

Q3 2021 Shareholder Update Presentation

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

November 23, 2021

Company Snapshot



Route1 Inc.									
Incorporation Year	2006								
Stock Price	CAD \$0.42 as at November 17, 2021								
52 Week High / Low	CAD \$0.37 to \$1.14								
Fully Diluted Common Shares Outstanding	39.7 million								
Market Capitalization	CAD \$16.7 million								
Employees	53								
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

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:



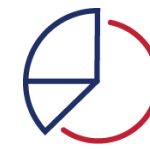
INCREASED
PROFITABILITY



IMPROVED
EFFICIENCIES



**ENHANCED
OUTCOMES**



GREATER MARKET
SHARE



SUSTAINABLE
COMPETITIVE
ADVANTAGES

We Are an “Outcomes” Based Company

Our Four Pillars of Strength



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

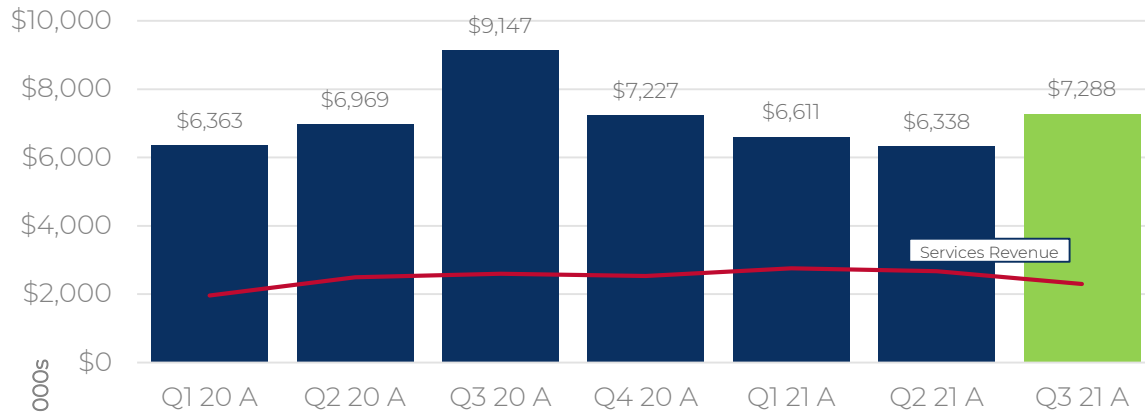
Financial Results

Quarterly Operating Performance

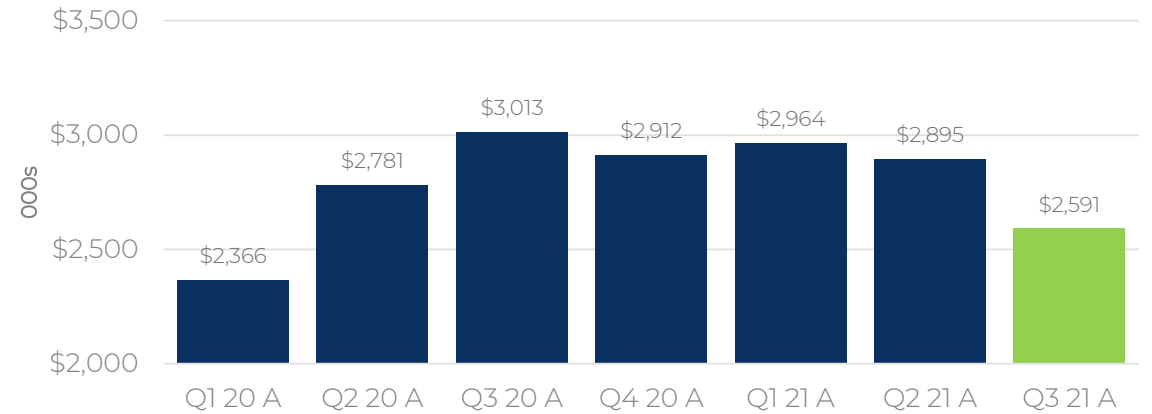
In 000s of CAD Dollars	Q3 A 2021	Q2 A 2021	Q1 A 2021	Q4 A 2020	Q3 A 2020	Q2 A 2020	Q1 A 2020
Revenue	7,288	6,338	6,611	7,227	9,147	6,969	6,363
• Subscription Revenue and Services	2,297	2,671	2,758	2,528	2,599	2,489	1,958
Gross Margin	2,591	2,895	2,964	2,912	3,013	2,781	2,366
• Gross Margin %	36%	46%	45%	40%	33%	40%	37%
Expenses	2,437	2,451	2,542	2,470	2,562	2,570	2,334
Operating Income	154	444	422	443	451	211	32
EBITDA	465	760	764	768	779	556	358
Net Income (Loss)	(61)	461	133	(936)	(528)	(60)	(183)

Quarterly Operating Performance

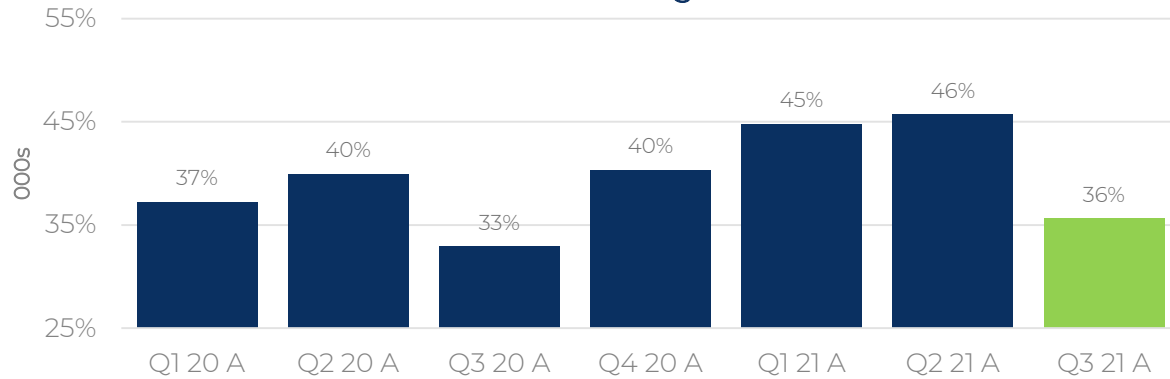
Revenue



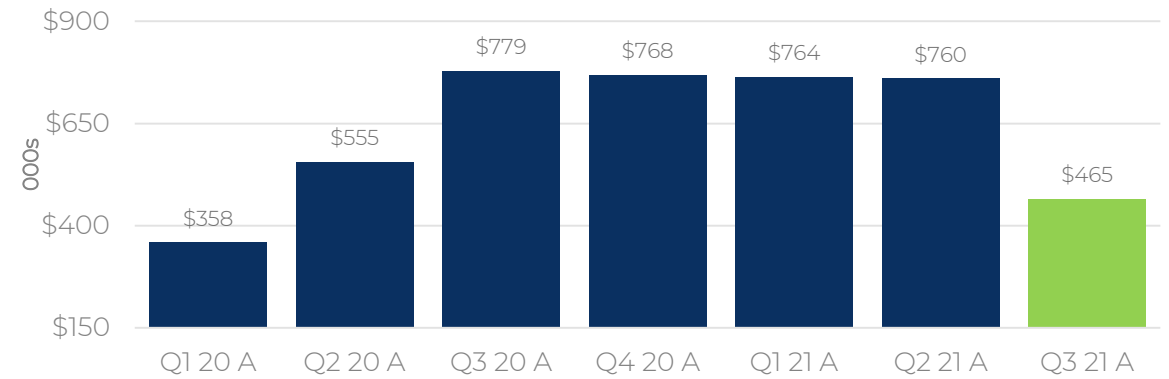
Gross Profit



Gross Margin



EBITDA



Q3 2021 Notes

- Delays in delivering hardware and services for LPR projects impacted gross sales and gross margin
- Purchased Spyrus Solutions on Sep 15-21
- CAD dollar continued to stay strong against the US dollar versus exchange rates realized in 2020



- Some COVID driven investments in MobiKEY being unwound
- DON Navy growth is “stuck”
 - MobiKEY item in SMIT catalogue not in place
- Professional fees in G&A were negatively impacted by the Accounting and Finance team turnover
 - CAD \$70,000 more in Q3-21 versus Q2-21

Breaking Down Services Revenue

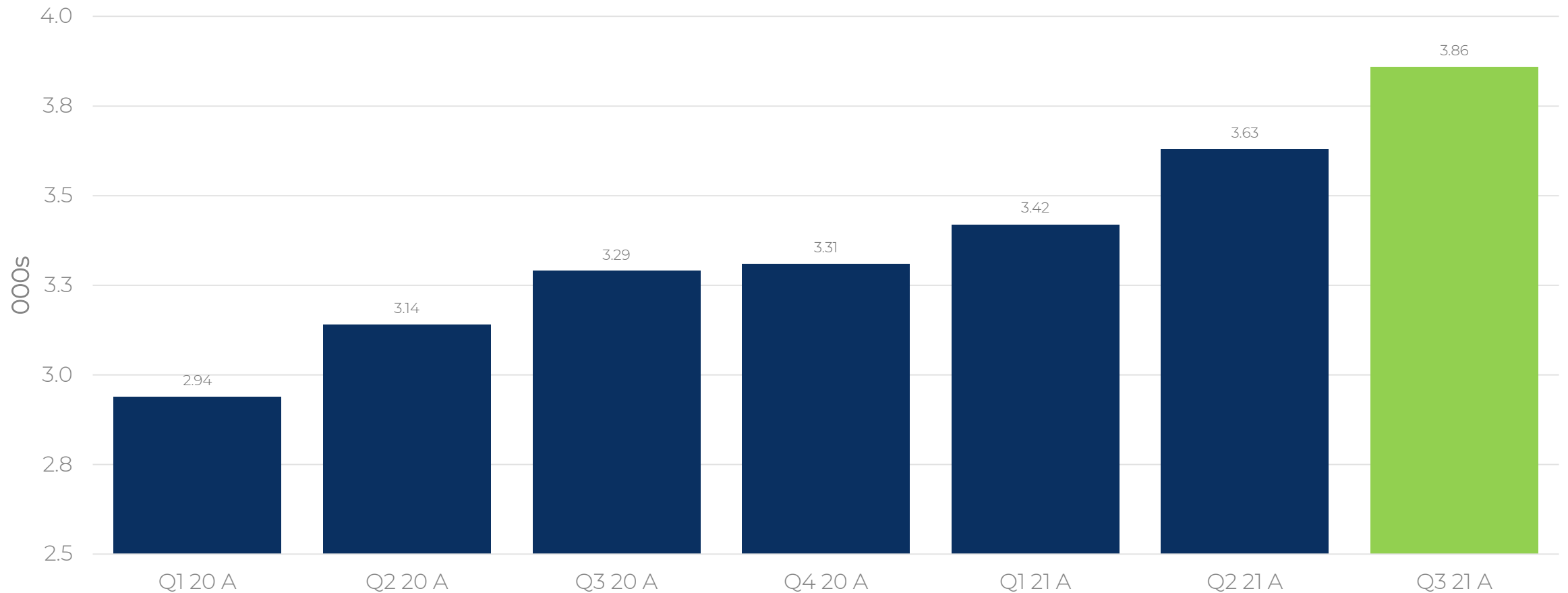
In 000s of CAD Dollars	Q3 A 2021	Q2 A 2021	Q1 A 2021	Q4 A 2020	Q3 A 2020	Q2 A 2020	Q1 A 2020
Application Software	1,628	1,724	1,977	2,015	1,923	1,665	1,217
Technology as a Service	150	435	293	204	241	315	321
Other Services	519	512	488	309	435	509	420
Total	2,297	2,671	2,758	2,528	2,599	2,489	1,958

Indirect Costs Under Control

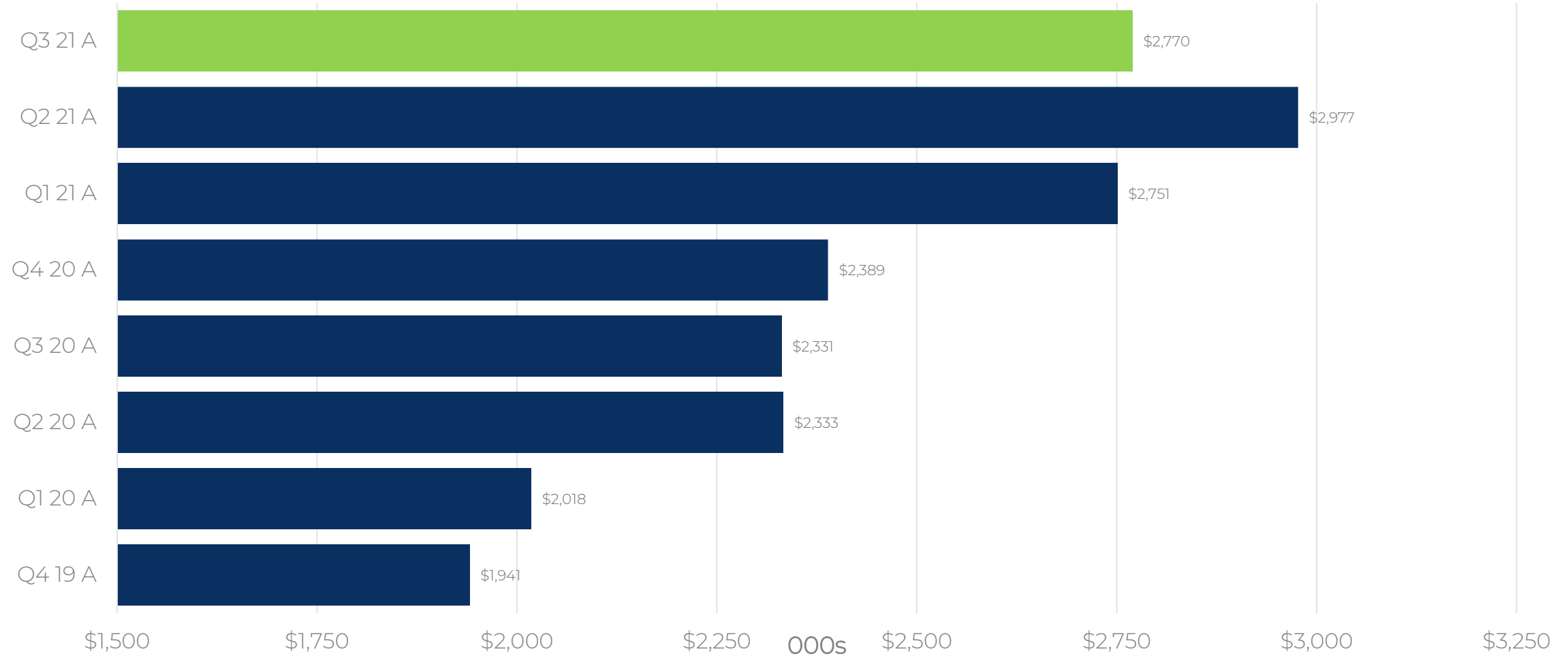
In 000s of CAD Dollars	Q3 A 2021	Q2 A 2021	Q1 A 2021	Q4 A 2020	Q3 A 2020	Q2 A 2020	Q1 A 2020
General and Administration	1,518	1,453	1,471	1,389	1,456	1,481	1,359
Research and Development	248	201	204	200	189	204	171
Selling and Marketing	671	797	867	880	917	885	804
Total	2,437	2,451	2,542	2,469	2,562	2,570	2,334

Quarterly Operating Performance: GP to SME

Gross Profit / Sales and Marketing Expense



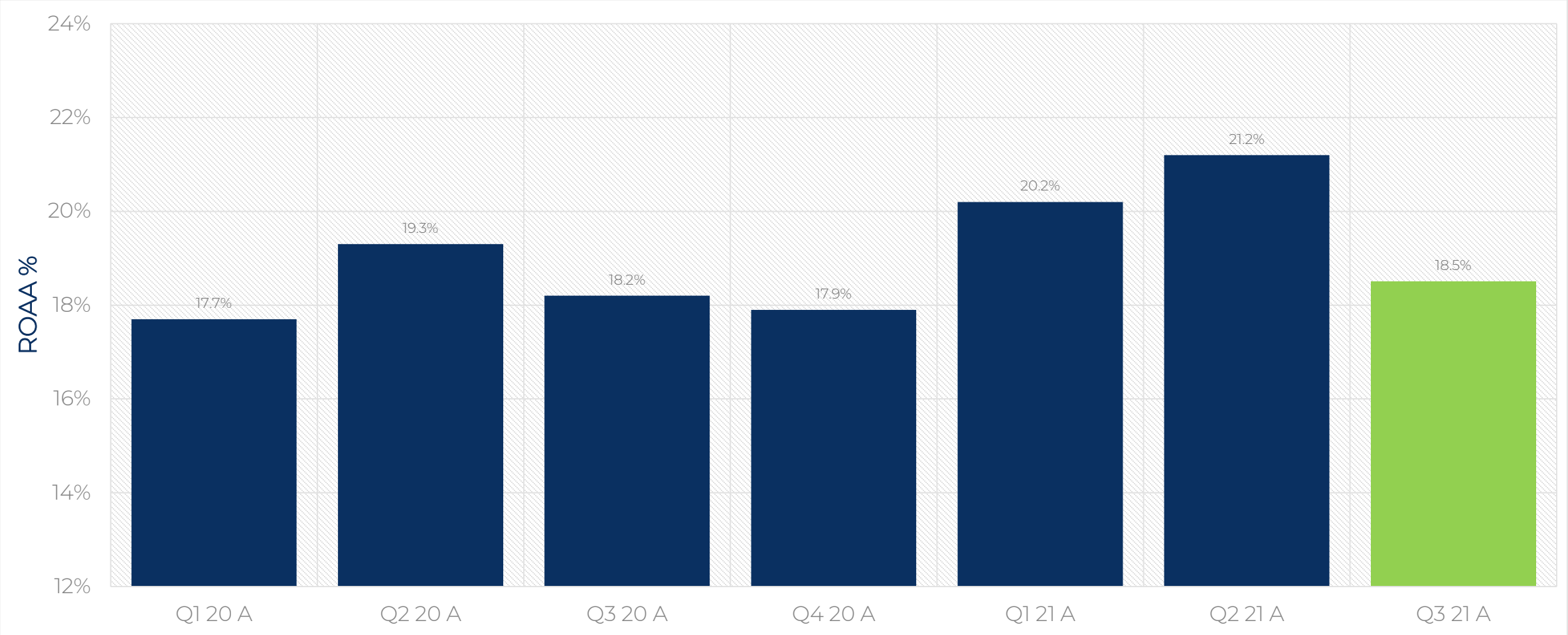
TTM Performance: EBITDA less Fx Translation



Balance Sheet

In 000s of CAD Dollars	Sep 30 21 A	Jun 30 21 A	Mar 31 21 A	Dec 31 20 A
Cash	727	166	513	1,137
Total current assets	7,453	5,009	5,357	6,408
Total current liabilities	11,542	9,095	9,887	9,779
Current contract liabilities	3,771	2,824	3,677	3,627
Net working capital	(3,999)	(4,086)	(4,530)	(3,371)
Non-current assets	9,290	8,730	9,029	7,768
Total assets	16,833	13,739	14,386	14,176
Net bank debt and promissory/seller notes	2,194	1,673	1,215	655
Total liabilities	13,850	10,833	11,944	12,036
Shareholders' Equity	2,982	2,906	2,443	2,140
Net working capital – not including current contract liabilities	(228)	(1,262)	(853)	256

ROAA: Capital Deployed Effectiveness Indicator



What's Ahead

A changing marketplace

- Over the course of the last six to eight weeks, **delivery times for equipment** that directly or indirectly rely upon semiconductor chips has dramatically increased.
 - Route1 is now consistently seeing rugged device and camera lead times of between 12 and 16 weeks.
 - Compounding the chip shortage, installation of license plate recognition technology for law enforcement and campus parking is being adversely affected by delays in the delivery of new vehicles that are required for ALPR deployment.
- We **took action** over the summer based on OEM guidance to mitigate the impact of the global chip shortage on our ability to deliver on purchase orders, including **building inventory** and encouraging our clients to **place orders ahead** of their traditional timing cycle.
 - We continue to work with our OEM partners to reduce lead times and create project completion certainty for our clients.
- With predictions of component manufacturing and logistics impediments varying widely from historical norms, we are having an **increasingly difficult time forecasting** operating results with the same level of accuracy and reliability that we have had prior.

Responding to a changing marketplace

- We will:

1. **Reduce fixed costs** to maximize profitability during a period where there isn't certainty for hardware delivery timing.
 - Team head count reduction from 60 to low 50s
 - All areas; accounting, service delivery, engineering
 - Not a long term solution

Responding to a changing marketplace

- We will:

2. Build out our engineering and services revenue with trusted clients and bring to market new software applications that are not directly connected to hardware purchases.

- Targeting four strategic markets:
 - NorCal
 - Seattle, WA – Portland, OR corridor
 - Greater Denver, CO
 - Milwaukee, WI
- Offering increased service package without immediately increasing employee costs
 - Should generate incremental EBITDA for FY 2022
 - Recurring revenue

Responding to a changing marketplace

- We will:

3. Acquire businesses and assets to enhance these strategic objectives.

- Target company profile:
 - A. Engineering services
 - Expand to cover access control
 - Bring together disparate data sets
 - B. Other video technologies for law enforcement – drones
 - Integrate in with LPR
 - C. Unfinished business models

Responding to a changing marketplace

- We will:

4. **Invest in new tech** that complements who we are.

- MobiLPR 1.0
 - Released earlier this month, MobiLPR is a Route1-developed mobile application that extends Security Center AutoVu from Genetec to a smart phone.
 - Route1's newest application puts advanced automatic license plate recognition capability onto users' smart phones – delivering in-the-field intelligence for public safety and parking operations.
 - Available in the Google Play store.
- MobiKEY X
 - All the benefits of MobiKEY 7.7
 - Desktop as a service
 - Integrate with the DoDs investment in Microsoft 365

Responding to a changing marketplace

- We will:

5. **Invest in people who bring fresh ideas** that complement who we are.

- Alex Shpurov
 - Initial ideas:
 - a. address the limitations of traditional public key infrastructure based on certificate authorities, blockchain technology can provide a highly scalable and distributed alternative that is better suited to modern day requirements for finance and banking, smart communities, as well as the rapidly emerging Internet-of-Things ecosystems
 - b. leverage homomorphic encryption that allows computations on encrypted data to support the privacy objectives in cloud-based data analysis across finance and other regulated industries
 - c. utilize machine learning algorithms to transform large data sets into customers' desired outcomes, including our own ActionPLAN manufacturing optimization data and Security Center AutoVu from Genetec's automatic license plate recognition system data
 - d. create artificial intelligence driven applications in the video intelligence space to enhance the safety of our communities.
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Q4 Forecast

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THANK YOU



Q3 2021 CEO Presentation



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