

Haivision Announces Record Revenue, Gross Margins, Adjusted EBITDA and Adjusted EBITDA Margins for the Six Months Ended April 30, 2021

6/9/2021

MONTREAL, June 9, 2021 /CNW/ - **Haivision Systems Inc.** ("Haivision" or the "Company") (TSX: HAI), a leading global provider of mission critical, real-time IP video solutions, today announced its second quarter fiscal financial results for the three months and six months ended April 30, 2021.

Mirko Wicha, Chairman and CEO of Haivision, said "We continue to be pleased with our overall performance and our commitment to grow revenue while increasing operational efficiency. Further, our acquisition pipeline is robust and we continue to execute against our acquisition strategy".

Second Quarter Fiscal 2021 Financial and Company Highlights

- Revenue for the three months ended April 30, 2021 was \$21.9 million
- Gross margins* for the three-month period was 78.1%
- Adjusted EBITDA* for the quarter was \$3.6 million
- Adjusted EBITDA Margins for the quarter were 16.5%
- Our SRT open-source initiative celebrated its 4th anniversary and welcomed its 500th member

The Company generated record revenue for the first six months ended April 30, 2021 of \$44.8 million, an increase of \$4.2 million or 10% when compared to the same period in fiscal 2020. Of particular note, the Company sells its products and services in U.S. dollars (the Company's functional currency is the U.S. dollar) although our presentation currency is the Canadian dollar. On a functional currency basis, revenue for the first six months increased 17% when compared to the same period in fiscal 2020, continuing to demonstrate the strong overall

demand for our products and services.

Adjusted EBITDA* for the six months ended April 30, 2021 was \$7.2 million an increase of 60% compared to the same period in the prior year. Dan Rabinowitz, Chief Financial Officer and EVP Operations, stated, "We are keenly focused on expanding our operating margins and despite the additional costs of being a public issuer, our Adjusted EBITDA margin in this second quarter and for the six months exceeded our expectations."

The Company recorded net income of \$1.2 million in the second quarter of fiscal 2021, compared to net income of \$2.6 million for the same period in fiscal 2020. Net income in the second quarter was impacted by share-based payments, the additional costs of being a public issuer and the stronger Canadian dollar's impact on US dollar denominated assets and liabilities.

Mirko Wicha added, "We are very confident in our ability to execute our growth strategy as we continue the strong organic growth in our existing business while focusing on our acquisition strategy".

Fiscal 2021 Update

To provide visibility into the Company's expectations for financial targets for the remainder of the fiscal year, based on the six-month performance our guidance for full year revenue remains between \$93 million and \$94 million. Please refer below to the section regarding Forward-Looking Statements, which forms an integral part of this press release.

Conference Call Notification

Haivision will hold a conference call to discuss its second quarter financial results on Wednesday, June 9, 2021 at 4:30 pm (ET). To register for the call, please use this link

<http://www.directeventreg.com/registration/event/1474535>. 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. As applicable, 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 the three months and six months ended April 30, 2021.

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

Haivision's consolidated audited financial statements for the three months and six months ended April 30, 2021

(the "Q2 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 Q2 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.

In addition, Haivision's guidance on revenue is considered forward-looking information. The foregoing demonstrates Haivision's objectives, which are not forecasts or estimates of its financial position, but are based on the implementation of its strategic goals, growth prospects and growth initiatives. Management's assessments of, and outlook for, revenue set out herein are generally based on the following assumptions: (a) Haivision's results of

operations will continue as expected, (b) Haivision will continue to effectively execute against its key strategic growth priorities, (c) Haivision will continue to retain and grow its existing customer base and market share, (d) Haivision will be able to take advantage of future prospects and opportunities, and realize on related synergies, including in respect of acquisitions, (e) there will be no changes in legislative or regulatory matters that negatively impact Haivision's business, (f) current tax laws will remain in effect and will not be materially changed, (g) economic conditions will remain relatively stable throughout the period, and (h) the industries Haivision operates in will continue to grow consistent with past experience. Haivision considers these assumptions to be reasonable in the circumstances, given the time period for such projections and targets. The achievement of target revenue set out above is subject to significant risks including: (a) that Haivision will be unable to effectively execute against its key strategic growth priorities, and (b) Haivision will be unable to continue to retain and grow its existing customer base and market share. These estimates have been prepared by and are the responsibility of management. Haivision's independent auditor has not conducted a review of, and does not express an opinion or any other form of assurance with respect to, these estimates.

Non-IFRS Measures

Haivision's consolidated financial statements for the second quarter ended April 30, 2021 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", "Gross Margin", "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 stock-based compensation and 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.

Thousands of Canadian dollars

| | Three months ended April 30, | | Six months ended April 30, | |
|----------------------------|---------------------------------|--------|-------------------------------|--------|
| | 2021 | 2020 | 2021 | 2020 |
| | (\$) | (\$) | (\$) | (\$) |
| Revenue | 21,851 | 21,229 | 44,836 | 40,642 |
| Cost of sales | 4,788 | 4,806 | 10,221 | 9,442 |
| Gross profit | 17,062 | 16,423 | 34,615 | 31,200 |
| Expenses | | | | |
| Sales and marketing | 4,841 | 4,735 | 9,952 | 9,926 |
| Operations and support | 1,170 | 1,307 | 2,488 | 2,645 |
| Research and development | 4,359 | 4,944 | 9,239 | 10,387 |
| General and administrative | 3,514 | 2,064 | 6,621 | 4,629 |
| Share-based payment | 745 | — | 15,194 | — |
| | 14,629 | 13,051 | 43,494 | 27,587 |
| Operating Profit | 2,433 | 3,372 | (8,879) | 3,613 |

| | | | | |
|---|------------|------------|------------|------------|
| | 79 | 89 | 188 | 190 |
| Financial expenses | | | | |
| Income (loss) before income taxes | 2,354 | 3,283 | (9,067) | 3,423 |
| Income taxes | | | | |
| Current | 1,117 | 1,184 | 1,781 | 1,443 |
| Deferred | — | (267) | — | (271) |
| | 1,117 | 917 | 1,781 | 1,172 |
| Net income (loss) | 1,237 | 2,366 | (10,848) | 2,251 |
| Other comprehensive income (loss) | | | | |
| Foreign currency translation adjustment | (430) | 631 | (940) | 682 |
| Comprehensive income (loss) | 787 | 2,997 | (11,788) | 2,933 |
| Net income per share | | | | |
| | \$0.05 | \$0.15 | \$(0.46) | \$0.15 |
| Net income (loss) per share (basic and diluted) | | | | |
| Weighted average number of shares outstanding | 26,632,340 | 15,402,688 | 23,809,782 | 15,408,613 |
| Basic | 27,344,467 | 15,402,688 | 23,809,782 | 15,408,613 |
| Diluted | | | | |

Thousands of Canadian dollars

As at

| | | |
|--|-------------------|---------------------|
| | April 30, 2021 | October 31, 2020 |
| | \$ | \$ |

Assets

Current assets

| | | |
|-----------------------------------|---------------|---------------|
| | 47,639 | 15,715 |
| Cash | 14,266 | 12,763 |
| Trade and other receivables | 2,275 | 2,275 |
| Investment tax credits receivable | 4,349 | 5,988 |
| Inventories | 1,947 | 908 |
| Prepaid expenses | <u>70,476</u> | <u>37,649</u> |

Property and equipment

877 898

Right-of-use assets

3,300 3,184

Intangible assets

2,007 2,283

Goodwill

13,805 14,745

Non-refundable investment tax credits receivable

2,654 3,861

Deferred income taxes

1,600 147

24,243 25,118

94,719 62,767

Liabilities

Current liabilities

7,139 12,892

Trade and other payables

2,209 2,484

Income taxes payable

533 570

Current portion of lease liabilities

8,321 8,102

Deferred revenue

1,866 1,180

Current portion of term loans

20,068 25,228

Lease liabilities

3,205 3,075

| | | |
|-----------------------------------|---------------|---------------|
| Deferred revenue | 1,704 | 1,641 |
| Term loans | 1,758 | 2,749 |
| Deferred income taxes | — | — |
| Deferred lease inducement | — | — |
| | <u>26,735</u> | <u>32,693</u> |
| Equity | | |
| Share capital | 71,096 | 20,934 |
| Stock Option | 1,068 | — |
| Retained earnings | (5,067) | 7,313 |
| Cumulative translation adjustment | 887 | 1,827 |
| | <u>67,984</u> | <u>30,074</u> |
| | <u>94,719</u> | <u>62,767</u> |

Thousands of Canadian dollars

| | Three months ended | | Six months ended | |
|----------------------------|--------------------|--------------|------------------|--------------|
| | April 30, | | April 30, | |
| | 2021 | 2020 | 2021 | 2020 |
| | (\$) | (\$) | (\$) | (\$) |
| Net Income | 1,237 | 2,366 | (10,848) | 2,251 |
| Income Taxes | 1,117 | 916 | 1,781 | 1,172 |
| Income before income taxes | <u>2,354</u> | <u>3,282</u> | <u>(9,067)</u> | <u>3,423</u> |

| | | | | |
|---------------------------|-------|--------|--------|--------|
| | 298 | 161 | 587 | 320 |
| Depreciation | 138 | 381 | 276 | 552 |
| Amortization | 745 | | 15,194 | — |
| Share-based payments | 79 | 89 | 188 | 190 |
| Financial expenses | | | | |
| Adjusted EBITDA (1) | 3,614 | 3,913 | 7,178 | 4,485 |
| | 16.5% | 18.4 % | 16.0 % | 11.0 % |
| Adjusted EBITDA Margin(1) | | | | |

Note:

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

SOURCE Haivision Systems Inc.