



HAIVISION SYSTEMS INC.

Annual Information Form

For the Year Ended October 31, 2020

Dated January 28, 2021

TABLE OF CONTENTS

GENERAL MATTERS	1
FORWARD-LOOKING STATEMENTS	1
MARKET AND INDUSTRY DATA	2
TRADEMARKS AND TRADENAMES	3
ORGANIZATIONAL STRUCTURE	3
The Company	3
Intercorporate Relationships.....	3
GENERAL DEVELOPMENT OF THE BUSINESS	3
Our History	3
Recent Developments	4
Corporate Timeline.....	5
BUSINESS AND INDUSTRY	5
Mission & Overview	5
Industry Overview, Trends & Challenges	6
Our Competitive Advantages	9
Our Growth Strategy	10
Our Business Model	11
Our Technology.....	11
Our Products and Solutions	15
Our SRT Initiative	17
Our Customers & End-Clients	18
End-Clients Case Studies.....	18
Manufacturing, Production and Suppliers	21
Sales and Marketing	21
Intellectual Property	22
Competition	22
Employees	24
Properties.....	24
RISK FACTORS	25
Risks Related to our Business.....	25
Risks Related to the Ownership of the Common Shares	46
DIVIDEND POLICY	51
DESCRIPTION OF SHARE CAPITAL	51
Authorized Share Capital.....	51
Common Shares.....	51
Preferred Shares.....	52
Advance Notice Provision	53

Forum Selection.....	53
DESCRIPTION OF MATERIAL INDEBTEDNESS	53
Description of Material Indebtedness	53
Loan and Security Agreement with Silicon Valley Bank	53
MARKET FOR SECURITIES.....	54
Common Shares.....	54
Prior Sales.....	54
SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER.....	54
DIRECTORS AND EXECUTIVE OFFICERS	55
Biographical Information Regarding Our Directors and Executive Officers.....	55
Ownership Interest.....	57
Penalties or Sanctions	57
Individual Bankruptcies.....	58
Corporate Cease Trade Orders and Bankruptcies	58
AUDIT COMMITTEE.....	58
External Auditor Service Fee.....	59
LEGAL PROCEEDINGS.....	59
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS.....	59
AUDITORS, TRANSFER AGENT AND REGISTRAR	60
INTEREST OF EXPERTS	60
MATERIAL CONTRACTS	60
ADDITIONAL INFORMATION.....	60
GLOSSARY OF TERMS.....	61

GENERAL MATTERS

This annual information form (this “AIF”) for the fiscal year ended October 31, 2020 is dated January 28, 2021 and, unless specifically stated otherwise, all information disclosed in this AIF is provided as of the date of this AIF. For an explanation of the capitalized terms and expressions and certain defined terms, please refer to the “Glossary of Terms” at the end of this AIF.

In this AIF, where the context so requires, references to the “Company”, “Haivision”, “we”, “us”, “our” or similar expressions refer to Haivision Systems Inc. together with our subsidiaries, on a consolidated basis. We present our financial statements in Canadian dollars. In this AIF, all dollar amounts are expressed in Canadian dollars unless otherwise indicated. Accordingly, all references to “\$” or “dollars” are to Canadian dollars, and all references to “US\$” are to U.S. dollars. Certain totals, subtotals and percentages throughout this AIF may not reconcile due to rounding.

FORWARD-LOOKING STATEMENTS

This AIF contains “forward-looking statements” and “forward-looking information” (collectively, “forward-looking statements”) within the meaning of applicable securities legislation. Forward-looking statements may relate to our future financial outlook and anticipated events or results and may include information regarding our financial position, business operations, business strategy, growth strategies, budgets, operations, financial results, taxes, dividend policy, plans and objectives. In certain cases, forward-looking statements that are predictive in nature, depend upon or refer to future events or conditions, and/or can be identified by the use of words such as “expect”, “continue”, “anticipate”, “intend”, “aim”, “plan”, “believe”, “budget”, “estimate”, “forecast”, “foresee”, “close to”, “target” or negative versions thereof and similar expressions, and/or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking statements. Statements containing forward-looking statements are not historical facts but instead represent management’s expectations, estimates and projections regarding future events or circumstances.

Discussions containing forward-looking statements may be found, among other places, under “Business and Industry”, “Dividend Policy” and “Risk Factors”.

The forward-looking statements in this AIF includes, among other things, statements relating to:

- expectations regarding industry trends, overall market growth rates and our growth rates and growth strategies;
- the addressable markets for our products and solutions;
- the long-term impact of COVID-19 on our business, financial position, results of operations and/or cash flows;
- expectations regarding the revenue generation potential of our products and services;
- our business plans and strategies;
- our expectations regarding certain of our future results, including, among others, revenue, expenses, sales growth, expenditures, operations and use of future cash flow;
- our ability to execute on our strategic growth priorities and to successfully integrate acquisition targets; and
- our competitive position in our industry.

These forward-looking statements and other forward-looking statements are based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking statements, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. Certain assumptions underlying the forward-

looking statements in this AIF include: our ability to capitalize on growth opportunities and implement our growth strategy; our ability to retain key personnel; our ability to maintain existing customer relationships and to continue to expand our customers' use of our products solutions; our ability to acquire new customers; our ability to enhance our offerings to remain at the forefront of our industry; the impact of competition; the successful integration of our recent and future acquisitions; the absence of material adverse changes in our business, our industry or the global economy; and that the risks and uncertainties described under "Risk Factors" will not materialize.

Forward-looking statements are necessarily based on a number of opinions, estimates and assumptions that we considered appropriate and reasonable as of the date such statements are made, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements, including but not limited to the following risk factors described in greater detail under the heading entitled "Risk Factors": our products are manufactured at a limited number of locations, and any manufacturing problems at a location could adversely affect our ability to meet our customers' orders; we outsource our manufacturing operations to third parties, and the inability of those parties to meet our product specifications and schedules could harm our business; we use several key components in our products that are supplied from a limited number of sources, and the loss of any of these suppliers may cause us to incur transition costs and result in delays in the manufacturing and delivery of our products; our sales cycles can be long and unpredictable and, as a result, may cause our operating results to fluctuate; risks relating to the ongoing COVID-19 pandemic, including the resulting global economic uncertainty and measures taken in response to the pandemic; the loss of any of our key personnel could seriously harm our business; we depend on maintaining our existing strategic relationships with customers and on forming new strategic relationships; we may not be able to manage any future growth effectively; risks relating to intellectual property and technology; risks relating to regulations; risks relating to our common shares; as well as the risk that we may become defendants in legal proceedings which could become significant liabilities in the event of an adverse judgment.

If any of these risks or uncertainties materialize, or if the opinions, estimates or assumptions underlying the forward-looking statements prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking statements. The opinions, estimates or assumptions referred to above and described in greater detail in "Risk Factors" should be considered carefully by readers.

Although we have attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other risk factors not presently known to us or that we presently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking statements. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking statements, which speak only as of the date made. The forward-looking statements contained in this AIF represent our expectations as of the date of this AIF (or as the date they are otherwise stated to be made), and are subject to change after such date. However, we disclaim any intention or obligation or undertaking to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada.

MARKET AND INDUSTRY DATA

Market and industry data presented throughout this AIF was obtained from third-party sources, websites and other publicly available information, including Research Nester, as well as industry and other data prepared by us or on our behalf on the basis of our knowledge of the markets in which we operate. We believe that the market and economic data presented throughout this AIF is accurate and, with respect to data prepared by us or on our behalf, that our opinions, estimates and assumptions are currently appropriate and reasonable, but there can be no assurance as to the accuracy or completeness thereof and we do not make any representation to that effect. Actual outcomes may vary materially from those forecast in such reports or publications, and the prospect for material variation can be expected to increase as the length of the forecast period increases. Although we believe it to be reliable, we have not independently verified any of the data from third-party sources referred to in this AIF, analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying market, economic and other assumptions relied upon by such sources. Market and economic data is subject to variations and cannot be verified due to limits on the availability and reliability of data inputs, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey.

TRADEMARKS AND TRADENAMES

This AIF includes certain trademarks we own or have the right to use, including Haivision, Haivision Play, KB, Makito and SRT in countries that include Canada and the United States, which are protected under applicable intellectual property laws and are our property. Solely for convenience, our trademarks and trade names referred to in this AIF may appear without the ® or TM symbol, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to these trademarks and trade names.

ORGANIZATIONAL STRUCTURE

The Company

Haivision was incorporated on April 26, 2004 under the CBCA under the name of “Hajtek Vision Inc.” and changed its name to Haivision Systems Inc. on June 11, 2004. We amended our articles on January 1, 2005 to redesignate our unlimited number of common shares as Class A shares, subdivide such Class A shares and create an unlimited number of Class B shares; on October 6, 2005 to subdivide our Class A shares and to change certain other provisions particular to private corporations; on February 16, 2007 to change certain restrictions on share transfers and other provisions; on February 25, 2009 to change the rights, privileges and restrictions attached to our Class A shares and Class B shares and create an unlimited number of Class C shares, Class D shares and Class E shares; and on December 16, 2020 in connection with our Initial Public Offering to among other things split all of our Class A shares, Class B shares, Class C shares, Class D shares and Class E shares on the basis of 85 post-split shares for each pre-split share, create an unlimited number of common shares and an unlimited number of preferred shares, issuable in series, convert all post-split Class A shares, Class B shares, Class C shares, Class D shares and Class E shares into common shares on a one-for-one basis, delete the Class A shares, Class B shares, Class C Shares, Class D shares and Class E shares and to change certain other provisions.

A copy of our articles of incorporation is available on SEDAR at www.sedar.com, under our profile. Our head and registered office is located at 2600 Alfred-Nobel Boulevard, 5th Floor, Montréal, Québec H4S 0A9, and our United States headquarters are located at 750 Estate Drive, Suite 104, Deerfield, Illinois, 60015.

Intercorporate Relationships

The activities of the Company are conducted either directly or through its subsidiaries. The table below lists the subsidiaries of the Company as at the date of this AIF, as well as their jurisdiction of organization. Each of the subsidiaries is directly or indirectly wholly-owned by the Company.

Name	Jurisdiction where organized
Haivision Network Video Inc.	Delaware
Haivision Network Video GmbH	Germany
Lightflow Media Technologies SL	Spain

GENERAL DEVELOPMENT OF THE BUSINESS

Our History

Our business was founded in 2004 in Montréal, Québec by Miroslav (Mirko) Wicha, our Chairman, President and Chief Executive Officer.

In 2005, we introduced and pioneered the development of high performance and low latency H.264 codec technology. Our early products provided the video backbone for many of the telepresence platforms.

In 2009, we acquired Video Furnace, Inc., a live video management software business which had developed an IP video distribution system which enables simple and rapid deployment through a “software-on-demand” approach to player access and encourages user adoption through an easy to use player interface. We have honed the technology underlying the Video Furnace product through years of close collaboration with key customers within the government and enterprise market segments.

Later that year, our technological advantage was further demonstrated when we were selected as a key provider for secure, low latency video encoding, which marked our introduction into the U.S. government market.

Also in 2009, we introduced the award-winning Makito line of compact edge encoding and decoding products. Since then, we have developed and shipped multiple new and improved generations of video codec, and are currently offering our next generation of H.265 (HEVC) supporting 4K HEVC and HD 264 live video encoding for low latency streaming over IP.

In 2010, we acquired the assets of C.S. Software Holdings, Inc., including CoolSign, a digital signage software. Originally founded in 1998, CoolSign is a software-based solution that took advantage of industry standard signage player technology which lets customers effectively display, distribute, and control digital media on networked digital displays from a central location.

In 2011, we acquired KulaByte Corporation and Montivision, technology providers of live software-based encoding and transcoding technologies for OTT media distribution. KulaByte's H.264 encoding software and systems delivered high quality internet streaming of HD content to Flash RTMP and HLS for the iPhone/iPad and other platforms.

In 2013, we introduced the SRT protocol. SRT, which stands for "Secure Reliable Transport", was initially developed to optimize streaming performance across unpredictable networks with secure streams and simple firewall traversal. After testing and confirming SRT within our own products for three years, we decided to open source the technology and form the SRT Alliance in 2017. SRT quickly became a widely adopted standard endorsed by over 450 companies, including top names in broadcast and cloud technologies. SRT is a critical technology for cloud-based live video workflows and connectivity, and in 2019, we were presented a Technology and Engineering Emmy® Award for *Pioneering Reliable Transportation Method for Live Contribution and Distribution TV Links*.

In 2014, we launched our cloud-based managed services offering, Haivision Video Cloud. Haivision Video Cloud is a full video content management platform that accommodates both broadcasting live events to connected audiences around the world or publishing on demand video across internal portals, company websites and mobile applications.

In 2019, we introduced the concept and technology of Haivision Hub which is a cloud routing SaaS for routing low latency, secure and reliable media for video contribution, production, and distribution workflows.

In 2019, we acquired Lightflow Media Technologies. This acquisition added artificial intelligence and machine learning technologies to our innovation platform to form the basis for advancement in content-aware video encoding, content indexing, object detection as well as optimization of video contribution, distribution and delivery. Lightflow's technology suite also provides an advanced media cloud orchestration architecture, a foundation to accelerate our cloud strategy.

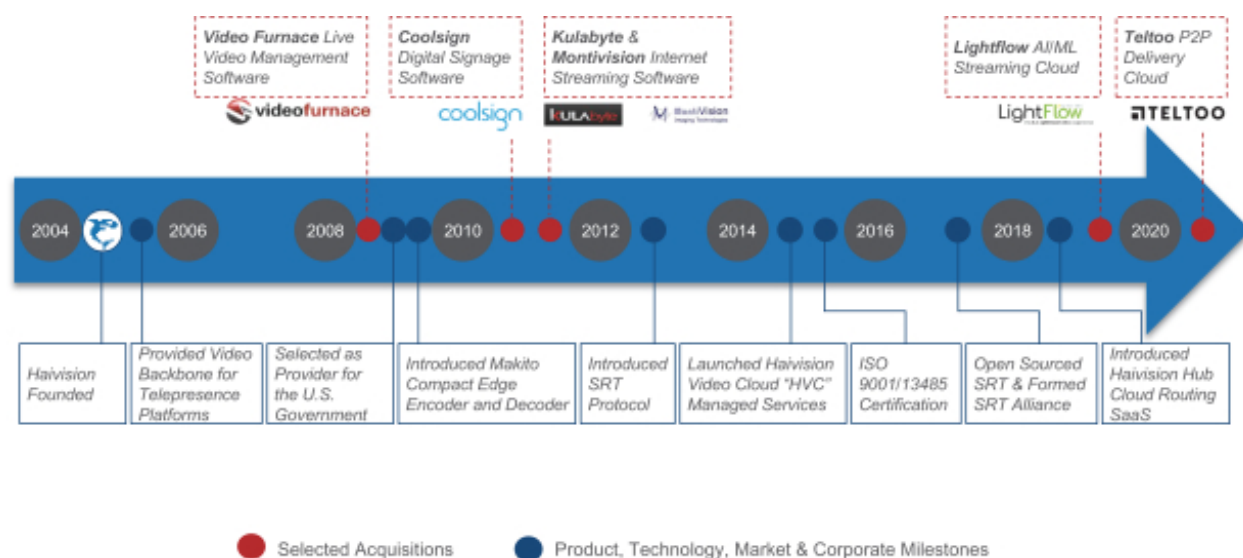
In Fiscal 2020, we acquired the assets of Teltoo, a technology innovator for P2P and WebRTC enabled real-time video delivery. The acquisition further extended our expertise in cloud-connected live video from contribution and distribution now through delivery.

Recent Developments

On December 16, 2020, we completed our Initial Public Offering under which 5,000,000 common shares were issued from treasury at a price of \$6.00 per share for gross proceeds to us of \$30.0 million. Upon completion of the Initial Public Offering, our common shares were listed on the TSX under the symbol "HAI". On December 18, 2020, following the exercise by the underwriters of their over-allotment option in full, 750,000 additional common shares were issued under our Initial Public Offering, thereby increasing the total gross proceeds to us under our Initial Public Offering to \$34.5 million.

On January 12, 2021, Ms. Julie Tremblay joined our Board, which is now comprised of six directors, five of whom are independent. See "Directors and Executive Officers".

Corporate Timeline



BUSINESS AND INDUSTRY

Mission & Overview

We are a leading provider of infrastructure solutions for the video streaming market, servicing enterprises and governments globally. The world's top organizations use our solutions to communicate, collaborate and educate their customers and stakeholders. Our technology and solutions provide the foundational layers for servicing the three main stages of real-time video workflows comprised of:

- **Contribution.** After image acquisition through sensors or cameras, contribution represents the first mile where the video is captured/encoded at live event venues, executive boardrooms, or theaters of mission critical operation, as an example, and transported to broadcast facilities, production studios, video processing centers, and others.
- **Distribution.** Distribution represents the middle mile where video can be manipulated or produced and then routed to broadcast towers, various datacenters, or remote branch offices, and others.
- **Delivery.** Delivery represents the last mile where video is packaged in consumable formats and transported to reach its intended audience at home, over the internet, in auditoriums, or at remote work locations, to name a few, where the video is then decoded/displayed.

We deliver high quality, low latency, secure and reliable video through the entire IP video lifecycle (contribution, distribution, and delivery), using a broad range of software, hardware and services in order to deliver a full end-to-end premium level experience. Our solutions give organizations complete control over mission-critical remote video production capabilities amid the growing needs of decentralized, remote workforces while engaging audiences worldwide with real-time video. We believe that our products are highly differentiated due to our SRT software protocol expertise, proprietary core technologies, firmware expertise, and hardware design capabilities. Our platform is comprised of intelligent edge devices specializing in image encoding/decoding. Those devices are interconnected with a video management and networking software running on private and public clouds for video routing, processing, and management over any IP network. This differentiation allows our products to meet the demanding performance and market requirements of mission critical video, voice and data applications.

Since our founding in 2004 and with only \$8.25 million of total capital invested, we have deployed more than 70,000 systems to global diversified blue-chip end-clients operating across various industries through a combination of our direct sales force and channel partners. We spearheaded the commercialization of H.264 codec technology in

2005, which became the video backbone for many of the telepresence platforms. Since then we have evolved into a fully integrated one-stop-shop provider of video infrastructure solutions by continuously developing innovative products and introducing industry recognized protocols such as SRT. The SRT protocol, which stands for “Secure Reliable Transport”, has become a widely adopted standard endorsed by over 450 companies enabling secure transmission of real-time, low latency video over public IP networks. As a result of our continued innovation, technological prowess and high-performance products, we have been the recipient of 48 awards.

Throughout the years, we have strategically completed several tuck-in acquisitions that allowed us to expand our offerings to adjacent markets, including internet video streaming, digital signage and OTT video delivery, and to further bolster our solutions with innovative technologies. Our most recent acquisitions have focused on strengthening our cloud-based offering and integrating artificial intelligence / machine learning capabilities to our platform.

Our suite of solutions consists of standalone devices and tightly-coupled products forming integrated solutions, which are designed to meet the current and future needs of our end-clients, depending on each of their markets and use cases. These solutions are sold to our end-clients through a combination of our direct sales force, supplemented by indirect channel partners around the world. See “Business and Industry - Sales and Marketing”.

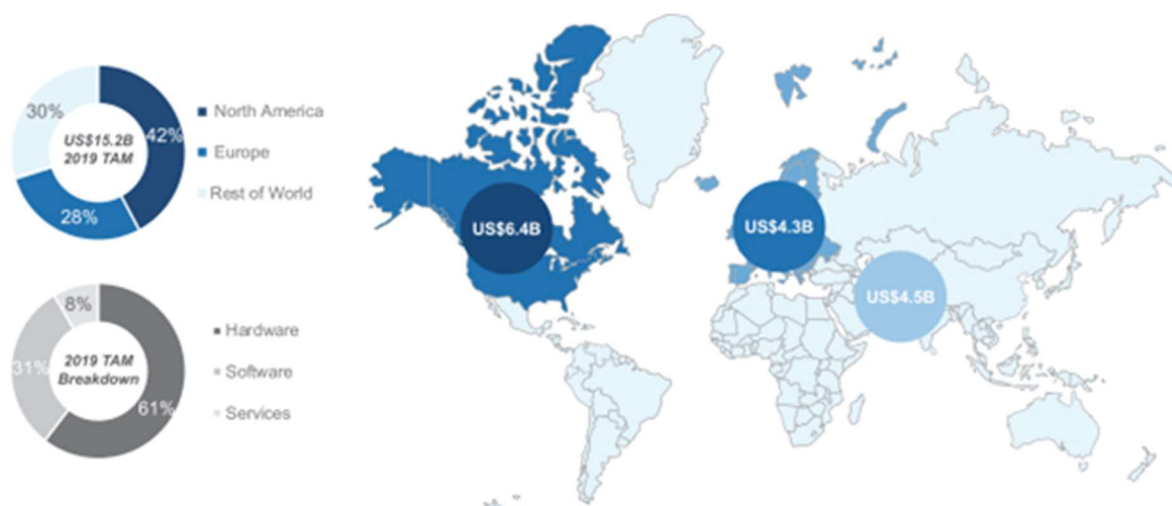
With approximately 250 employees across 6 global offices, we sell products globally and empower real-time video, via an installed base of over 140,000 edge devices, to blue-chip end-clients operating across various industries such as technology, media and entertainment, manufacturing, consumer products, financial services, healthcare and retail. Our primary target market is comprised of large and medium enterprises and governments that use Haivision products in individual divisions or as part of a global platform across their entire organization. The enterprises in our primary target market are broadly defined as having more than 1,000 employees.

Overall, our highly integrated suite of software, hardware and services act as a key part of the video infrastructure allowing enterprises and governments to efficiently contribute, distribute and deliver high-quality, real-time video securely to any device, anywhere.

Industry Overview, Trends & Challenges

Overview

We are a key influencer within the ~US\$15 billion global video streaming infrastructure market, which is expected to grow at a 15% CAGR from 2019 to 2028 (Research Nester). Global enterprises, media franchises, sporting leagues, and governments rely on technologies we provide to address the growing needs of remote workforces and engage audiences with secure and reliable live video connectivity. Industry growth is further fueled by a shift towards on-demand cloud resources and connectivity and the emergence of 5G and high-speed networking.



Source: Research Nester, Assessment of the Global Video Streaming Infrastructure Market, September 2020

Industry Trends

The broader video streaming market, which is supported by our infrastructure solutions and services, has experienced significant change and growth over the past decade. The video streaming segment was initially stimulated by the broad availability of high bandwidth networks, the move to OTT media distribution in the consumer space, and the related decrease in consumption of media over traditional linear infrastructure such as cable, satellite, and free-to-air transmission. We believe that today, the live streaming market across all industries, from capture and production through to distribution and delivery, is most impacted by the following trends:

- **IP video transformation.** Historically dominated by raw “baseband” video connections throughout the process, the availability of high-speed networks is enabling video workflows to embrace complete IP-based video transmission between all equipment from image capture (cameras) through production to distribution to reduce costs and increase operational flexibility.
- **Enabling remote operations.** Across all industries, organizations are looking to engage critical resources regardless of location. This trend has recently been massively accelerated due to the impacts of the COVID-19 pandemic. Experts, operators, and live talent may no longer be available “on-location” or “in-studio” and must be connected to their studios, operation centers, and distribution platforms at the highest quality and in real-time (low latency). Remote production in broadcast is becoming standard as it enables lower cost production, where production is carried out by “at-home” operators with only equipment being deployed on the field. Across all industries, remote integration is now the norm: medical specialists engaging remotely, CEOs broadcasting to their organization from anywhere, employees and students completing training or education through video instruction.
- **Empowering the “at-home” workforce.** Live video broadcast within organizations is becoming the anchor to effective corporate communications strategies for annual, quarterly, and even weekly employee engagement. Systems supporting such broadcasts have been focused on private broadcast across global campuses and must increasingly serve employees anywhere, specifically those who now work at home. Broadcasts must be delivered in real-time to encourage engagement but must also be secure and adhere to strict corporate IT governance.
- **Embracing the cloud.** With the emergence of secure and reliable transmission of real-time video to, from, and within cloud environments, cloud solutions for real-time video services and connectivity enable organizations to take advantage of pay-as-you-go services that increase production efficiency (creating news segments faster for example), scale services on-demand, align costs directly with revenues, and support a highly distributed workforce.
- **Availability of multiple cloud providers.** Multiple vendors have emerged to support streaming directly including Microsoft, Google, Amazon, IBM, and others. Each compete to enable the use of their computing, storage, networking, and content delivery capabilities. The competition among cloud providers has made the impact of making better resources continuously available at continuously reduced prices.
- **Increasing bandwidth at the edge (5G).** The world has experienced increasing bandwidth availability at home over the past decade, with speeds of over 200 Mbps becoming commonplace. With 5G technology, mobile devices will now be able to handle up to and over 1 Gbps with extremely low latency. This will enable high resolution video transmission from anywhere. Across all industries, the availability of private networks or satellites will no longer be required for broadcast quality video. However, the challenges of supporting IP video transmission at the highest quality with low latency (real-time) over unmanaged networks will remain.
- **Transition from Capex to Opex model.** Historically, broadcasters and video solution providers have been operating under a capex model, planning expenditures to build media routing capacity through satellite links, purpose-built fiber networks, or proprietary transport solutions. With the increasing availability of secure and reliable cloud-native solutions, many players are moving away from capital intensive infrastructure and moving to pay-per-use or pay-per-consumption solutions.

Industry Challenges

Although resources in the cloud, on-premise, and network connectivity are increasing dramatically in capabilities, we believe that some key challenges remain within the video streaming industry, which include the following:

- ***Video transmission networks and protocols.*** Real-time video transmission has historically been handled by private networks and satellite connections. As the market moves towards low cost and readily available public networks, and public cloud resources, real-time video transmission cannot be achieved with ubiquitous IP protocols (such as HTTP and TCP/IP). The market has been cycling through different challenges from real-time video communication (one-to-few video conferencing) to low latency broadcast (one-to-many broadcast) that challenge traditional broadcast and even support immediate audience engagement.
- ***Security.*** Throughout any video workflow, regardless of for-consumer or enterprise applications, security is essential. Security is particularly challenged in a video workflow when the stream passes through multiple networks, is translated through several protocols and is handled by multiple systems.
- ***Assurance of cloud workflows.*** One of the critical elements in migrating video streaming through the cloud is one of assurance, fault detection, and recovery. Many traditional broadcast video workflows have been built across infrastructure offering five-nines reliability (99.999%) with associated service level agreements. As such workflows move to a public cloud infrastructure, such assurances are illusive as cloud vendors themselves do not offer the type of service level agreements that would be acceptable for broadcast quality video transmission. Best effort is the norm. It is a challenge of solution vendors to institute architectures with sophisticated quality monitoring, fault detection, and failover and recovery.
- ***Multi-cloud optimization.*** Competition within the cloud resource segment is increasing with decreasing differentiation between providers. Solution vendors are challenged to optimize the use of all resources to achieve the lowest cost and highest performance. Automation based on real-time analytics of price and performance criteria is critical to both all-in-one services (those that include cloud resources) and those on direct relationships between cloud vendors and clients (those that are sold separate from cloud resources). This pertains to the four areas of computing, networking, storage, and content delivery.
- ***Efficient video distribution to many viewers.*** One hurdle that has existed for all live video streaming solutions is how to deliver video to broad audiences. For consumer video, content delivery networks have served this purpose by establishing content servers around the globe that would send streams to each individual viewer. A primary cost element for content delivery networks is egress bandwidth, which means the more content that is viewed the more charges are applied. Within enterprise deployments of live video, multicast technology has often been employed to serve live video to broad audiences. However, multicast is difficult to deploy and support and is not available on public networks. P2P technology overcomes these challenges but P2P for video delivery is only available in proprietary solutions and to date has not been embraced broadscale due to security concerns and the lack of industry standardization.
- ***Video encoding.*** Video encoding is the process of compressing full-resolution video up to, and over 1,000 times in order to be efficiently transmitted across networks and to be efficiently stored. Video encoding has faced evolving standards (i.e., MPEG-2, H.264, HEVC) that require an increasing amount of computing power to realize increasing quality and efficiency. At the same time, the raw size of video has increased through standard definition, high definition, and now 4K and 8K resolutions. Both evolutions have created an exponential need for computing power to achieve real-time (low latency) performance.

Our Competitive Advantages

Technological Advantage Through Industry Leadership and Deep Domain Knowledge

Armed with our eleventh generation encoding/decoding platform and having pioneered low latency video streaming and networking, our deep domain knowledge is industry-recognized. We are a trusted partner in producing products that can reliably serve in the most mission critical real-time video operations. We have an established track record and a vast portfolio of innovative core proprietary technologies, developed by an experienced and dedicated team of engineers, that create a formidable barrier of entry to our competitors. That domain knowledge is exemplified in creating the SRT open source initiative enabling a new standardization for how video is streamed. See “Business and Industry - Our SRT Initiative”.

Integrated End-to-End High-Performance Solutions

Many competitors in our market segments provide single product solutions. In our core markets, we believe that both our channel partners and end-clients value repeatable solution proposals that include all core technology components integrated by a single vendor and do not require them to piece together technologies from different providers for their live video workflows. This solutions approach generally provides for more effective workflows, centralized administrative control and management of all video experiences, and a single point of supply and support. We believe we have a unique position by offering a hybrid environment that seamlessly integrates encoding/decoding edge devices with on-premise live video workflow solutions that can naturally scale to on-demand cloud services and together provide for real-time video connectivity locally, regionally, and globally.

Intelligent Video Connectivity

We have developed significant expertise in collecting data, analyzing it, and adjusting streaming processes and workflows to optimize end-to-end video delivery. For example, our edge encoders can adjust their bandwidth in real-time in response to feedback provided by the SRT protocol. We also have artificial intelligence and machine learning-based content encoding and network optimization as currently exposed through our Lightflow solutions. We believe we derive a unique competitive advantage by having control over the entire technology stack which allows us to extract optimal value across different platforms and offer differentiated and highly integrated end-client solutions.

Longstanding Relationships with a Diversified Global Blue-Chip End-Client Base and Channel Partners

Through a combination of our direct sales team of approximately 60 employees and a global channel partner network, we deliver video to global blue-chip end-clients including, but not limited to, SAP, Microsoft, Riot Games, Eurovision Services, governments, and others. We have an installed base of over 140,000 edge devices globally providing real-time video to our end-clients. We also benefit from a high degree of repeat business with 72% of our Fiscal 2020 sales generated from customers who purchased from us in the prior year. Although we have a blended sales approach, we stay very close to our end-clients and channel partners before, during, and after the sale. We maintain positive relationships with our customers and end-users and offer maintenance, support and upgrade programs. Due to our market focus, our engineering teams are keenly attuned to the technical and business challenges of each particular market segment which we serve.

Track Record of Consistent Revenue Growth and Profitability

We have demonstrated consistent revenue growth with a 15% CAGR from Fiscal 2017 to Fiscal 2020. In addition to our 72% repeat business from customers, our revenue includes a combination of recurring revenues, multi-year deployment programs and maintenance contracts, providing us with strong revenue visibility. A history of profitable growth is important to us, as large global organizations look to us to provide mission critical solutions over multi-year programs. As we have evolved and grown, so has our mix of software-enabled solutions, providing us with economies of scale that have allowed us to maintain strong gross margins of 77% or more for Fiscal 2018, Fiscal 2019 and Fiscal 2020. This evolution has enabled us to remain profitable regardless of the economic environment, resulting in positive net income since Fiscal 2015 (net income CAGR of 34% from Fiscal 2017 to Fiscal 2020).

Seasoned Leadership Team and Board with Deep Industry Expertise

Haivision was founded in 2004 by Mirko Wicha, our Chairman, President and CEO who has extensive experience in the tech sector and remains deeply involved in the overall strategic vision and daily operations of the Company. The management team is comprised of seasoned technology professionals with an average of more than 20 years of experience in the video industry. Haivision is further supported by a strong board of directors with solid relationships and an established track record of creating shareholder value both in public and private technology companies.

Our Growth Strategy

We believe there are numerous avenues underlying our current growth strategy:

Drive Strategic Alliances

The market for our solutions is broad, underserved and rapidly growing in demand. We believe that developing stronger technical associations within the ecosystem of strategic partners, such as Akamai Technologies, Inc., Microsoft Corporation, Amazon.com, Inc., Avid Technology, Inc. and Comcast Corporation, amongst others, and investing in channel management, and leadership summits will enable Haivision to expand its solutions offering and establish repeatable projects templates.

Increase Share of Customers' Network Footprint

Our end-clients' needs in IP video delivery and video infrastructure are quickly growing and their initial orders typically only cover a subset of their network needs, presenting additional opportunities to offer incremental products or solutions along the video information chain. We work alongside our clients to understand their needs and extend solutions through complementary products and application adjacencies.

New Solution Opportunities in Core Markets

In 2019, we introduced the concept and technology of Haivision Hub at the National Association of Broadcasters trade conference and privately launched the product in April 2020. The Haivision Hub is our SaaS cloud-native broadcast workflow, enabling live, low latency media routing across the Microsoft Azure network. Providing secure and reliable global transport for contribution, production, and syndication workflows, Haivision Hub is the ideal solution for organizations like broadcasters and video service providers seeking alternatives to costly satellite links, purpose-built fiber networks, or proprietary transport solutions. The Haivision Hub is currently offered to a limited number of customers and end-clients and a general rollout with additional features is scheduled for the first half of 2021. Furthermore, our research and development team continuously works on new technologies and pushes for the extension of capabilities into new enterprise video and government applications (e.g. new market specific enclosures for Makito encoders for more mission-critical deployment scenarios).

Haivision Connect is our next-generation SaaS platform designed to appeal to our customers in the enterprise market with modern, consumer-inspired design underpinned by the ease of use. Focusing on live streaming, video-on-demand, and multi-campus workflows, Haivision Connect enables organizations to create an online experience that matches their audience's onsite experience. The platform intelligently connects and centrally manages video streaming edge devices through scalable cloud infrastructure, accessed and operated from mobile devices. Haivision Connect is in the final stages of development and is scheduled to be offered in the first half of 2021. Operators can schedule and manage live and simulated-live streams and efficiently create social media connections, such as Facebook or YouTube, to make it easy to grow the audience and increase influence. Comprehensive and accessible dashboards provide relevant, results-oriented system status information and content analytics to ensure optimal operation and high audience engagement.

Leverage SaaS Cloud-native Video Workflows to Drive Recurring Revenue

Haivision Hub offers on-demand video routing with massive scalability and removes the complexity by automatically spinning-up regional cloud resources and determining the best path through the internet. Haivision Hub intelligently routes content into and out of third-party systems with programable connectors that extend the platform's

capabilities. These connectors are designed to support customized workflows for delivering content to cloud services or on-premise systems.

Selectively Pursue Acquisitions

Since inception, we have established a strong and disciplined track record of identifying, acquiring and integrating highly complementary businesses, key technologies and personnel. We have successfully completed several fruitful acquisitions that have allowed us to expand our product portfolio and offer solutions to adjacent markets and applications including internet video streaming, digital signage and OTT video delivery. See “Business and Industry - Our Business Model - Acquisition Criteria”.

Our Business Model

Since 2004, we have transformed Haivision into a leading global video streaming infrastructure company. We have maintained consistent growth through acquiring and effectively integrating video technology businesses into our platform in order to scale, deliver better performance and drive significant synergies. Typically, these acquired businesses provide deeply embedded software and technology-enabled services. Post-acquisition, through technology integration and implementation of best practices, we integrate our capabilities, generate improved unit economics and provide a more holistic customer experience. Our focus on acquiring businesses with growth potential, managing them well and then building them has allowed us to increase cash flows and revenue growth since 2009. This strategy has generated cash flows which have been effectively re-deployed to further fund acquisitions and accelerate organic growth.

Acquisition Criteria

We believe that we have the opportunity to further expand our share of our total addressable market through organic growth. In addition, we have a proven track record of acquiring, integrating and leveraging complementary targets to increase revenues, geographic breadth, breadth of product, and technological capabilities. Having acquired six businesses over the last 12 years, we intend to continue to be a platform for industry consolidation. In that regard, we currently have an active acquisition pipeline, with over 50 prospective targets having been identified, comprising both public and private entities.

Our acquisition criteria include:

- Adjacent product technologies to expand our footprint within our installed base;
- Strong customer install base that could benefit from our solution set;
- Businesses in the video infrastructure “space” with recurring revenue models;
- Similar solution sets that can expand our geographic reach;
- Cutting edge technologies that enhance our existing product offerings; and
- Forward thinking skills to supplement our product realization processes.

There is no assurance that we will be able to identify targets that meet our acquisition criteria nor can there be any assurance that we will complete any potential acquisitions on a timely basis, if at all. See “Risk Factors - Risks Related to our Business”.

Our Technology

Our technology provides the foundational layers for real-time video contribution, distribution, and delivery. From image encoding (after capture) to image decoding (before display) – collectively at the “edge,” our specialized intelligent edge devices rely on a hybrid platform constituting a connected cloud for video routing, processing, and management over various networks and transport mediums. Our technology stack spans hardware, embedded

firmware, application software, and scalable cloud-native microservices. We believe that having control over the entire technology stack allows us to extract optimal value across different platforms and offer differentiated and highly integrated end-client solutions. These solutions are built upon a set of core proprietary technology components that we believe provide us with a technological competitive advantage.

To provide for comprehensive and tightly integrated solutions serving real-time video workflows, our technology supports the three main stages for such workflows, namely:

- **Contribution.** After image acquisition through sensors or cameras, contribution represents the first mile where the video is encoded at live event venues, executive boardrooms, or theaters of mission critical operation, as an example, and transported to broadcast facilities, production studios, video processing centers, and others.
- **Distribution.** Distribution represents the middle mile where video can be manipulated or produced and then routed to broadcast *towers*, various datacenters, or remote branch offices, and others.
- **Delivery.** Delivery represents the last mile where video is packaged in consumable formats and transported to reach its intended audience at home, over the internet, in auditoriums, or at remote work locations, to name a few, where the video is then decoded.

Our technology's ability to handle end-to-end IP video across the above three stages (contribution, distribution, and delivery) forms a platform that is comprised of specialized devices and processing nodes, located at the edge, interconnected with a video management and networking fabric running on private and public clouds and on-premise. The hybrid system seamlessly leverages deployments on on-premise appliances, private datacenters clusters, and public cloud instances to accommodate various workflows and bridge between where the media originates and where it needs to be processed or consumed. Connectivity is assured via local, regional, and global video routing over LAN, WAN, and public internet. More specifically, our technology provides for the following:

- **Intelligent Edge.** Haivision's intelligent edge are devices or software systems located on premise and are often connected to the cloud infrastructure. Portable and high-density edge devices for live video encoding, transcoding, and decoding are powered by intelligent engines responsible for producing optimal coded image quality with bitrates dynamically adapting to various network constraints, and error correction invoked to overcome network and transport impairments. These engines are also responsible for image and metadata processing at the edge, as well as synchronized audio/video capture and playback across multiple encoding and decoding devices. The devices are centrally configured, monitored, and managed for efficient and reliable operations at large scale. Device and network analytics are aggregated from the edge in real-time and centrally analyzed to attain optimal performance at the image quality and network characteristics levels. Edge nodes are also deployed to provide for local media management and video routing. These nodes enable maximum scalability and responsiveness for streaming at the edge and are the conduits feeding regional and global routing.
- **Connected Cloud.** Haivision's connected cloud is a hybrid orchestration layer extending from public cloud to private datacenters and on-premise deployments. The global and elastic layer provides for on-demand, scalable, and containerized microservices for video processing, routing, and management. Intelligent routing within and between global regions leverages low latency networks and streaming protocols supporting real-time video operations. Our technology connects the cloud which is otherwise a disparate system of global datacenters connected with an under-the-oceans mesh of cables. Scalability is assured by leveraging the elasticity of the cloud processing, while reliability and quality of service is assured through fully redundant systems and redundant routing infrastructure. Network analytics are also collected and leveraged for optimal routing decisions, maintaining the lowest latency possible regionally and globally.

A wide spectrum of technology disciplines is required to effectively realize an ecosystem combining an intelligent edge and a connected cloud. Our technology stack spans hardware, embedded firmware, application software, and scalable cloud-native microservices, providing the necessary breadth and depth as follows:

- **Hardware.** Hardware technology involves several core components, namely board-level design, field-programmable gate array (FPGA) programming and enclosure design, focusing, respectively, on optimal electronics routing and electromechanical placement minimizing physical and power footprint; performance and signal processing; and thermal management and ruggedization for extreme environments.
- **Embedded Firmware.** Embedded firmware technology runs on dedicated ASIC, DSP and ARM host processors, taking advantage of each component to optimally run audio/video encoding/decoding, along with media management and metadata manipulation.
- **Application Software.** Application software technology runs on Intel-based servers and ARM-based mobile devices, providing for a complete IP video system over LAN, WAN and public internet. Software runs natively in multiple operating systems or in a virtualized environment. The software leverages CPU, GPU, and dedicated acceleration hardware for ultimate performance on a variety of platforms. The software also leverages high-performance, modular C/C++ engines, and a full web stack built with industry-standard frameworks for ultimate portability.
- **Cloud-native Microservices.** Cloud-native microservices are deployed in containerized environment that can run natively on multiple public cloud infrastructure. The services are orchestrated across hybrid deployments and can extend to private datacenters leveraging ubiquitous Docker containers run with Kubernetes management clusters. Elastic and on-demand resources are dynamically spun globally wherever and whenever needed.

Spanning the different technology disciplines to extract optimal value across various platforms, we have built core proprietary technology components that we believe provide us with a technological competitive advantage. Our portfolio of core proprietary technologies developed over the years includes the following:

- **Low Latency Encoding, Decoding and Transcoding.** We maintain one of the industry's lowest latency measured in the elapsed time between image capture/encoding and image decoding/display, critical in real-time video applications. This is achieved through a set of proprietary algorithms minimizing the encoding/decoding latency without jeopardizing picture quality. These algorithms further extend to include adaptive buffering techniques constantly maintaining small packetization buffers while still compensating for any processing or network jitter, effectively ensuring low latency while maintaining a seamless viewing experience.
- **Picture Quality and Performance.** We support the ubiquitous H.264 and HEVC video compression (video coding) standards, maximizing coding efficiency in both cases. Video coding efficiency is measured by the ability to achieve the highest picture quality at the lowest bitrate possible, which is essential for bandwidth constrained networks across a variety of applications. Our coding and rate control techniques ensure a low number of bits required to reproduce the best possible image for different types of content while minimizing the volatility of bitrate variations to avoid network traffic spikes. We believe that our video coding technology is geared to maximize effective video bitrate and minimize bandwidth utilization while maintaining the highest image quality.
- **Content Security and Platform Integrity.** Content security is the ability to protect the content through encryption schemes (AES, PSK, DTLS) and to support Conditional Access to media. Our technology is designed to encrypt/decrypt audio and video between different sources and destinations, as well as to manage encryption key distribution and crypto-secret sharing between end points. Our computing platform is further protected against intrusion or tampering through several levels of industry-standard security measures designed according to the National Information Assurance Partnership requirements including Common Criteria certification (an international program in which accredited laboratories test information technology products against standard cyber security specifications). This protection along with maintaining records' privacy ensures compliance with the Health Insurance Portability and Accountability Act ("HIPPA"). Common Criteria and HIPPA compliance are critical for system adoption in the medical/healthcare, government and enterprise market segments.

- **Networking and Streaming.** Our technology is designed to maintain high video quality of service and data exchange reliability over a variety of networks and network conditions, assuring real-time video transport over managed and unmanaged networks. Data persistency techniques are deployed to accommodate long-delay and high-latency networks and ensure system operational integrity. Advanced algorithms are developed to guard against transmission packet loss and network bandwidth fluctuations using such techniques as forward error correction (FEC), automatic retransmission requests (ARQ) and adaptive bitrate (ABR) streaming. We created the widely adopted SRT open source standard for low latency video contribution over unreliable networks. We have also pioneered low latency segmented video delivery developed within DASH Industry Forum, leveraging chunked encoding and low latency CMAF/DASH packaging. High levels of system compatibility and interoperability are assured by various trans-rating, trans-formatting and trans-wrapping technologies, along with the support of a wide range of compression and content formats and streaming protocols. That allows content to be recognized by different devices using different compression standards, including MPEG-2/4, H.264, and HEVC video compressions, wrapped in variety of content formats such as TS, fMP4, and CMAF, and transported using SRT, MPEG2-TS, RTP, RTMP, HLS, and DASH streaming formats.
- **P2P Network Delivery and Analytics.** Our P2P technology is designed to ensure video delivery at scale over networks where unicast does not provide the proper scale and multicast is not an option. The technology offers scalable delivery option where traditional content delivery networks fail to serve. Network integrity is assured with centralized peer management and analytics aggregation, while low latency is maintained using WebRTC data channel for transport between peers. Our P2P technology is further strengthened with advanced decentralized peer management algorithms and real-time streaming between peers, drastically increasing the scalability of the system while lowering the latency of delivery. Network and playback analytics are centrally gathered and structured to be visualized through elaborate performance dashboards allowing for manual intervention and further data exploitation through artificial intelligence/machine learning to adaptively optimize performance.
- **Artificial Intelligence and Machine Learning.** We deploy advanced artificial intelligence/machine learning/ techniques to optimize video encoding and delivery. Our adaptive context aware encoding algorithms leverages artificial intelligence/machine learning to optimize the bitrate and quality of compressed video-based on the nature and complexity of the scene, the network bandwidth and conditions, and end playback devices and screen sizes. We have developed our own high-performance video quality metric based on PSNR, VMAF, SSIM, and playback performance, which runs in real-time and measures the quality of experience from the viewers perspective. That inference-based metric is used to train our machine learning algorithms using hundreds of thousands of video clips. Our AI optimizations for video encoding leverage industry-standard frameworks and deploy CatBoost (an open-sourced machine learning algorithm that uses gradient boosting on decision trees) and CNN (a convolutional neural network, a class of deep neural networks, most commonly applied to analyzing visual imagery) inference algorithms, achieving real-time performance for optimizing encoded bitrate and video quality. Similar artificial intelligence/machine learning techniques are used to optimize network utilization and routing for video delivery over a variety of networks, including content delivery networks and P2P networks.
- **Device Control and Communications.** We deploy IoT-based techniques to centrally configure, monitor, and manage edge devices and edge nodes running on dedicated appliances, virtual machines, or containers clusters over a variety of network topologies extending from hundreds to tens of thousands of nodes. This includes upgrades, health monitoring, configuring network and encoding parameters, remote control, and others.

Our core technology components are architected within multi-platform frameworks and modular software components supporting tightly integrated products. These common frameworks and components are leveraged across a variety of products providing for different features and capabilities across the IP video systems while enabling rapid development and minimizing time-to-market and maintenance costs.

Our Products and Solutions

The IP video transformation and the rapid adoption of cloud-based workflows are fundamentally changing the landscape of real-time live video solutions. We believe that the market focused on real-time video applications is highly fragmented with disparate solutions based on loosely integrated edge devices, on-premise solutions poorly adopted to cloud workflows, and solutions that run exclusively in the cloud decoupled from existing on-premise workflows. This approach often leads to a poor integration experience which manifests itself in poor quality and latency, while also exposing customers to increased integration costs and security liability.



We develop products supporting real-time live video workflows across their entire cycle from the first-mile contribution, through the middle-mile distribution, to the last-mile delivery. Haivision edge encoding/decoding devices reliably and securely provide live HD and UHD video, at high quality for a given bandwidth capacity, with industry-leading low latency. These edge devices are centrally monitored and operated, with optimal performance assured through aggregated video and network analytics. On-premise management and routing nodes support live video workflows over LAN, WAN, and public internet. They enable secure live IP video and include: encoding, transcoding, streaming, recoding, managing, routing, decoding, and playing back. Cloud routing and inline processing infrastructure provides for low latency regional and global connectivity.

This complete end-to-end platform enables us to strategically focus on high-value enterprise and government market segments that other vendors may have difficulty servicing since they lack the tenants of an end-to-end solution across all delivery modalities, reliability, security and low latency that are paramount to our success. We are a trusted partner for mission critical video in these high value market segments.

While many of the markets that we serve benefit from the integrated end-to-end proposition, many of the products also have stand-alone applications. Our products are characterized based on the premise of an intelligent edge and a connected cloud, where specialized edge devices for image capture/encode and image decode/display rely on an on-premise and cloud hybrid platform for device management and video connectivity over various networks and transport mediums.

Encoding, Decoding, Transcoding

Encoding, decoding and transcoding are fundamental to any video streaming workflow. Our solutions consist primarily of three groups of families, which include:

- **Makito X4 Series:** Our eleventh-generation award-winning hardware edge devices which are designed to encode and decode 4K/UHD HEVC and H.264 video formats and support low latency end-to-end streaming over IP suitable for live and interactive video applications. Makito devices include advanced features such as Network Adaptive Encoding for uninterrupted streaming under varying network conditions, Stream Sync for synchronized live streams over IP supporting remote production, and advanced metadata handling for mission critical applications.
- **KB:** Our software encoder and transcoder which delivers high-quality video streaming for resolutions up to 4K/UHD and is specifically designed for adaptive bitrate stream delivery providing the highest quality live video to a global internet audience on any network or device.
- **Kraken:** Our software-based high-density, low latency tactical live video encoder and transcoder which is capable of grooming video streams to traverse different networks and feed enterprise distribution networks. Specific applications include grooming high bandwidth ISR (Intelligence, Surveillance, Reconnaissance) streams for transport across constricted satellite networks and grooming high bandwidth digital video broadcast streams for distribution throughout a facility for IPTV.

Distributing, Managing, Recording

Haivision Media Platform (“HMP”): Our premiere software platform solution which provides multi-site, low latency live video distribution. HMP distributes real-time live video streams to all authenticated users across facilities or remote locations, including at home audiences. Running on the cloud or on-premise server installations, HMP is designed for use in organizations with the most stringent security requirements. HMP assures confidentiality with live video streams protected with AES encryption and content watermarking. Our HMP platform provides the tools to control content and manage all browser-based players and set-top boxes centrally, with granular controls to schedule and distribute specific content on any managed display. The platform further provides the tools for managing operational content and enabling critical live monitoring, recording, and aggregation of real-time video feeds.

Controlling & Managing Devices

Haivision Element Management System: Our cloud software-based solution which enables the streamlined management and monitoring of geographically distributed edge devices within a single web-based graphical user interface. Devices are paired to Haivision Element Management System over a secure bi-directional communications link providing real-time status updates and enabling instantaneous identification and resolutions of operational issues as they may arise. The hybrid cloud and on-premise platform enables administrators to easily organize and tag devices into different groups based on workflow function, location, or any other criteria, providing full visibility into where each element is located and what valuable function it serves. Operational efficiencies are also realized by leveraging the platform to centrally verify individual device firmware versions and perform batch upgrades to multiple devices.

Video Routing

Effective and low latency signal routing is essential for real-time video workflows. To that end, we provide two targeted offerings in service of that function as follows:

Haivision SRT Gateway: Our hybrid software-based solution which is a highly flexible and scalable solution for secure routing of live video streams across different types of IP networks. By serving as a network bridge and converting between protocols, our SRT Gateway provides for effective live video routing to one or multiple destinations for content production and distribution. The platform connects different source and destination points over any type of network and assures interoperability by seamlessly converting between streaming protocols. SRT Gateway is available as a dedicated appliance or for deployment in the cloud and is specifically designed to facilitate live streaming over complex video workflows including remote contribution, backhaul, return feeds, bi-directional interviews, and content distribution for international syndication and sharing with affiliates.

Haivision Hub: Our SaaS cloud-based service for live, low latency media routing across the Microsoft Azure network. Providing secure and reliable global transport for contribution, production, and syndication workflows. The platform offers on-demand video routing with massive scalability and removes the complexity by automatically spinning-up regional cloud resources and determining the best path through the internet. Haivision Hub intelligently

routes content into and out of third-party systems with programable connectors that extend the platform's capabilities. These connectors are designed to support customized workflows for delivering content to cloud services or on-premise systems.

Playing Back and Displaying

Our solutions for playing back and displaying consist of two groups, our Haivision Play Set-Top Boxes and Haivision Play Pro.

Haivision Play Set-Top Boxes: Our Haivision Play Set-Top Boxes deliver reliable, secure, high-definition video to displays for the Haivision Media Platform or as standalone multisite audience devices. They are centrally managed and provisioned, seamlessly delivering a high-quality viewing experience with support for HD and 4K/UHD content.

Haivision Play Pro: Our app that offers a quick and easy way to watch and create video streams from anywhere on mobile devices. Supporting H.264 and HEVC streamed over SRT, HLS or UDP protocols, Haivision Play Pro provides operational flexibility when it comes to monitoring live production feeds from the field, and offers a straightforward way to reliably monitor streams in real-time from a mobile device using the public internet. We received a National Association of Broadcasters Show Product of the Year Award in 2020 for Haivision Play Pro in the category of Remote Production.

Our SRT Initiative

One of the anchors to our strategy is the SRT initiative. SRT has become a platform that solves fundamental problems for video streaming, extends our market leadership across the entire video streaming industry, and is a continued platform for our growth through strategic partnerships.

SRT – Secure Reliable Transport

In 2012, we detected the need within our markets to extend video workflows beyond private networks, and clients challenged us with replacing satellite video transport with IP based video transport over public networks. We have significant experience in solving some of the fundamental associated challenges, including (i) securely transporting video across networks, (ii) adding intelligence within the video stream to recover packets that are lost during transport across unpredictable networks, and (iii) detecting network performance from live stream source to destination.

We then created the SRT technology package and interoperability protocol based on these technology elements as they could be applied to public internet transport of low latency video. In 2013, we demonstrated SRT at the International Broadcasting Convention and then released SRT support within our own products in 2014. SRT quickly became a highly used protocol for us, with internet-based video transmission as a use case growing from a boutique application to a standard application and leading to a significant competitive advantage for us.

In late 2016, the market for public internet transport of live video was shifting. Proprietary offerings were emerging and being adopted within the industry with some competitors developing strong ecosystems of supported products. Additionally, there was market speculation that industry standards groups were beginning to discuss a solution to the problem of low latency video transport. In early 2017, we made the decision to lead the market and open source SRT. At the National Association of Broadcasters trade conference, we announced the initiative to a broad industry welcome with some vendors implementing the protocol within hours of its release.

The SRT Alliance

Coincident with the release of SRT open source, we formed the SRT Alliance, an initiative to promote the adoption of SRT across the streaming industry. Within four months, 40 industry leading companies showed their support for the adoption of SRT by joining the SRT Alliance. To date, over 450 have joined the SRT Alliance, including leading cloud providers Microsoft, Alibaba, Tencent and Tata Communications; leading video technology providers including Harmonic, Imagine Communications, Grass Valley, and Ericsson; video platforms including Kaltura, Brightcove, and Ooyala; content delivery networks Limelight, iStreamPlanet, Deluxe, and Perform; and media companies Comcast and the European Broadcast Union's Eurovision Services. In addition, many companies

have adopted SRT without publicly joining the SRT Alliance, such as Sony and IBM. Haivision's SRT Alliance has hosted dozens of industry panel sessions and webinars to continue to promote the adoption of SRT.

We were awarded an Emmy Award for Technology and Engineering in 2018 from the National Academy of Television Arts and Sciences for the development of SRT (for *Pioneering Reliable Transmission Method for Live Contribution and Distribution TV Links*) and were presented the award at a ceremony in April 2019 held in conjunction with the National Association of Broadcasters conference.

Technologists from Haivision and SK Telecom presented SRT to the Internet Engineering Task Force (IETF) for consideration as an industry standard in March of 2020. The SRT open source project is hosted on Github (<https://github.com/Haivision/srt>). To date, over 60 different collaborators have contributed to the SRT development and its success. Critical additions have been the support of file-based transfer, stream multiplexing, and recently multi-path stream redundancy.

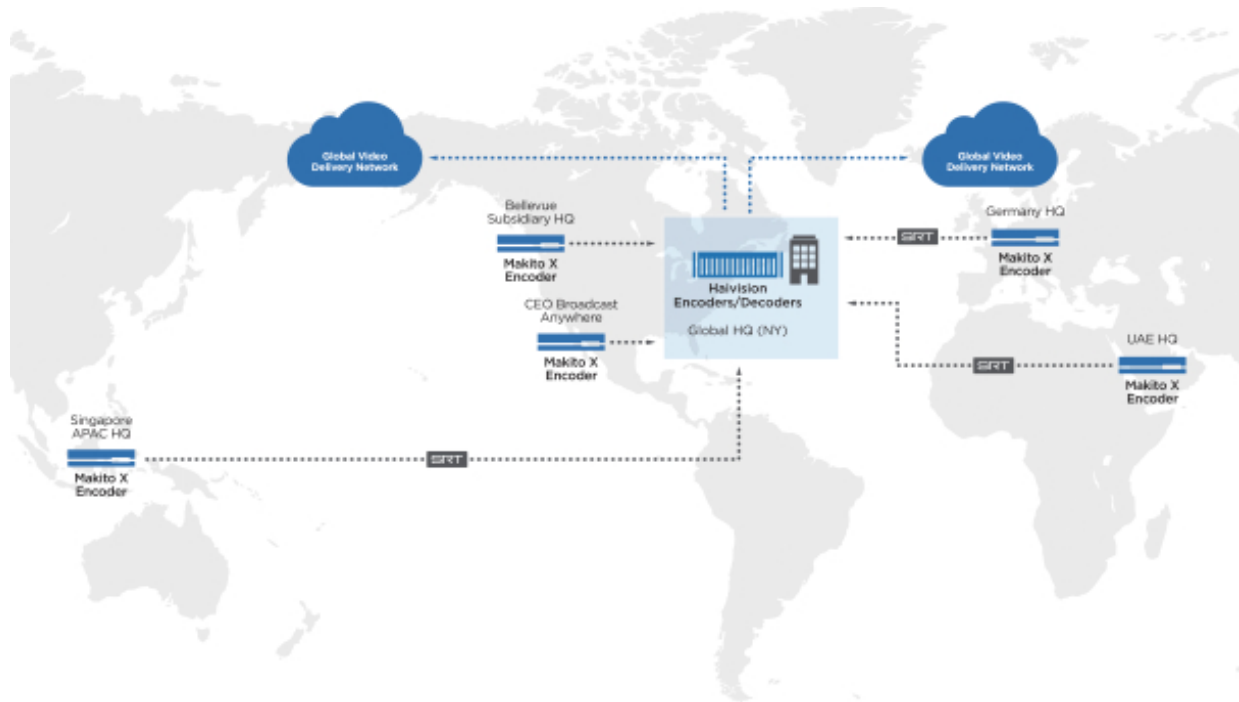
Our Customers & End-Clients

Our customers are comprised of a mix of end-clients that use our solutions and buy them directly from us and intermediary channel partners that buy our solutions and ultimately sell them to a variety of different end-clients who use our solutions (see “- Sales and Marketing”). As a result, we have limited customer concentration with our top 50 customers accounting for 55% of our Fiscal 2020 sales. We have also amassed a strong diversified global blue-chip end-client base including 32 that are part of the Fortune 50. In cases where we sell through a channel partner, we maintain a continuous relationship with the end-client through our support programs and continuous account management by our sales organization (with the exception of original equipment manufacturer integrators).

End-Clients Case Studies

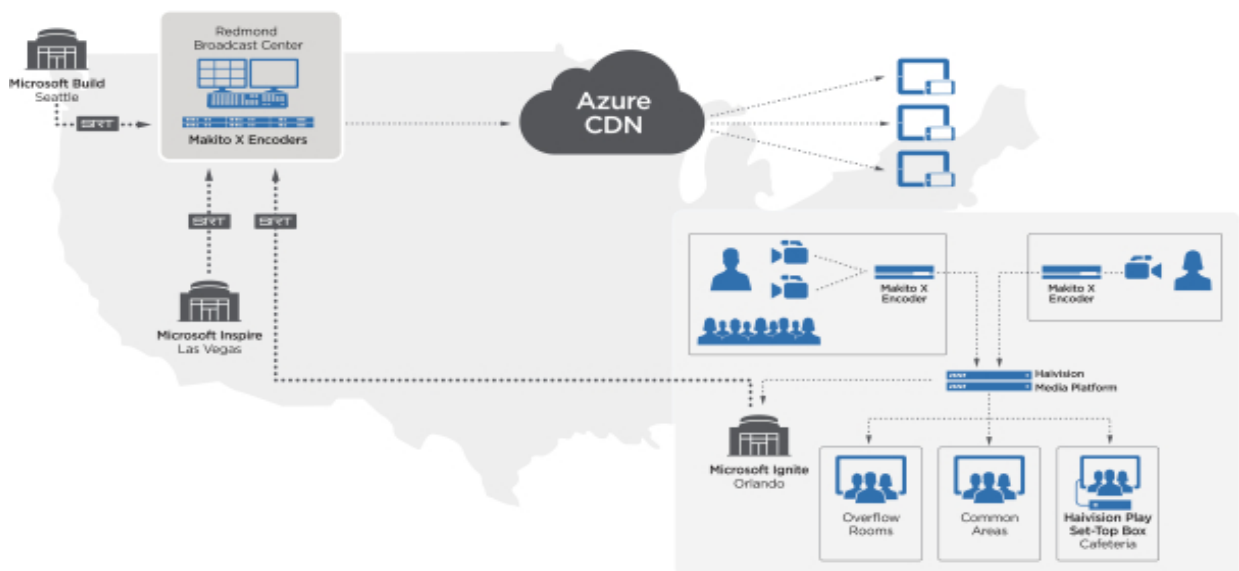
SAP – Video Connectivity and Streaming for Corporate Communications

SAP globally relies on Haivision solutions to connect facilities together with high performance video and to fuel their internal communications events, such as corporate town hall meetings and executive broadcasts. The portability of the Haivision solutions and the native ability of the solutions to provide connectivity over any network allows SAP to originate content within their offices, at event centers and hotels, and even at the homes of executives when they are unable to travel.



Microsoft – Video infrastructure for all major corporate events

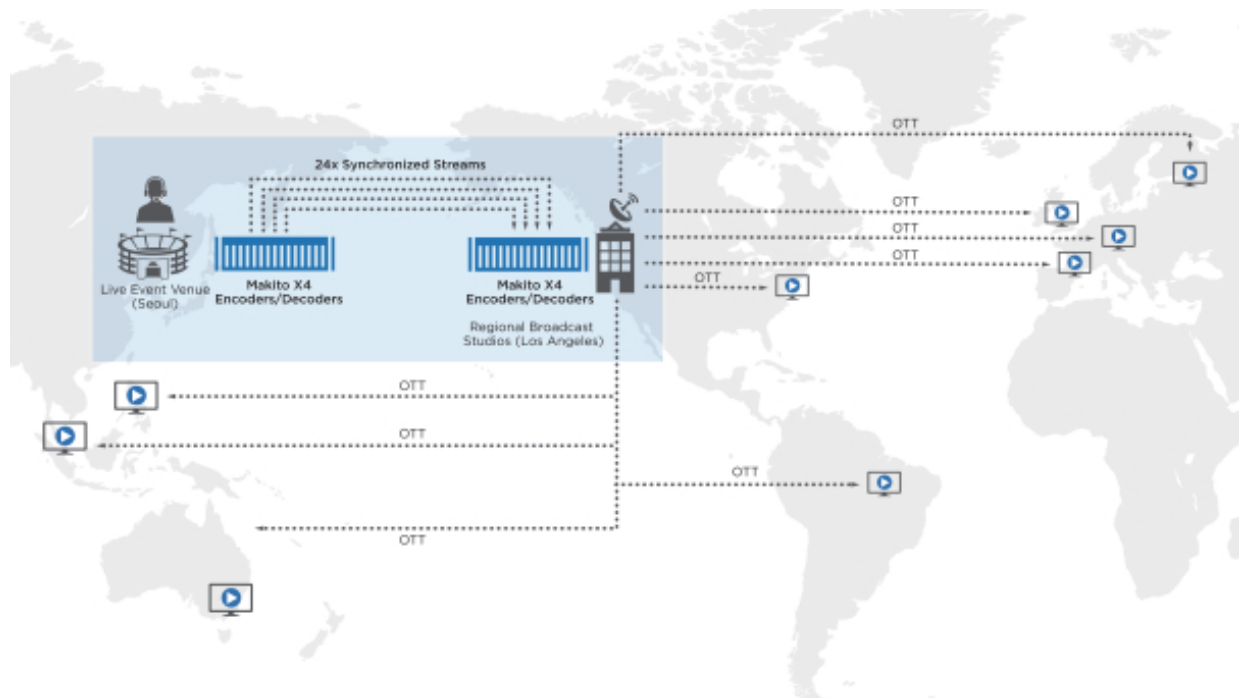
Microsoft initially turned to our Makito and SRT solutions to use as a backup to fiber and satellite for their chief executive officer's broadcasts from their major customer and partner conferences (Microsoft Inspire, Microsoft Build, Microsoft Ignite, and more). These events cater to hundreds of thousands of virtual and in person attendees and feature hundreds of conference sessions, panels, and an extensive exhibit hall. Facing increasing venue sprawl at each conference, Microsoft then turned to our Haivision Media Platform to record the sessions, stream them throughout the venues, and eventually replace the satellite links to their production center at their Redmond, Washington campus to help fuel the global streaming of these events over their Azure network.



“We’re dealing with infrastructure that can be unreliable, and so using Haivision along with SRT, we get a much more robust feed, ensuring high-quality low-latency feeds for viewers in any location. The setup and implementation are simple, and training content operators takes all of two minutes,” said Jeff Tyler, Digital Media Experience Lead of Microsoft.

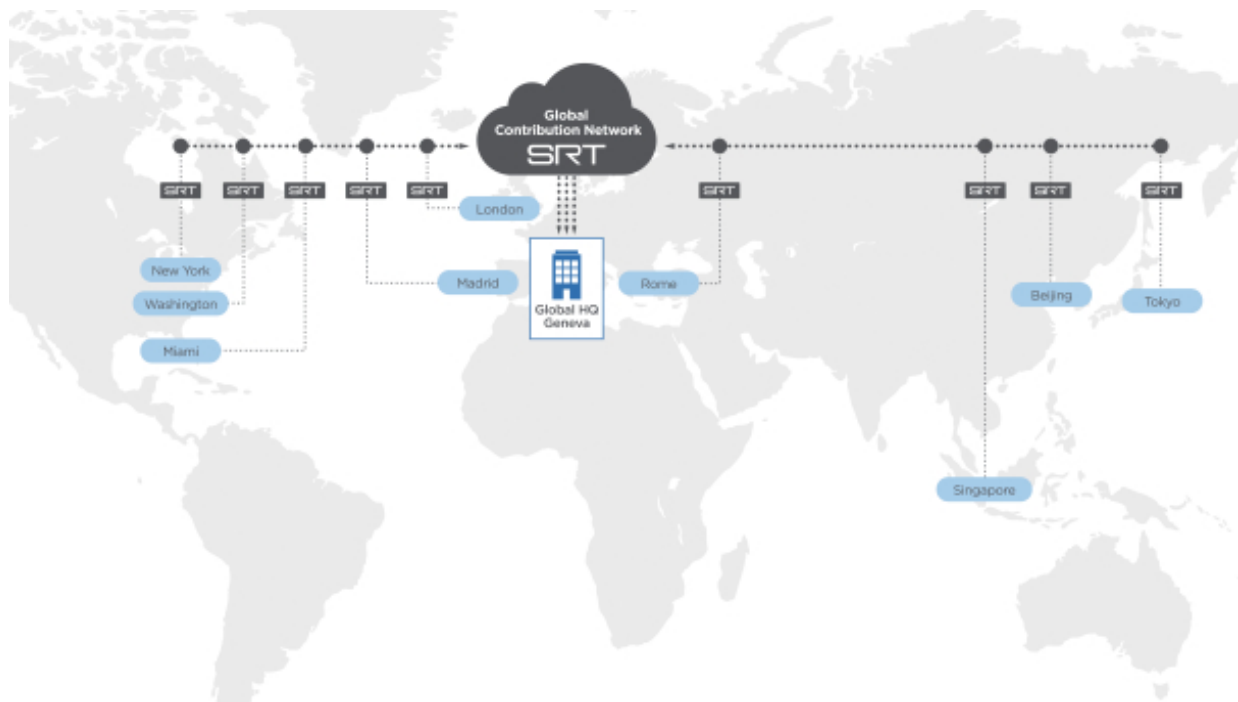
Riot Games – Remote production for global eSports broadcasts

Faced with the challenge of scaling the scope of the League of Legends world championship circuit held in cities globally throughout the year and many attracting over a hundred million viewers, Riot Games, a large American video game developer, publisher, and esports tournament organizer, wanted to change the cost approach to production. By using our high performance video networking, Riot Games streamed each individual camera (up to 30 simultaneously) from the event sites (for example stadiums in Korea and France) to their production center in Los Angeles, where the streams were then produced by 16 production teams (one per major language) for broadcast to global audiences. By adopting this remote production technique, powered by the performance of our solutions, Riot Games was able to reduce the amount of staff sent to each location from 200 to about 20, reduced set up times from seven days to just over one day, and reduced the network requirements for video by tenfold. The integrated solution was a finalist in the coveted IBC Innovation Awards in 2019.



Eurovision Services – Global Video Contribution Network

Eurovision Services, a subsidiary of the European Broadcasting Union, provides media services to media organizations and sports federations at a global scale. In cooperation with Haivision, Eurovision Services has established its global live contribution and cloud connectivity service based on SRT. “The tremendous growth in membership of the SRT Alliance since Eurovision Services joined in 2017 shows the power of open-source protocols in taking our industry forward,” said Marco Tinnirello, CEO of Eurovision Services. “The recent announcement that Alibaba Cloud has become one of the latest members of the SRT Alliance is further confirmation of the protocol’s industry-leading status. We are proud to have been part of the SRT Alliance since its early days and the confirmation of our SRT ready status offers further proof that our Eurovision Global Network is equipped to handle low-latency streaming.”



Government

Haivision has been supporting mission critical video deployments within governments and government agencies for over 12 years. Our solutions deliver IPTV and internal live communications feeds throughout parliaments, congresses, and embassies globally, as well as within agencies and departments that rely on immediate access to broadcast channels to respond to global events. They also support first responders and homeland security operations at federal, state, and local levels to address emergency situations. Our low latency video networking solutions have been extensively deployed by many governments for both border protection and defense initiatives supporting video dissemination within country and globally for both fixed long-range cameras and mobile sensors for ISR (Intelligence, Surveillance, Reconnaissance) operations and situational awareness.

Manufacturing, Production and Suppliers

We outsource the manufacturing, assembly and testing of our proprietary hardware components to contract manufacturers with facilities located in Canada. All of our proprietary products are manufactured on a purchase order basis whereby we detail the types and quantities of each of our products to be manufactured and the associated delivery terms. We have predefined minimum quantities and lead times in our purchase orders to minimize any product supply shortages that we may encounter due to unexpected fluctuations in demand or manufacturing capacity. We believe that our manufacturing and logistics processes allow us to preserve our working capital, reduce manufacturing costs and optimize fulfillment while maintaining product quality and flexibility.

We source components included in our products from various suppliers. A majority of the components necessary for production are standard off-the-shelf components.

Our operations group oversees the manufacturing process and maintains relationships with our contract manufacturers, product suppliers and other component suppliers. Our products are either shipped to our facilities in Montréal, Québec for further assembly, testing, packaging and distribution or, to a far lesser extent, are shipped directly from our contract manufacturers to our customers.

Sales and Marketing

Direct sales organization. We sell our products and services through a global sales organization comprised of lead management, inside sales, field sales, and sales engineering. As of October 31, 2020, we had a sales force

consisting of 57 employees worldwide. Our sales team is organized by geography, including Asia-Pacific, North America, Latin America, Europe, and the Middle East. Depending on the region, we further organize our sales force into teams focused on particular vertical markets, including enterprises and governments.

Channel partners. We frequently use channel partners (fulfillment partners, resellers, systems integrators, and original equipment manufacturer integrators) to serve particular regions, fulfillment challenges, and/or markets. The majority of our sales went through channel partners.

Internationally, most of the sales relationships exist in cooperation with a regional channel partner. Such channel partners promote and fulfill our solutions in their regions and/or markets. Within the U.S., and in particular with governments, channel partners act mostly for product fulfillment with project identification, and the majority of the sales and support relationships are handled directly by us.

Marketing. We generate leads for our sales organization and build brand awareness through our marketing programs. These programs are mostly designed to be market specific with a number of programs supportive of the video streaming segment in general, specifically those related to the promotion of SRT through the SRT Alliance activities. Specific marketing channels most often used include:

- Public webinars and other online digital events;
- Organizing and participating in public panel sessions at industry events;
- Content and related search engine optimization initiatives;
- Social media and press relations;
- Paid digital promotion;
- Direct email marketing;
- Sponsorship and attendance at online industry events and trade shows; and
- Cooperative marketing with strategic and SRT Alliance member partners.

Intellectual Property

Our intellectual property is a key element of the success of our business. In accordance with industry practice, we protect our proprietary products, technology and competitive advantages through a combination of contractual provisions and trade secrets, patents, copyright and trademark laws in Canada, the United States, Europe and other jurisdictions in which we conduct our business. We also have confidentiality agreements, assignment agreements and license agreements with employees and third parties, which limit access to and use of our intellectual property.

As of October 31, 2020, we had two issued U.S. patents, two issued Canadian patents and one patent application pending in the European Union. Foreign patents and applications are based on our issued patents.

We have been issued trademark registrations in the United Kingdom covering the trademarks “Haivision”, “Haivision Play”, “KB”, “Kraken”, “Makito”, “SRT” and “SRTHub”. We have been issued trademark registrations in the European Union covering the trademarks “Haivision”, “Haivision Play”, “KB”, “Makito” and “SRTHub”.

We are subject to risks related to our intellectual property. For more information, see “Risk Factors - Risks Related to our Business”.

Competition

The video streaming industry is highly fragmented with several vendors providing elements spanning contribution (video encoders), through distribution (digital media distribution services) and on to delivery to players and display devices (content management, integrated video players, decoders and streaming appliances). As such, we

are faced with competition from various point product vendors across our product solution range. Within the market, vendors typically have a primary focus on edge devices or management/cloud solutions. Industry participants exert competitive advantages based on price, performance, the depth of feature sets, the breadth of their solution offering, or sales and marketing power.

In order to minimize integration points and the multitude of vendors in any given project, clients expect that industry participants completely serve their portion of the entire video workflow with end-to-end solutions. We expect the competitive landscape will change as our market consolidates and matures and that the principal competitive factors include the following:

- The ability to provide integrated solutions that combine edge and cloud technology;
- Interoperability and integration with adjacent solutions and corporate systems;
- A strong approach to security;
- A strong approach to standards compliance;
- The ability to scale price/performance as provided by hardware and software solutions;
- Establishing top customer relationships within target market segments;
- Ease of deployment of solutions;
- Accessibility of free or low-cost trial solutions;
- A strong approach to analytics;
- The ability to apply artificial intelligence and machine learning technology to optimize price/performance;
- Expertise in the application of metadata with video; and
- Strategic partnerships for broad market leverages.

In the video streaming infrastructure market today, we segment the competitive landscape into three key categories: contribution, distribution, or delivery of media. Within these three categories, the competitive criteria and the companies that we generally compete with are outlined below:

	Contribution	Distribution	Delivery
Criteria	Real-time performance, Bandwidth/quality, Security, Form factor, Network adaptability	Global real-time performance, User interface simplicity, Third party system connectivity, Automated cloud provisioning, Network adaptability	Security, Low latency live video, Network agnostic, End-to end solutions, Enterprise compliance
Select Companies	Ateme, Cisco Systems Inc., Harmonic Inc., LiveU Inc., Matrox Electronic Systems, Teradek LLC, Telestream LLC, Vitec	AWS Elemental, Century Link, LTN Global Communications, Inc., Wowza Media Systems Inc., Zixi LLC	Brightcove Inc., IBM Cloud Video, Kaltura Inc., Qumu Corporation, Vimeo Inc.

Employees

As of October 31, 2020, we had 250 full-time employees, of which 117 are located in Canada, 82 are located in the United States, and 51 are located in other jurisdictions.

Of our 250 employees, 99 are engaged in research and development, product management and quality assurance functions. These employees possess a combination of engineering competencies in video compression, IP video protocols, hardware design and component engineering. With development offices in Montréal (Canada), Madrid (Spain), Rendsburg (Germany), Chicago, Portland and Austin (United States), we are a global organization with access to a large pool of talent, as these cities are home to excellent technical schools and universities.

An additional 74 employees are engaged in sales and marketing activities throughout the world, and 28 employees are engaged in technical support and professional services functions, with the remaining employees serving in administrative, production, information technology and human resources positions.

We recruit our employees in a variety of ways and look for talent that fits within our culture and is focused on growing with us over the long-term. We are also deeply committed to providing an inclusive environment valued on diversity and equality. None of our employees are represented by a labour union or are covered by a collective bargaining agreement. We have never experienced any work stoppages, and we consider current employee relations to be good.

Properties

Our corporate headquarters is located in Montréal, Québec, and consists of approximately 28,000 square feet of office space and an additional 4,200 square feet of production space. The lease for this office expires in April, 2030. Our Montréal facility includes our main administrative, research and development, marketing, technical support and production functions.

Our office located in Chicago, Illinois is our U.S.-based headquarters and consists of approximately 7,300 square feet. The lease for this office expires in June 2026. Our Chicago facility includes administrative, research and development and technical support functions.

We have also established smaller research and development centers in the United States (Beaverton, Oregon and Austin, Texas), Spain (Madrid) and Germany (Rendsburg), and additional sales offices in Atlanta, Georgia.

All of our facilities are leased. We believe that our current facilities are suitable and adequate to meet our current needs. We plan to add new facilities or expand our existing facilities as necessary. We do not foresee any issues finding available space to accommodate our future expansion plans.

RISK FACTORS

Investing in the common shares involves a high degree of risk. In addition to all other information set out in this AIF, including our financial statements and related notes thereto, the following specific factors could materially adversely affect us and should be considered when deciding whether to make an investment in the Company and our common shares. Other risks and uncertainties that we do not presently consider to be material, or of which we are not presently aware, may also become important factors that affect our future business, financial condition and results of operations. The occurrence of any of these risks could materially and adversely affect our business, prospects, financial condition, results of operations or cash flow. In these circumstances, the market price of our common shares could decline, and a purchaser of our common shares may lose all or part of their investment.

Risks Related to our Business

Our products are manufactured at a limited number of locations, and any manufacturing problems at a location could adversely affect our ability to meet our customers' orders.

Our products are manufactured at a limited number of locations, primarily in Canada. If we experience manufacturing problems at a particular location, we would be required to transfer manufacturing to a backup location or supplier. Converting or transferring manufacturing from a primary location or supplier to a backup manufacturing facility can result in additional costs and cause delays in manufacturing, depending on the availability of resources. During such a transition, we would be required to meet customer demand from our then-existing inventory, as well as any partially finished goods that can be modified to the required product specifications. We carry very little inventory of our products, and we may not be able to meet customer needs during such a transition, which could delay shipments, cause a production delay or stoppage for our customers, result in a decline in our sales and damage our customer relationships.

We outsource our manufacturing operations to third parties, and the inability of those parties to meet our product specifications and schedules could harm our business and damage our customer relationships.

We outsource the manufacturing of our products to contract manufacturers, and are, therefore, subject to the risk that our contract manufacturers do not provide our customers with the quality and performance that they expect from our products. Our contract manufacturers may not view fulfilling our orders a priority in the event they are constrained in their ability to fulfill all of their customer obligations in a timely manner. In addition, if we need to increase our manufacturing capacity beyond what our current contract manufacturers are able to provide, we may not be able to meet customer demand on a timely basis. If we are unable to fulfill customer demand, we may lose revenue opportunities and our reputation could suffer. In addition, we must also predict the number of products that we will require. If we underestimate our requirements, our manufacturer may have inadequate materials and components required to produce our products. This could result in an interruption of the manufacturing of our products, delays in shipments and deferral or loss of revenue. Quality or performance failures of our products or changes in our contract manufacturers' financial or business condition could disrupt our ability to supply quality products to our customers and thereby have a material and adverse effect on our operating results, financial condition and cash flows.

We use several key components and subassemblies in our products that are supplied from a single source or a limited number of sources. The loss of any of these suppliers may cause us to incur transition costs, result in delays in the manufacturing and delivery of our products, or cause us to carry excess or obsolete inventory and could cause us to redesign our products.

While supplies of our components are generally available from a variety of sources and a majority of the components necessary for production are standard off-the-shelf components, we currently depend on a limited number of sources for several components for our products. If we lost any of these suppliers, or if the supply of any of these components is discontinued by the relevant supplier, we could be required to transition to a new supplier, which could increase our costs, result in delays in the manufacturing and delivery of our products or cause us to carry excess or obsolete inventory, and we could be required to redesign our hardware and software in order to incorporate components or technologies from alternative sources.

In addition, even for certain components for which there are multiple sources, we are subject to potential price increases and limited availability due to market demand for such components. An increase in demand for components

and subassemblies that we use could cause shortages of these parts and cause an increase in the costs of these parts. If such shortages or price increases occur in the future, our business would be adversely affected.

We and our contract manufacturers rely on our suppliers to deliver necessary assemblies in a timely manner. We and our contract manufacturers rely on purchase orders rather than long-term contracts with these suppliers, and as a result, even if available, we or our contract manufacturers may not be able to secure sufficient components at reasonable prices or of acceptable quality to build products in a timely manner and, therefore, may not be able to meet customer demands for our products, which could have a material and adverse effect on our operating results, financial condition and cash flows.

Our sales cycles can be long and unpredictable. As a result, our sales are difficult to predict and may vary substantially from quarter to quarter, which may cause our operating results to fluctuate significantly.

The timing of our sales is difficult to predict. Our sales efforts involve educating our channel partners and customers about the use and benefits of our products and services, including the technical capabilities of our products and services and the potential cost savings achievable by organizations deploying our products and services. Customers typically undertake a significant evaluation process, which frequently involves not only our products and services but also those of our competitors and can result in a lengthy sales cycle. We spend substantial time, effort and money on our sales efforts without any assurance that such efforts will produce any sales. In addition, purchases of our products and services are frequently subject to budget constraints, multiple approvals, and unplanned administrative, processing and other delays. The length of a customer's deployment period may directly affect the timing of any subsequent purchase of additional products or services by that customer. In addition, once we deliver our products and services to our customers, we may not be able to recognize all the revenue resulting from the sale until the customer completes its acceptance procedures. If sales expected from a specific customer for a particular quarter are not realized or completed in that quarter or at all, our operating results, financial condition and cash flows could be materially and adversely affected.

The ongoing COVID-19 pandemic, including the resulting global economic uncertainty and measures taken in response to the pandemic, could materially impact our business and future results of operations and financial condition.

In December 2019, COVID-19 surfaced in Wuhan, China. Since then, the outbreak has spread to over 200 countries and territories and infections have been reported around the world. The World Health Organization declared a global emergency on January 30, 2020 with respect to the outbreak then characterized it as a pandemic on March 11, 2020.

In response to the outbreak, governmental authorities in Canada and internationally have introduced various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, nonessential business closures, quarantines, self-isolations, shelters-in-place and social distancing. While these effects are expected to be temporary, their duration and the related business disruptions and financial impact cannot be reasonably estimated at this time. Although management believes that, at this time, these disruptions will not have a long-term impact on our results from operations, we cannot estimate the duration and severity of this outbreak and its financial impact. As such, the extent to which COVID-19 may have a sustained impact on our results is uncertain.

In addition, the continued impact of COVID-19 may have adverse impacts on us, including, among others:

- continued disruptions and volatility in the global capital markets, which may increase cost of capital and adversely impacts access to capital;
- continued impacts on workforces throughout the regions in which COVID-19 is present, which may result in our workforce being unable to work effectively, including because of illness, quarantines, government actions, facility closures or other restrictions in connection with the COVID-19 pandemic;
- a sustained decrease in the number of business transactions;
- sustained disruptions in global supply chains, which could limit or inhibit our customers' operations, including their ability to make timely payments to us; and

- other unpredictable impacts.

The spread of COVID-19 has caused us to modify our business practices to help minimize the risk of the virus to our employees, our partners, our customers, and the communities in which we participate, which could negatively impact our business. In response to the COVID-19 pandemic, we have enabled our employees to work remotely, implemented travel restrictions for all non-essential business and shifted company events to virtual-only experiences, and we may deem it advisable to similarly alter, postpone or cancel additional events in the future. There is no certainty that the measures we have taken will be sufficient to mitigate the risks posed by the virus. If the COVID-19 pandemic worsens, especially in regions where we have offices, our business activities originating from affected areas could be adversely affected. Disruptive activities could include additional business closures in impacted areas, further restrictions on our employees' and service providers' ability to travel, impacts to productivity if our employees or their family members experience health issues and potential delays in hiring and onboarding of new employees. We may take further actions that alter our business operations as may be required by local, provincial, state or federal authorities or that we determine are in the best interests of our employees. Such measures could negatively affect our sales and marketing efforts, sales cycles, employee productivity or customer retention, any of which could harm our financial condition and business operations. Changes in internal controls due to remote work arrangements may result in control deficiencies and impact our financial reporting systems, which may also be material.

This outbreak, as well as intensified measures undertaken to contain the spread of COVID-19, could decrease consumer spending, adversely affect demand for our technology and services, cause one or more of our customers and partners to file for bankruptcy protection or go out of business, cause one or more of our customers to fail to renew, terminate, or renegotiate their contracts, impact expected spending from new customers, and negatively impact collections of accounts receivable, all of which could adversely affect our business, results of operations, financial condition and cash flows.

Further, the sales cycle for a new customer of our technology and services could lengthen, resulting in a potentially longer delay between increasing expenses and the generation of corresponding revenue, if any. We cannot predict with any certainty whether and to what degree the disruption caused by the COVID-19 pandemic and reactions thereto will continue, and expect to face difficulty accurately predicting our internal financial forecasts. It is not possible for us to predict the duration or magnitude of the adverse results of the outbreak and its effects on our business, results of operations, or financial condition at this time.

The Company submitted an application to the Government of Canada for the Canadian Emergency Wage Subsidy ("CEWS") for which it was eligible due to the COVID-19 pandemic for the periods of April 12 to May 9, 2020 and May 10 to June 6, 2020. CEWS of \$1,933,257 has been recorded principally as a reduction of employee costs in the annual consolidated financial statements of the Company for the year ended October 31, 2020.

To the extent that the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section.

Our customers may change or cancel their orders or delay their scheduled receipt, and if we fail to forecast demand for our products accurately, we may incur product shortages, delays in product shipments or excess or insufficient product inventory.

We generally do not obtain firm, long-term purchase commitments from our customers. Because production lead times often exceed the amount of time required to fulfill orders, we often must build in advance of orders, relying on an imperfect demand forecast to project volumes and product mix. Our demand forecast accuracy can be adversely affected by a number of factors, including inaccurate forecasting by our employees, changes in market conditions, adverse changes in our product order mix and fluctuations in demand. Even after an order is received, a customer may cancel the order or request a change in quantities. Any such cancellation or decrease subjects us to a number of risks, most notably that we will not achieve our projected sales on schedule or at all, leading to unanticipated revenue shortfalls and excess or obsolete inventory which we may be unable to sell to other customers. Alternatively, if we are unable to project customer requirements accurately, we may not build enough products, which could lead to delays in product shipments and lost sales opportunities in the near term, and force our customers to identify alternative sources, which could affect our ongoing relationships with these customers. We have in the past had customers dramatically increase their requested production quantities with little or no advance notice. If we do not timely fulfill customer demands, our customers may cancel their orders. Either underestimating or overestimating demand would lead to

insufficient, excess or obsolete inventory, which could harm our operating results, cash flows and financial condition, as well as our relationships with our customers.

Our products incorporate complex technology and may contain defects or errors, which could negatively affect the performance of our products and services, and could harm our reputation and adversely affect our business.

Our products incorporate complex technology that must operate with a significant number and types of devices, which attempt to run new and complex applications in a variety of environments that utilize different communication industry standards. Our products and services have contained and may in the future contain defects or errors. In some cases, these defects or errors have delayed the introduction of our new products and services. Some errors in our products and services have only been discovered after a product has been installed and used by customers. These problems have in the past, and may in the future cause us to divert the attention of our engineering personnel from our development efforts and cause customer relations problems. We may also incur significant warranty and repair costs or be subject to liability claims for damages related to product errors or defects. While we carry insurance policies covering these types of liability claims, which we believe to be reasonable for the level of our business activity, these policies may not provide sufficient protection in the event of a liability claim. Moreover, errors in our products and services are most prevalent when new products and services are introduced into the market. Any errors or defects discovered in our products and services after commercial release could result in loss of revenue or delay in revenue recognition, loss of customers, damage to our brand and reputation, and increased service and warranty cost, any of which could materially and adversely affect our operating results, financial condition and cash flows.

Our products include third-party technology and intellectual property, and our inability to use that technology in the future could harm our business.

We incorporate certain third-party technologies, including software programs, into our products, and intend to utilize additional third-party technologies in the future. We have entered into license agreements with some of our suppliers for technologies that are used in our products, and the termination of these licenses, which can generally be done on relatively short notice without penalty, could have a material adverse effect on our business. Licenses to relevant third-party technologies or updates to those technologies may not continue to be available to us on commercially reasonable terms, or at all. In addition, the technologies that we license may not operate properly or as specified, and we may not be able to secure alternatives in a timely manner, either of which could harm our business. We could face delays in product releases until alternative technology can be identified, licensed or developed, and integrated into our products, and we may not be able to do so at all. These delays, or a failure to secure or develop adequate technology, could materially and adversely affect our operating results, financial condition and cash flows.

Disputes may arise regarding intellectual property, including software and data, that is subject to a licensing agreement, including the scope of rights granted under the license agreement and other interpretation-related issues. In addition, the agreements under which we currently license intellectual property or technology from third parties are complex, and certain provisions in such agreements may be susceptible to multiple interpretations. The resolution of any contract interpretation disagreement that may arise could narrow what we believe to be the scope of our rights to the relevant intellectual property or technology, or increase what we believe to be our financial or other obligations under the relevant agreement. If these events were to occur, we may lose the right to continue to use and exploit such licensed intellectual property or technology in connection with our operations and solutions, which could have a material adverse effect on our operating results, financial condition and cash flows.

We incorporate into our product offerings third-party hardware that could cause errors or failures of our solution and damage our reputation.

We incorporate hardware purchased from third parties into our products. This hardware has in the past contained, and may in the future contain errors or defects, which in turn could result in errors or a failure of our solution. We may not learn of these hardware errors or defects until after we have shipped our solution to our customers. Errors or defects in the third-party hardware that we incorporate into our products could significantly damage our reputation, even though we did not cause these errors or defects, which could have a material and adverse effect on our operating results, financial condition and cash flows.

We rely on systems integrators and resellers, who serve as our channel partners, for a significant portion of our revenue, and disruptions to, or our failure to develop and manage, our relationships with these channel partners and the processes and procedures that support them could materially and adversely affect our business.

We generate a significant portion of our revenue through sales to channel partners, principally to assist us with the integration of our proprietary hardware and software-based solution with other third-party products to provide a tailored solution for the end-client. We expect that these sales to channel partners will continue to generate a significant percentage of our revenue in the future. Accordingly, our future success is highly dependent upon establishing and maintaining successful relationships with a variety of channel partners.

We do not have long-term contracts or minimum purchase commitments with any of our channel partners, and our contracts with these parties do not prohibit them from purchasing or offering products or services that compete with ours. Some of our competitors may have stronger relationships with certain of our channel partners than we do, and may also provide incentives to these partners to persuade them to favor our competitors' products or, in effect, to prevent or reduce sales of our products. Our channel partners may independently choose not to purchase or offer our products. Many of our channel partners are small, are based in a variety of international locations and may have relatively unsophisticated processes and limited financial resources to conduct their business. Any significant disruption to our sales to these channel partners, including as a result of the inability or unwillingness of these channel partners to continue purchasing our products, or their failure to properly manage their business with respect to the purchase of and payment for our products, could materially and adversely impact our business, operating results, financial condition and cash flows. Establishing relationships with new channel partners and training them in our solution requires significant time and resources. Our failure to continue to establish or maintain successful relationships with channel partners could likewise materially and adversely affect our operating results, financial condition and cash flows.

Rapidly evolving technologies or new business models could cause demand for our services to decline or could cause these services to become obsolete.

Customers, potential customers or third parties may develop technological or business model innovations that address digital delivery requirements in a manner that is, or is perceived to be, equivalent or superior to our service offerings. This is particularly true as our customers increase their operations and begin expending greater resources on delivering their content using third-party solutions. If we fail to offer products and services that are competitive to in-sourced solutions, we may lose additional customers or fail to attract customers that may consider pursuing this in-sourced approach, and our business and financial results would suffer.

If competitors introduce new products or services that compete with or surpass the quality or the price or performance of our services, we may be unable to attract new customers at the prices and levels that allow us to generate attractive rates of return on our investment or renew our agreements with existing customers. We may not anticipate such developments and may be unable to adequately compete with these potential solutions. In addition, our customers' business models may change in ways that we do not anticipate, and these changes could reduce or eliminate our customers' needs for our services. If this occurred, we could lose customers or potential customers, and our business and financial results would suffer.

As a result of these or similar potential developments, it is possible that competitive dynamics in our market may require us to reduce our prices faster than we anticipate, which could harm our revenue, gross margin and operating results.

The loss of any of our key personnel could seriously harm our business, and our failure to attract or retain specialized technical, management or sales and marketing talent could impair our ability to grow our business.

We believe our future success will depend in large part upon our ability to attract, retain and motivate highly skilled managerial, engineering, sales and marketing personnel. The loss of any key employees or the inability to attract, retain or motivate qualified personnel, including engineers and sales and marketing personnel, could delay the development and introduction of, and harm our ability to sell, our products.

We believe that our future success is highly dependent on the contributions of our senior management team, including Miroslav Wicha, our founder and Chairman and Chief Executive Officer. The loss of the services of Mr.

Wicha, other executive officers or certain other key personnel could materially and adversely affect our business, financial condition and results of operations. In particular, we depend significantly on our senior management's execution know-how and technological expertise. For instance, if any of these individuals were to leave our company unexpectedly, we could face substantial difficulty in hiring qualified successors and could experience a loss in productivity during the search for a successor and while any such successor is integrated into our business and operations. Except with respect to Miroslav Wicha, we do not maintain corporate life insurance policies on any of our key personnel.

There is intense competition for qualified technical personnel with significant experience in the design, development, manufacturing, marketing and sales of video products. Our key technical personnel represent a significant asset and serve as the source of our technological and product innovations. We may not be successful in attracting, retaining and motivating sufficient numbers of technical personnel to support our anticipated growth. Our effort to retain and develop personnel may also result in significant additional expenses, which could adversely affect our profitability.

To date, we have relied primarily on our direct marketing and sales force to drive new channel partners, customer and OEM design wins and to sell our products. Because we are looking to expand our customer base and grow our sales to existing customers, we will need to hire additional qualified sales personnel in the near term and beyond if we are to achieve revenue growth. The competition for qualified marketing and sales personnel in our industry is very intense. If we are unable to hire, train, deploy and manage qualified sales personnel in a timely manner, our ability to grow our business will be impaired. In addition, if we are unable to retain our existing sales personnel, our ability to maintain or grow our revenue will be adversely affected. Our inability to attract, retain and motivate additional key employees could have an adverse effect on our business, financial condition and results of operations.

We may be subject to customs duties that could have a significant adverse impact on our operating results.

We may be subject to customs duties that could have a significant adverse impact on our operating results or, if we are able to pass on the related costs in any particular situation, would increase the cost of the related product to our customers. As a result, the future imposition of significant increases in the level of customs duties or the creation of import quotas on our products in Europe or in other jurisdictions, or any of the limitations on international sales described above, could have a material adverse effect on our business, operating results, financial condition and cash flows.

We expect gross margin to vary over time, and our level of gross margin may not be sustainable.

Our level of gross margin may not be sustainable and may be adversely affected by numerous factors, including:

- increased price competition;
- changes in customer or product and service mix;
- introduction of new products;
- introduction of new services;
- our ability to reduce production costs;
- increases in material or labour costs;
- excess inventory, inventory holding charges and obsolescence charges;
- the timing of revenue recognition and revenue deferrals;
- changes in our distribution channels or arrangements with our channel sales partners;
- increased warranty costs; and

- inbound shipping charges.

As a result of any of these factors, or other factors, our gross margin may be adversely affected, which in turn would harm our operating results.

We depend on maintaining our existing strategic relationships with customers and on forming new strategic relationships.

In the past, we have relied in significant part on our strategic relationships with customers that are technology leaders in our markets. We intend to pursue the expansion of such relationships and the formation of new strategic relationships, but we may not be able to do so successfully. These relationships often require us to develop new products and/or services that may involve significant technological challenges. Accordingly, we may have to devote a substantial amount of our resources to our strategic relationships, which could detract from or delay our completion of other important development projects. Delays in development could impair our relationships with our strategic customers and negatively impact sales of the products and services under development.

From time to time, we may become defendants in legal proceedings as to which we are unable to assess our exposure and which could become significant liabilities in the event of an adverse judgment.

From time to time in the ordinary course of our business, we may become involved in various legal proceedings, including commercial, product liability, employment, class action and other litigation and claims, as well as governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management's attention and resources and cause us to incur significant expenses. Litigation is inherently unpredictable, and excessive verdicts, both in the form of monetary damages and injunctions, could occur. Litigation can result in substantial costs and diversion of resources and we could incur judgments or enter into settlements of claims that could have a material adverse effect on our business, operating results or financial condition. Insurance may not cover such investigations and claims, may not be sufficient for one or more such investigations or claims and may not continue to be available on acceptable terms. An investigation or claim brought against us could also result in unanticipated costs and reputational harm. See "Legal Proceedings".

The selling prices of products and services in our markets historically have decreased over time and will likely continue to do so in the future, which could reduce our revenue and gross profits.

Selling prices of technology products and services tend to decrease over time. The average sales prices for our products and services may decline for a variety of reasons, including competitive pricing pressures, a change in our mix of products and services, anticipation of the introduction of new products and services and/or promotional programs. The markets in which we compete are highly competitive and we expect this competition to increase in the future, thereby leading to increased pricing pressures. Larger competitors with more diverse product and service offerings may reduce the price of products and services that compete with ours in order to promote the sale of other products or may bundle them with other products and services. Furthermore, average sales prices for our products and services may decrease over product life cycles.

Our gross profits and financial results will suffer if we are unable to offset any reductions in our selling prices by reducing our costs, developing new or enhanced products and services on a timely basis with higher selling prices or gross profits, or increasing our sales volumes.

Additionally, because we do not operate our own manufacturing facilities, we may not be able to reduce our costs as rapidly as companies that operate their own facilities, and our costs may even increase, which could also reduce our margins. A decline in our average sales prices in excess of our expectations may harm our operating results, financial condition and cash flows.

We may not be able to successfully implement our growth strategy on a timely basis or at all.

Our future growth, profitability and cash flows depend upon our ability to successfully implement our growth strategy, which, in turn, is dependent upon a number of factors, including our ability to:

- drive strategic alliances;

- increase our share of our customers' network footprint;
- leverage SaaS cloud-native video workflows to drive recurring revenue;
- expand our customer base;
- enhance our products and services; and
- selectively pursue acquisitions.

There can be no assurance that we can successfully achieve any or all of the above initiatives in the manner or time period that we expect. Further, achieving these objectives will require investments which may result in short-term costs without generating any current revenue and therefore may be dilutive to our earnings. We cannot provide any assurance that we will realize, in full or in part, the anticipated benefits we expect our strategy will achieve. The failure to realize those benefits could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to manage any future growth effectively.

You should not rely on our operating results for any prior quarterly or annual periods as an indication of our future operating performance. If we are unable to attain adequate revenue growth, our financial results could suffer and our share price could decline. To manage any future growth successfully we believe we must effectively, among other things:

- recruit, hire, train and manage additional qualified engineers for our research and development activities;
- add additional sales personnel and expand sales offices;
- implement and improve our administrative, financial and operational systems, procedures and controls; and
- enhance our information technology support our systems and tool capabilities, and properly training new hires as to their use.

If we are unable to manage our growth effectively, we may not be able to take advantage of market opportunities or develop new products and services, and we may fail to satisfy customer requirements, maintain product and service quality, execute our business plan or respond to competitive pressures.

Any unplanned interruption or degradation in the functioning or availability of our network infrastructure or services, or attacks on or disruptions to our internal information technology systems, could lead to increased costs, a significant decline in our revenue and harm to our reputation.

Our business is in part dependent on providing our customers with fast, efficient, and reliable distribution of content delivery over the internet. Consequently, any disruption, or substantial and extensive degradation of our services could have a material impact on our customers' businesses. Our network or services could be disrupted by numerous events, including natural disasters, failure or refusal of our third-party network providers to provide the necessary capacity or access, failure of our software or global network infrastructure and power losses. We may also experience disruptions caused by software viruses, unauthorized hacking of our systems, security breaches or other cyberattacks by unauthorized users. Any hacking of our systems or other cyberattacks could lead to the unauthorized release of confidential information that could damage our customers' business and reputation, as well as our own. The economic costs to us to eliminate or alleviate cyber or other security problems, viruses, worms, malicious software programs, and other security vulnerabilities could be significant, and our efforts to address these problems may not be successful and could result in interruptions, delays, cessation of service, and loss of existing or potential customers. In addition, our release of a security-related solution may increase our visibility as a security focused company and make us a more attractive target for attacks on our infrastructure intended to steal information about our technology, financial data, or customer information or take other actions that would be damaging to our customers and us.

We could experience a significant, unplanned disruption, or substantial and extensive degradation of our services, or our network infrastructure may fail in the future. Despite our significant infrastructure investments, we may have insufficient communications and server capacity to address these or other disruptions, which could result in interruptions in our services.

Any widespread interruption or substantial and extensive degradation in the functioning of our services for any reason would reduce our revenue and could harm our business and results of operations. If such a widespread interruption occurred, or if we failed to deliver content to users as expected during a high-profile media event, game release or other well-publicized circumstance, our reputation could be damaged severely.

We may be subject to warranty claims, product liability and product recalls.

From time to time, we may be subject to warranty or product liability claims that may require us to make significant expenditures to defend these claims or pay damage awards. In the event of a warranty claim, we may incur costs if we compensate the affected customer. We warrant to our customers that the products we supply to them will function as intended, and we allow our customers to return defective products for repair or replacement. The functionality of our products is determined in part by the manufacturing process under which they are produced, which we subcontract. As a result, we may encounter future warranty claims resulting from production issues that are outside of our control. We may not be able to successfully recover the costs of replacing defective products from our contract manufacturers. We also may incur costs and expenses relating to a recall of one of our customers' products containing one of our devices, even if we are not obligated to do so, in order to maintain long-term customer relationships and to protect our brand reputation. The process of identifying a recalled product in devices that have been widely distributed may be lengthy and require significant resources, and we may incur significant replacement costs, contract damage claims from our customers and reputational harm. While we carry insurance policies covering these types of liability claims, which we believe to be reasonable for the level of our business activity, these policies may not provide sufficient protection in the event of a liability claim. Costs or payments made in connection with warranty and product liability claims and product recalls could materially affect our financial condition and results of operations. A product liability claim brought against us, even if unsuccessful, would likely be time consuming and costly to defend.

Our use of open source software could impose limitations on our ability to commercialize our products and subject us to possible litigation.

Our products may contain software modules licensed for use from third-party authors under open source licenses, including the GNU Public License, the GNU Lesser Public License, the Apache License and others. Use and distribution of open source software may entail greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or other contractual protections regarding infringement claims or the quality of the code. Some open source licenses contain requirements that we make available source code for modifications or derivative works we create based upon the type of open source software we use. If we combine our proprietary software with open source software in a certain manner, we could, under certain of the open source licenses, be required to release the source code of our proprietary software to the public. This could allow our competitors to create similar products with lower development effort and in less time and ultimately could result in a loss of product sales for us.

Although we monitor our use of open source closely, it is possible our past, present or future use of open source has triggered or may trigger the foregoing requirements. Furthermore, the terms of many open source licenses have not been interpreted by U.S. courts, and there is a risk that such licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to commercialize our products. In such event, we could be required to seek licenses from third parties in order to continue offering our products, to re-engineer our products or to discontinue the sale of our products in the event re-engineering cannot be accomplished on a timely basis, any of which could materially and adversely affect our operating results, financial condition and cash flows.

We face intense competition and expect competition to intensify in the future, which could reduce our revenue and customer base.

The markets for our products are highly competitive, and we expect competition to intensify in the future. This competition could make it more difficult for us to sell our products, and result in increased pricing pressure, reduced

profit margins, increased sales and marketing expenses and failure to increase, or the loss of, market share or expected market share, any of which would likely seriously harm our business, financial condition and operating results.

Currently, we face competition from a number of well-established companies. A few of our current competitors, and some of our potential competitors, have longer operating histories, greater name recognition, larger customer bases and significantly greater financial, technical, sales, marketing and other resources to pursue development, engineering, manufacturing, marketing and distribution of their products than we have. They often have broader product lines and market focus, and may not be as susceptible to downturns in a particular market. These competitors may also be able to bundle their products together to meet the needs of a particular customer, and may be capable of delivering more complete solutions than we are able to provide. Further, potential customers may prefer to purchase from their existing suppliers rather than a new supplier, regardless of product performance or features, and there are substantial costs associated with switching suppliers which could make it more difficult for us to expand our market share. In addition, our existing customers or potential customers may develop their own products, purchase competitive products or acquire companies that use alternative methods to achieve similar results as our products. Any of these competitive threats, alone or in combination with others, could seriously harm our business, financial condition and results of operations.

We expect these trends to continue as companies attempt to strengthen or maintain their market positions in an evolving industry. In the future, further development by our competitors could cause our products to become obsolete. Our ability to compete depends on a number of factors, including:

- technological leadership and maintenance and growth of intellectual property;
- adding new customers;
- introduction of products or alternative solutions by other companies;
- customer support;
- building brand awareness;
- broadening product offering and expanding into emerging/adjacent markets;
- relationships with significant customers;
- further integration into key customers' products;
- performance, features, quality and value of our products;
- emergence of new industry standards; and
- general macroeconomic conditions.

If we are unable to compete effectively in any of our markets, or are forced to reduce the prices of our products in order to continue to be competitive, our operating results, financial condition and cash flows could be materially and adversely affected.

We may need to raise additional funds to pursue our growth strategy or continue our operations, and we may be unable to raise capital when needed or on acceptable terms.

We may seek additional equity or debt financing to fund our growth, enhance our platform and related infrastructure, respond to competitive pressures or make acquisitions or other investments. Our business plans may change, general economic, financial or political conditions in our markets may deteriorate or other circumstances may arise, in each case that have a material adverse effect on our cash flows and the anticipated cash needs of our business. Any of these events or circumstances could result in significant additional funding needs, requiring us to raise additional capital. We cannot predict the timing or amount of any such capital requirements at this time. If financing is not available on satisfactory terms, or at all, we may be unable to expand our business at the rate desired and our

results of operations may suffer. In addition, any financing through issuances of equity securities would be dilutive to holders of our common shares.

Capital raised through debt financing would require us to make periodic interest payments, repayments of principal, and may impose restrictive covenants on the conduct of our business. Furthermore, additional financing may not be available on terms favourable to us, or at all. Failure to obtain additional funding could prevent us from making expenditures that may be required to maintain our operations and implement our growth strategy.

The industry in which we operate is characterized by rapid technological changes, and our continued success will depend upon our ability to react to such changes.

The markets for our products and services are characterized by rapidly changing technology, evolving industry standards and increasingly sophisticated customer requirements. The introduction of products and services embodying new technology and the emergence of new industry standards can render our existing products and services obsolete and unmarketable and can exert price pressures on existing products and services. Our success is dependent upon our ability to be able to anticipate and react quickly to changes in technology or in industry standards and to successfully develop and introduce new, enhanced and competitive products and services on a timely basis. We cannot give assurance that we will successfully develop new products and services or enhance and improve our existing products and services, that new products and services, as well as enhanced and improved existing products and services, will achieve market acceptance or that the introduction of new products and services or enhanced existing products and services by others will not render our products and services obsolete. Our inability to develop products and services that are competitive in technology and price and that meet end-user needs could have a material adverse effect on our business, financial condition or results of operations.

The timing and nature of regulatory rulings may result in unforeseen variability in revenues and operations.

The broadcasting and communications industries are regulated by the Federal Communications Commission in the United States, the Canadian Radio-Television and Telecommunications Commission in Canada and by similar regulatory bodies throughout the world. These agencies have made rulings in recent years relating to the adoption of new standards for broadcasters. The timing and nature of these rulings may impact the equipment purchased by broadcasters and telecommunications companies, which may result in us experiencing unforeseen variability in revenues and operations results.

Our operating results and future prospects could be materially harmed by uncertainties of regulation of the Internet.

We are subject to general business regulations and laws as well as regulations and laws specifically governing the internet. Existing and future regulations and laws could impede the growth of the internet. These regulations and laws may involve taxes, tariffs, privacy and data security, anti-spam, content protection, electronic contracts and communications, consumer protection and internet neutrality. Certain existing laws governing issues such as sales and other taxes and consumer privacy were adopted prior to the advent of the internet and do not contemplate or address the unique issues raised by the internet, and certain jurisdictions may interpret existing laws or adopt new laws that could adversely affect us. For example, certain jurisdictions may seek to tax streaming services that are provided in jurisdictions where the provider of the services has no physical presence. It is possible that general business regulations and laws, or those specifically governing the internet, may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. We cannot be sure that our practices have complied, comply or will comply fully with all such laws and regulations. Any failure, or perceived failure, by us to comply with any of these laws or regulations could result in damage to our reputation, a loss in business and proceedings or actions against us by governmental entities or others. Any such proceeding or action could hurt our reputation, force us to spend significant amounts in defense of these proceedings, distract our management, increase our costs of doing business, decrease the use of our sites by consumers and suppliers and may result in the imposition of monetary liability. We may also be contractually liable to indemnify and hold harmless third parties from the costs or consequences of non-compliance with any such laws or regulations. Adverse legal or regulatory developments could decrease demand for our products and, at the same time, increase the cost of selling our products, which could have a material adverse effect on our business, operating results, and financial condition.

If our software contains serious errors or defects, we may lose revenue and market acceptance and may incur costs to defend or settle claims with our customers.

Software such as ours often contains errors, defects, security vulnerabilities or software bugs that are difficult to detect and correct, particularly when first introduced or when new versions or enhancements are released. Despite internal testing, our product and service offerings may contain serious errors or defects, security vulnerabilities or software bugs that we may be unable to successfully correct in a timely manner or at all, which could result in lost revenue, significant expenditures of capital, a delay or loss in market acceptance and damage to our reputation and brand, any of which could have an adverse effect on our business, financial condition and results of operations. Furthermore, our cloud-based platform is a multi-tenant cloud-based system that allows us to deploy new versions and enhancements to all of our customers simultaneously. To the extent we deploy new versions or enhancements that contain errors, defects, security vulnerabilities or software bugs to all of our customers simultaneously, the consequences would be more severe than if such versions or enhancements were only deployed to a smaller number of our customers.

Since our customers use our products and services for processes that are critical to their businesses, errors, defects, security vulnerabilities, service interruptions or software bugs in our product and service offerings could result in losses to our customers. Our customers may seek significant compensation from us for any losses they suffer or cease conducting business with us altogether. There can be no assurance that provisions typically included in our agreements with our customers that attempt to limit our exposure to claims would be enforceable or adequate or would otherwise protect us from liabilities or damages with respect to any particular claim. Even if not successful, a claim brought against us by any of our customers would likely be time-consuming and costly to defend and could seriously damage our reputation and brand, making it harder for us to sell our solutions.

We may be unable to obtain, maintain and protect our intellectual property rights and proprietary information or prevent third parties from making unauthorized use of our technology.

Our intellectual property is a key element of the success of our business. In accordance with industry practice, we protect our proprietary products, technology and our competitive advantage through a combination of contractual provisions and trade secret, patents, copyright and trademark laws in Canada, the United States, Europe and other jurisdictions in which we conduct our business. We also have confidentiality agreements, assignment agreements and license agreements with employees and third parties, which limit access to and use of our intellectual property. The steps we take to protect our intellectual property require significant resources and may be inadequate. We will not be able to protect our intellectual property if we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property. We may be required to use significant resources to monitor and protect these rights. Despite our precautions, it may be possible for unauthorized third parties to copy our platform and use information that we regard as proprietary to create services that compete with ours. Some license provisions protecting against unauthorized use, copying, transfer and disclosure of our proprietary information may be unenforceable under the laws of certain jurisdictions and foreign countries. In addition, we may not be able to acquire or maintain appropriate domain names in all countries in which we do business, or prevent third parties from acquiring domain names that are similar to, infringe upon, or diminish the value of our trademarks and other proprietary rights. Furthermore, regulations governing domain names may not protect our trademarks or similar proprietary rights.

While we aim to acquire adequate protection of our brand through trademark registrations in key markets, occasionally third parties may have already registered or otherwise acquired rights to identical or similar marks for services that also address our market. We rely on our brand and trademarks to identify our platform and to differentiate our platform and services from those of our competitors, and if we are unable to adequately protect our trademarks third parties may use our brand names or trademarks similar to ours in a manner that may cause confusion in the market, which could decrease the value of our brand and adversely affect our business and competitive advantages.

Policing unauthorized use of our intellectual property and misappropriation of our technology and trade secrets is difficult and we may not always be aware of such unauthorized use or misappropriation. Despite our efforts to protect our intellectual property rights, unauthorized third parties may attempt to use, copy or otherwise obtain and market or distribute our intellectual property rights or technology or otherwise develop services with the same or similar functionality as our platform. If our competitors infringe, misappropriate or otherwise misuse our intellectual property rights and we are not adequately protected, or if our competitors are able to develop a platform with the same or similar functionality as ours without infringing our intellectual property, our competitive advantage and results of

operations could be harmed. Litigation brought to protect and enforce our intellectual property rights could be costly, time consuming and distracting to management and could result in the impairment or loss of portions of our intellectual property. As a result, we may be aware of infringement by our competitors but may choose not to bring litigation to enforce our intellectual property rights due to the cost, time and distraction of bringing such litigation. Furthermore, if we do decide to bring litigation, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits challenging or opposing our right to use and otherwise exploit particular intellectual property, services and technology or the enforceability of our intellectual property rights. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of our management's attention and resources, could delay further sales or the implementation of our solutions, impair the functionality of our platform, prevent or delay introductions of new or enhanced solutions, result in our substituting inferior or more costly technologies into our platform or injure our reputation. Furthermore, many of our current and potential competitors have the ability to dedicate substantially greater resources to developing and protecting their technology or intellectual property rights than we do.

We enter into confidentiality and invention assignment agreements with our employees and consultants and enter into confidentiality agreements with the parties with whom we have strategic relationships and business alliances. No assurance can be given that these agreements will be effective in controlling access to our proprietary information and trade secrets. The confidentiality agreements on which we rely to protect certain technologies may be breached, may not be adequate to protect our confidential information, trade secrets and proprietary technologies and may not provide an adequate remedy in the event of unauthorized use or disclosure of our confidential information, trade secrets or proprietary technology. Further, these agreements do not prevent our competitors or others from independently developing software that is substantially equivalent or superior to our software. In addition, others may independently discover our trade secrets and confidential information, and in such cases, we likely would not be able to assert any trade secret rights against such parties. Additionally, we may from time to time be subject to opposition or similar proceedings with respect to applications for registrations of our intellectual property, including our trademarks.

We may be subject to claims by third parties of intellectual property infringement.

The industry in which we operate is characterized by the existence of a large number of patents and frequent claims and related litigation regarding patents, copyright and other intellectual property rights. Third parties have in the past asserted and may in the future assert that our products, services, technology, methods or practices infringe, misappropriate or otherwise violate their intellectual property or other proprietary rights. Such claims may be made by our competitors seeking to obtain a competitive advantage or by other parties. Additionally, in recent years, non-practicing entities have begun purchasing intellectual property assets for the purpose of making claims of infringement and attempting to extract settlements from companies like ours. In this regard, we have recently received correspondence from a non-practicing entity extending an offer to license a portfolio of patents directed to one or more video standard technologies on the basis that certain of our products allegedly infringe such patents. We are currently evaluating whether there is a need for such a license, the potential to involve one or more of our technology suppliers and our potential exposure, which at the present time is not believed to have a material effect on our business. The risk of claims may increase as the number of solutions that we offer and competitors in our market increases and overlaps occur. In addition, to the extent that we gain greater visibility and market exposure, we face a higher risk of being the subject of intellectual property infringement claims. See "Legal Proceedings".

Any such claims, regardless of merit, that result in litigation could result in substantial expenses, divert the attention of management, cause significant delays in introducing new or enhanced services or technology, materially disrupt the conduct of our business and have a material and adverse effect on our brand, business, financial condition and results of operations. Although we do not believe that our proprietary technology, processes and methods have been registered by any third-party, it is possible that intellectual property rights have been issued to third parties that cover all or a portion of our business. As a consequence of any patent or other intellectual property claims, we could be required to pay substantial damages, develop non-infringing technology, enter into royalty-bearing licensing agreements, stop selling or marketing some or all of our solutions or re-brand our solutions. We may also be obligated to indemnify our customers or partners or pay substantial settlement costs, including royalty payments, in connection with any such claim or litigation and to obtain licenses, modify applications or refund fees, which could be costly. If it appears necessary, we may seek to secure license rights to intellectual property that we are alleged to infringe at a significant cost, potentially even if we believe such claims to be without merit. If required licenses cannot be obtained, or if existing licenses are not renewed, litigation could result. Litigation is inherently uncertain and can cause us to expend significant money, time and attention to it, even if we are ultimately successful. Any adverse decision could

result in a loss of our proprietary rights, subject us to significant liabilities, require us to seek licenses for alternative technologies from third parties, prevent us from offering all or a portion of our solutions and otherwise negatively affect our business and operating results.

We have a limited patent portfolio.

While we plan to protect our intellectual property with, among other things, patent protection, there can be no assurance that:

- future foreign patent applications will be approved;
- our issued patents will protect our intellectual property and not be held invalid or unenforceable if challenged by third parties;
- we will succeed in protecting our technology adequately in all key jurisdictions in which we or our competitors operate;
- the patents of others will not have an adverse effect on our ability to do business; or
- others will not independently develop similar or competing products or methods or design around any patents that may be issued to us.

The failure to obtain patents with claims of a scope necessary to cover our technology, or the invalidation of our patents, or our inability to protect any of our intellectual property, may weaken our competitive position and may materially and adversely affect our operating results, financial condition and cash flows.

We rely on third parties to provide services and technologies necessary for the operation of our business. Any failure of one or more of our vendors, suppliers or licensors to provide these services or technologies could harm our business.

We rely on third-party vendors to provide critical services, including supplying and manufacturing certain products, selling our products and services, services related to payroll, customer relationship management, research and development management and video asset management that we cannot or do not provide ourselves. We depend on these vendors to ensure that our corporate infrastructure or streaming services will consistently meet our business requirements. The ability of these third-party vendors to successfully provide reliable and high quality services is subject to technical and operational uncertainties that are beyond our control. While we may be entitled to damages if our vendors fail to perform under their agreements with us, our agreements with these vendors limit the amount of damages we may receive. In addition, we do not know whether we will be able to collect on any award of damages or that these damages would be sufficient to cover the actual costs we would incur as a result of any vendor's failure to perform under its agreement with us. Any failure of our corporate infrastructure or streaming services could have a material adverse effect on our business, financial condition and results of operations. Upon expiration or termination of any of our agreements with third-party vendors, we may not be able to replace the services provided to us in a timely manner or on terms and conditions, including service levels and cost, that are favourable to us, and a transition from one vendor to another vendor could subject us to operational delays and inefficiencies until the transition is complete.

Our business is susceptible to risks associated with international sales and the use of our services in various countries.

We currently have customers in a number of countries outside North America and we expect to continue to expand our international operations in the future. However, our international sales and the use of our services in various countries subject us to risks that we do not generally face with respect to domestic sales within North America. These risks include, but are not limited to:

- general economic conditions in international economies, which may adversely affect our customers' capital spending;

- changes in foreign government regulations and standards;
- import and export license requirements, tariffs, taxes and other trade barriers;
- fluctuations in currency exchange rates;
- a significant reliance on distributors, resellers and other third parties to sell our products and services, particularly in emerging market countries;
- difficulty in collecting accounts receivable, especially from smaller customers and resellers, particularly in emerging market countries;
- compliance with the United States Foreign Corrupt Practices Act, or FCPA, and the Office of Foreign Asset Control regulations, particularly in emerging market countries;
- the burden of complying with a wide variety of foreign laws, treaties and technical standards;
- fulfilling “country of origin” requirements for our products and services for certain customers;
- difficulty in staffing and managing foreign operations;
- difficulty in enforcing contracts generally;
- political and economic instability, including risks related to terrorist activity, particularly in emerging market countries;
- changes in economic policies by foreign governments;
- local business and cultural factors that differ from our normal standards and practices;
- differing employment practices and labour issues;
- limited protection of our intellectual property and other assets;
- lack of basic infrastructure, particularly in emerging market countries;
- availability of credit, particularly in emerging market countries; and
- impact of the recent escalating social and political unrest, particularly in the Middle East.

These factors may cause our international costs of doing business to exceed our comparable domestic costs and may also require significant management attention and financial resources. Any negative impact from our international business efforts could adversely affect our business, results of operations and financial condition.

We have in the past made and in the future may make acquisitions and investments that could divert management’s attention, result in operating difficulties and dilution to our shareholders and otherwise disrupt our operations and adversely affect our business, operating results or financial position.

Pursuing potential strategic acquisitions or investment opportunities is one of our key growth strategies. Any transactions that we enter into could be material to our financial condition and results of operations. The process of acquiring and integrating another company or technology could create unforeseen operating difficulties and expenditures. Acquisitions and investments involve a number of risks, such as:

- diversion of management time and focus from operating our business;
- use of resources that are needed in other areas of our business;

- in the case of an acquisition, implementation or remediation of controls, procedures and policies of the acquired company;
- in the case of an acquisition, difficulty integrating the accounting systems and operations of the acquired company;
- in the case of an acquisition, coordination of product, engineering and selling and marketing functions, including difficulties and additional expenses associated with supporting legacy services and products and hosting infrastructure of the acquired company and difficulty converting the customers of the acquired company onto our services and contract terms, including disparities in the revenues, licensing, support or professional services model of the acquired company;
- in the case of an acquisition, difficulty integrating, supporting or enhancing acquired product lines or services, including difficulty in transitioning acquired solutions developed with different source code architectures to our integrated services and difficulty in supporting feature development across our full suite of house-built and acquired solutions;
- in the case of an acquisition, retention and integration of employees from the acquired company, and preservation of our corporate culture;
- unforeseen costs or liabilities;
- adverse effects to our existing business relationships with partners and customers as a result of the acquisition or investment;
- the possibility of adverse tax consequences;
- litigation or other claims arising in connection with the acquired company or investment; and
- in the case of foreign acquisitions, the need to integrate operations across different cultures and languages and to address the particular economic, currency, political and regulatory risks associated with specific countries.

In addition, a significant portion of the purchase price of companies we acquire may be allocated to acquired goodwill and other intangible assets, which must be assessed for impairment at least annually. In the future, if our acquisitions do not yield expected returns, we may be required to take charges to our operating results based on this impairment assessment process, which could adversely affect our results of operations.

Acquisitions and investments may also result in dilutive issuances of equity securities, which could adversely affect our share price, or result in issuances of securities with superior rights and preferences to the common shares or the incurrence of debt with restrictive covenants that limit our future uses of capital in pursuit of business opportunities.

We may not be able to identify acquisition or investment opportunities that meet our strategic objectives, or to the extent such opportunities are identified, we may not be able to negotiate terms with respect to the acquisition or investment that are acceptable to us. We currently have no potential acquisition or investment opportunities targeted for use of the proceeds of the offering and no outstanding agreements or commitments relating to any acquisition.

New tax laws could be enacted or existing laws could be applied to us or our customers, which could increase the costs of our solutions and adversely impact our business.

The application of federal, state, provincial, local and foreign tax laws to products and services provided in part over the internet is evolving. New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time, possibly with retroactive effect, and could be applied solely or disproportionately to solutions provided over the internet. These enactments could adversely affect our sales activity due to the inherent cost increase the taxes would represent, and could ultimately result in a negative impact on our results of operations and cash flows.

Unanticipated changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our operating results and financial condition.

With sales in various countries, we are subject to taxation in several jurisdictions around the world with increasingly complex tax laws, the application of which can be uncertain. The amount of taxes we pay in these jurisdictions could increase substantially as a result of changes in the applicable tax principles, including increased tax rates, new tax laws or revised interpretations of existing tax laws and precedents, which could have an adverse impact on our liquidity and results of operations.

In addition, the authorities in several jurisdictions could review our tax returns and impose additional tax, interest and penalties, which could have an impact on us and on our results of operations. We claim Canadian federal and Québec refundable investment tax credits based upon qualifying scientific research and experimental development expenditures, or SR&ED credits. If Canadian federal or Québec taxation authorities successfully challenge such expenses or the correctness of such SR&ED credits claimed, our historical operating results could be adversely affected. As a public company, we will no longer be eligible for refundable Canadian federal SR&ED credits. However, we will still be eligible for non-refundable SR&ED credits under this program, which are eligible to reduce future income taxes payable. We will also remain eligible to claim refundable SR&ED credits for Québec income tax purposes, albeit at a lower rate than before our Initial Public Offering.

Our transition of a portion of our business from a Capex based business model to an Opex model may negatively impact our revenue, and if we fail to successfully manage the transition, our business, financial condition and operating results may be adversely affected.

We are currently transitioning a portion of our business to an opex-based business model and may undergo additional business model changes in the future in order to adapt to changing market demands. Historically, broadcasters and video solution providers have been operating under a capex model, planning expenditures to build media routing capacity through satellite links, purpose-built fiber networks, or proprietary transport solutions. With the increasing availability of secure and reliable cloud-native solutions, we are moving a portion of our business away from capital intensive infrastructure and moving to pay-per-use solutions. Such business model changes entail significant known and unknown risks and uncertainties, and we cannot provide assurance that we will be able to complete the transition or manage the transition successfully and in a timely manner. If we do not successfully complete the transition, or fail to do so in a timely manner, our revenue, business and operating results may be adversely affected. The transition of a portion of our business to an opex business model also means that our historical results, especially those achieved before we began the transition, may not be indicative of our future results.

Our operating results are subject to seasonal fluctuations.

Our revenue has experienced and is expected to continue to experience moderate seasonality due to the buying patterns of certain of our customers. Typically, our fourth quarter (which is commensurate with the US government's year-end) generates the highest level of revenues within a given fiscal year, whereas our first quarter generates the lowest level of revenues within a given fiscal year. Seasonality effects could negatively affect our results of operations during the period in question and/or future periods or cause our share price to decline.

We receive a significant portion of our revenue from a limited number of customers. The loss of several of our significant customers could materially and adversely affect our operating results, financial condition and cash flows.

We receive a significant portion of our sales from a limited number of customers. We received an aggregate of 25%, 28% and 22% of our sales from our top five customers for Fiscal 2018, Fiscal 2019 and Fiscal 2020, respectively. However, we are not dependent on any one customer. Because our products and services are often sold for a specific project, the top five customers in any given year may not be the same top five customers in a previous or subsequent year. The loss of several of our significant customers could materially and adversely affect our operating results, financial condition and cash flows.

Our future effective tax rates could be subject to volatility or adversely affected by a number of factors.

We are subject to income taxes in Canada and various jurisdictions outside of Canada. Our effective tax rate could fluctuate due to changes in the mix of earnings and losses in countries with differing statutory tax rates. Our tax expense could also be impacted by changes in the valuation of our deferred tax assets and liabilities and our ability to utilize them, the tax effects of stock-based compensation, costs related to intercompany restructurings, and the evaluation of new information that results in a change of a tax position taken in a prior year.

We currently conduct activities in the United States and other jurisdictions through our subsidiaries pursuant to transfer pricing arrangements and may in the future conduct operations in other jurisdictions pursuant to similar arrangements. If two or more affiliated companies are located in different countries, the tax laws or regulations of each country generally will require that transfer prices be the same as those between unrelated companies dealing at arms' length. While we believe that we operate in compliance with applicable transfer pricing laws and intend to continue to do so, our transfer pricing procedures are not binding on applicable tax authorities. If tax authorities in any of these countries were to successfully challenge our transfer prices as not reflecting arm's length transactions, they could require us to adjust our transfer prices and thereby reallocate our income to reflect these revised transfer prices, which could result in a higher tax liability to us.

U.S. federal, state and local tax authorities may seek to assess federal, state and local business taxes and sales and use taxes. If we are required to collect sales and use taxes in additional jurisdictions, we might be subject to tax liability for past sales.

There is a risk that U.S. jurisdictions could assert that we are liable for U.S. federal, state and local business activity taxes, which are levied upon income or gross receipts, or for the collection of U.S. state or local sales and use taxes. This risk exists regardless of whether we are subject to U.S. federal, state or local income tax. States are becoming increasingly active in asserting nexus for business activity tax purposes, including by imposing sales and use taxes on products and services provided over the internet. We may be subject to U.S. state and local business activity taxes if a state tax authority asserts that our activities or the activities of our subsidiaries are sufficient to establish nexus. We could also be liable for the collection of U.S. state and local sales and use taxes if a state tax authority asserts that distribution of our products and services over the internet is subject to sales and use taxes. Each state has different rules and regulations governing sales and use taxes, and these rules and regulations are subject to change over time and to varying interpretations. We review these rules and regulations periodically and, when we believe we are subject to sales and use taxes in a particular state, voluntarily engage state and local tax authorities in order to determine how to comply with their rules and regulations. New legislation adopted by state and local taxing jurisdictions could require us or our customers to incur substantial costs in order to comply, including costs associated with legal advice, tax calculation, collection, remittance and audit requirements, which could make selling in such markets less attractive and could adversely affect our business. Moreover, if a state or local tax authority asserts that distribution of our solutions is subject to such sales or use taxes, the additional cost may decrease the likelihood that customers would purchase our solutions or continue to renew their subscriptions.

If an applicable state or local tax authority were to successfully assert that the distribution of our solutions is subject to sales or use taxes, this could result in tax assessments, penalties, and interest, and we may be required to collect sales or other taxes in the future on subscription service revenue. In addition, such a successful assertion may also result in substantial tax liabilities for past transactions and otherwise harm our business. We cannot assure you that we will not be subject to sales and use taxes or related penalties for past sales in jurisdictions where we currently believe no such taxes are required. New obligations to collect or pay taxes of any kind could increase our cost of doing business.

We are subject to certain import and export controls that could subject us to liability or impair our ability to compete in international markets. Our exports may also be subject to re-export controls, restricted from being supplied to certain countries and persons subject to economic sanctions and anti-terrorism laws.

We incorporate cryptographic functionality technology into many of our products and services making them subject to Canadian and United States export controls. Our ability to export outside Canada or the United States is dependant on relevant government authorities issuing the required export permits or licenses or using regulatory exceptions.

In addition, various countries regulate the import and re-export of certain technology and have enacted laws that could limit our ability to distribute our products and services or could limit our customers' ability to utilize our products and services in those countries. Changes in our products and services or changes in export and import regulations may create delays in the introduction of our products and services in international markets, prevent our customers with international operations from deploying our products and services throughout their global systems or, in some cases, prevent the export or import of our products and services.

In addition to export and import restrictions, our products and services could be subject to economic and trade sanctions as well as laws and regulations on anti-terrorism. These sanctions and anti-terrorism restrictions can be based on United Nations Security Council Resolutions or unilateral restrictions of any one of the countries where we do business.

Any change in export or import regulations, economic and trade sanctions, or anti-terrorism laws or related legislation, shift in approach to the enforcement or scope of existing regulations, or change in the countries, persons or technologies targeted by such regulations, could result in decreased use of our products and services by, or in our decreased ability to export or sell our products and services to, existing or potential customers internationally.

Our brand is integral to our success. If we fail to effectively maintain, promote and enhance our brand, our business and competitive advantage may be harmed.

We believe that maintaining, promoting and enhancing our brand is critical to expanding our business. Maintaining and enhancing our brand will depend largely on our ability to continue to provide high-quality, well-designed, useful, reliable and innovative products and services, which we may not do successfully.

Errors, defects, data breaches, disruptions or other performance problems with our products and services may harm our reputation and brand. We may introduce new products and services or terms of service that our customers and their consumers do not like, which may negatively affect our brand. Additionally, if our customers or their consumers have a negative experience using our products and services such an experience may affect our brand, especially as we continue to attract larger customers to our products and services.

We may receive media coverage globally. Any unfavorable media coverage or negative publicity about our industry or us, including, for example, publicity relating to the quality and reliability of our products and services, our privacy and security practices, our product changes, litigation, regulatory activity, or the actions of our partners or our customers, could seriously harm our reputation. Such negative publicity could also adversely affect the size, demographics, engagement, and loyalty of our customers and result in decreased revenue, which could seriously harm our business.

We believe that the importance of brand recognition will increase as competition in our market increases. In addition to our ability to provide reliable and useful solutions at competitive prices, successful promotion of our brand will depend on the effectiveness of our marketing efforts. Our efforts to market our brand have involved significant expenses, which we intend to increase. Our marketing spend may not yield increased revenue, and even if it does, any increased revenue may not offset the expenses we incur in building and maintaining our brand.

The estimates of market opportunity and growth forecasts included in this AIF may prove to be inaccurate and may not be indicative of our future growth.

The estimates of market opportunity included in this AIF may prove to be inaccurate and may not be indicative of our future growth. Market opportunity estimates and growth forecasts are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. While our estimate of the total addressable market included in this AIF was made in good faith and is based on assumptions and estimates we believe to be reasonable, this estimate may not prove to be accurate. Further, even if the estimate of our market opportunity does prove to be accurate, we could fail to capture a significant portion, or any portion, of the available market.

Provisions of our present and future debt instruments may restrict our ability to pursue business strategies.

We currently have one term loan and one working capital line of credit pursuant to a loan and security agreement, which is collateralized by substantially all of our assets. This credit facility requires us, and any debt instruments we

may enter into in the future may require us, to comply with various covenants that limit our ability to, among other things:

- dispose of assets;
- complete mergers or acquisitions or change of control transactions;
- change certain key management personnel;
- engage in any business other than that in which we currently engage;
- incur indebtedness;
- encumber assets;
- pay dividends or make other distributions to holders of our shares; and
- engage in transactions with our affiliates.

These restrictions could inhibit our ability to pursue our business strategies. If we default under this credit facility, and such event of default is not cured or waived, the lenders could terminate commitments to lend and cause all amounts outstanding with respect to the debt to be due and payable immediately.

We may also incur additional indebtedness in the future. The instruments governing such indebtedness could contain provisions that are as, or more, restrictive than those to which we are presently subject. If we are unable to repay, refinance or restructure our indebtedness when payment is due, the lenders could proceed against the collateral granted to them to secure such indebtedness, as applicable, or force us into bankruptcy or liquidation.

Changes in accounting standards and interpretations, and our adoption thereof, as well as subjective assumptions, estimates and judgments by management related to complex accounting matters could significantly affect our reported financial results or financial condition.

IFRS accounting principles and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to our business, including revenue recognition, impairment of goodwill and intangible assets, inventory, income taxes and litigation, are highly complex and involve many subjective assumptions, estimates and judgments. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments could significantly change our reported financial performance or financial condition in accordance with generally accepted accounting principles.

Further, our implementation of and compliance with changes in accounting rules, including new accounting rules and interpretations, could adversely affect our reported financial position or operating results or cause unanticipated fluctuations in our reported operating results in future periods.

Our financial results may be adversely affected by fluctuations in exchange rates, principally in the value of the Canadian dollar versus the U.S. dollar.

Currency exchange rate fluctuations affect our results of operations because our functional currency is the U.S. dollar and the local currency for each of our subsidiaries and our presentation currency is the Canadian dollar. We receive and incur a significant portion of revenue and product costs and operating costs in U.S. dollars. Our results of operations are converted from our functional currency to Canadian dollars using the average foreign exchange rates for each period presented. As a result, our results of operations will be adversely impacted by a decrease in the value of the Canadian dollar relative to the Euro and U.S. dollar.

We do not currently engage in currency hedging activities to limit the risk of exchange rate fluctuations. In the future, we may use derivative instruments, such as foreign currency forward and option contracts, to hedge certain exposures to fluctuations in foreign currency exchange rates. The use of such hedging activities may not offset any or more than a portion of the adverse financial effects of unfavorable movements in foreign exchange rates over the

limited time the hedges are in place. Moreover, the use of hedging instruments may introduce additional risks if we are unable to structure effective hedges with such instruments.

Future operating results depend upon our ability to obtain components in sufficient quantities on commercially reasonable terms.

Because we currently obtain certain components from single or limited sources, we are subject to significant supply and pricing risks. Many components, including those that are available from multiple sources, are at times subject to industry-wide shortages that could materially adversely affect our financial condition and operating results. While we have entered into agreements for the supply of many components, there can be no assurance that we will be able to extend or renew these agreements on similar terms, or at all. Component suppliers may suffer from poor financial conditions, which can lead to business failure for the supplier or consolidation within a particular industry, further limiting our ability to obtain sufficient quantities of components on commercially reasonable terms. Health crises, like the COVID-19 pandemic, could lead to quarantines or labour shortages, thus impacting the output of key suppliers. If our supply of components for a new or existing product were delayed or constrained, or if an outsourcing partner delayed shipments of completed products to us, our financial condition and operating results could be materially adversely affected. Our business and financial performance could also be materially adversely affected depending on the time required to obtain sufficient quantities from the original source, or to identify and obtain sufficient quantities from an alternative source.

We may be unable to achieve our strategic priorities in emerging markets.

Emerging markets are a component of our strategic plan. The developing nature of these markets presents a number of risks. We may be unable to attract, develop, and retain appropriate talent to manage our businesses in emerging markets. Deterioration of social, political, labour, or economic conditions in a specific country or region may adversely affect our operations or financial results. Emerging markets may not meet our growth expectations, and we may be unable to maintain such growth or to balance such growth with financial goals and compliance requirements. Among the risks in emerging market countries are bureaucratic intrusions and delays, contract compliance failures, engrained business partners that do not comply with local or Canadian law, fluctuating currencies and interest rates, limitations on the amount and nature of investments, restrictions on permissible forms and structures of investment, unreliable legal and financial infrastructure, regime disruption and political unrest, uncontrolled inflation and commodity prices, fierce local competition by companies with better political connections, and corruption. In addition, the costs of compliance with local laws and regulations in emerging markets may negatively impact our competitive position as compared to locally owned manufacturers.

The increased prevalence of cloud computing and other disruptive business models may negatively impact certain aspects of our business.

The nature in which many of our products are purchased or used is evolving with the increasing prevalence of cloud computing and other methods of off-premises computing and data storage. This may negatively impact one or more of our businesses in a number of ways, including:

- Consolidation of procurement power leading to the commoditization of IT products;
- Reduction in the demand for infrastructure products previously used to support on-site data centers;
- Lowering barriers to entry for certain markets, leading to new market entrants and enhanced competition; and
- Preferences for software as a service billing and pricing models may reduce demand for non-cloud “packaged” software.

Fluctuations in the mix of products we sell may adversely affect our financial results.

Because of the differences in selling prices between our individual products, the mix of products sold affects their average selling price and has a significant impact on our revenue and gross margins. We currently offer products with more features and products with fewer features within our Makito product families. To the extent our mix of

product sales shifts towards sales of products with fewer features and lower selling prices, our overall revenue and gross margins will be negatively affected. Fluctuations in the mix of our product sales between higher- and lower-margin products may also affect the extent to which we are able to recover our fixed costs and investments that are associated with a particular product, and as a result can negatively impact our financial results.

Our ability to sell our products is highly dependent on the quality of our support and service offerings, and our failure to offer high-quality support and services would harm our operating results and reputation.

Once our products are deployed within our customers' networks, our customers depend on our support organization to resolve any issues relating to our products. A high level of support is critical for the successful marketing and sale of our products. If we or our channel partners do not effectively assist our customers in deploying our products, succeed in helping our customers quickly resolve post-deployment issues, and provide effective ongoing support, it would adversely affect our ability to sell our products to existing customers and would harm our reputation with potential customers. In addition, as we expand our operations internationally, our support organization will face additional challenges, including those associated with delivering support, training and documentation in languages other than English. Any failure to maintain high-quality support and services could materially and adversely affect our operating results, financial condition and cash flows.

We derive a significant portion of our revenue from certain government agencies, especially U.S. government agencies.

We provide our services and products to governments, especially the U.S. government, through fulfillment houses for a variety of programs, including emergency response, border protection, homeland security, and other mission critical video-centric government initiatives. We derive a significant portion of our such sales from certain U.S. government agencies. U.S. government spending can be very difficult to predict and may be impacted by numerous factors such as the evolving nature of the national security threat, U.S. foreign policy, the domestic political environment, macroeconomic conditions and the ability of the U.S. government to enact relevant legislation such as authorization and appropriations bills. A lapse in appropriations for government agencies would result in a full or partial government shutdown, which could materially and adversely affect our operating results, financial condition and cash flows.

We are subject to applicable Canadian and foreign privacy laws.

We are subject to applicable Canadian and foreign privacy laws regarding the collection, use, disclosure and protection of client and employee data. Among other things, Canada's federal Personal Information Protection and Electronic Documents Act ("PIPEDA") and its provincial counterparts, govern the collection, use and disclosure of personal information in the course of commercial activities by private sector organizations in Canada. In addition, personal information protection legislation regulates our handling of employee personal information. PIPEDA and its provincial counterparts impose various obligations on us and restrict our use of personal information to the purposes for which it was originally collected or for other specific purposes specified in the applicable legislation.

Risks Related to the Ownership of the Common Shares

There are risks related to forward-looking statements in this AIF.

The forward-looking statements included in this AIF relating to, among other things, our future results, performance, achievements, prospects, targets, intentions or opportunities or the markets in which we operate (including, in particular, the information contained in "Business and Industry"), is based on opinions, assumptions and estimates made by our management in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct. Our actual results in the future may vary significantly from the historical and estimated results and those variations may be material. We make no representation that our actual results in the future will be the same, in whole or in part, as those included in this AIF. See "Forward-Looking Statements".

The market price of our common shares may be volatile and your investment could suffer or decline in value.

The market price of our common shares could be subject to significant fluctuations, and it may decline. Some of the factors that may cause the market price of our common shares to fluctuate include: volatility in the market price and trading volume of comparable companies; actual or anticipated changes or fluctuations in our operating results or in the expectations of market analysts; adverse market reaction to any indebtedness we may incur or securities we may issue in the future; short sales, hedging and other derivative transactions in our common shares; litigation or regulatory action against us; investors' general perception of us and the public's reaction to our press releases, our other public announcements and our filings with Canadian securities regulators, including our financial statements; publication of research reports or news stories about us, our competitors or our industry; positive or negative recommendations or withdrawal of research coverage by securities analysts; changes in general political, economic, industry and market conditions and trends; sales of our common shares by existing shareholders; recruitment or departure of key personnel; significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors; and the other risk factors described in this section of this AIF.

Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of our environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to satisfy such criteria may result in limited or no investment in our common shares by those institutions, which could materially adversely affect the trading price of our common shares. There can be no assurance that fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue for a protracted period of time, our operations and the trading price of our common shares may be materially adversely affected.

In addition, broad market and industry factors may harm the market price of our common shares. Therefore, the price of our common shares could fluctuate based upon factors that have little or nothing to do with us, and these fluctuations could materially reduce the price of our common shares regardless of our operating performance. In the past, following a significant decline in the market price of a company's securities, there have been instances of securities class action litigation having been instituted against that company. If we were involved in any similar litigation, we could incur substantial costs, our management's attention and resources could be diverted and it could harm our business, operating results and financial condition.

We do not currently anticipate paying dividends on the common shares, and, consequently, purchasers in this offering may never receive a return on their investment.

We currently intend to retain any future earnings to fund the development and growth of our business and do not currently anticipate paying dividends on the common shares. Any determination to pay dividends in the future will be at the discretion of our Board and will depend on many factors, including, among others, our financial condition, current and anticipated cash requirements, contractual restrictions and financing agreement covenants, solvency tests imposed by applicable corporate law and other factors that our Board may deem relevant. Until the time that we do pay dividends, which we might never do, our shareholders will not be able to receive a return on their common shares unless they sell such common shares for a price greater than their acquisition price, and such appreciation may never occur. See "Dividend Policy".

Future sales of common shares by existing shareholders or by us, or future dilutive issuances of common shares by us, could adversely affect prevailing market prices for the common shares.

Subject to compliance with applicable securities laws, sales of a substantial number of common shares in the public market could occur at any time before or after the expiration of the Lock-up Agreements described under "Securities Subject to Contractual Restrictions on Transfer". These sales, or the market perception that the holders of a large number of common shares or securities convertible into common shares intend to sell common shares, could reduce the market price of our common shares. In addition, the underwriters under our Initial Public Offering might waive the provisions of these Lock-up Agreements and allow the subject shareholders to sell their common shares at any time. There are no pre-established conditions for the grant of such a waiver by the underwriters, and any decision by them to waive those conditions may depend on a number of factors, which might include market conditions, the performance of our common shares in the market and our financial condition at that time. If the restrictions in such

Lock-up Agreements are waived, additional common shares will be available for sale into the public market, subject to applicable securities laws, which could reduce the market price for common shares.

In addition, certain holders of options will have an immediate income inclusion for tax purposes when they exercise their options (that is, tax is not deferred until they sell the underlying common shares). As a result, these holders may need to sell common shares purchased on the exercise of options in the same year that they exercise their options. This might result in a greater number of common shares being sold in the public market, and reduced long-term holdings of common shares by our management and employees.

Our operating results are likely to fluctuate and may fail to meet or exceed expectations of investors or securities analysts, causing our share price to decline.

Our operating results have fluctuated in the past and are likely to continue to fluctuate in the future, on a quarterly and annual basis, as a result of several factors, many of which are outside of our control. Some of the factors that may cause these fluctuations include:

- the level and timing of capital spending of, and orders from, our customers;
- economic and financial conditions specific to our customers;
- changes in market demand for our products or our customers' services or products;
- increases and decreases in the number and size of relatively larger transactions, and projects in which we are involved, from quarter to quarter;
- the timing of revenue recognition with respect to certain of our sales arrangements, which may include multiple deliverables and timing of customer acceptance and the timing of completion of our customers' projects;
- the impact of seasonality in our business, particularly in the first quarter of each fiscal year;
- competitive market conditions, including pricing actions by our competitors;
- the level and mix of our international revenue;
- new product introductions by our competitors or by us;
- changes in domestic and international regulatory environments affecting our business;
- change in export or import regulations, economic and trade sanctions, or anti-terrorism laws;
- market acceptance of our new or existing products;
- the cost and availability to us of components and subassemblies;
- the mix of our customer base, by industry and size, and sales channels;
- the mix of our products sold and the effect it has on gross margins;
- changes in our operating and extraordinary expenses, such as litigation expenses and settlement costs;
- write-downs of inventory;
- the impact of applicable accounting guidance including on incentive plans, uncertainty in income taxes and acquisitions;
- changes in our effective tax rate;

- the timing of any acquisitions and the financial impact of any such acquisitions; and
- general economic conditions.

We often recognize a significant portion of our quarterly revenue in the last month of the quarter. We establish our expenditure levels for product development and other expenses based on projected revenue levels for a specified period, and expenses are relatively fixed in the short term. Accordingly, even small variations in timing of revenue or revenue recognition, particularly with respect to large individual transactions, can cause significant fluctuations in operating results in a particular quarter.

As a result of these factors and other factors, our operating results in one or more future periods may fail to meet or exceed the expectations of securities analysts or investors which may affect the trading price of our common shares.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about us or our business, our trading price and volume could decline.

The trading market for our common shares will depend in part on the research and reports that securities or industry analysts publish about us or our business. We do not currently have and may never obtain research coverage by securities and industry analysts. If no securities or industry analysts commence covering us, the trading price for our common shares would be negatively impacted. If we obtain securities or industry analyst coverage and if one or more of the analysts who cover us downgrade our common shares or publish inaccurate or unfavorable research about our business, our trading price may decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our common shares could decrease, which could cause our trading price and volume to decline.

Shareholders have limited control over our operations.

Holders of common shares have limited control over changes in our policies and operations, which increases the uncertainty and risks of an investment in our Company. Our Board will determine major policies, including policies regarding financing, growth, debt capitalization and any future dividends to shareholders. Generally, our Board may amend or revise these and other policies without a vote of the holders of common shares. Our Board's broad discretion in setting policies and the limited ability of holders of common shares to exert control over those policies increases the uncertainty and risks of an investment in our Company.

We will incur increased expenses as a result of being a public company.

We will incur significant legal, accounting, insurance and other expenses as a result of being a public company, which may negatively impact our performance and could cause our results of operations and financial condition to suffer. Compliance with applicable securities laws in Canada and the rules of the TSX substantially increases our expenses, including our legal and accounting costs, and make some activities more time consuming and costly. Reporting obligations as a public company and our anticipated growth may place a strain on our financial and management systems, processes and controls, as well as on our personnel.

We also expect these laws, rules and regulations to make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our Board or as officers. As a result of the foregoing, we expect a substantial increase in legal, accounting, insurance and certain other expenses in the future, which will negatively impact our financial performance and could cause our results of operations and financial condition to suffer.

Our senior management team has limited experience managing a public company, and regulatory compliance may divert its attention from the day-to-day management of our business.

The individuals who now constitute our senior management team have limited experience managing a publicly-traded company and limited experience complying with the increasingly complex laws pertaining to public companies. Our senior management team may not successfully or efficiently manage our transition to being a public company subject to significant regulatory oversight and reporting obligations under Canadian securities laws. In particular, these

new obligations will require substantial attention from our senior management and could divert their attention away from the day-to-day management of our business.

As a public company, we are required to develop and maintain proper and effective internal controls over financial reporting. These internal controls may not be effective, which could adversely affect investor confidence in us and, as a result, negatively impact the value of our common shares.

We are subject to reporting and other obligations under applicable Canadian securities laws, including NI 52-109, and the rules of the TSX. If we are unable to accomplish any such necessary obligations in a timely and effective manner, our ability to comply with our financial reporting obligations and other rules applicable to reporting issuers could be impaired. Moreover, any failure to maintain effective internal controls could cause us to fail to satisfy our reporting obligations or result in material misstatements in our financial statements. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results could be materially adversely affected which could also cause investors to lose confidence in our reported financial information, which could result in a reduction in the market price of our common shares.

We do not expect that our disclosure controls and procedures and internal controls over financial reporting will prevent all errors and fraud. A control system, no matter how well-designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within an organization are detected. The inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all.

Our management has broad discretion in the application of the net proceeds of the Initial Public Offering.

We cannot specify with certainty the particular uses of the net proceeds received from the Initial Public Offering. Our management has broad discretion in the application of the net proceeds. Our management may spend a portion or all of the net proceeds from the Initial Public Offering in ways that our shareholders might not desire, that might not yield a favourable return and that might not increase the value of a purchaser's investment. The failure by our management to apply these funds effectively could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows. Pending their use, we may invest the net proceeds of the Initial Public Offering in a manner that does not produce income or that loses value.

Our by-laws provide that any derivative actions, actions relating to breach of fiduciary duties and other matters relating to our internal affairs will be required to be litigated in the Province of Québec, which could limit your ability to obtain a favorable judicial forum for disputes with us.

We have adopted a forum selection by-law that provides that, unless we consent in writing to the selection of an alternative forum, the Superior Court of the Province of Québec, Canada and appellate Courts therefrom (or, failing such Court, any other "court" as defined in the CBCA having jurisdiction, and the appellate Courts therefrom), will be the sole and exclusive forum for: any derivative action or proceeding brought on our behalf; any action or proceeding asserting a breach of fiduciary duty owed by any of our directors, officers or other employees to us; any action or proceeding asserting a claim arising pursuant to any provision of the CBCA or our articles or by-laws; or any action or proceeding asserting a claim otherwise related to our "affairs" (as defined in the CBCA). Our forum selection by-law also provides that our securityholders are deemed to have consented to personal jurisdiction in the Province of Québec and to service of process on their counsel in any foreign (non-Canadian) action initiated in violation of our by-law. Therefore, it may not be possible for securityholders to litigate any action relating to the foregoing matters outside of the Province of Québec.

Our forum selection by-law seeks to reduce litigation costs and increase outcome predictability by requiring derivative actions and other matters relating to our affairs to be litigated in a single forum. While forum selection clauses in corporate charters and by-laws are becoming more commonplace for public companies in the United States and have been upheld by courts in certain states, they are untested in Canada. It is possible that the validity of our

forum selection by-law could be challenged and that a court could rule that such by-law is inapplicable or unenforceable. If a court were to find our forum selection by-law inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions and we may not obtain the benefits of limiting jurisdiction to the courts selected.

Any issuance of preferred shares could make it difficult for another company to acquire us or could otherwise adversely affect holders of our common shares, which could depress the price of our common shares.

Our Board has the authority to issue preferred shares and to determine the preferences, limitations and relative rights of preferred shares and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our shareholders. Our preferred shares may be issued with liquidation, dividend and other rights superior to the rights of our common shares. The potential issuance of preferred shares may delay or prevent a change in our control, discourage bids for our common shares at a premium over the market price and adversely affect the market price and other rights of the holders of our common shares.

Our constating documents permit us to issue an unlimited number of common shares and an unlimited number of preferred shares, issuable in series without additional shareholder approval.

Our amended articles permit us to issue an unlimited number of common shares and an unlimited number of preferred shares, issuable in series. We anticipate that we will, from time to time, issue additional common shares in the future. Subject to the requirements of the TSX, we will not be required to obtain the approval of shareholders for the issuance of additional common shares. Although the rules of the TSX generally prohibit us from issuing preferred shares, there may be certain circumstances where preferred shares may be issued, including upon receiving shareholder approval. Any further issuances of common shares or preferred shares will result in immediate dilution to existing shareholders and may have an adverse effect on the value of their shareholdings. Additionally, any further issuances of preferred shares may significantly lessen the combined voting power of our common shares.

DIVIDEND POLICY

We currently intend to retain any future earnings to fund the development and growth of our business and do not currently anticipate paying dividends on our common shares. Any determination to pay dividends in the future will be at the discretion of our Board and will depend on many factors, including, among others, our financial condition, current and anticipated cash requirements, contractual restrictions and financing agreement covenants, solvency tests imposed by applicable corporate law and other factors that our Board may deem relevant.

DESCRIPTION OF SHARE CAPITAL

The following describes material terms of our share capital as of the date of this AIF. The following description may not be complete and is subject to, and qualified in its entirety by reference to, the terms and provisions of our articles, which are available under our SEDAR profile at www.sedar.com.

Authorized Share Capital

Our authorized share capital consists of: (i) an unlimited number of common shares, and (ii) an unlimited number of preferred shares, issuable in series. As of the date of this AIF, an aggregate of 26,612,019 common shares and no preferred shares are issued and outstanding.

Common Shares

Dividend Rights

Holders of common shares are entitled to receive dividends out of our assets legally available for the payment of dividends at such times and in such amount and form as our Board may from time to time determine, subject to any preferential rights of the holders of any outstanding preferred shares. See “Dividend Policy”.

Voting Rights

Holders of common shares are entitled to one vote per common share on all matters upon which holders of common shares are entitled to vote.

Conversion

The common shares are not convertible into any other class of shares.

Meetings of Shareholders

Holders of common share are entitled to receive notice of any meeting of our shareholders and may attend and vote at such meetings, except those meetings where only the holders of shares of another class or of a particular series are entitled to vote. A quorum for the transaction of business at a meeting of shareholders is present if shareholders who, together, hold not less than 25% of the votes attaching to our outstanding common shares entitled to vote at the meeting are present in person or represented by proxy.

Pre-Emptive and Retraction Rights

Holders of common shares have no pre-emptive or retraction rights.

Redemption Rights

The Company has no redemption or purchase for cancellation rights.

Liquidation Rights

Upon our liquidation, dissolution or winding-up, whether voluntary or involuntary, the holders of common shares, without preference or distinction, will be entitled to receive rateably all of our assets remaining after payment of all debts and other liabilities, subject to any preferential rights of the holders of any outstanding preferred shares.

Preferred Shares

We are authorized to issue an unlimited number of preferred shares issuable in series. Each series of preferred shares shall consist of such number of preferred shares and having such rights, privileges, restrictions and conditions as may be determined by our Board prior to the issuance thereof. Holders of preferred shares, except as otherwise provided in the terms specific to a series of preferred shares or as required by law, will not be entitled to vote at meetings of holders of common shares, and will not be entitled to vote separately as a class upon a proposal to amend our articles in the case of an amendment of the kind referred to in paragraph (a),(b) or (c) of subsection 176(1) of the CBCA. With respect to the payment of dividends and distribution of assets in the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, the preferred shares are entitled to preference over the common shares and any other shares ranking junior to the preferred shares from time to time with respect to the payment of paid up capital remaining after the payment of all outstanding debts on a pro rata basis, and, the payment of any or all declared but unpaid cumulative dividends or any or all declared but unpaid dividends on the preferred shares and may also be given such other preferences over common shares and any other shares ranking junior to the preferred shares as may be determined at the time of creation of such series.

The issuance of preferred shares and the terms selected by our Board could decrease the amount of earnings and assets available for distribution to holders of our common shares or adversely affect the rights and powers, including the voting rights, of the holders of our common shares without any further vote or action by the holders of our common shares. The issuance of preferred shares, or the issuance of rights to purchase preferred shares, could make it more difficult for a third party to acquire a majority of our outstanding voting shares and thereby have the effect of delaying, deferring or preventing a change of control of us or an unsolicited acquisition proposal or of making the removal of management more difficult. Additionally, the issuance of preferred shares may have the effect of decreasing the market price of our common shares.

Advance Notice Provision

Our by-laws include certain advance notice provisions with respect to the election of our directors (the “**Advance Notice Provisions**”). The Advance Notice Provisions are intended to: (i) facilitate orderly and efficient annual general meetings or, where the need arises, special meetings; (ii) ensure that all our shareholders receive adequate notice of board nominations and sufficient information with respect to all nominees; and (iii) allow our shareholders to register an informed vote. Only persons who are nominated by shareholders in accordance with the Advance Notice Provisions will be eligible for election as directors at any annual meeting of our shareholders, or at any special meeting of our shareholders if one of the purposes for which the special meeting was called was the election of directors.

Under the Advance Notice Provisions, a shareholder wishing to nominate a director would be required to provide us notice, in the prescribed form, within the prescribed time periods. These time periods include, (i) in the case of an annual meeting of shareholders (including annual and special meetings), not less than 30 days prior to the date of the annual meeting of shareholders; provided, that if the first public announcement of the date of the annual meeting of shareholders (the “**Notice Date**”) is less than 50 days before the meeting date, not later than the close of business on the 10th day following the Notice Date; and (ii) in the case of a special meeting (which is not also an annual meeting) of shareholders called for any purpose which includes electing directors, not later than the close of business on the 15th day following the Notice Date, provided that, in either instance, if notice-and-access (as defined in National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer) is used for delivery of proxy-related materials in respect of a meeting described above, and the Notice Date in respect of the meeting is not less than 50 days prior to the date of the applicable meeting, the notice must be received not later than the close of business on the 40th day before the applicable meeting.

Forum Selection

We have included a forum selection by-law that provides that, unless we consent in writing to the selection of an alternative forum, the courts of the Province of Québec, Canada and appellate courts therefrom (or, failing such court, any other “court” as defined in the CBCA having jurisdiction, and the appellate courts therefrom), will be the sole and exclusive forum for: (i) any derivative action or proceeding brought on our behalf; (ii) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or other employees to us; (iii) any action or proceeding asserting a claim arising pursuant to any provision of the CBCA or our articles or by laws; or (iv) any action or proceeding asserting a claim otherwise related to our “affairs” (as defined in the CBCA). Our forum selection by-law also provides that our securityholders are deemed to have consented to personal jurisdiction in the Province of Québec and to service of process on their counsel in any foreign action initiated in violation of our by-law.

DESCRIPTION OF MATERIAL INDEBTEDNESS

Description of Material Indebtedness

The following is a description of our material indebtedness. The following summaries are not exhaustive and are qualified by the terms of the agreements referred to below, which are available under our SEDAR profile at www.sedar.com. Investors are encouraged to read the full text of these agreements.

Loan and Security Agreement with Silicon Valley Bank

On October 5, 2020, we entered into an amended and restated loan and security agreement (the “**SVB Loan Agreement**”) with our U.S. subsidiary Haivision Network Video Inc., as co-borrower, and Silicon Valley Bank (“**SVB**”), as lender, which provides for (i) a US\$5 million term loan (the “**Term Loan**”) bearing interest at the greater of (x) the U.S. prime rate, as published by the Wall Street Journal, plus 2.25% and (y) 5.00% and (ii) a US\$10 million working capital line of credit (the “**Revolving Line**”, and together with the Term Loan, the “**SVB Loan**”) bearing interest at the greater of (x) the U.S. prime rate, as published by the Wall Street Journal, plus 1.65% and (y) 4.25%. The SVB Loan is available for general corporate purposes, with the inclusion of share buybacks under the Term Loan.

The SVB Loan is secured by the SVB Loan Agreement as well as an amended and restated intellectual property security agreement and a movable hypothec, which provide the lender with first priority security interests over all assets of the Company, including intellectual property.

As of November 30, 2020, the effective rate under the Term Loan and the Revolving Line were 5.50% and 4.90%, respectively, and advances under the Term Loan and the Revolving Line were US\$1,500,000 and nil, respectively. Available capacity under the Term Loan was US\$3,500,000 as of November 30, 2020 and US\$10,000,000 under the Revolving Line. As at the date hereof, we are in compliance with all covenants under the SVB Loan.

MARKET FOR SECURITIES

Common Shares

Our common shares began trading on the TSX on December 16, 2020, upon closing of our Initial Public Offering. Prior to the completion of our Initial Public Offering, we had no securities traded or quoted on any exchange or marketplace.

Prior Sales

There have been no issuances of our common shares, or securities convertible into common shares, during the 12-month period ended October 31, 2020.

SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

In connection with our Initial Public Offering, each of our executive officers and directors, each such shareholder's associates and affiliates, and certain other shareholders have agreed that he, she or it will not, directly or indirectly, without the prior written consent of the joint bookrunners under our Initial Public Offering, on behalf of the syndicate of underwriters under our Initial Public Offering, offer, issue, sell, grant, secure, pledge, or otherwise transfer, dispose of or monetize, or engage in any hedging transaction, or enter into any form of agreement or arrangement the consequence of which is to alter economic exposure to, or announce any intention to do so, in any manner whatsoever, any common shares or securities convertible into, exchangeable for, or otherwise exercisable to acquire common shares or other equity securities of the Company (the "**Locked-up Securities**") for a period commencing on December 16, 2020, being the closing date of our Initial Public Offering, and ending (i) in the case of our executive officers, 18 months after the closing date, and (ii) in the case of our directors and other shareholders, 6 months after the closing date, in both cases subject to certain limited exceptions (the "**Lock-up Agreements**").

Pursuant to the terms and conditions of their Lock-up Agreements, each of our executive officers will be released of the restrictions applicable to him under his Lock-up Agreement in respect of (i) one third of his Locked-up Securities as of 6 months after the closing date, (ii) an additional one third of his Locked-up Securities as of 12 months after the closing date, and (iii) the remaining one third of his Locked-up Securities as of 18 months after the closing date.

Designation of Class of Shares	Number of Securities Subject to a Contractual Restriction on Transfer Pursuant to Lock-up Agreements	Percentage of Class⁽¹⁾
Common shares	5,048,065 common shares (Lock-up Agreements for executive officers)	18.9%
Common shares	13,806,212 common shares (Lock-up Agreements for directors and other shareholders)	51.8%

Notes:

(1) Based on 26,612,019 common shares issued and outstanding as of the date of this AIF.

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth certain information regarding our directors and executive officers:

Name, Province or State and Country of Residence	Position/Title	Committee(s) of the Board of Directors	Independent Director⁽¹⁾	Principal Occupation
Harvey Bienenstock <i>Québec, Canada</i>	Director (Appointed in April 2019)	Audit Committee, Nominating and Governance Committee (Chair)	Yes	Vice-President, Finance of Haemosan Inc.
Glenn E. Duval..... <i>California, U.S.</i>	Director (Appointed in February 2009)	Compensation Committee (Chair)	Yes	Chief Executive Officer of Challenger Cable Sales
Neil Hindle..... <i>Québec, Canada</i>	Lead Director (Appointed in August 2010)	Audit Committee (Chair), Nominating and Governance Committee, Compensation Committee	Yes	Chief Executive Officer and a director of Barrontech Inc.
Robin M. Rush <i>Texas, U.S.</i>	Director (Appointed in February 2018)	Audit Committee, Compensation Committee	Yes	Managing member of HaiKula Holdings LLC
Julie Tremblay..... <i>Québec, Canada</i>	Director (Appointed in January 2021)	Nominating and Governance Committee	Yes	Strategic Advisor to senior executives, self-employed
Miroslav (Mirko) Wicha . <i>Québec, Canada</i>	Director (Chair), President and Chief Executive Officer (Appointed Director in April 2004)	-	No	President and Chief Executive Officer of the Company
Dan Rabinowitz..... <i>Illinois, United States</i>	Chief Financial Officer and Executive Vice President, Operations	-	n/a	Chief Financial Officer and Executive Vice President, Operations of the Company
Peter Maag <i>Québec, Canada</i>	Chief Marketing Officer and Executive Vice President, Partnerships	-	n/a	Chief Marketing Officer and Executive Vice President, Partnerships of the Company
Mahmoud J. Al-Daccak... <i>Québec, Canada</i>	Chief Technology Officer and Executive Vice President, Product Development	-	n/a	Chief Technology Officer and Executive Vice President, Product Development of the Company

Notes:

(1) Independent director for the purposes of NI 58-101.

Biographical Information Regarding Our Directors and Executive Officers

Harvey Bienenstock, Director

Harvey Bienenstock has been the Vice-President, Finance of Haemosan Inc., an investment holding company in Montréal since 1993. Previously, Mr. Bienenstock held the position of Corporate Consolidations accountant and information systems analyst at Northern Telecom Ltd. from 1975 to 1978. Mr. Bienenstock was the Controller at First Quebec Corporation, a major Montréal office building developer from 1978 to 1982. Mr. Bienenstock was Vice-President at Continental Pharma Cryosan Inc. from 1982 to 1993. Mr. Bienenstock received his Master of Business Administration degree and his Bachelor of Science degree from McGill University. Mr. Bienenstock is a designated Chartered Professional Accountant (CPA), and qualifies as a Chartered Accountant (CA).

Glenn E. Duval, Director

Glenn Duval has been the Chief Executive Officer of Challenger Cable Sales since 1986, a privately held company delivering technology solutions to the cable television industry. Mr. Duval is a cable television pioneer who has actively been involved in the industry for over 40 years, working for companies that serve as a primary supplier

of customer devices and components to most cable operators in North America. Mr. Duval has served as a trustee on the Foundation Board of the University of California Santa Barbara since 2008 and as a board member of the Energy Efficiency Institute at the University of California Santa Barbara since 2015. Mr. Duval earned a Bachelor of Arts degree in Foreign Affairs at the University of California, Santa Barbara, U.S.

Neil Hindle, Lead Director

Neil Hindle is Chief Executive Officer and a director of Barrontech Inc., a private Canadian investment holding company, a position he has held since 1995. Mr. Hindle also held various positions including Executive Chairman, Executive Vice President and Chief Financial Officer of Atrion International Inc., a Montréal-based global leader in the Product Compliance market from 2000 to 2007. Prior to Atrion, from 1997 to 2000, Mr. Hindle was Managing Partner for Knorr Capital Partners Inc., a wholly-owned subsidiary of Knorr Capital Partner AG. Mr. Hindle spent the initial part of his career from 1975 to 1986 with Coopers & Lybrand, Chartered Accountants. Upon leaving Coopers & Lybrand, he held senior executive management positions at a private Canadian wholesale distribution business and a publicly traded technology development company in the oil & gas industry. Mr. Hindle earned his Bachelor of Commerce (Honours) degree from Queen's University and his Graduate Diploma in Public Accountancy from McGill University. He is a member of the Canadian Institute of Chartered Accountants, l'Ordre des comptables agréés du Québec and the Institute of Chartered Accountants of Ontario. He is currently a director and Chair of the Audit Committee of Voti Detection Inc., a Montréal-based company listed on the TSX Venture Exchange specializing in X-ray screening platforms and detection software. He is also the Chair of the Board of Governors of St. Mary's Hospital.

Robin M. Rush, Director

Robin Rush has been a serial entrepreneur and angel investor since 1983. Mr. Rush played a pivotal role in developing the business of Kulabyte Corporation from 2005 until its acquisition by Haivision in 2011. Mr. Rush has been a managing member of HaiKula Holdings LLC since 2006. Previously, Mr. Rush held various positions at Rush Enterprises (NASDAQ: RUSHA), an international retailer of commercial vehicles, primarily new and used trucks, from 1990 until 2004, including Vice President, General Manager, Secretary, Treasurer and Executive Vice President and served as a member of the board of directors. Mr. Rush served as a director of Mass Ventures LLC, a crowdfunding company, from 2013 until 2017.

Julie Tremblay, Director

Julie Tremblay was the President and Chief Executive Officer of TVA Group Inc. and Quebecor Media Group, a business unit of Quebecor Media Inc., a media leader in broadcasting, film and television production, news media, magazines and book publishing, from July 2014 until her retirement in October 2017. Ms. Tremblay has been a strategic advisor to senior executives since 2018. Between 1989 and 2014, she held various senior positions within Quebecor Inc., a Canadian leader in telecommunications, entertainment, news media and culture. She served as Vice President, Human Resources of Quebecor Inc. and Quebecor Media Inc. for more than eight years and then as Chief Operating Officer of Sun Media Corporation from June 2011 to September 2013. In September 2013, she was named President and Chief Executive Officer of Sun Media Corporation, until it was folded into the Quebecor Media Group. Prior to joining Quebecor Inc., Ms. Tremblay practiced labor and employment law in a prominent law firm in Montréal. She was a director of TVA Group Inc. (TSX:TVA.B) from 2014 to 2017. She was also a director of Fondation Montréal (2015-2017), Society for the Celebrations of Montréal's 375th Anniversary (2016-2017) and Trade of Metropolitan Montréal (2016-2017). Ms. Tremblay holds a Bachelor's degree in Political Science from McGill University and a Bachelor's degree in Civil Law from Sherbrooke University. She has been a member of the Québec Bar since 1984.

Miroslav (Mirko) Wicha, Director (Chair), President and Chief Executive Officer

Miroslav (Mirko) Wicha has served as Chairman and Chief Executive Officer of the Company since founding Haivision in 2004. Mr. Wicha has over 35 years of executive management and worldwide sales experience with software and hardware companies in the graphics, high performance computing, and multi-media industries such as Discreet Logic (NASDAQ: DSLGF), Autodesk Inc. (NASDAQ: ADSK), from 1999 to 2000, Alias|wavefront, Alias Research Ltd. (NASDAQ: ADDDF), from 1993 to 1998, Silicon Graphics (NASDAQ: SGI) from 1988 to 1993 and Hewlett-Packard (NYSE: HWP) from 1983 to 1988. Mr. Wicha has also served as a director of ToonBoom Technologies Inc. in Montréal from 2001 to 2003 and St. George's School of Montréal from 2002 to 2005. Mr. Wicha

is currently Chairman and Director of the Wicha Music Foundation since 2009 and an Industrial Advisory Board Member for the Jodrey School of Computer Science, Acadia University since 2012. Mr. Wicha has lived and worked internationally, managing successful high-tech operations throughout the world with a focus on building global companies and shareholder value. Mr. Wicha received his Bachelor of Science in Computer Science and Mathematics degree from Acadia University.

Dan Rabinowitz, Chief Financial Officer and Executive Vice President, Operations

Dan Rabinowitz has served as Chief Financial Officer of the Company since November 2008 and currently serves as Chief Financial Officer and Executive Vice-President, Operations. Mr. Rabinowitz has over 30 years of experience in finance and management. Prior to joining Haivision, Mr. Rabinowitz served as Executive Vice President and Chief Financial Officer for FinanSure, Inc., a student loan lender, from 2005 to 2008, TUSC, an IT professional services firm, from 2001 to 2004 and Peapod, Inc. (NASDAQ: PPOD), the world's first internet grocer, from 1995 to 2001. He also served as an M&A intermediary for Geneva Capital Markets, a subsidiary of Citibank from 1994 to 1995. Mr. Rabinowitz received his Bachelor of Science degree in Business Administration from the University of Illinois, and his Masters of Business Administration from the Kellogg School of Management at Northwestern University.

Peter Maag, Chief Marketing Officer and Executive Vice President, Partnerships

Peter Maag has served as Chief Marketing Officer of the Company since October 2010 and has been part of the executive management team since joining Haivision in 2004. Mr. Maag has over 26 years of experience in business development, sales, marketing and partner development. Previously, Mr. Maag served as Vice President Business Development at Hyperchip Inc., a company operating in the telecommunications sector, from 2001 to 2004 and as Vice President at Discreet Logic (NASDAQ: DSLGF), a public company that specialized in digital video effects and editing software tools, which was acquired by Autodesk (NASDAQ: ADSK), an American multinational software corporation. Mr. Maag received his Masters of Business Administration degree from McGill University and his Bachelor of Engineering Science degree from the University of Western Ontario.

Mahmoud J. Al-Daccak, Chief Technology Officer and Executive Vice President, Product Development

Mahmoud Al-Daccak has served as Executive Vice President, Product Development of the Company since August 2009. Mr. Al-Daccak has over 25 years of experience in product development. Prior to joining Haivision, Mr. Al-Daccak served as Vice President of Engineering from December 2002 to November 2006 and then Chief Technology Officer from December 2007 to July 2009 of MaxT Systems, a Canadian company that provided storage solutions and collaborative content creation, where he overhauled the technology and strategic direction of the Company, culminating in the acquisition of the company by Avid Technology, Inc. Previously, Mr. Al-Daccak held positions as Chief Technology Officer of ZipLocal from November 2006 to November 2007, Chief Operating Officer and co-founder of Polyester Media from February 2000 to November 2002, and Vice President of Product Development from February 1994 to November 1999 at Discreet Logic (NASDAQ: DSLGF), a public company that specialized in digital video effects and editing software tools, which was acquired by Autodesk (NASDAQ: ADSK), an American multinational software corporation. Mr. Al-Daccak received his Bachelor's degree in Electrical Engineering and his Master's degree in Mechanical Engineering from McGill University.

Ownership Interest

As of the date of this AIF, our directors and executive officers, as a group, beneficially own, or control or direct, directly or indirectly, an aggregate of 29.9% of our issued and outstanding common shares on a non-diluted basis.

Penalties or Sanctions

None of our directors or executive officers, and to the best of our knowledge, no shareholder holding a sufficient number of securities to affect materially the control of the Company, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Individual Bankruptcies

None of our directors or executive officers, and to the best of our knowledge, no shareholder holding a sufficient number of securities to affect materially the control of the Company, has, within the 10 years prior to the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or director appointed to hold his or her assets.

Corporate Cease Trade Orders and Bankruptcies

None of our directors or executive officers, and to the best of our knowledge, no shareholder holding a sufficient number of securities to affect materially the control of the Company is, as at the date of this AIF, or has been within the 10 years before the date of this AIF: (a) a director, chief executive officer or chief financial officer of any company that was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or (c) a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or director appointed to hold its assets. For the purposes of this paragraph, “order” means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case, that was in effect for a period of more than 30 consecutive days.

AUDIT COMMITTEE

Our Audit Committee consists of three directors, Neil Hindle, who will act as Chair of this committee, Harvey Bienenstock and Robin M. Rush, each of whom is a person determined by our Board to be independent and financially literate, in each case, within the meaning of NI 52-110. Each of our Audit Committee members has an understanding of the accounting principles used to prepare financial statements and varied experience as to the general application of such accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting. For additional details regarding the relevant education and experience of each member of our Audit Committee, see also “Directors and Executive Officers - Biographical Information Regarding Our Directors and Executive Officers”.

Our Board has adopted a written charter in the form set forth in Appendix A, setting forth the purpose, composition, authority and responsibility of our Audit Committee, consistent with NI 52-110. Our Audit Committee assists our Board in fulfilling its oversight of:

- our financial statements and financial reporting processes;
- our systems of internal accounting and financial controls;
- the qualifications and independence of our external auditors;
- the work of our financial management, internal auditors and external auditors;
- legal and regulatory compliance;
- financial reporting risk;
- investments, acquisitions and divestitures that may have a material effect on financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves, or significant components of revenues or expenses;

- matters pertaining to our material policies and practices respecting cash management and material financing strategies or policies or proposed financing arrangements and objectives; and
- public disclosure items such as earnings press releases, financial information and guidance and other public reporting requirements.

It is the responsibility of our Audit Committee to maintain free and open channels of communication between the Audit Committee, our external auditors and our management. Our Audit Committee will be given full access to our management and records and external auditors as necessary to carry out these responsibilities. We will provide appropriate funding, as determined by our Audit Committee, for the payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report and to any advisors employed by our Audit Committee.

External Auditor Service Fee

For Fiscal 2020 and Fiscal 2019, the following fees were paid to our external auditors, Deloitte LLP:

	Fiscal 2020	Fiscal 2019
Audit Fees ⁽¹⁾	\$ 138,000	\$ 110,908
Audit-Related Fees ⁽²⁾	\$ 12,000	\$ 21,507
Tax Fees ⁽³⁾	\$ 68,156	\$ 92,864
All Other Fees ⁽⁴⁾	\$ 24,650	\$ 15,031
Total	<u>\$ 242,806</u>	<u>\$ 240,310</u>

Notes:

- (1) Fees for audit services on an accrued basis.
- (2) Fees for audit and related services not included in audit services above.
- (3) Fees for tax compliance, tax advice and tax planning.
- (4) All other fees not included above. Fees relate to services provided by Deloitte LLP in connection with human resources.

LEGAL PROCEEDINGS

We are, from time to time, involved in legal proceedings of a nature considered normal to our business. We believe that, other than the proceedings described in the next paragraph, none of the litigation in which we have been involved since the beginning of our most recently completed financial year, individually or in the aggregate, is material to our consolidated financial condition, cash flows or results of operations.

On March 9, 2017, Vitec SA (the “**Plaintiff**”) filed proceedings against us in Quebec Superior Court which were last amended on November 26, 2020. The Plaintiff alleges that: (i) Haivision was not entitled to terminate the supply agreement entered into between the parties on September 29, 2014 (the “**Vitec Supply Agreement**”); and (ii) Haivision breached an exclusivity undertaking under the Vitec Supply Agreement by using a contractor other than Vitec for the manufacturing of the Makito X HEVC edge device. The Plaintiff seeks: (i) that the Vitec Supply Agreement be declared valid and that Haivision and the Plaintiff perform their respective obligations thereunder; and (ii) \$33,021,941 in damages, plus interest and indemnity. We strongly disagree with the Plaintiff’s position, hold that the claims are without merit and that the amounts sought are unsubstantiated, and continue to vigorously assert our defenses to these claims. See “Risk Factors - Risks Related to our Business - From time to time, we may become defendants in legal proceedings as to which we are unable to assess our exposure and which could become significant liabilities in the event of an adverse judgment.”.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There are no material interests, direct or indirect, of any of our directors or executive officers, any common shareholder that beneficially owns, or controls or directs (directly or indirectly), more than 10% of any class or series of our outstanding voting securities, or any associate or affiliate of any of the foregoing persons, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect us or any of our subsidiaries.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The Company's auditors are Deloitte LLP, located in Montréal, Québec. Deloitte LLP is independent of the Company within the meaning of the Code of Ethics of the Ordre des comptables professionnels agréés du Québec.

The transfer agent and registrar for our common shares is Computershare Trust Company of Canada at its principal office in Montréal, Québec.

INTEREST OF EXPERTS

No person or company named in this document as having prepared or certified a part of the document or a report described in this document and no responsible solicitor or any partner of a responsible solicitor's firm, holds any material beneficial interest, direct or indirect, in any securities or property of the Company or of an associate or affiliate of the Company.

MATERIAL CONTRACTS

This AIF includes a summary description of certain material contracts. Each summary description discloses all material attributes of the applicable contract but is not complete and is qualified by reference to the terms of the material contracts, which are available under the Company's SEDAR profile at www.sedar.com. The following are the Company's only material contracts, other than those contracts entered into in the ordinary course of business, which have been entered into since the beginning of its last financial year, or entered into prior to such date, but which are still in effect and which are required to be filed with Canadian securities regulatory authorities:

- (a) the underwriting agreement dated December 9, 2020 entered into with a syndicate of underwriters in connection with our Initial Public Offering; and
- (b) the SVB Loan Agreement, as described under "Description of Material Indebtedness".

ADDITIONAL INFORMATION

Additional information relating to the Company is available on its SEDAR profile at www.sedar.com. Additional information, including with respect to directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under equity compensation plans, is contained in our final long form prospectus dated December 9, 2020 prepared in connection with our Initial Public Offering and will be contained in the Company's management information circular for its next annual meeting of shareholders that involves the election of directors, all of which are or will be available under the Company's SEDAR profile at www.sedar.com. Additional financial information is contained in the Company's consolidated financial statements and management's discussion and analysis for the year ended October 31, 2020, available under the Company's SEDAR profile at www.sedar.com.

GLOSSARY OF TERMS

As used in this AIF, unless the context indicates or requires otherwise, the following terms have the respective meanings set out below:

“**4K**” means horizontal display resolution of approximately 4,000 pixels.

“**8K**” means horizontal display resolution of approximately 8,000 pixels.

“**AES**” means Advanced Encryption Standard.

“**ARM**” means a processor that is one of a family of CPUs based on the RISC (reduced instruction set computer) architecture developed by Advanced RISC Machines.

“**ASIC**” means Application Specific Integrated Circuit.

“**Audit Committee**” means our audit committee.

“**Board**” means the Company’s board of directors.

“**C/C++**” means C/C++ programming languages.

“**CAGR**” means compound annual growth rate.

“**CBCA**” means the *Canada Business Corporations Act*, as amended from time to time.

“**CMAF**” means Common Media Application Format, an MPEG specification that aims to provide a single encoding and packaging of segmented media objects for delivery and decoding on devices in adaptive multimedia presentations.

“**Compensation Committee**” means our compensation committee.

“**COVID-19**” means the novel coronavirus named COVID-19.

“**CPU**” means central processing unit.

“**DASH**” means Dynamic Adaptive Streaming over HTTP, an adaptive bitrate streaming technique that enables high quality streaming of media content over the internet delivered from conventional HTTP web servers.

“**Docker**” means a set of platform-as-a-service tools that use OS-level virtualization to deliver software in packages called containers. Containers allow a developer to package up an application with all of the parts it needs, such as libraries and other dependencies, and deploy it as one package.

“**DSP**” means digital signal processing, a specialized microprocessor chip, with its architecture optimized for the operational needs of digital signal processing.

“**DTLS**” means Datagram Transport Layer Security, a secure communication protocol.

“**edge device**” means any dedicated processing or networking device that is located closer to the client machines rather than being in the backbone of the network. An edge device primarily enables a local user to connect and transfer data to a network, which is external or is non-proprietary to the organization/user. An edge device serves as the entry point into a service provider, carrier or an enterprise primary network.

“**eSports**” means sport competition using video games.

“**Fiscal 2017**” means the year ended October 31, 2017.

“**Fiscal 2018**” means the year ended October 31, 2018.

“**Fiscal 2019**” means the year ended October 31, 2019.

“**Fiscal 2020**” means the year ended October 31, 2020.

“**fMP4**” means fragmented MP4, a streaming media format based on Part 12 of the MPEG-4 standard.

“**GPU**” means graphics processing unit, a specialized, electronic circuit designed to rapidly manipulate and alter memory to accelerate the creation of images in a frame buffer intended for output to a display device.

“**H.264**” or “**AVC**” means Advanced Video Coding, a video compression standard based on block-oriented, motion-compensated coding.

“**H.265**” or “**HEVC**” means High Efficiency Video Coding, a video compression standard that is a successor standard to the widely used H.264 standard which provides better data compression at the same level of video quality.

“**HD**” means high definition.

“**HLS**” means HTTP live streaming.

“**HTTP**” means hypertext transfer (or transport) protocol.

“**Initial Public Offering**” means our initial public offering of common shares completed on December 16, 2020, as described under “General Development of the Business - Recent Developments”.

“**Intel-based**” means a computer or system based on Intel x86 CPU.

“**IoT**” means internet of things, the network of physical objects – “things” – that are embedded with sensors, software, and other technologies for the purpose of connecting and exchanging data with other devices and systems over the internet.

“**IP**” means internet protocol.

“**IPTV**” means IP television.

“**Kubernetes**” is an open-source system for automating deployment, scaling, and management of containerized applications.

“**LAN**” means local area network, a computer network that interconnects computers within a limited area such as a residence, school, laboratory, university campus or office building.

“**Lock-up Agreement**” has the meaning set forth under the heading “Securities Subject to Contractual Restrictions on Transfer”.

“**Locked-up Securities**” has the meaning set forth under the heading “Securities Subject to Contractual Restrictions on Transfer”.

“**low latency**” means the amount of time it takes for a single frame of video to transfer from the camera to the display. Low latency is typically defined in milliseconds and is preferable when operating remote devices, video conferencing, and streaming live events.

“**Luffa**” refers to a project undertaken by the Company that targeted the enterprise workforce focusing on capturing, distilling, and sharing institutional knowledge as part of an overall corporate media communication platform.

“**MPEG**” means The Moving Picture Experts Group standardization body, an organization that develops standards for encoding digital audio and video.

“**MPEG2-TS**” means MPEG2 Transport Stream, a standard digital container format for transmission of audio, video, and metadata over IP networks.

“**named executive officers**” or “**NEOs**” has the meaning set forth under the heading “Executive Compensation”.

“**NI 52-109**” means National Instrument – Certification of Disclosure in Issuers’ Annual and Interim Filings.

“**NI 52-110**” means National Instrument 52-110 – Audit Committees of the Canadian Securities Administrators.

“**NI 58-101**” means National Instrument 58-101 – Disclosure of Corporate Governance Practices of the Canadian Securities Administrators.

“**Nominating and Governance Committee**” means our nominating and governance committee.

“**OTT**” means over-the-top, and generally refers to providing streaming media services directly to viewers via the internet (bypassing cable, broadcast and satellite television platforms).

“**P2P**” means peer to peer. In a P2P network, the “peers” are computer systems which are connected to each other via the internet. Files can be shared directly between systems on the network without the need of a central server.

“**PSK**” means pre-shared key, a security protocol based on a shared secret which was previously shared between two connected parties using some secure channel.

“**PSNR**” means peak signal-to-noise ratio, a term for the ratio between the maximum possible power of a signal and the power of corrupting noise that affects the fidelity of its representation.

“**Revolving Line**” has the meaning set forth under the heading “Description of Material Indebtedness – Loan and Security Agreement with Silicon Valley Bank”.

“**RTC**” means real-time communication.

“**RTMP**” means real-time messaging protocol, a protocol initially designed for the transmission of audio, video and other data between a dedicated streaming server and a flash player. RTMP is now an open specification.

“**RTP**” means Real-time Transport Protocol, a network protocol for delivering audio and video over IP networks.

“**SaaS**” means software as a service.

“**SRT**” means secure reliable transport.

“**SSIM**” means structural similarity index measure, a method for predicting the perceived quality of digital television and cinematic pictures, as well as other kinds of digital images and videos.

“**SVB**” has the meaning set forth under the heading “Description of Material Indebtedness – Loan and Security Agreement with Silicon Valley Bank”.

“**SVB Loan**” has the meaning set forth under the heading “Description of Material Indebtedness – Loan and Security Agreement with Silicon Valley Bank”.

“**SVB Loan Agreement**” has the meaning set forth under the heading “Description of Material Indebtedness – Loan and Security Agreement with Silicon Valley Bank”.

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time.

“**Term Loan**” has the meaning set forth under the heading “Description of Material Indebtedness – Loan and Security Agreement with Silicon Valley Bank”.

“**TSX**” means the Toronto Stock Exchange.

“**UDP**” means User Datagram Protocol.

“**UHD**” means ultra high definition.

“**VMAF**” means Video Multimethod Assessment Fusion, an objective full-reference video quality metric.

“**WAN**” means wide area network, a telecommunications network that extends over a large geographic area for the primary purpose of computer networking.

“WebRTC” refers to open framework for the internet that enables RTC capabilities to the browser.

APPENDIX “A”
AUDIT COMMITTEE CHARTER

(see attached)



AUDIT COMMITTEE CHARTER

TABLE OF CONTENTS

	Page
TABLE OF CONTENTS	1
I. PURPOSE	1
II. DUTIES AND RESPONSIBILITIES.....	2
A. FINANCIAL REPORTING AND CONTROL.....	2
B. OVERSIGHT OF THE EXTERNAL AUDITOR	3
C. COMPLIANCE WITH LEGAL AND ACCOUNTING REQUIREMENTS	4
D. OVERSIGHT OF THE CORPORATION’S INTERNAL CONTROL SYSTEM	5
E. OVERSIGHT OF THE CORPORATION’S RISK MANAGEMENT	5
F. RELATIONSHIP WITH THE INTERNAL AUDITOR	6
G. WHISTLEBLOWER, ETHICS, CONDUCT AND INTERNAL CONTROLS COMPLAINT PROCEDURES.....	6
III. EVALUATION OF THE AUDIT COMMITTEE AND REPORT TO BOARD	6
IV. OUTSIDE ADVISORS	6
V. MEMBERSHIP	6
VI. AUDIT COMMITTEE CHAIR POSITION DESCRIPTION	7
VII. TERM.....	7
VIII. PROCEDURES FOR MEETINGS	7
IX. QUORUM AND VOTING.....	8
X. SECRETARY.....	8
XI. VACANCIES.....	8
XII. LIMITATION ON DUTIES.....	8
XIII. RECORDS	9
XIV. ACCESS TO INFORMATION AND AUTHORITY	9
XV. REVIEW OF CHARTER.....	9

I. PURPOSE

The purpose of the audit committee (the “**Audit Committee**”) of the board of directors (the “**Board**”) of Haivision Systems Inc. (the “**Corporation**”) is to assist the Board in its oversight of:

- A. the quality and integrity of the financial statements, the financial reporting process and related information;
- B. the independence, qualifications and appointment and performance of the Corporation’s external auditor (the “**External Auditor**”) and the performance of the Corporation’s internal audit function, if applicable;
- C. the accounting and financial reporting policies, practices and procedures of the Corporation and its subsidiaries and affiliates;
- D. the Corporation’s compliance with applicable legal and regulatory requirements, as applicable and subject to the advice of internal or external legal counsel;
- E. management’s design, implementation and effective conduct of disclosure, internal controls and audit procedures (internal and external) over financial reporting;
- F. preparation of disclosures and reports required to be prepared by the Audit Committee by any law, regulation, rule or stock exchange listing standard;

- G. enterprise risk management processes and practices, treasury, tax, hedging, and financial strategies and policies; and
- H. whistleblower policy and processes, including pursuant to, and in accordance with, the Corporation's whistleblower policy (the "**Whistleblower Policy**").

In addition, the Audit Committee provides an avenue for communication between the External Auditor, management, and other employees of the Corporation, as well as the Board, concerning, among other things, accounting and auditing matters.

The composition and meetings of the Audit Committee are subject to the requirements set forth in the articles and by-laws of the Corporation, as well as in applicable laws and the rules of the Toronto Stock Exchange (the "**TSX**"). The present charter ("**Audit Committee Charter**") is not intended to limit, enlarge or change in any way the responsibilities of the Audit Committee as determined by such articles, by-laws, applicable laws and the rules of the TSX.

II. DUTIES AND RESPONSIBILITIES

The Audit Committee shall perform the functions customarily performed by audit committees and any other functions assigned by the Board. The Audit Committee is responsible for, and has the explicit authority, to investigate any matters that fall within its responsibilities. To that end, the Audit Committee shall have the following duties and responsibilities:

A. FINANCIAL REPORTING AND CONTROL

1. Review and discuss with management and the External Auditor the following:
 - a. major issues regarding accounting principles and financial statement presentation, including any significant changes in the Corporation's selection or application of accounting principles, and issues as to the adequacy of the Corporation's internal controls and any special audit steps adopted in light of material control deficiencies;
 - b. analyses prepared by management and/or the External Auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including the adoption of all major accounting policies and practices, any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting;
 - c. the effect of regulatory and accounting developments, as well as any off-balance sheet arrangements, on the financial statements of the Corporation;
 - d. the type and presentation of information to be included in earnings press releases (including any use of pro-forma or non-IFRS information as well as the presentation of future-oriented financial information and other forward-looking information);
 - e. any going concern assumptions, if any;
 - f. any corporate governance issues which could significantly affect the financial statements; and
 - g. all matters required to be communicated to the Audit Committee under accounting policies, auditing standards or other applicable requirements.
2. Review and discuss with management and the External Auditor, report and, where appropriate, provide recommendations to the Board on the following, prior to its public disclosure in accordance

with the Corporation's disclosure, confidentiality and trading policy (the "**Disclosure, Confidentiality and Trading Policy**"):

- a. the annual and interim consolidated financial statements and related management's discussion and analysis, annual information forms, earnings press releases and the quality and integrity of the financial reporting and internal controls of the Corporation;
 - b. any audit issues raised by the External Auditor and management's response thereto, including any restrictions on the scope of the activities of the External Auditor or access to requested information and any significant disagreements with management;
 - c. to the extent not previously reviewed by the Audit Committee, all financial statements included in any prospectus, business acquisition report and all other financial reports, financial statements and other financial information required by regulatory authorities, applicable laws, regulations, rules, stock exchange requirements and/or requiring approval by the Board; and
 - d. any other information deemed necessary to review as determined by the Board, the Executive Officers (as defined below), the External Auditor or the Audit Committee itself
3. Review and discuss reports from the External Auditor on:
- a. all critical accounting policies and practices used by the Corporation;
 - b. all material selections of accounting policies when there is a choice of policies available under IFRS (or other applicable accounting standard) that have been discussed with management, including the ramifications of the use of such alternative treatment and the alternative preferred by the External Auditor;
 - c. other material written communications between the External Auditor and management, and discuss such communications with the External Auditor;
 - d. the adequacy of procedures in place for the review of public disclosure of financial information extracted or derived from the financial statements; and
 - e. all such other reports prepared by the External Auditor, from time to time.

B. OVERSIGHT OF THE EXTERNAL AUDITOR

1. Recommend to the Board the External Auditor to be nominated for the purpose of preparing the External Auditor's report as well as the External Auditor's compensation for doing so. The External Auditor is expected to report directly to the Audit Committee.
2. Oversee the work of the External Auditor and any other auditor preparing or issuing an audit report or performing other audit services or attest services for the Corporation or any subsidiary of the Corporation, where required, and review, report and, provide recommendations to the Board on the appointment, terms and review of engagement, removal, independence and proposed fees of the External Auditor.
3. Approve in advance all audit, review or attest engagement fees and terms for all audit, review or attest services to be provided by the External Auditor to the Corporation and any consolidated subsidiary and any other auditor preparing or issuing an audit report or performing other audit services or attest services for the Corporation or any consolidated subsidiary of the Corporation, where required.

4. Pre-approve all engagements for permitted non-audit services provided by the External Auditor to the Corporation and any consolidated subsidiary, and to this effect, establish policies and procedures as appropriate for the engagement of the External Auditor to provide non-audit services.
5. Establish policies for the hiring of partners, employees and former partners and employees of the External Auditor in order to protect the independence of the External Auditor.
6. At least annually (or as frequently as may be required under applicable laws, regulations, rules or stock exchange requirements), consider, assess, and report to the Board on:
 - a. the independence of the External Auditor, including that the External Auditor's performance of permitted non-audit services does not impair the External Auditor's independence;
 - b. the External Auditor's written statement (i) delineating all relationships between the External Auditor and the Corporation; (ii) assuring that lead audit partner rotation is carried out, as required by law; and (iii) delineating any other relationships that may adversely affect the independence of the External Auditor; and
 - c. the evaluation of the lead audit partner, taking into account the opinions of management.
7. At least annually (or as frequently as may be required under applicable laws, regulations, rules or stock exchange requirements), obtain and review a report by the External Auditor describing:
 - a. the External Auditor's internal quality-control procedures; and
 - b. any material issues raised by the most recent internal quality-control review, or peer review of the External Auditor firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the External Auditor firm, and any steps taken to deal with any such issues.
8. Resolve any disagreement between management and the External Auditor regarding financial reporting.
9. Review the annual audit plan with the External Auditor.
10. At least quarterly and when otherwise required or deemed necessary by the Audit Committee, meet with the External Auditor in the absence of management.

C. COMPLIANCE WITH LEGAL AND ACCOUNTING REQUIREMENTS

1. Review and discuss with management, legal counsel and the External Auditor, monitor, report and, when appropriate, provide recommendations to the Board on the adequacy of the Corporation's processes for complying with laws, regulations, rules, stock exchange listing requirements and applicable accounting standards.
2. Review, on a periodic basis with legal counsel, the Corporation's legal compliance with respect to:
 - (a) the legal and regulatory matters which may have a material effect on the Corporation and/or its financial statements, including with respect to pending or threatened material litigations; and
 - (b) corporate compliance policies and codes of conduct.

D. OVERSIGHT OF THE CORPORATION'S INTERNAL CONTROL SYSTEM

1. Review and discuss with management (including the internal audit team, as applicable) and the External Auditor, monitor, report and, where appropriate, provide recommendations to the Board on the following:
 - a. the Corporation's systems of internal controls over financial reporting, including information technology security and control, and any weakness, deficiency, significant finding or recommendation in relation therewith;
 - b. compliance with the policies and practices of the Corporation relating to business ethics;
 - c. compliance by directors, officers and other management personnel with the Disclosure, Confidentiality and Trading Policy; and
 - d. the relationship of the Audit Committee with other committees of the Board, management and the Corporation's subsidiaries' audit and other committees, as appropriate.
2. Review and discuss with the chief executive officer (the "CEO") and chief financial officer (the "CFO", and together with the CEO and the other executive officers, as appropriate, the "Executive Officers") of the Corporation the process for the certifications to be provided in the Corporation's public disclosure documents.
3. Review, monitor, report, and, where appropriate, provide recommendations to the Board on the Corporation's disclosure controls and procedures.
4. Establish procedures for the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, including procedures for confidential, anonymous submissions by employees regarding questionable accounting or auditing matters pursuant to, and in accordance with, among other things, the Whistleblower Policy.

E. OVERSIGHT OF THE CORPORATION'S RISK MANAGEMENT

1. Review, monitor, report and, where appropriate, provide recommendations to the Board on the Corporation's major business, operational, and financial risk exposures and the guidelines, policies and practices regarding risk assessment and risk management including the following:
 - a. the Corporation's processes for identifying, assessing and managing risks;
 - b. the Corporation's major financial risks, including derivative and tax risks, and operational risk exposures and the steps the Corporation has taken to monitor and control such exposures;
 - c. the Corporation's major security risks and security trends, including cybersecurity and privacy risks, that may impact the Corporation's operations and business; and
 - d. the Corporation's business continuity plans, including work stoppage and disaster recovery plans.
2. Review, monitor, report and, where appropriate, provide recommendations to the Board on the Corporation's compliance with internal policies and practices regarding risk assessment and risk management and the Corporation's progress in remedying any material deficiencies thereto.
3. When appropriate, ensure that the Corporation and its subsidiaries establish risk assessment and risk management policies, and review and report thereon to the Board.

4. Review with management the credit worthiness, liquidity and important treasury matters including financial plans and strategies of the Corporation.
5. Review the Corporation's tax strategy, including its tax planning and compliance with applicable tax laws.
6. Review with management any hedging strategy that may be in place from time to time, including with respect to foreign exchange and interest rate hedging, financial or physical, intended to manage, mitigate or eliminate risks relation to foreign exchange and interest rate fluctuations.
7. Review all related party transactions and actual or potential conflicts of interest.

F. RELATIONSHIP WITH THE INTERNAL AUDITOR

1. If no internal audit function exists, the Audit Committee is responsible for periodically reviewing with management the need for such a function.

G. WHISTLEBLOWER, ETHICS, CONDUCT AND INTERNAL CONTROLS COMPLAINT PROCEDURES

In accordance with the terms of the Whistleblower Policy, ensure that the Corporation has in place adequate procedures for:

1. The receipt, retention and treatment of complaints received by the Corporation.
2. The confidential, anonymous submission of concerns regarding questionable matters or circumstances (including allegations with respect to fraud, accounting misconduct, harassment, violence, retaliation, etc.).

III. EVALUATION OF THE AUDIT COMMITTEE AND REPORT TO BOARD

1. The Audit Committee shall evaluate and review with the Board, at least on an annual basis (or as frequently as may be required under applicable laws, regulations, rules or stock exchange requirements), the performance of the Audit Committee as a whole, as well as the performance of the chair of the Audit Committee (the "**Audit Committee Chair**") and of each individual member of the Audit Committee while taking into account: (i) in the case of the Audit Committee as a whole, this Audit Committee Charter, (ii) in the case of the Audit Committee Chair, the applicable position description(s), and (iii) in the case of each individual member of the Audit Committee, the competencies and skills each individual member is expected to contribute to the Audit Committee.
2. The Audit Committee shall evaluate and assess, on an annual basis, the financial literacy and independence of the members of the Audit Committee (in accordance with applicable laws, rules, regulations and stock exchange listing requirements as referenced below).
3. The Audit Committee shall report to the Board periodically on the Audit Committee's activities.

IV. OUTSIDE ADVISORS

The Audit Committee shall have the authority to engage outside counsel and other outside advisors as it deems appropriate to assist the Audit Committee in the performance of its functions. The Corporation shall provide appropriate compensation for such advisors as determined by the Audit Committee.

V. MEMBERSHIP

The Audit Committee shall consist of such number of directors, in no event to be less than three, as the Board may from time to time by resolution determine. The members of the Audit Committee shall meet the independence

test and other membership requirements (including the financial literacy requirements pursuant to National Instrument 52-110 - *Audit committees*) under applicable laws, rules, regulations and stock exchange listing requirements.

VI. AUDIT COMMITTEE CHAIR POSITION DESCRIPTION

The Audit Committee Chair shall be appointed by the Board, provided that if the Board does not so designate a chair, the Audit Committee, by majority vote, may designate the Audit Committee Chair. The Audit Committee Chair leads the Audit Committee in all aspects of its work and is responsible for effectively managing the affairs of the Audit Committee and ensuring that it is properly organized and functions efficiently. More specifically, the Audit Committee Chair shall:

1. Provide leadership to enable the Audit Committee to act effectively in carrying out its duties and responsibilities as described elsewhere in this Audit Committee Charter and as otherwise may be appropriate;
2. Ensure that there is an effective relationship between management of the Corporation and the members of the Audit Committee;
3. Chair meetings of the Audit Committee;
4. In consultation with the chair of the Board (the “**Board Chair**”), the lead independent director of the Board (the “**Lead Director**”), to the extent one is appointed, the corporate secretary of the Corporation (the “**Corporate Secretary**”), the Executive Officers, determine the frequency, dates and locations of meetings of the Audit Committee;
5. In consultation with the Executive Officers, review the annual work plan and the meeting agendas to ensure all required business is brought before the Audit Committee to enable it to efficiently carry out its duties and responsibilities;
6. Ensure, in consultation with the Board Chair and the Lead Director, that all items requiring the Audit Committee’s approval, are appropriately tabled;
7. Ensure the proper flow of information to the Audit Committee and review, with the Executive Officers and the Corporate Secretary, the adequacy and timing of materials in support of management’s proposals;
8. Report to the Board on the matters reviewed by, and on any decisions or recommendations of, the Audit Committee at the next meeting of the Board following any meeting of the Audit Committee;
9. Setting forth the Audit Committee’s expectations with respect to information (e.g. nature, level of detail, timing, reports, etc.) and ensuring the information received is responsive to important performance measures and to the key risks the Audit Committee oversees; and
10. Carry out any special assignments or any functions as requested by the Board.

VII. TERM

The members of the Audit Committee shall be appointed or changed by resolution of the Board to hold office from the time of their appointment until the next annual meeting of the shareholders, or until their successors are so appointed.

VIII. PROCEDURES FOR MEETINGS

Meetings of the Audit Committee may be called by any member of the Audit Committee or by the External Auditor. The Audit Committee shall fix its own procedures at meetings and for the calling of meetings. The Audit Committee will meet at least each quarter and otherwise as frequently necessary. The Audit Committee shall meet

separately in an “in-camera” session, in the absence of management of the Corporation and the External Auditor, at each regularly scheduled meeting. The Audit Committee will also meet with the External Auditor without management being present.

The Audit Committee may invite any directors, officers or employees of the Corporation or any other person to attend meetings of the Audit Committee to assist in the discussion and examination of the matters under consideration by the Audit Committee. The External Auditor shall receive notice of and attend, at the expense of the Corporation, each meeting of the Audit Committee.

IX. QUORUM AND VOTING

Unless otherwise determined from time to time by resolution of the Board, two members of the Audit Committee shall constitute a quorum for the transaction of business at a meeting. For any meeting(s) at which the Audit Committee Chair is absent, the chair of the meeting shall be the person present who shall be decided upon by all members present. At a meeting, any question shall be decided by a majority of the votes cast by members of the Audit Committee, except where only two members are present, in which case any question shall be decided unanimously.

X. SECRETARY

The Audit Committee will appoint a secretary to the Audit Committee who need not be a director or officer of the Corporation.

XI. VACANCIES

Vacancies at any time occurring shall be filled by resolution of the Board.

XII. LIMITATION ON DUTIES

Notwithstanding the foregoing and subject to applicable law, nothing contained in the present charter is intended to require the Audit Committee to ensure the Corporation’s compliance with applicable laws or regulations.

In contributing to the Audit Committee’s discharge of its duties under this charter, each member shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this charter is intended or may be construed as imposing on any member a standard of care or diligence that is in any way more onerous or extensive than the standard to which the members of the Board are subject.

The Audit Committee is a committee of the Board and is not and shall not be deemed to be an agent of the Corporation’s shareholders for any purpose whatsoever. The Board may, from time to time, permit departures from the terms hereof, either prospectively or retrospectively. The terms contained herein are not intended to give rise to civil liability on the part of the Corporation or its directors or officers to shareholders, security holders, customers, suppliers, competitors, employees or other persons, or to any other liability whatsoever on their part.

The Audit Committee shall discharge its responsibilities and shall assess the information provided by the Corporation’s management and any external advisors, including the External Auditor, in accordance with its business judgment. Audit Committee members are not full-time employees of the Corporation and are not, and do not represent themselves to be, professional accountants or auditors. The authority and responsibilities set forth in this Audit Committee Charter do not create any duty or obligation of the Audit Committee to (i) plan or conduct any audits, (ii) determine or certify that the Corporation’s financial statements are complete, accurate, fairly presented or in accordance with applicable accounting and audit standards and applicable laws, regulation, rules or stock exchange listing standards, (iii) guarantee the External Auditor’s reports, or (iv) provide any expert or special assurance as to internal controls or management of risk. Audit Committee members are entitled to rely, absent knowledge to the contrary, on the integrity of the persons from whom they receive information, the accuracy and completeness of the information provided and management’s representations as to any audit or non-audit services provided by the External Auditor.

XIII. RECORDS

The Audit Committee shall keep such records as it may deem necessary of its proceedings and shall report regularly its activities and recommendations to the Board as appropriate.

XIV. ACCESS TO INFORMATION AND AUTHORITY

The Audit Committee will be granted access to all information regarding the Corporation that is necessary or desirable to fulfill its duties and all directors, officers and employees will be directed to cooperate as requested by the members of the Audit Committee. The Audit Committee also has the authority to communicate directly with the External Auditor, the CFO, the lead of the internal audit function, if applicable, as well as any other employee of the Corporation as it deems necessary. The Audit Committee shall have the authority to delegate to subcommittees of the Board, provided however that the Audit Committee shall not delegate any power or authority required by any law, regulation, rule or stock exchange listing requirement to be exercised by the Board, or the Audit Committee, as a whole

XV. REVIEW OF CHARTER

The Audit Committee will annually review and assess the adequacy of this Audit Committee Charter and recommend to the Board any proposed changes for consideration. The Board may amend this Audit Committee Charter, as required.