

Route1 Announces Q3 2024 Financial Results

Toronto, Canada, November 26, 2024 - [Route1 Inc.](#) (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- and nine-month periods ended September 30, 2024.

Statement of operations	Q3	Q2	Q1	Q4	Q3	Q2
<i>In 000s of CAD dollars</i>	2024	2024	2024	2023	2023	2023
Revenue						
Subscription and services	\$1,417	\$888	\$906	\$1,064	\$1,148	\$1,159
Devices and appliances	2,301	2,605	3,123	3,222	3,370	3,026
Other	(12)	(9)	3	10	5	(1)
Total revenue	3,706	3,484	4,032	4,296	4,523	4,184
Cost of revenue	2,376	2,269	2,716	2,797	2,998	3,011
Gross profit	1,331	1,215	1,317	1,499	1,525	1,173
Operating expenses	1,418	1,457	1,431	1,558	1,542	1,533
Operating profit ¹	(87)	(242)	(115)	(59)	(18)	(360)
Total other expenses ²	196	86	34	223	52	265
Net income (loss)	(\$283)	(\$328)	(\$149)	(\$282)	(\$70)	(\$625)

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 expenses.

Adjusted EBITDA ¹	Q3	Q2	Q1	Q4	Q3	Q2
<i>In thousands of Canadian dollars</i>	2024	2024	2024	2023	2023	2023
Adjusted EBITDA	\$147	\$2	\$134	\$226	\$297	(\$27)
Depreciation and amortization	234	245	248	285	314	333
Operating profit	(\$87)	(\$242)	(\$115)	(\$59)	(\$18)	(\$360)

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.

Subscription and services revenue	Q3	Q2	Q1	Q4	Q3	Q2
<i>in 000s of CAD dollars</i>	2024	2024	2024	2023	2023	2023
Application software	\$37	\$49	\$129	\$139	\$280	\$343
Other services	1,380	839	777	925	868	816
Total	\$1,417	\$888	\$906	\$1,064	\$1,148	\$1,159

Other services revenue <i>in 000s of CAD dollars</i>	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Technology life-cycle maintenance and support	\$370	\$356	\$347	\$323	\$314	\$310
Professional services	1,010	483	430	602	553	506
Total	\$1,417	\$839	\$777	\$925	\$867	\$816

“Not a dramatic quarter, rather a steady quarter that showed continued operational improvement, revenue growth and improving free cash flow. Route1’s fourth quarter should also demonstrate quarter over quarter improvement and set us up for a financially improved fiscal year 2025, said Tony Busseri, Route1’s CEO”.

Balance Sheet Extracts

<i>In 000s of CAD dollars</i>	Sep 30 2024	Jun 30 2024	Mar 31 2024	Dec 31 2023	Sep 30 2023	Jun 30 2023
Cash	(\$47)	\$136	\$27	\$38	\$23	\$27
Total current assets	3,099	2,501	2,650	3,071	3,877	3,563
Total current liabilities	8,585	7,983	7,856	8,089	8,728	8,484
Net working capital	(5,486)	(5,482)	(5,206)	(5,018)	(4,851)	(4,921)
Total assets	8,923	8,677	9,017	9,541	10,678	10,571
Net bank debt and seller notes	2,690	2,953	2,783	3,258	3,248	3,378
Total shareholders’ equity	(\$211)	\$47	\$407	\$584	\$838	\$936

Business and Operations Metrics

Route1 has established three operating metrics that are critical to the Company’s business model, initially creating cash flow stability and then generating sustainable shareholder value. It is the Company’s goal to demonstrate success through cash flow generation that provides for meaningful debt reduction and improved returns on invested capital, and additionally demands scaling the business model through acquisition.

In early 2025, the Company will provide shareholders with updated operating metrics for fiscal year 2025 and 2026, better reflecting the next stage in the Company’s development - growth.

- A. Gross profit (GP) generated from non-MobiKEY and other Route1 software application sales on a quarterly basis needs to achieve and maintain a minimum value of US \$1.15 million (“Benchmark A”). Gross profit is defined as revenue less devices and appliances direct costs but does not include other direct costs including salaries, wages and consulting fees, bad debts and travel expenses.

in US 000s	Q3-24	Q2-24	Q1-24	Q4-23	Q3-23	Q2-23
Quarter Value	\$1,129	\$998	\$1,064	\$1,170	\$1,124	\$794

- B. Recurring ALPR support contracts need to grow to more than US \$1.0 million in annualized revenue (“Benchmark B”).

Route1 started the 2022 fiscal year at a base of US \$595,000 per annum.

in US 000s	Q3-24	Q2-24	Q1-24	Q4-23	Q3-23	Q2-23	Q1-23
Quarter Value	\$272	\$261	\$258	\$237	\$235	\$228	\$212
Annualized Value	\$1,088	\$1,044	\$1,032	\$946	\$941	\$914	\$847

- C. Fixed costs including amortization need not exceed CAD \$1.65 million per quarter (“Benchmark C”).

In CAD 000s	Q3-24	Q2-24	Q1-24	Q4-23	Q3-23	Q2-23	Q1-23
Fixed Costs	\$1,418	\$1,457	\$1,431	\$1,558	\$1,542	\$1,533	\$1,805

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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