



Route1 Reports 2018 First Quarter Financial Results

Acquisition of Group Mobile included in the Quarterly Results

TORONTO, May 29, 2018 -- [Route1 Inc.](#) (OTCQB:ROIUF) (TSXV:ROI) (the "Company" or "Route1"), a leading technology solutions innovator dedicated to delivering secure data protection technologies and mobility solutions for government and the enterprise sector, earlier today announced its first quarter (Q1) financial results for the period ended March 31, 2018.

The Company's Q1 results include results from Group Mobile Int'l, LLC ("Group Mobile") for the nine days from March 22 to March 31, 2018.

Statement of operations <i>In 000s of CAD dollars</i>	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Revenue					
Subscription revenue and services	1,264	1,263	1,177	1,347	1,911
Devices and appliances	388	109	159	24	30
Other	32	48	2	-	-
Total revenue	1,684	1,420	1,338	1,371	1,941
Cost of revenue	585	331	362	298	335
Gross profit	1,100	1,089	976	1,073	1,606
Operating expenses	1,136	1,164	1,131	1,151	1,289
Operating (loss) profit ¹	(36)	(75)	(155)	(78)	317
Total other expenses ²	(24)	170	183	157	109
Comprehensive net (loss) gain	(60)	(245)	(338)	(235)	208

¹ Before stock based compensation and patent litigation

² Includes stock based compensation, AirWatch litigation, gain on acquisition and foreign exchange

Subscription revenue and services by quarter <i>in 000s of CAD dollars</i>	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Application software	1,260	1,263	1,177	1,347	1,759
Appliance licensing or yearly maintenance	-	-	-	-	152
Technology as a service (TaaS)	-	-	-	-	-
Other services	4	-	-	-	-
Total	1,264	1,263	1,177	1,347	1,911

Adjusted EBITDA reconciliation <i>in 000s of CAD dollars</i>	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Gross Profit	1,100	1,089	976	1,073	1,606
Adjusted EBITDA ³	46	24	(46)	16	406
Amortization	82	99	109	94	89
Operating (loss) profit	(36)	(75)	(155)	(78)	317

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.

Route1 used cash in operating activities of approximately \$0.2 million during Q1 2018 compared with cash generated from operating activities of \$0.4 million in Q1 2017. Non-cash working capital used was \$0.4 million in Q1 2018 compared to \$1.6 million used in the same period a year earlier. Net cash used in the day-to-day operations for the three months ended March 31, 2018 was \$0.6 million compared to \$1.2 million in Q1 2017, a decrease of \$0.6 million. The decrease in net cash used was a result of an increase in deferred revenue for the three months ended March 31, 2018 and the working capital balances acquired with the acquisition of Group Mobile.

Balance sheet extracts <i>In 000s of CAD dollars</i>	Mar 31 2018	Dec 31 2017	Sep 30 2017	Jun 30 2017	Mar 31 2017
Cash	600	1,037	1,408	2,080	704
Total current assets	6,292	2,035	2,856	2,924	1,890
Total current liabilities	6,292	1,829	2,534	2,396	1,113
Net working capital	-	206	322	528	777
Total assets	8,646	3,171	4,081	4,213	3,114
Bank debt	-	-	-	-	-
Total shareholders' equity	2,256	1,236	1,432	1,720	1,904

Route1's cash position historically has been at its highest level during the second quarter of the fiscal year as a direct result of the timing of annual MobiKEY subscription renewal payments. With the closing of the [Group Mobile](#) acquisition, this likely will change and the highest level of cash on Route1's balance sheet will be tied to the timing of payments related to Group Mobile sales.

The following table summarizes the estimated fair value of the consideration transferred and the preliminary estimated fair values of the assets acquired and liabilities assumed at the acquisition date of for [Group Mobile](#). Route1 may adjust the preliminary purchase price allocation up to one year after the acquisition closing date.

Assets acquired (in 000s of US Dollars)		Liabilities assumed (in 000s of US Dollars)	
Cash and cash equivalents	\$ 246	Trade and other payables	\$ 1,724
Trade and other receivables	\$ 1,233	Employee liabilities	\$ 80
Inventory	\$ 590	Sales tax payable	\$ 51
Prepaid expenses	\$ 3	Contract liability	\$ 85
Current assets	\$ 2,072	Total liabilities	\$ 1,940
Furniture and fixtures (net)	\$ 47	Fair value of net assets acquired	\$ 1,039
TaaS assets (net)	\$ 860		
Fixed assets	\$ 907		
Total assets	\$ 2,979		

in 000s of CAD Dollars

Fair value of net assets acquired	\$ 1,341
Less: Consideration paid	\$ 1,034
Gain on acquisition	\$ 307
Less: Acquisition costs	\$ 200
Net purchase gain on acquisition	\$ 107

Investor Conference Call and Webcast

Route1 will hold a conference call and web cast to discuss the Company's financial results and provide a business update on Tuesday, May 29, 2018 at 4 p.m. eastern. Participants should dial Toll-Free: 1-800-263-0877 or Toll/International: 1-646-828-8143 at least 10 minutes prior to the conference, pass code 7132615. For those unable to attend the call, a replay will be available on May 29, 2018 after 7 p.m. at Toll-Free 1-844-512-2921 or Toll/International 1-412-317-6671, pass code 7132615 until 11:59 am on June 12, 2018.

The webcast will be presented live at <http://public.viavid.com/index.php?id=129861>.

About Route1 Inc.

Route1 Inc. is a leading technology solutions innovator dedicated to enabling mobility for government and focused enterprise vertical markets by delivering secure data protection technologies and mobility solutions. The Company's suite of patented enterprise security solutions, which includes MobiKEY, ActionPLAN, *Powered by MobiNET*, MobiENCRYPT and DeriVID, delivers best-in-class authentication, data security, data analytics and secure remote access, running on a proven, trusted infrastructure, which meets or exceeds the highest security standards for government and industry. Route1 has earned a Full Authority to Operate from the U.S. Department of Defense, the U.S. Department of the Navy, the U.S. Department of the Interior, and other government agencies. The Company is proud to be a trusted solutions partner in the banking, healthcare, legal, education, public sector, manufacturing, logistics, field service and warehousing industries.

Through Route1's wholly owned subsidiary, Group Mobile Int'l, LLC, the Company is a trendsetter in the enterprise technology space by providing expertise in building mobility solutions and deploying complete offerings into vertical markets through specialized hardware, software and our expanding services capabilities. Route1 is a pioneer in IIoT (Industrial Internet of Things) through the delivery of our ActionPLAN, *Powered by MobiNET* technology, which not only captures data from electrical inputs including sensor data but takes it to the next level by interpreting, analyzing, transforming the data to deliver strategic business intelligence.

The diverse but complimentary technologies our Company provides, along with the level of experience and expertise of our team, uniquely positions us as the pre-emptive leader in secure and complete mobile technology solutions. Route1 remains focused and dedicated to serving the needs of our business partners; to positively influence their profitability, contribute to their longevity and share in their success. With offices and staff in Washington, D.C., Boca Raton, FL, Phoenix AZ, Chattanooga TN and Toronto, Canada, Route1 provides leading-edge solutions to public and private sector clients around the world. 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.

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