



## **Redknee Solutions Reports Preliminary Financial Results for Q2 2016 and Announces Award of \$15 Million Contract with Tier 1 Asia Pacific Operator**

*– Management to Host Conference Call Today, Monday, April 11 at 8:30 a.m. ET –*

**TORONTO, CANADA – April 11, 2016 – Redknee Solutions Inc.** (TSX: RKN), a leading provider of real-time monetization and subscriber management software, today reported preliminary financial results for the second quarter of fiscal 2016 ended March 31, 2016 (“Q2 2016”). **(All figures are in U.S. dollars.)**

For Q2 2016, the Company expects to report:

- Revenue of \$39.0 million to \$41.0 million;
- Adjusted EBITDA loss of \$1.5 to \$3.0 million;
- Order backlog increased for the second consecutive quarter to \$175.0 million to \$177.0 million (compared with \$157.2 million for Q2 2015);
- Positive cash flow from operating activities of \$1.0 million to \$2.0 million,

“We are disappointed by the preliminary second quarter results, which came in below our internal expectations as delays in customer purchasing decisions continue to impact our software license revenue in the short term,” said Lucas Skoczkowski, CEO of Redknee. “We continue to be encouraged by the growth of our order backlog, which has reached record levels. Contributing to this growth in backlog is our \$15 million contract win with a Tier 1 Asia Pacific operator in which we displaced a competitor, as well as other multi-million contracts for our software and services. We expect to see growth in revenues in the coming quarters, as backlog translates into revenue. Our solutions remain critical to our customers’ ability to maximize the value of their networks. We are making good progress on the restructuring program stemming from our acquisitions and remain focused on maximizing our profitability and cash generation.”

The Company is progressing with its previously announced cost structure optimization, which commenced as planned following the integration of the acquisition of Orga Systems in July of last year. The Company has eliminated duplicate functions and closed certain offices, with the majority of these having been acquired in our NSN BSS acquisition. We expect these steps to generate annualized savings of \$20 million to \$25 million in fiscal 2017.

The lenders under the Company’s credit facility have amended the facility’s financial covenants such that the anticipated financial results for Q2 2016 will not breach the covenants, and have reduced the availability under its revolving line of credit to \$20.0 million from \$40.0 million. Redknee’s available liquidity as at March 31, 2016 remains strong at \$64.0 million, including \$44.0 million of cash.

Redknee expects to report its full Q2 2016 financial results on Monday, May 9, 2016 after markets close. The Company emphasizes that its actual results for Q2 2016 may vary from the preliminary results presented in this press release, and such variations may be material. These preliminary results are subject to completion of the Company’s customary quarterly closing and review procedures.

### **Award of \$15 Million Software and Services Contract with Tier 1 Asia Pacific Service Provider**

Redknee has been awarded a contract valued at \$15 million by a Tier 1 communications services provider (CSP) in the Asia Pacific Region to deliver the latest version of Redknee Unified and to replace a competitor’s legacy postpaid billing system. Redknee Unified, Redknee’s award-winning monetization and subscriber management platform, will enhance this service provider’s competitive position by shortening time to market and creating differentiation with service offerings and targeted campaigns, as it continues to pursue its long-term growth strategy.

"This strategic win demonstrates how Redknee's flexible and scalable solution can enhance competitiveness and foster innovation among leading CSPs in some of the most competitive markets in the world," said Mr. Skoczkowski. "We look forward to working with this major service provider to transform its business."

### **Conference Call**

The company will host a conference call to discuss this announcement.

Date: Today, Monday, April 11, 2016

Time: 8:30 a.m. ET

Dial-In Number: 1 (888) 231-8191

International: 1 (647) 427-7450

Conference ID#: 88626730

The conference call will be webcast live and available for replay via either the Investors section of Redknee's website ([www.redknee.com](http://www.redknee.com)) or <http://bit.ly/25PWBFR>.

Please call the conference telephone number 5-10 minutes prior to the start time. An operator will register your name and organization.

If you have any difficulty connecting with the conference call, please contact NATIONAL | Equicom at 1 (416) 586-1955.

A replay of the call will be available until 12:00 midnight (ET) Monday, April 18, 2016.

Toll-Free Replay Number: 1 (855) 859-2056

International Replay Number: 1 (416) 849-0833

Replay PIN: 88626730

### **About Redknee Solutions Inc.**

Redknee monetizes today's digital world. We provide a complete portfolio of mission-critical monetization and subscriber management solutions and services that allow communications service providers, utility companies, auto makers and enterprise businesses of all types to charge for things in new and innovative ways. Redknee's real-time billing, charging, policy and customer care offerings provide the agility and scalability to drive a unique user experience, increase profitability and support any new product or business model. Available on premise, cloud-based, or as a Software-as-a-Service, Redknee's low-risk, flexible solutions power more than 250 businesses across the globe. Established in 1999, Redknee Solutions Inc. (TSX: RKN) is the parent of the wholly-owned operating subsidiary Redknee Inc. and its various subsidiaries. References to Redknee refer to the combined operations of those entities. For more information about Redknee and its solutions, please go to [www.redknee.com](http://www.redknee.com).

### **Non-IFRS Measures**

The Company reports "Adjusted EBITDA", which is not a financial measure calculated and presented in accordance with International Financial Reporting Standards (IFRS), and should not be considered in isolation or as a substitute to net income (loss), operating income or any other financial measures of performance calculated and presented in accordance with IFRS, or as an alternative to cash flow from operating activities as a measure of liquidity. The Company defines Adjusted EBITDA as net income (loss) excluding amounts for depreciation and amortization, other income, finance costs, finance income, income tax expense (recovery), foreign exchange gain (loss), share-based compensation, restructuring costs and acquisition and related costs.

"Order backlog" relates to contractual commitments as at period end, pending to be delivered and will be recognized as revenue in future periods. Order backlog is not a financial measure calculated and presented in accordance with IFRS and should not be considered in isolation or as a substitute to revenue.

Other companies (including competitors) may define Adjusted EBITDA and order backlog differently. The Company presents Adjusted EBITDA and order backlog because management believes these to be important supplemental measures of performance that are commonly used by securities analysts, investors and other

interested parties in the evaluation of companies in Redknee's industry. Management uses this information internally for forecasting and budgeting. It may not be indicative of the historical operating results of Redknee nor is it intended to be predictive of potential future results. A reconciliation of net income (loss) to Adjusted EBITDA will be included in our full Q2 2016 financial results.

### **Forward-Looking Statements**

Certain statements in this document may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this document, such statements use such words as "may," "will," "expect," "continue," "believe," "plan," "intend," "would," "could," "should," "anticipate" and other similar terminology. Forward-looking statements are provided for the purpose of providing information about management's current expectations and plans relating to the future. Persons reading this news release are cautioned that such information may not be appropriate for other purposes.

Such forward-looking statements include statements respecting the Company's preliminary revenues and Adjusted EBITDA in Q2 2016, growth of its order backlog, additional customer wins, progress on its restructuring program and associated savings, enhancement of the business of a major CSP in the Asia Pacific Region, as well as statements regarding Redknee's future plans, objectives or performance for the current period and subsequent periods and regarding the markets for our products. These statements reflect current assumptions and expectations regarding future events and operating performance and speak only as of the date of this document. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to vary significantly from the results discussed in the forward-looking statements, including, but not limited to, the failure of demand for Redknee's products to develop as anticipated, the failure to obtain customer orders or meet customer requirements, the inability of Redknee's products to perform as expected, the inability of Redknee to achieve anticipated cost savings in the time frames and to the extent anticipated, unanticipated negative impacts on customer service or product development as a result of costs savings implemented, risks involved in the completion and integration of acquisitions, the possibility of fluctuations in currency exchange rates, a material adverse change in the affairs of Redknee, and other factors discussed under the "Risk Factors" section of Redknee's most recently filed AIF which is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on Redknee's web-site at [www.redknee.com](http://www.redknee.com). Other unknown or unpredictable factors or underlying assumptions subsequently proving to be incorrect could cause actual results to differ materially from those in the forward-looking statements. Redknee does not undertake or accept any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements to reflect any change in its expectations or any change in events, conditions or circumstances on which any such statement is based, except as required by law.

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