BSM Technologies Acquires Mobi

- Transaction enhances BSM's commercial fleet management solutions to include planning, scheduling, route optimization and fleet analytics -

Toronto, ON, October 4, 2016 – BSM Technologies Inc. ("BSM" or the "Company") (TSX: GPS), a leading provider of remote monitoring, fleet management and fleet diagnostics today announced the acquisition of substantially all of the assets of Mobi Corp. ("Mobi"), through the Company's subsidiaries, (the "Transaction") for initial cash consideration of US$8.0 million before working capital adjustments plus potential earn-out payments up to US$17 million. Mobi's appointment scheduling, route optimization and analytics software solutions are expected to provide a strong complement to BSM's current product suite; positioning the Company to increase market share, better serve customers and further strengthen its competitive position. All figures are in US dollars unless otherwise noted.

Mobi is a privately-held software provider with a core product offering of several modules utilizing GPS data and analytics to enable its customers to better manage operational activities such as planning, scheduling, routing and dispatch. As an example, mobi.Route uses Mobi's proprietary technology to reduce mileage and increase on time arrival allowing users to balance operational costs and customer satisfaction. With mobi.Result and mobi.Insight, Mobi's GPS analytics modules, users are able to access key operating metrics such as revenue compared to cost-per-trip and easily identify variances between planned and actual performance. These visual tools convert large amounts of raw GPS data into actionable business intelligence. With the addition of the Mobi product suite, BSM will now be able to offer customers an end-to-end solution that will optimize fleet-related operations.

"We are continuously working to strengthen our competitive position and overall value proposition with innovative solutions that further entrench us with our customers and ultimately better serve their needs, increasing overall customer satisfaction," said Aly Rahemtulla, BSM's President and CEO. "Through our acquisition of Mobi, we are able to move beyond collecting and reporting data toward providing our customers with solutions to optimize their daily operations. In addition, the acquisition will add predominantly SaaS recurring revenue and will drive EBITDA margin expansion."

Mr. Rahemtulla continued: "Recently, we introduced the Mobi product offering to a select group of our clients that utilize our telematics solution. The response from customers to these additional capabilities and deep insight into their fleet operations was very encouraging. The ease of technology integration between our products, combined with the positive feedback from our customers, gives us confidence that this acquisition will further expand our customer footprint and provide opportunities for future growth by offering enriched solutions to commercial fleet operators."

Terms of the Transaction:

Upon closing, BSM will pay $8.0 million before working capital adjustments to Mobi in cash consideration. Mobi has a current, contracted Mobi Recurring Revenue base of $6.2 million, generating approximately $750,000 in Mobi Adjusted EBITDA (see non-GAAP Disclosures section below for the definition of Mobi Recurring Revenue and Mobi Adjusted EBITDA). Up to a maximum of $17.0 million in cash (the "Total Earn-Out Amount") is eligible to be paid during a two-year period (the "Earn-Out Period") immediately following the closing of the Transaction, contingent upon the Mobi products achieving certain Mobi Recurring Revenue and Mobi Adjusted EBITDA milestones calculated in accordance with US GAAP in the Earn-Out Period.

The Total Earn-Out Amount, if any, payable by BSM will be contingent upon the Mobi products reaching up to six achievement targets (collectively, the “Achievement Targets”), which will be determined at the following three intervals: (i) the two-month anniversary of the closing of the Transaction based on annualized November 2016 Mobi Recurring Revenue and Mobi Adjusted EBITDA results; (ii) the one-year anniversary of the closing of the Transaction based on the previous 12-month Mobi Recurring Revenue and Mobi Adjusted EBITDA results; and (iii) the second-year anniversary of the closing of the Transaction based on the previous 12-month Mobi Recurring Revenue and Mobi Adjusted EBITDA results. The specific Achievement Targets are based on the Mobi products achieving: (i) at least 100% of either the Mobi Recurring Revenue or Mobi Adjusted EBITDA milestone at the applicable anniversary; and (ii) at least 90% of the other milestone.

Achievement Targets	***Closing***	***#1***	***#2***	***#3***	***#4***	***#5***	***#6***
Required Mobi Recurring Revenue	--	$7.0	$8.0	$9.0	$10.0	$11.0	$12.0
Required Mobi Adjusted EBITDA	--	$1.0	$2.0	$3.0	$4.0	$5.0	$6.0
Incremental Consideration	$8	$2.0	$3.0	$3.0	$3.0	$3.0	$3.0
Cumulative Earn-Out Consideration	--	$2.0	$5.0	$8.0	$11.0	$14.0	$17.0
Cumulative Purchase Price	$8	$10	$13	$16	$19	$22	$25

Mr. Rahemtulla added: “We structured the Transaction with the specific earn-out targets in recognition of the pipeline that Mobi has managed to build over the last few years as well as their distinguished customer list. With the Transaction now complete, our focus shifts towards converting existing opportunities in the pipeline and executing on cross-sell opportunities within the BSM customer base. As we continue to see increasing demand for “pre” trip planning, route optimization and fleet analytics from a number of our customers across all verticals, we are excited to have the Mobi team join us. Their technology and expertise will enhance our value proposition across our verticals and drive growth in the business.”

In order to allow for additional financial flexibility, BSM also has restructured its debt facility, replacing its current $6.0 million term facility with a committed C$20.0 million five-year revolving credit facility.

About Mobi Corp. (www.mobicorp.com)

Mobi Corp., founded in 1996 by satellite experts from MIT Lincoln Labs is a leader in the data analytics space. With its core suite of software modules focused on planning, scheduling and route optimization using GPS data, they provide large commercial fleet operators with increased visibility into asset utilization, optimizing operations and driving increased revenue while minimizing costs. Mobi is headquartered in Austin, Texas and serves customers ranging from small fleets of 10 vehicles to large enterprise fleets in excess of 4,000 vehicles.

About BSM Technologies Inc. (**www.bsmwireless.com**)

BSM Technologies Inc., through its subsidiaries, is a global top 20 commercial fleet telematics provider for automatic vehicle location (AVL) solutions that improve efficiency, accountability and reduce costs for fleet operators. BSM’s end-to-end solutions automate record keeping and regulatory compliance, reduce fuel burn and idling, mitigate risk, and keep drivers safe. BSM provides solutions for commercial and government units who manage and operate diverse assets and large fleets that utilize its integrated fleet tracking, fleet maintenance, and intelligent business engine which provides real time, web-based tracking of mobile and fixed assets.

For more information, please visit http://www.bsmwireless.com

Non-GAAP Disclosures

BSM believes that investors use certain non-GAAP financial measures as indicators to assess telematics companies, specifically recurring revenue, EBITDA and Adjusted EBITDA. "Recurring Revenue" includes monthly application service provider fees, monthly software as a service fees, monthly monitoring fees, and resale of cellular and satellite data. BSM believes that Recurring Revenue provides useful information to BSM's investors because it shows the long term nature of service revenue. Recurring Revenue is separately disclosed by BSM in it's management discussion and analysis and together with hardware revenue and service revenue comprise total revenue as reported in the Company's financial statements. "EBITDA" and "Adjusted EBITDA" are measures of operating profitability. BSM believes that EBITDA and Adjusted EBITDA provide useful information to its investors because they exclude transactions not related to the core cash operating business activities, allowing meaningful analysis of the performance of a company's core cash operations. EBITDA is an indicator of the financial results generated by business activities and is derived by excluding the following items from net income: the impact of any financing activities; amortization of property, equipment and intangible assets; and taxes with respect to various jurisdictions. Adjusted EBITDA is a further refinement of EBITDA to remove the effect of: acquisition, integration and restructuring related costs; share-based compensation expense; write-off of goodwill or other impairments to any financial and non-financial assets; fair value adjustments on contingent consideration; and costs related to certain legal actions. BSM believes that using these metrics enhances an overall understanding of a company's results and BSM presents them for that purpose.

Specifically, as it relates to non-GAAP financial measures in the context of the Achievement Targets, such measures differentiate from the Company's measures defined above as follows:

1) Mobi Recurring Revenue is as determined in accordance with US GAAP as applied by Mobi whereby such revenue is the aggregate amount of revenue recognized in the applicable period for the payment of subscription, licensing, hosting, maintenance, or hardware fees in connections with the sale of Mobi products pursuant to contracts which are continuing and which provide for regular payments and which are reasonably likely to recur on a continuous basis.

2) Mobi Adjusted EBITDA is determined in accordance with US GAAP as applied by Mobi whereby such measure is defined as net income excluding the following items: interest, taxes, depreciation and amortization as well as all non-cash expenses.

Cautionary Note Regarding Forward-Looking Statements

This news release contains "forward looking information" within the meaning of applicable Canadian securities laws. Such forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect" and "intend" and statements that an event or result "may", "will", "should", "could", or "might" occur or be achieved and any other similar expressions. Such forward-looking information includes but is not limited to, statements with respect to the future financial or operating performance of the Company and the Mobi products and the ability to capitalize on future opportunities and statements regarding synergies and financial impact of the Mobi products. These forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business and include, but are not limited to, efficiently and successfully selling the Mobi products to the Company's customers. Management believes that these assumptions are reasonable; however, some risks include, but are not limited to, the failure to efficiently or successfully cross-sell the Mobi products to the Company's customers, the failure to capitalize on future opportunities. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those contained in the forward-looking information. Some of these risks, uncertainties and other factors are described under the heading "Risk Factors" in BSM's annual information form for the year ended December 31, 2015 available at www.sedar.com. Forward-looking information is based on estimates and opinions of management at the date the statements are made. Except as required by applicable law, BSM does not undertake any obligation to update forward-looking information. Readers should not place undue reliance on forward-looking information.

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