



Xtract One Releases Second Quarter Fiscal 2024 Results

March 7, 2024

Strong Year-over-Year Growth; Company on Track for Record Performance

TORONTO, March 07, 2024 (GLOBE NEWSWIRE) -- Xtract One Technologies Inc. (TSX: XTRA) (OTCQX: XTRAF) (FRA: OPL) ("Xtract One" or the "Company"), a leading technology-driven threat detection and security solution that prioritizes the patron access experience by leveraging AI, today announced fiscal second quarter results for the three and six month periods ended January 31, 2024. All information is in Canadian dollars unless otherwise indicated.

Second Quarter Financial Highlights

- Revenue of \$2.9 million for the three months ended January 31, 2024 versus \$0.8 million in the same period in the prior year.
- Gross margin of 61.1% for the second quarter as compared to 47.1% for the same period last year.
- Announced several new customer wins across multiple market segments during the quarter, including with the Baird Center, Wisconsin's largest convention center, CPKC Stadium, the first stadium purpose-built for a professional women's soccer team, H-E-B Centre at Cedar Park home of the Texas Stars, and the Community Health Network.
- Total contract value of new bookings¹ was \$5.1 million for the three months ending January 31, 2024 as compared to \$1.1 million for the same period last year.
- Platform contractual backlog of \$12.2 million as of January 31, 2024 as compared to \$3.4 million as of January 31, 2023; excludes an additional \$10.0 million of agreements pending installation¹ versus approximately \$3.0 million of agreements pending installation last year.

"I'm pleased to announce another solid quarter for Xtract One, with strong margins and top line growth setting the stage for our best year ever," stated Peter Evans, Chief Executive Officer of Xtract One. "Quarterly revenue rose to nearly \$3 million – more than triple that of fiscal 2023 – and we continued to build our backlog of sales commitments, now over \$22 million versus approximately \$7 million last year. While the fiscal second quarter is typically impacted by seasonal factors, we remain on track for record-setting performance, with strong results anticipated in the second half of the fiscal year. We are committed to meeting the increasing demand of our expanding customer base and look forward to growth acceleration this year and beyond."

Financial Results for the three month period ended January 31, 2024

Consolidated revenue was \$2.9 million for the three months ended January 31, 2024 as compared to \$0.8 million for the same period in fiscal 2023. Revenue from the Platform operating segment was \$2.8 million for the three month period ended January 31, 2024 as compared to \$0.7 million for the same period in fiscal 2023, reflecting new business contract wins and overall increasing demand. Revenue for the Xtract operating segment was \$0.2 million for the three months ended January 31, 2024 as compared to \$0.1 million for the same period in fiscal 2023.

Loss and comprehensive loss was \$3.3 million for the three month period ended January 31, 2024 as compared to \$4.3 million for the same period in fiscal 2023. The decrease was primarily attributable to the increase in Platform revenue and corresponding higher gross profit, while total operating expenses remained relatively flat year-over-year.

This press release should be read in conjunction with the Company's Unaudited Condensed Consolidated Interim Financial Statements, prepared in accordance with International Financial Reporting Standards ("IFRS") and the Company's Management's Discussion and Analysis for the periods ended January 31, 2024 and 2023, which can be found under the Company's profile on SEDAR+ at www.sedarplus.ca.

Conference Call Details

Xtract One will host a conference call to discuss its results on Friday, March 8, 2024, at 10:00 am EST. Peter Evans, Xtract One CEO and Director, and Karen Hersh, CFO and Corporate Secretary, will provide an overview of the interim financial results along with management's outlook for the business, followed by a question-and-answer period.

The webcast and presentation will be accessible on the company's website. The [webcast can be accessed here](#) and the telephone number for the conference call is 877-317-6789 (412-317-6789 for international callers).

About Xtract One Technologies

[Xtract One Technologies](#) is a leading technology-driven threat detection and security solution leveraging AI to provide seamless and secure patron access control experiences. The Company makes unobtrusive threat detection systems that enable venue building operators to prioritize and deliver improved patron experiences while providing unprecedented safety. Xtract One's innovative AI-powered Gateway product enables companies to covertly screen for weapons at points of entry without disrupting the flow of traffic. Its AI-based Xtract One Vision allows venue and building operators to identify weapons and other threats inside and outside of facilities, and Xtract One View provides valuable intelligence for optimizing operations. For more information, visit www.xtractone.com or connect on [Facebook](#), [Twitter](#), and [LinkedIn](#).

For further information, please contact:

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¹ Supplementary Financial Measures:

The Company utilizes specific supplementary financial measures in this earnings release to allow for a better evaluation of the operating performance of the Company's business and facilitates meaningful comparison of results in the current period with those in prior periods and future periods. Supplementary financial measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to measures presented by other companies. Supplementary financial measures presented in this earnings release include 'Agreements pending installation' and 'Total contract value of new bookings'. Agreements pending installation reflects total value of signed contracts awarded to the Company that has not been installed at the customer site. 'Total contract value of new bookings' is comprised of all new contracts signed and awarded to the Company, regardless of the performance obligations outstanding as at the end of the reporting period. Total contract value is the aggregate value of sales commitments from customers as at the end of the reporting period without consideration of the Company's completion of the associated performance obligations outlined in each contract.

CAUTIONARY DISCLAIMER STATEMENT:

This news release contains forward-looking statements within the meaning of applicable securities laws that are not historical facts. Forward-looking statements are often identified by terms such as "will", "may", "should", "anticipates", "expects", "believes", and similar expressions or the negative of these words or other comparable terminology. All statements other than statements of historical fact, included in this release are forward-looking statements that involve risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations include but are not limited to the risks detailed from time to time in the continuous disclosure filings made by the Company with securities regulations. The reader is cautioned that assumptions used in the preparation of any forward-looking information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company. The reader is cautioned not to place undue reliance on any forward-looking information. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement. The forward-looking statements contained in this news release are made as of the date of this news release and the Company will update or revise publicly any of the included forward-looking statements only as expressly required by applicable law.

No securities exchange or commission has reviewed or accepts responsibility for the adequacy or accuracy of this release.

Unaudited Interim Statements of Loss and Comprehensive Loss for the Three and Six Month Periods Ended January 31, 2024, and 2023

The following table is extracted from the Company's unaudited condensed consolidated interim financial statements and presented in Canadian dollars to demonstrate the Statements of Loss and Comprehensive loss for the three and six month periods ended January 31, 2024, and 2023:

	Three months ended January 31,		Six months ended January 31,	
	2024	2023	2024	2023
Revenue				
Platform revenue	\$ 2,750,418	\$ 721,334	\$ 5,746,624	\$ 1,147,872
Xtract revenue	169,640	93,590	289,787	313,858
Total revenue	\$ 2,920,058	\$ 814,924	\$ 6,036,411	\$ 1,461,730
Cost of revenue				
Platform cost of revenue	\$ 1,081,337	\$ 385,866	\$ 2,059,899	\$ 579,050

Xtract cost of revenue		55,049	53,711	108,429	168,202
Total cost of revenue	\$	1,136,386	\$ 439,577	\$ 2,168,328	\$ 747,252
Gross profit	\$	1,783,672	\$ 375,347	\$ 3,868,083	\$ 714,478
Operating expenses					
Selling and marketing	\$	1,299,727	\$ 961,095	\$ 2,807,384	\$ 2,451,454
General and administration		1,693,019	1,810,887	3,340,835	3,388,105
Research and development		2,058,606	1,696,094	3,784,797	3,831,869
Loss on inventory write-down		107,013	314,103	107,013	314,103
Loss on retirement of assets		-	81,274	-	81,274
Total operating expenses	\$	5,158,365	\$ 4,863,453	\$ 10,040,029	\$ 10,066,805
Loss from operations		(3,374,693)	(4,488,106)	(6,171,946)	(9,352,327)
Other income					
Unrealized gain on investments		-	182,292	-	116,667
Interest and other income		56,543	34,444	152,583	46,106
Loss and comprehensive loss for the period	\$	(3,318,150)	\$ (4,271,370)	\$ (6,019,363)	\$ (9,189,554)
Weighted average number of shares		198,495,594	163,181,255	198,463,158	163,180,233
Basic and diluted loss per share	\$	(0.02)	\$ (0.03)	\$ (0.03)	\$ (0.06)

Unaudited Interim Statements of Financial Position as at January 31, 2024 and July 31, 2023

The following table is extracted from the Company's unaudited condensed consolidated interim financial statements and presented in Canadian dollars to demonstrate the Company's financial position as at the periods ended January 31, 2024, and July 31, 2023:

	January 31, 2024	July 31, 2023
Assets		
Current assets		
Cash and cash equivalents	\$ 4,192,460	\$ 8,327,449
Receivables	2,151,527	847,429
Prepaid expenses and deposits	626,186	1,026,668
Current portion of deferred cost of revenue	308,474	-
Inventory	1,767,167	1,602,971
	9,045,814	11,804,517
Property and equipment	2,319,476	2,063,817
Intangible assets	4,440,750	4,843,700
Non-current portion of deferred cost of revenue	479,926	-
Right of use assets	212,119	286,796
Total assets	\$ 16,498,085	\$ 18,998,830
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,423,277	\$ 2,519,350
Deferred revenue	4,558,185	1,379,741
Current portion of lease liability	199,652	232,483
	7,181,114	4,131,574
Non-current portion of lease liability	63,420	124,358

	\$ 7,244,534	\$ 4,255,932
Shareholders' equity		
Share capital	\$ 135,954,748	\$ 135,823,337
Contributed surplus	14,818,864	14,420,259
Accumulated deficit	(141,520,061)	(135,500,698)
	\$ 9,253,551	\$ 14,742,898
Total liabilities and shareholders' equity	\$ 16,498,085	\$ 18,998,830

Unaudited Interim Statements of Cash Flows for the Six Month Periods Ended January 31, 2024 and 2023

The following table is extracted from the Company's unaudited condensed consolidated interim financial statements and presented in Canadian dollars to demonstrate the Company's cash flows for the six month periods ended January 31, 2024, and 2023:

	Six months ended January 31,	
	2024	2023
Cash flow used in operating activities		
Loss and comprehensive loss for the period	\$ (6,019,363)	\$ (9,189,554)
Adjustment for:		
Share-based compensation	445,167	529,942
Depreciation	608,308	414,539
Amortization	402,950	402,950
Finance cost	12,212	24,413
Loss on inventory	107,013	314,103
Loss on retirement of assets	-	81,274
Other income	-	(20,000)
Unrealized gain on investments	-	(116,667)
	(4,443,713)	(7,559,000)
Changes in non-cash working capital		
Receivables	(1,304,098)	1,250,527
Prepaid expenses and deposits	400,482	140,322
Inventory	(1,838,646)	(818,202)
Deferred cost of revenue	74,264	-
Accounts payable and accrued liabilities	(96,073)	1,697,862
Deferred revenue	3,178,444	205,832
Cash used in operating activities	(4,029,340)	(5,082,659)
Cash flow used in investing activities		
Purchase of property and equipment	-	(32,539)
Cash used in investing activities	-	(32,539)
Cash flow from financing activities		
Proceeds on issue of share capital	84,849	950
Lease payments	(190,498)	(186,384)
Cash used in financing activities	(105,649)	(185,434)
Net decrease in cash for the period	\$ (4,134,989)	\$ (5,300,632)
Cash beginning of the period	8,327,449	6,277,321

Cash end of the period	\$ 4,192,460	\$ 976,689
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