



**NEWS RELEASE**  
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## **VOTI DETECTION REPORTS RECORD FISCAL 2019 THIRD QUARTER RESULTS**

Penetration of New Verticals Resulting in Strong Momentum and Order Flow

- FY19 third quarter revenue of \$7.8 million, representing an increase of 57% over FY18 third quarter revenue of \$5.0 million
- Achieved record gross margin of 40% in the quarter
- Second consecutive quarter of positive Adjusted EBITDA
- 218 units deployed in the quarter, bringing year to date deliveries to a record 564 machines
- Increased footprint with existing customers and geographies with strong order momentum emanating from the Maritime and Events & Entertainment verticals
- Key customer wins in the quarter included repeat orders from Madison Square Garden, and US Bank Stadium, and first-time orders from Ports America and True North Sports & Entertainment
- Received STAC (Service Technique L'aviation Civile/French Civil Aviation Authority) certification for its model XR3D-60, XR3D-7 and XR3D-100 scanners
- Company remains on track to achieve guidance provided of year over year 25% growth in revenue

**MONTREAL, QC – September 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 third quarter ended July 31, 2019.

"I am extremely pleased with our record performance in the third quarter and the way that our first full year as a public company is rolling out. Our traditional verticals are posting solid sales growth as we continue to win important new orders," commented Rory Olson, President and CEO of VOTI Detection, "As we have been communicating to the market, we are starting to see the benefits of increased after sale service and extended warranties positively impacting both our gross margin and bottom line. Most encouraging though, is the strong momentum and significant potential for growth in some of the new verticals that we have recently opened. Of particular note is the Maritime vertical where, in the quarter, we delivered on a first-time order from Ports America, the largest terminal operator in the U.S."

Added Olson, “We continue to see strong momentum in the Entertainment and Events vertical as well. In the quarter, we received follow-on orders from Madison Square Garden and US Bank Stadium and we have made significant inroads with franchises in major North American professional sports leagues. We also recently received an order from True North Sports and Entertainment for scanners to be installed at the Bell MTS Arena, home of the Winnipeg Jets. True North Sports is our first customer in the event space in Canada. Based on our solid performance year to date, 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 few years.”

### Financial Highlights

(Unaudited, all amounts are in Canadian dollars)

#### Period Ended July 31

	Q3 2019	Q3 2018	Change	YTD 2019	YTD 2018	Change
Revenue	7,818,328	4,974,879	2,843,449	23,116,894	17,538,476	5,578,418
Gross profit	3,118,326	1,556,709	1,561,617	8,407,032	6,264,029	2,143,003
Gross margin %*	40%	31%	9.0%	36%	36%	0.7%
Net income (loss)	-1,216,282	-1,062,031	-154,251	-2,980,153	-263,864	-2,716,289
Adjusted net (loss) income*	-103,056	-597,611	494,555	-778,623	588,454	-1,367,077
Adjusted EBITDA*	377,422	-497,055	874,477	-109,165	870,438	-979,603
Cash (used in) from operating activities	660,282	-2,529,441	3,189,723	-2,481,161	-2,226,180	-254,981

#### Revenue

Revenue for the third quarter F2019 totaled \$7.8 million, compared to \$5.0 million in the third quarter F2018, representing an increase of 57%. For the nine months F2019, revenues were \$23.1 million, an increase of 32% over the nine-month revenues of \$17.5 million recorded in F2018. VOTI added 218 units to its global footprint of units deployed in the quarter, bringing the total number of units deployed in F2019 to 564. Third quarter shipments were made to a broad range of existing and first-time customers over a wide geographic base.

#### Gross Profit\*

Gross profit in the third quarter F2019 increased to \$3.1 million, or 40% of revenue, compared to \$1.6 million or 31% in the third quarter F2018. The increase in gross margin was primarily due to the benefits from sales of higher margin product, an increase in after sale service and the impact of extended warranties on the company’s results. For the nine-months of F2019, gross profit stands at \$8.4 million or 36% of revenue versus gross profit of \$6.3 million or 36% of revenue posted in F2018.

***Adjusted EBITDA\****

Adjusted EBITDA for the third quarter F2019 improved to \$377,422 compared to (\$497,055) for the same period of F2018. The increase of \$874,477 resulted from higher gross profit due to an increased number of units sold, the benefits of sales of higher margin product, and the positive impact related to extended warranties, partially offset by increased costs related to being a public company and higher costs to support the company's growth. Adjusted EBITDA for the nine months of F2019 decreased to (\$109,165) million versus \$870,438 recorded in the comparative period in F2018. The decrease resulted primarily from increased general, administrative, selling and distribution expenses incurred in the nine-month period of F2019 to support the Company's growth as well as the costs associated with being a public company.

***Net Loss***

Net loss for the third quarter F2019 increased to \$1.2 million compared to \$1.1 million for the same period of F2018. The increase was primarily related to the unrealized loss on revaluation of warrants, the increase in net financial expenses, the increase of non-cash share-based payments and higher costs related to being publicly listed and increased costs to support the Company's growth, partially offset by the increase in gross profit. Net loss for the nine-month period F2019 increased to \$3.0 million compared to a net loss of \$263,864 for the same period of F2018. The increase in net loss was primarily related to the increase of non-cash share-based payments, reverse acquisition of Steamsand expenses, and higher costs related to being publicly listed and the costs required 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 nine-month period F2019, net cash used in operating activities increased by \$254,981 when compared to the same period of F2018. The increase primarily resulted from a change in working capital and higher costs related to supporting the company's growth, partially offset by the increase in gross profit and increase in deferred revenue due to the sale of extended warranties. For the three-month period F2019, net cash generated from operating activities increased by \$3.2 million when compared to the same period of F2018. The increase primarily resulted from higher adjusted EBITDA and changes in working capital.

**Third Quarter Fiscal 2019 Results Conference Call:**

When: September 13th, 2019 at 9:00 a.m. ET.

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

Conference call replay available until Friday, September 20th, 2019.

Recording Playback Number: (+1) 888 390 0541

Playback passcode: 078605#

To access the webcast, click on this link:

<https://event.on24.com/wcc/r/2082894/18B37C4833C9BAFF22EED7870FC46290>

The conference ID is 87078605.

A full version of VOTI Detection Inc.'s Fiscal Third Quarter 2019 Management's Discussion and Analysis (MD&A) and Interim condensed consolidated financial statements for the quarter-ended July 31, 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 July 31, 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 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)

**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.*

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