ROUTE1
DRIVING DATA FORWARD

Q2 2021 Shareholder Update Presentation

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

August 25, 2021

Company Snapshot

Route1 Inc.	
Incorporation Year	2004
Stock Price	CAD $0.53 as at August 20, 2021
52 Week High / Low	CAD $0.50 to $1.14
Fully Diluted Common Shares Outstanding	39.8 million
Market Capitalization	CAD $21.1 million
Employees	57
FY 2020 Revenue	CAD $30 million
FY End	December 31
Offices	Scottsdale, AZ Denver, CO Washington, DC Boca Raton, FL Cincinnati, OH Chattanooga, TN Toronto, Canada
Ticker	OTCQB: ROIUF TSXV: ROI

Historic Chart for Cdn:ROI by Stockwatch.com 604.687.1500 - (c) 2021
Fri Aug 20 2021 Op=0.56 Hi=0.56 Lo=0.52 Cl=0.53 Vol=34,744 Year hi=1.14 lo=0.50

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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

Our Focus is Our Clients

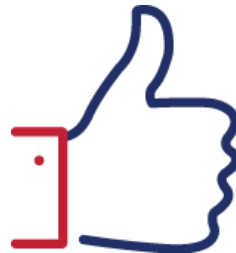## Gain Actionable Intelligence, Generate Exceptional Outcomes

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

INCREASED PROFITABILITY

IMPROVED EFFICIENCIES

ENHANCED OUTCOMES

GREATER MARKET SHARE

SUSTAINABLE COMPETITIVE ADVANTAGES

We Are an "Outcomes" Based Company

Our Four Pillars of Strength

We deliver exceptional client outcomes.

Data Security and User Authentication
Our IP: MobiNET (DEFIMNET), MobiKEY, DerivID

Data Acquisition and Analytics
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

MobiNET: Our Service Delivery Platform

What is MobiNET?

- **Multi-Tenant (MobiNET) or Single Tenant (DEFIMNET)**

- **Secure Cloud**: Best in class implementation of a system and networking framework

- **Identity – Authentication – Authorization**: Public Key Infrastructure

- **PKI**: Certificate Authority Hierarchy

- **Control and Signaling:** Enabling the Applications

- **Provisioning and Administration:** MAP

- **System Monitoring and Incident Response**: R1Scout

- **Auditing and Reporting**

- **Traversing Firewalls:** MobiNET Switching Arrays

- **Securing Connections:** CryptoPath
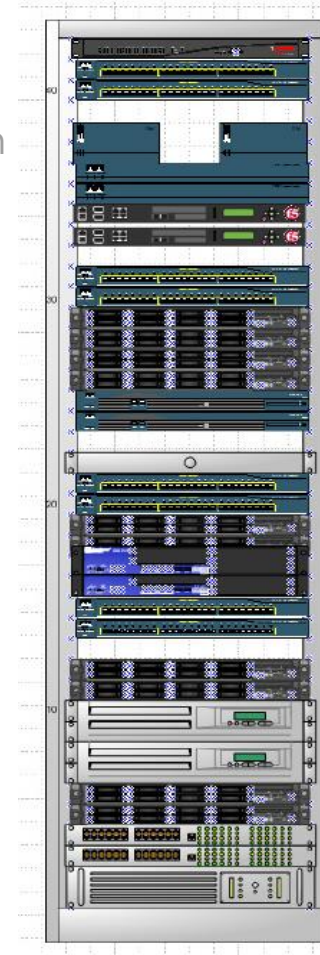
DEFIMNET Facts

- High Availability

- Designed for scalability; unlimited granular horizontal scalability across all components

- Can be used for Route1 derived credential technology, DerivID

- Can be used for other solutions needing authentication services

- Not a single security breach in over a decade of field operations

- Authorities to Operate (ATOs) from: OSD, Department of the Navy, USMC and Department of the Interior

ROUTE1

MobiKEY Technology

MobiKEY is a complete desktop, secure remote access technology that integrates multi-factor authentication and identity management in a mobile computing environment.

Technology Differentiators:

» PIV card-based multi-factor authentication in compliance with HSPD-12 mandate.

» Your data stays within your network's perimeter. No DAR. No risk of data leakage.

» Not a browser-based technology. Not vulnerable to Man-in-the-Browser attack vectors.

» Not a VPN. No open inbound ports. Mitigates risk of penetration attacks.

» No external nodes on your network. Mitigates risk of malware introduction

» Built with security as its first priority.

MobiKEY Eliminates Risks Inherent in VPNs

	MobiKEY	VPN
Multi Factor Authentication	✔ Fully integrated Smart Card and PKI based authentication for highest degree of security.	✖ Not included. Requires integration of a third party solution.
Remote Device	✔ Any internet enabled computer or mobile device can be used safely and securely.	✖ Requires a dedicated and pre-configured remote computer or relies on less secure browser-based approaches.
Data Movement	✔ None. All data/files remain behind enterprise firewalls.	✖ Data/files can leave enterprise – distributed on external computers or devices.
Attack Vulnerability	✔ Immune to man-in-the-middle attacks, browser exploits, viruses and other malware.	✖ Require strong endpoint security enforcement to prevent virus or malware infiltration. The VPN gateway is a target for penetration attacks.
Data Loss	✔ No data is stored on the MobiKEY device or on the remote computer/device. Prevents data leakage.	✖ Serious security problem if remote PC is lost or stolen. Organization may be unable to recover data or know who is in possession.

Data Acquisition and Analytics: Genetec AutoVu™

01

Improves Efficiency

Automates license plate reading and identification makes it easier for law enforcement, municipal and commercial organizations to locate vehicles of interest and enforce parking restrictions

02

Fixed and Mobile

AutoVu™ is designed for both fixed and mobile installations

Security Center AutoVu.

03

Lots of Applications

Ideal for a variety of applications and entities, including law enforcement, municipal, and commercial organizations

04

Premier Partner of the Year

Route1 was Genetec's AutoVu Premier Partner of the Year in 2016, 2017, 2018, 2019 and 2020

Beyond Plate Matching - Parking

Officers patrol your city and installations every day. They see much more than vehicles.

Your ALPR system can do more than finding parking violators.

It can detect patterns and changes in road and curbside usage, unlocking new insights.

Beyond Plate Matching – Law Enforcement

Officers patrol your city and installations every day. They see much more than vehicles.

Your ALPR system can do more than finding vehicles you are looking for.

It can detect patterns, support investigations and unlock new insights.

New Technology and Services

Software Development

We have perfected dissecting complex business challenges and solving them with custom solutions.

Managed Hardware Services

Shed the burden of security, updates, and repairs while reducing capital expense.

Technology as a Service (TaaS)

Realize ultimate scalability by accessing the technology you need, on demand.

Hardware Break/Fix

Have a solution ready to quickly arrive and tackle the IT problem at hand.

Engineering and Installation

Have security hardware architected, installed, serviced, and maintained by integration specialists.

Financial Results

Quarterly Operating Performance

In 000s of CAD Dollars	Q2 A 2021	Q1 A 2021	Q4 A 2020	Q3 A 2020	Q2 A 2020	Q1 A 2020
Revenue	6,338	6,611	7,227	9,147	6,969	6,363
• Subscription Revenue and Services	2,671	2,758	2,528	2,599	2,489	1,958
Gross Margin	2,895	2,964	2,912	3,013	2,781	2,366
• Gross Margin %	46%	45%	40%	33%	40%	37%
Expenses	2,451	2,542	2,470	2,562	2,570	2,334
Operating Income	444	422	443	451	211	32
EBITDA	760	764	768	779	556	358
Net Income (Loss)	461	133	(936)	(528)	(60)	(183)

Quarterly Operating Performance

Revenue

000s

$6,363	$6,969	$9,147	$7,227	$6,611	$6,338
Q1 20 A	Q2 20 A	Q3 20 A	Q4 20 A	Q1 21 A	Q2 21 A

Gross Profit

000s

$2,366	$2,781	$3,013	$2,912	$2,964	$2,895
Q1 20 A	Q2 20 A	Q3 20 A	Q4 20 A	Q1 21 A	Q2 21 A

Gross Margin

000s

37%	40%	33%	40%	45%	46%
Q1 20 A	Q2 20 A	Q3 20 A	Q4 20 A	Q1 21 A	Q2 21 A

EBITDA

000s
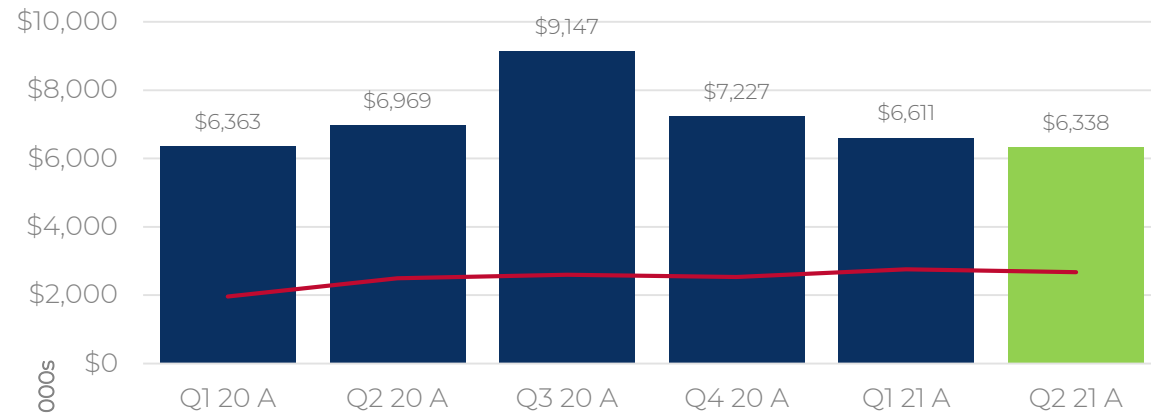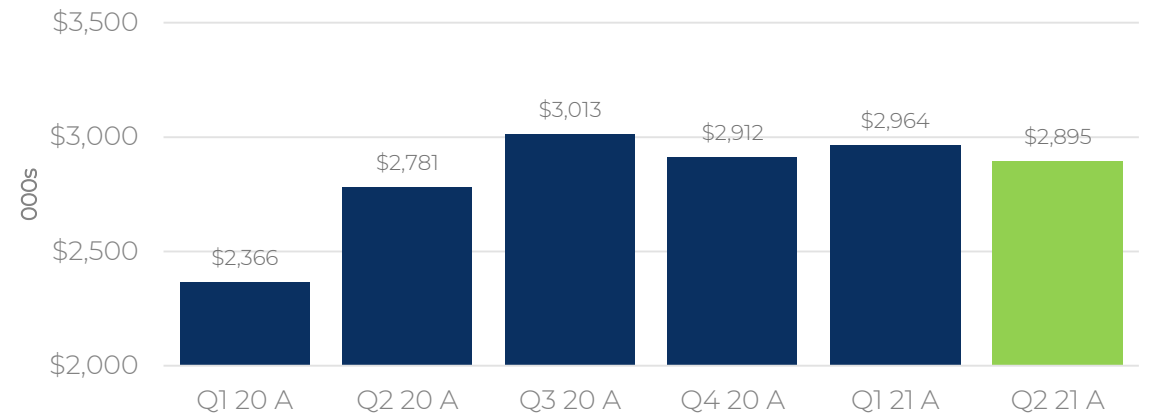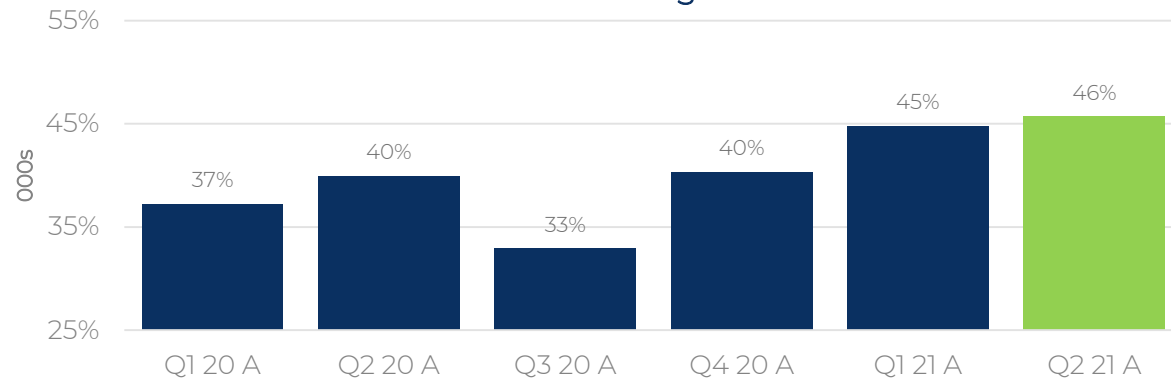
$358	$555	$779	$768	$764	$760
Q1 20 A	Q2 20 A	Q3 20 A	Q4 20 A	Q1 21 A	Q2 21 A

Q2 2021 Notes

- Settlement of insurance litigation for fraud claim – net proceeds after litigation cost.

- Foreign exchange comment.
  - CAD dollar strengthened against the US dollar in Q2-21 versus Q2-20.
    - Q1-21 range of $1.2040 to $1.2759, whereas Q1-20 was $1.3383 to $1.4217.
  - Lower rate drove lower CAD dollar revenue on our JSP account upon renewal.
    - Impact of CAD $20,700 per month.
  - DON account is impacted on a monthly basis in the amount of CAD $20,000 based on the current rate compared to the 2020 high Fx rate.

- On Jun 28-21 announced a USD $1.3 million order with CHiPs under the California DGS contract that we won in Jun-20.
  - Q3 and Q4 delivery date for the 197 ALPR units.
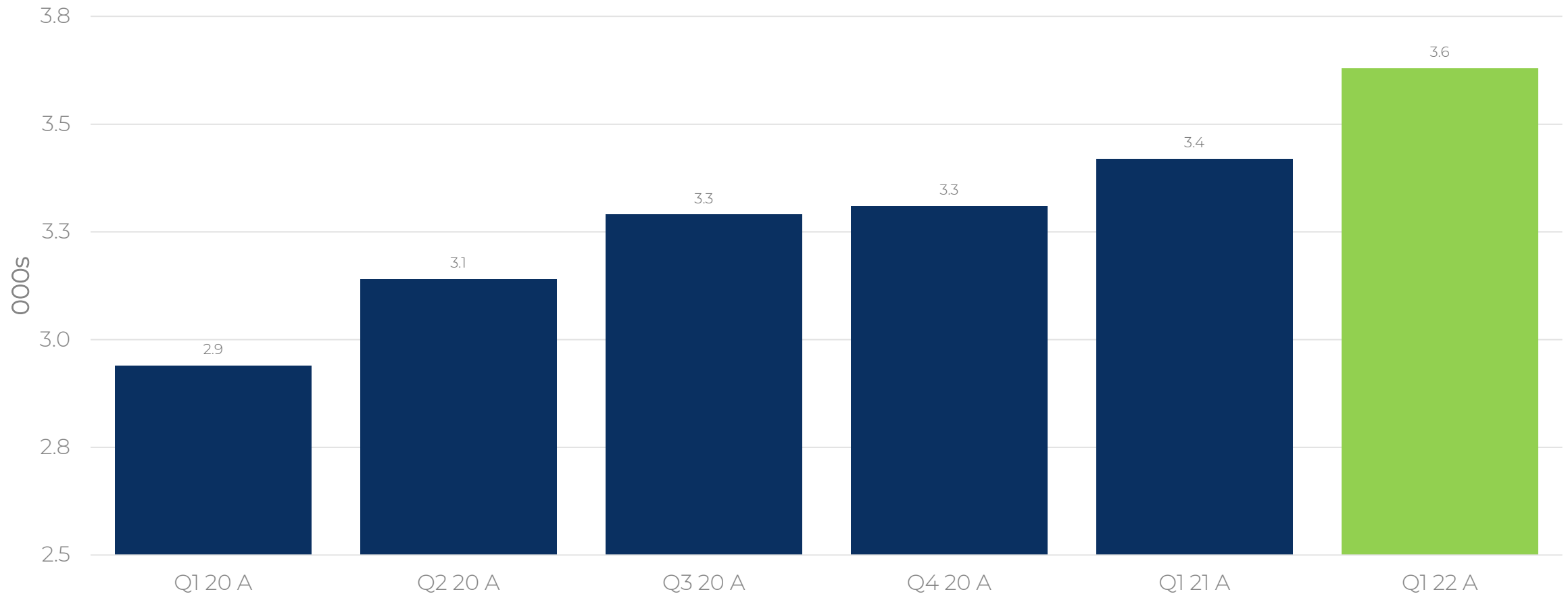
Breaking Down Services Revenue

In 000s of CAD Dollars	Q2 A 2021	Q1 A 2021	Q4 A 2020	Q3 A 2020	Q2 A 2020	Q1 A 2020
Application Software	1,724	1,977	2,015	1,923	1,665	1,217
Technology as a Service	435	293	204	241	315	321
Other Services	512	488	309	435	509	420
Total	2,671	2,758	2,528	2,599	2,489	1,958

Indirect Costs Under Control

In 000s of CAD Dollars	Q2 A 2021	Q1 A 2021	Q4 A 2020	Q3 A 2020	Q2 A 2020	Q1 A 2020
General and Administration	1,453	1,471	1,389	1,456	1,481	1,359
Research and Development	201	204	200	189	204	171
Selling and Marketing	797	867	880	917	885	804
Total	2,451	2,542	2,469	2,562	2,570	2,334

Quarterly Operating Performance: GP to SME

Gross Profit / Sales and Marketing Expense

TTM Performance: EBITDA less Fx Translation

Period	Value
Q2 21 A	$2,922
Q1 21 A	$2,751
Q4 20 A	$2,389
Q3 20 A	$2,331
Q2 20 A	$2,333
Q1 20 A	$2,018
Q4 19 A	$1,941

000s

$1,500 $1,750 $2,000 $2,250 $2,500 $2,750 $3,000 $3,250
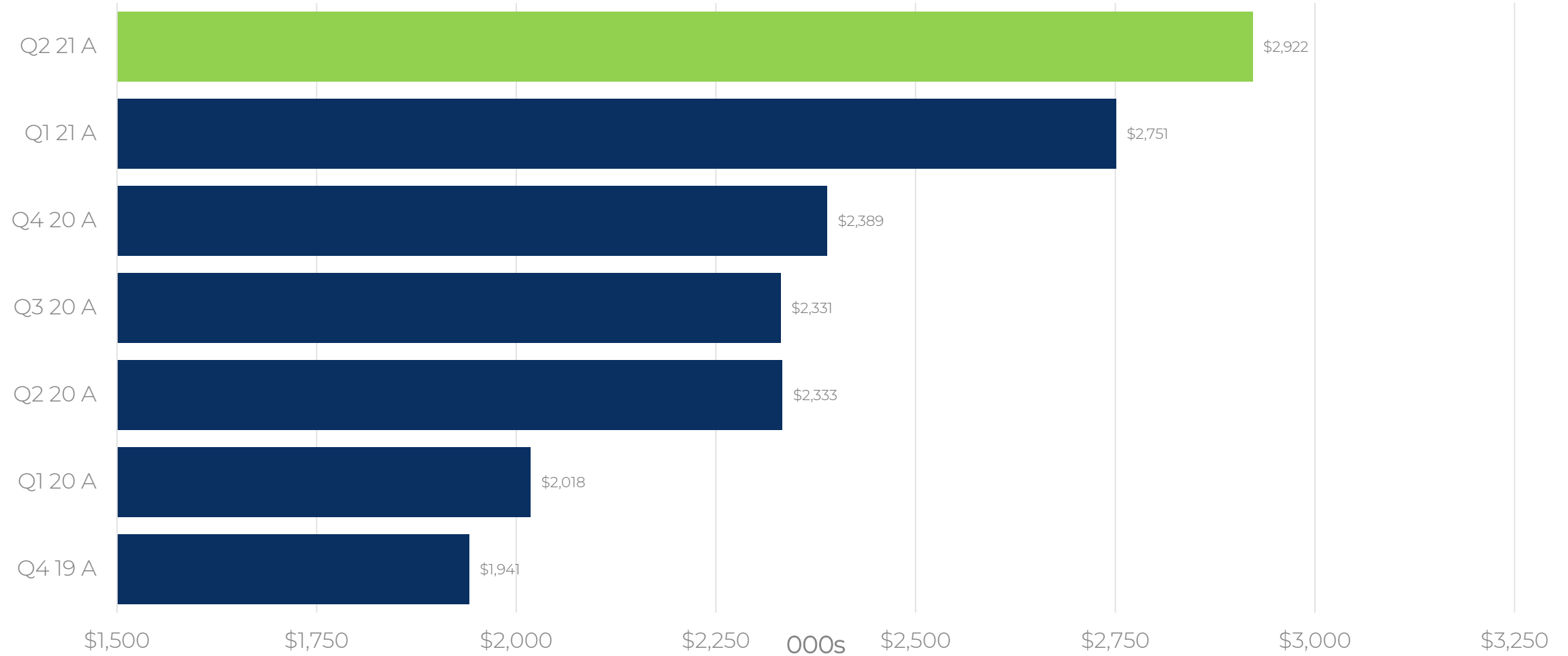
Balance Sheet

In 000s of CAD Dollars	Jun 30 21 A	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	166	513	1,137	-	107	116	125
Total current assets	5,009	5,357	6,408	8,836	5,448	4,391	6,206
Total current liabilities	9,095	9,887	9,779	13,385	8,901	7,532	9,034
Contract liability - included in current liabilities	2,824	3,677	3,627	5,039	4,253	1,571	1,750
Net working capital	(4,086)	(4,530)	(3,371)	(4,549)	(3,453)	(3,141)	(2,828)
Non-current assets	8,730	9,029	7,768	6,913	6,835	7,110	6,424
Total assets	13,739	14,386	14,176	15,749	12,283	11,501	12,630
Bank debt and promissory/seller notes	1,839	1,728	1,792	2,609	1,193	2,461	2,415
Total liabilities	10,833	11,944	12,036	15,712	11,504	10,551	11,650
Shareholders' Equity	2,906	2,443	2,140	37	778	950	980
Net working capital – not including contract liability	(1,262)	(853)	256	490	800	(1,570)	(1,078)
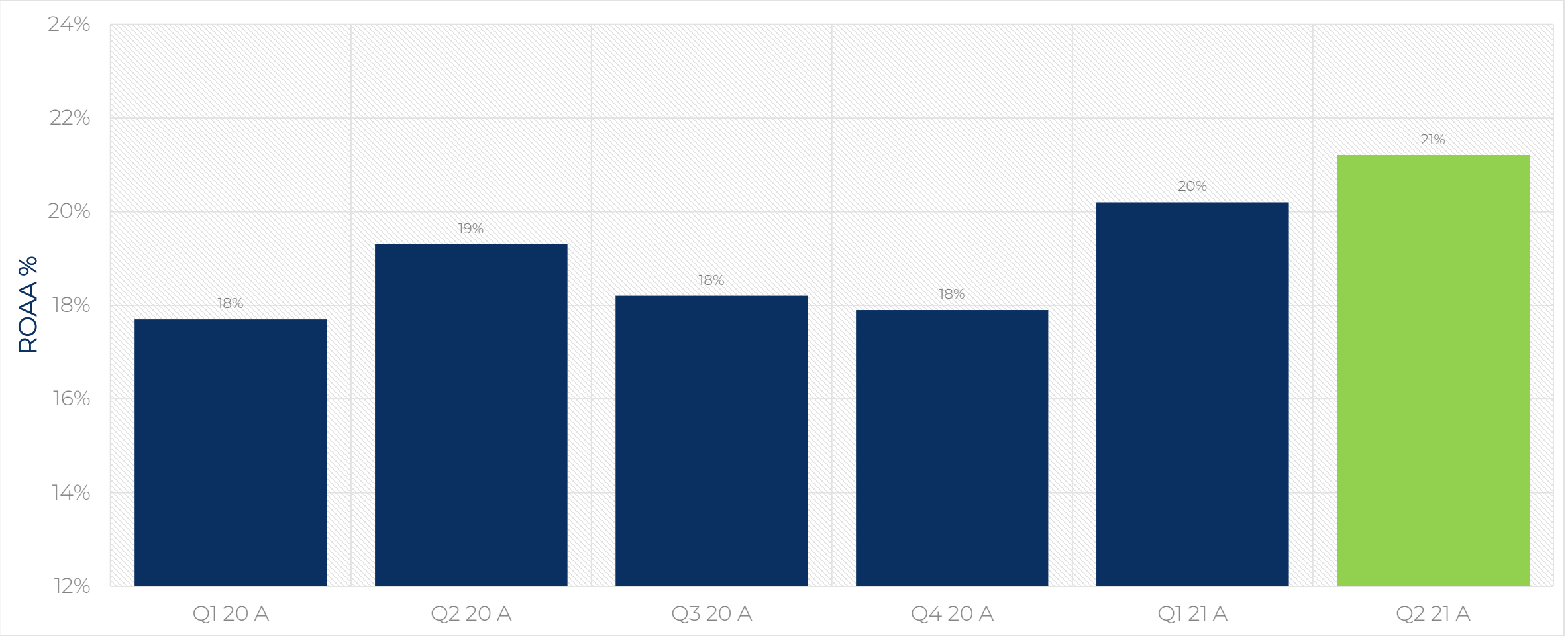
What's Ahead

1	California ALPR centric sales opportunities
2	New product launch(es)
3	Growth from acquisition
4	Renewal of Aug-20 4,000 MobiKEY user sale ✅
5	MobiKEY: DON thru Leidos, Army NGB