



November 14, 2019

For Immediate Release
(TSX-VEN: VGL)

Vigil Reports Second Quarter Results

November 14, 2019 (Victoria) – Vigil Health Solutions Inc. (“Vigil”) announces the results of operations for the quarter ending September 30, 2019.

Developments in the Quarter

- Revenue was \$1.23 million compared to \$1.71 million in the three months ended September 30, 2018.
- Net loss was \$168 thousand compared to net earnings and comprehensive income of \$118 thousand in the three months ended September 30, 2018.
- Sales bookings of \$1.26 million, compared to \$1.51 million in the three months ended September 30, 2018.
- Announced second Normal Course Issuer Bid to purchase up to 728,981 common shares of the Company.

“The long-term demand for senior housing remains strong with the aging of the baby boom generation potentially fueling a 50% increase in demand for nursing home care between 2017 and 2030. Senior Housing, similar to most construction, is a cyclical industry. The market is currently in a slowdown with construction starts at the lowest levels since 2014. In addition, construction labour shortages have resulted in projects facing 6-8 month delays. The recent changes in the senior housing environment have affected our financial performance. However, we believe the Company is well positioned to weather the short-term fluctuations and to meet the significant future demand created by the aging population.

Vigil has a healthy balance sheet as well as over \$3 million in sales backlog, and we continue to work with our large corporate clients on new projects and servicing existing locations. We have maintained strong margins and our recurring revenue continues to grow with our expanding install base.

Recently the Company has been investing in sales, and research and development, including some larger non-recurring expenses. Going forward we are making changes that we believe will allow us to adjust to the current environment while remaining focused on building long-term sales,” stated Troy Griffiths, President and CEO of Vigil Health Solutions Inc.

Financial Results

Revenue for the three months ended September 30, 2019 was \$1.23 million compared to \$1.71 million for the three months ended September 30, 2018. The decline in revenue reflects the smaller average project size seen in the current quarter.

Sales bookings for the quarter were \$1.26 million down 16% compared to \$1.51 million in the three months ended September 30, 2018. At September 30, 2019, Vigil had a backlog of approximately \$3.16 million (including \$1.06 million in deposits and progress billings, recorded as deferred revenue on the balance sheet) compared to approximately \$3.13 million (including \$974 thousand in deposits and progress billings, recorded as deferred revenue on the balance sheet) at September 30, 2018.

The gross margin percentage for the three months ended September 30, 2019 was 54% compared to 49% for the three months ended September 30, 2018.

Operating expenditures for the three months ended September 30, 2019 were \$847 thousand up 18% from \$717 thousand for the three months ended September 30, 2018. Approximately \$100 thousand of the increase reflected initiatives that complete in the second or third quarter of the current fiscal year.

Net loss before tax for the three months ended September 30, 2019 was \$168 thousand compared to earnings before income taxes of \$118 thousand for the previous year. The decrease reflects the decline in revenue and increase in expenses. Net loss was \$168 thousand or \$0.009 per share compared to \$70 thousand in net earnings and comprehensive income or \$0.004 per share per share in the three months ended September 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 November 29, 2019, or, upon notice to the Company, entitled security holders may request a copy of financials in advance.

Summary Financial Information

| | Three months ended | | Six months ended | |
|--|--------------------|------------------|------------------|------------------|
| | Sept 30, 2019 | Sept 30, 2018 | Sept 30, 2019 | Sept 30, 2018 |
| Revenue | \$ 1,226,889 | 1,710,803 | 2,549,473 | 3,354,384 |
| Cost of sales | 564,289 | 868,174 | 1,168,259 | 1,597,877 |
| | 662,600 | 842,629 | 1,381,214 | 1,756,507 |
| Expenses | 846,646 | 717,427 | 1,622,937 | 1,456,964 |
| Earnings before the following items | (184,046) | 125,202 | (241,723) | 299,543 |
| Other income (expense) | 16,125 | (7,304) | 12,191 | 12,827 |
| Earnings before income taxes | (167,921) | 117,898 | (229,532) | 312,370 |
| Income taxes | - | (47,776) | - | (112,000) |
| Net earnings and comprehensive earnings for the period | \$ (167,921) | 70,122 | (229,532) | 200,370 |

Non-IFRS Measure

For the three months ended September 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.

Adjusted EBITDA reconciliation

| | Three months ended | | Six months ended | |
|------------------------------------|--------------------|------------------|------------------|------------------|
| | Sept 30, 2019 | Sept 30, 2018 | Sept 30, 2019 | Sept 30, 2018 |
| Income for the period | \$ (167,921) | 70,122 | (229,532) | 200,370 |
| Add / (deduct) | | | | |
| Foreign exchange | (11,990) | 18,454 | 3,084 | 4,460 |
| Change in fair value of derivative | 2,334 | (4,270) | (436) | (4,100) |
| Interest | (6,677) | (6,880) | (15,248) | (13,187) |
| Tax | - | 47,776 | - | 112,000 |
| Stock based compensation | 36,253 | 52,799 | 64,312 | 90,165 |
| Amortization | 38,685 | 10,334 | 76,819 | 20,658 |
| | 58,605 | 118,213 | 128,531 | 209,996 |
| Adjusted EBITDA | \$ (109,316) | 188,335 | (101,001) | 410,366 |

About Vigil Health Solutions Inc.

Vigil offers a 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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