



Route1 Announces Q1 2023 Financial Results

Toronto, Canada, May 25, 2023 - [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, 2023.

Statement of operations	Q1	Q4	Q3	Q2	Q1
<i>In 000s of CAD dollars</i>	2023	2022	2022	2022	2022
Revenue					
Subscription and services	1,086	1,103	1,326	1,854	1,911
Devices and appliances	3,486	2,279	5,519	5,251	2,781
Other	3	6	2	9	3
Total revenue	4,575	3,388	6,847	7,114	4,695
Cost of revenue	2,897	2,032	4,842	5,015	2,572
Gross profit	1,678	1,356	2,005	2,099	2,123
Operating expenses	1,805	1,859	1,802	1,972	2,012
Operating profit ¹	(128)	(503)	203	127	111
Total other expenses ^{2,3}	177	1,223	139	183	112
Net income (loss)	(305)	(1,726)	64	(56)	(1)

¹ Before stock-based compensation

² 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.

³ For Q4 2022, the Company wrote down its deferred tax asset and liabilities with a net impact of (\$1,141).

Subscription and services revenue	Q1	Q4	Q3	Q2	Q1
<i>in 000s of CAD dollars</i>	2023	2022	2022	2022	2022
Application software	456	475	804	1,402	1,483
Technology as a service (TaaS)	-	-	-	-	-
Other services	630	628	522	452	428
Total	1,086	1,103	1,326	1,854	1,911

Other services revenue	Q4	Q4	Q3	Q2	Q1
<i>in 000s of CAD dollars</i>	2022	2022	2022	2022	2022
Technology life-cycle maintenance and support	285	300	275	214	209
Professional services	345	328	246	238	219
Total	630	628	521	452	428

Adjusted EBITDA	Q1	Q4	Q3	Q2	Q1
<i>in 000s of CAD dollars</i>	2023	2022	2022	2022	2022
Adjusted EBITDA ³	219	(142)	543	459	446
Amortization	346	361	340	332	335
Operating profit	(128)	(503)	203	127	111

³ 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.

Balance sheet extracts	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
<i>In 000s of CAD dollars</i>	2023	2022	2022	2022	2022
Cash	80	79	103	299	481
Total current assets	3,691	4,901	5,445	4,593	3,618
Total current liabilities	8,001	8,825	9,629	9,012	8,147
Net working capital	(4,329)	(3,924)	(4,184)	(4,419)	(4,529)
Total assets	11,016	12,355	14,826	13,909	12,574
Net bank debt and seller notes	3,344	3,042	3,018	2,515	2,297
Total shareholders' equity	1,499	1,765	3,209	2,883	2,774

As of May 25, 2023, there are a total of 2,575,000 options currently outstanding under the stock option plan.

Business and Operations Metrics

Further to the Company's most recent shareholder call and webcast presentation held on February 28, 2023, Route1 communicated operating metrics that it believes assists in establishing its business model direction change is successful and can be scaled. Specifically, the growth of gross profit (GP) generated from non-MobiKEY sales on a quarterly basis needs to achieve a minimum of US \$1.15 million ("Benchmark A"), and recurring ALPR support contracts need to grow to in excess of US \$1.0 million in annualized revenue value ("Benchmark B").

Benchmark A

in US 000s	Q1-23 A	Q4-22 A	Q3-22 A	Q2-22 A	Q1-22 A
Quarter Value	\$1,001	\$802	\$1,080	\$705	\$672

Benchmark B

Route1 continued to see improved levels of recurring revenue derived from its LPR clients through improved support contracts – technology life-cycle maintenance and support revenue. Route1 started the year at a base of US \$595,000 per annum.

in US 000s	Q1-23 A	Q4-22 A	Q3-22 A	Q2-22 A	Q1-22 A
Quarter Value	\$212	\$222	\$213	\$168	\$165
Annualized Value	\$848	\$888	\$852	\$672	\$660

Since the closing of the Spyrus Solutions acquisition, Route1 has monetized the inventory acquired and realized good short-term success in selling the PocketVault P-3X technology. The Company spent approximately US \$580,000 to acquire Spyrus Solutions.

in US 000s	Q1-23 A	Q4-22 A	Q3-22 A	Q2-22 A	Q1-22 A
Spyrus Solutions GP	\$387	\$128	\$280	\$109	\$281

Business Update Conference Call and Webcast

Route1 will hold a shareholder conference call and web cast to provide a business update on Thursday June 1, 2023 at 10:00 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 298761. For those unable to attend the call, a replay will be available at Toll-Free 877-481-4010 passcode 48498 until 4:30 pm on June 6, 2023.

The webcast will be presented live at <https://www.webcaster4.com/Webcast/Page/2167/48498>.

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 in Canada on the TSX Venture Exchange under the symbol ROI. For more information, visit: www.route1.com.

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