



February 11, 2020

For Immediate Release
(TSX-VEN: VGL)

Vigil Reports Third Quarter Results

February 11, 2020 (Victoria) – Vigil Health Solutions Inc. (“Vigil”) announces the results of operations for the quarter ending December 31, 2019.

Developments in the Quarter

- Revenue was \$1.01 million compared to \$1.49 million in the three months ended December 31, 2019.
- Net loss was \$228 thousand compared to net earnings and comprehensive income of \$67 thousand in the three months ended December 31, 2018.
- Sales bookings of \$1.40 million, compared to \$1.58 million in the three months ended December 31, 2018.

“Results continue to be impacted by both the slowdown in senior housing construction starts and continued industry-wide project delays. The impact of these delays can also be seen on our sales backlog which continues to grow as completion dates and revenue recognition are moved out to future quarters. We have made changes to adjust to the current construction realities while continuing to focus on building long term sales through targeted sales efforts and ongoing research and development,” stated Troy Griffiths, President and CEO of Vigil Health Solutions Inc.

Financial Results

Revenue for the three months ended December 31, 2019 was \$1.01 million compared to \$1.49 million in the three month period ended December 31, 2018, a decrease of 32%. In the current quarter the majority of activity related to one off sales and training with an unusually small number of projects commissioning. Industry wide labour shortages have resulted in delays in construction schedules and project completion dates.

Sales bookings for the quarter were \$1.40 million compared to \$1.58 million in the three month period ended December 31, 2018. At December 31, 2019, Vigil had a backlog of approximately \$3.44 million (including \$1.25 million in deposits and progress billings, recorded as deferred revenue on the balance sheet), a 16% increase compared to approximately \$2.96 million (including \$868 thousand in deposits and progress billings, recorded as deferred revenue on the balance sheet), at December 31, 2018.

The gross margin percentage for the three months ended December 31, 2019 was 56% compared to 52% for the three months ended December 31, 2018.

Operating expenditures for the three months ended December 31, 2019 were \$785 thousand up 7% from \$731 thousand for the three months ended December 31, 2018. The increase was largely due to short term additional sales and administration costs.

Net loss before tax for the three months ended December 31, 2019 was \$228 thousand compared to \$109 thousand for the three months ended December 31, 2018. The decline in earnings reflected the lower revenue, increases in administration and sales expense and a foreign exchange loss. Net loss was \$228 thousand or \$0.013 per share compared to \$67 thousand in net earnings and comprehensive income or \$0.004 per share in the three months ended December 31, 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 February 28, 2020, or, upon notice to the Company, entitled security holders may request a copy of financials in advance.

Summary Financial Information

| | Three months ended | | Nine months ended | |
|--|----------------------|----------------------|----------------------|----------------------|
| | December 31, 2019 | December 31, 2018 | December 31, 2019 | December 31, 2018 |
| Revenue | \$ 1,011,883 | 1,492,636 | 3,561,356 | 4,847,020 |
| Cost of sales | 450,165 | 712,878 | 1,618,424 | 2,310,755 |
| | 561,718 | 779,758 | 1,942,932 | 2,536,265 |
| Expenses | 785,406 | 731,360 | 2,408,343 | 2,188,324 |
| Earnings (loss) before the following items | (223,688) | 48,398 | (465,411) | 347,941 |
| Other income (expense) | (4,698) | 61,051 | 7,493 | 73,878 |
| Earnings (loss) before income taxes | (228,386) | 109,449 | (457,918) | 421,819 |
| Income taxes | - | (42,286) | - | (154,286) |
| Net earnings (loss) and comprehensive earnings (loss) for the period | \$ (228,386) | 67,163 | (457,918) | 267,533 |

Non-IFRS Measure

For the three months ended December 31, 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 | | Nine months ended | |
|-----------------------|----|--------------------|--------------|-------------------|--------------|
| | | December 31, | December 31, | December 31, | December 31, |
| | | 2019 | 2018 | 2019 | 2018 |
| Income for the period | \$ | (228,386) | 67,163 | (457,918) | 267,533 |
| Add / (deduct) | | | | | |
| Foreign exchange | | 14,151 | (57,722) | 17,235 | (53,262) |
| Derivative exchange | | (326) | 4,640 | (762) | 540 |
| Interest | | (9,127) | (7,969) | (24,375) | (21,156) |
| Income Tax | | - | 42,286 | - | 154,286 |
| Share based payments | | 22,374 | 41,098 | 86,685 | 131,263 |
| Amortization | | 38,863 | 10,412 | 115,683 | 31,070 |
| | | 65,935 | 32,745 | 194,466 | 242,741 |
| Adjusted EBITDA | \$ | (162,451) | 99,908 | (263,452) | 510,274 |

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