

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

**FORM 8-K**

CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): May 13, 2024

Commission File Number: 0-23153

**Track Group, Inc.**

(Exact name of registrant as specified in its charter.)

**Delaware**

(State or other jurisdiction  
of incorporation or organization)

**87-0543981**

(IRS Employer  
Identification No.)

**200 E 5th Ave, Suite 100, Naperville, Illinois 60563**

(Address of principal executive offices)

**(877) 260-2010**

(Registrant's Telephone number)

**Not Applicable**

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act: None.

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2)

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 2.02 Results of Operations and Financial Condition.**

Track Group, Inc. (the "*Company*") issued a press release on May 13, 2024, announcing its financial results for the period ended March 31, 2024. A copy of the press release is attached hereto as Exhibit 99.1.

In accordance with General Instruction B.2 for Form 8-K, the information in this Form 8-K, including Exhibit 99.1, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "*Exchange Act*"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	<a href="#">Press Release dated, May 13, 2024</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**TRACK GROUP, INC.**

Date: May 13, 2024

By: /s/ James A. Berg  
James A. Berg  
Chief Financial Officer

FOR IMMEDIATE RELEASE  
 May 13, 2024  
 James Berg  
 Chief Financial Officer  
 jim.berg@trackgrp.com

### Track Group Reports 2nd Quarter Fiscal 2024 Financial Results

NAPERVILLE, ILLINOIS – Track Group, Inc. (OTCQB: TRCK), a global leader in offender tracking and monitoring services, today announced financial results for its fiscal quarter ended March 31, 2024 (“Q2 FY24”). In Q2 FY24, the Company posted (i) total revenue of \$9.0 Million (“M”), an increase of approximately 8% over total revenue of \$8.3M for the quarter ended March 31, 2023 (“Q2 FY23”); (ii) Q2 FY24 gross profit of \$4.0M also representing an increase of approximately 6% over Q2 FY23 of \$3.7M; (iii) Q2 FY24 operating loss of (\$1.0M) compared to Q2 FY23 operating loss of (\$0.9M); and (iv) net loss attributable to common shareholders of (\$1.9M) in Q2 FY24 compared to (\$1.5M) in Q2 FY23.

#### FINANCIAL HIGHLIGHTS

- Total Q2 FY24 revenue of \$9.0M was up 8% compared to Q2 FY23 revenue of \$8.3M. Revenue for the six months ended March 31, 2024 (“6M FY24”) of \$18.0M was up approximately 5% compared to revenue of \$17.2M for the six months ended March 31, 2023 (“6M FY23”). This positive performance can be attributed to increased activity among customers in Illinois, Canada, and Brazil, partially offset by decreases in revenue from customers in Michigan and Chile.
- Gross Profit of \$4.0M rose by 6% (\$0.2M) in Q2 FY24 compared to Q2 FY23. Gross profit for 6M FY24 was \$8.2M compared to gross profit of \$7.9M for 6M FY23. This improvement stems from factors like increased revenue, reduced communication costs and lower lost, stolen or damaged costs. However, it was partly offset by higher device repair expenses, higher monitoring center costs and increased hardware purchases.
- Operating loss in Q2 FY24 of (\$1.0M) was up approximately 12% compared to (\$0.9M) in Q2 FY23. Operating loss for 6M FY24 of (\$1.1M) was up approximately 15% compared to (\$1.0M) for 6M FY23. This rise in operating loss is primarily due to higher operating expenses. Operating expenses were up \$0.3M in Q2 FY24 compared to Q2 FY23, primarily due to the estimated accrued liability related to an ongoing contract dispute of approximately \$0.5M.
- Adjusted EBITDA for Q2 FY24 was \$0.8M compared to \$0.5M for Q2 FY23. Adjusted EBITDA for 6M FY24 was \$1.9M compared to Adjusted EBITDA for 6M FY23 of \$1.7M primarily due to negative currency exchange rate movements of \$0.6M in Q2 FY24 compared to Q2 FY23. Adjusted EBITDA in 6M FY24 as a percentage of revenue remained at 10%, compared to 6M FY23.
- Cash balance of \$3.6M for Q2 FY24 declined 10% compared to \$4.1M at September 30, 2023. The modest decrease in cash position was due to a negative effect of exchange rate changes on cash of \$0.3M and a decrease in net cash provided by operating activities of approximately \$0.1M.
- Net loss attributable to shareholders in Q2 FY24 was (\$1.9M) compared to (\$1.5M) in Q2 FY23, an increase of \$0.4M. Net loss attributable to shareholders in 6M FY24 was (\$1.9M), compared to (\$1.4M) for 6M FY23, a change principally attributable to negative currency exchange rate movements and an estimated accrued liability related to an ongoing contract dispute of approximately \$0.5M.

“In the quarter ending March 31, 2024, we demonstrated a return to growth in revenue and gross profit, surpassing Q2 FY23. Notably, revenues grew by 8% (\$9.0M vs. \$8.3M in Q2 FY23), while gross profit experienced a 6% increase (\$4.0M vs \$3.7M in Q2 FY23). Adjusted EBITDA increased to \$0.8M in Q2 FY24 compared to \$0.5M in Q2 FY23. We are optimistic about maintaining and building upon these positive trends throughout the year, expecting continued improvements compared to the same quarter last year. This momentum reflects our dedication to growth and sets a promising tone for the ongoing fiscal year.” said Derek Cassell, Track Group’s CEO.

## Business Outlook

Despite previous challenges from supply chain delays, the impact of the Coronavirus, and the phase-out of our 3G-based cellular devices in the U.S., Track Group stands resilient. The demonstrated financial growth witnessed in Q2 FY24 reinforces our confidence in the strategic reinvestment in technology and the implementation of new programs initiated in late FY23. These endeavors position us well for a sustained return to growth throughout FY24. Our outlook for FY24 is as follows:

	Actual		Outlook
	FY 2022	FY 2023	FY 2024
Revenue (in millions):	\$ 37.0	\$ 34.5	\$ 37 - 38
Adjusted EBITDA Margin:	18.0%	11.1%	11 - 15%

## About Track Group, Inc.

Track Group designs, manufactures, and markets location tracking devices; as well as develops and sells a variety of related software, services, and accessories, networking solutions, and monitoring applications. The Company's products and services are designed to empower professionals in security, law enforcement, corrections, and rehabilitation organizations worldwide with single-sourced offender management solutions that integrate reliable intervention technologies to support re-socialization and monitoring initiatives.

The Company currently trades under the ticker symbol "TRCK" on the OTCQB exchange. For more information, visit [www.trackgrp.com](http://www.trackgrp.com).

## Forward-Looking Statements

Any statements contained in this document that are not historical facts are forward-looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995. Words such as "anticipate," "believe," "estimate," "expect," "forecast," "intend," "may," "plan," "project," "predict," "if," "should" and "will" and similar expressions as they relate to Track Group, Inc., and subsidiaries ("Track Group") are intended to identify such forward-looking statements. These statements are only predictions and reflect Track Group's current beliefs and expectations with respect to future events and are based on assumptions and subject to risks and uncertainties and subject to change at any time. Track Group may from time-to-time update these publicly announced projections, but it is not obligated to do so. Any projections of future results of operations should not be construed in any manner as a guarantee that such results will in fact occur. These projections are subject to change and could differ materially from final reported results. For a discussion of such risks and uncertainties, see "Risk Factors" in Track Group's annual report on Form 10-K, its quarterly report on Form 10-Q, and its other reports filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. New risks emerge from time to time. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the dates on which they are made.

## Non-GAAP Financial Measures

This release includes financial measures defined as "non-GAAP financial measures" by the Securities and Exchange Commission including non-GAAP EBITDA. These measures may be different from non-GAAP financial measures used by other companies. The presentation of this financial information, which is not prepared under any comprehensive set of accounting rules or principles, is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with generally accepted accounting principles. Reconciliations of these non-GAAP financial measures are based on the financial figures for the respective period.

Non-GAAP Adjusted EBITDA excludes items included but not limited to interest, taxes, depreciation, amortization, impairment charges, gains and losses, currency effects, one-time charges or benefits that are not indicative of operations, charges to consolidate, integrate or consider recently acquired businesses, costs of closing facilities, stock based or other non-cash compensation or other stated cash and non-cash charges (the "Adjustments").

The Company believes the non-GAAP measures provide useful information to both management and investors when factoring in the Adjustments. Specific disclosure regarding the Company's financial results, including management's analysis of results from operations and financial condition, are contained in the Company's annual report on Form 10-K for the fiscal year ended September 30, 2023, and other reports filed with the Securities and Exchange Commission. Investors are encouraged to carefully read and consider such disclosure and analysis contained in the Company's Form 10-K and other reports, including the risk factors contained in such Form 10-K.

**TRACK GROUP, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

	(Unaudited) March 31, 2024	September 30, 2023
<b>Assets</b>		
<i>Current assets:</i>		
Cash	\$ 3,645,651	\$ 4,057,195
Accounts receivable, net of allowance for credit losses of \$453,611 and \$178,095, respectively	5,550,187	4,536,916
Prepaid expense and deposits	389,972	610,440
Inventory, net of reserves of \$0 and \$3,772, respectively	972,937	1,286,194
Other current assets	1,329,593	-
Total current assets	11,888,340	10,490,745
Property and equipment, net of accumulated depreciation of \$1,742,598 and \$1,920,850, respectively	79,126	115,808
Monitoring equipment, net of accumulated depreciation of \$7,149,591 and \$6,348,695, respectively	4,944,977	5,187,092
Intangible assets, net of accumulated amortization of \$18,659,164 and \$17,430,846, respectively	14,107,643	14,157,294
Goodwill	7,951,977	7,851,466
Other assets	795,212	2,442,154
Total assets	\$ 39,767,275	\$ 40,244,559
<b>Liabilities and Stockholders' Equity (Deficit)</b>		
<i>Current liabilities:</i>		
Accounts payable	\$ 3,643,125	\$ 2,796,712
Accrued liabilities	3,524,085	2,571,839
Current portion of long-term debt	134,106	308,417
Total current liabilities	7,301,316	5,676,968
Long-term debt, net of current portion	42,765,361	42,801,165
Long-term liabilities	236,170	259,359
Total liabilities	50,302,847	48,737,492
Commitments and contingencies		
<i>Stockholders' equity (deficit):</i>		
Common stock, \$0.0001 par value: 30,000,000 shares authorized; 11,863,758 and 11,863,758 shares outstanding, respectively	1,186	1,186
Preferred stock, \$0.0001 par value: 20,000,000 shares authorized; 0 shares outstanding	-	-
Series A Convertible Preferred stock, \$0.0001 par value: 1,200,000 shares authorized; 0 shares outstanding	-	-
Paid in capital	302,600,546	302,597,115
Accumulated deficit	(311,513,011)	(309,610,397)
Accumulated other comprehensive loss	(1,624,293)	(1,480,837)
Total equity (deficit)	(10,535,572)	(8,492,933)
Total liabilities and stockholders' equity (deficit)	\$ 39,767,275	\$ 40,244,559

**TRACK GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME/(LOSS)**  
(Unaudited)

	Three Months Ended		Six Months Ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
<b>Revenue:</b>				
Monitoring and other related services	\$ 8,758,650	\$ 8,179,025	\$ 17,433,136	16,468,807
Product sales and other	232,570	129,021	525,057	694,930
Total revenue	<u>8,991,220</u>	<u>8,308,046</u>	<u>17,958,193</u>	<u>17,163,737</u>
<b>Cost of revenue:</b>				
Monitoring, products and other related services	4,230,498	3,721,527	8,204,487	7,623,521
Depreciation & amortization included in cost of revenue	793,887	843,714	1,583,351	1,616,733
Total cost of revenue	<u>5,024,385</u>	<u>4,565,241</u>	<u>9,787,838</u>	<u>9,240,254</u>
<b>Gross profit</b>	<u>3,966,835</u>	<u>3,742,805</u>	<u>8,170,355</u>	<u>7,923,483</u>
<b>Operating expense:</b>				
General & administrative	3,173,866	2,869,799	5,931,753	5,624,320
Selling & marketing	810,441	768,871	1,516,972	1,498,341
Research & development	701,183	706,772	1,383,646	1,296,577
Depreciation & amortization	236,524	247,574	476,284	495,283
Total operating expense	<u>4,922,014</u>	<u>4,593,016</u>	<u>9,308,655</u>	<u>8,914,521</u>
<b>Operating income (loss)</b>	<u>(955,179)</u>	<u>(850,211)</u>	<u>(1,138,300)</u>	<u>(991,038)</u>
<b>Other income (expense):</b>				
Interest expense, net	(428,868)	(400,976)	(866,791)	(820,526)
Currency exchange rate gain (loss)	(519,933)	71,792	19,013	554,943
Other income (expense), net	(3,443)	-	(3,443)	-
<b>Total other income (expense)</b>	<u>(952,244)</u>	<u>(329,184)</u>	<u>(851,221)</u>	<u>(265,583)</u>
<b>Income (loss) before income taxes</b>	<u>(1,907,423)</u>	<u>(1,179,395)</u>	<u>(1,989,521)</u>	<u>(1,256,621)</u>
<b>Income tax expense (benefit)</b>	<u>(4,348)</u>	<u>305,863</u>	<u>(86,907)</u>	<u>192,253</u>
<b>Net income (loss) attributable to common stockholders</b>	<u>(1,903,075)</u>	<u>(1,485,258)</u>	<u>(1,902,614)</u>	<u>(1,448,874)</u>
Foreign currency translation adjustments	(36,754)	93,585	(143,456)	245,831
<b>Comprehensive income (loss)</b>	<u>\$ (1,939,829)</u>	<u>\$ (1,391,673)</u>	<u>\$ (2,046,070)</u>	<u>\$ (1,203,043)</u>
<b>Net income per share – basic</b>				
Net income per common share	<u>\$ (0.16)</u>	<u>\$ (0.13)</u>	<u>\$ (0.17)</u>	<u>\$ (0.12)</u>
Weighted average common shares outstanding	<u>11,863,758</u>	<u>11,863,758</u>	<u>11,863,758</u>	<u>11,863,758</u>
<b>Net income per share – diluted</b>				
Net income per common share	<u>\$ (0.16)</u>	<u>\$ (0.13)</u>	<u>\$ (0.17)</u>	<u>\$ (0.12)</u>
Weighted average common shares outstanding	<u>11,863,758</u>	<u>11,863,758</u>	<u>11,863,758</u>	<u>11,863,758</u>

**TRACK GROUP, INC. AND SUBSIDIARIES**  
**NON-GAAP ADJUSTED EBITDA DECEMBER 31 (Unaudited)**  
(amounts in thousands, except share and per share data)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2024	2023	2024	2023
<b>Non-GAAP Adjusted EBITDA</b>				
<b>Net Income (loss) attributable to common shareholders</b>	\$ (1,903)	\$ (1,485)	\$ (1,903)	\$ (1,449)
Interest expense, net	432	401	870	821
Depreciation and amortization	1,030	1,091	2,060	2,112
Income taxes (1)	(4)	306	(87)	192
Board compensation	50	101	103	238
Foreign exchange (gain)/loss	520	(72)	(19)	(555)
Other charges, net (2)	663	204	826	369
<b>Non-GAAP Adjusted EBITDA</b>	<b>\$ 788</b>	<b>\$ 546</b>	<b>\$ 1,850</b>	<b>\$ 1,728</b>
<b>Non-GAAP Adjusted EBITDA, percent of revenue</b>	<b>8.8%</b>	<b>6.6%</b>	<b>10.3%</b>	<b>10.1%</b>
Weighted average common shares outstanding - basic	11,863,758	11,863,758	11,863,758	11,863,758
<b>Non-GAAP earnings per share</b>	<b>\$ 0.07</b>	<b>\$ 0.05</b>	<b>\$ 0.16</b>	<b>\$ 0.15</b>
Weighted average common shares outstanding - diluted	11,863,758	11,863,758	11,863,758	11,863,758
<b>Non-GAAP earnings per share</b>	<b>\$ 0.07</b>	<b>\$ 0.05</b>	<b>\$ 0.16</b>	<b>\$ 0.15</b>

(1)Currently, the Company has significant U.S. tax loss carryforwards that may be used to offset future taxable income, subject to IRS limitations. However, the Company is still subject to certain state, commonwealth, and other foreign based taxes.

(2)Other charges includes an estimated accrued liability related to an ongoing contract dispute of approximately \$0.5M and may include gains or losses and non-recurring accrual adjustments.