



## Xtract One Releases Fourth Quarter and Fiscal 2023 Annual Results

October 19, 2023

*Achieves Record Platform Bookings and Revenue Driven by Unprecedented Market Demand*

TORONTO, Oct. 19, 2023 (GLOBE NEWSWIRE) -- Xtract One Technologies Inc. (TSX: XTRA) (OTCQX: XTRAF) (FRA: 0PL) ("Xtract One" or the "Company") a leading technology-driven threat detection and security solution that prioritizes the patron access experience by leveraging AI, is pleased to announce its annual results for the year ended July 31, 2023. All information is in Canadian dollars unless otherwise indicated.

The following press release should be read in conjunction with the Company's Annual Consolidated Financial Statements, prepared in accordance with International Financial Reporting Standards ("IFRS") and the Company's Management's Discussion and Analysis for the years ended July 31, 2023 and 2022, which can be found under the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

"We surpassed several milestones this year including posting a record year for revenue, which increased by 365% from last year for the Platform operating segment," stated Peter Evans, Chief Executive Officer of Xtract One. "We continue to experience incredible demand for our solutions across several market verticals which has been fueling the 344% growth in total contract value of new bookings for the year. I am excited to continue this growth trajectory into fiscal 2024 while delivering exceptional experiences and safer environments for our customers and their patrons."

### Company highlights for the year ended July 31, 2023

The following is a summary of the key business highlights for the year ended July 31, 2023:

- Total contract value of new bookings<sup>1</sup> for the Platform operating segment was \$15.0 million for the year ended July 31, 2023, as compared to \$3.4 million for the year ended July 31, 2022, representing an increase of 344%;
- The Platform operating segment's contractual backlog was \$4.1 million as of July 31, 2023, as compared to \$1.3 million as of July 31, 2022, representing an increase of 213%. The Platform operating segment's contractual backlog excludes an additional \$10.4 million of agreements pending installation<sup>1</sup> which is 447% more than the balance for the prior year;
- Accelerated topline growth for the Platform operating segment with approximately \$3.6 million in revenue for the year ended July 31, 2023 as compared to \$0.8 million for the year ended July 31, 2022, representing an increase of 365%;
- Completed a strategic investment of \$13.4 million from Madison Square Garden Sports Corp. to fund continued innovation and support accelerated growth in revenue;
- Entered into a commercial agreement with Sphere Entertainment Co. (formerly Madison Square Garden Entertainment Corp.), which allows Sphere Entertainment Co. and its affiliate Madison Square Garden Entertainment Corp. ("MSG Entertainment") (formerly MSGE Spinco, Inc.) to deploy SmartGateway solutions across the Sphere in Las Vegas, which opened in September 2023, and MSG Entertainment's portfolio of iconic venues, including New York's Madison Square Garden, The Theater at Madison Square Garden, Radio City Music Hall, and Beacon Theatre; and The Chicago Theatre;
- Announced a new strategic partnership with the Oak View Group ("OVG") which has introduced a new patron screening technology to multiple properties, enabling OVG owned and operated properties to utilize Xtract One's SmartGateway system to enhance the customer experience and safety;
- As part of this strategic partnership, secured contracts with OVG to protect entrances at multiple venues including Angel of the Winds Arena, Total Mortgage Arena, Acrisure Arena, Simmons Bank Liberty Stadium, Cross Insurance Center, and Budweiser Gardens;
- Secured contracts with several sport and entertainment venues including SAP Center, the home of the NHL's San Jose Sharks, and Tech CU Arena which is the home of the AHL's San Jose Barracuda;
- Continued expansion into new market verticals such as schools, healthcare facilities and public sector buildings with deployments with Lakewood School District, Sentara Health, Hyundai Transsys, and City of Phoenix Municipal Courts;
- Subsequent to the year ended July 31, 2023, chosen by the U.S. Department of Veteran Affairs Medical Centers in Virginia to create a more efficient healthcare environment while ensuring the safety of patients and staff;

- Subsequent to the year ended July 31, 2023, partnered with the American Association of Professional Baseball as the exclusive preferred supplier to enhance venue security and guest experiences at games; and
- Subsequent to the year ended July 31, 2023, the Company announced its next phase of growth through a selective international expansion with three multinational companies, one of which is a global entertainment organization with a three year contract totaling over \$5.1 million USD.

### Fiscal 2023 Annual Financial Highlights

- Total revenue was \$4.1 million for the year ended July 31, 2023 as compared to \$3.6 million for the year ended July 31, 2022.
- Total contractual backlog of sales commitments not yet recognized as revenue was \$4.5 million as of July 31, 2023, as compared to \$2.2 million as at July 31, 2022.
- Loss and comprehensive loss was \$16.3 million for the year ended July 31, 2023 compared to \$39.7 million for the year ended July 31, 2022. The decrease in loss and comprehensive loss for the year pertains to a non-cash goodwill impairment during the prior fiscal year.
- Basic and diluted loss per share was \$0.09 for the year ended July 31, 2023 as compared to \$0.25 for the year ended July 31, 2022.

### Fourth Quarter 2023 Financial Highlights

- Total revenue was \$1.8 million for the three month period ended July 31, 2023 as compared to \$0.8 million for the three month period ended July 31, 2022, representing an increase of \$1.0 million or 123%.
- Revenue of \$1.6 million was attributable to the Platform operating segment for the three months ended July 31, 2023, in comparison with \$0.3 million for the same three month period in 2022, representing an increase of \$1.3 million or 516%
- The Company recognized a total adjusted loss and comprehensive loss<sup>2</sup> of \$3.3 million for the three month period ended July 31, 2023 as compared to \$5.6 million for the same period in 2022, representing a decrease of \$2.3 million or 40%.

### Audited Statements of Loss and Comprehensive Loss for the Years Ended July 31, 2023, and 2022

The following table is extracted from the Company's audited financial statements and presented in Canadian dollars to demonstrate the Statements of Loss and Comprehensive loss for the years ended July 31, 2023, and 2022:

	2023	2022
<b>Revenue</b>	\$ 4,111,244	\$ 3,619,214
<b>Expenses</b>		
Sales and marketing	2,789,338	1,968,641
Research and development	6,206,176	4,463,527
General and administration	1,362,378	2,044,536
Personnel costs	5,723,359	5,284,255
Professional fees	677,469	772,091
Hardware	926,058	277,286
Amortization	805,900	805,900
Depreciation	643,390	765,126
Share-based compensation	950,536	1,063,840
Loss on inventory	346,374	502,397
Impairment of goodwill	-	25,582,433
Loss on retirement of assets	181,107	12,155
	20,612,085	43,542,187
<b>Loss from operations</b>	16,500,841	39,922,973
Unrealized gain on investment	(58,333)	(175,000)
Realized loss on investment	55,082	-

Interest and other income		(161,117)		(31,284)
<b>Loss and comprehensive loss for the year</b>	\$	16,336,473	\$	39,716,689
<b>Weighted average number of shares</b>		176,664,492		155,744,354
<b>Basic and diluted loss per share</b>	\$	0.09	\$	0.25

#### Audited Statements of Financial Position as at July 31, 2023 and 2022

The following table is extracted from the Company's audited financial statements and presented in Canadian dollars to demonstrate the Company's financial position as at the years ended July 31, 2023, and 2022:

		July 31, 2023		July 31, 2022
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$	8,327,449	\$	6,277,321
Receivables		847,429		1,895,156
Prepaid expenses and deposits		1,026,668		668,650
Inventory		1,602,971		1,106,034
		11,804,517		9,947,161
Property and equipment		2,063,817		1,477,841
Intangible assets		4,843,700		5,649,600
Right of use assets		286,796		589,832
Investment in Gemina Labs		-		393,750
<b>Total assets</b>	\$	18,998,830	\$	18,058,184
<b>Liabilities</b>				
Current liabilities				
Accounts payable and accrued liabilities	\$	2,519,350	\$	2,639,082
Deferred revenue		1,379,741		196,651
Current portion of lease liability		232,483		320,435
		4,131,574		3,156,168
Non-current portion of lease liability		124,358		356,841
		4,255,932		3,513,009
<b>Shareholders' equity</b>				
Share capital		135,823,337		119,796,584
Contributed surplus		14,420,259		13,912,816
Accumulated deficit		(135,500,698)		(119,164,225)
		14,742,898		14,545,175
<b>Total liabilities and shareholders' equity</b>	\$	18,998,830	\$	18,058,184

#### Audited Statements of Cash Flows for the Years Ended July 31, 2023 and 2022

The following table is extracted from the Company's audited financial statements and presented in Canadian dollars to demonstrate the Company's cash flows for the years ended July 31, 2023, and 2022:

	2023	2022
<b>Cash flow used in operating activities</b>		
Loss and comprehensive loss for the year	\$ (16,336,473)	\$ (39,716,689)
Adjustment for:		
Share-based compensation	950,536	1,063,840
Depreciation	923,764	802,925
Amortization	805,900	805,900
Finance cost	42,237	66,632
Other income	(20,000)	-
Unrealized gain on investment	(58,333)	(175,000)
Realized loss on investment	55,082	-
Gain on lease terminations	-	(707)
Impairment of goodwill	-	25,582,433
Loss on inventory	346,374	502,397
Loss on retirement of assets	181,107	12,155
	(13,109,806)	(11,056,114)
Changes in non-cash working capital		
Receivables	1,047,727	1,362,255
Prepaid expenses and deposits	(358,018)	(313,075)
Inventory	(2,198,583)	(526,082)
Accounts payable and accrued liabilities	(99,732)	1,373,471
Deferred revenue	1,183,090	(111,896)
Cash used in operating activities	(13,535,322)	(9,271,441)
<b>Cash flow used in investing activities</b>		
Purchase of property and equipment	(32,539)	(95,757)
Disposal of investment - Gemina Labs	397,001	-
Cash received from (used in) investing activities	364,462	(95,757)
<b>Cash flow from financing activities</b>		
Proceeds on issue of share capital, net of share issue costs	15,583,660	6,359,678
Lease payments	(362,672)	(367,652)
Cash received from financing activities	15,220,988	5,992,026
Net increase (decrease) in cash for the year	\$ 2,050,128	\$ (3,375,172)
<b>Cash and cash equivalents beginning of the year</b>	6,277,321	9,652,493
<b>Cash and cash equivalents end of the year</b>	\$ 8,327,449	\$ 6,277,321

### Conference Call Details

Xtract One will host a conference call to discuss its annual results on Thursday, October 19, 2023, at 5:30 pm EST. Peter Evans, Xtract One CEO and Director, and Karen Hersh, CFO and Corporate Secretary, will provide an overview of the financial results along with management's outlook for the business, followed by a question-and-answer period.

Investors may register for the live conference call by clicking this [link](#). Participants should dial in at least 10 minutes prior to the start of the call. A recording of the call will be available on the Company's website after the conference call concludes.

### 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 Insights provides valuable intelligence for optimizing operations. For more information, visit [www.xtractone.com](http://www.xtractone.com) or connect on [Facebook](#), [Twitter](#), and [LinkedIn](#).

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**<sup>1</sup> 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.

**<sup>2</sup> Non-IFRS Financial Measures:**

This earnings release refers to a historical non-IFRS performance measure. This measure does not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other reporting issuers. The non-IFRS measure included is, 'Adjusted loss and comprehensive loss'. Management believes that this non-IFRS performance measurement provides investors with useful information as it excludes an amount that is not indicative of the core operating results, and ongoing operations, and further, provides a consistent basis for comparison between periods. The Company has adjusted its loss and comprehensive loss pertaining to the quarter ended July 31, 2022, to exclude a non-routine, non-cash impacting impairment loss relating to goodwill. The following table provides an illustration of the calculation of 'Adjusted loss and comprehensive loss' for the quarter ended July 31, 2023 and 2022 in millions:

	Three months ended	
	July 31, 2023	July 31, 2022
<b>Loss and comprehensive loss</b>	\$ 3.3	\$ 31.2
Adjusted for:		
Impairment of goodwill	-	25.6
<b>Adjusted loss and comprehensive loss</b>	<b>\$ 3.3</b>	<b>\$ 5.6</b>

**CAUTIONARY DISCLAIMER STATEMENT:**

This news release contains forward-looking statements within the meaning of applicable securities laws relating to system sales, product development, licensing, commercialization and regulatory compliance issues and other statements 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: results of operational activities, completion of contracts; the Company's limited profitability; dependence on management; the Company's need for additional financing and the effects of financial market conditions and other factors on the availability of capital; competition, including that of better funded competitors; the impact of the Russia-Ukraine conflict on the global economy; the continued impact of the COVID-19 pandemic on the global economy; the need

to build alliances and partnerships, including with customers and suppliers; and other risks detailed from time to time in the 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.