



FOR IMMEDIATE RELEASE

## AirIQ Announces June 30, 2016 Quarterly Results; Highest Revenue in Over Six Years

**Toronto, Ontario – August 24, 2016** – AirIQ Inc. (“AirIQ”) (TSXV:IQ), a supplier of wireless asset management services, today announced its financial results for the three months ended June 30, 2016, reporting improvements in revenues, EBITDAS and expenses compared to the same period the previous year.

“I am pleased to report that the Company has recorded its highest quarterly revenue in over six years,” said Michael Robb, President and Chief Executive Officer of AirIQ. “This revenue growth, together with improvements in both EBITDAS and expenses, supports the Company’s continued key strategy to maintain profitability and positive operating cash flow and to seek opportunities to form value creating strategic partnerships. It is especially notable given that we proactively completed our 2G to 3G transition in the U.S. at the end of 2015, well ahead of our competitors who will have to undergo this transition by the end of this year. We believe that this positions the Company for even further potential growth and future opportunities,” continued Mr. Robb.

*Unless otherwise noted herein, and except share and per share amounts, all references to dollar amounts from this point forward are in thousands of Canadian dollars.*

### *First Quarter Highlights:*

- EBITDAS of \$127 for the three months ended June 30, 2016 improved 19% from \$107 compared to the same quarter the previous year
- Revenue of \$923 for the quarter ended June 30, 2016 increased from \$822 compared to the three months ended June 30, 2015, an improvement of 12%
- Expenses of \$299 for the three months ended June 30, 2016 improved 12% from the same quarter the previous year
- On May 31, 2016, the Company purchased certain software assets of Timeout Studios Inc., a private, arm’s length third party, Canadian mobile web application company. Financial terms of the transaction were not material, and no securities of the Company were issued in connection with the transaction.

### **Financial Highlights**

	<b>Three months ended 30-Jun-2016</b>	<b>Three months ended 30-Jun-2015</b>
Total Revenue	\$923	\$822
Gross profit <sup>(1)</sup>	\$426	\$445
Gross profit % <sup>(1)</sup>	46%	54%
Expenses <sup>(2)</sup>	\$299	\$338
EBITDAS <sup>(3)</sup>	\$127	\$107
Other expenses <sup>(4)</sup>	\$55	\$33
Net income and comprehensive income	\$72	\$74
Net income per share, basic and diluted	\$0.00	\$0.00

*(1) Gross profits declined in the period due to the costs of transitioning customers due to the 2G Sunset.*

*(2) Excludes share-based compensation.*

*(3) EBITDAS represents earnings before interest, tax, depreciation, amortization, shared-based compensation expense and gain on business acquisition.*

*(4) Includes non-cash notional charges such as interest, depreciation and amortization, impairment of long lived assets, share-based compensation expense.*

## **Business Review**

The Company continues to focus on its key strategy elements to build revenues and reduce costs to maintain profitability and positive cash flow and to seek opportunities to form value creating strategic partnerships.

## **Overview**

The Company's consolidated condensed interim financial statements include the accounts of AirIQ and its subsidiaries, AirIQ U.S. Holdings, Inc., AirIQ U.S., Inc., and AirIQ, LLC. All inter-company balances and transactions have been eliminated on consolidation.

The Company's consolidated condensed interim financial statements for the three months ended June 30, 2016, including notes thereto, and Management's Discussion and Analysis for the same period were filed with the Canadian securities regulatory authorities on August 24, 2016, and will be available on the Company's website ([www.airiq.com](http://www.airiq.com)) and on the System for Electronic Document Analysis and Retrieval ("SEDAR") website ([www.sedar.com](http://www.sedar.com)).

## **Revenues**

Revenues for the three months ended June 30, 2016, increased 12% to \$923 from \$822 for the three months ended June 30, 2015. Approximately 51% of the total revenue for the period represents recurring revenue from the Company's airtime customers.

Revenues received from equipment sold in connection with service contracts are recorded as deferred revenue and recognized over the initial term of the service contract.

Sales of hardware units associated with service contracts recorded to deferred revenues were approximately \$313 during the three months ended June 30, 2016, compared to \$218 during the three months ended June 30, 2015. Revenues recognized from deferred revenues for the three months ended June 30, 2016 were approximately \$200 compared to \$151 during the three months ended June 30, 2015.

Included in the Company's revenues are sales of units that were sold without a fixed term service contract of approximately \$249 and \$116 respectively, during the three months June 30, 2016 and June 30, 2015 respectively.

## **Gross Profit**

Overall, gross profit decreased by \$19 or 4% to \$426 for the three months ended June 30, 2016 compared to \$445 for the three months ended June 30, 2015.

Equipment gross profits increased by approximately 79% to \$70 during the three months ended June 30, 2016 from \$39 for the three months ended June 30, 2015.

Service contract gross profits decreased by approximately 12% to \$356 for the three months ended June 30, 2016 from \$406 for the three months ended June 30, 2015.

## **Expenses and Other Items**

Sales and marketing, research and development and general and administrative expenses totalled \$309 for the three months ended June 30, 2016 compared to \$338 for the three months ended June 30, 2015.

Overall these expenses were decreased by \$29 for the three months ended June 30, 2016 when compared to the three months ended June 30, 2015.

Expense reductions for the three months ended June 30, 2016 when compared to the three months ended June 30, 2015 were achieved in the following areas; (a) wage and related expense of approximately \$25, (b) facility costs were reduced by \$13, (c) consulting fees were decreased by \$4, (d) legal costs were reduced by \$3, and (e) other cost reductions of approximately \$2 related primarily to insurance costs. These savings were offset as follows (a)

computer operating costs were increased by \$12, (b) other costs were increased by \$2, related primarily to communication costs, and general expenses, and (c) stock based compensation costs were increased by \$4.

### **Net income**

The Company's generated net income for the three months ended June 30, 2016 of \$72 or \$nil per share as compared to net income of \$74 or \$nil per share for the three months ended June 30, 2015, a reduction of \$2.

The decrease in net income for the three months ended June 30, 2016 when compared to the three months ended June 30, 2015 can be attributed to the following improvements; a) expense reductions of approximately \$29, and b) a decrease in foreign exchange of approximately \$6. These improvements were offset by a) an increase in interest expense of approximately \$1, b) decreased gross profits of \$19, and c) an increase in amortization of approximately \$17.

### **Financial Statements & MDA**

The Company's consolidated condensed interim financial statements for the three months ended June 30, 2016, including notes thereto, and Management's Discussion and Analysis for the same period are being filed with the Canadian securities regulatory authorities on today's date, and will be available on the Company's website ([www.airiq.com](http://www.airiq.com)) and on the System for Electronic Document Analysis and Retrieval ("SEDAR") website ([www.sedar.com](http://www.sedar.com)). The Company's financial statements include the accounts of AirIQ and its subsidiaries, AirIQ U.S. Holdings, Inc., AirIQ U.S., Inc., and AirIQ, LLC. All inter-company balances and transactions have been eliminated on consolidation.

### **About AirIQ**

AirIQ currently trades on the TSX Venture Exchange under the symbol IQ. AirIQ is an intuitive web-based platform that provides fleet operators and vehicle owners with a suite of asset management solutions to reduce cost, improve efficiency and monitor, manage and protect their assets. Services are available online or via a mobile app, and include: instant vehicle locating, boundary notification, automated inventory reports, maintenance reminders, security alerts and vehicle disabling and unauthorized movement alerts. AirIQ's office is located in Pickering, Ontario, Canada. For additional information on AirIQ or its products and services, please visit the Company's website at [www.airiq.com](http://www.airiq.com).

### **Forward-looking Statements**

This news release contains forward-looking information based on management's best estimates and the current operating environment. These forward-looking statements are related to, but not limited to, AirIQ's operations, anticipated financial performance, business prospects and strategies. Forward-looking information typically contains statements with words such as "hope", "goal", "anticipate", "believe", "expect", "plan" or similar words suggesting future outcomes. These statements are based upon certain material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking statements, including AirIQ's perception of historical trends, current conditions and expected future developments as well as other factors management believes are appropriate in the circumstances. Such forward-looking statements are as of the date which such statement is made and are subject to a number of known and unknown risks, uncertainties and other factors, which could cause actual results or events to differ materially from future results expressed, anticipated or implied by such forward-looking statements. Such factors include, but are not limited to, changes in market and competition, technological and competitive developments and potential downturns in economic conditions generally. Therefore, actual outcomes may differ materially from those expressed in such forward-looking statements. Forward-looking statements are provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that such information may not be appropriate for other purposes. Other than as may be required by law, AirIQ disclaims any intention or obligation to update or revise any such forward-looking statements, whether as a result of such information, future events or otherwise.

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