



**NEWS RELEASE**  
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## **VOTI DETECTION REPORTS FISCAL 2020 THIRD QUARTER RESULTS**

- Despite significant headwinds and the related negative impact of the global COVID-19 pandemic, company achieved revenue of \$3.9 million compared with F19 third quarter revenue of \$7.8 million
- Achieved gross margin\* of 32% in the quarter
- Company delivered 95 security scanning system units to a wide range of global clients across a diversified base of sectors, including 18 units delivered to Port Canaveral for Carnival Cruise Line, bringing total 2020 deliveries to 390 units
- 27 North American professional sporting facilities now using VOTI X-Ray scanners with the delivery of X-Ray scanners to new and repeat order stadiums

**MONTREAL, QC – September 24, 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 results for its third quarter and nine-month period ended July 31, 2020.

"We continue to operate under challenging circumstances brought about by the ongoing COVID-19 crisis and the resulting slowdown in the global economy." commented Rory Olson, President and CEO of VOTI Detection, "Our third quarter results reflect these circumstances but at the same time we are finally starting to see some positive signs pointing to a resumption of more normal activity heading into the fourth quarter. Importantly, our customers still want and require our product and, for the most part, what we are seeing is that the majority of expected orders have not been cancelled but have been postponed to a later date. We continue to expect a return to normal delivery rates through 2021."

Added Olson, "We believe that the initiatives that we have taken, particularly on the cost cutting front, along with the very solid foundation that has been laid, our backlog and our leading technology, places us in a position to continue to weather the storm and will allow us to rebound as markets return to normal. In addition, we also expect that the government focus on infrastructure expenditures to stimulate the economy will result in additional demand for expenditures on perimeter security."

For a discussion of risks related to the Covid-19 pandemic, please see VOTI's MD&A filed today under VOTI's profile at [www.sedar.com](http://www.sedar.com)

The financial highlights set out below should be read in conjunction with VOTI's financial statements for the quarter and the related management's discussion and analysis filed today under VOTI's profile at [www.sedar.com](http://www.sedar.com).

## Financial Highlights

(Unaudited, all amounts are in Canadian dollars)

Period Ended July 31	Q3 2020	Q3 2019	Change	YTD 2020	YTD 2019	Change
Revenue	<b>3,855,653</b>	7,818,328	(3,962,675)	<b>14,161,526</b>	23,116,894	(8,955,368)
Gross profit	<b>1,227,675</b>	3,118,326	(1,890,651)	<b>4,499,133</b>	8,407,032	(3,907,899)
Gross margin %*	<b>32%</b>	40%	(8%)	<b>32%</b>	36%	(4%)
Net loss	<b>(1,944,838)</b>	(1,216,282)	(728,556)	<b>(4,518,961)</b>	(2,980,153)	(1,538,808)
Adjusted net loss*	<b>(1,871,457)</b>	(103,056)	(1,768,401)	<b>(4,658,093)</b>	(778,623)	(3,879,470)
Adjusted EBITDA*	<b>(409,861)</b>	377,422	(787,283)	<b>(2,430,427)</b>	(109,165)	(2,321,262)
Cash used in operating activities				<b>(2,880,442)</b>	(2,481,161)	(399,281)

### Revenue

Revenue for the third quarter F2020 totaled \$3.9 million, compared to \$7.8 million in the third quarter F2019. The decrease was primarily related to expected sales orders that were postponed due to COVID-19 as well as the lower number of larger tunnel sizes and dual-source scanners, which carry higher selling prices, being sold in 2020. For the nine-month period F2020, revenues were \$14.1 million compared to \$23.1 posted in the nine-month period F2019. VOTI added 95 units to its global footprint of units deployed in the quarter, bringing the total number of units deployed in F2020 to 390. Third quarter shipments were made to a broad range of customers over a wide geographic base and included a sale of 18 units to Port Canaveral for a repeat order from Carnival Cruise Line, as well as the delivery of scanners to new and repeat North American professional sporting facilities. With these orders, there are now twenty-seven professional North American sports teams currently using VOTI X-Ray scanners at their stadiums. Through VOTI's partnership with a long-standing distributor in the U.S., VOTI also received orders from multiple county sheriff departments including a repeat order for 12 units from a single county as they updated their entire X-Ray fleet with VOTI technology.

### Gross Profit

Gross profit in the third quarter F2020 decreased to \$1.2 million, or 32% of revenue, compared to \$3.1 million or 40% in the third quarter F2019. For the nine-month period, gross profit decreased to \$4.5 million or 32% of revenue, compared to \$8.4 million or 36% for the same period in Fiscal 2019. The decrease in gross margin\* was primarily related to the product and geography mix sold.

### ***Net Loss***

Net loss in the third quarter increased to \$1.9 million compared to \$1.2 million for the same period of Fiscal 2019. The increase in net loss in the three-month period is primarily related to the decrease in gross profit, trade receivables write-off and increase in financial expenses, partially offset by a decrease in the Company's operating expenses, a decrease in the non-cash fair value measurement of the Company's warrants and embedded derivatives, a decrease in share-based payments expenses and funding received from the Canadian Federal government COVID-19 Canada Employee Wage Subsidy (CEWS) stimulus program.

Net loss for the nine-month period F2020 increased to \$4.5 million compared to a net loss of \$2.9 million for the same period of Fiscal 2019. The increase is primarily related to the decrease in gross profit, increase in financial expenses and the trade receivables write-off, partially offset by a decrease in the Company's operating expenses, the absence of the reverse acquisition of Steamsand expenses in 2020, the non-cash fair value measurement of the Company's embedded derivatives and warrants, a decrease in non-cash share based payments expenses and funding received from the Canadian Federal government COVID-19 Canada Employee Wage Subsidy (CEWS) stimulus program.

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

Adjusted EBITDA for the third quarter F2020 was (\$0.4) million, compared to \$0.3 million for the same period of F2019. Adjusted EBITDA for the nine-month period F2020 decreased to (\$2.4) million versus (\$0.1) million recorded in the comparative period in F2019. The decreases for both the three-month and nine-month periods ended July 31, 2020 resulted primarily from the decrease in revenue and related gross profit, partially offset by reduced operational costs and funding received from the Canadian Federal government COVID-19 Canada Employee Wage Subsidy (CEWS) stimulus program.

### ***Cash Flows***

For the nine-month period F2020, net cash used in operating activities increased by \$0.4 million when compared to the same period of F2019. The increase in net cash used in operations primarily resulted from decreased cash-based operating results for the period and decreased collection of upfront cash from extended warranty payments in 2020, partially offset by a positive impact from the change in the Company's non-cash working capital.

### ***Additional Developments***

New Head of Sales Named: Maxime Gimmig has been named VOTI's new Head of Sales. Max brings with him a wealth of experience and expertise in the field of sales and over the past two years has been an integral part of the VOTI sales team at the center of the Company's strategic partnerships, distributor relationships, and enterprise and government account management initiatives. Max replaces Richard Shatilla who, after contributing significantly to advancing the

Company's objectives for the last six years, has decided to leave to pursue other business interests. The Company thanks Richard for his contribution to VOTI's success.

New Chairman of Governance, Human Resources and Compensation Committee: The company has announced that Alain Miquelon is stepping down as a director, having fulfilled the two year commitment he made at the time the Company went public in the fall of 2018. "I want to take this opportunity to thank Alain for his advice and wise counsel over the past two years," stated Philip Murray, Chairman of VOTI's Board. Director James Cherry is taking over from Mr. Miquelon as Chairman of the Company's Governance, Human Resources and Compensation Committee.

Share Issue: VOTI has issued 100,000 common shares at a price of \$0.50 per share in settlement of financial advisory services of \$50,000 provided to the Company from June to August 2020. The shares are subject to a four month hold period.

### **Fiscal 2020 Third Quarter Results Conference Call:**

#### **Details of the Conference Call**

When: September 25th, 2020 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, October 2nd, 2020.

Recording Playback Number: (+1) 888 390 0541

Playback passcode: 832895#

To access the webcast, click on this link:

[https://produceredition.webcasts.com/starthere.jsp?ei=1370316&tp\\_key=4894a4b968](https://produceredition.webcasts.com/starthere.jsp?ei=1370316&tp_key=4894a4b968)

The conference ID is 34832895.

A full version of VOTI Detection Inc.'s Fiscal 2020 Third Quarter Management's Discussion and Analysis (MD&A) and Interim condensed consolidated financial statements for the quarter-ended July 31, 2020 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 third quarter ended July 31, 2020.

**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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**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. In addition, the current situation and future developments with respect to the COVID-19 pandemic could cause certain of the assumptions and information set forth herein or the fact that on which such assumptions are based to differ materially from previous expectations including in respect of demand for our products, supply chain and availability of materials, mobility and shipping of materials and or products, access to debt and equity capital and other factors.*

*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.*