



November 17, 2020

For Immediate Release
(TSX-VEN: VGL)

Vigil Reports Profitable Second Quarter

November 17, 2020 (Victoria, British Columbia) – Vigil Health Solutions Inc. (“Vigil”) announces the results of operations for the quarter ending September 30, 2020.

Developments in the Quarter

- Revenue of \$1.37 million compared to \$1.23 million in the three month period ended September 30, 2019.
- Earnings before income taxes were \$208 thousand compared to losses of \$168 thousand in the three month period ended September 30, 2019.
- Sales bookings for the quarter were \$1.57 million compared to \$1.13 million in the three month period ended September 30, 2019.
- Adjusted EBITDA of \$266 thousand compared to negative Adjusted EBITDA of \$136 thousand in the three months ended September 30, 2019.

“As an essential service, it is more important than ever that senior housing providers are able to deliver the critical care their residents need. With COVID-19 causing slower move in rates and higher inventory it is pushing senior housing occupancy to new lows. For this reason, we do expect to see a reduction in senior housing construction in the United States. However, follow on sales including cloud applications, software maintenance, support and hardware have been increasing. We are working with our clients to help meet their challenges including, staffing and resident engagement as well as ongoing budgetary pressures.

Vigil’s priority continues to be the health and wellbeing of our staff, our customers, and the seniors they serve. With this in mind we are investing in online service delivery, remote commissioning and developing products that will provide long term value to our customers. I believe that we are positioned well for the future. Our balance sheet is strong and supported by an almost \$4 million backlog of signed contracts. I am immensely proud of the work being done by our team, particularly by our field staff, who work tirelessly to provide the best service in extraordinary circumstances,” stated Troy Griffiths, President and CEO of Vigil Health Solutions Inc.

Financial Results

Revenue for the three months ended September 30, 2020 was \$1.37 million up 12% from \$1.23 million in the three months ended September 30, 2019. Project revenue, including new system installations and upgrades, made up 39% of total revenue compared to 43% in the prior year. The remaining revenue is from follow on one-off sales to existing customers. These sales include software maintenance billings and replacement products including wireless devices and communication equipment. The increase in revenue reflects an increase in one-off sales.

Sales bookings for the quarter were \$1.57 million up 39% compared to \$1.13 million in the three months ended September 30, 2019. There were 13 project bookings with an average value of \$61 thousand compared to 8 project sales with an average value of \$58 thousand in the period ending September 30, 2019. Sales bookings include projects closed in the quarter and normally not recognized in revenue until future periods

and one-off sales recognized in revenue in the current period. The increase year over year reflected the higher number of project sales and an increase in one-off sales.

At September 30, 2020, Vigil had a backlog of approximately \$3.99 million (including \$2.01 million in deposits and progress billings, recorded as deferred revenue on the balance sheet) compared to approximately \$3.16 million (including \$1.06 million in deposits and progress billings, recorded as deferred revenue on the balance sheet) at September 30, 2019. 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 September 30, 2020 was 53% compared to 54% for the three months ended September 30, 2019.

Operating expenditures for the three months ended September 30, 2020 were \$494 thousand down 42% from \$847 thousand for the period ended September 30, 2019. The decrease reflected the Canada Emergency Wage Subsidy (CEWS) payments, recorded as a reduction in payroll expense. There were also large declines in sales and marketing expenses including reduced travel and promotional expenses due to tradeshow cancellations and other COVID-19 restrictions.

Earnings before income taxes were \$208 thousand compared to losses of \$168 thousand in the three month period ended September 30, 2019. The earnings reflect increased revenue and decreased operating expenses including the \$93 thousand CEWS subsidy recorded as a reduction in payroll expense. Net earnings and comprehensive income were \$145 thousand or \$0.008 per share compared to a net loss of \$168 thousand, or \$0.009 per share for the three month period ended September 30, 2019.

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 30, 2020, 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	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Revenue	\$ 1,372,713	1,226,889	2,624,574	2,549,473
Cost of sales	645,521	564,289	1,227,456	1,168,259
Gross profit	727,192	662,600	1,397,118	1,381,214
Expenses	493,841	846,646	955,691	1,622,937
Earnings (loss) before the following items	233,351	(184,046)	441,427	(241,723)
Other income (expense)	(25,638)	16,125	(62,099)	12,191
Earnings (loss) before income taxes	207,713	(167,921)	379,328	(229,532)
Income taxes	(62,321)	-	(113,182)	-
Net earnings (loss) and comprehensive earnings (loss) for the period	\$ 145,392	(167,921)	266,146	(229,532)

Non-IFRS Measure

For the three months ended September 30, 2020, 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 excluding amortization of right of use asset for the lease on the Company's head office, 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, 2020	Sept 30, 2019	Sept 30, 2020	Sept 30, 2019
Income for the period	\$ 145,392	(167,921)	266,146	(229,532)
Add / (deduct)				
Foreign exchange	18,163	(11,990)	61,056	3,084
Change in fair value of derivative	3,171	2,334	(4,790)	(436)
Interest	4,304	(6,677)	5,833	(15,248)
Tax	62,321	-	113,182	-
Share based payments	21,434	36,253	34,146	64,312
Amortization	11,221	12,328	22,456	24,509
	120,614	32,248	231,883	76,221
Adjusted EBITDA	\$ 266,006	(135,673)	498,029	(153,311)

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 and 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, including the updated risks related to the COVID-19 pandemic, are discussed in the Risks and Uncertainties section of our "Management Discussion and Analysis" segment of our fiscal 2020 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.

We caution readers that the risks described are not the only ones that could impact the Company. We cannot accurately predict the full impact that COVID-19 will have on our business, results of operations, financial condition or the demand for our services, due in part to the uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, the steps our customers and suppliers may take in current circumstances, including slowing or halting operations, the duration of travel and quarantine restrictions imposed by governments of affected countries and other steps that may be taken by such governments to respond to the pandemic. Additional risks and uncertainties not currently known to us or that are currently deemed to be immaterial may also have a material adverse effect on our business, financial condition, or results of operations.

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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The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.