

TrackX Holdings Reports a 79% Year-over-Year Increase in Recurring Revenue for the Three Months Ended March 31, 2018

Gross Margin Increased to 67% Leading to Positive Adjusted EBITDA for the Quarter

DENVER, CO — April 23, 2018 — TrackX Holdings Inc. (TSX.V:TKX) (“TrackX” or the “Company”), a software-as-a-service (SaaS)-based enterprise asset management solution provider, announces the financial and operational highlights from its fiscal second quarter of 2018, ending March 31, 2018. All results are reported in Canadian dollars unless otherwise specified. A complete set of the March 31, 2018 Consolidated Financial Statements and Management’s Discussion & Analysis has been filed on SEDAR (www.sedar.com).

Financial Highlights for the 3 Months Ended March 31, 2018

- Q2/F18 revenue of \$1.82 million was a 37% increase from \$1.33 million in Q2/F17 and was due to higher recurring, software license, and implementation revenues; Q2/18 revenue represents a 77% increase over Q1/18 revenue of \$1.03 million;
- Q2/F18 recurring revenue was up 79% year-over-year to \$0.54 million from \$0.30 million in Q2/F17, reflecting the Company’s success in both adding new customers to the platform and expanding inside the existing customer base; Q2/F18 recurring revenue represents a 24% increase over Q1/18 recurring revenue of \$0.43 million;
- Q2/F18 services revenue was \$0.18 million, a 20% increase over \$0.15 million in Q2/F17;
- Gross margin increased to 67% from 34% in Q2/F17 and 42% in Q1/F18. The significant increase was due to a higher percentage of software sales this quarter as two large software license deals were finalized during Q2/F18;
- Adjusted positive EBITDA of \$0.19 million compared to a loss of \$0.89 million during Q2/FY17, due to the increase in higher margin software revenue without a pro-rata increase in delivery and engineering resources. The EBITDA for Q1/18 was a loss of \$0.58 million;
- Cash balance of \$0.67 million was down from \$0.76 million at December 31, 2017. The Company, however, has account receivables of more than \$1.20M, with terms of less than 60 days.

Quarterly Revenue Breakdown by Segment

Revenue C\$(000s)	Q2/F2018	Q2/F2017	Q1/F2018	Q1/F2017
Recurring Software	\$537	\$300	\$433	\$266
Software License	\$626	\$0	\$0	\$0
Setup, implementation, and other fees	\$182	\$152	\$521	\$448
Hardware	\$477	\$876	\$73	\$919
TOTAL	\$1,822	\$1,328	\$1,027	\$1,633

Operational Highlights for the 3-Months Ended March 31, 2018

- Expansion of the TrackX solution to the 9th location for one of the largest companies in the food services industry;
- Enterprise-wide expansion across four manufacturing and distribution facilities for a U.S.-based, US\$1 billion annual revenue, baked goods company;
- Successful installation of GAME for a leading provider of portable toilet rental services with over 100 depot locations across the U.S.;
- Announced a partnership with DENSO Products and Services Americas to provide asset tracking and management solutions to the automotive industry;
- Signed agreement for GAME deployment for a US\$5 billion in annual revenue global manufacturer of high-quality, high-performance motorized recreational and utility products;
- Continued deployment of GAME to the first 7 of 14 contracted locations for one of the largest insurance companies in the industry.

Management Commentary

“We are pleased with continued recurring revenue growth and positive adjusted EBITDA,” said TrackX President and CEO Tim Harvie. “Our ‘Land and Expand’ strategy is working, where we extend beyond initial customer deployments with additional workflows, locations and asset classes. While we anticipate revenue mix to fluctuate from quarter-to-quarter, our Q2/F18 financial results illustrate the earning power of our business, which should benefit from positive operating leverage as we continue to increase software revenue as a percentage of sales over the longer-term.

Financial Highlights for the 6-Months Ended March 31, 2018

- Recurring revenue for the first six months of F2018 was up 72% year-over-year to \$0.97 million from \$0.57 million in the first six months of F17;
- Gross margin increased to 58% in first six months of F18 through March 31 from 31% in the first six months of F17;
- Total revenue for the first six months of F2018 was \$2.85 million, a 4% decrease year-over-year from \$2.96 million in the first six months of F17. The decrease was due to a large hardware order that occurred during Q1/F17;
- Services revenue for the first six months of F2018 was \$0.70 million, a 15% increase over \$0.61 million in the first six months of F17;
- Adjusted EBITDA loss was \$0.39 million versus the \$1.30 million loss for the first six months of F17.

Selected Financial Information

C\$(000s) (except per share)	Three-month Period Ended March 31		Six-month Period Ended March 31	
	FY2018	FY2017	FY2018	FY2017
Revenue	\$1,822	\$1,328	\$2,849	\$2,961
Gross Margin %	67%	34%	58%	31%
Loss for the period	(\$123)	(\$1,036)	(\$1,059)	(\$1,594)
Loss per share	(\$0.00)	(\$0.02)	(\$0.01)	(\$0.03)
Adjusted EBITDA (Loss)*	\$189	(\$886)	(\$395)	(\$1,306)

* Adjusted EBITDA is a non-IFRS (international financial reporting standards) measure and excludes stock-based compensation



Conference Call April 23, 2018 at 5:00PM EST

TrackX will host a conference call to provide a business update and discuss its fiscal Q2 2018 financial results today, April 23, 2018 at 5pm Eastern Standard Time. The call will be hosted by Tim Harvie, Chief Executive Officer and Chairman, and Gene McConnell, Chief Financial Officer.

DATE: Monday, April 23, 2018
TIME: 5pm Eastern Daylight Time
DIAL-IN NUMBER: (877) 876-9177, (785) 424-1669
CONFERENCE ID: TRACKX
REPLAY: www.TrackX.com

About TrackX

TrackX, Inc. (TSX VENTURE:TKX), based in Denver, Colorado, is an enterprise asset management company deploying SaaS-based solutions leveraging multiple auto-ID and sensor technologies for the comprehensive tracking and management of physical assets. TrackX's Global Asset Management for Enterprises (GAME) platform enables the IIoT by providing unique item level tracking, workflow processing, event management, alerting and powerful analytics to deliver solutions across a growing number of industries. TrackX delivers significant value to a growing list of Fortune 500 companies and for customers in industries such as transportation, beverage and brewery, hi-tech, agriculture, manufacturing and government.

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