



## **FOR IMMEDIATE RELEASE**

### **Wireless Matrix Announces First Quarter Fiscal 2011 Results**

*Company on track as it transitions to high value added service chain performance management solutions. Significant improvements in margins and EBITDA in fiscal 2011*

HERNDON, VA (September 14, 2010) – Wireless Matrix Corporation (TSX: WRX), the leading provider of service chain performance management solutions targeting field service organizations, today announced financial and operating results for the three months ended July 31, 2010.

*All currency is expressed in U.S. dollars.*

#### **First Quarter 2011 Highlights**

- Ended the quarter with 85,117 subscribers, up 18% from one year earlier.
- Application subscribers increased 55% to 40,179, now representing 47% of total subscribers.
- Total revenues of \$9.5 million, compared to \$10.7 million in Q1 2010.
- Application-related revenue increased 56% to \$3.6 million.
- Improved service gross margin from 74% to 79% in Q1 2011.
- Overall gross margin was 63% compared to 56% a year earlier.
- Adjusted EBITDA\* of \$1.2 million, an increase of 2% over Q1 2010 and a 43% increase over Q4 2010.
- Generated improved operating margins from 10% to 12% in Q1 2011.
- Net loss of \$454,000 or \$0.01 per share, compared to net income of \$173,000 or \$0.00 per share in Q1 2010.
- Expanded target market to include small and medium-sized business fleets in addition to traditional strength in the enterprise space.
- Announced decision to outsource production of hardware devices and focus resources on recurring revenue software as a service (SaaS) business.

“This is a year of improving our business model while growing our application related revenues,” said J. Richard Carlson, president and chief executive officer of Wireless Matrix. “We improved gross margins and EBITDA and grew our subscriber base by 18% over last year. With our increased focus on our high margin, recurring revenue SaaS business, and our recent success in both retaining existing customers and signing new ones, I expect to see greater progress throughout the year.”

## Financial Highlights

<i>All currency in thousands except per share and ARPU data.</i>	<b>Three months ended July 31</b>	
	<b>2010</b>	<b>2009</b>
Recurring service revenue	6,835	7,060
Hardware and license revenue	2,644	3,622
Total revenue	9,479	10,682
Gross margins*	5,938	6,005
Adjusted EBITDA*	1,178	1,158
Net (loss) income	\$(454)	\$173
Weighted average number of shares outstanding	82,673,629	82,193,496
Basic and diluted income (loss) per share:	\$(0.01)	\$0.00
Cash balance	13,563	14,018
Working Capital	12,361	13,680
Total subscribers	85,117	72,014
Average Revenue Per Unit (ARPU)*	\$25.35	\$32.45

\* See Non-GAAP Measures below

### Financial and Operating Review

Application services revenue grew 54% to \$3.0 million and wireless communication services revenue from application subscribers grew 63% to \$567,000, resulting in total application-related revenue of \$3.6 million, a \$1.3 million increase from \$2.3 million in Q1 2010. This growth was offset by a \$978,000 decrease in hardware and license revenues, and by a \$1.5 million decrease in satellite communication services revenues which totaled \$3.2 million in Q1 2011. Satellite communication services revenues have been declining as the Company transitions its legacy subscriber base to application subscriptions enabled by lower cost wireless communication services. Satellite communication subscribers represented 28% of total subscribers and 34% of total revenues in Q1 2011, compared to 52% of subscribers and 44% of revenues one year earlier. Wireless Matrix's total revenues in the first quarter of fiscal 2011 were \$9.5 million, a decrease of \$1.2 million or 11% over first quarter 2010 revenues.

Wireless Matrix ended the quarter with 85,117 subscribers, an 18% increase over the 72,014 subscribers at July 31, 2009. The Company added 4,513 gross subscribers in the first quarter fiscal year 2011, including 827 application subscribers. Total subscribers decreased by 2,008 units during the quarter, however, due to churn of 4,591 units caused by two customer disconnections and economy-related fleet reductions from other customers.

Gross margin percentage grew to 63% in Q1 2011 from 56% in the first quarter of the previous year. Margins benefited from the layering of additional subscribers onto a relatively fixed infrastructure while at the same time reducing the costs of that infrastructure over the past year. Service revenue, which represented a greater proportion of total revenue, generated gross margins of 79% in the quarter compared to 74% a year earlier.

Adjusted EBITDA grew 2% to \$1.2 million in Q1 2011, due in part to a 2% reduction in operating expenses. Adjusted EBITDA grew sequentially from \$825,000 in Q4 2010, and management anticipates continued growth throughout the fiscal year as more subscribers are added and cost

savings are realized from the ongoing restructuring of the business. First quarter results included over \$700,000 of expenses related to operations scheduled to be discontinued by December 2010. In the absence of those salaries, pro forma adjusted EBITDA for this quarter would have been \$1.9 million.

Wireless Matrix had a cash balance of \$13.6 million at July 31, 2010, compared to \$14.0 million at April 30, 2010. The Corporation has no debt, and its \$4 million line of credit remains unused.

## Outlook

"We continue to expect to grow full-year EBITDA by over 50% in fiscal 2011 as we begin to realize the full cost savings from our restructuring in the latter part of the year," said Maria C. Izurieta, chief financial officer of Wireless Matrix. "We remain on track to achieve the other targets we set last quarter, including reaching 100,000 subscribers during the year and growing application revenues by 20%. We expect that overall services revenues will be flat on the year due to the transitioning of our satellite customers, and that hardware revenues will decline as our shift to outsourced production leads to more competitive pricing but also a more profitable business model."

## Conference Call

Wireless Matrix has scheduled a conference call to begin at 10:00 a.m. EDT on Tuesday, September 14, 2010, to discuss these results. The conference call dial-in number is 800.926.4425. A replay of the conference call will be available on the Company's website at [www.wirelessmatrix.com](http://www.wirelessmatrix.com) or by dialing 800.558.5253 (code #21480399), shortly after the completion of the conference call until 11:59 p.m. EDT on September 16, 2010.

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## About Wireless Matrix

Wireless Matrix Corporation (TSX: WRX) is a leader in mobile resource management providing service chain execution solutions to enterprises with service fleets. Our solutions provide location intelligence for managing, measuring and monitoring service execution, while at the same time increasing productivity and reducing operating expenses within service fleet operations. The Wireless Matrix solution suite includes FleetOutlook®, a web-based platform that provides management and fleet operators complete visibility into their operations, enabled by real-time wireless data communication services and hardware devices. Wireless Matrix is headquartered in Herndon, Va., and has offices in San Francisco, California and Burnaby, British Columbia.

## Investor Relations

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## Non-GAAP measures

In addition to providing measures in accordance with Canadian GAAP, Wireless Matrix presents certain supplemental measures that are used by Management to manage and measure operations. These are gross margin, operating expenses, adjusted EBITDA, current liabilities before deferred product revenue, ARPU, and churn rates. These measures do not have any standardized meaning prescribed by Canadian GAAP and are therefore unlikely to be comparable to similar measures presented by other companies. Investors are urged to refer to

the “Supplemental Non-GAAP measures” section in our Management Discussion and Analysis for more details.

### **Forward Looking Statements**

*General information regarding the Corporation set forth in this document, including management's assessment of the Corporation's future plans and operations, contains forward-looking statements that involve substantial known and unknown risks and uncertainties. These forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond the Corporation's and management's control, including but not limited to, the impact of general economic conditions, industry conditions, market demand, dependence on key customers, financial conditions and wherewithal of customers, non-infringement on third-party technology, ability to grow through acquisition, technological aptitude of products and intellectual property rights, inventory management, fluctuation of commodity prices, fluctuation of foreign exchange rates, imperfection of estimates, effective integration of acquisitions, industry competition, availability of qualified personnel and management, stock market volatility, timely and cost-effective access to sufficient capital from internal and external sources, ability to integrate and realize anticipated benefits from acquisitions, ability to procure and resell third party network communications at favorable rates, and to effectively manage growth. The Corporation's actual results, performance or achievement could differ materially from those expressed in or implied by, these forward-looking statements and accordingly, no assurance can be given that any of the events anticipated to occur or transpire from the forward-looking statements will provide what, if any, benefits to the Corporation. All data presented herein should be read in conjunction with the Corporation's regulatory filings, with the appropriate Securities Commission and SEDAR. These filings, including the Corporation's AIF, are located at [www.sedar.com](http://www.sedar.com).*