



**NEWS RELEASE**  
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## **VOTI DETECTION REPORTS STRONG FISCAL 2019 SECOND QUARTER RESULTS**

Benefits from Expansion of Global Customer Base and Penetration of New Verticals

- FY19 second quarter revenue of \$8.5 million, more than double FY18 second quarter revenue of \$4.2 million
- Achieved gross margin of 34% in the quarter, ahead of expectations
- Posted positive adjusted EBITDA
- 201 units deployed in the quarter bringing year to date deliveries to 346 machines
- Increased footprint with existing customers and geographies and opened important new verticals for growth
- Continue to win and receive ongoing orders in the current quarter from several global marquee customers including **UPS**, **Washington Nationals** (Major League Baseball), **CBSA** (Canada Border Services Agency) and **MSP** (Ministère de la Sécurité publique-Québec)
- Two strategic industry experts join newly formed Company Advisory Board to optimize and create new opportunities for growth on a global scale
- Company on track to achieve guidance provided of year over year 25% growth in revenue

**MONTREAL, QC – June 12, 2019** - VOTI Detection Inc. ("VOTI" or "the Company") (TSXV: VOTI), a leading-edge Canadian technology company that develops latest-generation X-ray security systems based on 3D Perspective™ technology, today announced its financial results for its second quarter ended April 30, 2019.

"I am extremely pleased with the Company's performance in our F19 Second Quarter", commented Rory Olson, President and CEO of VOTI Detection, "These results put us right on track to achieve our forecasted growth for the year. We are experiencing significant momentum in all geographies and sectors and our sales pipeline continues to be the strongest we have ever seen. Key customer wins in the quarter included orders from UPS, MSP (Ministère de la Sécurité publique), and a follow on order from CBSA (Canada Border Services Agency). What is even more encouraging is our success in opening up new verticals, all of which have the potential to make a very significant impact on our results over the coming years. Of particular note is the important in-roads that we continue to make in the events and entertainment space, a vertical that represents significant potential for us. We received an order from the

Washington Nationals during the quarter and we are very excited about the prospects for increased business from other sports franchises. We continue to forecast 25% growth in revenues in F2019 versus F2018 as we benefit from the key strategic initiatives that we have put in place over the past year.”

### Financial Highlights

(Unaudited, all amounts are in Canadian dollars)

Period Ended April 30	Q2 2019	Q2 2018	Change	YTD 2019	YTD 2018	Change
Revenue	<b>8,501,138</b>	4,163,634	4,337,504	<b>15,298,566</b>	12,563,597	2,734,969
Gross profit	<b>2,931,524</b>	1,250,428	1,681,096	<b>5,288,706</b>	4,707,320	581,386
Gross margin %*	<b>34%</b>	30%	4.0%	<b>35%</b>	37%	(2%)
Net income (loss)	<b>(120,168)</b>	(647,867)	527,699	<b>(1,763,871)</b>	798,167	(2,562,038)
Adjusted net income (loss)*	<b>39,567</b>	(453,849)	493,416	<b>(675,567)</b>	1,186,065	(1,861,632)
Adjusted EBITDA*	<b>57,457</b>	(399,482)	456,939	<b>(486,587)</b>	1,367,492	1,854,079
Cash (used in) from operating activities	<b>(505,979)</b>	(508,462)	2,483	<b>(3,141,443)</b>	303,261	(3,444,704)

#### Revenue

Revenue for the second quarter F2019 totaled \$8.5 million, compared to \$4.2 million in the second quarter F2018, representing a very significant increase of 104%. For the first half F2019, revenues were \$15.3 million, an increase of 22% over the first half revenues of \$12.6 million recorded in F2018. VOTI added 201 units to its global footprint of units deployed in the quarter, bringing the total number of units deployed in F2019 to 346. Second quarter shipments were made to a broad range of customers over a wide geographic base and included the completion of a major order received from a repeat customer in Southeast Asia for 125 machines. This was the third year in a row that this customer ordered additional machines from VOTI.

#### Gross Profit\*

Gross profit in the second quarter F2019 increased to \$2.9 million, or 34% of revenue, compared to \$1.3 million or 30% in the second quarter F2018. The increase in gross margin was primarily due to the sale of larger tunnel size units which carry higher margins. For the first half of F2019, gross profit stands at \$5.3 million or 35% of revenue versus gross profit of \$4.7 million or 37% of revenue posted in F2018. The gross margin decrease resulted primarily from a higher mix of software and service revenue included in the comparative period F2018.

#### Adjusted EBITDA\*

Adjusted EBITDA for the second quarter F2019 improved to \$57,457, compared to (\$399,482) for the same period of F2018. The increase of \$456,939 resulted from higher gross profit due to an increased number of units sold and the sale of larger tunnel size units which carry higher margins. Adjusted EBITDA for the first half of F2019 decreased to (\$0.5) million versus \$1.4 million recorded in the comparative period in F2018. The decrease resulted primarily from increased general and administrative and selling and distribution expenses incurred in the first half of F2019 to support the Company's growth.

**Net Loss**

Net loss for the second quarter F2019 decreased to \$120,168 compared to \$647,867 for the same period of F2018. The decrease was primarily related to the increase in gross profit and the change in fair value of warrants, partially offset by the increase of non-cash share-based payments and higher costs related to being publicly listed and increased expenses incurred to support the Company's growth. Net loss for the six-month period F2019 increased to \$1.8 million compared to a net income of \$0.8 million for the same period of F2018. The increase in net loss resulted from the increase of non-cash share-based payments, reverse acquisition of Steamsand expenses, and the increase in expenses incurred to support the Company's growth. This was partially offset by a higher gross profit, as well as a gain on revaluation of warrants.

**Cash Flows**

For the six-month period F2019, net cash used in operating activities increased by \$3.4 million when compared to the same period of F2018. The increase primarily resulted from the impact of a build up in accounts payable in F2018 prior to receiving the funds from the company's successful going public transaction in November 2018. In the second quarter F2019, net cash used in operating activities of \$505,979 resulted from an increase in accounts receivable, partially offset by a decrease in inventory.

**Formation of Company Advisory Board**

On June 3, 2019, VOTI announced the formation of an Advisory Board to build on its success and further its growth going forward. Joe Paresi and Kelly Hoggan, two highly respected and qualified industry experts, accepted to serve on the Company's Advisory Board. Their unique skills and exceptional knowledge of the security screening industry will play a pivotal role in both optimizing and creating new opportunities for the Company's growth on a global scale.

Joe Paresi is the Founder, Chairman and Chief Executive Officer of Integrated Defense and Security Solutions specialized in Computed Tomography (CT) X-ray screening. Mr. Paresi's technology has led to the TSA and the worldwide aviation market's plans to replace 5,000 airport x-ray scanners with CT technology. He is a long-time industry expert and is the Founder and former President of L3 Security and Detection Systems.

Kelly Hoggan is the Founder and Chief Executive Officer of H4 Solutions, a consultancy that advises clients in the transportation sector with particular expertise in aviation security and aviation operations. Mr. Hoggan served as Assistant Administrator for Screening Operations at the U.S. Transportation Security Administration (TSA) managing all security programs as well as serving as TSA's chief technical expert on airport screening technologies

## **Second Quarter Fiscal 2019 Results Conference Call:**

When: June 12th, 2019 at 3:00 p.m. ET.

Dial in number: (+1) 888 390 0546, (+1) 416 764 8688 or (+1) 514 225 6995

Conference call replay available until Wednesday, June 19th, 2019.

Recording Playback Number: (+1) 888 390 0541

Playback passcode: 755080#

To access the webcast, click on this link:

<https://event.on24.com/wcc/r/2017100/C8D137179F864E8D1A3F2B8E5DC2C9E4>

The conference ID is 08755080.

A full version of VOTI Inc.'s Fiscal Second Quarter 2019 Management's Discussion and Analysis (MD&A) and Interim condensed consolidated financial statements for the quarter-ended April 30, 2019 are available on [www.sedar.com](http://www.sedar.com).

### **\*Non-IFRS Financial Measures**

Certain financial and non-financial measures included in this news release do not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies. The Company includes these measures because it believes they provide to certain investors a meaningful way of assessing financial performance. For a more complete description of these measures and a reconciliation of VOTI's non-IFRS financial measures to financial results, please see VOTI's Management Discussion and Analysis for the quarter ended April 30, 2019.

### **VOTI's definition of the non-IFRS terms are as follows:**

Gross margin % is defined as Gross profit divided by Revenue.

Adjusted EBITDA is defined as net income or loss before net finance expenses, depreciation and amortization expense and income tax expense, share-based compensation expenses and items that Management believes do not necessarily arise as part of the Company's normal day-to-day operations and could distort the analysis of trends in business performance.

Adjusted net loss is defined as net loss adjusted for share-based compensation and items Management believes do not necessarily arise as part of the Company's normal day-to-day operations and could distort the analysis of trends in business performance.

### **About VOTI Detection**

VOTI Detection, headquartered in Montreal, Quebec, and recently listed on the TSX Venture Exchange, is a leading-edge Canadian technology company that develops latest-generation X-ray security systems based on 3D Perspective™ technology. VOTI's technology produces remarkably sharp and more revealing X-ray images that are competitively superior while delivering enhanced threat detection capabilities and an improved user experience. Since its inception, VOTI has installed scanners in more than 50 countries and has consulted heavily with government agencies and security specialists worldwide to develop feature-rich and easy-to-use scanners that meet the sophisticated needs of modern security screening operations.

[www.votidetection.com](http://www.votidetection.com)

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### **For Further Information:**

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### **Notice regarding forward-looking statements:**

*This release includes forward-looking information within the meaning of Canadian securities laws regarding VOTI Detection and its business. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "is expected", "expects", "scheduled", "intends", "contemplates", "anticipates", "believes", "proposes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Such statements are based on the current expectations of the management of VOTI Detection, and are based on assumptions and subject to risks and uncertainties. Although the management of VOTI Detection believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect. The forward-looking events and circumstances discussed in this release may not occur by certain specified dates or at all and could differ materially as a result of known and unknown risk factors and uncertainties affecting the company, including risks regarding the threat detection technology industry, failure to obtain regulatory approvals, economic factors, management's ability to manage and to operate the business of VOTI Detection, the equity markets generally and risks associated with growth and competition. Although VOTI Detection has attempted to identify important factors that could cause actual*

*actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Accordingly, readers should not place undue reliance on any forward-looking statements or information. No forward-looking statement can be guaranteed. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and VOTI Detection does not undertake any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.*

*Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*