



VOTI DETECTION REPORTS SECOND QUARTER RESULTS

- Second quarter revenue of \$4.6 million versus \$5.9 million in the second quarter fiscal 2021;
- Delivered 126 security scanning systems in the quarter;
- Registered gross margin of 26%;
- Company removing F2022 revenue and gross margin guidance

MONTREAL, June 13, 2022 /CNW Telbec/ - VOTI Detection Inc. ("VOTI" or "the Company") (TSXV: VOTI), a leading-edge Canadian technology company that develops the latest-generation X-ray security systems based on 3D Perspective™ technology, announces results for its second quarter F2022. Unless otherwise noted, all dollar amounts are Canadian dollars. Please refer to the unaudited condensed Consolidated Financial Statements and Management's Discussion and Analysis ("MD&A") for the three months ended April 30, 2022 filed on SEDAR at www.sedar.com for more information.

"As we previewed in our market update release on May 24th, the softness experienced in the first quarter of fiscal 2022, primarily related to the impact of the Omicron variant and the resulting slower than expected recovery from the pandemic's fifth wave, has extended into the second quarter. As such, the timing of a return to more normal markets remains uncertain at this time." commented Rory Olson, President, and CEO of VOTI Detection. "The current softness in the market coupled with a significant increase in supply and shipping costs has resulted in continued uncertainty extending industry wide. Given the current environment, we are removing our previously released guidance for the 2022 fiscal year, including guidance pertaining to annual revenue, gross margin and our expectation that we will exit fiscal 2022 EBITDA positive."

Added Olson, "The weakness in the Company's performance year to date has had a negative impact on our cash position. Whether we can generate sufficient operating cash flows to pay for our expenditures and settle our obligations as they fall due is uncertain. The Company's ability to continue as a going concern is dependent on its ability to manage costs, raise additional equity on reasonable terms and benefit from an improving market. The existence of these conditions indicates that there are material uncertainties which may cast significant doubt on the Company's ability to continue as a going concern. We continue to review our available alternatives."

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 2022	Q2 2021	Change	YTD 2022	YTD 2021	Change
Revenue	4,609,581	5,878,960	(1,269,379)	8,894,437	12,203,175	(3,308,738)
Gross profit	1,215,509	1,830,289	(614,780)	2,647,390	4,195,125	(1,547,735)
Gross margin %*	26 %	31 %	(5 %)	30 %	34 %	(4 %)
Net loss	(1,353,100)	(2,885,173)	1,532,073	(2,543,602)	(4,015,704)	1,472,102
Adjusted net income (loss)*	(2,361,654)	(2,014,072)	(357,582)	(3,859,791)	(2,881,266)	(981,525)
Adjusted EBITDA*	(1,552,144)	(711,752)	(840,392)	(2,505,215)	(208,377)	(2,296,838)
Cash (used in) from operating activities				(1,525,826)	1,474,998	(3,000,824)

Revenue

Revenue for the three months ended April 30, 2022 totaled \$4.6 million compared to \$5.9 million for the same period in Fiscal 2021, a decrease of \$1.3 million or 22%. The Company sold 126 security

scanning systems compared to 178 during the same period in Fiscal 2021. The revenue decrease is primarily attributed to the lower volume of systems sold, largely due to the industry impact caused by the Omicron variant, and the product and geography mix of the systems sold. This is partially offset by a greater number of higher priced systems compared to the same period in Fiscal 2021 and an increase in after sales services and extended warranties revenue.

Revenue for the six-month period ended April 30, 2022, totaled \$8.9 million compared to \$12.2 million for the same period in Fiscal 2021, a decrease of \$3.3 million or 27%. The decrease is primarily attributed to the lower volume of systems sold, largely due to the industry impact caused by the Omicron variant, and the product and geography mix of the systems sold. This is partially offset a greater number of higher priced systems compared to the same period in Fiscal 2021 and an increase in after sales services and extended warranties revenue.

Gross Profit

Gross profit in the second quarter decreased to \$1.2 million or 26% of revenue, compared to \$1.8 million or 31% of revenue, for the same period in Fiscal 2021, a decrease of \$614,780 or 5% of revenue. The 5% decrease in gross margin is primarily related to the lower number of systems sold, including their product and geography mix, a 3.5% increase in the average component cost per scanner, resulting mainly from an increase in freight costs allocated to the inventory sold (due to the impact of COVID-19 on the global supply chain), and the termination of funding from the Canadian Federal Government's Canada Emergency Wage Subsidy ("CEWS") stimulus program. These are partially offset by an increase in revenue from after sales services and extended warranties as a percentage of overall revenue, which carry higher margins.

For the six-month period, gross profit decreased to \$2.6 million or 30% of revenue, compared to \$4.2 or 34% for the same period in Fiscal 2021. The 4% decrease in gross margin compared to the same period in Fiscal 2021 is primarily related to the lower number of systems sold, including their product and geography mix, a 3.5% increase in the average component cost per scanner, resulting mainly from an increase in freight costs allocated to the inventory sold (due to the impact of COVID-19 on the global supply chain), and the termination of funding from the Canadian Federal Government CEWS stimulus program. These are partially offset by an increase in revenue from after sales services and extended warranties as a percentage of overall revenue, which carry higher margins.

Net Loss

Net loss in the second quarter decreased to \$1.4 million compared to \$2.9 million for the same period in Fiscal 2021. The decrease in net loss of \$1.5 million is primarily related to a decrease in net financial expenses, increase in non-cash gain from changes in fair value of embedded derivative, increase in non-cash gain from change in fair value of warrants, and a decrease in share-based payments, partially offset by the decrease in gross profit, the increase in general and administrative expenses, selling and distribution expenses and research and development expenses.

Net loss for the six-month period decreased to \$2.5 million compared to \$4.0 million for the same period of Fiscal 2021. The decrease in net loss of \$1.5 million is primarily related to a decrease in net financial expenses, increase in non-cash gain from changes in fair value of embedded derivative, increase in non-cash gain from change in fair value of warrants, and a decrease in share-based payments, partially offset by the decrease in gross profit, the increase in general and administrative expenses, selling and distribution expenses and research and development expenses.

Adjusted EBITDA*

Adjusted EBITDA in the quarter decreased to a loss of \$1.6 million compared to a loss of \$711,752 for the same period of Fiscal 2021. The decrease of \$840,392 is primarily related to the increase in

net operating expenses.

For the six-month period, adjusted EBITDA decreased to a loss of \$2.5 million compared to a loss of \$208,377 for the same period of Fiscal 2021. The decrease of \$2.3 million is primarily related to the increase in net operating expenses.

Cash Flows

During the six months ended April 30, 2022, the Company had a balance of net cash used in operating activities of (\$1,525,826) compared to net cash from operating activities of \$1,474,998 for the same period in Fiscal 2021. The decrease of \$3,000,824 is primarily due to decreased cash-based operating results for the period and the negative impact from the change in the Company's non-cash working capital compared to the same period in Fiscal 2021.

Second Quarter Fiscal 2022 Results Conference Call:

Details of the Conference Call:

When: June 14th, 2021, 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, June 21st, 2022.

Recording Playback Number: (+1) 888 390 0541

Playback passcode: 945748 #

To access the webcast, click on this link:

https://produceredition.webcasts.com/starthere.jsp?ei=1553275&tp_key=738b8e19b2

The conference ID is 76945748.

A full version of VOTI Detection Inc.'s Second Quarter Fiscal 2022 Management's Discussion and Analysis (MD&A) and consolidated financial statements for the second quarter ended April 30, 2022, are available on www.sedar.com.

***Non-IFRS Financial Measures**

Certain financial and non-financial measures included in this news release, including Adjusted EBITDA, Gross margin percent and Adjusted net loss, 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, 2021.

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 contains "forward-looking information" and "forward-looking statements" (collectively, "forward-looking statements") which the meaning of applicable securities laws. Forward-looking statements may relate to VOTI's financial outlook and anticipated events or results and may include information regarding VOTI's financial position, business strategy, growth strategies, addressable markets, budgets, operations, financial results, taxes, plans and objectives. Particularly, information regarding VOTI's expectations of future results, performance, achievements, prospects or opportunities or the markets in which it operates and the impact thereon of the ongoing COVID-19 pandemic declared by the World Health Organization on March 11, 2020 ("COVID-19"), as well as statements relating to expectations regarding industry trends, growth rates, expectations regarding revenue and the revenue generation potential, business plans and strategies, VOTI's competitive position in its industry, VOTI's expectations relating to its rollout of its next generation MATRIX Series line of X-Ray scanners and the results associated therewith and its projections and forecasts relating to its expectations that it will return to or exceed pre-pandemic sales and gross margins constitute forward-looking statements.

In some cases, when used in this release, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "does not anticipate", "believe", "seek", "propose", "estimate", "project", "expect", "does not expect", "forecasts", "projection", "prospects", "outlook", "targets", or similar expressions, variations of such terms or the negative of such terms are intended to identify forward-looking statements. Such forward-looking statements reflect VOTI's then current views with respect to future events based on certain material facts, assumptions, opinions and estimates in light of management's experience and perception of historical trends, current conditions and expected future developments, as well as other factors VOTI currently believes are appropriate and reasonable in the circumstances and as of the date such forward-looking statements are made. Despite a careful process to prepare and review the forward-looking statements, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. The forward-looking statements are based on certain key expectations and assumptions made by VOTI, including expectations and assumptions concerning availability of capital resources and ability to finance, business performance, market conditions, and customer demand. Although VOTI believes that the expectations and assumptions on which such forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements since no assurance can be given that they will prove to be correct.

Forward-looking statements are necessarily based on a number of opinions, estimates and assumptions that VOTI considered appropriate and reasonable as of the date such statements are made, are subject to certain known and unknown risks and uncertainties that may cause the actual results or events to differ materially from anticipated in such forward-looking statements, including without limitation risks regarding the threat detection technology industry, failure to obtain regulatory approvals, or changes in regulatory environment, economic factors, management's ability to manage and to operate the business of VOTI, the equity markets generally and risks associated with growth and competition, in addition to other risks identified in VOTI's most recently

filed management's discussion and analysis and in other publicly filed documents under VOTI's profile at www.sedar.com as well as other unknown risks.

Many factors could cause VOTI's actual results, performance or achievements to vary from those described in this release, including without limitation those listed above, as well as the assumptions upon which they are based proving incorrect. These factors should not be construed as exhaustive. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this MD&A as intended, planned, anticipated, believed, sought, proposed, estimated or expected, and such forward-looking statements should not be unduly relied upon. VOTI does not intend, and does not assume any obligation, to update these forward-looking statements except as required by law. The forward-looking statements contained in this release are expressly qualified by these cautionary statements. Forward-looking statements contained in this release about prospective results of operations, financial position or cash flows are based on assumptions about future events, including economic conditions and proposed courses of action, based on management's assessment of the relevant information currently available. Readers are cautioned that outlook information contained in this release should not be used for the purposes other than for which it is disclosed herein or therein, as the case may be. In addition, the current situation and future developments with respect to COVID-19 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 VOTI's 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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