

Route1 Closes the Purchase of PCS Mobile

Toronto, June 28, 2019 - [Route1 Inc.](#) (OTCQB: ROIUF and TSXV: ROI) (the “Company” or “Route1”), an advanced North American provider of industrial-grade data intelligence, user authentication and ultra-secure mobile workforce solutions, today announced that it has completed the acquisition of Portable Computer Systems, Inc. (“PCS Mobile”) which was previously announced on June 14, 2019.

About PCS Mobile

[PCS Mobile](#) is a computer reseller with expertise in mobile data applications, including wireless products for in-vehicle use. The company offers guidance and state-of-the-art mobile devices for a wide range of applications including utilities, telecommunications, field services, insurance, healthcare, Fire/EMT, police and public safety - as well as state and local government.

Based in Denver, Colorado, PCS Mobile services customers primarily located in the Southwestern and Rocky Mountain regions of the U.S. Rugged devices and applications include but are not limited to Panasonic Toughbook mobile computers, Xplore and Getac rugged tablets, [Genetec](#) license plate recognition solutions, and accessories from Gamber-Johnson and Havis.

Based on prior year’s results, Route1 expects PCS Mobile to add annualized revenue of approximately US \$15 million with a gross margin of 14% to 16%. The EBITDA contribution from PCS Mobile is expected to be consistent with current Route1 results.

PCS Mobile currently has 19 employees or full-time equivalents. Most of the company’s employees are based in the Denver, CO office. Locations in which PCS Mobile has employees include Denver (CO), Oxnard and Los Angeles (CA), Detroit (MI), Omaha (NE) and Bridgeport (TX).

The retained team will be 15, including Kathy Pakkebier (President and CEO) and Martin Murphy (Vice President) under three-year employment agreements. Post-closing, Ms. Pakkebier and Mr. Murphy will sit on Route1’s steering committee and each act in a sales / business development capacity.

LPR and Genetec

The addition of Genetec’s license plate recognition (LPR) solutions enhances Route1’s data security and data analytics portfolio of application software owned or resold with application enhancements. Genetec is a provider of IP video surveillance, access control and license plate recognition solutions unified in a single platform. The company is known for providing license plate reading technology to law enforcement.

According to Grand View Research, Inc. the North American smart parking market is expected to reach US \$4.11 billion by 2025; developing better solutions to avoid traffic congestion and for systematic positioning of vehicles across the cities are the key factors driving the market growth. Off-street systems are also anticipated to gain traction due to the increasing traffic congestion in urban environments. This market segment is expected to witness considerable growth over the forecast period from 2017 to 2025 and was valued at US \$672.6 million in 2016.

PCS Mobile is the leading supplier in the Mid-West for AutoVu, the Genetec LPR technology. The AutoVu™ automatic license plate recognition system automates license plate reading and identification, making it easier for law enforcement and for municipal and commercial organizations to locate vehicles of interest and enforce parking restrictions. Designed for both fixed and mobile installations, the AutoVu system is ideal for a variety of applications and entities, including law enforcement, municipal and commercial organizations. The AutoVu LPR solution is often coupled with rugged devices and accessories, further increasing the revenue opportunity for PCS Mobile.

Route1's Strategy

Route1 is acquiring PCS Mobile to bring the “new” GroupMobile business model to the southwestern US - geographic expansion, add to the size and quality of the GroupMobile sales team, and leverage PCS Mobile’s current and future placement of rugged mobile devices and license plate recognition technology - creating significant opportunities to sell data security and analytics software applications and capabilities to PCS Mobile customers.

Transaction Details

Route1 entered into a share purchase agreement on June 14, 2019 to acquire PCS Mobile. Earlier today, Route1 completed the purchase of PCS Mobile for total consideration of US \$2.5 million. Consideration included (a) US \$1,030,000 in cash, (b) US \$500,000 by way of 11.2 million common shares of Route1 Inc., (c) US \$250,000 in an unsecured note with principal amortization annually in arrears with amortization of \$80,000 in year one and two, and \$90,000 in the third year, and an annual interest rate of 3% paid annually in arrears, and (d) US \$720,000 in an unsecured note with amortization monthly in arrears with a straight line amount of \$20,000, an annual interest rate of 2.37% paid monthly in arrears, and a condition of payment is the continued employment of each of Ms. Pakkebie and Mr. Murphy, who are married.

Additional transaction terms include no assumption of indebtedness, a minimum cash balance of \$200,000, a working capital balance that is reflective of the time of year and the nature of business, and a key employee non-compete and non-solicitation for a period equivalent to the term of employment plus two years.

[About Route1 Inc.](#)

Route1, operating under the trade name **GroupMobile**, is an advanced North American provider of industrial-grade data intelligence, user authentication, and ultra-secure mobile workforce solutions. The Company helps all manner of organizations, from government and military to the private sector, to make intelligent use of devices and data for immediate process improvements while maintaining the highest level of cyber security. 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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