

INVESTORS NEWS

FOR IMMEDIATE RELEASE

Gatekeeper Reports First Quarter Results

Abbotsford, BC January 29, 2018 - 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, 2017, which are available for viewing on www.sedar.com. All figures are expressed in Canadian dollars unless otherwise stated.

Q1 2018 Financial Highlights

- Revenue during the three months ended November 30, 2017 increased by 5% to \$1,429,899 when compared to \$1,364,541 during the same period in the previous year;
- Gross profit during the quarter increased by 35% to \$770,620 when compared to \$572,947 during the same period in the previous year;
- Gross margin as a percentage of revenue improved to 54% for the quarter which compares to 42% for the same period in the previous year;
- Net loss for the quarter was \$340,715 which compares to a net loss of \$277,200 for same period in the previous year. Excluding non-cash charges, the adjusted net loss was \$236,094 for the quarter, which compares to an adjusted net loss of \$255,538 for the same period in the previous year. This represented an 8% improvement year-over-year. The term "adjusted net income" refers to net income before non-cash charges such as depreciation, inventory write-down, and share-based payment expenses;
- As at November 30, 2017, the Company had cash and cash equivalents of \$6,191,125 and working capital of \$7,625,565;
- EBITDA for the three months ended November 30, 2017 was a loss of \$322,222.



BUSINESS UPDATE

During the first quarter of fiscal 2018, the following notable events occurred:

- Completed installation of **Student Protector™** multi-lane stop-arm video enforcement cameras, equipped with the **TIM™** technology, on Chattooga Country School District's school buses;
- Strengthened the Board of Directors, appointing two senior transportation executives:
 Mr. Charlie Bruce – Former COO First Group America and National Express,
 Mr. David Stumpo – Former CEO Coast Mountain Bus (formerly BC Transit);
- Appointed Gordon Clissold as Chief Financial Officer of the Company;
- Number of cameras shipped increased by 36% when compared to the same period of the previous year;
- Number of mobile digital recorders shipped increased by 12% when compared to same period of the previous year;
- Introduced a 16 channel 1080p high definition Network Video Recorder (G4-716NVR) for the public transit market. The new NVR was showcased at American Public Transportation Association (APTA Expo Premier Showcase);
- Introduced three new high definition IP cameras targeted at the Transit Market;
- Finalized commercialization of plan for its G4 Vision software suite designed as a hosted service for remote management of the data the company's devices collect.

The Company's base business continued to drive sales in the first fiscal quarter reaching over \$1.4 million. The sales increase was primarily due to an increase in camera sales and mobile digital recorders of 36% and 12%, respectively, compared to the same period in the previous year.

The Company has five stop-arm camera system installations operating or in final phase of completion. Each contract has a term of five years with a five-year extension, based on various criteria.

The Company additionally has 23 stop-arm camera installations in evaluation phases, involving 1,829 buses owned by various school districts. Gatekeeper is working with school districts, law enforcement, and judicial systems to advance these evaluations to commercial implementation in a revenue sharing model.

PRODUCT NEWS

During the first quarter, the Company achieved the following:

- Introduced its G4 716 NVR for public transit. The G4 716 NVR is a full featured Network Video Recorder that records up to sixteen 1080p cameras at 30 fps. This NVR is completely integrated with Gatekeepers software and Cellular and WiFi product offering.
- Introduced three new cameras for the transit market. The TW202 IP camera adheres to the front windshield of a bus and provides a view of what is in front of the bus. Its compact design and cleverly hidden adjustments makes it virtually vandal proof. The TI 252 IP camera is designed to mount inside the bus while the TX 242 IP meets the stringent IP 69k (ingress protection) rating for exterior mounting. This camera is completely dustproof and survives powerful high temperature water jet testing, making it ideal to mount on the exterior of a bus.
- Continued development of the G4 Vision software suite, which is designed as a hosted application with multiple databases for collecting, analyzing and providing operation reports for transportation managers. Data collected from Gatekeeper mobile video recording devices including video, GPS, time and date, sensors and other metadata will be used to apply third party analytics software to provide transportation managers with predictability analysis with the goal to provide a safer environment on fleets.
- Enhanced the design of the G4 Connector. G4 Connector is an Application Programming Interface (API) that allows data from DVR/NVR's to be passed to third parties. Additionally, Gatekeeper will utilize this interface in the design of new cloud-based software functionality moving forward. The G4 Connector will support the acquisition and hand off of GPS (location and speed) data, G Sensor data, Emergency Help Button press and video clips associated with events.

MOVING AHEAD

The Company has expanded the sales team to target specific regions of the school bus and transit markets and is focused on the following initiatives:

- Seeking strategic software and alliance partners to build Gatekeeper brands in its base business and other mobile markets. The Company has identified multiple partners and is in the process of forming alliances, by way of integrated joint product offerings;
- Expanding opportunities in the stop-arm camera business;

- Advancing stop-arm camera evaluation projects to final agreements;
- Increasing product and service awareness in key geographic areas; and
- Increase engineering resources to accelerate the speed of getting products to market.

Doug Dymant, President and CEO commented, “*We are encouraged by the modest revenue increase in the first quarter of 2018, as compared to the same quarter last year, and the strong gross profit margin performance during this past quarter. We have been short listed on several large-scale projects, which confirms that our brand recognition programs and feature set of our products continues to attract attention. We will continue to drive innovation in all areas of our business moving forward.*”

Summary of Financial Results and Information

Consolidated Statement of Operations	For the three months ended	
	November 30, 2017	November 30, 2016
Revenue	\$ 1,429,899	\$ 1,364,541
Cost of Sales	\$ 659,279	\$ 791,594
Gross Profit	\$ 770,620	\$ 572,947
Gross Margin	54%	42%
Expenses	\$ 1,205,931	\$ 893,770
Operating Loss	\$ (435,311)	\$ (320,823)
Net Loss for the period	\$ (340,715)	\$ (277,200)
Loss per share – Basic	\$ (0.00)	\$ (0.00)
Diluted	\$ (0.00)	\$ (0.00)
	November 30, 2017	November 30, 2016
Total Assets	\$ 8,185,892	\$ 3,932,425
Total Liabilities	\$ 340,803	\$ 648,488
Total Shareholders' Equity	7,845,089	\$ 3,283,937

Financial Reports

Full details of the financial reports and operating results for the three months ended November 30, 2017 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.

Gatekeeper Systems Inc. is a provider of high resolution video security and safety systems for mobile applications. The Company's industry-leading Incident Management Software synchronizes real-time video, mapping, audio and vehicle sensors to create a total picture of operations. Photo enforcement technology and auto-ticketing software protect students on buses, school and park zones by deterring bad driving habits. With these technologies, clients can detect, analyze and respond to safety and security threats anytime. 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 the military.

For more information visit: 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 period ended November 30, 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.