



NEWS RELEASE

# Haivision Announces Results for the Fourth Quarter and Full Year Ended October 31, 2021

1/25/2022

Haivision reports record fourth quarter performance with 22.3% year-over-year revenue growth

MONTREAL, Jan. 25, 2022 /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 results for the fourth quarter and year ended October 31, 2021.

Mirko Wicha, Chairman and CEO of Haivision said, "Fiscal 2021 has been our best year ever, beginning with a monumental initial public offering. This was followed by the impactful acquisition of CineMassive, a significantly enhanced credit facility with BMO, and the launch of two key SaaS platforms."

## Q4 2021 Financial Results

- Revenue of \$27.1 million, up 22.3% from \$22.1 million in the fourth quarter of fiscal 2020, a record quarterly performance.
- Thirty-second consecutive quarter of positive Adjusted EBITDA\*.
- Net income for the quarter was \$0.2 million.

## Fiscal 2021 Financial Results

- Revenue of \$92.6 million, up 11.4% from \$83.1 million in fiscal 2020, a record annual performance.
- Adjusted EBITDA\* of \$12.3 million up 24.6% from \$9.9 million in fiscal 2020.

- Adjusted EBITDA Margin\* of 13.3% up from the 11.9% realized in fiscal 2020.
- Fourteenth consecutive year of positive Adjusted EBITDA\*.
- Net loss for the year was \$8.8 million, a decrease of \$14.6 million from prior year, but impacted by share based payment of \$16.8 million.
- Extinguished all bank debt.
- Cash at year end was \$26.8 million.

## Key Company Highlights for Fiscal 2021

- Our SRT open-source initiative celebrated its 4th anniversary, added its 500th member and welcomed industry stalwarts like Google, Sony, SK Telecom, and Lumen Technologies.
- Launched two SaaS platforms: Haivision Connect, a new platform for simplifying video streaming for the house of worship market and Haivision Hub, a new platform that simplifies the broadcaster's challenge of routing video through the cloud at a global scale.
- Awarded Streaming Media Readers' Choice Award for best Corporate Video and Enterprise Video Content Management Platform.
- Acquired CineMassive Displays, LLC a leader in visual collaboration solutions for mission critical operations.
- Secured a \$35 million revolving credit facility with BMO with an accordion feature to expand the line to \$60 million.
- Eliminated all corporate debt (including the PPP loan granted under the CARES Act which was forgiven by the Small Business Administration).
- Added three outside Board members including Julie Tremblay, Sidney Horn and Major General Lee K. Levy II, USAF (ret).
- Introduced an Employee Share Purchase Plan (ESPP) to provide ownership opportunities to employees.

"We are excited about the recent CineMassive acquisition and have already derived synergies with the respective teams cross-selling solutions into their client bases within enterprise and defense," said Mirko Wicha, Chairman and CEO of Haivision. "In addition, our broadcast business continues to thrive with our solutions that are tailored to today's much needed remote workflows."

"Furthermore, our ability to generate Adjusted EBITDA and net income has exceeded our expectations thus far, as we maintain our focus on operational efficiency and executing our acquisition strategy," added Mr. Wicha.

## Fourth Quarter 2021 Financial Results

Fourth quarter revenues of \$27.1 million, represented a 22% increase compared to the prior year revenue of \$22.1 million in the same period. The recent CineMassive acquisition contributed \$5.1 million to overall revenue. Gross

Margins\* for the quarter were 70.8% compared to 76.4% for the same period in the prior year. The decrease in Gross Margins\* results largely from the addition of CineMassive's business which historically operated at a lower overall gross margin than Haivision's traditional business. Adjusted EBITDA\* in the quarter of \$1.8 million was largely flat with the prior year, but highlights an opportunity for operational efficiencies from the combined entity. Net income for the quarter was \$0.2 million compared to \$1.5 million in the prior year period, impacted by share-based payment, amortization and depreciation related to the CineMassive acquisition and the costs of being a public issuer.

## Fiscal 2021 Financial Results

Fiscal 2021 revenues of \$92.6 million represented an 11% increase compared to the prior fiscal year's revenue of \$83.1 million. Gross Margins\* for the fiscal year were 74.9% compared to 76.7% in the prior fiscal year.

The operating loss for fiscal 2021 was \$5.5 million but was impacted by \$18.6 million in non-cash, share-based payment, including \$14.2 million in non-cash, share-based payment related to the legacy Employee Stock Option Plan ("ESOP"). Options governed by the legacy ESOP were only exercisable upon the occurrence of a liquidity event (such as our initial public offering earlier in the year). Adjusted EBITDA\* for the full year ended October 31, 2021 was \$12.3 million an increase of 24.3% compared to fiscal 2020, and a higher growth rate than revenue. Dan Rabinowitz, Chief Financial Officer and EVP Operations, stated, "We are proud of our fiscal 2021 performance having demonstrated operations efficiencies in a tough environment. Our results continue to be strong despite the industry faced with constrained supply chains, a difficult hiring environment, and fundamental changes in business operations due to the pandemic. Our performance is even more impressive if you take into consideration the significant added expense of being a public company."

## Conference Call Notification

Haivision will hold a conference call to discuss its fourth quarter financial results on Tuesday, January 25, 2022 at 5:30 pm (ET).

To register for the call, please use this link <http://www.directeventreg.com/registration/event/5238868>. 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 full year ended October 31, 2021.

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

Haivision's consolidated audited financial statements for the full year ended October 31, 2021 (the "2021 Annual 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](http://www.sedar.com). The financial information presented in this release was derived from the 2021 Annual 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](http://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 year ended October 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", "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. "Gross Margin" represents gross profit divided by revenue.

A reconciliation of EBITDA and Adjusted EBITDA to Net income (loss) is included in the tables at the end of this press release and in the Company's management discussion and analysis for the three months and full year ended October 31, 2021.

## 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](https://www.haivision.com).

Thousands of Canadian dollars (except per share amounts)

	Three months ended		Full year ended	
	October 31,		October 31,	
	2021	2020	2021	2020
	(\$)	(\$)	(\$)	(\$)
Revenue.....	27,060	22,124	92,591	83,112
Cost of sales.....	7,892	5,212	23,265	19,364
Gross profit.....	19,168	16,912	69,326	63,749
<b>Expenses</b>				
Sales and marketing.....	7,219	5,806	21,205	20,411
Operations and support.....	2,170	1,099	5,505	4,906
Research and development.....	5,740	4,594	18,617	19,450
General and administrative.....	3,719	3,999	12,655	10,822
Share-based payment.....	816	—	16,831	—
Operating Profit (loss).....	19,664	15,498	74,813	55,589
Financial expenses.....	(496)	1,414	(5,487)	8,160
Income (loss) before income taxes.....	145	78	393	345
Income taxes	(641)	1,336	(5,880)	7,815
Current.....	67	905	3,782	2,603
Deferred.....	(879)	(1,055)	(879)	(585)

	(812)	(150)	2,903	2,018
Net income (loss).....	171	1,486	(8,783)	5,797
Other comprehensive income (loss)				
Foreign currency translation adjustment.....	(1,594)	(78)	(2,373)	144
Comprehensive income (loss).....	(1,423)	1,408	(11,156)	5,941
Net income per share				
Net income (loss) per share (basic and diluted).....	\$0.02	\$0.10	\$(0.34)	\$0.38
Weighted average number of shares outstanding				
Basic.....	28,761,365	15,340,715	25,783,477	15,374,460
Diluted.....	29,363,158	15,340,715	25,783,477	15,374,460

Thousands of Canadian dollars

	As at	
	October 31, 2021	October 31, 2020
	\$	\$
Assets		
Current assets		
Cash.....	26,838	15,715
Trade and other receivables.....	19,476	10,801
Investment tax credits receivable.....	2,000	2,275
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Inventories.....	8,840	5,988
Prepaid expenses .....	3,226	908
	<u>60,380</u>	<u>35,687</u>
Property and equipment .....	1,848	898
Right-of-use assets.....	7,926	3,184
Intangible assets.....	17,533	2,283
Goodwill .....	30,079	14,745
Non-refundable investment tax credits receivable .....	2,535	3,861
Deferred income taxes.....	2,179	147
	<u>62,100</u>	<u>25,118</u>
	<u>122,480</u>	<u>60,805</u>
Liabilities		
Current liabilities		
Trade and other payables.....	12,504	12,892
Income taxes payable .....	2,960	2,484
Current portion of lease liabilities .....	1,002	571
Deferred revenue .....	7,913	6,470
Current portion of term loans .....	—	1,180
	<u>24,379</u>	<u>23,597</u>
Lease liabilities .....	7,587	3,075
Deferred revenue .....	1,593	1,310
Term loans .....	—	2,749
	<u>33,559</u>	<u>30,731</u>
Equity		
Share capital .....	89,785	20,934

Retained earnings .....	(3,002)	7,313
Stock option reserve.....	2,684	—
Cumulative translation adjustment .....	(546)	1,827
	<u>88,921</u>	<u>30,074</u>
	<u>122,480</u>	<u>60,805</u>

Thousands of Canadian dollars

	Three months ended		Full year ended	
	October 31,		October 31,	
	2021	2020	2021	2020
	(\$)	(\$)	(\$)	(\$)
Net Income (loss).....	171	1,486	(8,783)	5,797
Income Taxes.....	(812)	(150)	2,903	2,018
Income before income taxes.....	(641)	1,336	(5,880)	7,815
Depreciation.....	545	117	1,429	576
Amortization.....	896	320	1,311	1,162
Share-based payments.....	815		16,831	—
Financial expenses.....	145	78	393	345
EBITDA (1) .....	<u>1,760</u>	<u>1,851</u>	<u>14,084</u>	<u>9,898</u>

Non-recurring expenses:				
PPP loan forgiveness.....	—	—	(1,772)	—
Adjusted EBITDA (1).....	1,760	1,851	12,312	9,898
Adjusted EBITDA Margin(1).....	6.5%	8.4 %	13.3%	11.9 %

Note:

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

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