



February 14, 2017

For Immediate Release  
(TSX-VEN: VGL)

## Vigil Reports Record Earnings and Revenue in Third Quarter

February 14, 2017 (Victoria) – Vigil Health Solutions Inc. (“Vigil”) announces the results of operations for the quarter ending December 31, 2016.

### *Business Highlights*

- Earnings before incomes taxes up 76% to \$279 thousand compared to \$159 thousand in the three months ended December 31, 2015.
- Adjusted EBITDA up 84% to \$270 thousand compared to \$146 thousand in the three months ended December 31, 2015.
- Revenue up 21% to \$1.70 million compared to \$1.40 million in the three months ended December 31, 2015.
- Sales bookings grew 4% to \$1.54 million from \$1.47 million in the three months ended December 31, 2015.

“We are pleased to see our numbers continue to strengthen with record earnings and revenue in the third quarter and year to date. The last few quarters have been particularly strong as, in addition to our recent sales, we recognized revenue on some unusually long running projects. The increase in revenue reflects the completion of a record 43 projects in the nine months ended December 31, 2016,” stated Troy Griffiths, President and CEO of Vigil Health Solutions Inc.

### *Financial Results*

Revenue for the three-months ended December 31, 2016 was \$1.70 million compared to \$1.40 million in the three-month period ended December 31, 2015, an increase of 21%. The increase reflects the 14 projects commissioned in the quarter compared to 9 projects in the period ending December 31, 2015. Project revenue made up 63% of total revenue; the remaining revenue came from follow on sales to existing customers. These sales include software and maintenance billings and replacement products including wireless devices and communication equipment.

Bookings for the quarter were \$1.54 million up 4% compared to \$1.47 million in the three-month period ended December 31, 2015.

At December 31, 2016 Vigil had a backlog of approximately \$2.77 million (including \$1.45 million in deposits and progress billings, recorded as deferred revenue on the balance sheet), a 26% decrease compared to approximately \$3.77 million (including \$1.17 million in deposits and progress billings, recorded as deferred revenue on the balance sheet) at December 31, 2015. In fiscal 2016 the Company had a number of large CCRC projects in its backlog valued between \$150 thousand and \$350 thousand. The majority of these projects have now been recognized in revenue leading to the decrease in backlog. At December 31, 2016, Vigil’s backlog included 38 projects at varying stages of installation and progress billing with an average project size of \$73 thousand compared to 41 projects with an average value of \$92 thousand at December 31, 2015. Projects can include individual buildings or floors of multiple phase campus construction.

The gross margin percentage for the three months ended December 31, 2016 was 52% compared to 51% for the three months ended December 31, 2015. The product mix and deal size resulted in margins that were slightly higher than management’s usual expectations of between 45% and 50%.

Operating expenditures for the three months ended December 31, 2016 were up 10% to \$652 thousand from \$591 thousand for the three months ended December 31, 2015.

Earnings before income taxes for the three months ended December 31, 2016 were \$279 thousand compared to a \$159 thousand for the previous year. The increase in earnings reflects the improved revenue.

Net earnings and comprehensive earnings for the three months ended December 31, 2016 were \$260 thousand or \$0.015 per share. In the fourth quarter of fiscal 2016, the Company recognized a deferred income tax asset of \$128 thousand. The Company fully utilized this deferred tax asset during the nine month period ended December 31, 2016. Therefore; the income tax expense of \$19 thousand was net of a recovery of approximately \$53 thousand related to the utilization of previously unrecognized tax losses. The Company will evaluate the further recognition of deferred tax assets during the annual budgeting process in conjunction with the preparation of the annual financial statements.

Net earnings and comprehensive earnings for the three months ended December 31, 2015 were \$159 thousand, or \$0.009 per share per share. In prior years, the Company utilized the benefit of unrecognized tax operating losses and therefore no income tax expense was recognized.

Detailed financial statements along with Management Discussion and Analysis have been filed with SEDAR ([www.sedar.com](http://www.sedar.com)).

*Financial information will be mailed to entitled security holders on February 24, 2016, or, upon notice to the Company, entitled security holders may request a copy of financials in advance.*

### **Summary Financial Information**

	Three months ended		Nine months ended	
	December 31,	December 31,	December 31,	December 31,
	2016	2015	2016	2015
Revenue	\$ 1,700,837	1,402,820	4,934,921	3,615,438
Cost of sales	812,577	684,967	2,461,196	1,761,096
	888,260	718,123	2,473,725	1,854,342
Expenses	652,067	591,320	1,833,190	1,757,901
Earnings before the following items	236,193	126,803	640,535	96,441
Other income (expense)	42,955	32,225	56,137	73,763
Earnings before income taxes	279,148	159,028	696,672	170,204
Income taxes	(19,148)	-	(127,704)	-
Net earnings and comprehensive earnings for the period	\$ 260,000	159,028	568,968	170,204

### **Non-IFRS Measure**

For the three months ended December 31, 2016, we are disclosing Adjusted EBITDA, a non-IFRS financial measure, as a supplementary indicator of operating performance. We define Adjusted EBITDA as net income before, interest, income taxes, amortization, 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

	Three months ended		Nine months ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Income for the period	\$ 260,000	159,028	568,968	170,204
Add / (deduct)				
Foreign exchange	(44,114)	(31,358)	(57,341)	(61,428)
Derivative exchange	2,318	(742)	3,569	(12,112)
Interest	(1,160)	(125)	(2,531)	(682)
Tax	19,148	-	127,870	459
Share based payments	26,513	13,315	43,359	39,535
Amortization	7,103	6,211	20,361	16,526
	(9,808)	(12,699)	135,287	(17,702)
Adjusted EBITDA	\$ 269,809	146,329	704,255	152,502

### About Vigil Health Solutions Inc.

Vigil offers a proprietary 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" segment of our fiscal 2016 Annual Report. 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.*

*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.*

For further information please contact:  
Troy Griffiths, President and CEO  
Tel: (250) 383-6900  
Fax: (250) 383-6999  
Email: [information@vigil.com](mailto:information@vigil.com)

Vigil Health Solutions Inc.  
2102-4464 Markham Street  
Victoria, BC  
V8Z 7X8  
Website: [www.vigil.com](http://www.vigil.com)

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