



June 23, 2020

For Immediate Release
(TSX-VEN: VGL)

Vigil Health Solutions Reports Fiscal 2020 Results

June 23, 2020 (Victoria) – Vigil Health Solutions Inc. (“Vigil”) announces the results of operations for the fiscal year and the fourth quarter, ending March 31, 2020.

Developments in the Quarter

- Revenue of \$4.61 million compared to \$6.19 million in fiscal 2019.
- Net loss was \$547 thousand compared to net earnings and comprehensive income of \$437 thousand in fiscal 2018.
- Sales bookings \$5.22 million compared to \$5.60 million.

“We are honored to be servicing an industry that is so critical to the health and safety of seniors especially following the declaration of the COVID-19 global pandemic. I am particularly grateful to our team and the flexibility they have shown during these unprecedented times. In January we began working with suppliers to mitigate potential supply chain interruptions and we were well positioned to move the majority of employees to remote work early in March. We currently have a small onsite team, composed of manufacturing, shipping and IT support, who have continued delivery of products to our customers. Throughout this global crisis our priority has been the health and wellbeing of our staff, customers, and the seniors we all serve.

Prior to COVID-19, the senior living industry in the United States was facing some short-term issues which had slowed down construction starts and delayed projects industry wide. In March we saw further construction and renovation projects temporarily halted as part of global efforts to prevent the spread of COVID-19. This was reflected in the low number of project completions and revenue recognition in the fourth quarter. Our follow on sales to existing customers were unaffected and continued to grow year over year.

To date senior living providers, notably skilled nursing facilities, serving the most elderly and frail populations have suffered the highest human cost. Assisted and Independent Living facilities have a lower incidence of the virus but have been impacted financially by increased labour and supply costs relating to disease prevention. It is difficult to predict the impact on future sales as the duration of quarantine, travel restrictions and the relative success of efforts to halt the virus spread remains uncertain.

Despite the extraordinary near term challenges presented by COVID-19, recent industry research supports the view that the long term fundamentals of senior housing remain robust. Vigil has a strong balance sheet, solid project backlog, exceptional technology and a world class team which positions us well for the future,” stated Troy Griffiths, President and CEO of Vigil Health Solutions Inc.

Fourth Quarter Financial Results

Revenue for the three-months ended March 31, 2020 was \$1.04 million down 22% from \$1.34 million in the three-months ended March 31, 2019. Follow on sales to existing customers, including service and maintenance billings and replacement products including wireless devices and communication equipment, were up 55% over the period ended March 31, 2019. The decline related to a 62% decrease in project revenue as completion dates and revenue recognition were delayed due to limitations on travel, restricted access to senior care facilities and other COVID-19 related guidelines. Project revenue made up 25% of total revenue compared to 50% in the three months ended March 31, 2019.

Sales bookings for the quarter were \$1.22 million compared to \$1.31 million in the three month period ended March 31, 2019.

At March 31, 2020 Vigil had a backlog of approximately \$3.99 million (including \$1.57 million in deposits and progress billings, recorded as contract liability on the statement of financial position) compared to \$2.87 million (including \$958 thousand in deposits and progress billings, recorded as contract liability on the statement of financial position) at March 31, 2019. At March 31, 2020 there were 35 contracts in backlog with an average value of \$114 thousand compared to 29 contracts in backlog with an average value of \$99 thousand at March 31, 2019.

The gross margin percentage for the three months ended March 31, 2020 was 55% compared to 53% for the three months ended March 31, 2019. Follow on sales are higher margin than project sales due to the labour and travel components and additional complexity of the latter. Therefore, the higher percentage of follow on sales improved margins in the period.

Operating expenditures were \$728 thousand in the three months ended March 31, 2020, compared to \$688 thousand in the three months ended March 31, 2019.

Net loss before income taxes for the three months ended March 31, 2020 was \$89 thousand compared to earnings before income taxes of \$15 thousand in the three months ended March 31, 2019. The decrease reflects the decline in revenue. Net loss and comprehensive loss was \$94 thousand or \$0.005 per share compared to net earnings and comprehensive earnings of \$554 or \$0.000 per share.

Fiscal 2020 Financial Results

Revenue for the year ended March 31, 2020 was \$4.61 million compared to \$6.19 million in the year ended March 31, 2019, a decrease of 26%. Prior to the COVID-19 pandemic and lockdown the decline reflected slower senior housing construction and delays in construction schedules due to external factors including labour shortages. Further delays were seen as lockdowns were introduced across the United States to mitigate the effects of the worldwide pandemic.

Follow on sales to existing customers grew 9%, to \$2.92 million in the year ended March 31, 2020. The majority of these follow on sales, which consist of software maintenance service and one off replacement products including wireless devices and communication equipment, are not impacted by construction delays.

Sales bookings for the year ended March 31, 2020 were \$5.22 million compared to \$5.60 million in the year ended March 31, 2019. Approximately 46% of sales were new projects; the remainder were one off sales or software maintenance contracts. There were 37 project sales bookings made in the year with an average value of \$65 thousand compared to 45 with an average value of \$66 thousand in the year ended March 31, 2019. When a contract is signed we consider it a sales booking however, revenue is not recognized until the performance obligation is met as evidenced by completion of the project and acceptance from the customer.

The gross margin percentage for the year ended March 31, 2020 was 55% compared to 53% for the year ended March 31, 2019.

Operating expenditures for the year ended March 31, 2020 were \$3.14 million compared to \$2.88 million for the year ended March 31, 2019. There were a number of expenses responsible for the increase that are non-recurring including \$51 thousand in third party fees for a national testing laboratory to certify a new product line that.

Net loss before income taxes for the year ended March 31 was \$547 thousand compared to earnings before income taxes of \$437 thousand for the previous year. The decrease reflects the decline in revenue and increase in operating costs.

Net loss was \$552 thousand or \$0.031 per share compared to net earnings and comprehensive earnings of \$268 thousand or \$0.015 per share.

A summary of our financial performance for the quarter and year ended March 31, 2020 follows below. For further information relating to the financial results of the Company, please refer to the Company's financial

statements and MD&A filed on SEDAR at www.sedar.com. Financial information will be mailed to entitled security holders on June 28, 2019. Or, upon notice to the Company, entitled security holders may request a copy of financials in advance.

Summary Financial Information

	Three months ended		Twelve months ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Revenue	\$ 1,044,310	1,338,296	4,605,666	6,185,316
Cost of sales	465,840	622,985	2,084,264	2,933,740
	578,470	715,311	2,521,402	3,251,576
Expenses	727,629	688,043	3,135,972	2,876,367
Earnings before the following items	(149,159)	27,268	(614,570)	375,209
Other income (expense)	60,520	(11,906)	68,013	61,972
Earnings before income taxes	(88,639)	15,362	(546,557)	437,181
Income tax recovery (expense)	(5,835)	(14,808)	(5,835)	(169,094)
Net earnings and comprehensive income	\$ (94,474)	554	(552,392)	268,087

Non-IFRS Measure

For the year ended March 31, 2020, we are disclosing Adjusted EBITDA, a non-IFRS financial measure, as a supplementary indicator of operating performance. We define Adjusted EBITDA as net earnings 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

	Twelve months ended March 31, 2020	Twelve months ended March 31, 2019
Net earnings for the year	\$ (552,392)	\$ 268,087
Add / (deduct)		
Foreign exchange	(42,631)	(32,485)
Derivative exchange	2,149	290
Interest	(28,135)	(29,777)
Income Tax	5,835	169,094
Share based payments	104,183	165,729
Amortization	48,195	41,881
	89,596	314,732
Adjusted EBITDA	\$ (462,796)	\$ 582,819

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. 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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