Interim condensed consolidated financial statements of

VOTI Inc.

For the three-month and nine-month periods ended July 31, 2018 and 2017
(Unaudited)

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VOTI Inc.

Interim condensed consolidated statements of financial position

As at July 31, 2018 and October 31, 2017 (Unaudited)

(In Canadian dollars)

	Notes	**July 31, 2018 (Unaudited)**	October 31, 2017
		$	$
Assets			
Current assets			
Cash		**785,284**	714,855
Term deposits		**15,000**	15,000
Trade and other receivables		**2,461,256**	3,064,555
Research and development tax credits receivable		**497,700**	421,300
Inventories		**5,410,400**	4,758,860
Deposits		**316,630**	122,831
Prepaid expenses		**157,637**	100,164
Total current assets		**9,643,907**	9,197,565
Non-current assets			
Property and equipment	4	**212,554**	144,840
Intangible assets	4	**41,912**	5,027
Total non-current assets		**254,466**	149,867
Total assets		**9,898,373**	9,347,432
Liabilities			
Current liabilities			
Bank indebtedness	5	**850,000**	629,848
Trade payables and accrued liabilities		**4,336,583**	3,629,402
Customer deposits		**91,919**	3,273,717
Deferred revenue		**217,501**	203,365
Term debt	6	**447,000**	600,000
Current portion of obligation under finance leases		**11,039**	10,554
Total current liabilities		**5,954,042**	8,346,886
Non-current liabilities			
Convertible notes	7	**2,575,000**	—
Obligation under finance leases		**2,866**	11,207
Total non-current liabilities		**2,577,866**	11,207
Total liabilities		**8,531,908**	8,358,093
Shareholders' equity			
Share capital		**18,616,079**	18,616,079
Stock option reserve	8	**4,368,917**	3,604,678
Warrants		**90,298**	90,298
Deficit		**(21,278,259)**	(21,014,395)
Cumulative translation adjustment		**(430,570)**	(307,321)
Total shareholders' equity		**1,366,465**	989,339
Total liabilities and shareholders' equity		**9,898,373**	9,347,432

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Approved by the Board

____, Director

____, Director

VOTI Inc.

Interim condensed consolidated statements of loss and comprehensive loss

Three-month and nine-month periods ended July 31, 2018 and 2017 (Unaudited)

(In Canadian dollars)

	Notes	**Three-months ended July 31,**		Nine-months ended July 31,	
		2018	2017	**2018**	2017
		$	$	**$**	$
Revenue		**4,974,879**	2,913,195	**17,538,476**	9,480,277
Cost of sales		**(3,418,170)**	(3,085,108)	**(11,005,763)**	(7,942,889)
Gross profit		**1,556,709**	(171,913)	**6,532,713**	1,537,388
Expenses					
General and administrative		**933,681**	643,925	**2,510,443**	1,609,024
Selling and distribution		**869,295**	381,281	**2,369,953**	1,836,703
Research and development		**360,398**	298,476	**928,636**	819,611
Financial expenses, net	9	**79,025**	214,654	**223,306**	220,504
Share-based payments	8	**376,341**	666,392	**764,239**	867,179
		2,618,740	2,204,728	**6,796,577**	5,353,021
Net loss		**(1,062,031)**	(2,376,641)	**(263,864)**	(3,815,633)
Other comprehensive loss					
Foreign currency translation adjustment		**(108,064)**	(308,703)	**(123,249)**	(110,331)
Comprehensive loss		**(1,170,095)**	(2,685,344)	**(387,113)**	(3,925,964)
Basic and diluted loss per share	10	**(0.00)**	(0.01)	**(0.00)**	(0.01)

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

VOTI Inc.

Interim condensed consolidated statements of changes in total equity (deficit)

Nine-month period ended July 31, 2018 and 2017 (Unaudited)

(In Canadian dollars)

	Notes	Number of common shares	Share capital	Stock option reserve	Warrants	Cumulative translation adjustment	Deficit	Total equity
			$	$	$	$	$	$
Balance, October 31, 2016		283,300,878	15,500,426	2,662,790	90,298	—	(18,550,715)	(297,201)
Issue of common shares under private placement		28,750,000	575,000	—	—	—	—	575,000
Issue of common shares under rights offering of common shares to existing shareholders		132,663,561	2,653,271	—	—	—	—	2,653,271
Issue of common shares to senior executives		582,948	11,660	—	—	—	—	11,660
Issue of common shares to senior executives under deferred payment and loan agreement		34,400,000	—	—	—	—	—	
Issuance costs		—	(124,278)	—	—	—	—	(124,278)
Share-based payments	8	—	—	867,179	—	—	—	867,179
Other comprehensive loss for the period		—	—	—	—	(110,331)	—	(110,331)
Net loss for the period		—	—	—	—	—	(3,815,633)	(3,815,633)
Balance, July 31, 2017		479,697,387	18,616,079	3,529,969	90,298	(110,331)	(22,366,348)	(240,333)

	Notes	**Number of common shares**	**Share capital**	**Stock option reserve**	**Warrants**	**Cumulative translation adjustment**	**Deficit**	**Total equity**
			$	$	$	$	$	$
Balance, October 31, 2017		**479,697,387**	**18,616,079**	**3,604,678**	**90,298**	**(307,321)**	**(21,014,395)**	**989,339**
Share-based payments	8	—	—	**764,239**	—	—	—	**764,239**
Other comprehensive loss for the period		—	—	**—**	—	**(123,249)**	—	**(123,249)**
Net loss for the period		—	—	**—**	—	—	**(263,864)**	**(263,864)**
Balance, July 31, 2018		**479,697,387**	**18,616,079**	**4,368,917**	**90,298**	**(430,570)**	**(21,278,259)**	**1,366,465**

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

VOTI Inc.

Interim condensed consolidated statements of cash flows

Nine-month period ended July 31, 2018 and 2017 (Unaudited)
(In Canadian dollars)

	Notes	2018	2017
		$	$
Operating activities			
Net loss		**(263,864)**	(3,815,633)
Adjustments for:			
Depreciation of property and equipment		**57,618**	35,118
Amortization of intangible assets		**1,060**	7,966
Loss on disposal of property and equipment		**—**	13,910
Share-based payments	8	**764,239**	867,179
Net foreign exchange loss	9	**47,543**	40,843
Net change in non-cash working capital items			
Trade and other receivables		**596,851**	252,145
Research and development tax credits receivable		**(76,400)**	161,619
Inventories		**(621,636)**	(1,986,256)
Deposits		**(197,662)**	(403,692)
Prepaid expenses		**(57,990)**	52,199
Trade payables and accrued liabilities		**634,112**	1,183,960
Customer deposits		**(3,297,441)**	724,122
Deferred revenue		**11,627**	(20,606)
		(2,401,943)	(2,887,126)
Investing activities			
Additions to property and equipment		**(125,439)**	(56,616)
Additions to intangible assets		**(42,389)**	—
		(167,828)	(56,616)
Financing activities			
Changes in bank indebtedness		**220,152**	(167,693)
Proceeds from term debt		**447,000**	—
Proceeds from convertible notes		**2,575,000**	—
Repayment of term debt		**(600,000)**	—
Repayment of obligation under finance lease		**(7,856)**	(7,397)
Issuance of common shares		**—**	3,239,931
Share issuance costs		**—**	(124,278)
		2,634,296	2,940,563
Net change in cash		**64,525**	(3,179)
Net effect of foreign exchange rate changes on cash		**5,904**	(26,061)
Cash, beginning of year		**714,855**	682,300
Cash, end of period		**785,284**	653,060
Supplemental cash flow information			
Finance lease additions		**—**	31,700
Interest paid		**103,774**	84,803

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

1. Description of the business

VOTI Inc. (the "Company") was incorporated as a private company under the laws of Canada. The principal activities of the Company involve development, manufacturing and selling X-ray security systems for critical infrastructures as well as ports, borders, military and transportation facilities.

The address of its registered office is 790 Begin Street, St-Laurent, Quebec, H4M 2N5, Canada.

The Board of Directors approved the interim condensed consolidated financial statements of the Company as at July 31, 2018 and authorized their issuance on October 5, 2018.

2. Significant accounting policies

Statement of compliance

The Company's interim condensed consolidated financial statements for the three-month and nine-month periods ended July 31, 2018 have been prepared in accordance with IAS 34 *Interim Financial Reporting* and using the same accounting policies as those described in the Company's annual consolidated financial statements for the year ended October 31, 2017. The Company's annual consolidated financial statements for the year ended October 31, 2017 were prepared in compliance with International Financial Reporting Standards (IFRS).

Basis of preparation

The interim condensed consolidated financial statements have been prepared on the historical cost basis. Historical cost is based on the fair value of the consideration given in exchange for goods and services.

Functional and presentation currency

The functional currency of the parent Company and all its subsidiaries is the U.S. dollar, which is the primary economic environment in which the entities operate.

The Company uses the Canadian dollar as its presentation currency to provide more relevant information to its users.

Translation to presentation currency

The interim condensed consolidated financial statements of the Company are translated from their functional currency to Canadian dollar, the presentation currency. Assets and liabilities are translated at the closing exchange rates prevailing at the financial position date, and income and expenses are translated using the average exchange rates. The accumulated gains or losses arising from translation of functional currencies to the presentation currency are included as a separate component of other comprehensive income (OCI).

Standards, interpretations and amendments issued but not yet effective

Refer to the annual audited consolidated financial statements for the year ended October 31, 2017, as there have been no changes.

3. Critical judgments, estimates and assumptions in applying the Company's accounting policies

Preparing financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. These estimates and assumptions have formed the basis for making judgments about the carrying values of assets and liabilities, where these are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are periodically reviewed. Any change to accounting estimates is recognized in the period in which the estimate is revised.

In preparing these interim condensed consolidated financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of information were the same as those applied to the annual audited consolidated financial statements for the year ended October 31, 2017.

4. Property and equipment and intangible assets

Additions to fixed assets and intangible assets totalled $125,439 and $42,389, respectively, for the nine-month period ended July 31, 2018 ($56,616 and nil, respectively, for the nine-month period ended July 31, 2017).

5. Bank indebtedness

The Company has an available operating line of credit of $500,000, and a $1,000,000 demand facility to cover operating expenses for future export contracts. Amounts drawn under these facilities bear interest at 4.5% above the bank's prime rate for Canadian currency and at 3.70% above the bank's prime rate for American currency and are repayable on demand.

The facilities are secured by a moveable hypothec of $3,000,000 constituting a security interest on the universality of all present and future assets. The aggregate borrowings outstanding are guaranteed by Export Development Canada (EDC) up to 75%.

The Company has a revolving demand facility of $378,000 for letters of guarantee in Canadian or American currency and is repayable on demand. The facility is secured by performance security guarantee issued by EDC for each letter of guarantee issued.

As at July 31, 2018, there was an amount of $850,000 ($629,848 at October 31, 2017) drawn under the facilities, and there were letters of guarantee denominated in U.S. dollars totaling $257,860 in Canadian dollar equivalent ($257,860 at October 31, 2017).

These facilities are to be reviewed periodically and, with respect to the facilities, the Company must respect certain covenants and ratios including total liabilities to tangible net worth of not greater than 3:1. The Company was in default of the covenants at October 31, 2017. The creditor has acknowledged, in writing, the default and the plan of the Company to remedy such default on or before October 31, 2018.

(In Canadian dollars)

6. Term debt

	July 31, 2018	October 31, 2017
	$	$
Term loan, 12%, secured by a movable hypothec constituting a second-ranking security interest on all present and future assets, tangible and intangible, including a security interest on the Company's intellectual property, having a carrying value of nil ($5,027 in 2017), subject only to a first-ranking security interest in the amount of nil ($879,750 in 2017), as well as a third-ranking security interest on the investment certificates of the Company, having a carrying value of nil ($15,000 in 2017). The loan was due and payable on March 28, 2018. (1)	**—**	600,000
Debt facility for an amount of $712,000, bearing interest at 11.2% compounded monthly, based on research and development tax credits to be received for the 2017 and 2018 fiscal years. The facility is secured by a movable hypothec on the universality of movable property for an amount of $800,000.	447,000	—

(1) The loan was paid in full on December 5, 2017.

7. Convertible notes

On April 30, 2018, the Company issued $2,575,000 of convertible notes bearing interest at a rate of 12% per annum and maturing on April 30, 2021. In the event that the Company proceeds to effect a reverse takeover ("RTO") prior to December 31, 2018 (see note 13), these notes are automatically convertible into securities as are issued to investors in connection with the RTO at a conversion price equal to the price paid for subscription receipts by investors. In the event the RTO does not take effect, these notes are either repaid in full or convertible at the option of the holder only upon another qualifying financing or change of control into related securities at a conversion price equal to 80% of the lowest price paid per security at such financing date.

These notes are secured by a third ranking hypothec on the movable assets of the Company.

These financial liabilities are classified as other liabilities.

8. Share-based payments

Stock option plan

In December 2016, the Company established a new stock option plan, replacing the plan previously established. Under this plan, the recipients are awarded stock options to acquire common shares. The number of stock options and the exercise price are determined by the Board of Directors where said exercise price shall be not less than the fair market value as at the grant date. The stock options become fully vested annually on a pro-rata basis over a three-year period commencing on the grant date. The maximum number of common shares that can be under option at any time shall be 25% of the number of common shares of the Company issued and outstanding at such time.

(In Canadian dollars)

8. Share-based payments (continued)

Options granted under stock option plan

During the nine-month period ended July 31, 2018, the Company granted 55,928,363 stock options to its employees and directors with a weighted average exercise price of $0.02 and a contractual life of 7 years.

During the nine-month period ended July 31, 2017, the Company granted 12,923,485 stock options to its employees and directors with an exercise price of $0.02 and a contractual life of 7 years.

The Company applies the fair value method of accounting for stock-based compensation awards granted. Fair value is calculated based on a Black-Scholes option pricing model. The weighted average principal components of the pricing model were as follows:

	July 31, 2018	July 31, 2017
Expected volatility	**132%**	122%
Risk-free rate	**1.61%**	1.30%
Dividend yield	**nil**	nil
Expected life of option	**4.29**	7

The weighted average fair value of options granted during the nine-month period ended July 31, 2018 was $0.03 ($0.018 in 2017).

The changes to the number of stock options granted and their weighted average exercise price are as follows:

	July 31, 2018		July 31, 2017	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
		$		$
Outstanding, beginning of period	**52,684,057**	**0.02**	40,393,875	0.02
Granted	**55,928,363**	**0.02**	12,923,485	0.02
Forfeited/cancelled	**—**	**0.02**	(5,104,529)	0.02
Outstanding, end of period	**108,612,420**	**0.02**	48,212,831	0.02
Exercisable, end of period	**26,651,766**	**0.02**	8,940,968	0.02
Weighted average remaining contractual life (years)	**—**	**4.43**	—	5.71

The options begin vesting on a pro rata basis after the first anniversary date of the grant. Stock-based compensation expense of $376,341 and $731,426 ($64,592 and $265,379 in 2017) was recorded for the three-month and nine-month periods ended July 31, 2018 respectively for options granted under the stock option plan. An additional cost of nil ($17,851 for the three-month and nine-month periods ended July 31, 2017) was recorded for the three-month and nine-month periods ended July 31, 2018 respectively to reflect an incremental value of amendment to the exercise price of certain options.

(In Canadian dollars)

8. Share-based payments (continued)

Options granted outside stock option plan

In addition, the Company grants stock options to its executives, directors and consultants outside the stock option plan described above. The recipients are awarded stock options to acquire common shares. The number of stock options, exercise price and terms of vesting are determined by the Board of Directors.

During the nine-month period ended July 31, 2018, the Company granted 1,750,000 (nil in 2017) stock options to its employees and directors with an exercise price of $0.02 and a contractual life of 7 years.

The Company applies the fair value method of accounting for stock-based compensation awards granted. Fair value is calculated based on a Black-Scholes option pricing model. The weighted average principal components of the pricing model were as follows:

	July 31, 2018	July 31, 2017
Expected volatility	**142%**	—
Risk-free rate	**2.09%**	—
Dividend yield	**nil**	nil
Expected life of option	**6.62**	—

The weighted average fair value of options granted during the nine-month period ended July 31, 2018 was 0.019 (nil in 2017).

The changes to the number of stock options granted and their weighted average exercise price are as follows:

		July 31, 2018		July 31, 2017
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
		$		$
Outstanding, beginning of period	**25,644,992**	**0.02**	25,644,992	0.02
Granted	**1,750,000**	**0.02**	—	—
Outstanding, end of period	**27,394,992**	**0.02**	25,644,992	0.02
Exercisable, end of period	**27,394,992**	**0.02**	25,644,992	0.02
Weighted average remaining contractual life (years)		**4.50**		5.38

Stock-based compensation expense of nil and $32,813 (nil in 2017) was recorded for the three-month and nine-month periods ended July 31, 2018 for options granted outside the stock option plan. An additional cost of nil ($45,459 for the three-month and nine-month periods ended July 31, 2017) was recorded for the three-month and nine-month periods ended July 31, 2018 to reflect an incremental value of amendment to the exercise price of certain options.

(In Canadian dollars)

8. Share-based payments (continued)

Senior executives share issuance deferred payment and loan agreement plan

Stock-based compensation expense of $538,490 was recorded during the three-month and nine-month periods ended July 31, 2017, in connection with the issuance of common shares to senior executives of the Company under deferred payment and loan agreements. The loans are secured by the share pledge of the shares purchased with these loans and the Company only has recourse to the shares bought by the employees. As a result, the shareholder loan is accounted for using the fair value method of accounting for stock-based compensation. Fair value is calculated based on a Black-Scholes option pricing model. The weighted average principal components of the pricing model used were the same as those used for options granted under the stock option plan.

9. Financial expenses

	Three-months ended July 31,		**Nine-months ended July 31,**	
	2018	2017	**2018**	2017
	$	$	**$**	$
Interest and bank charges	**87,475**	68,882	**175,763**	179,661
Foreign exchange (gain) loss	**(8,450)**	145,772	**47,543**	40,843
	79,025	214,654	**223,306**	220,504

10. Loss per share

	Three-months ended July 31,		**Nine-months ended July 31,**	
	2018	2017	**2018**	2017
	$	$	**$**	$
Loss attributable to ordinary equity holders for the period	**(1,062,031)**	(2,376,641)	**(263,864)**	(3,815,633)
Weighted average number of shares for basic and diluted EPS	**479,697,387**	456,888,692	**479,697,387**	398,916,297
Basic and diluted loss per share	**(0.00)**	(0.01)	**(0.00)**	(0.01)

(In Canadian dollars)

11. Financial instruments

Fair values

Financial assets and financial liabilities are measured on an ongoing basis at amortized cost. The disclosures in the "Financial instruments" section of the annual audited consolidated financial statements describe how the categories of financial instruments are measured and how income and expenses are recognized.

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates. Accordingly, the estimated fair values are not necessarily indicative of the amounts the Company could realize or would pay in a current market exchange. The estimated fair value amounts can be materially affected by the use of different assumptions or methodologies.

The Company categorizes its financial assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs used in the measurement.

Level 1 – This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in active markets that are accessible at the measurement date.

Level 2 – This level includes valuations determined using directly (i.e., as prices) or indirectly (i.e., derived from prices) observable inputs other than quoted prices included within Level 1.

Derivative instruments in this category are valued using models or other standard valuation techniques derived from observable market inputs.

Level 3 – This level includes valuations based on inputs that are less observable, unavailable or where the observable data does not support a significant portion of the instruments' fair value.

The fair values of cash, term deposits, trade and other receivables, bank indebtedness, trade payables and accrued liabilities, term debt and convertible notes approximate their carrying values (level 2).

12. Segment information

The Company has determined that it has only one reportable operating segment, the development and marketing of security screening systems. This single operating segment generates revenues from the sale of these products and from rendering services related to the sale of these products. Sales are attributed to the geographic segment based on the location where the Company has transferred the significant risks and rewards of ownership of the goods to the buyer. The geographic segment of non-current assets is based on the location of the assets.

The following table summarizes revenue by geography for the periods ended:

	Three-months ended July 31,		**Nine-months ended July 31,**	
	2018	**2017**	**2018**	2017
			$	$
Canada	**4,464,699**	2,189,314	**15,268,011**	7,808,815
United Arab Emirates	**510,180**	723,881	**2,270,465**	1,671,462
	4,974,879	2,913,195	**17,538,476**	9,480,277

(In Canadian dollars)

12. Segment information (continued)

The following table summarizes non-current assets information by geography for the periods ended:

	July 31, 2018	October 31, 2017
	$	$
Canada	**231,941**	127,169
United Arab Emirates	**22,525**	22,698
	254,466	149,867

13. Events after the reporting period

Issuance of long term debt

In August 2018, the Company received a loan from a shareholder in the amount of $1,600,000. The terms of the loan include a placement fee of 1.5% and interest at 1% per month.

Increased line of credit

In September 2018, the Company's operating line of credit (note 5) was temporarily increased by an additional $500,000.

Issuance of stock options

The Company granted 3,800,000 stock options to its employees and directors with a weighted average exercise price of $0.02 under terms of its stock option plan.

Proposed reverse takeover transaction and private placement

VOTI Inc. ("VOTI") and Steamsand Capital Corp. ("Steamsand") have proposed entering into an Amalgamation Agreement ("Amalgamation"), between VOTI, Steamsand and Steamsand Subco, a wholly-owned subsidiary of Steamsand Capital Corp., pursuant to which VOTI and Steamsand Subco will agree to amalgamate. The Amalgamation is being structured as a three-cornered amalgamation which will result in the amalgamated company being the operating subsidiary of Steamsand upon the completion of the Amalgamation. The original shareholders of VOTI and the holders of the subscription receipts (see below) will represent 98% ownership of the resulting issuer, therefore this transaction will be considered as a reverse take-over (RTO) of Steamsand by VOTI and is expected to close prior to October 31, 2018.

In August 2018, VOTI completed a private placement of 3,080,991 subscription receipts at a price of $3.00 per subscription receipt for aggregate gross proceeds of approximately $9,200,000 less issuance costs. Each subscription receipt will be exchanged, subject to the completion of the RTO, into one post-RTO common share and one half of one post-RTO common share purchase warrant of VOTI.

Prior to the closing date of the RTO, VOTI intends to convert all outstanding stock options into common shares by way of a cashless exercise and simultaneously complete an approximate 30.7:1 consolidation of its common shares.