



August 16, 2019

For Immediate Release
(TSX-VEN: VGL)

Vigil Reports Increased Sales Bookings in First Quarter

August 16, 2019 (Victoria, British Columbia) – Vigil Health Solutions Inc. (“Vigil”) announces the results of operations for the quarter ending June 30, 2019.

Developments in the Quarter

- Sales bookings for the quarter were \$1.47 million compared to \$1.20 million in three month period ended June 30, 2018.
- Revenue of \$1.32 million compared to \$1.64 million in the three month period ended June 30, 2018.
- Losses were \$62 thousand compared to \$194 thousand in earnings before income taxes in the three month period ended June 30, 2018.
- Adjusted EBITDA of \$8 thousand compared to \$222 thousand in the three months ended June 30, 2018.

“Despite the recent slowdown in new construction we were pleased to see stronger sales bookings in the first quarter. Unfortunately, a combination of last fiscal’s lower bookings and construction schedules impacted revenue and earnings. Construction timing can lead to fluctuations in revenue and income from quarter to quarter and we are in the installation phase of a number of larger projects expected to commission in the latter half of fiscal 2020,” stated Troy Griffiths, President and CEO of Vigil Health Solutions Inc.

Financial Results

Revenue for the three months ended June 30, 2019 was \$1.32 million compared to \$1.64 million in the three month period ended June 30, 2018. The 20% decline in revenue partly reflects lower bookings in fiscal 2019. Further, construction schedules pushed the expected completion date for a number of projects into the third quarter of fiscal 2020. There were 12 projects completed in the quarter compared to 16 in the three month period ended June 30, 2018. Project revenue from new and existing customers made up 43% of total revenue, compared to 58% in the three month period ended June 30, 2018. The remaining revenue came from follow on sales to existing customers. These sales include service and maintenance billings and replacement products including wireless devices and communication equipment.

Bookings for the quarter were \$1.47 million up 22% from \$1.20 million in the three month period ended June 30, 2018. There were 12 project sales with an average value of \$62 thousand compared to 9 project sales with an average value of \$59 thousand in the period ending June 30, 2018.

At June 30, 2019 Vigil had a backlog of approximately \$3.08 million (including \$866 thousand in deposits and progress billings, recorded as deferred revenue on the balance sheet) compared to approximately \$3.44 million (including \$1.37 million in deposits and progress billings, recorded as deferred revenue on the balance sheet) at June 30, 2018. At June 30, 2019, Vigil’s backlog included 31 projects at varying stages of installation and progress billing with an average size of \$99 thousand compared to 33 projects with an average size of \$104 thousand at June 30, 2018. The Company’s backlog is the total estimated revenue for contracts which are signed, and have not been completed (and may not have commenced).

The gross margin percentage for the three months ended June 30, 2019 was 54.3% compared to 55.6% for the three months ended June 30, 2018.

Operating expenditures for the three months ended June 30, 2019 were \$776 thousand up 5% from \$740 thousand for the period ended June 30, 2018. The increase primarily relates to temporary staffing for specific research and development projects.

Losses for the three month period ended June 30, 2019 were \$62 thousand compared to \$194 thousand in earnings before income taxes for the comparative quarter. The loss reflects the decrease in revenue and a foreign exchange loss. Net loss was \$62 thousand or \$0.003 per share compared to \$130 thousand in net earnings and comprehensive income, or \$0.003 per share for the three month period ended June 30, 2018.

Detailed financial statements along with Management Discussion and Analysis have been filed with SEDAR (www.sedar.com).

Financial information will be mailed to entitled security holders on August 30, 2019, or, upon notice to the Company, entitled security holders may request a copy of financials in advance.

Summary Financial Information

	June 30, 2019 (unaudited)	June 30, 2018 (unaudited)
Revenue	\$ 1,322,584	\$ 1,643,581
Cost of sales	603,970	729,703
Gross profit	718,614	913,878
Expenses	776,291	739,537
Income (loss) before the following items	(57,677)	174,341
Other income (expense):	(3,934)	20,131
Earnings (loss) before income taxes	(61,611)	194,472
Income taxes	-	(64,224)
Net earnings (loss) and comprehensive income (loss) for the period	\$ (61,611)	\$ 130,248

Non-IFRS Measure

For the three months ended June 30, 2019, we are disclosing Adjusted EBITDA, a non-IFRS financial measure, as a supplementary indicator of operating performance. We define Adjusted EBITDA as net income before, interest, income taxes, amortization, stock based compensation and currency gains or losses including derivative foreign exchange differences. We are presenting the non-IFRS financial measure in our filings because we use it internally to make strategic decisions, forecast future results and to evaluate our performance and because we believe that our current and potential investors and analysts use the measure to assess current and future operating results and to make investment decisions. It is a non-IFRS measure, may not be comparable to other companies and it is not intended as a substitute for IFRS measures.

The Company adopted IFRS 16 – Leases using the modified retrospective adoption approach. As a result of this, the Q1 2020 figures reflect the impact of this adoption and the comparable periods have not been restated. The adoption of IFRS 16 results in a higher Adjusted EBITDA for Q1 2020 due to the change in classification of lease costs from operating expenses to amortization expense. There was no impact on net income.

Adjusted EBITDA Reconciliation

	Three months ended	
	June 30, 2019	June 30, 2018
Income for the period	\$ (61,611)	\$ 130,248
Add / (deduct)		
Foreign exchange	15,074	(13,994)
Change in fair value of derivative	(2,770)	170
Interest	(8,571)	(6,307)
Tax	-	64,224
Stock based compensation	28,059	37,366
Amortization	38,134	10,324
	69,926	91,783
Adjusted EBITDA	\$ 8,315	\$ 222,031

About Vigil Health Solutions Inc.

Vigil offers a proprietary technology platform combining software and hardware to provide comprehensive solutions to the expanding seniors' housing market. Vigil has established a growing presence in North America and an international reputation for being on the leading edge of systems design and integration. Vigil's objective is to offer solutions for the full continuum of care. Vigil's product range includes the innovative wireless Vitality Care System™ featuring discreet 'mini pendants', a nurse call system, mobile fall, incontinence monitoring, resident check in and the award-winning Vigil Memory Care System.

Certain statements contained in this news release that are not based on historical facts may constitute forward-looking statements or forward-looking information within the meaning of applicable securities laws ("forward-looking statements"). These forward-looking statements are not promises or guarantees of future performance but are only predictions that relate to future events, conditions or circumstances or our future results, performance, achievements or developments and are subject to substantial known and unknown risks, assumptions, uncertainties and other factors that could cause our actual results, performance, achievements or developments in our business or in our industry to differ materially from those expressed, anticipated or implied by such forward-looking statements.

Forward-looking statements include all financial guidance, disclosure regarding possible events, conditions, circumstances or results of operations that are based on assumptions about future economic conditions, courses of action and other future events. We caution you not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. These forward-looking statements appear in a number of different places in this presentation and can be identified by words such as "may", "estimates", "projects", "expects", "intends", "believes", "plans", "anticipates", or their negatives or other comparable words. Forward-looking statements include statements regarding the outlook for our future operations, plans and timing for the introduction or enhancement of our services and products, statements concerning strategies or developments, statements about future market conditions, supply conditions, end customer demand conditions, channel inventory and sell through, revenue, gross margin, operating expenses, profits, forecasts of future costs and expenditures, the outcome of legal proceedings, and other expectations, intentions and plans that are not historical fact.

The risk factors and uncertainties that may affect our actual results, performance, achievements or developments are many and include, amongst others, our ability to develop our sales force and generate revenue, the length of the sales cycle, management of the Company's growth, ability to recruit and retain staff, fluctuations in demand for current and future products, our ability to develop, manufacture, supply and market existing and new products that meet the needs of customers, volatility in the exchange rate, ability to secure financing, ability to secure product liability insurance, the continuous commitment of our customers, increased competition, changes in regulation and reliance on third party suppliers. These risk factors and others are discussed in the Risks and Uncertainties section of our "Management Discussion and Analysis" segment of our fiscal 2019 Annual Report. Many of these factors and uncertainties are beyond the control of the Company. Consequently, all forward-looking statements in this news release are qualified by this cautionary statement and there can be no assurance that actual results, performance, achievements or developments anticipated by the Company will be realized.

Forward-looking statements are based on management's current plans, estimates, projections, beliefs and opinions and, except as required by law, the Company does not undertake any obligation to update forward-looking statements should the assumptions related to these plans, estimates, projections, beliefs and opinions change.

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