



## Route1 Announces Q3 2021 Financial Results

Toronto, Canada, November 22, 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 nine-month periods ended September 30, 2021.

The Company’s operating results for Q3 2021 with comparatives are as follows:

<b>Statement of operations</b>	Q3	Q2	Q1	Q4	Q3	Q2
<i>In 000s of CAD dollars</i>	2021	2021	2021	2020	2020	2020
Revenue						
Subscription and services	2,297	2,671	2,758	2,528	2,599	2,489
Devices and appliances	4,960	3,663	3,786	4,637	6,523	4,477
Other	31	4	67	62	25	3
Total revenue	7,288	6,338	6,611	7,227	9,147	6,969
Cost of revenue	4,696	3,443	3,647	4,315	6,134	4,188
Gross profit	2,592	2,895	2,964	2,912	3,013	2,781
Operating expenses	2,437	2,451	2,542	2,469	2,562	2,570
Operating profit <sup>1</sup>	155	444	422	443	451	211
Patent litigation <sup>2</sup>	0	0	0	1,058	381	67
Total other expenses <sup>3</sup>	216	(17)	284	321	598	204
Net income (loss)	(61)	461	138	(936)	(528)	(60)

<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.

<b>Subscription and services revenue</b>	Q3	Q2	Q1	Q4	Q3	Q2
<i>in 000s of CAD dollars</i>	2021	2021	2021	2020	2020	2020
Application software	1,628	1,724	1,977	2,015	1,923	1,665
Technology as a service (TaaS)	150	435	293	204	241	315
Other services	519	512	488	309	435	509
Total	2,297	2,671	2,758	2,528	2,599	2,489

<b>Adjusted EBITDA</b>	Q3	Q2	Q1	Q4	Q3	Q2
<i>in 000s of CAD dollars</i>	2021	2021	2021	2020	2020	2020
Gross Profit	2,592	2,895	2,964	2,912	3,013	2,781
Adjusted EBITDA <sup>4</sup>	465	760	764	768	778	556
Amortization	310	316	342	325	327	346
Operating profit	155	444	422	443	451	211

<b>Trailing 12 Months Adjusted EBITDA</b>	Q3	Q2	Q1	Q4	Q3	Q2
<i>in 000s of CAD dollars</i>	2021	2021	2021	2020	2020	2020
Adjusted EBITDA <sup>4</sup>	2,757	3,070	2,865	2,459	2,368	2,332

<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.

<b>Balance sheet extracts</b>	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
<i>in 000s of CAD dollars</i>	2021	2021	2021	2020	2020	2020
Cash	727	166	513	1,137	2,226	107
Total current assets	7,543	5,008	5,357	6,408	8,836	5,448
Total current liabilities	11,542	9,095	9,887	9,779	13,385	8,901
Net working capital	(3,999)	(4,087)	(4,530)	(3,371)	(4,549)	(3,453)
Net working capital (adjusted for contract liability)	(228)	(1,263)	(853)	256	490	800
Total assets	16,833	13,739	14,386	14,176	15,749	12,283
Net bank debt and seller notes	2,194	1,673	1,215	655	383	1,086
Total shareholders' equity	2,982	2,906	2,443	2,141	37	778

<b>Net cash flow</b>	Q3	Q2	Q1	Q4	Q3	Q2
<i>in 000s of CAD dollars</i>	2021	2021	2021	2020	2020	2020
Cash generated (used) in operating activities	435	(125)	1,266	(3,513)	1,523	1,773
Cash generated (used) in investing activities	(308)	(110)	(1,700)	906	(489)	(240)
Cash generated (used) in financing activities	451	(142)	(211)	1,601	1,092	(1,543)
Net cash inflow (outflow)	578	(377)	(645)	(1,008)	2,126	(10)

### Q3 2021 Business Update

Route1 issued a news release on November 1, 2021 providing a business update. The release can be found at <https://www.route1.com/wp-content/uploads/2021/11/Route1-NR-Business-Update-Nov-1-21-FINAL.pdf>.



## Share Capital Update

As at November 22, 2021, Route1 had outstanding: 39,709,463 common shares; 3,574,411 common share purchase warrants expiring June 16, 2022 with a Canadian dollar \$1.00 strike price; and 3,025,000 common share stock options.

## Business Update Conference Call and Webcast

The Company will hold a conference call and web-cast to provide a business update on Tuesday, November 23, 2021 at 9:00 am Eastern Time.

Participants should dial Toll-Free 888-506-0062 or Toll/International 973-528-0011 at least 10 minutes prior to the conference call and web cast. The participant access code is 748119. For those unable to attend the call, a replay will be available at Toll-Free 877-481-4010 or Toll/International 919-882-2331 passcode 43782 until 9 am on November 30, 2021.

The webcast will be presented live at <https://www.webcaster4.com/Webcast/Page/2167/43782>.

## 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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