

Xtract One Releases Record First Quarter Fiscal 2024 Results

Continues Acceleration of Platform Bookings and Revenue Driven by Unprecedented Demand

TORONTO, ON – December 7, 2023 (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, is pleased to announce its first quarter results for the three months ended October 31, 2023. All information is in Canadian dollars unless otherwise indicated.

The following 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 October 31, 2023 and 2022, which can be found under the Company’s profile on SEDAR+ at www.sedarplus.ca.

“This has been a record quarter on all key performance indicators for the business. Total contract value of new bookings as well as revenue for the Platform operating segment has nearly doubled from the previous quarter driven by strong demand for our products along with investments we made to increase manufacturing and deployment capacity,” stated Peter Evans, Chief Executive Officer of Xtract One. “The results from this quarter demonstrate a continuation of the growth trends that we have been experiencing over the last 12 months and provides another proof point of the exceptional value that we provide to our customers.”

Company financial highlights for the fiscal quarter ended October 31, 2023

The following is a summary of the key financial highlights for the first quarter ended October 31, 2023:

- Total contract value of new bookings¹ was \$9.6 million as of October 31, 2023, as compared to \$2.9 million for the three month period ended October 31, 2022, representing an increase of 231%;
- Platform contractual backlog was \$9.3 million as of October 31, 2023, as compared to \$1.9 million as of October 31, 2022, representing an increase of 393%. The Platform backlog as of October 31, 2023 excludes an additional \$10.6 million in signed agreements pending installation¹ representing an increase of 169% over the last year, when the signed agreements pending installation balance was \$4.0 million;
- Accelerated topline growth for our Platform operating segment with \$3.0 million of revenue for the three month period ended October 31, 2023 as compared to \$0.4 million for the same three month period ended October 31, 2022, representing a 602% increase; and

- Gross margin of 67% for our Platform operating segment for the three month period ended October 31, 2023 as compared to 55% for the same three month period ended October 31, 2022.

Company business highlights for the fiscal quarter October 31, 2023

The following is a summary of the key business highlights for the first quarter ended October 31, 2023:

- Continued expansion into the healthcare market vertical, as 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;
- Entered into a partnership with the American Association of Professional Baseball as the exclusive preferred supplier to enhance venue security and guest experiences at games;
- Announced the next phase of growth through selective international expansion with three multinational companies, one of which is a global entertainment organization that entered into a three year contract totaling over \$5.1 million USD;
- Subsequent to the period, partnered with Kansas City Current of the National Women's Soccer League to secure entrances at the new CPOK Stadium, which will make history as the world's first and only purpose-built stadium for a women's professional sports team; and
- Subsequent to the period, announced that the Company had been selected by Community Health Network to protect key hospital locations, with the strategic partnership further underscoring a commitment to enhance hospital safety and improve healthcare facility security.

Unaudited Interim Statements of Loss and Comprehensive Loss for the Periods Ended October 31, 2023, and 2022

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 periods ended October 31, 2023, and 2022:

	Three months ended October 31,	
	2023	2022
Revenue		
Platform revenue	\$ 2,996,206	\$ 426,538
Xtract revenue	120,147	220,268
Total revenue	\$ 3,116,353	\$ 646,806
Cost of revenue		
Platform cost of revenue	\$ 978,562	\$ 193,184
Xtract cost of revenue	53,380	114,491
Total cost of revenue	\$ 1,031,942	\$ 307,675
Gross profit	\$ 2,084,411	\$ 339,131
Operating expenses		
Selling and marketing	\$ 1,507,657	\$ 1,490,359
General and administration	1,647,816	1,577,218
Research and development	1,726,191	2,135,775
Total operating expenses	\$ 4,881,664	\$ 5,203,352
Loss from operations	(2,797,253)	(4,864,221)
Other expenses (income)		
Unrealized loss on investments	-	65,625
Interest and other income	(96,040)	(11,662)
Loss and comprehensive loss for the period	\$ (2,701,213)	\$ (4,918,184)
Weighted average number of shares	198,354,825	163,179,222
Basic and diluted loss per share	\$ (0.01)	\$ (0.03)

Unaudited Interim Statements of Financial Position as at October 31, 2023 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 October 31, 2023, and July 31, 2023:

	October 31, 2023	July 31, 2023
Assets		
Current assets		
Cash and cash equivalents	\$ 5,290,181	\$ 8,327,449
Receivables	1,621,802	847,429
Prepaid expenses and deposits	528,320	1,026,668
Current portion of deferred cost of revenue	165,020	-
Inventory	1,510,019	1,602,971
	9,115,342	11,804,517
Property and equipment	2,185,477	2,063,817
Intangible assets	4,642,225	4,843,700
Non-current portion of deferred cost of revenue	261,627	-
Right of use assets	263,439	286,796
Total assets	\$ 16,468,110	\$ 18,998,830
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,428,392	\$ 2,519,350
Deferred revenue	1,347,595	1,379,741
Current portion of lease liability	226,242	232,483
	4,002,229	4,131,574
Non-current portion of lease liability	94,193	124,358
	\$ 4,096,422	\$ 4,255,932
Shareholders' equity		
Share capital	\$ 135,906,165	\$ 135,823,337
Contributed surplus	14,667,434	14,420,259
Accumulated deficit	(138,201,911)	(135,500,698)
	\$ 12,371,688	\$ 14,742,898
Total liabilities and shareholders' equity	\$ 16,468,110	\$ 18,998,830

Unaudited Interim Statements of Cash Flows for the Periods Ended October 31, 2023 and 2022

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 periods ended October 31, 2023, and 2022:

	Three months ended October 31,	
	2023	2022
Cash flow used in operating activities		
Loss and comprehensive loss for the period	\$ (2,701,213)	\$ (4,918,184)
Adjustment for:		
Share-based compensation	276,416	150,471
Depreciation	286,845	194,267
Amortization	201,475	201,475
Finance cost	6,547	13,013
Unrealized loss on investments	-	65,625
	(1,929,930)	(4,293,333)
Changes in non-cash working capital		
Receivables	(774,373)	(5,348)
Prepaid expenses and deposits	498,348	235,519
Inventory	(680,192)	(366,111)
Deferred cost of revenue	13,752	-
Accounts payable and accrued liabilities	(90,958)	521,657
Deferred revenue	(32,146)	(37,890)
Cash used in operating activities	(2,995,499)	(3,945,506)
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	53,587	-
Lease payments	(95,356)	(93,192)
Cash used in financing activities	(41,769)	(93,192)
Net decrease in cash for the period	\$ (3,037,268)	\$ (4,071,237)
Cash beginning of the period	8,327,449	6,277,321
Cash end of the period	\$ 5,290,181	\$ 2,206,084

Conference Call Details

Xtract One will host a conference call to discuss its annual results on Thursday, December 7, 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 interim 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 or connect on [Facebook](#), [Twitter](#), and [LinkedIn](#).

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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 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 and Israel-Palestine 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.