



June 15, 2021

For Immediate Release
(TSX-VEN: VGL)

Vigil Health Solutions Reports Profitable Fiscal 2021

June 15, 2021 (Victoria) – Vigil Health Solutions Inc. (“Vigil”) announces the results of operations for the fiscal year and the fourth quarter, ending March 31, 2021.

Developments

- Revenue of \$6.02 million up 31% from \$4.61 million in the year ended March 31, 2020.
- Net and comprehensive income of \$706 thousand compared to net loss of \$552 thousand in fiscal 2020.
- Adjusted EBITDA of \$1.01 million compared to negative adjusted EBTIDA of \$470 thousand.
- Sales bookings of \$5.48 million up 5% from \$5.22 million in fiscal 2020.

“It has been a year of unprecedented challenges and I would argue that no industry has felt the impact of COVID-19 more than senior living. Amongst the terrible loss, we saw heroic efforts from healthcare professionals around the globe. In just one client example, staff at a senior care property put aside their own desire to be with their families and moved in with residents to isolate in place. Amongst the tragedy our frontline staff also reported customers thanking us for maintaining service at such a crucial time. Our goal from the start was to prioritize the health and safety of our customers, their residents, and our employees. At times, these goals seemed to conflict, requiring our operations staff to travel at the height of the pandemic to deliver essential products and service. I am tremendously grateful to our own team, who adapted to the new COVID-19 protocols and worked tirelessly to provide continuity of service to our customers.

Prior to COVID-19, labour shortages in the construction industry had delayed some of our installation projects. In the early days of the pandemic limitations on travel, restricted access to senior care facilities and other COVID-19 related guidelines further slowed construction. However, as the year progressed these issues were largely overcome resulting in a 31% increase in revenue year over year. Sales bookings also grew 5% allowing us to start fiscal 2022 with a sizeable backlog of projects. Following the roll out of vaccination programs COVID-19 cases dropped 96% in nursing homes between late December and early March, with deaths also falling over 90%. We do expect COVID-19 may impact new construction however, as we move forward from the pandemic, I am optimistic that widespread vaccinations will prove a turning point for the senior living industry and the world.” stated Troy Griffiths, President and CEO of Vigil Health Solutions Inc.

Fourth Quarter Financial Results

Revenue for the three-months ended March 31, 2021, was \$1.63 million up 56% from \$1.04 million in the three-months ended March 31, 2020. The increase reflects the greater number of projects completed in the quarter. These included some higher value projects that had been delayed due to limitations on travel, restricted access to senior care facilities and other COVID-19 related guidelines. Project revenue made up 61% of total revenue compared to 25% in the three months ended March 31, 2020.

Sales bookings for the quarter were \$1.64 million compared to \$1.22 million in the three month period ended March 31, 2020.

At March 31, 2021, Vigil had a backlog of approximately \$3.27 million (including \$1.73 million in deposits and progress billings, recorded as contract liability on the statement of financial position) compared to \$3.99

million (including \$1.57 million in deposits and progress billings, recorded as contract liability on the statement of financial position) at March 31, 2020. At March 31, 2021, there were 44 contracts in backlog with an average value of \$74 thousand compared to 35 contracts in backlog with an average value of \$114 thousand at March 31, 2020.

The gross margin percentage for the three months ended March 31, 2021, was 53% compared to 55% for the three months ended March 31, 2020. As of April 1, 2020, unallocated operations and project installation staff administrative time was recorded within cost of sales and was not allocated to general and administration expense. This change increased cost of goods by \$33 thousand decreasing general and administration expense by the same amount and reducing margin by 2%.

Operating expenditures were \$657 thousand in the three months ended March 31, 2021, down 10% from \$728 thousand in the three months ended March 31, 2020. This reflected the recognition of \$44 thousand in research and development subsidies and a \$9 thousand Canada Emergency Wage Subsidy (CEWS) payment.

Earnings before income taxes for the three months ended March 31, 2021, was \$187 thousand compared to net losses before income taxes of \$89 thousand in the three months ended March 31, 2020. The increase reflects the higher revenue. The Company recognized \$135 thousand in Scientific Research and Experimental Development credits and \$35 thousand in previously unrecognized tax losses resulting in net earnings and comprehensive earnings of \$282 thousand or \$0.016 per share compared to net loss and comprehensive loss of \$94 thousand or \$0.005 per share.

Fiscal 2021 Financial Results

Revenue for the year ended March 31, 2021, was \$6.02 million compared to \$4.61 million in the year ended March 31, 2020, an increase of 31%. External factors including labour shortages had delayed construction schedules prior to COVID-19. Despite the pandemic some of the delayed projects moved ahead in fiscal 2021. This combined with newer sales bookings accounted for the increase in revenue.

Sales bookings for the year ended March 31, 2021, were \$5.48 million up 5% from \$5.22 million in the year ended March 31, 2020. 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, 2021, was 52% compared to 55% for the year ended March 31, 2020. Effective April 1, 2020, the Company has recorded unallocated production salaries to costs of sales. These unallocated costs were previously recorded within general and administrative costs. The Company has not reclassified these costs in the prior period as they were considered to be immaterial. The change in allocation increased cost of sales in the current year by \$165 thousand, decreasing general and administration expense by the same amount, and reduced margin by 3%.

Operating expenditures for the year ended March 31, 2021, were \$2.22 million compared to \$3.14 million for the year ended March 31, 2020. The decrease reflected \$296 thousand in CEWS payments and \$82 thousand in research and development funding recorded as a reduction in payroll expense. COVID-19 restrictions cancelled tradeshow and client visits decreasing sales expenses by \$230 thousand. Further, effective April 1, 2020, the Company has reclassified unallocated production salaries from general and administrative expenses to cost of sales. During fiscal 2020, \$165 thousand of payroll costs were reclassified and recorded within cost of sales.

Net earnings before income taxes of \$791 thousand compared to a \$547 thousand net loss before income taxes for the year ended March 31, 2020. The increase reflects the improved revenue and significant decrease in operating costs.

During the current year, due to continued profitability and the timing of the expiry of the Company's tax operating losses and credits, the Company recognized \$135 thousand in Scientific Research and Experimental Development credits as a reduction in current tax expense and \$35 thousand in previously unrecognized tax losses resulting in a deferred income tax asset of \$879 thousand and income tax expense of \$85 thousand. Net

earnings and comprehensive income were \$706 thousand or \$0.039 per share compared to a net loss of \$552 thousand or \$0.031 per share.

A summary of our financial performance for the quarter and year ended March 31, 2021, 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 30, 2021. 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, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Revenue	\$ 1,633,005	1,044,310	6,020,465	4,605,666
Cost of sales	766,353	465,840	2,870,197	2,084,264
	866,652	578,470	3,150,268	2,521,402
Expenses	656,790	727,629	2,215,717	3,135,972
Earnings before the following items	209,862	(149,159)	934,551	(614,570)
Other income (expense)	(23,316)	60,520	(143,313)	68,013
Earnings before income taxes	186,546	(88,639)	791,238	(546,557)
Income tax recovery (expense)	95,949	(5,835)	(84,765)	(5,835)
Net earnings and comprehensive income	\$ 282,495	(94,474)	706,473	(552,392)

Non-IFRS Measure

For the year ended March 31, 2021, 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 excluding interest relating to right of use asset for lease on the Company's head office, income taxes, amortization excluding amortization of right of use asset, 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, 2021	Twelve months ended March 31, 2020
Net earnings for the year	\$ 706,473	\$ (552,392)
Add / (deduct)		
Foreign exchange	132,589	(42,631)
Foreign exchange derivative	(3,051)	2,149
Interest	(14,575)	(28,135)
Income tax	84,765	5,835
Share based payments	68,046	104,183
Amortization	40,109	48,195
	307,883	89,596
Adjusted EBITDA	\$ 1,014,356	\$ (462,796)

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 success of vaccination programs, 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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