



INVESTORS NEWS

FOR IMMEDIATE RELEASE

Gatekeeper Systems News Releases Fiscal 2017 Financials

Abbotsford, BC December 29, 2017 - Gatekeeper Systems Inc. ('Gatekeeper' or the 'Company') (TSX.V:GSI; OTC: GKPRF; FSE: 1GK) announces that it has filed its audited financial statements and management's discussion and analysis for the fiscal year ended August 31, 2017, available for viewing on www.sedar.com. All figures are expressed in Canadian dollars unless otherwise stated.

Financial Highlights

- Revenues in fiscal 2017 was \$7,605,107 compared to \$9,899,875 in fiscal 2016;
- Net loss for the fiscal year end 2017 was \$331,759 compared to a net income of \$695,566 during the fiscal year 2016;
- Gross margin as a percentage of revenue in fiscal 2017 remained at 51%;
- Revenue during the three months ended August 31, 2017 was \$2,651,543 compared to \$4,114,960 during the three months ended August 31, 2016;
- Gross profit during the three months ended August 31, 2017 was \$1,420,902 compared to \$2,170,440 during the three months ended August 31, 2016;
- EBITDA for the three months and fiscal year end August 31, 2017 was \$131,067 and (\$252,305), respectively; and
- As of August 31, 2017, the Company had cash and cash equivalents of \$6,312,093 and working capital of \$7,840,380.

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GATEKEEPER SYSTEMS INC.

301-31127 Wheel Ave, Abbotsford, BC V2T 6H1 P: 604-864-6187 F: 604-864-8472 Web: www.gatekeeper-systems.com



BUSINESS UPDATE

During the fourth quarter, the following notable events occurred:

- Entered into a contract for Transit Video Surveillance system with St. John's Transportation Commission Newfoundland, through HiTech Communications;
- Entered into a five-year recurring revenue contract for stop-arm cameras with Chattooga County School District;
- Sales from customers over \$100,000 in 2017 to 19 customers worth approximately \$3.5 million compared to 22 customers and approximately \$6.4 million in 2016; and
- The number of stop-arm camera evaluation sites remains at twenty-four, involving 1,862 buses owned by various school districts.

The Company's base business continued to support sales in the fourth fiscal quarter reaching a level of over \$2.65 million. The sales decrease is primarily due to the timing of certain sales contracts expected to land in the fourth quarter, but have been delayed for various reasons.

The current number of stop-arm camera evaluation sites remains at twenty-four, involving 1,862 buses owned by various school districts. Gatekeeper is working with school districts, law enforcement, and judicial systems to complete the evaluation phase on these sites and progress to commercial implementation, ideally in the form of revenue-sharing arrangements.

Gatekeeper Systems Inc.'s Transit Video Surveillance system is to be installed on all transit buses of the St. John's Transportation Commission by HiTech Communications, who was selected as the successful bidder on the Mobile Bus Camera Surveillance System tender which closed in early 2017.

The size of the contract which was awarded to Gatekeeper dealer partner, HiTech Communications, was \$306,000. A total of 55 vehicles including NOVA transit buses are to be outfitted with Gatekeeper's eight camera system including integration of vehicle sensors. Gatekeeper's video management software will be used to manage incidents recorded by Gatekeeper's digital video recorder.

The Company executed its fourth five-year revenue sharing contract (the "Contract") in the stop-arm camera business with Chattooga County School District, Georgia. Pursuant to the Contract, Gatekeeper will commence an initial installation of 15 systems consisting of Gatekeeper's Student Protector multilane stop-arm video enforcement cameras and Traffic Infraction Management (TIM) technology. Stop-arm violation fines in Georgia are \$300 USD for first time offence, \$750 USD for second time offence and \$1,000 USD for third time offence.

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PRODUCT NEWS

- **TIMS™** (Traffic Infraction Management System) – Gatekeeper continues its focus on the stop arm recurring revenue business. Instances of TIMS™ to support Habersham County and Troup County were deployed and went live during the year. Release 1.1 of TIMS™ software completed testing and was moved into the production environment. In addition to improved operational efficiencies and a refined user experience, release 1.1 introduced a front-end traffic manager that allows for greater flexibility in hosting TIMS™. During Q4 Chattooga County and Merriweather County were brought up on the TIMS™ software.
- Gatekeeper commenced shipment of the 508HD4a and the 504HD1a DVR's during the 4th quarter of 2017. These DVR's add the capability to record video from High Definition analog cameras in addition to standard definition and high definition IP cameras. The 508HD4a is targeted at the transit market. By supporting standard definition analog camera in addition to analog high definition and high definition IP cameras this DVR provides an upgrade path for transit operators.
- Gatekeeper G4 Vision Software – The Company initiated the branding of a cloud based suite of functionality called G4 Vision Software. The first product which was released in Q4 is a telematics connector that allows GPS (location and speed) information generated by a Gatekeeper DVR to be collected via a cellular link and passed to third party routing and planning software. Now customers can have an accurate record of the route their school bus took. This allows for more efficient planning of bus routes.
- Gatekeeper released the S31-AHD 720p high definition camera. The new camera is compatible with the new 304SD1a DVR and produces stunningly clear imagery. The S31-AHD is priced very competitively and significantly reduces the cost to the end customer of implementing high definition video in the mobile environment.

During the fourth quarter, Gatekeeper continued development of the G4 Vision Software suite which is a cloud based multi-database software application designed for hosting multiple forms of data from sensors such as:

- Video and GPS;
- People Counting and Student Tracking;
- Facial recognition for real time verification and evidence management;
- Driver behavior analysis;
- Accident investigation; and

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- Third party software integration.

MOVING AHEAD

The Company's working capital of roughly \$7.8 million will be used to fund operations in its base business, including the transit market, and accelerate the stop-arm camera business.

The Company is in the process of increasing its staff by up to 30% in the areas of senior management, sales, engineering and administration. The timing of some new hires will be directly related to the Company's revenue and profitability performance. A specific focus will be to add sales people in geographic regions where brand saturation is required.

The Company continues to explore and add new partners by way of business development and sales arrangements, third party software integrations, and new product technology partners to drive more revenue. The company is also looking at strategic acquisitions to increase revenue and expand distribution to existing and new markets. In addition, the Company is exploring expansion of its operations to the United States.

Doug Dymant, President and CEO of Gatekeeper commented, "2017 was a year of mixed results for the Company. Our revenue was down from the previous year largely due to the timing of certain projects expected to land but did not. Most of the projects we expected to land are still in the sales funnel and we are aggressively pursuing them. We increased our working capital to over \$7.8 million with over \$6 million in cash. We intend on using the cash for key hires in sales, engineering and technical support to accelerate growth. We are targeting individuals with specific industry experience to join our team to offer significant value in the markets the company operates in."

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Summary of Financial Results and Information

	For the years ended	
	August 31, 2017	August 31, 2016
	\$	\$
Revenue	7,605,107	9,899,875
Cost of Sales	3,753,445	4,848,332
Gross Profit	3,851,662	5,051,543
Gross Margin	51%	51%
Expenses	3,949,476	4,243,305
Operating Income (Loss)	(97,814)	808,238
Net Income (Loss) for the year	(331,759)	695,566
Earnings (Loss) per share –		
Basic	(0.00)	0.01
Diluted	(0.00)	0.01
Total Assets	8,871,139	4,549,330
Total Liabilities	825,991	1,034,998
Total Shareholders' Equity	8,045,148	3,514,332

Financial Reports

Full details of the financial reports and operating results for the fiscal year 2017 are described in the Company's consolidated financial statements with accompanying notes and related Management's Discussion and Analysis. These documents and additional information on Gatekeeper are available on SEDAR at www.sedar.com.

About Gatekeeper Systems Inc.

A TSX-V Company since 2013, Gatekeeper Systems Inc. has provided total mobile video security solutions to over 3,500 customers and has installations in every state and province in North America. Customers include school districts, public transit, law enforcement and military.

For more information visit: www.gatekeeper-systems.com.

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On behalf of the Board,

Douglas Dymont
President & CEO

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Cautionary Note Regarding Forward-Looking Statements: Certain statements made in this press release that are not historical facts are forward-looking statements and are subject to important risks, uncertainties and assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from our expectations expressed in or implied by such forward-looking statements. As a result, we cannot guarantee that any forward-looking statement will materialize and readers are cautioned not to place undue reliance on these forward looking statements. For more exhaustive information on these risks and uncertainties, the reader should refer to the risk factors described in the management's discussion and analysis for the year ended August 31, 2017. The forward-looking statements contained in this press release represent our expectations as of the date hereof. We disclaim any intention and assume no obligation to update or revise any forward-looking statements. Forward-looking statements are presented for the purpose of providing information about management's current expectations and plans and allowing investors and **others** to obtain a better understanding of our anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes. The Company undertakes no obligations to update or revise such statements to reflect new circumstances or unanticipated events as they occur, unless required by applicable law.

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