Route1 Reports Third Quarter 2026 Results

Gross Profit and Adjusted EBITDA Increase as Gross Margin Reaches 49%; Recurring Revenue Grows 37% Year Over Year

TORONTO, CANADA, November 9, 2026 - Route1 Inc. ("Route1" or the "Company") (TSXV: ROI), a provider of technology-enabled services focused on parking operations, public safety, and mobility, today announced its financial results for the three and nine months ended September 30, 2026.

All results are shown in Canadian dollars unless noted otherwise.

Q3 and year to date 2026 financial notes

- Revenue increased 2% sequentially to $2.437 million from $2.399 million in Q2.
- Gross profit increased 11% sequentially to $1.202 million; gross margin expanded to 49% from 45%.
- Operating income before other income and expense was $83,000, compared with a $128,000 loss in Q2.
- Adjusted EBITDA increased to $251,000 from $43,000 in Q2 and $220,000 in Q3 2025, and recurring revenue was up 48% sequentially to US$831,000, and recurring gross profit was up 45% to US$520,000. Adjusted EBITDA, recurring revenue, recurring gross profit, net debt and adjusted working capital are non-IFRS financial measures. They have no standardized meaning under IFRS and may not be comparable with other issuers' measures.
- Nine-month operating cash flow increased to $602,000 from $345,000 a year earlier.
- Net debt declined by $115,000 from June 30, 2026, while adjusted working capital improved by $236,000 over the same period. Net debt comprises bank indebtedness and notes payable (including promissory notes), less cash, and excludes lease liabilities, and adjusted working capital excludes current bank indebtedness, notes payable, contract liabilities and lease liabilities.

"We are shifting Route1 from a business driven by one-time hardware sales and projects toward recurring licenses, support and operational services. Lower transactional revenue has reduced total revenue during that transition, but recurring customer relationships are contributing more revenue and gross profit. In Q3, total revenue grew from Q2, gross profit increased more than 10% and we returned to positive operating income," said Tony Busseri, Chief Executive Officer of Route1. "Our priority is to build on these results, convert more customer opportunities into recurring relationships and continue reducing debt."

Q3 2026 compared to Q3 2025 financial notes

Compared with Q3 2025, Q3 2026 revenue declined 18%, while gross profit increased 2% and subscription revenue and services grew 23%. Net loss was $23,000, compared with net income of $253,000. The prior-year quarter included $309,000 of employee retention credit (ERC) income, Q3 2026 had none. Foreign exchange moved from a $22,000 gain to a $68,000 loss.

Statement of operations

Unaudited in thousands of CAD dollars	Q3-26	Q2-26	Q1-26	Q4-25	Q3-25
Subscription revenue and services	1,479	1,121	981	1,041	1,203
Devices and appliances	949	1,246	1,572	1,596	1,758
Other	8	32	14	-	(7)
Total revenue	**2,437**	**2,399**	**2,567**	**2,637**	**2,954**
Cost of revenue	1,234	1,313	1,560	1,610	1,775
Gross profit	**1,202**	**1,085**	**1,007**	**1,027**	**1,179**
Operating expenses	1,119	1,213	1,062	1,186	1,136
Operating income (loss)	**83**	**(128)**	**(54)**	**(159)**	**44**
Total other income (expense)	(124)	140	(28)	(163)	212
Income (loss) before tax	(41)	12	(82)	(322)	256
Income tax expense (recovery)	(18)	13	-	5	3
Net income (loss)	**(23)**	**(1)**	**(82)**	**(327)**	**253**

Summary balance sheet

In thousands of CAD dollars	Sep 30, 2026 (Unaudited)	Dec 31, 2025 (Audited)
Total assets	**8,171**	8,134
Net debt	**2,754**	2,785
Total liabilities	**8,697**	8,535
Shareholders' equity (deficiency)	**(526)**	(401)

Adjusted EBITDA

In thousands of CAD dollars	Q3 2026	Q2 2026	Q3 2025	YTD 2026	YTD 2025
Reported operating income (loss)	**83**	**(128)**	**44**	**(99)**	**(277)**
Add depreciation and amortization	168	171	176	518	576
Adjusted EBITDA	**251**	**43**	**220**	**419**	**299**

Adjusted EBITDA adds depreciation and amortization to reported operating income (loss); no other adjustments apply. Management uses it to assess operating performance and debt-service capacity. It is not a substitute for reported operating income, its closest IFRS measure.

Quarterly recurring revenue and gross profit

Amounts in thousands of U.S. dollars. The same definitions apply to all periods.

In thousands of US dollars	Q3 2026	Q2 2026	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025
Total recurring revenue	**831**	**562**	**525**	**557**	**606**	**725**	**384**
Recognized over the service term	317	337	338	313	300	293	266
Recognized at a point in time	514	225	187	244	306	432	118
Less: Associated recurring direct costs	311	203	158	187	264	265	99
Recurring gross profit	**520**	**359**	**367**	**370**	**342**	**460**	**285**

Revenue recognized over the service term decreased by US$20,000, from US$337,000 in Q2 2026 to US$317,000 in Q3 2026, reflecting the timing of customer renewals and a one-time reduction in revenue of US$24,959 in August 2026.

Recurring revenue grew 37% year over year; recurring gross profit grew 52%.

Recurring revenue includes continuing software, license, support and operational-service revenue, including qualifying Genetec renewals, under reported gross or net presentation. MobiKEY and one-time activity are excluded. Recurring GP deducts associated direct costs without double-counting net supplier amounts. Management uses these historical measures to assess recurring customer relationships; reported revenue and GP are the closest IFRS measures.

Reconciliation of recurring revenue and recurring gross profit

U.S.-dollar recurring measures are translated using the exchange rates applied in consolidation. Excluded activity includes MobiKEY, non-recurring operations and applicable consolidation adjustments.

In thousands of dollars	Q3 2026	Q2 2026	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025
Recurring revenue (US$)	831	562	525	557	606	725	384
Currency translation adjustment	333	210	196	220	226	291	165
Recurring revenue (C$)	1,164	772	721	777	833	1,016	549
Add revenue outside recurring measures (C$)	1,273	1,627	1,846	1,860	2,121	2,675	1,685
Reported revenue (C$)	**2,437**	**2,399**	**2,567**	**2,637**	**2,954**	**3,691**	**2,234**
Recurring gross profit (US$)	520	359	367	370	342	460	285
Currency translation adjustment	208	134	137	146	128	184	123
Recurring gross profit (C$)	729	493	504	517	469	644	408
Add gross profit outside recurring measures (C$)	473	593	503	510	710	703	502
Reported gross profit (C$)	**1,202**	**1,085**	**1,007**	**1,027**	**1,179**	**1,348**	**910**

Reconciliation of net debt

Management uses net debt to assess borrowing obligations after available cash. Lease liabilities are excluded.

In thousands of CAD dollars	September 30, 2026	June 30, 2026	December 31, 2025
Bank indebtedness, current and non-current	2,159	2,344	2,431
Notes payable, including promissory notes	698	557	386
Less cash	(103)	(32)	(33)
Net debt	**2,754**	**2,869**	**2,785**

Reconciliation of adjusted working capital
Management uses adjusted working capital to assess the working-capital position excluding current borrowing obligations, contract liabilities and lease liabilities.

In thousands of CAD dollars	September 30, 2026	June 30, 2026
Current assets	3,128	2,609
Less current liabilities	(8,365)	(7,802)
Reported working capital	**(5,237)**	**(5,193)**
Add current bank indebtedness	2,159	2,279
Add current notes payable	497	284
Add current contract liabilities	1,186	933
Add current lease liabilities	176	243
Adjusted working capital	**(1,219)**	**(1,455)**

Annual general and special meeting
Route1's annual general and special meeting will be held on November 10, 2026 at 10:00 a.m. Eastern Standard Time at Fasken Martineau DuMoulin LLP, Suite 2400, 333 Bay Street, Toronto, Ontario. Meeting materials are available at www.envisionreports.com/PSEQ2026 and on SEDAR+.

About Route1 Inc.
Route1 Inc. is a North American technology company focused on parking operations, public safety and mobility. Through its technology, services and recurring operational-support offerings, Route1 helps customers deploy, operate and optimize automated license plate recognition, parking and mobility technologies.

Route1's offerings include Genetec AutoVu-based ALPR solutions, Comprehensive+ lifecycle and operational support, Route1 ABI parking analytics and business intelligence, and related technology and professional services.

Additional information about Route1 is available under the Company's profile on SEDAR+.

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CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS
This news release contains statements that are not current or historical factual statements and that may constitute forward-looking statements or future-oriented financial information within the meaning of applicable Canadian securities laws.

Forward-looking statements in this news release include, among other things, statements regarding expected Q4 2026 revenue growth and EBITDA improvement; the Company's ability to grow recurring revenue; the conversion of business-development opportunities into purchase orders, deployments and recurring-revenue relationships; the timing and completion of customer procurement processes; the expected impact of legal, legislative, privacy and cybersecurity developments on customer demand, procurement timing, sales cycles and market opportunities; management's belief that the ALPR market is undergoing structural change and that this change may create medium-term replacement, modernization and governance-driven opportunities for the Company; the Company's ability to sustain and expand its shift toward higher-quality recurring revenue; the Company's ability to expand Comprehensive+, Route1 ABI and lifecycle-support relationships; the development and commercialization of Route1 ABI capabilities; debt reduction; the strengthening of the Company's financial position; the Company's operating priorities and expectations for the remainder of 2026; the implementation of the amended Long-Term Incentive Plan, the receipt of acceptance of such amendment from the TSX Venture Exchange, and the approval of the Long-Term Incentive Plan by shareholders; and like matters.

These statements are based on certain factors and assumptions, including management's current expectations regarding customer demand, procurement timing, purchase-order conversion, deployment schedules, recurring-revenue growth, gross margins, operating expenses, business-development activity, technology development, customer retention, the Company's ability to execute its commercial strategy, the continuation of the Company's recent shift in revenue mix toward recurring, higher-margin support and operational services at a similar pace to recent periods, management's current expectations regarding the pace and direction of regulatory, legislative, privacy and cybersecurity developments affecting the ALPR market, the implementation of the amended Long-Term Incentive Plan, the receipt of acceptance of such amendment from the TSX Venture Exchange, and the approval of the Long-Term Incentive Plan by shareholders, and other factors considered reasonable by management based on information currently available.

Forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from those expressed or implied by such statements. These risks and uncertainties include, but are not limited to, market demand for the Company's products and services; the timing and outcome of customer procurement and approval processes; delays in purchase orders, deployments or implementation; the ability to convert business-development opportunities into revenue; the timing and mix of device, project and recurring revenue; customer concentration;

technology-development and implementation risks; competitive conditions; the risk that anticipated market, regulatory or governance-driven opportunities in the ALPR sector do not materialize as expected, develop on a different timeline than anticipated, or are captured by competitors rather than the Company; the risk that the Company is unable to sustain or expand the pace of its shift toward recurring, higher-margin revenue; working-capital requirements; access to capital; the Company's ability to reduce debt and improve profitability and cash generation; changes in laws, regulations or customer policies affecting ALPR and related technologies; the ability or inability to obtain, in a timely manner or at all, all necessary regulatory and shareholder approvals required to implement and maintain the Long-Term Incentive Plan; and the other risks described in the Company's continuous disclosure filings available on SEDAR+.

Although Route1 believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that these expectations will prove to be correct. Readers should not place undue reliance on forward-looking statements.

Forward-looking statements contained in this news release are made as of the date hereof. Except as required by applicable securities laws, Route1 undertakes no obligation to update or revise any forward-looking statements to reflect subsequent events or circumstances.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.