

Haivision Announces Results for the Fourth Quarter and Year Ended October 31, 2020

MONTREAL, CANADA, January 28, 2021 – Haivision Systems Inc. (“**Haivision**” or the “**Company**”) (TSX:HAI), a leading global provider of mission critical, real-time IP video solutions, today announced its financial results for the fourth quarter and year ended October 31, 2020.

Mirko Wicha, Chairman and CEO of Haivision, said “Demand for Haivision’s innovative technologies remains very strong and our investments in both R&D and sales are paying off, allowing us to capitalize on future growth opportunities.”

Fiscal 2020 Financial Results

- Revenue of \$83.1 million, up 12.2% from \$74.1 million in fiscal 2019.
- Gross margin* was 76.7% exceeding the prior fiscal year gross margin by an impressive 150bp.
- Adjusted EBITDA* of \$9.9 million, up 57.6% from \$6.3 million in fiscal 2019.
- Net income of \$5.9 million, up 60.8% compared to net income of \$3.7 million in fiscal 2019.

Q4 2020 Financial Results

- Revenue of \$22.1 million, up 8.1% from \$20.5 million in the fourth quarter of fiscal 2019.
- Gross margin* continued to exceed expectations for the quarter at 76.4%.
- Adjusted EBITDA* of \$1.8 million, down from the \$2.5 million in the fourth quarter of fiscal 2019, but was impacted by the \$2.5 million non-recurring EBITDA overage bonus paid in Q4 2020. Going forward bonuses based on profitability in excess of budget is discontinued.
- Net income of \$1.5 million compared to net income of \$1.6 million in the fourth quarter of fiscal 2019, but was similarly impacted by the non-recurring overage bonus paid in Q4 2020.

Key Company Highlights

- On July 1, 2020, Haivision acquired Teltoo (US) Inc., a technology innovator for P2P (peer to peer) scalability, WebRTC enabled real-time video delivery and advanced Network Analytics – the Company’s sixth acquisition.
- Launched our MX4 decoder and MX1 ruggedized small form factor encoder.
- Realized record levels of recurring revenue of \$22.1 million representing ~27 percent of total revenue.
- Surpassed 250 employees worldwide.
- Subsequent to fiscal 2020, on December 16, 2020 Haivision completed its initial public offering and raised \$30.0 million of gross proceeds, and on December 18, 2020 raised an additional \$4.5 million through the closing of its over-allotment option in full, for gross proceeds of \$34.5 million.
- Subsequent to fiscal 2020, the Company’s common shares began trading on the Toronto Stock Exchange on December 16, 2020 under the symbol “HAI”.

Mirko Wicha added, “Haivision’s goals for the foreseeable future are to: (i) continue the strong organic growth in our existing business; (ii) continue to focus on our acquisition strategy; and (iii) launch our native cloud and SaaS products Haivision Hub and Haivision Connect.” Dan Rabinowitz, Chief Financial Officer and EVP Operations, then stated, “Haivision is well positioned to carry out its disciplined capital allocation strategy given its strong treasury position and pipeline of acquisition opportunities.”

Haivision will hold a conference call to discuss its 2020 fourth quarter and full year financial results on Thursday, January 28, 2021 at 4:30 pm (ET). To register for the call, please use this link <http://www.directeventreg.com/registration/event/5739367>. After registering, a confirmation will be sent through email, including dial in details and unique conference call codes for entry.

* Represents a non-IFRS measure. For the relevant definition, see “Non-IFRS Measures” below. A reconciliation of this non-IFRS measure to the most directly comparable IFRS financial measure is included in the tables at the end of this press release and in the Company’s management’s discussion and analysis for fiscal 2020.

Financial Statements, Management’s Discussion and Analysis and Additional Information

Haivision’s consolidated audited financial statements for the fourth quarter and year ended October 31, 2020 (the “**2020 Financial Statements**”), the management’s discussion and analysis thereon and additional information relating to Haivision and its business can be found under Haivision’s profile on SEDAR at www.sedar.com. The financial information presented in this release was derived from the 2020 Financial Statements.

Forward-Looking Statements

This release includes “forward-looking information” and “forward-looking statements” (collectively, “forward-looking statements”) within the meaning of applicable securities laws, including, without limitation, statements regarding the Company’s growth opportunities and its ability to execute on its growth strategy. In some cases, but not necessarily in all cases, forward-looking statements can be identified by the use of forward-looking terminology such as “plans”, “targets”, “expects” or “does not expect”, “is expected”, “an opportunity exists”, “is positioned”, “estimates”, “intends”, “assumes”, “anticipates” or “does not anticipate” or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might”, “will” or “will be taken”, “occur” or “be achieved”. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances contain forward-looking statements. Forward-looking statements are not historical facts, nor guarantees or assurances of future performance but instead represent management’s current beliefs, expectations, estimates and projections regarding future events and operating performance.

Forward-looking statements are necessarily based on a number of opinions, assumptions and estimates that, while considered reasonable by Haivision as of the date of this release, are subject to inherent uncertainties, risks and changes in circumstances that may differ materially from those contemplated by the forward-looking statements. Important factors that could cause actual results to differ, possibly materially, from those indicated by the forward-looking statements include, but are not limited to, the risk factors identified under “Risk Factors” in the Company’s latest annual information form, and in other periodic filings that the Company has made and may make in the future with the securities commissions or similar regulatory authorities in Canada, all of which are available under the Company’s SEDAR profile at www.sedar.com. These factors are not intended to represent a complete list of the factors that could affect Haivision. However, such risk factors should be considered carefully.

There can be no assurance that such estimates and assumptions will prove to be correct. You should not place undue reliance on forward-looking statements, which speak only as of the date of this release. Haivision undertakes no obligation to publicly update any forward-looking statement, except as required by applicable securities laws.

Non-IFRS Measures

Haivision's consolidated financial statements for the fourth quarter and year ended October 31, 2020 are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. This press release makes reference to certain non-IFRS measures, including "EBITDA", "Adjusted EBITDA" and "Adjusted EBITDA Margin". These measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS, and are therefore unlikely to be comparable to similar measures presented by other companies. Accordingly, these measures should not be considered in isolation or as a substitute for analysis of our financial information reported under IFRS. Rather, these non-IFRS measures are used to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures. We also believe that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. Our management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of management compensation.

Adjusted EBITDA is a supplemental measure used by management to assess the financial performance of our business. Adjusted EBITDA is also a key metric that management uses prior to execution of any strategic investing or financing opportunity. "EBITDA" is defined as earnings (loss) before income taxes, depreciation, amortization and financial expenses, and "Adjusted EBITDA" is defined as EBITDA, as adjusted for certain non-recurring expense items. "Adjusted EBITDA Margin" represents Adjusted EBITDA divided by revenue. "Gross Margin" represents gross profit divided by revenue.

About Haivision

Haivision is a leading global provider of mission-critical, real-time video streaming and networking solutions. Our connected cloud and intelligent edge technologies enable global organizations to engage audiences, enhance collaboration, and support decision making. We provide high quality, low latency, secure, and reliable live video at a global scale. Haivision open sourced its award-winning SRT low latency video streaming protocol and founded the SRT Alliance to support its adoption. Awarded an Emmy® for Technology and Engineering from the National Academy of Television Arts and Sciences, Haivision continues to fuel the future of IP video transformation. Founded in 2004, Haivision is headquartered in Montreal and Chicago with offices, sales, and support located throughout the Americas, Europe, and Asia. Learn more at haivision.com.

For further information:

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Thousands of Canadian dollars (except per share data)

	Three months ended October 31,		Full year ended October 31,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Revenue	22,124	20,468	83,112	74,090
Cost of sales	5,212	5,198	19,364	18,424
Gross profit	16,912	15,270	63,749	55,666
Expenses	15,499	12,890	55,589	50,461
Operating profit	1,415	2,380	8,160	5,205
Financial expenses	78	35	345	(116)
Income before income taxes	1,337	2,345	7,815	5,320
Income taxes	(150)	766	2,018	1,643
Net income	1,487	1,579	5,797	3,677
Other comprehensive income				
Foreign currency translations	(78)	12	144	17
Comprehensive income	1,409	1,591	5,941	3,694
Net income per share				
Net income per share (basic and diluted)	8.24	8.70	32.05	20.08
Weighted average number of common shares outstanding (basic and diluted)	180,479	181,346	180,876	183,171

Thousands of Canadian dollars

	Full year ended October 31,	
	2020	2019
	\$	\$
Assets		
Current assets		
Cash.....	15,715	2,517
Trade and other receivables.....	12,763	15,014
Investment tax credits receivable.....	2,275	2,100
Inventories.....	5,988	3,756
Prepaid expenses	908	835
	37,649	24,222
Property and equipment	898	1,163
Right-of-use assets	3,184	—
Intangible assets	2,283	2,073
Goodwill	14,745	14,602
Non-refundable investment tax credits receivable	3,861	3,993
Deferred income taxes.....	147	—
	25,118	21,831
	62,767	46,053
Liabilities		
Current liabilities		
Trade and other payables.....	12,892	8,561
Purchase price payable	—	1,467
Income taxes payable	2,484	1,001
Current portion of lease liabilities	570	—
Deferred revenue	8,102	7,557
Current portion of term loans	1,180	1,024
	25,228	19,610
Lease liabilities	3,075	—
Deferred revenue	1,641	1,329
Term loans	2,749	—
Deferred income taxes	—	404
Deferred lease inducement	—	349
	32,693	21,692
Commitment and contingencies		
Equity		
Share capital	20,934	21,099
Retained earnings	7,313	1,579
Cumulative translation adjustment	1,827	1,683
	30,074	24,361
	62,767	46,053

Thousands of Canadian dollars

	Three months ended October 31,		Full year ended October 31,	
	2020	2019	2020	2019
	(\$)	(\$)	(\$)	(\$)
Net Income	1,487	1,579	5,797	3,677
Income Taxes	(150)	766	2,018	1,643
Financial expenses	78	35	345	(115)
Operating profit	1,415	2,380	8,160	5,205
Depreciation	117	168	576	705
Amortization	320	—	1,162	—
EBITDA⁽¹⁾	1,852	2,548	9,898	5,910
Non-recurring expenses				
Shareholder dispute	—	—	—	371
Adjusted EBITDA⁽¹⁾	1,852	2,548	9,898	6,281
Adjusted EBITDA Margin ⁽¹⁾ ..	8.4%	12.4%	11.9%	8.5%

Note:

(1) Non-IFRS measure. See "Non-IFRS Measures".