



ROUTE1 ANNOUNCES BUSINESS UPDATES AND ITS FINANCIAL RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2025

Route1 to Launch an Actionable Business Intelligence Software Application for its ALPR Clients

TORONTO, CANADA, MAY 29, 2025 - [Route1 Inc.](#) (TSXV: ROI) (“Route1” or the “Company”), a leading engineering and professional services firm specializing in the deployment and integration of advanced data capture-based technologies, and actionable business intelligence (“ABI”) to city, state, and federal first responder departments, public safety and parking managers, today provided important business updates and reported its financial results for the three-month period ended March 31, 2025.

ACTIONABLE BUSINESS INTELLIGENCE (“ABI”) SOFTWARE APPLICATION LAUNCH

In June 2025, Route1 will unveil an advanced business intelligence platform purpose-built to harness the dormant power of automated license plate recognition (ALPR) data. Designed to seamlessly integrate with the Genetec AutoVu™ system, this platform transforms high-volume ALPR telemetry into a structured framework for operational optimization - delivering unparalleled intelligence to municipalities, universities, and enterprise parking operators.

Route1’s actionable intelligence solution empowers parking and public safety professionals to extract strategic value from raw ALPR feeds via a secure, analytics-driven architecture. By assessing systemic performance, monitoring dynamic inventory utilization, and quantifying enforcement outcomes, the platform operationalizes insight in alignment with real-world objectives—shifting decision making from reactive to predictive, and from anecdotal to empirical.

Route1’s cloud-native platform utilizes continuous ALPR camera streams into the Route1 Neural Intelligence Fabric™ - a proprietary, ultra-scalable orchestration engine engineered for real-time event synthesis and semantic signal extraction. Drawing on deep parking domain expertise, raw ALPR telemetry is transfigured into the Operational Intelligence Matrix™: a precision-modeled, high-fidelity substrate built for tactical clarity and actionable insight. This intelligence layer powers our interactive visualization engine, delivering an unprecedented level of operational visibility—enabling operators to uncover inefficiencies, forecast enforcement hotspots, and deploy strategy with surgical precision. By aligning predictive analytics with live operational signals, the system transforms fragmented telemetry into a unified strategic core—amplifying revenue recovery, regulatory compliance, and urban safety.

Through an intuitive interface, professionals can compare current operational performance against adaptive benchmarks derived by Route1’s domain experts. These benchmarks - segmented by Enforcement and Parking - serve as intelligent baselines for real-time KPI tracking, trend deviation



analysis, and compliance monitoring across a rolling twelve-month window. With embedded analytics and continuous feedback loops, the system elevates visibility, accountability, and impact at every layer of operational oversight.

Version 1.0, launching in June 2025, will focus on data captured by mobile ALPR units - commonly referred to as Enforcement Metrics. These include real-time tracking of license plate scans, hit rates, and enforcement outcomes - categorized as successful, unenforced, or rejected hits - delivering a high-resolution view of mobile enforcement performance and route efficacy.

Version 2.0, slated for release in July 2025, will introduce **integrated mapping capabilities**, enabling users to spatially contextualize enforcement data for geo-specific insight, heatmap overlays, and precision route refinement.

Version 3.0, planned for Fall 2025, will incorporate data from **fixed ALPR cameras** - classified as Parking Metrics. This expansion unlocks detailed visibility into parking session density, violation frequency, facility utilization rates, dwell time distributions, and incomplete session anomalies, empowering operators to optimize policy enforcement, staffing, and monetization strategies with data-backed precision.

Tony Busseri, President and CEO of Route1, stated: *“As we bring this powerful, action-oriented software application to market, we recognize that operational intelligence is never one-size-fits-all. Whether the use case is municipal enforcement or private facility optimization, our team remains agile, responsive, and deeply committed to tailoring features, functions, and pricing to the specific needs of our clients. Our support model is built from the ground up to reflect how our users actually operate - and where they need insight most.”*

With more than fifteen years successful deployments across sensitive environments, Route1 brings proven expertise in delivering secure, purpose-driven solutions. Our cybersecurity portfolio is anchored in three pillars: (a) security of access to systems and data-in-transit, which mitigates network perimeter vulnerabilities; (b) high-assurance data-at-rest protection in mobile form factors; and (c) cryptographically secured, enterprise-scale file sharing.

In combining advanced ALPR analytics with military-grade security principles, Route1 ensures that its clients not only gain visibility - they gain confidence.

U.S. DEPARTMENT OF STATE BID

Earlier in May, the U.S. Department of State (the “State Department”) formalized its continued requirement for an enterprise-wide Secure Portable Data Storage to safeguard their Data-at-Rest when a portable solution is required by releasing a request for proposal or RFQ. Route1, through a



government contracting business partner responded to the RFQ. The State Department on Friday, May 23, 2025 withdrew the RFQ due to bid process and compliance issues.

The RFQ that was cancelled on Friday had a base period of performance that was set to begin on June 1, 2025 and end on May 31, 2026, and the contract would have included 4, one-year renewal options extending the award potentially to May 31, 2030. Further, there was to be no minimum order quantity, and the maximum value of the blanket purchase agreement (“BPA”) was USD \$4.5 million.

Route1’s PocketVault P-3X and SEMS technology is the current technology deployed by the Department of State. A BPA was awarded to Spyru Solutions, Inc., a Route1 company, in September 2019 and expired in September 2024. Since expiring in the fall of 2024, the Department of State has been purchasing small quantities through other means. The impact of the limited purchasing from the Department of State is reflected in the Company’s first quarter 2025 financial results.

Tony Busseri, President and CEO of Route1 stated: *“We are disappointed that the State Department RFQ was cancelled but we continue to believe we have the right technological solution based on their stated requirements. We will continue to work with our contracting partner to best position ourselves for success when the eventual RFQ is let, which we expect to be in June 2025.”*

Route1’s proposed technological solution is comprised of two of our core products: (a) **PocketVault P-3X**, portable data storage and encryption devices; and (b) Spyru Enterprise Management System (**SEMS**), a comprehensive data and device lifecycle management platform that enforces policies and provides remote control capabilities over the devices. Route1’s solutions’ capabilities are further enhanced by the NcryptNshare product that leverages strong cryptography to offer a decentralized mechanism for sharing documents and data with high assurance confidentiality.

All of Route1’s underlying technologies are founded on our deep expertise in cryptography, identity management and Zero Trust security paradigms that are essential to maintain a strong security posture. Securing the federal government’s data and systems has always been at the core of Route1’s research and development efforts.

MONETIZING ROUTE1’S EMPLOYEE RETENTION CREDITS

The Employee Retention Credit (“ERC”), also known as the Employee Retention Tax Credit (“ERTC”), was designed to help businesses recover from the COVID-19 pandemic. The overall goal of the program was to encourage employers to retain employees during pandemic-related business shutdowns and slowdowns.

First introduced in March 2020 as part of the Coronavirus Aid, Relief, and Economic Security Act, the ERC has been updated twice since its original creation. In November 2021, the ERC program expired

early with the signing of the Infrastructure Investment and Jobs Act. The change limited ERC claims to wages paid before October 1, 2021, except for recovery startup businesses. Businesses can still retroactively claim ERC by amending their 2020 or 2021 tax returns, meaning employers can still claim the credit for actions during the pandemic on their tax returns up until the year 2024.

Route1 has such credits filed prior to January 31, 2024 totaling USD \$467,030 and filed an additional USD \$852,972 in credits between February 1, 2024 to January 31, 2025. Route1 engaged a third-party professional to assist in its submission.

The credits were for Route1's wholly owned U.S. subsidiaries Route 1 Security Corporation, Group Mobile Int'l, LLC and Portable Computer Systems, Inc. relating to wages paid to employees between April 1, 2020 and September 30, 2021.

After considering risk factors and the time value of money, Route1 has recognized a long-term receivable and other income in the amount of USD \$179,807 in the quarter ended March 31, 2025.

Route1 is also exploring the monetization of the ERCs by way of selling them to a third-party financier. Based on current discussions, Route1 anticipates that a monetization of some of the ERCs could happen in the second or third quarter of 2025. Should Route1 not sell the ERCs to a financier and based on recent market evidence, the IRS could pay some or all of Route1's claims over the next 12 months if they are ultimately accepted.

UPDATE ON PREVIOUSLY ANNOUNCED NEW CONTRACTS

On April 10, 2025, Route1 announced that it had secured new purchase orders in excess of CAD \$1.4 million from the procurement departments of two major cities in the southwestern United States with anticipated order delivery in the second quarter of 2025 of ruggedized devices including hardware, warranties and support.

Approximately CAD \$1.35 million from the two orders has been shipped, and the balance will be shipped in June 2025.

A rugged device is a computer or tablet used by law enforcement, fire departments, and paramedics. It has a high-performance processor, long battery life, a sunlight-readable display, and a rugged chassis that meets military standards for durability. It's capable of withstanding drops, extreme temperatures, and exposure to water, making it a reliable tool in emergency situations.

In addition, many ruggedized devices can be mounted in vehicles and are used by paramedics, firefighters, and police officers to access critical data in real-time, such as medical records, building

plans, and criminal databases. These devices are essential for enhancing situational awareness and improving the efficiency of public safety operations.

Ruggedized devices are indispensable tools for first responders, providing them with the reliability, durability, connectivity, and information they need to perform their duties effectively in high-pressure, hazardous situations. These devices empower first responders to work more efficiently, make informed decisions, and enhance safety for themselves and the public they serve.

Q1 2025 FINANCIAL RESULTS

Highlights and Lowlights:

- The first quarter of 2025 was a challenging period for Route1 that was impacted by little to no PocketVault P-3X sales to the State Department and timing delays for the shipment of certain rugged device orders.
- Route1 continues to evolve its revenue model to be less dependent on transactional work and more invested in recurring revenue opportunities tied to our client's use of technology to capture relevant data to improve their envisioned outcomes whether it is business or public safety driven.
- Based on the first two months of the second quarter of 2025, Route1 has already realized revenue in excess of that for its entire first quarter of 2025.
- Route1 expects a return to operating profitability in the second quarter of 2025.

Statement of operations	Q1	Q4	Q3	Q2	Q1	Q4
<i>In 000s of CAD dollars</i>	2025	2024	2024	2024	2024	2023
Revenue						
Subscription and services	\$1,327	\$1,130	\$1,417	\$888	\$906	\$1,064
Devices and appliances	906	2,804	2,301	2,605	3,123	3,222
Other	-	(3)	(12)	(9)	3	10
Total revenue	2,234	3,931	3,706	3,484	4,032	4,296
Cost of revenue	1,324	2,542	2,376	2,269	2,716	2,797
Gross profit	910	1,389	1,331	1,215	1,317	1,499
Operating expenses	1,306	1,464	1,418	1,457	1,431	1,558
Operating profit ¹	(395)	(75)	(87)	(242)	(115)	(59)
Total other expenses ²	181	226	196	86	34	223
Net income (loss)	(\$214)	(\$301)	(\$283)	(\$328)	(\$149)	(\$282)

¹ Before stock-based compensation

² Includes 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.

Tony Busseri, President and CEO of Route1 stated: “Not a good quarter when considering any financial metric. We can point to drivers that were outside of our control, ultimately our revenue model needs to generate more stability and growth. We are optimistic that the ABI software application will generate new and sizable recurring software revenue and increased ALPR client support contracts while also leading to an enhanced offering differentiation.”

Adjusted EBITDA¹	Q1	Q4	Q3	Q2	Q1	Q4
<i>In thousands of Canadian dollars</i>	2025	2024	2024	2024	2024	2023
Adjusted EBITDA	(\$190)	\$130	\$147	\$2	\$134	\$226
Depreciation and amortization	205	205	234	245	248	285
Operating profit	(\$395)	(\$75)	(\$87)	(\$242)	(\$115)	(\$59)

¹ 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

<i>In 000s of CAD dollars</i>	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
	2025	2024	2024	2024	2024	2023
Cash	\$1	\$87	(\$47)	\$136	\$27	\$38
Total current assets	1,939	3,422	3,099	2,501	2,650	3,071
Total current liabilities	6,317	7,573	8,585	7,983	7,856	8,089
Net working capital	(4,378)	(4,151)	(5,486)	(5,482)	(5,206)	(5,018)
Total assets	7,942	9,380	8,923	8,677	9,017	9,541
Net bank debt and seller notes	3,480	3,147	2,690	2,953	2,783	3,258
Total shareholders' equity	(\$618)	(\$383)	(\$211)	\$47	\$407	\$584

As of May 29, 2025, there are a total of 525,000 options currently outstanding under the stock option plan.

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. 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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