

Haivision Announces Record Revenue and Record Growth in Adjusted EBITDA for Three Months Ended January 31, 2021

MONTREAL, March 11, 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 first quarter fiscal financial results for the three months ended January 31, 2021.

Mirko Wicha, Chairman and CEO of Haivision, said "We are very pleased to have delivered record revenue and record adjusted EBITDA growth in our first quarter of fiscal 2021. We maintain a strong focus on our M&A strategy and expect to close our first impactful acquisition within the first 6-9 months of completing our successful IPO".

First Quarter Fiscal 2021 Financial and Company Highlights

- Revenue of \$23.0 million was an increase of 18.4% from Q1 of the prior year.
- Gross margin* was 76.4% exceeding Q1 of the prior year gross margin by 30bp.
- Adjusted EBITDA* was \$3.6 million an increase of 523% compared to Q1 of the prior year.
- On December 16, 2020, we closed our initial public offering pursuant to which we raised total gross proceeds of \$34.5 million and issued 5,750,000 common shares at a price of \$6.00 per share.

The Company generated record first quarter fiscal 2021 revenue of \$23.0 million, representing growth of 18.4% compared to the same period in fiscal 2020. Adjusted EBITDA* was \$3.6 million an increase of 523% compared to the three months ended January 31, 2020. Adjusted EBITDA Margins for the three months ended January 31, 2021 were 15.5% compared to 3.0% in the prior year period. Dan Rabinowitz, Chief Financial Officer and EVP Operations, stated, "Our first quarter Adjusted EBITDA margin demonstrates our clear focus on operational efficiency, as we continue to benefit from our expanding operating margins."

The Company recorded a net loss of \$12.6 million in the first quarter of fiscal 2021, compared to a net loss of \$0.1 million for the same period in fiscal 2020, but was entirely the result of a one-time non-recurring expense of \$14.1 million in share-based payments resulting from the exercise of options related to our legacy employee stock option plan (the "ESOP"). The ESOP plan included a provision that options would only become exercisable upon the occurrence of a liquidity event such as an initial public offering.

Mirko Wicha added, "Our goal for the foreseeable future has not changed. We expect to continue the strong organic growth in our existing business while focusing on our acquisition strategy to drive both top line revenue and increased operational efficiency".

Fiscal 2021 Update

To provide visibility into the Company's expectations for financial targets for the remainder of the fiscal year, based on the strong first quarter performance our guidance for full year revenue is 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 first quarter financial results on Thursday, March 11, 2021 at 4:30 pm (ET). To register for the call, please use this link <http://www.directeventreg.com/registration/event/9074985>. 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 the three months ended January 31, 2021.

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

Haivision's consolidated audited financial statements for the first quarter ended January 31, 2021 (the "**Q1 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 Q1 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 first quarter ended January 31, 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", "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 (except per share data)	Three months ended	
	January 31,	
	2021	2020
	\$	\$
Revenue	22,985	19,413
Cost of sales	5,433	4,636
Gross profit	17,552	14,777
Expenses		
Sales and marketing	5,109	5,191
Operations and support	1,319	1,338
Research and development	4,879	5,443
General and administrative	3,109	2,564
Shared-based payments	14,449	–
	28,865	14,536
Operating (loss) profit	(11,313)	241
Financial expenses	109	101
(Loss) income before income taxes	(11,421)	140
Income taxes		
Current	952	258,718
Deferred	(288)	(3,340)
	664	255,378
Net loss	(12,086)	(115,596)
Foreign currency translation adjustment	(490)	51,868
Comprehensive loss	(12,575)	(63,728)
Net loss per share		
Net loss per share (basic and diluted)	(0.60)	(0.01)
Weighted average number of common shares outstanding (basic and diluted)	21,098,923	15,414,410

Thousands of Canadian dollars	As at	
	January 31, 2021	October 31, 2020
	\$	\$
Assets		
Current assets		
Cash	45,813	15,715
Trade and other receivables	13,349	12,763
Investment tax credits receivable	2,275	2,275
Inventories	4,927	5,988
Prepaid expenses	2,370	908
	68,734	37,649
Property and equipment	886	898
Right-of-use assets	3,039	3,184
Intangible assets	2,145	2,283
Goodwill	14,256	14,745
Non-refundable investment tax credits receivable	4,248	3,861
Deferred income taxes	1,617	147
	26,191	25,118
	94,925	62,767
Liabilities		
Current liabilities		
Trade and other payables	7,636	12,892
Income taxes payable	3,411	2,484
Current portion of lease liabilities	528	570

Deferred revenue	8,465	8,102
Current portion of term loans	1,086	1,180
	21,126	25,228
Lease liabilities	2,990	3,075
Deferred revenue	1,673	1,641
Term loans	2,684	2,749
Deferred income taxes	—	—
Deferred lease inducement	—	—
	28,473	32,693
Equity		
Share capital	71,096	20,934
Stock Option	323	—
Retained earnings	(6,304)	7,313
Cumulative translation adjustment	1,337	1,827
	66,452	30,074
	94,925	62,767

Thousands of Canadian dollars (except per share data)	Three months ended	
	January 31,	
	2021	2020
	\$	\$
Net Income	(12,203)	(116)
Income taxes	5,433	255
Income before income taxes	(11,422)	140
Depreciation	289	158
Amortization	138	173
Share-based payments	14,449	—
Financial expenses	109	101
Adjusted EBITDA ⁽¹⁾	3,563	572
Adjusted EBITDA margin ⁽¹⁾	15.5%	3.0%

Note:

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

SOURCE Haivision Systems Inc.