

# Route1

11:41 08 Mar 2018

## Route1 to acquire Group Mobile Int'l from XpresSpa in deal with potential value of US\$2mIn

Route1 Inc. (OTCMKTS:ROIUF, TSXV:ROI), a provider of data protection and identity authentication technology, said it has agreed to acquire Group Mobile Int'l LLC from XpresSpa Group Inc. (NASDAQ:XSPA) in a deal that is expected to close in late March.

XpresSpa Group, an operator of airport spas that is based in New York, said the deal is for Route1 common stock and warrants with an estimated value of US\$1mIn and earn-out provisions likewise valued at US\$1mIn.

Group Mobile is based in Chattanooga, Tennessee, and Chandler, Arizona, and is a supplier of rugged mobile computers, mobile devices and accessories to what Route1 called "a number of the world's largest automotive manufacturing companies and suppliers, the world's largest manufacturing company, as well as local and state governments in the southeastern and southwestern United States."

Route1 said the acquisition will provide it with additional sales resources for existing technologies and "sales bench strength, training and mentoring to the existing Route1 sales team."

XpresSpa ditches another non-core asset

According to XpresSpa Group, Group Mobile is the latest non-core asset that it is selling as it looks to focus on the spa business. Andrew Perlman, CEO of XpresSpa Group, said the company is "nearing completion of creating a pure play wellness business, and will continue to work on completing sales of the few remaining non-core assets."

Route1 said it will issue to XpresSpa Group 25 million common shares and 30 million, three-year common share purchase warrants with an exercise price of 5 Canadian cents per common share. After the closing, XpresSpa Group will own about 6.7% of Route1's undiluted common shares, Route1 said.

Route1 said there also may be one or more payments to XpresSpa Group based on Group Mobile's results reaching certain thresholds in each 12-month period during the first three years after the closing or for the three years in aggregate post-closing. Specifically, Route1 said, if the gross profit of Group Mobile is in excess of US \$3.75mIn per 12-month period, then XpresSpa Group will receive 27.5% of the actual gross profit amount greater than US\$3.75mIn.

If the gross profit target is missed in the first or second year, no subsequent annual earn-out payment will be made. There is also a cumulative earn-out that is equal to 27.5% of Group Mobile's gross profit for the first 36 months post-closing that is in excess of US\$11.25mIn less any annual earn-out amounts previously made.

In late-morning trading Thursday, Route1 was up a fraction at 1.76 US cents a share and XpresSpa Group was up 1.9% at 94.8 US cents a share.

**Price:** \$0.32

**Market Cap:** \$11.59 m

### 1 Year Share Price Graph



September 2018 March 2019 September 2019

### Share Information

**Code:** ROI

**Listing:** TSX-V

**52 week High Low**  
0.8 0.3

**Sector:** Business & education services

**Website:** www.route1.com

### Company Synopsis:

*Route1 delivers security and identity management solutions to customers worldwide.*

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