



**NEWS RELEASE**  
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## **VOTI DETECTION REPORTS RECORD FISCAL 2019 YEAREND RESULTS**

First Full Year as a Public Company Ends with Record Performance as Outlook Remains Strong

- Record FY19 revenue of \$28.4 million, representing an increase of 24% over FY18 fiscal year results
- Achieved record gross margin of 36% for the year compared with gross margin of 32% in fiscal 2018
- 140 security scanning system units deployed in the fourth quarter, bringing year to date deliveries to a record 704 units versus 592 units delivered in fiscal 2018
- Increased footprint with existing customers and geographies and benefited from penetration of important new verticals in the maritime and events and entertainment space
- Certification program for Company scanners progressed well with numerous models receiving “Qualified” status certification from both the TSA (US Transportation Security Administration) and Transport Canada as well as certification by STAC (Service Technique L’aviation Civile/French Civil Aviation Authority)
- Disruption through innovation at the forefront with launch of VotiInsights, Company’s state-of-the-art, fully integrated analytics and fleet management solution and introduction of BioSans MATRIX, the next evolution in VOTI’s advanced intelligent operating system

**MONTREAL, QC – February 19, 2020** - 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 fiscal year ended October 31, 2019.

“2019 was truly a pivotal year for our Company,” commented Rory Olson, President and CEO of VOTI Detection, “I could not be prouder of the VOTI team as we moved forward with our aggressive plan to disrupt the X-Ray scanning market. Through the year we cemented our standing with our traditional clients on a global scale and acquired important new customers in several targeted markets like the events and entertainment and maritime markets. Through these initiatives, we now have our scanners in operation in 23 North American Professional Sports Stadiums and Arenas including Madison Square Garden and US Bank Stadium. With our success in the maritime space, we are now present in several of the largest ports in the USA with

customers including Carnival Cruise Line and Ports America. We see tremendous opportunity for further growth as we continue to penetrate these markets.

Added Olson, “A key strategic initiative for our Company has been the certification of our scanner models and I am very pleased with our success during 2019 to this end. A significant number of our scanner models received “Qualified Status” from the TSA, Transport Canada and STAC. These certifications will have an immediate positive impact on our order book as we are now positioned to further penetrate the air cargo markets in both North America and on a global basis. Fiscal 2019 also represented a very important year for innovation within the company. Our focused expenditures on R&D are definitely paying off. The launch of VotiINSIGHTS and the introduction of our new advanced intelligent operating system, BioSans MATRIX are gamechangers for the industry. There is no question that these initiatives will move us into the forefront in terms of technology and allow us to continue to offer cost effective advanced elite features expected in top-tier airport screening operations, to the conventional x-ray market. Based on the solid foundation that has been laid and the significant growth potential going forward, we are extremely confident that all of our efforts to date are positioning us to be amongst the leaders in the x-ray scanning market on a global scale. In terms of our revenue outlook for fiscal 2020, current uncertainty relating to global events, such as the coronavirus and its negative impact on global supply chain, make it difficult to provide specific guidance. However, we do feel confident that in spite of the current risks, we will be able to achieve double-digit growth in revenue. ”

## Financial Highlights

(Unaudited, all amounts are in Canadian dollars)

### Period Ended October 31

	Q4			Fiscal Year		
	2019	2018	Change	2019	2018	Change
Revenue	5,310,129	5,468,376	(158,247)	28,427,023	23,006,852	5,420,171
Gross profit	1,789,994	1,100,017	689,977	10,197,026	7,364,046	2,832,980
Gross margin %*	34%	20%	14%	36%	32%	4%
Net loss	(1,314,494)	(3,423,660)	2,109,166	(4,294,647)	(3,687,524)	(607,123)
Adjusted net (loss) income*	(1,216,052)	(2,011,539)	795,487	(1,994,675)	(1,423,085)	(571,590)
Adjusted EBITDA*	(612,150)	(1,519,459)	907,309	(721,315)	(649,021)	(72,294)

### Revenue

Revenue for the fourth quarter F2019 totaled \$5.3 million, compared to \$5.5 million in the fourth quarter F2018, representing a decrease of 3%. For the 12-month period F2019, revenues were \$28.4 million, an increase of 24% over the full year revenues of \$23 million recorded in F2018.

VOTI added 140 units to its global footprint of units deployed in the quarter, bringing the total number of units deployed in F2019 to 704. Fourth quarter shipments were made to a broad range of existing and first-time customers over a wide geographic base. Key repeat customers with orders delivered upon during the Fiscal 2019 year included Canada Border Services Agency and Madison Square Garden. In addition, shipments on major orders received from repeat customers in Southeast Asia totaling 196 machines were completed during the year. This was the third year in a row that these customers ordered additional machines. Key First-Time Customers during the year included UPS, Ministere de la Securite publique, Carnival Cruise Line, Ports America, US Bank Stadium, Bell MTS Arena (True North Sports & Entertainment) and Nationals Park.

### ***Gross Profit\****

Gross profit in the fourth quarter F2019 increased to \$1.8 million, or 34% of revenue, compared to \$1.1 million or 20% in the fourth 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 Fiscal Year 2019, gross profit stood at \$10.2 million or 36% of revenue versus gross profit of \$7.4 million or 32% of revenue posted in F2018.

### ***Adjusted EBITDA\****

Adjusted EBITDA for the fourth quarter F2019 was (\$612,150) compared to (\$1,519,459) for the same period of F2018. The improvement of \$907,309 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 F2019 came in at (\$721,315) million versus (\$649,021) recorded in the comparative 12-month period of F2018. The decrease was primarily related to higher costs associated with being publicly listed and an increased number of personnel and consultants to support the Company's growth, partially offset by higher gross profit due to increased number of units sold, the benefit of sales of higher margin product and the positive impact related to extended warranties.

### ***Net Loss***

Net loss for the fourth quarter F2019 decreased to \$1.3 million compared to \$3.4 million for the same period of F2018. Net loss for the year end F2019 increased to \$4.3 million compared to a net loss of \$3.7 million for the full year F2018. The increase in net loss was primarily related to higher costs to support the company's growth, higher costs related to being publicly listed, costs associated with our reverse acquisition of Steamsand and non-cash share-based payments expenses. This was partially offset by a higher gross profit, as well as a gain on revaluation of warrants and increased capitalization of development costs.

### ***Cash Flows***

For the 12-month period F2019, net cash used in operating activities increased by \$783,710 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.

### ***Certification Update***

Over the past 12 months, VOTI has focused on obtaining certification for a large number of its scanners in an effort to position the company's products for increased opportunity and usage within the cargo sector. This program yielded very successful results over the past 12 months with the following certification achieved:

- Received "Qualified" status certification from the TSA (US Transportation Security Administration) for VOTI models XR3D-6D, 7D and 100D scanners
- Received "Qualified" status certification from Transport Canada for VOTI models XR3D-6D, 7, 7D, 100 and 100D scanners
- Received STAC (Service Technique L'aviation Civile/French Civil Aviation Authority) certification for VOTI models XR3D-60, XR3D-7 and XR3D-100 scanners

### **Fiscal 2019 Year End Results Conference Call:**

When: February 20th, 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 Thursday, February 27th, 2020.

Recording Playback Number: (+1) 888 390 0541

Playback passcode: 463102#

To access the webcast, click on this link:

<https://event.on24.com/wcc/r/2189226/45DE7A432479DFB160932862B972D304>

The conference ID is 62463102.

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

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

Gross margin percent 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)

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**For Further Information:**

Michael Ickman, Chief Financial Officer  
(514) 782-1566  
[IR@votidetection.com](mailto:IR@votidetection.com)

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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