

Xtract One Announces Second Quarter Fiscal 2025 Results

Total Backlog Climbs to Record \$37.2 Million; 70% Gross Margins; Cash Burn Declines

TORONTO, ON – March 12, 2025 -- Xtract One Technologies Inc. (TSX: XTRA) (OTCQX: XTRAF) (FRA: OPL) ("Xtract One" or the "Company") a leading technology-driven threat detection and security solution that prioritizes the patron access experience by leveraging AI, today announced fiscal second quarter results for the three months ended January 31, 2025. All information is in Canadian dollars unless otherwise indicated.

Second Quarter Highlights

- Quarterly revenue of \$3.4 million for the three months ended January 31, 2025 versus \$2.9 million in the prior-year period.
- Gross margin of 70% for the second quarter of fiscal 2025 versus 61% in the prior-year period.
- Total contract value of new bookings¹ was \$13.5 million for the three months ending January 31, 2025 – the strongest quarterly results in the Company's history – as compared to \$5.1 million for the same period last year.
- Contractual backlog was \$16.7 million at the end of the second quarter as compared to \$12.3 million in the prior-year period, excluding an additional \$20.5 million of agreements pending installation¹ versus approximately \$10.0 million at the end of the second quarter of fiscal 2024.

"By booking a record \$13.5 million of orders, we ended the period with \$37.2 million in total backlog – a new level for the Company – strengthening our outlook for the balance of fiscal 2025 and beyond and putting us on track for our best year ever" stated Peter Evans, Chief Executive Officer of Xtract One. "We are very pleased to be experiencing revenue growth despite second quarter results being tempered by deployment timing and a larger than typical percentage of subscription contracts. We are also pleased that we continue to win new contracts in multiple industry verticals and geographies – another strategic step in accelerating market penetration and acceptance, and diversifying the business. At the same time, we are seeing significant interest in our Xtract One Gateway solution. The outlook for the second half of fiscal 2025 remains bright, and we are well positioned on the path to profitability."

Financial Results for the Three Month Period Ended January 31, 2025

Consolidated revenue was \$3.4 million for the three months ended January 31, 2025 as compared to \$2.9 million for the same period last year, reflecting new business wins and a greater number of installations. Gross profit was \$2.4 million, or a gross profit margin of 70%, in the fiscal 2025 second quarter versus \$1.8 million, or a gross profit margin of 61%, in the prior-year period.

Comprehensive loss was \$2.1 million for the three month period ended January 31, 2025 as compared to \$3.3 million for the same period in fiscal 2024. This reflects higher revenue and gross profit as well as lower research and development expenses.

This press release should be read in conjunction with the Company's Unaudited Condensed Consolidated Interim Financial Statements, prepared in accordance with International Financial Reporting Standards

("IFRS") and the Company's Management's Discussion and Analysis for the three and six month periods ended January 31, 2025 and 2024, which can be found on the Company's website and under the Company's profile on SEDAR+ at www.sedarplus.ca.

Conference Call Details

Xtract One will host a conference call to discuss its results tomorrow, March 13, 2025 at 10:00 am EST. Peter Evans, Xtract One CEO and Director, and Karen Hersh, CFO and Corporate Secretary, will provide an overview of the interim financial results along with management's outlook for the business, followed by a question-and-answer period.

The webcast and presentation will be accessible on the company's website. The [webcast can be accessed here](#) and the telephone number for the conference call is 844-481-3016 (412-317-1881 for international callers).

About Xtract One Technologies

[Xtract One Technologies](#) is a leading technology-driven threat detection and security solution leveraging AI to provide seamless and secure patron access control experiences. The Company makes unobtrusive weapons and threat detection systems that are designed to assist facility operators in prioritizing- and delivering improved "Walk-right-In" experiences while enhancing safety. Xtract One's innovative portfolio of AI-powered Gateway solutions excels at allowing facilities to discreetly screen and identify weapons and other threats at points of entry and exit without disrupting the flow of traffic. With solutions built to serve the unique market needs for schools, hospitals, arenas, stadiums, manufacturing, distribution, and other customers, Xtract One is recognized as a market leader delivering the highest security in combination with the best individual experience. For more information, visit www.xtractone.com or connect on [Facebook](#), [Twitter](#), and [LinkedIn](#).

About Threat Detection and Security Solutions

Xtract One solutions, when properly configured, deployed, and utilized, are designed to help enhance safety and reduce threats. Given the wide range of potential threats in today's world, no threat detection system is 100% effective. Xtract One solutions should be utilized as one element in a multilayered approach to physical security.

For further information, please contact:

Xtract One Inquiries: info@xtractone.com, <http://www.xtractone.com>

Media Contact: Kristen Aikey, JMG Public Relations, 212-206-1645, kristen@jmgpr.com

Investor Relations: Chris Witty, Darrow Associates, 646-438-9385, cwitty@darrowir.com

¹Supplementary Financial Measures:

The Company utilizes specific supplementary financial measures in this earnings release to allow for a better evaluation of the operating performance of the Company's business and facilitates meaningful comparison of results in the current period with those in prior periods and future periods. Supplementary financial measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to measures presented by other companies. Supplementary financial measures presented

in this earnings release include 'Agreements pending installation' and 'Total contract value of new bookings.' Agreements pending installation reflects total value of signed contracts awarded to the Company that has not been installed at the customer site. 'Total contract value of new bookings' is comprised of all new contracts signed and awarded to the Company, regardless of the performance obligations outstanding as of the end of the reporting period. Total contract value is the aggregate value of sales commitments from customers as at the end of the reporting period without consideration of the Company's completion of the associated performance obligations outlined in each contract.

CAUTIONARY DISCLAIMER STATEMENT:

This news release contains forward-looking statements within the meaning of applicable securities laws that are not historical facts. Forward-looking statements are often identified by terms such as "will", "may", "should", "anticipates", "expects", "believes", and similar expressions or the negative of these words or other comparable terminology. All statements other than statements of historical fact, included in this release are forward-looking statements that involve risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations include but are not limited to the risks detailed from time to time in the continuous disclosure filings made by the Company with securities regulations. The reader is cautioned that assumptions used in the preparation of any forward-looking information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company. The reader is cautioned not to place undue reliance on any forward-looking information. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement. The forward-looking statements contained in this news release are made as of the date of this news release and the Company will update or revise publicly any of the included forward-looking statements only as expressly required by applicable law.

No securities exchange or commission has reviewed or accepts responsibility for the adequacy or accuracy of this release.

Unaudited Interim Statements of Loss and Comprehensive Loss for the Three and Six Months Ended January 31, 2025 and 2024

The following table is extracted from the Company's unaudited condensed consolidated interim financial statements and presented in Canadian dollars to demonstrate the Statements of Loss and Comprehensive loss for the three and six months ended January 31, 2025 and 2024:

	Three months ended January 31,			Six months ended January 31,		
	2025	2024	%Change	2025	2024	%Change
Revenue	\$ 3,412,189	\$ 2,920,058	17%	\$ 7,040,026	\$ 6,036,411	17%
Cost of revenue	1,008,420	1,136,386	(11%)	2,321,850	2,168,328	7%
Gross profit	\$ 2,403,769	\$ 1,783,672	35%	\$ 4,718,176	\$ 3,868,083	22%
Operating expenses						
Selling and marketing	1,224,575	1,299,727	(6%)	2,887,734	2,807,384	3%
General and administration	1,648,688	1,693,019	(3%)	3,512,880	3,340,835	5%
Research and development	1,640,018	2,058,606	(20%)	3,439,629	3,784,797	(9%)
Loss on inventory write-down	281,429	107,013	163%	281,429	107,013	163%
Loss on retirement of assets	21,675	-	0%	21,675	-	0%
Total operating expenses	4,816,385	5,158,365	(7%)	10,143,347	10,040,029	1%
Loss before undernoted	(2,412,616)	(3,374,693)	(29%)	(5,425,171)	(6,171,946)	(12%)
Other income						
Interest and other income	66,671	56,543	18%	141,590	152,583	(7%)
Net loss for the period	\$ (2,345,945)	\$ (3,318,150)		(5,283,581)	(6,019,363)	(12%)
Other comprehensive income for the period						
Currency translation differences for foreign operations	263,300	-	0%	546,119	-	0%
Comprehensive loss for the period	\$ (2,082,645)	\$ (3,318,150)	(37%)	\$ (4,737,462)	\$ (6,019,363)	(21%)
Weighted average number of shares	218,423,567	198,495,594		218,410,655	198,463,158	10%
Basic and diluted loss per share	\$ (0.01)	\$ (0.02)	(50%)	\$ (0.02)	\$ (0.03)	(33%)

Unaudited Interim Statements of Financial Position as of January 31, 2025 and July 31, 2024

The following table is extracted from the Company's unaudited condensed consolidated interim financial statements and presented in Canadian dollars to demonstrate the Company's financial position as of January 31, 2025 and July 31, 2024:

	January 31, 2025	July 31, 2024
Assets		
Current assets		
Cash and cash equivalents	\$ 5,428,446	\$ 8,628,521
Receivables	956,108	3,862,199
Prepaid expenses and deposits	1,307,648	949,012
Current portion of deferred cost of revenue	371,291	371,309
Inventory	4,427,562	3,688,246
	12,491,055	17,499,287
Property and equipment	2,408,515	2,135,956
Intangible assets	5,070,629	4,465,755
Non-current portion of deferred cost of revenue	313,184	496,868
Right of use assets	1,007,880	344,304
Total assets	\$ 21,291,263	\$ 24,942,170
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,881,009	\$ 3,991,292
Current portion of deferred revenue	4,868,490	3,443,524
Current portion of lease liability	167,004	190,400
	6,916,503	7,625,216
Non-Current liabilities		
Non-current portion of deferred revenue	3,534,874	3,155,579
Non-current portion of lease liability	954,890	190,526
	\$ 11,406,267	\$ 10,971,321
Shareholders' equity		
Share capital	\$ 144,398,090	\$ 144,372,452
Contributed surplus	16,789,921	16,163,950
Accumulated deficit	(151,849,134)	(146,565,553)
Accumulated other comprehensive income	546,119	-
	\$ 9,884,996	\$ 13,970,849
Total liabilities and shareholders' equity	\$ 21,291,263	\$ 24,942,170

Unaudited Interim Statements of Cash Flows for the Six Months Ended January 31, 2025 and 2024

The following table is extracted from the Company's unaudited condensed consolidated interim financial statements and presented in Canadian dollars to demonstrate the Company's cash flows for the six month periods ended January 31, 2025 and 2024:

	Six months ended January 31,	
	2025	2024
Cash flow used in operating activities		
Loss for the period	\$ (5,283,581)	\$ (6,019,363)
Adjustment for:		
Share-based compensation	634,640	445,167
Depreciation	725,154	608,308
Amortization	422,454	402,950
Finance cost	22,916	12,212
Property and equipment disposal	21,675	-
Loss on inventory	281,429	107,013
	(3,175,313)	(4,443,713)
Changes in non-cash working capital		
Receivables	3,009,688	(1,304,098)
Prepaid expenses and deposits	(352,624)	400,482
Inventory	(1,329,105)	(1,838,646)
Deferred cost of revenue	183,702	74,264
Accounts payable and accrued liabilities	(2,134,232)	(96,073)
Deferred revenue	1,597,727	3,178,444
Cash used in operating activities	(2,200,157)	(4,029,340)
Cash flow used in investing activities		
Purchase of property, plant and equipment	(129,180)	-
Internally developed intangible assets	(710,154)	-
Acquisition of right of use asset	(5,028)	-
Cash used in investing activities	(844,362)	-
Cash flow used in financing activities		
Proceeds on issue of share capital	16,970	84,849
Lease payments	(162,129)	(190,498)
Cash used in financing activities	(145,159)	(105,649)
Effect of exchange rate changes on cash and cash equivalents	(10,397)	-
Net decrease in cash and cash equivalents for the period	\$ (3,200,075)	\$ (4,134,989)
Cash and cash equivalents beginning of the period	8,628,521	8,327,449
Cash and cash equivalents end of the period	\$ 5,428,446	\$ 4,192,460