551	11,650
Shareholders' Equity	2,443	2,140	37	778	950	980
Net working capital – not including contract liability	(853)	256	490	800	(1,570)	(1,078)

ROAA: Capital Deployed Effectiveness Indicator



On deck...

1

Continue to Invest in ALPR

Sales, engineering, field services team and support.

2

ALPR Pricing

Evolve our pricing model to better reflect what we offer.

3

CA DGS Contract - ALPR

First order

4

Launch New Video Offerings

ALPR on a mobile device

5

Merger and Acquisition

Public safety accounts, engineering services and IP

6

DON and Leidos

MobiKEY offered to the DON thru Leidos versus Perspecta

THANK YOU



Q1 2021 CEO Presentation



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President and CEO