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Haivision Systems Inc.

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Earnings Call

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Call Participants

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Presentation

Operator

Hello, and thank you for standing by. My name is Tiffany, and I will be your conference operator today. At this time, I would like to welcome everyone to the Haivision Fourth Quarter 2025 Earnings Call. [Operator Instructions]. I would now like to turn the call over to Mirko Wicha, President and Chief Financial Officer. Sir, please go ahead.

Miroslav Wicha
Chairman, President & CEO

Thank you, Tiffany. Just to make a correction, I am the Chief Executive Officer, Dan is the CFO, but that's okay. I will steal all his thunder anyways.

So thank you, everyone, on the call for joining us today to discuss the fourth quarter of our fiscal year 2025, which ended October 31. As mentioned on our previous calls, we are now well into our 2-year strategic plan as we continue to deliver the double-digit revenue growth we have been promising. Today, I'm very happy to report that we achieved a Haivision record quarterly revenue in Q4, eclipsing $40 million for the first time ever in any quarter.

We also delivered a 17.6% EBITDA margin performance. We have always said that to achieve 20% plus EBITDA performance, we will need to be at scale around $150 million, $160 million range. I believe we are very close to delivering on this target of the EBITDA range and demonstrate the full earnings potential of Haivision.

Our continued double-digit revenue growth as part of our long-term plan to bring us to our historical CAGR growth rate of approximately 20% per year since the founding of Haivision. The focus this year and the next year is all about cementing the foundation for our long-term consistent high revenue growth. I believe we're in a good place right now and on the right path to deliver this long-term growth.

We have seen the bottom of the revenue curve back in January '25, which is now over a year ago. And our key fundamental business model for the control room market, which was to move away from being an integrated to manufacturer has been complete for several quarters now. We are seeing a continued increase in our long-term sales pipeline. Our business forecast is compelling, and we are seeing strong demand in this market, not just in the U.S. but worldwide.

As I also mentioned before, we have been investing in many new product development initiatives and introductions throughout 2025 and some which are yet to be announced. Back in May, if you remember, we launched the exciting next-generation AI-based hardware tactical edge processor for the defense, military and ISR markets called the Kraken X1 or the KX1. It has been extremely well received as it delivers incredible computing performance for AI-enabled encoding in real time, utilizing the latest NVIDIA chip technology. It's already creating lots of excitement within the ISR Defense community.

We have also successfully showcased our next-generation transmitter platform called the Falkon X2 at the NAB show back in April and are now shipping the product in volume. The early demand is already outstripping our initially planned production, and we are increasing inventory supply chain significantly to handle the strong demand. In fact, the Falkon has been the most successful product launch in the history of the company and the product is performing very well in the field. Customers are embracing our innovations on 5G networks and more efficient MIMO antennas, especially in our European markets. The compact Falkon transmitter is changing the ball game for a single camera contribution in the market and upping the standard for quality.

Now speaking of ball games, while we have been introducing the transmitter product line into our traditional Makito customers, we are by no means taking the focus off the very important fixed contribution part of our business. I'm very pleased to announce here today that Haivision has been selected as the official video encoder of Minor League Baseball.

As a technology partner of Minor League Baseball, Makito will be playing a key role in contribution from Minor League stadiums and the delivery of over 8,000 games for streaming and TV. This partnership represents a major vote of confidence in Haivision from a globally recognized brand expands our reach into the world of baseball across North America. Our reputation driven by leadership across globally recognized brands like the SRT protocol, and Makito platform now joined by Falkon continues to strengthen in the industry and open amazing doors for Haivision.

Now strategically, the company is landing landmark defense contracts, installing large multinational operational control in deployments, demonstrating clear leadership in private 5G networking and gaining industry recognition for our technology leadership. All these efforts are already bearing fruit as seen from our Q3 and now Q4 results and will continue throughout our fiscal '26 and beyond.

Now let me try to be more clear and direct on why we are so bullish on our business for the foreseeable future, meaning at least the next 3 to 5-plus years. All and I mean all of our mission-critical focus markets are performing well, and we don't see any slowing down for quite a long time. Let me be more specific. Our mission business, which represents 2/3 of our revenue, we only see increased spending and growth for the next 5, 10 years within every defense, military and government in the world.

This is not stopping, and Haivision is an important and trusted vendor providing solutions for this industry. Border security is only getting more attention, and it's not going to stop given what we see in the world today. Our products are the gold standard deployed globally in defense, military ISR and security operations. This is a market that will continue to grow for a long time, one that Haivision is also very strong in.

The lease forces and emergency response teams everywhere need more reliable and secure platforms more than ever. Global unrest is unfortunately not slowing down and public safety is a massive future growth market. This is another big focus for Haivision technology and one that we're very successful in.

In the controller market; enterprises, banks, utilities, military, governments are all in desperate need to install and implement sophisticated, powerful and secure monitoring systems to protect their assets, their people, their facilities and the ever-increasing levels of global cybersecurity threats. The need for centralized real-time secure video operational rooms is simply going to keep increasing for many years to come. It's not slowing down. This is another area where Haivision is positioned to be a global leader.

In our broadcast vertical, which represents about 1/3 of our revenue, Haivision focuses actually the most coolest and exciting part, the live sports events and live news. These are the most exciting but fastest-growing areas within the large broadcast vertical. These are the areas that are responsible for all the money, advertising and it's only increasing and not slowing down. So Haivision is well positioned as a leader in both, the wired and wireless 5G space, providing the lowest latency, highest quality, most reliable and most secure video technology on the planet.

This is what Haivision stands for. And this is what customers need and are asking for. The strong reputation of success of the Makito and SRT combined with the new private 5G Falkon provides a significant competitive advantage for Haivision for the foreseeable future. Thus, all our markets are bullish with no signs of slowing down anytime soon.

Now this is why we are confident on our long-term potential and see double-digit revenue growth for years to come. I couldn't be happier with our record Q4 revenue performance and I would like to reiterate our continued focus and attention on revenue growth and higher profitability.

In closing, I would just like to strongly reconfirm our fiscal 2026 guidance, which Dan will be able to discuss later, of delivering $150 million plus in revenue in 2026. Our plan is to maintain pretty much a flat OpEx over 2025 while delivering double-digit revenue growth, meaning and resulting in a 50%-plus increase to our overall EBITDA over 25% as our cost structure and gross margins are well in control.

So double-digit EBITDA and double-digit revenue growth is what we expect for 2026 and well beyond. This is what we have been working hard towards the past 18 to 24 months, and we see this year as a significant inflection point for Haivision.

Dan, please continue with the detailed financials.

Dan Rabinowitz
CFO, Secretary & EVP

Thank you, Mirko. Good evening, everyone, and thank you for joining us today. On our last call, I suggested that we are beginning to see the sales momentum reflected in our financial results. This quarter, we have solidified that position with our second consecutive quarter of double-digit revenue growth and very sound adjusted EBITDA margins. By all measures, our fourth quarter performance was compelling.

So let's begin with the top line. Fourth quarter fiscal 2025 revenues were $40.2 million. That's up 33.3% or $10 million over last year. For the full fiscal year, revenue was $137.6 million. That exceeded the prior year by 6.2% or $8.1 million. We made up a lot of ground from the weak first quarter and the relative flattish second quarter, both Q3 and Q4 significantly exceeded prior year revenue levels.

Exchange rates, which helped us in the first and second quarter by about 4%, normalized in the third and the fourth quarter and were -- and their impact was half of that of the first half. Thus, we're talking about solid organic growth in the second half of the year.

Our year-over-year growth is even more impressive as revenue from our control room solutions, excluding third-party components are soundly surpassing last year's levels, which included those components. Control room sales for the year increased by over 35% whereas sales of third-party components declined by another 20%.

Remember, the Navy contract is a legacy systems integration model and will continue to include third-party components. And given the nature of the business overall, we will not be able to avoid third-party components entirely. Our recurring revenue from maintenance and support contracts and cloud services continues to grow year-over-year. In our fourth quarter, recurring revenues were $7.3 million, that's up 8.6% year-over-year. For the full fiscal year, recurring revenues were $28.9 million, an increase of 10.2%, a rate higher than our full fiscal year revenue.

Recurring revenues now represent about 21% of full year revenue and an even more impressive outcome considering the tremendous growth in product revenue we saw in fourth quarter. We expect to continue to see sound year-over-year growth in recurring revenue as total revenues continue to build. Recurring revenue is not only sticky, but provides stability. And combining recurring revenue with programmatic revenue, which includes multiyear deliveries, gives us really good visibility to overall fiscal year revenue.

Gross margins in our fourth quarter were 73%, consistent with the prior year. Now gross margins are impacted by the overall magnitude of sales which enable us to leverage the fixed component of cost of sales like production labor, fixed technology licenses and reserve costs. And on the side, we typically see higher gross margins in our fourth quarter, which is commensurate with the U.S. government year-end and typically is the largest quarter in any given fiscal year.

Now gross margins are also impacted by the timing of deliveries under our U.S. Navy contract as that Navy contract is a legacy systems integration contract, including certain third-party components. We also are impacted by seasonality in the mix of products shipped and software-only or virtual machine deployments, which have higher-than-average gross margins. On a year-to-date basis, margins were 72.5%, in line with our long-term expected average and only slightly below last year's rate of 73.1%.

Total expenses this quarter were $25.4 million. That is up $3.6 million from last year. As had been communicated on prior calls, we made incremental investments in sales and marketing and research and development to exploit the opportunities that are presented to us and to groom the company for double-digit revenue growth.

Thus, the main drivers to the quarterly increase in expenses include about $1.2 million in sales compensation, including variable compensation related to higher-than-expected revenues, roughly $1.1 million in additional R&D investments, consistent with our plan to add engineering resources for new products and business opportunities. Approximately $0.5 million is related to differences in foreign exchange rates and then another $400,000 from noncash share-based payments, which can vary based on the nature and the timing of those grants.

Looking forward, this August will be our 5-year anniversary of the Haivision MCS acquisition. Thus, technology purchased as part of the acquisition will be fully amortized, reducing total expenses by about $600,000 per quarter. The following April will be the 5-year anniversary of Haivision France. Thus, technology purchased as part of the acquisition will be fully amortized, reducing total expenses by another $350,000 per quarter. With the exception of amortization expenses, which will decline and the timing of trade shows, which can shift from quarter-to-quarter, the underlying expense base is becoming relatively fixed.

For the full year, expenses totaled $101 million, up $11.8 million from last year. The increase reflects a couple of things. $2.1 million comes from currency impacts. We have launched hedging programs on euro-denominated assets and liabilities to reduce the Canadian dollar exposure to such fluctuations. This is in addition to the hedging program for U.S.-denominated assets and liabilities. $1.7 million of the increase is a nonrecurring litigation expense related to the Vitec case. The reward represents just a fraction of their original claim.

Now Vitec has appealed the judge's ruling. Nevertheless, we've already recorded the full liability, including damages interest and trial costs. $1.2 million of the increase is from noncash share-based payments, which can vary based on the nature and the timing of those grants. In some respects, these expenses, which make up $5 million in the increase when compared to prior year are outside of our control. But the remaining increase represents investments we chose to make.

Normalized for the foreign exchange implications, we spent an incremental $2.9 million in operations and support, $1 million of which is related to our cost of our internal technology staff. The rest of the increase is largely people costs to support the numerous product introductions and the U.S. Navy deal. We spent an incremental $2.4 million in sales and marketing, again, largely in people costs, to facilitate our double-digit revenue growth initiatives. But you should note that variable compensation in fiscal year 2024 was not as buoyant as it was in fiscal year 2025. Thus, the year-over-year comparisons may not be completely fair.

Variable compensation to the sales organization represented in and of itself about $1 million of the increase. We also spent $1.9 million in research and development largely in people cost and cost of materials to assist in product realization. Now as you've heard in past calls, these investments have resulted in some new products in 2025 and will secure the timely availability of new products in fiscal 2026 as well.

So higher revenue in our fourth quarter contributed to an incremental $7.3 million of gross profit. And with expenses up only by $3.7 million, our operating profit was $3.9 million, exceeding last year by $3.6 million. And for the full fiscal year, the $8.1 million in incremental revenue resulted in incremental gross profit of $5.1 million. Thus, for the reasons outlined earlier, our total expenses rose by $11.8 million and our operating profit of $5.5 million -- I'm sorry, our operating loss for the year was $1.2 million compared to an operating profit of $5.5 million, which is a swing of $6.7 million.

But as most of you know, we really focus on adjusted EBITDA as it gives us a clearer view of our performance by stripping out the noncash, the nonrecurring items like depreciation, amortization, share-based payments and the cost of legal settlements. So for Q4, our adjusted EBITDA was $7.1 million compared to only $2.9 million last year. That's an increase of $4.1 million or an impressive 140%.

The adjusted EBITDA margin was 17.6%. Let me emphasize this point. Our adjusted EBITDA margin of 17.6% is very close to our long-term expectation of 20%. For the full fiscal year, adjusted EBITDA was $12.8 million compared to $17.3 million last year. We did make incremental investments as we've disclosed in previous con calls to exploit the opportunities and to prepare the business for growth in 2026 and beyond.

We ended Q4 with $17.2 million in cash. That's an increase of $6.3 million from the end of last quarter. In addition, the amount outstanding on the line of credit declined by $5.2 million. Thus, the net increase in cash in the quarter was an impressive $11.6 million. The financial statement as presented don't show much of the increase in cash because we also purchased $4.9 million in shares for cancellation. We have been paying cash-based taxes of $1.5 million, and we have repaid loans for another $300,000.

On that matter, I just want to remind everyone, in fiscal 2025, we actually purchased about 1 million shares for cancellation for an investment of $4.4 million. Over the last 2 NCIB programs, we purchased about 1.8 million shares for cancellation at a total investment of $8.1 million. Our credit facility remains strong at $35 million, with only $2.7 million outstanding at year-end, with room to expand if strategic opportunities arise.

Total assets at year-end were $145 million. That's an increase of $3.7 million from the end of fiscal year 2024. The increase in assets is largely related to the $5.6 million increase in receivables, which is based on revenues and a $3.1 million increase in deferred income taxes. Now these were offset by the decrease in the value of goodwill and intangibles, largely the result of ongoing amortization and a decrease in the value of inventories.

Just to note about inventories for a second. Yes, inventories decreased $1.6 million this year. But I'm also happy to say that inventories declined by $8.1 million since peaking in the second quarter of 2023. Total liabilities at quarter end were $47.5 million. That's an increase of $2.9 million. Now that increase is largely the result of an increase in payables by $3.2 million. Now to avoid the typical questions that we really -- we usually receive regarding tariffs. I want to remind everyone. Our proprietary products are covered by the USMCA trade agreement, there are no tariffs on products manufactured in Canada when sold into the U.S. Our next-generation transmitter products will be manufactured in North America, mitigating the impact of those 15% tariffs.

We believe that we are well positioned and they actually have a competitive advantage compared to all our competitors, many of our competitors who manufacture their products overseas. Now in terms of projections, as Mirko kind of alluded to, we are still buoyant about fiscal 2026, and we anticipate overall revenues to be higher than $150 million for the fiscal year. This is consistent with our double-digit revenue growth trajectory.

More impactful is that we are going to leverage relatively flat operating expenses and we anticipate our adjusted EBITDA to grow by at least 50%, a much faster rate than top line growth, illustrating our ability to leverage our OpEx.

So if I could summarize our overall performance. In Q3, we delivered solid double-digit revenue growth of over 14%. In Q4, we delivered solid double-digit revenue growth of 33%. Gross margins are stable. We achieved our long-term expectation of 72.5%. Our OpEx has largely stabilized at these levels, though we will see quarterly variations based on the timing of marketing spend.

Our adjusted EBITDA margin in our fourth quarter was 17.6%, a bit shy of our long-term objective at 20%, but clearly demonstrates the earnings potential of the business and we purchased 1.1 million shares for a total investment of $4.9 million in the year. A pretty successful accomplishment for the year.

With that, I'll turn it back to Mirko for Q&A, and thank you again for joining us on today's call.

Miroslav Wicha
Chairman, President & CEO
Thanks, Dan. I guess we can -- we'll open up for questions. And operator, Tiffany, you can start with the questions, please.

Question and Answer

Operator

[Operator Instructions].

Your first question comes from the line of Robert Young of Canaccord Genuity.

Robert Young
Canaccord Genuity Corp., Research Division

First question, just on the guidance. I think Mirko at the beginning, you said that you could hit or you would need $150 million to $160 million in top line to break through 20% EBITDA margins. And then Dan, I think you said the 50% growth in EBITDA. If my math is right, that put around 13%. And so I was just curious about the path from 2026 to 20% EBITDA margins given if you're already over $150 million, just help me understand what needs to happen to bridge that?

Dan Rabinowitz
CFO, Secretary & EVP

Go ahead, Mirko. Go ahead.

Miroslav Wicha
Chairman, President & CEO

No, go ahead, if you want to take that one, well, I can add to it.

Dan Rabinowitz
CFO, Secretary & EVP

Well, so we've always sort of suggested that we think we could be at scale at $150 million to $160 million. I think when we threw out the $150 million, that was almost half a decade ago or even more than that, cost structures have changed a little bit, and I think it might be closer to $160 million, given all the things that we have to put in place. We just accomplished $40 million in revenue and we just had 17.6%.

Now I don't think anyone believes we're going to be able to do $40 million each quarter next year. First -- our first quarter is going to be less than $40 million. Typically, our fourth quarter is our most robust quarter and typically -- and part of it is because it's commensurate with the U.S. government year-end. So we have to sort of average what we can expect to do in the first, second, third and fourth quarter to get to the $150 million mark. And we will have some quarters that will not be at $40 million, and we won't be able to get to that 20% number.

So we're being cautiously optimistic. We do believe that a 50% increase in EBITDA is very, very doable. And you're right, the mathematics kind of puts it down a little bit below the 15% level for the full fiscal year but we're knocking on that door.

Miroslav Wicha
Chairman, President & CEO

And I would say, Robert, to Dan's point, I think it really -- on a full year basis, we'll be looking at 2027 as our target.

Robert Young
Canaccord Genuity Corp., Research Division

Okay. That's all really helpful. And then you said that the mission-related component of your business is roughly 2/3. I know you said that previously. But I was wondering if it might be helpful to provide a little more information around what percentage of the business is related to defense. Is that something you'd be willing to share? I've asked this in the past.

Miroslav Wicha
Chairman, President & CEO

We don't really break it down. Dan, I mean, do you have a rough -- I mean, we could do a rough number, but we don't actually break it down specifically defense.

Dan Rabinowitz
CFO, Secretary & EVP

We really don't have that [indiscernible]. We certainly don't have it from a revenue standpoint. I mean we sort of track on the sales side of the equation. But it's a little bit of a complicated exercise because you've got -- where does the client reside and then what's the technology that's being sold into it. And so you have all sorts of anomalies that we have to curate before we can come up with a number that would be meaningful to the group. It's not something that we focus much of our attention on.

Miroslav Wicha
Chairman, President & CEO

Okay. Yes. I mean, Robert, to give you an example, I guess you could consider the Pentagon a defense, right? Ironically, we classify our project at the Pentagon as government because it's the video deployment throughout the entire Pentagon, right? So it could be defense but we kind of classify it as government like NASA, right, is enterprise, but yet it is government. So it gets complicated.

Robert Young
Canaccord Genuity Corp., Research Division

Okay. Okay. I mean that's helpful. I mean if I think of the business, in the past, you said that media broadcast is a 1/3 and defense and government are 1/3 and enterprise are 1/3. Is that still roughly the same? And then is that enterprise piece, what does that comprise? Maybe give us a little sense of how far that leans toward defense or towards security or situational awareness, that would be helpful.

Miroslav Wicha
Chairman, President & CEO

Well, good question. I mean, I think if you use a 1/3, 1/3, 1/3, we're probably depending on what quarter we're plus or minus a couple of points. So it's probably a good generic comment to say like pure defense probably like which includes like ISR, but ISR could also be public safety, right?

So -- but if you look real defense-oriented applications, maybe a third enterprise, which is government, which would be like a Pentagon, would be like, for example, NASA, but also is Citibank, JPMorgan, banking sectors, which would include control room, right, for that environment. That's about 1/3 and then the 1/3 for the broadcast. So if you look at the enterprise for us, it's government, enterprise, control room market, and I guess, for the sake of argument, it's a nondefense related. That's how you want to break it down.

Dan Rabinowitz
CFO, Secretary & EVP

And public safety.

Miroslav Wicha
Chairman, President & CEO

Yes, on public safety, right, like police stations. Like when a police department puts out the control room system. It involves a lot of our ISR assets as well, but it's video coming into for emergency response, collaboration, and that's our C360 environment, that's public safety, right?

Robert Young
Canaccord Genuity Corp., Research Division

Okay. That's really helpful. Any way you want to look at it, I guess, a lot coming from defense spend. And you've said permission. In the past, you've said that and I think you updated it this quarter, I think you said you have large pipeline opportunities in both enterprise and defense. And would that split of the pipeline be similar to the revenue space? Is it 1/3, 1/3, 1/3? Or would you just say that more of the pipeline opportunity is driven by government and defense. I imagine those are longer duration contracts. Maybe if you could give me a little color around that, that would be helpful.

Miroslav Wicha
Chairman, President & CEO

Yes. No, you're right. I mean, they are different and they are also different timing and the length of them. But I would say, at the moment, I mean, just looking at today and looking at the long-term pipeline, there's a tremendous pipeline in amazingly enough in our banking sector where there's a lot of emphasis right now in cybersecurity and people putting in control room environments, which tend to be quite large and also multinational.

You have a lot of customers that are deploying, they're first to deploy the central system and then they're deploying it all across the world. So those tend to be pretty large, but they tend to be multiyear and pretty long. So it's hard to put a finger on it which kind of mimics some of the defense contracts, right? I mean these things are also long. They look at the Navy program. We did the [indiscernible] program. We did the Predator program. We've got the state department program. These things are 5 to 15 years.

So they tend to look kind of similar based on a programmatic type of business. So I haven't really looked at the actual split, but I don't see any weird anomalies that would lead me to think that 1/3, 1/3, 1/3 is still not a good number.

Robert Young
Canaccord Genuity Corp., Research Division

Okay. And then you said that you see good momentum in those markets over the next 3 to 5 years. I'm not trying to put words in your mouth. But I think it was isolated around government and defense, if that's the case, it could be confirmed. But does that mean that you have very high confidence and visibility on the size of these contracts? Or are you just looking at the level of demand when you make that outlook?

Miroslav Wicha
Chairman, President & CEO

It's pretty much a combination of both. There's a tremendous amount of interest, activity, POCs, people getting very, very hot and interested and plus also some pretty significantly large contracts. So it's a combination of both. I mean, there's -- I've never seen such a level of activity in the market ever.

And I think it's purely because of the chaos going around the world, instability in the world, the geopolitical tensions. I mean, everything that -- from border security to police enforcement, to government security, to defense, to NATO being forced to increase their budget significantly. We're just seeing it everywhere. So it's -- and I don't see it stopping. I mean I think this is just the beginning. I don't see an end to it. So I think I know 10 years is a long ways, but I think 3 to 5 years is easy to say, there's no stopping.

Robert Young
Canaccord Genuity Corp., Research Division

Okay. A couple of more questions. Can I keep going?

Miroslav Wicha
Chairman, President & CEO

Yes, sure.

Robert Young
Canaccord Genuity Corp., Research Division

You said that you had seen a higher level of demand from the 5G contribution, the Aviwest business. I can take that in one of a couple of ways, either maybe you were conservative on your builds or conservative on your expectation of demand or demand truly is just way beyond what you are expecting. Maybe if you could dig deeper into that on what the drivers are there, what's causing that? What -- why is it that your product is seeing such good uptake, et cetera?

Miroslav Wicha
Chairman, President & CEO

Great question. I mean we do build pretty -- usually pretty accurate forecasting. We've done a lot of product introductions over a lifetime. It was -- we did build up, which we thought was a pretty robust forecast for the launch. We were obviously pleasantly surprised that the product has received much more rigorous attention due to what I believe is really the bubble that's coming up, which is a private 5G networking.

And I think as we demonstrated back in the Paris Olympics, we've been doing a lot of tests, and we've been testing this technology with some other advanced pieces with our Pro 420 and Pro Series before the launch of Falkon. So we made sure that we actually checked out the latest antenna technology. I mean, we are at the forefront of the private 5G networking. So we made sure that we built everything into the Falkon at the beginning usually when you have products, you know what you add functionality, you test the market, you add more.

We came out very strong with absolutely slapping this market sideways. And with the MIMO antenna and technology with all of those features and functionalities that private 5G people are requiring and need, it just hit the sweet spot. And I'd tell you, it's been an amazing pleasant surprise. We have no problem scaling by the way. So it's like we can scale this thing to ever. But I think people appreciate the compactness, the robustness, the size, the powerful capability in the private 5G MIMO technology.

And by the way, this is the beginning, and this is the beginning of the family, which we're about to launch the next member of the family later this year, and it's going to continue into the next 18 months. So we are replacing the entire fleet. So I think people are buying into the vision, the strategy, the product family, the software with the HUB 360 that is the control system. Our ecosystem is really taking off. People love that.

And by the way, it fully connects seamlessly within the SRT, SST and Makito world. So when you look at the whole fixed contribution, wireless contribution, 5G networking, we're the only vendor right now. We're the only vendor that can do both at the bleeding edge. So I think it's a perfect storm, right? Very excited about the [indiscernible].

Robert Young
Canaccord Genuity Corp., Research Division

Okay. Last question. Just try to gauge your exposure to the space secular trend. I know you've noted NASA and SpaceX as customers. I think most of it was tracking from the ground with cameras at launch. And I'm just curious, just give us a sense if there's a broader opportunity in space and then I'll get off the line.

Miroslav Wicha
Chairman, President & CEO

Okay. No, absolutely. I mean we've been very, very focused on space. It's a huge opportunity for us. I mean you know that we have all of the top players. I mean, SpaceX is a major client, Blue Origin is a major client, [indiscernible] is the biggest -- one of our biggest clients and all of the security agencies. So we are a very, very large player in the space community. And by the way, there's a lot of money being flowed into space in the future.

So yes, we're focused on it. We're very excited about it. In fact, we're even developing new technologies that we'll be announcing later this year which will be the video distribution, next-generation technology for people like NASA and others. So very excited about the space.

Robert Young
Canaccord Genuity Corp., Research Division

Congrats on the top line.

Dan Rabinowitz
CFO, Secretary & EVP

Before we go on to the next question, I just want to sort of answer a couple of questions a little bit more specifically. Obviously, I've been tracking revenue sources forever from the origin in the company here. And I can tell you in the last 10 years, last decade, this 1/3, 1/3, 1/3, give or take 2 or 3 points, has been consistent for a very, very long period of time. We just -- I was actually surprised when I saw that when I went back to look at the numbers. It's been consistent for quite a bit of time. And I wanted to talk a little bit about our forecasting methodology because when we talk about pipelines, and we talk about visibility and what have you, and we talked a little bit about having a sophisticated forecasting methodology. It is true.

We don't have forecasts that say things like we think that this customer is going to buy $100,000 worth of product. What we have is a pipeline where this person -- this customer is going to be buying $94,532 of product. And what that means is not only have we spec-ed out the components that they're going to be buying, but we've already had discussions about price, which means our pipelines are a lot more robust than what you would think in a typical forecast. We rely on those forecasts for our production schedules. We rely those things for our revenue recognition. And everyone is trained to treat those things well. There is no betting on the come and there's no pipeline opportunity that exists that hasn't had some discussion with the customer around it. Okay. Next question.

Operator

Your next question comes from the line of Rukun Duggal with Chandern LP.

Rukun Duggal

Dan and Mirko, when I look at your valuation relative to peers in the sector, there appears to be a meaningful discount despite the company's growth trajectory, leading gross margins and improving operating performance. Your commentary also suggests that cash generation in the coming year will increase.

With our NCIB, we've certainly been buying back shares. But has the company and the company's Board considered significantly more aggressive share repurchases as a capital allocation priority given what appears to be an attractive entry point at current levels? And how aggressive can we be?

Miroslav Wicha
Chairman, President & CEO

Well, the answer to the question is that we do raise the issue with our Board periodically as recently as today, as a matter of fact, and they've asked us to put together a more specific program about it and discuss it at the next meeting. I think they are receptive to the idea of us being a little bit more aggressive. We do intend to renew our NCIB for 2026 and beyond. And we're hopeful that we can continue buying back shares as aggressively as possible.

I think that there's more receptivity to it but we're still a relatively small company. And even though we have $17 million in the bank, and we have access to a line of credit, there is a bit of a conservative bent to our Board at this point.

Operator

Your next question comes from the line of Donangelo Volpe with Beacon Securities LTD.

Donangelo Volpe
Beacon Securities Limited, Research Division

Congratulations on the strong quarter. Just in your prepared remarks, you discussed the Falkon X2. It's now shipping in volume and demand starting to outstrip production. Just wondering if you guys can discuss how quickly you expect to ramp up to meet this high demand. Is that achievable in Q1? Or would this be a long-standing approach through 2026?

Miroslav Wicha
Chairman, President & CEO

Well, Q1 has got 2 weeks left. We're pretty much committed to what we're going to ship by the end of January. But yes, no, we're ramping up. We have no concerns for Q2, Q3, Q4. So production is already prepped. We're going to high volumes, we should be able to cover any excess starting as early as February. So not a concern.

Donangelo Volpe
Beacon Securities Limited, Research Division

Okay. Great. And then just looking at for Q4, the 33% year-over-year revenue growth, just wondering if you can break down some of the dynamics you were seeing across both the broadcast versus -- the broadcast versus the mission segment. And I'm just curious if there was any pull-forward demand before the end of the year if we can kind of continue to anticipate momentum to continue.

Miroslav Wicha
Chairman, President & CEO

You say pull forward -- sorry, what you might pull forward from Q4 to Q1 or you're saying...

Dan Rabinowitz
CFO, Secretary & EVP

Did we steal from Q1 to make Q4 numbers?

Miroslav Wicha
Chairman, President & CEO

Okay. So no, definitely not. But okay, go ahead, Dan, do you want to handle that?

Dan Rabinowitz
CFO, Secretary & EVP

That was -- I think that was one of the reasons why Mirko and I both felt fairly compelled to suggest that $150 million plus for 2026 is still on the offering. I don't want anyone to get the impression that we've moved revenue from the first quarter into the fourth quarter. That didn't happen. In fact, we left the quarter with backlog, which is a great place for us to be.

Operator

That concludes our question-and-answer session. I will now turn the call back over to Mirko Wicha for closing remarks.

Miroslav Wicha
Chairman, President & CEO

Thank you, Tiffany. Thanks, everybody. Look, in closing, I just want to say we're committed as always to maximizing long-term value for all our shareholders. We are confident in our ability to execute on our strategic revenue growth plan and deliver solid growth for the future as promised.

I just want to thank all our shareholders and analysts on the line today for their continued support of Haivision and I look forward to speaking with you in mid-March when we will discuss our first quarter performance results, which will close in 2 weeks from now. Thank you.

Operator
Ladies and gentlemen, this concludes today's call. Thank you all for joining. You may now disconnect