



VOTI Detection Reports Fiscal 2020 Second Quarter Results

- The Company remained operational through worldwide pandemic shutdown - being classified an essential service
- Introduced substantial cost cutting program initiatives
- \$3.7 million raised in the quarter through convertible debenture offering
- Despite significant headwinds and the related negative impact of the onset of the global COVID-19 pandemic, company achieved revenues of \$4.3 million compared with F19 second quarter revenue of \$8.5 million
- Achieved gross margin* of 32% in the quarter
- Despite impact of global shutdown, company delivered 147 security scanning system units to a wide range of global clients across a diversified base of sectors bringing total 2020 deliveries to 295 units

MONTREAL, June 25, 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 second quarter and first half for the period ended April 30, 2020.

"The sudden impact of the COVID-19 crisis brought about rapid changes that significantly disrupted our business and forced us to quickly and successfully adjust our plan. Thanks to the agility and resilience of our employees, suppliers and customers, we have been able to continue to operate under very challenging circumstances," commented Rory Olson, President and CEO of VOTI Detection. "Our second quarter results reflect both our ability to have maintained our deliveries as well as the negative impact of a number of our orders being pushed out for later delivery. Although the market is unpredictable at this time, we hope to see an improvement in orders for delivery beginning in the fourth quarter of this year with a return to normal delivery rates by the third quarter 2021."

Added Olson, "We also took some very important proactive decisions with regards to cash management and conservation by instituting significant cost cutting initiatives. In addition, during the quarter we raised \$3.7 million through the successful issuance of convertible debenture units, now totalling almost \$4 million to date. We continue to believe that the initiatives that we have taken, 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 once 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.

Financial Highlights

(Unaudited, all amounts are in Canadian dollars)

Period Ended April 30	Q2 2020	Q2 2019	Change	YTD 2020	YTD 2019	Change
Revenue	4,263,857	8,501,138	(4,237,281)	10,305,873	15,298,566	(4,992,693)
Gross profit	1,366,259	2,931,524	(1,565,265)	3,271,458	5,288,706	(2,017,248)
Gross margin %*	32%	34%	(2%)	32%	35%	(3%)
Net loss	(349,520)	(120,168)	(229,352)	(2,574,123)	(1,763,871)	(810,252)

Adjusted net income (loss)*	(1,284,612)	39,567	(1,324,179)	(2,786,636)	(675,567)	(2,111,069)
Adjusted EBITDA*	(941,413)	57,457	(998,870)	(2,020,566)	(486,587)	(1,533,979)
Cash (used in) from operating activities	(372,351)	(505,979)	133,628	(3,586,005)	(3,141,443)	(444,562)

Revenue

Revenue for the second quarter F2020 totaled \$4.3 million, compared to \$8.5 million in the second quarter F2019. For the first half F2020, revenues were \$10.3 million compared to \$15.3 posted in the first half of F2019. VOTI added 147 units to its global footprint of units deployed in the quarter, bringing the total number of units deployed in F2020 to 295. Second quarter shipments were made to a broad range of customers over a wide geographic base and included a sale of 72 units to a distributor in Egypt. The decrease for both the three-month and six-month periods is primarily related to sales orders that were lost or postponed due to COVID-19, primarily from the maritime (cruise lines), and sports and entertainment verticals, as well as the lower number of larger tunnel sizes and dual-source scanners, which carry higher selling prices, being sold in 2020.

Gross Profit

Gross profit in the second quarter F2020 decreased to \$1.4 million, or 32% of revenue, compared to \$2.9 million or 34% in the second quarter. The decrease in gross margin* is primarily related to the product and geography mix.

Net Loss

Net loss for the second quarter F2020 increased to \$0.3 million compared to \$0.1 million for the same period of F2019. The increase was primarily related to the decrease in gross profit and increase in financial expenses, partially offset by a decrease in non-cash fair value measurement of the Company's warrants and embedded derivatives, decrease in operating expenses, and a decrease in share-based payments expenses. Net loss for the six-month period F2020 increased to \$2.6 million compared to a net loss of \$1.8 million for the same period of F2019. The increase in net loss resulted from the decrease in gross profit, increase in financial expenses, the non-cash fair value measurement of the Company's warrants, and increase in selling and distribution expenses, partially offset by non-cash fair value measurement of the Company's embedded derivatives, decrease in general and administrative costs, decrease in research and development expenses, decrease in share-based payments expenses and a decrease related to the absence of the reverse acquisition of Steamsand in 2020.

Adjusted EBITDA*

Adjusted EBITDA for the second quarter F2020 was (\$0.9) million, compared to \$0.1 million for the same period of F2019. Adjusted EBITDA for the first half of F2020 decreased to (\$2.0) million versus (\$0.5) million recorded in the comparative period in F2019. The decreases for both the three-month and six-month periods ended April 30, 2020 resulted primarily from the decrease in revenue and related gross profit, partially offset by reduced operational costs.

Cash Flows

For the six-month period F2020, net cash used in operating activities increased by \$0.4 million when compared to the same period of F2019. The increase primarily resulted from an increase in inventories, increased collection of upfront cash from extended warranty payments in 2019 and an increased net loss, partially offset by an increase in collection of trade receivables and the increase in trade payables.

Fiscal 2020 Second Quarter Results Conference Call:

When: June 26th, 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, July 3rd, 2020.

Recording Playback Number: (+1) 888 390 0541

Playback passcode: 359368#

To access the webcast, click on this link:

https://produceredition.webcasts.com/starthere.jsp?ei=1337800&tp_key=9e61d0e738

The conference ID is 73359368.

A full version of VOTI Detection Inc.'s Fiscal 2020 Second Quarter Management's Discussion and Analysis (MD&A) and Interim condensed consolidated financial statements for the quarter-ended April 30, 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 second quarter ended April 30, 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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