

GATEKEEPER

Gatekeeper Reports First Quarter Financial Results

Q1 revenue up 29%; the highest Q1 revenue in the Company's history

Abbotsford, BC – January 29, 2019 - Gatekeeper Systems Inc. ('Gatekeeper' or the 'Company') (TSX.V: GSI; OTC: GKPRF; FSE: 1GK), a leading provider of video surveillance systems developed to protect people while in transit, today reported its financial results for the first fiscal quarter ended November 30, 2018.

Q1 2019 Highlights

- Company revenue for the three months ended November 30, 2018 was \$1,839,478 which compares to \$1,429,899 during the same period in the previous year: an increase of 29% and the highest fiscal Q1 revenue in the Company's history;
- Gross profit during the quarter was \$911,286 which compares to \$772,014 in the same period in the previous year;
- Net loss for the quarter was \$0.01 per share which compares to a net loss of \$0.00 per share for the same period in the previous year;
- As at November 30, 2018 the Company had working capital of \$5,813,146;
- Initial order announced with Logan Bus Company for high-definition video systems on 40 New York City area school buses;
- Launched new, 24 camera, high-definition, rail recorder for transit industry;
- Launched new, high density, crash memory module for transit industry;
- Launched the SP25: a new 10-megapixel dual-camera, license plate imaging system;
- Announced \$1.5 million contract with Southeastern Pennsylvania Transit Authority ("SEPTA") to supply and install video system solutions on SEPTA trains;
- Announced SEPTA contract for high-definition video systems on 335 diesel-electric hybrid transit buses;
- Received Notice to Proceed from SEPTA for wireless infrastructure equipment on 320 trains;
- Awarded Jackson County Mass Transit District contract for 35 high-definition systems;
- Received commitment from Proterra Bus to perform acceptance testing on all electric buses purchased by SEPTA.

Management Commentary

Doug Dymant, President and CEO commented, "We are pleased with our first quarter results, which are the strongest first-quarter revenues in the Company's history. 2018 was a year of repositioning within our existing markets, and expanding into new markets with our Company's offerings. We strategically added Transit Authorities as a market opportunity, and are beginning to witness the benefits of this strategic shift. We continue to be very optimistic about our future opportunities."

SEPTA

During the first quarter, the Company announced two SEPTA contracts: a \$1.5 million contract to supply and install video system solutions for trains, and a contract through New Flyer to install high-definition video systems on 335 SEPTA diesel-electric hybrid transit buses.

The transit market is now a strategic opportunity for the Company. SEPTA has become a cornerstone customer, following the Company's purchase of certain operating assets of Spector Logistics Inc. in April 2018. The purchase included contracts with SEPTA, and positioned the Company for expansion in the US transit market.

SEPTA is a regional public transportation authority that operates bus, rapid transit, commuter rail, light rail, and electric trolley bus services for nearly 4 million people in Philadelphia, Pennsylvania. SEPTA is one of the largest transit authorities in the United States, providing over 300 million passenger rides annually on over 3,600 vehicles, which includes approximately 970 trains. SEPTA has rapidly embraced video evidence as protection against injury and damages claims; during their 2016 fiscal year they reported a decrease in related liability costs of US\$33.8 million.

High Definition Rail Recorder and Crash Memory

As part of the company's rail transit platform strategy, it released two new products aimed to increase the company's ability to scale revenue. The first product is a high-definition video rail recorder that meets specific rail requirements, and is capable of recording up to 24 high definitions cameras. The second product is a high density crash hardened memory module for securing video and data in the event of train crashes. The use of video to provide safety and security for passengers, as well as provide real time information to assist Operation Managers, is becoming more common in the design of train communications systems. Protecting this data in the event of train derailments can assist The National Transportation Safety Board (NTSB) during accident investigations.

SP25 License Plate Imaging System

During the quarter the Company launched its SP25, a new 10-megapixel dual-camera license plate imaging system, which builds on Gatekeeper's proven technology by adding a multi-lane viewing license plate capture capability, a high-speed license plate tag reader, and cellular network compatibility ready for remote, auto downloading of stop-arm violations. The National Association of State Directors of Pupil Transportation Services estimates that there are more than 15 million school bus stop-arm violations per year in the United States alone. The Company is actively marketing this new product line in response to these statistics, and increased incidents resulting in children's deaths.

Summary of Financial Results and Information

	For the three months ended	
	November 30, 2018	November 30, 2017
Consolidated Statement of Operations		
Revenue	\$ 1,839,478	\$ 1,429,899
Cost of Sales	928,192	657,885
Gross Profit	911,286	772,014
<i>Gross Margin</i>	<i>50%</i>	<i>54%</i>
Expenses	1,664,260	1,205,931
Operating Loss	(752,974)	(433,917)
Net Loss for the period	\$ (687,379)	\$ (340,715)
Loss per share –		
Basic	\$ (0.01)	\$ (0.00)
Diluted	\$ (0.01)	\$ (0.00)
	November 30, 2018	November 30, 2017
Total Assets	\$ 7,235,850	\$ 8,185,892
Total Liabilities	\$ 839,594	\$ 340,803
Total Shareholders' Equity	6,396,256	7,845,089

Full details of the financial reports and operating results for the three months ended November 30, 2018 are described in the Company's condensed interim 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 provides wireless high-resolution video security and safety solutions for in-transit applications, including school buses, municipal transit, first response, 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 on the move. The Company has unique photo enforcement and auto-ticketing solutions to 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 period ended November 30, 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.