



## Route1 Announces Q1 2022 Financial Results

Toronto, Canada, May 25, 2022 - [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-month period ended March 31, 2022.

The Company’s operating results for Q1 2022 with comparatives are as follows:

<b>Statement of operations</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>
<i>In 000s of CAD dollars</i>	<b>2022</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2020</b>
Revenue						
Subscription and services	1,911	1,977	2,297	2,671	2,758	2,528
Devices and appliances	2,781	5,022	4,960	3,663	3,786	4,637
Other	3	36	31	4	67	62
Total revenue	4,695	7,035	7,288	6,338	6,611	7,227
Cost of revenue	2,572	4,660	4,696	3,443	3,647	4,315
Gross profit	2,123	2,375	2,592	2,895	2,964	2,912
Operating expenses	2,012	2,382	2,437	2,451	2,542	2,469
Operating profit <sup>1</sup>	111	(7)	155	444	422	443
Patent litigation <sup>2</sup>	-	-	-	-	-	1,058
Total other expenses <sup>3</sup>	110	308	216	(17)	284	321
Net income (loss)	1	(315)	(61)	461	138	(936)

<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>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>
<i>in 000s of CAD dollars</i>	<b>2022</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2020</b>
Application software	1,483	1,504	1,628	1,724	1,977	2,015
Technology as a service (TaaS)	-	50	150	435	293	204
Other services	428	423	519	512	488	309
Total	1,911	1,977	2,297	2,671	2,758	2,528

<b>Other services revenue</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>
<i>in 000s of CAD dollars</i>	<b>2022</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2020</b>
Technology life-cycle maintenance and support	209	175	177	200	195	179
Professional services	219	248	342	312	293	130
Total	428	423	519	512	488	309

<b>Adjusted EBITDA</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>
<i>in 000s of CAD dollars</i>	<b>2022</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2020</b>
Adjusted EBITDA <sup>4</sup>	446	341	465	760	764	768
Amortization	335	348	310	316	342	325
Operating profit	111	(7)	155	444	422	443

<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>	<b>Mar 31</b>	<b>Dec 31</b>	<b>Sep 30</b>	<b>Jun 30</b>	<b>Mar 31</b>	<b>Dec 31</b>
<i>In 000s of CAD dollars</i>	<b>2022</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2020</b>
Cash	481	63	727	166	513	1,137
Total current assets	3,618	5,726	7,543	5,008	5,357	6,408
Total current liabilities	8,147	10,563	11,542	9,095	9,887	9,779
Net working capital	(4,529)	(4,837)	(3,999)	(4,087)	(4,530)	(3,371)
Net working capital (adjusted for contract liability)	(2,337)	(2,205)	(228)	(1,263)	(853)	256
Total assets	12,574	15,097	16,833	13,739	14,386	14,176
Net bank debt and seller notes	2,297	2,926	2,194	1,673	1,215	655
Total shareholders' equity	2,774	2,728	2,982	2,906	2,443	2,141

As of May 25, 2022, there are a total of 2,925,000 options currently outstanding under the stock option plan.

“Our first quarter saw an advancement of the Company’s transition into a new growth paradigm, while the macro business environment continued to be challenging. As a result, we were and continue to be short-term in focus with the underlying goal of driving new, recurring revenue derived from professional services and support contracts and to control our costs”, said Tony Busseri, Route1’s President and CEO. “We also expect our second quarter to show sequential improvement over the first quarter.”



### ***Route1's Growth Focus***

Route1's growth focus is now tied to its ***core services and engineering competencies***.

The Company is emphasizing its turn-key engineering services for clients using video and sensor capture technology to deliver real-time, secure actionable intelligence. We amplify our customers' return on investment by driving outcomes through the application of advanced technological solutions and by leveraging our expertise in video intelligence data. Our continued investment in data security and user authentication technologies including our flagship software application MobiKEY and service delivery platform DEFIMNET, separate us from our turn-key engineering services competitors as we bring a unique skill set as a service to our clients.

Route1 currently excels as an engineering and professional services provider for automated license plate recognition ("ALPR") clients and is seeing growth in the number of accounts, increased investment in the technology once deployed by an account, and strong demand for post-sales support from these accounts.

Technology Focus: Route1 currently is or intends to be active with its turn-key engineering and professional services to support clients investing in **video and sensor capture technologies** including **ALPR, surveillance video, body worn cameras and drones**. Further, Route1 intends to expand on its capability to support clients adopting access control technology. [Genetec](#) will continue to be an important technology partner for Route1.

Turn-key Services: Route1's turn-key engineering and professional services to support our clients are as follows:

- Advisory and analysis including operations assessment
- Design and engineering
- Hardware and software procurement
- Project management
- Installation and configuration
- End user and administrator training
- Technology life-cycle maintenance and support
- Operations optimization

Operations optimization is centered around data integration and intelligence. Areas of expertise are: (a) data transport, hosting and storage; (b) data presentation including cloud based software applications to deliver data captured in an actionable format; (c) data analytics including integration of multiple data sets; and (d) data and network security, and user authentication.



Our focus is on situations in which video and sensor intelligence, and related environmental data can augment an organization’s capabilities – whether in the private or public sector. Building on our expertise in the video space, combined with our deep-rooted background in software development, system infrastructure operations and cybersecurity, Route1 has a significant competitive advantage and is in position to differentiate itself in the engineering and professional services arena.

The subscription-based revenue model for Route1’s MobiKEY product was one of the first in the industry. Now, Route1 will augment and solidify that recurring revenue stream by adopting the model throughout our Company. Unlike traditional turn-key engineering and professional-services organizations, the emphasis is on engaging our customers in a way that creates an on-going interaction and drives long term recurring revenue. Our investment will be in people and relationships with independent software vendors (“ISV”) and OEMs to leverage their intellectual property to *gain actionable intelligence that generates exceptional outcomes for our clients.*

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

The Company will hold a conference call and web cast to provide a business update on Wednesday, May 25, 2022 at 4:30 pm 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 775672. For those unable to attend the call, a replay will be available at Toll-Free 877-481-4010 passcode 45656 until 4:30 pm on June 8, 2022.

The webcast will be presented live at <https://www.webcaster4.com/Webcast/Page/2167/45656>.

#### **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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