



INVESTORS NEWS

FOR IMMEDIATE RELEASE

Gatekeeper Achieves 43% Revenue and 31% Gross Profit Increase in First Quarter

Abbotsford, BC January 30, 2017 - Gatekeeper Systems Inc. ('Gatekeeper' or the 'Company') (TSX.V: GSI; OTC: GKPRF; FSE: 1GK) announces that it has filed its financial statements and management's discussion and analysis for the three months ended November 30, 2016, available for viewing on www.sedar.com. All figures are expressed in Canadian dollars unless otherwise stated.

Financial Highlights

- Revenue during the three months ended November 30, 2016 increased 43% to \$1,364,541 compared to \$955,574 during the three months ended November 30, 2015;
- Gross profit during the three months ended November 30, 2016 increased 31% to \$572,947 from \$436,967 during the three months ended November 30, 2015;
- Gross margin as a percentage of revenue during the three months ended November 30, 2016 decreased to 42%, compared to 46% during the three months ended November 30, 2015, representing a 9% decrease;
- Net loss for the three months ended November 30, 2016 was \$277,200 compared to a net loss of \$577,247 during the three months ended November 30, 2015;
- As of November 30, 2016, the Company had cash and cash equivalents of \$2,337,328 and working capital of \$3,077,251; and
- EBITDA for the three months ended November 30, 2016 was (\$258,773).

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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 first quarter, the following notable events occurred:

- Executed a five-year recurring revenue contract for stop-arm cameras with Habersham County School District;
- Increased total number of cameras shipped by 18% compared to same period 2016;
- Increased total number of mobile digital recorders shipped by 26% compared to same period 2016;
- Finalized testing of new multilane infrared license-plate-reading system for its stop-arm camera business; and
- Completed new features for Traffic Infraction Management System cloud software (“TIMS™”).

The Company’s base business continued to drive sales in the first fiscal quarter reaching over \$1.3 million. The sales increase was primarily due to an increase in camera sales and mobile digital recorders of 18% and 26%, respectively, compared to the same period in fiscal 2016.

The number of stop-arm camera evaluation sites remains at twenty-one, involving 1,693 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.

The Company executed its second five-year revenue sharing contract (the “**Contract**”) in the stop-arm camera business with Habersham County, Georgia. Equipment will be installed in the second quarter of 2017. Pursuant to the Contract, Gatekeeper will receive 50% of the revenue from each citation issued. 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.

PRODUCT NEWS

During the first quarter, the Company accomplished the following:

- TIMS™ continues to be a strong focus for Gatekeeper Engineering. A second instance of TIMS™ to support Habersham County was configured and went live during the quarter.
- Testing and qualification of enhanced storage options for Gatekeeper’s mobile DVR’s. As a result, a 256 GB commercial grade SD card and a 1TB Solid State drive have been added to Gatekeeper’s DVR storage options. Testing and qualification of storage allows

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Gatekeeper to provide data reliability so customers can rely on the video being available when they need it.

- There was significant activity in the development and testing of camera solutions to reduce cost and improve plate capture of its license plate camera systems in adverse lighting conditions. A new cost reduced analog LPR camera and a 1080p digital LR camera is now being moved to the next stage of Gatekeeper's product life cycle.
- Initiated field trial with end user of integrated third party telematics software and the company's video management software.

MOVING AHEAD

The Company continues to plan for expanding sales in multiple markets including the stop-arm camera and transit and law enforcement markets, as well as the transition of analog cameras to high-definition.

To date, Gatekeeper has been working on the following initiatives:

- Working with strategic software and alliance partners to build Gatekeeper brands in its base business as well as other mobile markets;
- Expanding revenue sharing programs with Gatekeeper's stop-arm cameras and Traffic Infraction Management software TIMS™;
- Transitioning stop-arm camera evaluation projects to revenue sharing contracts; and
- Expanding distribution of Gatekeeper's high-definition products in the Company's base business.

Doug Dymont, President and CEO commented, "We are satisfied with the top line increase in the first quarter of 2017 as compared to the first quarter last year. Our plan is to continue to drive profitability in our base business while increasing top line growth and transition a portion of the business to recurring revenue."

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Summary of Financial Results and Information

Consolidated Statement of Operations	Three months ended	
	November 30, 2016	November 30, 2015
Revenue	\$ 1,364,541	\$ 955,574
Cost of Sales	\$ 791,594	\$ 518,607
Gross Profit	\$ 572,947	\$ 436,967
Gross Margin	42%	46%
Expenses	\$ 893,770	\$ 1,034,589
Operating Loss	\$ (320,823)	\$ (597,622)
Net Loss for the period	\$ (277,200)	\$ (577,247)
Loss per share –		
Basic	\$ (0.00)	\$ (0.01)
Diluted	\$ (0.00)	\$ (0.01)
Total Assets	\$ 3,932,425	\$ 2,433,963
Total Liabilities	\$ 648,488	\$ 444,377
Total Shareholders' Equity	\$ 3,283,937	\$ 1,989,586

Financial Reports

Full details of the financial reports and operating results for the three months ended November 30, 2016 are described in the Company's condensed interim consolidated financial statements with accompanying notes and related Management's Discussion and Analysis. These documents and additional information on Gatekeeper is 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 period ended November 30, 2016. 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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