

GATEKEEPER

Gatekeeper Releases Fiscal 2018 Financial Results

Abbotsford, BC – December 27, 2018 - Gatekeeper Systems Inc. ('Gatekeeper' or the 'Company') (TSX.V: GSI; OTC: GKPRF; FSE: 1GK), a leading provider of mobile video surveillance systems developed to protect people and property for public transit, school districts, first responders, as well as the US military and Coast Guard, today reported its financial results for the year ended August 31, 2018.

Fiscal 2018 Financial Highlights

- Revenue for fiscal 2018 was \$7,850,933 compared to \$7,605,107 in fiscal 2017;
- Net loss for the fiscal year end 2018 was \$1,323,277 compared to a net loss of \$331,759 during fiscal year 2017;
- Gross margin as a percentage of revenue in fiscal 2018 was 53% as compared to 51% for fiscal 2017;
- Revenue during the three months ended August 31, 2018 was \$2,656,406 compared to \$2,651,543 during the three months ended August 31, 2017;
- Gross profit during the three months ended August 31, 2018 was \$1,421,827 compared to \$1,420,902 during the three months ended August 31, 2017;
- EBITDA for the three months and fiscal year end August 31, 2018 was a loss of \$280,409 and August 31, 2017 was an income of \$131,067; and
- As of August 31, 2018, the Company had cash and cash equivalents of \$4,166,622 and working capital of \$6,428,651.

BUSINESS UPDATE

Fiscal 2018 represented a repositioning of the Company's sales and marketing strategy to target large customers in both school bus and the transit markets. This strategy generated substantial success through increased order sizes and a greater sales diversification.

Several notable, new contracts were awarded to Gatekeeper as a direct result of efforts during the year:

1. US\$1.5 million from Midwest Transit equipment
2. US\$1.7 million from the Southeastern Pennsylvania Transportation Authority

3. Gatekeeper was also selected as video systems supplier for SEPTA's purchase of 335 New Flyer buses
4. Contract with New Flyer Industries to provide video system acceptance testing and in-warranty service on new buses being delivered to SEPTA
5. Contract with Shepard Bros., Inc. to provide warranty service repairs on buses delivered to SEPTA
6. Initial order received from Logan Bus, a NYC school bus operator with a fleet of more than 2,000 buses

At the end of fiscal 2018 the Company's contracted sales backlog and sales funnel have grown to exceed prior years, and have become weighted towards the transit industry, with school bus continuing contribute at historical levels. Service-based recurring revenue is now part of the Company's business model.

MOVING FORWARD

Protecting people in transit remains Gatekeeper's core business while video remains the centric piece of data required as evidence for management to proactively provide a safe and secure environment for their passengers.

The convergence of fleet safety and security operations is driving requirements for integrate telematics data, passenger counting, student tracking, routing and mapping with video to provide customers with a total operating picture for effective fleet management.

Mobile video equipment continues to evolve with the addition of new and different sensors, higher resolution images, larger storage, faster processing and increased durability. Differentiation, beyond video hardware is important with intelligence on the edge, combined with data analytics, being a key component to adding unique value to video hardware bundles.

Developing smart devices and providing video management software, that possesses the ability to integrate with other discrete systems, represents an opportunity to both gain an increased share of existing markets and enter new markets. Gatekeeper's development efforts are focused on providing a robust video management software platform that can easily integrate and interface with other manufacturers' devices and form a comprehensive control system that brings all components together in a single application.

Doug Dymant, President and CEO said, "Fiscal 2018 was a year of expansion and strategic repositioning for Gatekeeper." Dymant added, "Our expansion into the USA, through the creation of our subsidiary, Gatekeeper Systems USA Inc., demonstrates our commitment to delivering our products, service and support directly into the markets where our customers operate. During the year we invested in building our team's bench strength to create a solid, scalable foundation on which to grow our business. We are confident that the decisions and investments made during the year make Gatekeeper well positioned to achieve significant growth in the year ahead."

Summary of Financial Results and Information

	Three months ended		Years ended	
	August 31, 2018	August 31, 2017	August 31, 2018	August 31, 2017
Revenue	\$ 2,656,406	\$ 2,651,543	\$ 7,850,933	\$ 7,605,107
Gross Profit	\$ 1,421,827	\$ 1,420,902	\$ 4,189,070	\$ 3,851,662
Gross Margin	54%	54%	53%	51%
Expenses	\$ 1,739,283	\$ 1,084,440	\$ 5,584,266	\$ 3,949,476
Net Income (Loss) for the period	\$ (357,229)	\$ 114,076	\$ (1,323,277)	\$ (331,759)
Basic Income (Loss) per share	\$ (0.00)	\$ 0.00	\$ (0.02)	\$ (0.01)

	August 31, 2018	August 31, 2017
Total Assets	\$ 7,894,272	\$ 8,871,139
Total Liabilities	\$ 873,817	\$ 825,991
Total Shareholders' Equity	\$ 7,020,455	\$ 8,045,148

Full details of the financial reports and operating results for the fiscal year end August 31, 2018 are described in the Company's consolidated financial statements with accompanying notes and related Management's Discussion and Analysis, available on SEDAR at www.sedar.com.

About Gatekeeper Systems Inc.

Gatekeeper Systems Inc. engineers, manufactures and distributes wireless high-resolution video security and safety solutions for in-transit applications, including school buses, municipal transit, law enforcement and the military. The Company offers wireless live-streaming video surveillance, video analytics, driver monitoring, and incident management solutions to help protect school children, public transit users and employees while on the move. The Company has unique photo enforcement and auto-ticketing solutions which deter stop-arm violations and protect school children. Gatekeeper has installed over 100,000 video devices for more than 3,500 customers throughout North America. www.gatekeeper-systems.com

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, 2018. 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.