



VOTI Detection Reports Fiscal 2020 First Quarter Results

- Revenue of \$6.0 million compared with F19 first quarter revenue of \$6.8 million
- Achieved gross margin* of 32% in the quarter
- 148 security scanning system units deployed in the first quarter versus 145 units delivered in the first quarter fiscal 2019
- Increased footprint with existing customers and geographies
- Major first time order delivered to Tamdeen Group for the 360 Mall in Kuwait City
- Company introduces substantial cost cutting program initiatives

MONTREAL, March 23, 2020 /CNW Telbec/ - 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 first quarter ended January 31, 2020.

"While our first quarter results were lower when compared to the previous fiscal year, as I've mentioned previously, our performance can fluctuate quarter to quarter as orders shift from one quarter to the next and the mix of products delivered in one quarter can significantly impact overall revenue and margins on a comparative basis," commented Rory Olson, President and CEO of VOTI Detection, "Our customer base continues to increase, and most importantly, we have seen repeat orders from customers within the new verticals that we penetrated over the past twelve months. Our order for 34 scanners from the Tamdeen Group in Kuwait is a clear illustration that we are making important strides on a global scale.

Added Olson, "We have also made a very important decision to be proactive in terms of cash management and conservation, especially

given the extremely uncertain times resulting from the economic headwinds precipitated by the COVID-19 pandemic. VOTI has instituted cost cutting initiatives to put the company on a path towards achieving positive Adjusted EBITDA in fiscal 2020, dependant on market conditions, for our Fiscal third and fourth quarters. Cost reductions of \$1.5 million include reductions in executive and senior leadership compensation, reductions related to improving operational efficiencies, and reductions in the cost of components in our scanners through successful R&D initiatives begun in fiscal 2019. With limited visibility given the uncertainty overriding the market, we have decided to suspend any guidance at this point in time. In addition to the above initiatives, given the current situation, we have also initiated discussions with current and potential new lenders and at the same time await final word on specific government programs that are being put in place to assist and ensure that companies can navigate successfully through the COVID-19 situation. We do however believe that the initiatives that we have taken, along with the solid foundation that has been laid, our current backlog and our leading technology, places us in a position to weather the current storm and will allow us to rebound once markets return to normal."

For a discussion of risks and remediative actions related to the COVID-19 pandemic, please see VOTI's MD&A filed today under VOTI's profile at www.sedar.com

Financial Highlights

(Unaudited, all amounts are in Canadian dollars)

First Quarter Ended January 31	2020	2019	Change
Revenue	6,042,016	6,797,428	(755,412)
Gross profit	1,905,199	2,357,182	(451,983)
Gross margin* (%)	31.5%	34.7%	(3.2%)
Net (loss) income	(2,224,603)	(1,643,703)	(580,900)
Adjusted net (loss) income*	(1,502,024)	(715,134)	(786,890)
Adjusted EBITDA*	(1,079,153)	(544,044)	(535,109)
Cash (used in) from operating activities	(3,213,654)	(2,635,464)	(578,190)

Revenue

Revenue for the first quarter F2020 totaled \$6.0 million, compared to

\$6.8 million in the first quarter F2018, representing a decrease of 11%. VOTI added 148 units to its global footprint of units deployed in the quarter. While the number of units delivered was slightly higher, the decrease in revenue, quarter over quarter, was primarily due to the lower number of larger tunnel size units that carry higher selling prices, delivered in fiscal 2020 compared to the number delivered in fiscal 2019. First quarter shipments were made to a broad range of existing and first-time customers over a wide geographic base. We continue to make important inroads in the Sports & Entertainment vertical, and to that end, we delivered scanners to an additional 6 major sports teams during the quarter. Also in the quarter, we delivered 34 units to first-time customer Tamdeen Group for the 360 Mall in Kuwait City, Kuwait.

Gross Profit

Gross profit in the first quarter F2020 decreased to \$1.9 million, or 32% of revenue, compared to \$2.3 million or 35% in the first quarter F2019. The decrease in gross margin was primarily due to the decrease in average selling price per unit. In the first quarter fiscal 2019, a higher number of larger tunnel size units was delivered carrying a higher selling price yielding a higher gross margin.

Adjusted EBITDA*

Adjusted EBITDA for the first quarter F2020 was (\$1,079,153) compared to (\$544,044) for the same period of F2019. The decrease of \$535,109 resulted from an increased number of personnel and consultants coupled with the decrease in gross profit, partially offset by lower general and administrative costs.

Net Loss

Net loss for the first quarter F2020 increased to \$2.2 million compared to \$1.6 million for the same period of F2019. The increase in net loss was primarily related to the non-cash fair value measurement of the Company's warrants, decreased gross profit, increase in selling and distribution expenses, increase in research and development expenses to support the Company's growth and increase in financial expenses, partially offset by the decrease related to the absence of

the reverse acquisition of Steamsand in 2020 and the decrease in general and administrative costs.

Cash Flows

For the 3-month period F2020, net cash used in operating activities increased by \$578,190 when compared to the same period of F2019. The increase primarily resulted from an increase in inventories, increased collection of cash from upfront extended warranty payments in 2019 and an increased net loss, partially offset by the increase in trade payables.

Fiscal 2020 First Quarter Results Conference Call:

When: March 24th, 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 Tuesday, March 31st, 2020.

Recording Playback Number: (+1) 888 390 0541

Playback passcode: 825061#

To access the webcast, click on this link:

<https://event.on24.com/wcc/r/2203561/468997B5C839A0C3EEF805BED70FBE3C>

The conference ID is 48825061.

A full version of VOTI Detection Inc.'s Fiscal 2020 First Quarter Management's Discussion and Analysis (MD&A) and Interim condensed consolidated financial statements for the quarter-ended January 31, 2020 are available on 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 first quarter ended January 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

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.

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CNW 18:36e 23-MAR-20