



An advanced North American technology company that empowers their clients with data-centric solutions that drive greater profitability, improve operational efficiency and gain sustainable competitive advantages – all while emphasizing a strong cybersecurity and information assurance posture.

Q4 2019 Shareholder Call

April 23, 2020

Legal Notices

This presentation contains statements that are not current or historical factual statements that may constitute forward-looking statements. These statements are based on certain factors and assumptions, including, expected financial performance, business prospects, technological developments, and development activities and like matters. While Route1 Inc. (“Route1” or the “Company”) considers these factors and assumptions to be reasonable, based on information currently available, they may prove to be incorrect. These statements involve risks and uncertainties, including but not limited to the risk factors described in reporting documents filed by the Company. Actual results could differ materially from those projected as a result of these risks and should not be relied upon as a prediction of future events. The Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, except as required by law. Estimates used in this presentation are from Company sources.

© 2020 Route1 Inc., 8 King St. East, Suite 600, Toronto, Ontario M5C 1B5 Canada. All rights reserved.
See <https://www.route1.com/terms-of-use/> for notice of Route1’s intellectual property.

Company Snapshot

Incorporation Year	2004
Stock Price	CAD \$0.67 as at April 22, 2020
52 Week High / Low	CAD \$0.25 to \$0.70
Fully Diluted Common Shares Outstanding	35.8 million
Market Capitalization	CAD \$23.9
Employees	54
FY 2019 Revenue	CAD \$24.0 million
FY End	December 31
Offices	Toronto, Canada Denver, CO Washington, DC Boca Raton, FL Chattanooga, TN Chandler, AZ
Ticker	TSXV: ROI OTCQB: ROIUF

About Us

Route1 Inc., also operating under the tradenames GroupMobile and PCS Mobile is an advanced North American technology company that empowers their clients with data-centric solutions that drive greater profitability, improve operational efficiency and gain sustainable competitive advantages – all while 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 of operations 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.



We Are an “Outcomes” Based Company

We deliver exceptional client outcomes through real-time secure delivery of actionable intelligence to decision makers, whether it be in a plant, in-theater or in a university parking lot. **Our core competencies are:**

1. Data Security and User Authentication

- **Our IP:** MobiNET (DEFIMNET), MobiKEY, DerivID

2. Data Acquisition and Analytics Technology

- **Our IP:** MobiNET, ActionPLAN, ScreenSTOP
- **What we resell:** Genetec AutoVu

3. Data Visualization - Rugged Devices and Accessories

- **Our IP:** NA
- **What we resell:** Various OEM's rugged devices including fully and semi rugged laptops, fully and semi rugged tablets, rugged handhelds, docks and mounts, wireless products, printers and scanners, gateways and modems, and accessories

4. New Technology and Services

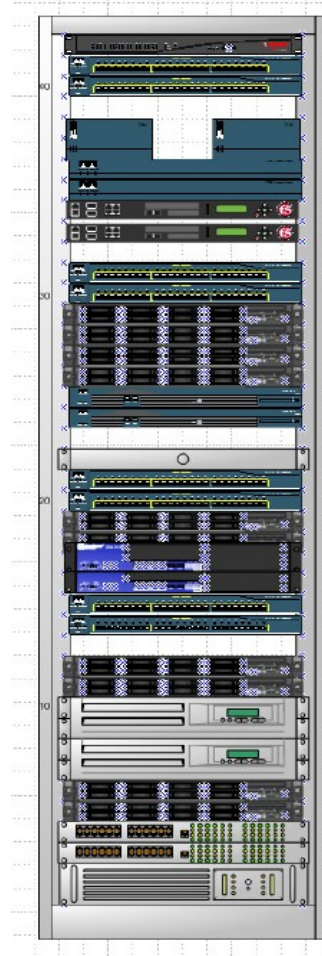
- **Our in-house core capability:** (a) Software development, (b) managed hardware services including TaaS, (c) on-premise client connectivity, and (d) hardware break and fix



MobiNET: our Service Delivery Platform

What is MobiNET?

- **Multi-Tenant (MobiNET) or Single Tenant (DEFIMNET)**
- **Secure Cloud:** Best in class implementation of a system and networking framework
- **Identity - Authentication - Authorization:** Public Key Infrastructure
- **PKI:** Certificate Authority Hierarchy
- **Control and Signaling:** Enabling the Applications
- **Provisioning and Administration:** MAP
- **System Monitoring and Incident Response:** R1Scout
- **Auditing and Reporting**
- **Traversing Firewalls:** MobiNET Switching Arrays
- **Securing Connections:** CryptoPath



DEFIMNET Facts

- High Availability
- Designed for scalability; unlimited granular horizontal scalability across all components
- Can be used for Route1 derived credential technology, DerivID
- Can be used for other solutions needing authentication services
- Not a single security breach in over a decade of field operations
- Authorities to Operate (ATOs) from: OSD, Department of the Navy, USMC and Department of the Interior



Security Software: MobiKEY

MobiKEY is a complete desktop, secure remote access technology that integrates multi-factor authentication and identity management in a mobile computing environment.



Technology Differentiators:

- PIV card-based multi-factor authentication in compliance with HSPD-12 mandate.
- Your data stays within your network's perimeter. No DAR. No risk of data leakage.
- Not a browser-based technology. Not vulnerable to Man-in-the-Browser attack vectors.
- Not a VPN. No open inbound ports. Mitigates risk of penetration attacks.
- Next generation secure access technology. Mitigates risk of malware introduction.



...: with sec is t priority.

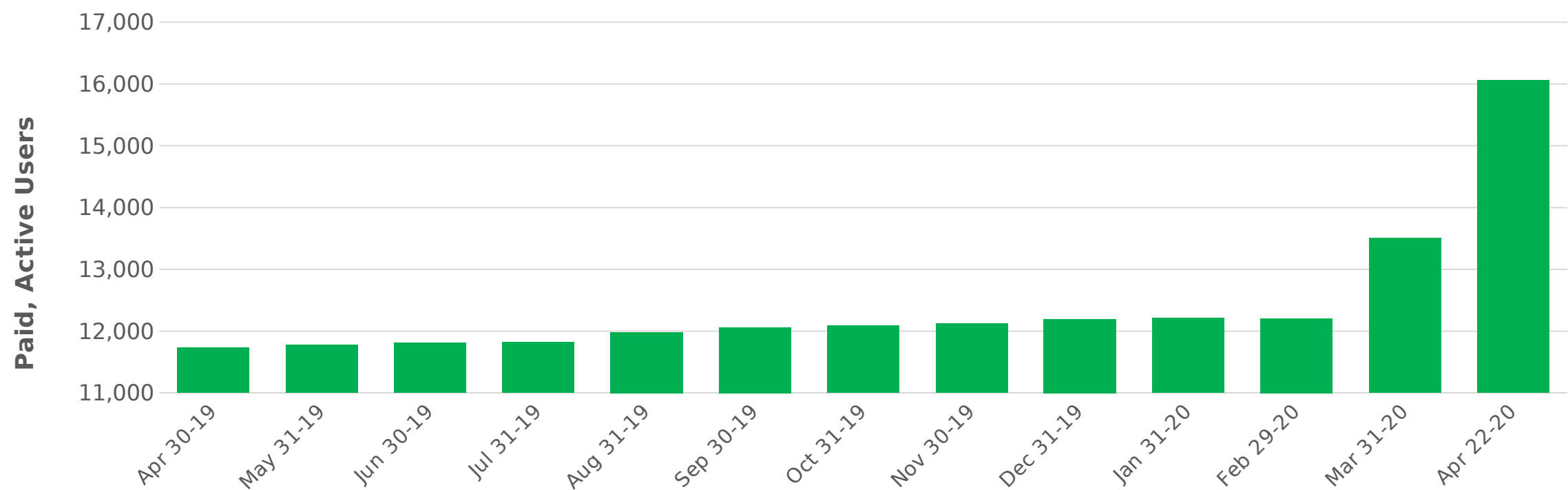
COVID-19 Impact at a High Level

The coronavirus pandemic has resulted in:

- Substantially increased MobiKEY sales as government and business customers quickly move to work-from-home scenarios and look to Route1 for a highly secure remote computing technology.
- Slowed the delivery of rugged device shipments to our US clients.
 - OEMs have had some difficulties in assembling finished products as the supply chain from China has constrained production and deliveries of finished goods.
- US based factory shutdowns during the month of April 2020 – small impact in March 2020. May is unknown.
- Delayed installations of LPR projects – impacted in March and April 2020. May is unknown.
 - Not an issue of losing a job or the gross profit; simply a timing issue.

Understanding the MobiKEY Impact: Subscribers

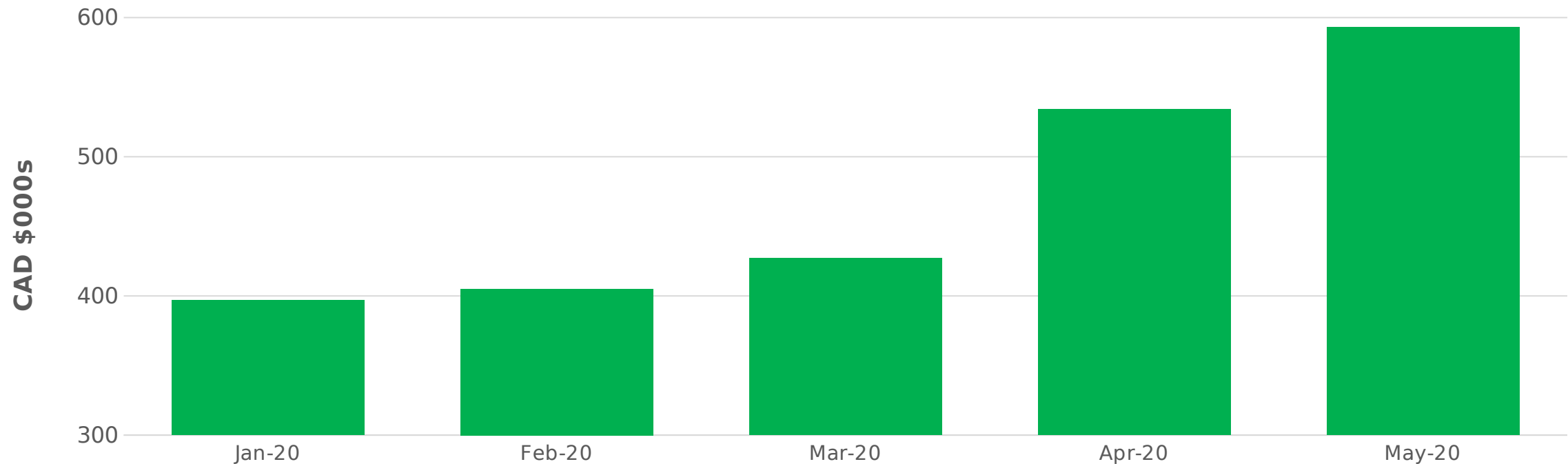
MobiKEY Subscriptions



Note: Does not include the surge 15,000 users granted to JSP at no additional revenue

Understanding the MobiKEY Impact: Revenue

**MobiKEY Subscription Revenue
By Month**



Note: The May and April 2020 values are based on sales already processed and assume for presentation purposes no additional MobiKEY subscriber growth during those months.

MobiKEY Client Notes

MobiKEY

- **Department of the Navy (DON)**
 - New DEFIMNET:
 - New Navy ATO expected during Q2-20.
 - New DEFIMNET to be used shortly after receipt of ATO.
- **Joint Service Provider (JSP)**
 - March 31, 2020 license renewed and paid.
 - New contract structure is base year plus four, one year renewal options.
 - Similar pricing to 2019 renewal.
 - Surge user capability to from 4,000 to 19,000 users.
 - With COVID-19 they are using the surge capability.

R & D Priorities

- Since early March 2020, focus has been on:
 1. Expanding the number of users and concurrent users our MobiNET and three DEFIMNET platforms can support.
 2. The Department of the Navy ATO for the new DEFIMNET.
 3. Improving the JSP DEFIMNET based user experience.
 4. Released MobiKEY 7.0 – week of April 6, 2020.
 5. Development of the latest version for our MobiNET Switching Array.
 6. MobiKEY for Android, 64-bit support

Annual Operating Performance

In 000s of CAD Dollars	FY 19 A	FY 18 A	FY 17 A	FY 16 A	FY 15 A	FY 14 A	FY 13 A
Revenue	24,010	26,231	6,070	7,447	6,397	6,078	5,433
Subscription Revenue and Services	7,834	6,209	5,698	7,080	6,218	5,470	4,948
Gross Margin	9,032	7,499	4,745	5,973	5,233	4,932	4,296
Gross Margin %	38%	29%	78%	80%	82%	81%	79%
Expenses	8,214	6,892	4,736	5,231	4,515	4,397	4,485
Operating Income	818	607	9	742	718	535	(189)
EBITDA	1,941	1,275	401	1,203	1,152	901	72
AirWatch Litigation	(1,289)	(841)	(270)	(56)	0	0	0
Net (Loss) Income	(554)	(434)	(610)	330	728	637	(343)

Quarterly Operating Performance

In 000s of CAD Dollars	Q4 A 2019	Q3 A 2019	Q2 A 2019	Q1 A 2019	Q4 A 2018	Q3 A 2018	Q2 A 2018
Revenue	8,403	8,714	3,430	3,462	4,074	14,895	5,577
Subscription Revenue and Services	2,511	2,136	1,610	1,576	1,628	1,684	1,632
Devices, Appliances and Other	5,891	6,578	1,820	1,886	2,446	13,210	3,943
Gross Margin	2,750	2,761	1,758	1,762	1,858	2,584	1,957
Gross Margin %	33%	32%	51%	51%	46%	17%	35%
Expenses	2,360	2,336	1,824	1,694	1,714	2,150	1,891
Operating Income	390	425	(66)	68	144	434	65
EBITDA	676	743	200	322	330	627	272
Net Income (Loss)	510	1	(553)	(512)	(355)	188	13

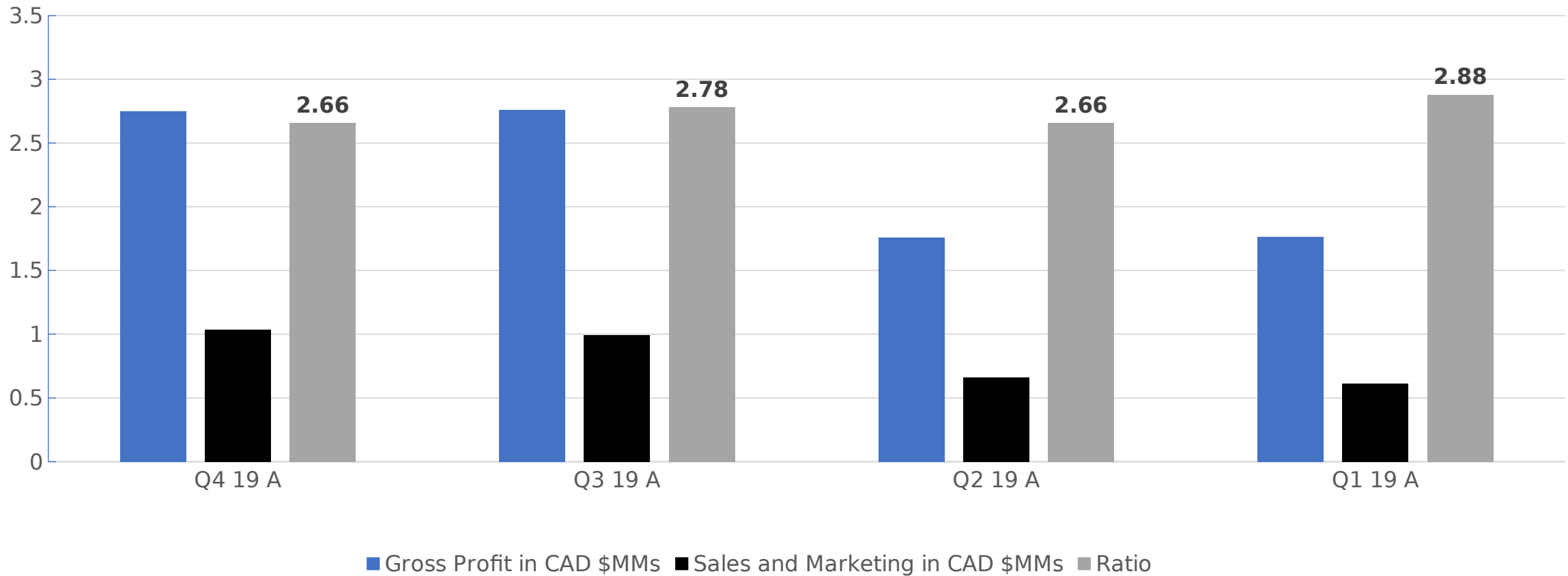
Subscription Revenue and Services

In 000s of CAD Dollars	Q4 A 2019	Q3 A 2019	Q2 A 2019	Q1 A 2019	Q4 A 2018	Q3 A 2018
Application Software	1,202	1,182	1,196	1,186	1,169	1,193
Technology as a Service	353	322	311	307	329	288
Other Services	956	632	103	83	130	203
Total	2,511	2,136	1,610	1,576	1,628	1,684

Operating Expenses

In 000s of CAD Dollars	Q4 A 2019	Q3 A 2019	Q2 A 2019	Q1 A 2019	Q4 A 2018	Q3 A 2018
General and Administration	1,133	1,157	1,015	997	942	1,350
Research and Development	192	186	147	85	164	166
Selling and Marketing	1,035	993	662	612	608	634
Total	2,360	2,336	1,824	1,694	1,714	2,150

Gross Profit to Sales and Marketing Cost Ratio



Balance Sheet

In 000s of CAD Dollars	Dec 31 2019 A	Sep 30 2019 A	Jun 30 2019 A	Mar 31 2019 A	Dec 31 2018 A
Cash	126	320	702	367	1,073
Total current assets	6,206	6,106	6,219	5,106	3,664
Total current liabilities	9,035	8,749	8,626	6,033	4,034
Contract liability (incl. in current liabilities)	1,750	2,422	2,258	2,626	1,540
Net working capital	(2,829)	(2,643)	(2,407)	(927)	(370)
Fixed and intangible assets	4,940	4,932	5,307	2,955	2,267
Total assets	12,630	11,780	12,268	8,803	6,673
Bank debt and seller notes	2,415	2,294	1,862	-	-
Total liabilities	11,650	11,307	11,415	7,943	5,208
Shareholders' Equity	980	473	854	860	1,465

Capital Expenditures

In 000s of CAD Dollars	FY A 2019	Q4 A 2019	Q3 A 2019	Q2 A 2019	Q1 A 2019
Leasehold Improvements	1	-	-	(3)	4
Furniture and Equipment	-	-	-	-	-
Computer Hardware (including TaaS)	578	56	172	152	198
Computer Software	53	11	2	-	-
Intangibles	60	10	-	70	11
Total	691	77	174	220	213

- Summary of 2019 large investments:
 - \$388,000 for DON DEFIMNET
 - \$105,000 for TaaS assets: GMI
 - \$96,000 for internal and MobiNET infrastructure upgrades
 - \$40,000 internal costs capitalized for ScreenSTOP
 - \$30,000 for newly-awarded patent 1810-4010

MobileTek

MobileTek

- Based in Cincinnati, Ohio.
- Owned 100% by Howard Mandel, *not that Howie Mandel*.
- Same business model as GroupMobile.
- Closed April 9, 2020.
- No purchase price.
 - COVID-19 impact.
- 2019: Revenue of US \$2.94 mm, gross profit of US \$0.47 mm.
- Three employees
 - Two sales reps and one help desk



An advanced North American technology company that empowers their clients with data-centric solutions that drive greater profitability, improve operational efficiency and gain sustainable competitive advantages – all while emphasizing a strong cybersecurity and information assurance posture.

Q4 2019 Shareholder Call

April 23, 2020