

Q1 2023 Business Update Shareholder Presentation

Route1 is an advanced North American engineering and professional services company using data capture technologies.

June 1, 2023

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Route1 Snapshot

- **Bringing security and operations together with real-time actionable intelligence.**
 - Route1 provides you with advanced data in a usable format from video capture technologies to enhance safety and security, driving greater profitability and improving operational efficiencies.
 - We build strong and lasting relationships with our clients and technology partners. We are involved at every step, from design and installation to the continuous support of technological enhancements and ever-changing outcomes.
- **Technology Focus:**
 - Automatic License Plate Recognition (LPR).
 - Surveillance and Video Intelligence: surveillance video, body worn cameras, access control and drones
 - Data Security and User Authentication.
- **The Route1 Difference:**
 - We leverage our IP and people, and our partners' video capture technology to help our clients gain a better understanding of their data and use that data to develop more intuitive real-time decisions.
 - With a deep-rooted background in software development, network operations, and cybersecurity, Route1 has a significant competitive advantage in the engineering and professional services arena.



Route1 Inc.

Incorporation Year 2006

Employees 32

Offices Scottsdale, AZ
Denver, CO
Chattanooga, TN
Toronto, Canada

FY 2022 Revenue \$22 million

LPR Clients with Support Contracts 140

Ticker TSXV: ROI



The **Route1** Difference

"Time and time again, Route1 has demonstrated their ability **to go the extra mile and deliver new value and innovation** for our joint customers. [They] help organizations use their physical security systems as strategic tools, and go beyond traditional applications to deliver more value."

Stephan Kaiser
AutoVu™ General Manager, Genetec, Inc.



Operations Optimization

Combining disparate data sets and video intelligence with our expertise in process optimization to drive greater profitability and improved operational efficiencies.



Technology Life-Cycle Maintenance and Support

Support of mission critical operations, regular process reviews, hardware upgrades, and evolution of your systems as technology advances.



End User + Admin Training

Audience tailored, instructor-led training, to ensure you get the most out of your investment.

Defining how we know that the business model direction change was successful and can be scaled?

1. Gross profit generated by non MobiKEY activities on a **Quarterly basis** grows to in excess of US \$1.15 mm

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

2. Recurring LPR support contracts on an annualized basis are greater than USD \$1.0 mm

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

3. Non-LPR Video surveillance-quarterly revenue cracks \$100,000 in Q4-23

The larger goal is to be able to pursue acquisition growth in the 2H of 2023.

Bring MobiKEY-X to Market

Objectives:

- Low latency: Significant performance improvements over MobiKEY
- Optimized rendering
- Federation with external identity providers: OAuth 2.0, SAML
- Support for Active Directory and other third party Authenticators
- Multifactor authentication with OpenID
- Federated Identity Management leveraging technologies that enterprise has already adopted
- CAC/PIV Authentication with generic smart card readers

MobiKEY-X Technical Milestones Reached

1

New User Interface.

2

“Commercial version” successfully demonstrated in a DoD agency lab. Positive reaction from client.

3

Integration with Active Directory Federated Services and Google Authenticator (One Time Password).

4

Successful CAC authentication into Active Directory in a lab setting.

MobiKEY-X Authentication

ADFS

- Federated Identity Management using Microsoft.
- Functional.

Google

- Google Authenticator on mobile device.
- Functional.

CAC External

- CAC/PIV Authentication BEFORE connection to Host.
- Requires federation or custom Route1 Authenticator.

CAC Internal

- CAC/PIV based login into Windows.
- Second layer of security.
- Functional.

Oauth 2.0

- Industry standard protocol for authorization. Enables more complex integrations.
- In testing.

SAML & OpenID

- Industry standard for federated authentication.
- In testing.

Results Q1 2023

Quarterly Operating Performance

In 000s of CAD Dollars	Q1 A 2023	Q4 A 2022	Q3 A 2022	Q2 A 2022	Q1 A 2022
Revenue	4,575	3,388	6,847	7,114	4,695
Devices and Appliances	3,486	2,280	5,519	5,251	2,781
Subscription Revenue and Services	1,086	1,103	1,326	1,854	1,911
Other Revenue	3	5	2	9	3
Gross Margin	1,678	1,356	2,005	2,099	2,123
Gross Margin %	37%	40%	29%	29%	45%
Expenses	1,805	1,859	1,802	1,972	2,012
Operating Income	(127)	(503)	150	127	111
EBITDA	219	142	543	459	446
Net Income (Loss)	(299)	(586)	64	(56)	1

Recurring Revenue Profile

In 000s of CAD Dollars	Q1 A 2023	Q4 A 2022	Q3 A 2022	Q2 A 2022	Q1 A 2022
Subscription Revenue and Services	1,086	1,103	1,326	1,854	1,911
Components:					
Application Software	455	475	804	1,402	1,483
Professional Services	345	328	246	238	219
Technology Life-Cycle Maintenance and Support	285	300	275	214	209
MobiKEY Revenue Notes:					
JSP	58	58	58	418	439
DIA	0	17	266	502	502
DON	167	184	238	246	247
All Other	230	216	242	236	295

Indirect Costs

In 000s of CAD Dollars	Q1 A 2023	Q4 A 2022	Q3 A 2022	Q2 A 2022	Q1 A 2022
General and Administration (includes amortization)	1,332	1,319	1,247	1,344	1,299
Research and Development	93	92	121	213	266
Selling and Marketing	380	448	433	414	447
Total	1,805	1,859	1,802	1,972	2,012
Amortization	346	361	340	332	335
Total with no Amortization	1,459	1,498	1,462	1,640	1,677

Balance Sheet

In 000s of CAD Dollars	Mar 31 23 A	Dec 31 22 A	Sep 30 22 A	Jun 30 22 A	Mar 31 22 A
Cash	81	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
Current contract liabilities ("CCL")	915	985	1,282	1,609	2,192
Net working capital ("NWC")	(4,309)	(3,924)	(4,184)	(4,419)	(4,528)
Non-current assets	7,325	8,939	9,381	9,316	8,956
Total assets	11,016	13,839	14,826	13,909	12,574
Net bank debt and promissory/seller notes	3,344	3,039	3,018	2,515	2,297
Total liabilities	9,517	10,933	11,617	11,026	9,800
Shareholders' Equity	1,499	2,906	3,209	2,883	2,774
NWC – not including CCL and lease liabilities	(2,910)	(2,478)	(2,473)	(2,395)	(1,976)

Net Debt

In 000s of CAD Dollars	Mar 31 23 A	Dec 31 22 A	Sep 30 22 A	Jun 30 22 A	Mar 31 22 A	Dec 31 21 A
Lines of Credit	2,794	2,341	2,293	1,972	1,784	1,626
Windsor Promissory Note – paid out Apr 30-24	600	635	632	632	632	632
Pakkebie Promissory Notes(s) – paid out Jun 28-23	31	63	93	119	186	263
Spyrus Promissory Note(s)	0	0	0	90	175	266
Less: Cash	0	0	0	(299)	(481)	(62)
Net Debt	3,344	3,039	3,018	2,515	2,297	2,926

- Funding updates**

- RBC facility upsized from CAD \$1.050 mm to \$1.225 mm in Feb-23.
- The private lender promissory note being repaid in a monthly payments thru April 30, 2024. The note bears interest at 12% per annum and has a monthly repayment schedule. At December 31, 2022, the balance drawn on the promissory note was \$634,994.

Next 100 Days

- Improve ALPR generated gross profit
- Working capital management
- Reduce debt levels
- Build the ALPR, video surveillance and rugged device sales pipeline
 - New parking operator or integrator relationships
 - ALPR Hardware refresh for our current clients
 - Open up in transit video vertical
 - State of New Mexico Public Safety agencies. The award was in Jan-23. There is no minimum order size but we believe it will be a productive award this calendar year.
 - **Bring to market an “environmentally responsible”, new approach to mobile ALPR for parking... stay tuned**
- Advance MobiKEY-X to commercial launch

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